

decimal

Decimal Software Quarterly Report and Update

Highlights

- **Robo-advice provided by Decimal surges past \$2.5 billion since launch proving market acceptance.**
- **Consumer driven robo-advice rises fastest to \$1.5 billion demonstrating consumer appetite for Decimal solution.**
- **Inbound sales inquiry and pipeline continued to grow rapidly as market accepts and adopts robo initiatives.**
- **New robo-advice contract signed with Mercer leading to an extension of services.**
- **New CEO appointed.**
- **Capital placement of \$3.5m completed.**
- **US Strategic advisor appointed to assist with strategic positioning in booming robo-advice technology market.**

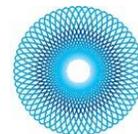
Decimal Software Ltd (“the Company”, ASX: DSX, Decimal) is pleased to report on the Company’s performance for the quarter ended 31 December 2015.

OPERATIONAL UPDATE

The value of funds advised using Decimal robo-advice platform technology now exceeds \$2.6 billion with client enterprises across online and adviser assisted channels. Also importantly more than \$1.5 billion has been advised purely online meaning that the consumer has driven the advice process. This has also been done with no unscheduled outages and at no marginal cost of advice for the client organization representing never seen before efficiency and customer engagement.

Leading analytics company, Cerulli Associates, issued a report in the December quarter that forecast the market for robo-advice in the U.S to be US\$7.8 trillion. In Australia it is estimated that the robo-advice market is at least \$2 trillion. Decimal’s technology was designed, built and tested over 8 years to empower any existing product provider to offer a full robo experience to their existing customers. As Cerulli has identified, this type of capability opens up the whole market of consumers who need financial advice but cannot be reached by traditional channels.

Decimal continue to have a strong pipeline of active opportunities that the Company is confident will lead to strong growth in 2016. The company will also build its sales and marketing capability in a sustainable and scalable way.



decimal

NEW MERCER CONTRACT SIGNED

In December 2015 Decimal signed a new contract with Mercer Australia Pty Ltd (“**Mercer**”) that leads to an extension of the services that Decimal will provide to Mercer.

In terms of the new contract Decimal will provide consumer driven or on-line robo-advice to Mercer where previously it was based on adviser driven robo-advice. Consumer driven robo-advice means that the consumer drives the advice process from issuance to execution.

The new contract with Mercer validates the scalability of Decimal’s consumer driven robo-advice technology and the willingness of customers of trusted and recognized organisations to engage with online financial advice when presented with a seamless fully integrated experience.

NEW CEO APPOINTED

In November 2015 Decimal appointed Nic Pollock as Chief Executive Officer and he will join the Board as a Director on 31 January 2016.

Mr Pollock is an accomplished technology executive and has over twenty years’ experience in senior roles within the sector globally. He has worked successfully at the enterprise level encompassing major groups such as Natwest Bank and Oracle, to start up software businesses and turnarounds including Gemcom where he was Managing Director, Asia Pacific and was integral in the company’s growth to become the world’s largest supplier of mine scheduling and planning software.

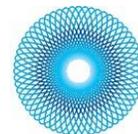
CAPITAL PLACEMENT AND CASH POSITON

The Company has completed a capital placement for 50 million ordinary fully paid shares at \$0.07 cents per share to raise \$3.5m before costs. The placement was conducted in two tranches with Tranche 1 consisting of 26 million shares being issued on 3 December 2015. The 24 million Tranche 2 shares were issued on 27 January 2016 following approval by shareholders at a general meeting held on 19 January 2016. Shareholders also approved the issue of 7.5 million unlisted options at the same general meeting.

At 31 December 2015 the Company had cash reserves of \$2.5 million which further increased following the issue of the Tranche 2 shares to be approximately \$3.7 million as at the end of January 2016.

