

**Appendix 1 (NZAX Listing Rule 10.4.1)**  
**Half year preliminary announcement****Results for announcement to the market**

<b>Basis of report</b>	Unaudited
<b>Reporting period</b>	6 months to 31 December 2017
<b>Previous reporting period</b>	6 months to 31 December 2016

	Amount \$NZ000	Percentage Change
Total revenue	11,292	10.8%
Revenue from ordinary activities	11,130	9.7%
Operating Profit before revaluations and income tax ("Operating Earnings")	1,171	25.0%
Operating Profit before interest, impairment, revaluations, income tax and depreciation ("Operating EBITDA")	1,324	14.6%
Reported Profit from ordinary activities after tax attributable to security holders ("Reported NPAT")	832	18.2%
Profit for the period net of tax attributable to security holders	827	16.3%

<b>Dividend</b>	Amount per security	Imputed amount per
Interim	\$ 0.04000	\$ 0.01556

<b>Record date</b>	6 April 2018
<b>Dividend payment date</b>	13 April 2018

	Current reporting period	Prior reporting period
<b>Net tangible assets per security</b>	\$ 0.39762	\$ 0.342

**Commentary on results** For commentary on the results please refer to the commentary on the related NZX release.

**Notes** 1) The above information should be read in conjunction with the attached preliminary detailed financial reporting for the 6-month p ending 31 December 2017.

1 CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE		*Consolidated Statement Financial Performance		
		Current	*Up/Down	Previous
		half Year	%	half year
		\$NZ'000		\$NZ'000
1.1	<b>OPERATING REVENUE</b>			
	(a) Trading Revenue	11,130	9.7%	10,146
	(b) Other Revenue	162	295.1%	41
	(c) Total Operating Revenue	11,292	10.8%	10,187
1.2	<b>OPERATING *SURPLUS (DEFICIT) BEFORE TAXATION</b>	1,171	25.0%	937
	(a) Less taxation on operating result	(339)		(233)
1.3	<b>OPERATING *SURPLUS (DEFICIT) AFTER TAX</b>	832	18.2%	704
	(a) Extraordinary Items after Tax [detail in Item 3]	(5)	n/a	7
	(b) Unrealised net change in value of investment properties	-	-	-
1.4	<b>NET *SURPLUS (DEFICIT) FOR THE PERIOD</b>	827	16.3%	711
	(a) Net *Surplus (Deficit) attributable to minority interests	-		-
1.5	<b>NET SURPLUS (DEFICIT) ATTRIBUTABLE TO MEMBERS OF THE LISTED ISSUER</b>	827	16.3%	711

2 DETAILS OF SPECIFIC RECEIPTS/OUTLAYS, REVENUES/ EXPENSES FOR REPORTING PERIOD		*Consolidated Statement of Financial Performance	
		Current	Previous
		half year	half year
		\$NZ'000	\$NZ'000
2.1	<b>INCLUDED IN CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE</b>		
	(a) Interest revenue included in Item 1.1(b)		
	(b) # Unusual items for separate disclosure (gain/loss) (detail - Item 3)		
	(c) Equity earnings (gain/loss) (detail - Item 16)		
	(d) Interest expense included in Item 1.2 (include all forms of interest, etc)	( 2)	2
	(e) Leasing and renting expenses	352	341
	(f) Depreciation	102	107
	(g) Diminution in the value of assets (other than depreciation)	-	-
	(h) Amortisation of goodwill		
	(i) Amortisation of other intangible assets	53	32
	(j) Impairment of goodwill	-	-
	(k) Impairment of other intangible assets	-	-
2.2	<b>SUPPLEMENTARY ITEMS</b>		
	(a) # Interest costs excluded from Item 2.1(d) and capitalised	-	-
	(b) # Outlays (other than those arising from the acquisition of an existing business) capitalised in intangibles	-	-
	(c) Unrecognised differences between the carrying value and market value of publicly traded investments	-	-

