

1 March 2017

Market Release, Auckland, New Zealand

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

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, recurring, 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.



Brent Impey
Chairman

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
Statement of comprehensive income
For the half-year 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
Notes			
Revenue	10,384	10,362	21,854
Interest income	2	4	4
Other income	1	2	2
Total operating revenue	<u>10,387</u>	<u>10,368</u>	<u>21,860</u>
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	<u>(7,660)</u>	<u>(10,037)</u>	<u>(21,476)</u>
Profit before income tax and joint arrangements	2,727	331	384
Income tax	(750)	(123)	(157)
Profit from continuing operations	<u>1,977</u>	<u>208</u>	<u>227</u>
Profit for the half-year	<u>1,977</u>	<u>208</u>	<u>227</u>
Other comprehensive income:			
Currency translation differences	21	9	(55)
Other comprehensive income for the year, net of tax	<u>21</u>	<u>9</u>	<u>(55)</u>
Total comprehensive income for the year	<u>1,998</u>	<u>217</u>	<u>172</u>
Earnings per share attributable to the ordinary equity holders of the company during the year:			
Attributable to continuing operations:			
Basic earnings per share	22.44	2.42	2.59
Diluted earnings per share	22.12	2.38	2.56

Finzsoft Solutions Limited
Statement of changes in equity
 For the half-year ended 31 December 2016

Statement of changes in equity

For the half-year ended 31 December 2016

Notes	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 other comprehensive income	-	9	-	-	9
Total comprehensive income	-	9	-	208	217
Balance as at 31 December 2015	4,316	(116)	128	7	4,335
Notes	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 other comprehensive income	-	(55)	-	-	(55)
Total comprehensive income	-	(55)	-	227	172
Transactions with owners					
Purchase consideration	267	-	-	-	267
Share option	-	-	128	-	128
Total transaction with owners	267	-	128	-	395
Balance as at 30 June 2016	4,316	(139)	128	455	4,760

Finzsoft Solutions Limited
Statement of changes in equity continued
For the half-year ended 31 December 2016

Notes	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	454	4,759
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	2,431	6,757

Finzsoft Solutions Limited
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
Notes			
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	-
	<u>4,760</u>	<u>3,237</u>	<u>3,750</u>
Non-current assets			
Property, plant and equipment	596	357	417
Intangible assets	4,829	4,144	5,235
Deferred tax assets	163	229	152
Total non-current assets	<u>5,588</u>	<u>4,730</u>	<u>5,804</u>
Total assets	<u>10,348</u>	<u>7,967</u>	<u>9,554</u>
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
	<u>3,591</u>	<u>3,632</u>	<u>4,794</u>
Total liabilities	<u>3,591</u>	<u>3,632</u>	<u>4,794</u>
Net assets	<u>6,757</u>	<u>4,335</u>	<u>4,760</u>
EQUITY			
Contributed equity	4,316	4,316	4,316
Reserves	10	12	(11)
Retained earnings	2,431	7	455
	<u>6,757</u>	<u>4,335</u>	<u>4,760</u>

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Finzsoft Solutions Limited
Statement of cash flows
For the half-year 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
Notes			
Cash flows from operating activities			
<i>Inflows</i>			
Receipts from customers	12,032	11,029	22,896
Dividends received	1	2	-
Interest received	-	-	5
<i>Total cash inflow from operating activities</i>	12,033	11,031	22,901
<i>Outflows</i>			
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)
<i>Total cash outflow from operating activities</i>	(8,188)	(10,551)	(22,454)
Net cash inflow (outflow) from operating activities	3,845	480	447
Cash flows from investing activities			
<i>Outflows</i>			
Payments for property, plant and equipment	(296)	(36)	(266)
Payments for intangible assets	(30)	(119)	(1,680)
<i>Total cash outflow from investing activities</i>	(326)	(155)	(1,946)
Cash flows from financing activities			
<i>Inflows</i>			
Proceeds from borrowings	-	50	750
<i>Outflows</i>			
Payments for shares bought back	-	(33)	-
Repayment of borrowings	(750)	(250)	(19)
<i>Total cash outflow from financing activities</i>	(750)	(283)	(19)
Net cash inflow (outflow) from financing activities	(750)	(233)	731
Net increase (decrease) in cash and cash equivalents	2,769	92	(768)
Cash and cash equivalents at the beginning of the half-year	420	178	1,188
Cash and cash equivalents at end of the half-year	3,189	270	420

Finzsoft Solutions Limited
Statement of cash flows
For the half-year ended 31 December 2016
 (Continued)

1 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 assets	237	(520)	(521)
Provisions for employee benefits	(432)	170	(5)
Net operating cash flows	3,845	480	447