US STRATEGIC ADVISOR APPOINTED

Decimal appointed specialist technology advisor, Growthpoint Technology Partners, during the quarter to assist the Company in evaluating strategic alternatives for growth initiatives and partnering activities. Growthpoint provides strategic and financial advisory services to technology companies around the world. With a particular emphasis on the US market, Growthpoint will evaluate and pursue opportunities for Decimal to accelerate commercialisation via strategic partnerships and investment.



decimal

PLANNED EVENTS IN THE COMING QUARTER

The Company is planning the official marketing launch of the Decimal platform early in the New Year to capitalize on the massive interest across the financial services industry in robo advice. Decimal will be launching two key package offerings to the market:

- A fully configurable enterprise platform, for large financial institutions to enable them to offer advice and distribute products through online channels in a very efficient manner whilst giving them the freedom to deliver as bespoke a user experience as they wish; and
- A streamlined configurable solution for those organisations looking to engage and retain their customers and who want to leverage Decimals experience in delivery to launch an end to end solution quickly.

Ends

For Investor enquiries:

Nic Pollock
Chief Executive Officer
Decimal Software Limited
E: np@decimal.com.au
T: +61 419 280 700

Jan Kolbusz
Executive Director
Decimal Software Limited
E: jk@decimal.com.au
T +61 407 444 461

About Decimal

Decimal is an Australian based company, which has developed the world's first omni-channel, cloud based automated (robo) advice platform designed to work with any existing product. The platform, which includes embedded compliance features, enables enterprises to provide consumer drive financial advice and execution to the mass consumer market with global application. Prior to now this has not been viable or technically possible, providing Decimal with a first mover advantage.

Decimal partners with Financial Institutions of all sizes including banks, superfunds, credit unions, insurers, mortgage brokers, dealer groups and advisors to enable the execution of Financial Service advice via a seamless omni-channel solution.

For further information www.decimal.com.au

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

DECIMAL SOFTWARE LIMITED

ABN

31 009 235 956

Quarter ended

31 DECEMBER 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from customers	163	411
1.2 Payments for		
(a) staff and director costs	(1,198)	(2,704)
(b) advertising and marketing	(15)	(45)
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(515)	(1,376)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	5	26
1.5 Interest and other costs of finance paid	-	-
1.6 R&D rebate received	1,780	1,780
1.7 Other:		
-Payments in respect of restructuring	(131)	(383)
Net operating cash flows	89	(2,291)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	89	(2,291)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses(see note in section 5.3)	-	-
(b) bank guarantees	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	(1)
(e) other non-current assets	-	(18)
(f) deposit paid	-	-
1.10 Proceeds from disposal of:		
(a) businesses	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	3	6
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other	-	-
	3	(13)
Net investing cash flows		
1.14 Total operating and investing cash flows	92	(2,304)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	1,974	1,974
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Reduction of capital payment	-	-
1.19 Dividends paid	-	-
1.20 Other – Convertible notes repaid	(500)	-
	1,474	1,974
Net financing cash flows		
Net increase/(decrease) in cash held	1,566	(330)
1.21 Cash at beginning of quarter/year to date	982	2,878
1.22 Exchange rate adjustments to item 1.21	-	-
1.23 Cash at end of quarter*	2,548	2,548

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	90
1.25	Aggregate amount of loans to the parties included in item 1.11	Nil
1.26	Explanation necessary for an understanding of the transactions	

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not applicable

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Not applicable

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Convertible Note Facility	-	-

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	748	895
4.2 Deposits at call	1,800	87
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)*	2,548	982

*- R&D Tax rebate of \$1.78m was received in October 2015

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	Not applicable	Not applicable
5.2 Place of incorporation or registration	Not applicable	Not applicable
5.3 Consideration for acquisition or disposal	Not applicable	Not applicable
5.4 Total net assets	Not applicable	Not applicable
5.5 Nature of business	Not applicable	Not applicable

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act.
- 2 This statement does give a true and fair view of the matters disclosed.



Date: 29 January 2016
Stef Weber
Company secretary

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.