#Items marked in this way need to be shown only where their inclusion as revenue or exclusion from expenses has had a material effect on reported \*surplus (deficit)

3 DISCONTINUED, UNUSUAL (INCLUDING NON RECURRING), AND EXTRAORDINARY ITEMS OF THE GROUP		Group - Current half Year	
		Operating Revenue \$NZ'000	Operating Surplus \$NZ'000
<b>DETAILS AND COMMENTS</b>			
Discontinued Activities:		-	-
(Disclose Operating Revenue and Operating Surplus)		-	-
<b>TOTAL DISCONTINUED ACTIVITIES</b>		-	-
Material Unusual (including Non Recurring) Items (included in 1.2)		-	-
Description:			
Exchange adjustment on international subsidiary		(5)	7
<b>TOTAL MATERIAL NON RECURRING ITEMS</b>		-	-
Extraordinary Items (Ref. Item 1.3(a))		-	-
Description:			
<b>TOTAL EXTRAORDINARY ITEMS</b>		(5)	7
4 STATEMENT OF MOVEMENTS IN EQUITY		Statement of Movements In Equity	
		Current half year \$NZ'000	Previous half year \$NZ'000
4.1	<b>*NET SURPLUS (DEFICIT) ATTRIBUTABLE TO MEMBERS OF LISTED ISSUER</b>	827	711
	(a) *Net Surplus (Deficit) attributable to minority interest	-	-
4.2	<b>OTHER RECOGNISED REVENUE AND EXPENSES</b>		
	(a) *Increases (decreases) in revaluation reserves	-	-
	(b) Current Translation Differences	-	-
	(c) Minority interest in other recognised revenue and expenses	-	-
4.3	<b>TOTAL RECOGNISED REVENUES AND EXPENSES</b>	827	711
4.4	<b>OTHER MOVEMENTS</b>		
	(a) Contributions by Owners	71	
	(b) Distributions to Owners	( 457)	( 316)
	(c) Other (Employee Share Plan / Currency Translation Reserve)	9	18
4.5	<b>EQUITY AT BEGINNING OF FULL YEAR</b>	3,519	2,980
4.6	<b>EQUITY AT END OF FULL YEAR</b>	3,969	3,393
5 EARNINGS PER SECURITY		Earnings Per Security	
		Current half year \$NZ'000	Previous half year \$NZ'000
Calculation of basic and fully diluted, EPS in accordance with IAS33: Earnings Per Share			
	(a) Basic EPS	\$ 0.058	\$ 0.050
	(b) Diluted EPS	\$ 0.057	\$ 0.048

6 MATERIAL ACQUISITIONS OF SUBSIDIARIES (See Note (VII) attached):	
(a) Name of subsidiary or group of subsidiaries	n/a
(b) Percentage of ownership acquired	-
(c) Contribution to consolidated net *Surplus (Deficit) (Item 1.4)	\$
(d) Date from which such contribution has been calculated	-
<hr/>	
7 MATERIAL DISPOSALS OF SUBSIDIARIES (See Note (VII) attached)	
(a) Name of subsidiary or group of subsidiaries	n/a
(b) Contribution to consolidated net *Surplus (Deficit) (Item 1.4)	\$
(c) Date from which such contribution has been calculated	
(d) Contribution to consolidated net *Surplus (Deficit) (Item 1.4) for the previous corresponding full year	
(e) Contribution to consolidated net *Surplus (Deficit) (Item 1.4) from sale of subsidiary	\$

## 8 REPORTS FOR INDUSTRY AND GEOGRAPHICAL SEGMENTS

Information on the industry and geographical segments of the Listed Issuer is to be reported for the full year in accordance with the provisions of SSAP:23: Financial Reporting for Segments. Because of the differing nature and extent of segments among Listed Issuers, no complete proforma is provided, and the segment information should be completed separately and attached to this report. However, the following shows a suitable list of items for presentation and indicates which amounts should agree with items included elsewhere in the full year report:

### SEGMENTS

The Group supplies customer communication solutions. These include a range of integrated document management products and services separated into three streams; software & technology services, digital printing & document handling services and outsourced services. Specific elements of these streams are as follows:

**Software & Technology**, Solution Dynamics owns the intellectual property in four products;

Déjar, an online digital archival and retrieval system sold stand-alone under licence agreements and also as a hosted service in New Zealand and Internationally.

