



# decimal

Appendix 4E

Unaudited Preliminary Final Report

30 June 2014

Decimal Software Limited

ABN 31 009 235 956



## Appendix 4E Unaudited Preliminary Final Report

### DECIMAL SOFTWARE LIMITED

ABN: 31 009 235 956

#### 1. Reporting Period

Financial year ended:	Previous corresponding period:
30 June 2014	30 June 2013

#### 2. Results for announcement to the market

Description	30 June 2014 (A\$)	30 June 2013 (A\$)	% change
Revenue from ordinary activities	1,348,131	1,068,984	+26.1%
Loss from ordinary activities	(13,191,386)	(1,189,831)	(1008.7%)
Loss for the period attributable to members	(13,191,386)	(1,189,831)	(1008.7%)

#### Abbreviated explanation of results

On 11 April 2014 Decimal Software Limited (“Decimal Software”), formerly Aviva Corporation Limited completed the legal acquisition of Decimal Group Pty Ltd and its controlled subsidiaries (“Decimal Group”). Under the Australian Accounting Standards Decimal Group was deemed to be the accounting acquirer in this transaction. The acquisition has been accounted for as a share based payment by which Decimal Group acquires the net assets and listing status of Decimal Software.

Accordingly the preliminary final report of Decimal Software Limited Group have been prepared as a continuation of the business and operations of Decimal Group. As the deemed acquirer Decimal Group has accounted for the acquisition of Decimal Software from 11 April 2014. The comparative information for the 12 months ended 30 June 2013 presented in the preliminary financial report is that of Decimal Group as presented in it last set of year-end financial statements.

In line with the company’s Go to Market strategy, Decimal Software significantly increased its development and operational activities in the period ending 30 June 2014 culminating in the General Release of the product to market at the end of June 2014. Revenue from ordinary activities in the period grew as a result of higher interest income and an increased R&D benefit. The loss from ordinary activities and attributable to members increased due to:

- i) A one off non-cash listing fee expense on acquisition of Decimal Software of \$9,433,666 which represents the difference between the deemed consideration (\$21,119,261) on acquisition less the net assets of Decimal Software (\$11,685,595).
- ii) The increased development and operational activities of Decimal Group in line with its Go to Market strategy and the completion of the acquisition of Decimal Software leading to an increase in salaries (Employees increased from 9 to 27), increased consultancy and other associated expenses.



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### 3. Dividends or dividend distribution plan

Decimal Software Limited Group 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 2014 and 30 June 2013.

### 4. 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	
	2014 \$	2013 \$
<b>(a) Earnings Used in Calculating Earnings and Net Tangible Asset Per Share</b>		
Net loss for the year attributable to ordinary shareholders of the parent	(13,191,386)	(1,189,831)
Total Tangible Assets	12,800,228	1,252,438

	2014 Number	2013 Number
<b>(b) Weighted Average Number of Shares</b>		
For basic and diluted earnings/(loss) per share:		
Weighted average number of ordinary shares	120,311,048	5,120,583
Effect of dilution of share options	-	-
<b>Weighted average number of ordinary shares adjusted for the effect of dilution</b>	<b>120,311,048</b>	<b>5,120,583</b>

	2014 Number	2013 Number
Loss per Share(cents per share)	(10.96)	(23.24)
Net tangible Asset per share(cents per share)	10.64	24.46

### 5. Parent Entity and Subsidiaries

#### *(a) Ultimate Parent*

The ultimate Australian parent entity and the ultimate parent of the Consolidated Entity is Decimal Software Limited.