Bremy, Digital asset management, workflow and multichannel publishing software sold as a licenced product and also as a hosted service in New Zealand, Australia and the UK.

Composer, "On-Demand" content creation software.

DéjarMail, is a web browser-based desktop mail management solution which allows customers to route mail correspondence to SDL or any other service provider for printing and delivery.

In addition to owning the intellectual property for the above products, Solution Dynamics provides programming, consulting and design services that help clients to distribute marketing and essential communications by mail and electronically. The provision of these services is covered under this category.

**Digital Printing & Document Handling Services**, the printing of client's information digitally using high speed laser printers followed by the lodgement and distribution of those documents using a variety of machine and other processes.

**Outsourced Services**, not all components of Solution Dynamics' solutions are produced internally. External elements such as post, freight, paper and envelopes are sourced from external suppliers and included in this service stream. Solution Dynamics has long term arrangements with a number of key suppliers such as NZ Post for the provision of these services.

An overhead structure including sales, marketing and administration departments provides services for all of the above revenue streams.

There are no reconciling items in this note due to the management information provided to the Chief Operating Decision Maker being compiled using the same standards and accounting policies as those used to prepare the financial statements.

### Industry

* Software & Technology	
* Digital printing & Document Handling	
* Outsourced Services	
<b>Total revenue [consolidated total equal to Item 1.1(c) above]</b>	
- Less cost of sales	
Gross margin	
- Selling General & Administrations Overheads	
<b>Earnings before interest, tax, depreciation &amp; amortisation</b>	
<b>Less:</b>	
- Restructuring	
- Depreciation	
- Amortisation	
- Interest	
- Tax	
<b>Operating surplus (Deficit) after tax (Item 1.3)</b>	

### Geographical Information

* New Zealand	
* Australia	
* UK & Europe	
- Total revenue [consolidated total equal to Item 1.1(c) above]	

6-mths Dec '17		6-mths Dec '16	
\$NZ'000	%	\$NZ'000	%
2,933	26%	2,424	24%
3,381	30%	3,398	33%
4,978	44%	4,365	43%
<b>11,292</b>	<b>100%</b>	<b>10,187</b>	<b>100%</b>
7,080	63%	6,348	62%
4,212	37%	3,839	38%
2,888	26%	2,761	27%
<b>1,324</b>	<b>12%</b>	<b>1,078</b>	<b>11%</b>
	0%		0%
102	1%	107	1%
53	0%	32	0%
(2)	0%	2	0%
339	3%	233	2%
<b>832</b>	<b>7%</b>	<b>704</b>	<b>7%</b>
Revenue		Non-current Assets	
6-mths Dec '17	6-mths Dec '16	6-mths Dec '17	6-mths Dec '16
\$NZ'000	\$NZ'000	\$NZ'000	\$NZ'000
9,331	8,747	1,959	2,105
218	183		
1,743	1,257		
11,292	10,187	1,959	2,105

(Note (VIII) attached has particular relevance for the preparation)		Consolidated Statement of Financial Position		
		At end of current half Year \$NZ'000	As shown in last Annual Report \$NZ'000	If half yearly as shown in last half yearly report \$NZ'000
	<b>9 CURRENT ASSETS:</b>			
	(a) Trade receivables & other current assets	2,214	2,366	1,841
	(b) Cash	2,408	2,080	1,858
	(c) Inventories	156	152	149
	(d) Prepayments	182	96	120
	<b>TOTAL CURRENT ASSETS</b>	<b>4,960</b>	<b>4,694</b>	<b>3,968</b>
<b>9.1</b>	<b>NON-CURRENT ASSETS</b>			
	(a) Trade receivables	-	-	-
	(b) Investments	-	-	-
	(c) Inventories	-	-	-
	(d) Property, plant and equipment	607	668	833
	(e) Goodwill	938	938	938
	(f) Deferred Taxation Assets	99	108	76
	(g) Other Intangible Assets	315	294	258
	(h) Other assets, non current	-	-	-
<b>9.2</b>	<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,959</b>	<b>2,008</b>	<b>2,105</b>
<b>9.3</b>	<b>TOTAL ASSETS</b>	<b>6,919</b>	<b>6,702</b>	<b>6,073</b>
<b>9.4</b>	<b>CURRENT LIABILITIES</b>			
	(a) Finance facility			
	(b) Trade Creditors	1,517	1,428	1,398
	(c) Income in advance	56	188	115
	(d) Borrowings			
	(e) Other non-financial liabilities	388	405	312
	(f) Employee benefit liabilities	420	447	431
	(g) Other liabilities, current	569	715	424
	<b>TOTAL CURRENT LIABILITIES</b>	<b>2,950</b>	<b>3,183</b>	<b>2,680</b>
<b>9.5</b>	<b>NON-CURRENT LIABILITIES</b>			
	(a) Accounts payable, non-current			
	(b) Secured loans	-	-	-
	(c) Unsecured loans	-	-	-
	(d) Provisions, non-current	-	-	-
	(e) Deferred Taxation Liability, non-current	-	-	-
	(f) Other liabilities, non-current	-	-	-
<b>9.6</b>	<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9.7</b>	<b>TOTAL LIABILITIES</b>	<b>2,950</b>	<b>3,183</b>	<b>2,680</b>
<b>9.8</b>	<b>NET ASSETS</b>	<b>3,969</b>	<b>3,519</b>	<b>3,393</b>
<b>9.9</b>	<b>SHAREHOLDERS' EQUITY</b>			
	(a) Share capital (optional)	5,240	5,169	5,169
	(b) Reserves (optional)			
	(i) Currency translation reserve	(4)	1	7
	(ii) Other reserves (Employee Share Plan)	86	113	95
	(c) Retained Surplus (accumulated Deficit) (optional)	(1,353)	(1,764)	(1,878)
<b>9.10</b>	<b>SHAREHOLDERS' EQUITY ATTRIBUTABLE TO MEMBERS OF THE LISTED ISSUER</b>	<b>3,969</b>	<b>3,519</b>	<b>3,393</b>
	(a) Minority equity interests in subsidiaries	-	-	-
<b>9.11</b>	<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>3,969</b>	<b>3,519</b>	<b>3,393</b>
	(a) Returns on Assets (%) (EBIT divided by Total Assets)	16.90%	26.87%	15.46%
	(b) Return on Equity (%) (Net Income divided by Shareholders' Equity)	22.09%	40.31%	22.31%
	(c) Debt to Equity Ratio (%) (Total Liabilities divided by Shareholders' Equity)	74.33%	90.45%	78.99%
<b>n/a</b>	<b>TANGIBLE ASSETS</b>	<b>5,666</b>	<b>5,470</b>	<b>4,877</b>
	(a) Net Tangible Assets Amount per Security	\$ 0.398	\$ 0.384	\$ 0.342