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### (b) Subsidiaries

The subsidiaries of Decimal Software Limited<sup>1</sup> are listed in the following table:

Name	Country of Incorporation	Functional Currency	Equity Interest	
			2014 %	2013 %
Decimal Group Pty Ltd	Australia	AUD	100	-
Decimal Technology and Systems Pty Ltd	Australia	AUD	100	-
Decimal Pty Ltd	Australia	AUD	100	-
Decimal Services Pty Ltd	Australia	AUD	100	-
Simpla Pty Ltd	Australia	AUD	100	-

#### Notes

1. Decimal Software Ltd legally holds 100% of the shares of Decimal Group Pty Ltd effective from 11 April 2014. Decimal Group Pty Ltd held and continue to hold 100% of the shares of Decimal Technology and Systems Pty Ltd, Decimal Pty Ltd, Decimal Services Pty Ltd and Simpla Pty Ltd for the 12 months ended 30 June 2014 and 30 June 2013.

## 6. Associates and Joint Ventures

The Decimal Software Limited Group do not have any holdings in joint ventures or associates.

## 7. 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 5 to 11.

Decimal Group's principal activity is as a technology focused provider of cloud based software-as-a-service, predominantly to the financial services sector. During the period ended 30 June 2014 Decimal Group transitioned from a proprietary company to a listed company following the acquisition of Decimal Software and substantially increased its development and operational activities to ensure that its technology is market ready.

Combined with increased development activities and the Listing Decimal strengthened its executive, sales and other support teams thereby increasing employee numbers from 9 at the beginning of financial year to 27 by 30 June 2014. These developments led to an increase in salaries, consultant and public company expenses. The Statement of Comprehensive Income includes a one-off non cash \$9,433,666 listing expense which represents the difference between the deemed consideration (\$21,119,261) on acquisition less the net assets of Decimal Software (\$11,685,595).

The R&D benefit was higher due to increased development activities whilst interest revenue benefited from the acquisition of Decimal Software's cash and the capital raising in December 2013 leading to a much higher cash position. Employee benefits liabilities were much higher due to the increase in employee numbers whilst the Decimal Software Limited Group received a rent incentive payment on entering into a lease in their Sydney office. The remaining rent incentive payment on 30 June 2014 of \$229,056 is included in trade and other payables.

## 8. Unaudited report

The financial report for the year ended 30 June 2014 is in the process of being audited and the Decimal Software Limited Group will release audited financial statements on/or before 30 September 2014.



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### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 \$	2013 \$
Interest revenue		117,880	1,035
R&D benefit		1,055,244	795,219
License fees		175,007	272,730
<b>Total income</b>		<b>1,348,131</b>	<b>1,068,984</b>
<b>Total expenses</b>		<b>14,539,517</b>	<b>2,258,815</b>
Directors and employee benefits expense	1(a)	2,411,368	1,013,215
Consultant expenses		976,502	717,633
Technical expenses		248,363	108,746
Professional and public listed company fees		327,471	101,295
Travel cost and entertainment		138,949	50,467
Office related expenses		201,716	132,083
Advertising, marketing and media		31,154	7,700
Other expenses	1(b)	47,218	119,531
Depreciation, amortisation and impairment	1(c)	186,909	8,145
Share based payment expense		536,201	-
Listing fee expense on acquisition of Decimal Software		9,433,666	-
<b>Loss before income tax</b>		<b>(13,191,386)</b>	<b>(1,189,831)</b>
Income tax benefit		-	-
<b>Loss for the year</b>		<b>(13,191,386)</b>	<b>(1,189,831)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the year, net of tax</b>		<b>(13,191,386)</b>	<b>(1,189,831)</b>
Basic loss per share (cents per share)		(10.96)	(23.24)
Diluted loss per share (cents per share)		(10.96)	(23.24)



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### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	Notes	2014 \$	2013 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		11,009,677	208,911
Trade receivables		49,299	23,484
Prepayments		87,620	-
Other receivables and current assets	2	1,473,073	840,885
<b>TOTAL CURRENT ASSETS</b>		<b>12,619,669</b>	<b>1,073,280</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		107,959	39,600
Intangible assets		72,600	139,558
<b>TOTAL NON-CURRENT ASSETS</b>		<b>180,559</b>	<b>179,158</b>
<b>TOTAL ASSETS</b>		<b>12,800,228</b>	<b>1,252,438</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	3	465,368	74,968
Income in advance		513,700	550,000
Employee benefit liabilities		439,247	144,862
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,418,315</b>	<b>769,830</b>
<b>NON-CURRENT LIABILITIES</b>			
Loans from related parties		-	6,433
Employee benefit liabilities		55,687	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>55,687</b>	<b>6,433</b>
<b>TOTAL LIABILITIES</b>		<b>1,474,002</b>	<b>776,263</b>
<b>NET ASSETS</b>		<b>11,326,226</b>	<b>476,175</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the parent</b>			
Contributed equity	4	29,580,351	6,075,115
Reserves		536,201	-
Accumulated losses		(18,790,326)	(5,598,940)
<b>TOTAL EQUITY</b>		<b>11,326,226</b>	<b>476,175</b>



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### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	Contributed Equity \$	Share Based Payment Reserves \$	Accumulated Losses \$	Total Equity \$
<b>Balance at 1 July 2012</b>	<b>4,585,115</b>	-	<b>(4,409,109)</b>	<b>176,006</b>
Other comprehensive income	-	-	-	-
Loss for the year	-	-	(1,189,831)	(1,189,831)
Total comprehensive loss for the year	-	-	(1,189,831)	(1,189,831)
Equity transactions:				
Issue of ordinary shares	1,490,000	-	-	1,490,000
<b>As at 30 June 2013</b>	<b>6,075,115</b>	-	<b>(5,598,940)</b>	<b>476,175</b>
<b>Balance at 1 July 2013</b>	<b>6,075,115</b>	-	<b>(5,598,940)</b>	<b>476,175</b>
Other comprehensive income	-	-	-	-
Loss for the year	-	-	(13,191,386)	(13,191,386)
Total comprehensive loss for the year	-	-	(13,191,386)	(13,191,386)
Equity transactions:				
Issue of ordinary shares	2,504,224	-	-	2,504,224
Issue of options	-	536,201	-	536,201
Costs of share issue	(118,249)	-	-	(118,249)
Acquired on acquisition	21,119,261	-	-	21,119,261
<b>As at 30 June 2014</b>	<b>29,580,351</b>	<b>536,201</b>	<b>(18,790,326)</b>	<b>11,326,226</b>



**CONSOLIDATED STATEMENT OF CASH FLOWS**  
FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 \$	2013 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(4,203,109)	(2,352,320)
Receipts from license fees		147,842	235,217
Income received in advance		-	550,000
Receipt of research and development tax rebate		795,219	583,513
Interest received		114,192	1,035
<b>Net cash flows used in operating activities</b>	5	<b>(3,145,856)</b>	<b>(982,555)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(108,413)	(7,957)
Payments for intangible assets		(72,600)	-
Rent incentive payment		253,420	-
Net payment on security deposit		(228,397)	-
Cash acquired on acquisition of Decimal Software		11,723,071	-
<b>Net cash flows from/(used in) investing activities</b>		<b>11,567,081</b>	<b>(7,957)</b>
<b>Cash flows from financing activities</b>			
Receipts from share issues		2,504,224	1,490,000
Payments for share issue costs		(118,249)	-
Repayment of loans		(6,433)	(341,870)
<b>Net cash flows from financing activities</b>		<b>2,379,541</b>	<b>1,148,130</b>
<b>Net increase in cash and cash equivalents</b>		<b>10,800,766</b>	<b>157,618</b>
Cash at the beginning of the year		208,911	51,293
<b>Cash at the end of the year</b>		<b>11,009,677</b>	<b>208,911</b>





## NOTES TO THE FINANCIAL STATEMENTS

### 1. Expenses

	2014 \$	2013 \$
<b>(a) Directors and Employee Benefits Expense</b>		
Directors fees, wages and salaries	2,230,071	953,904
Post-employment benefit expense	181,297	59,311
	<b>2,411,368</b>	<b>1,013,215</b>
<b>(b) Other expenses</b>		
Included in other expenses is the following:		
Bad debts written off	1,350	27,231
	<b>1,350</b>	<b>27,231</b>
<b>(c) Depreciation, amortisation and impairment</b>		
Depreciation-computer equipment	28,108	7,409
Depreciation-furniture and fittings	3,665	736
Intangible assets impaired	139,558	-
Property, plant and equipment impaired	15,578	-
	<b>186,909</b>	<b>8,145</b>

### 2. Other Receivables and other Current Assets

	Consolidated	
	2014 \$	2013 \$
<b>Other Receivables</b>		-
R&D receivable	1,055,244	795,219
Interest receivable	70,949	-
Net GST receivable	82,386	37,933
Total other receivables	<b>1,208,579</b>	<b>833,152</b>
<b>Other current assets</b>		
Security deposits	264,494	7,733
<b>Total other current assets</b>	<b>264,494</b>	<b>7,733</b>
<b>Total other current receivables and current assets</b>	<b>1,473,073</b>	<b>840,885</b>



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### 3. Trade and Other Payables

	Consolidated	
	2014	2013
	\$	\$
Trade payables	144,539	74,968
Accrued expenses	91,724	-
Rent incentive payment	229,105	-
	<b>465,368</b>	<b>74,968</b>

#### 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.

#### ii) Rent Incentive Payment

The Consolidated Entity entered into a lease agreement for a property in Sydney under which they received a rent incentive payment. On 30 June 2014 \$229,105 of the rent incentive payment was available to offset against future rent payments over the remainder of the lease term.

### 4. Contributed Equity

	Consolidated	
	2014	2013
	\$	\$
Ordinary shares fully paid <sup>(i)</sup>	29,580,351	6,075,115
	<b>29,580,351</b>	<b>6,075,115</b>

#### Notes

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

	2014	2013
	Number	Number
<b>Movement in ordinary shares on issue of the legal parent</b>		
At the beginning of the reporting period	173,993,287	166,141,825
Share Issue – 24 January 2013		7,851,462
Share Issue – 15 July 2013	15,000,000	
Conversion of options-20 January 2014	2,000,000	
Conversion of options-17 February 2014	1,000,000	
Consolidation (1 for 3)-2 April 2014	(127,994,763)	
Issued to Decimal vendors on completion of acquisition-11 April 2014	112,500,000	
Issued to advisers and facilitators on completion of acquisition-11 April 2014	3,000,000	
<b>At the end of the reporting period</b>	<b>179,498,524</b>	<b>173,993,287</b>



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	2014	2013
	\$	\$
<b>Movement in share capital</b>		
At the beginning of the reporting period	6,075,115	4,585,115
Issue of shares for cash	2,504,224	1,490,000
Less cost relating to share issue	(118,249)	
Deemed consideration on acquisition of Decimal Software	21,119,261	
<b>At the end of the reporting period</b>	<b>29,580,351</b>	<b>6,075,115</b>

### 5. Cash Flow Statement Reconciliation

	Consolidated	
	2014	2013
	\$	
<b>Reconciliation of Loss after Tax to Net Cash Flows from Operations</b>		
Loss from ordinary activities after income tax	(13,191,386)	(1,189,831)
<i>Adjustments for non-cash income and expense items:</i>		
Depreciation, amortisation and impairment	186,909	8,145
Listing expense on acquisition of Decimal Software	9,433,666	-
Share based payments	536,201	-
Bad debts written off	1,350	27,231
<i>Changes in assets and liabilities:</i>		
Increase in trade receivables	(27,166)	(37,513)
Increase in prepayments	(85,921)	-
Increase in other receivables and current assets	(473,364)	(222,695)
Increase/(decrease) in trade and other payables	195,180	(53,799)
(Decrease)/Increase in income in advance	(36,300)	550,000
Increase/(decrease) in employment liabilities	314,975	(64,093)
<b>Net cash flows used in operating activities</b>	<b>(3,145,856)</b>	<b>(982,555)</b>