		<b>Consolidated Statement of cashflows for half year</b>	
		Current half year \$NZ'000	Previous half year \$NZ'000
<b>10</b>	(See Note (IX) attached ) <b>CASH FLOWS RELATING TO OPERATING ACTIVITIES</b>		
	(a) Receipts from customers	12,766	11,526
	(b) Interest received		
	(c) Dividends received	-	-
	(d) Payments to suppliers and employees	(11,751)	(10,495)
	(e) Interest paid		
	(f) Income taxes paid	(350)	(118)
	(g) Other cash flows relating to operating activities	162	41
	<b>NET OPERATING FLOWS</b>	<b>827</b>	<b>954</b>
<b>11</b>	(See Note (IX) attached ) <b>CASH FLOWS RELATING TO INVESTING ACTIVITIES</b>		
	(a) Cash proceeds from sale of property, plant and equipment	-	-
	(b) Cash proceeds from sale of equity investments	-	-
	(c) Loans repaid by other entities	-	-
	(d) Cash paid for purchases of property, plant and equipment & software	(115)	(190)
	(e) Interest paid - capitalised	-	-
	(f) Cash paid for purchases of equity investments - Bremy NZ & UK	-	-
	(g) Loans to other entities	-	-
	(h) Other cash flows relating to operating activities	-	-
	<b>NET INVESTING CASH FLOWS</b>	<b>(115)</b>	<b>(190)</b>
<b>12</b>	(See Note (IX) attached ) <b>CASH FLOWS RELATED TO FINANCING ACTIVITIES</b>		
	(a) Cash proceeds from issue of shares, options, etc & interest income	71	-
	(b) Borrowings	-	-
	(c) Repayment of borrowings		(10)
	(d) Dividends paid	(457)	(316)
	(e) Other cash flows relating to financing activities - interest on financing	2	(2)
	<b>NET FINANCING CASH FLOWS</b>	<b>(384)</b>	<b>(328)</b>
<b>13</b>	(See Note (IX) attached ) <b>NET INCREASE (DECREASE IN CASH HELD)</b>		
	(a) Cash at beginning of full year	2,080	1,422
	(b) Exchange rate adjustments to Item 12.3(a) above	-	-
	<b>(c) CASH AT END OF PERIOD</b>	<b>2,408</b>	<b>1,858</b>
<b>14</b>	<b>NON-CASH FINANCING AND INVESTING ACTIVITIES</b> Provide details of financing and investing transactions which have had a material effect on group assets and liabilities but did not involve cash flows: ..... ..... ..... ..... .....		
<b>15</b>	<b>RECONCILIATION OF CASH</b> For the purposes of the above Statement of cash flows, cash includes: Bank, Petty Cash and NZAX Deposit ..... Cash at the end of the full year as shown in the statement of cash flows is reconciled to the related items in the financial statements as follows: Cash on hand and at bank Deposits at call Bank overdraft (ANZ) Other - NZAX Deposit <b>Total = Cash at End of Period (Item 13(c) above)</b>	Current half Year NZ\$'000	Previous half Year NZ\$'000
	Cash on hand and at bank	2,408	1,858
	Deposits at call	-	-
	Bank overdraft (ANZ)		
	Other - NZAX Deposit	-	-
	<b>Total = Cash at End of Period (Item 13(c) above)</b>	<b>2,408</b>	<b>1,858</b>

**16 EQUITY ACCOUNTED INVESTMENTS IN ASSOCIATES**

Information attributable to the reporting group's share of investments in associates and other material interests is to be disclosed by way of separate note below (refer FRS-38 Accounting for Investments in Associates).

**16.1 GROUP SHARE OF RESULTS OF ASSOCIATES**

- (a) OPERATING \*SURPLUS (DEFICIT) BEFORE TAX  
 (b) Less tax  
 (c) OPERATING \*SURPLUS (DEFICIT) AFTER TAX  
     (i) Extraordinary items  
 (d) NET \*SURPLUS (DEFICIT) AND EXTRAORDINARY ITEMS AFTER TAX

Equity Earnings	
Current half year \$NZ'000	Previous half year \$NZ'000
n/a	n/a

**16.2 MATERIAL INTERESTS IN CORPORATIONS NOT BEING SUBSIDIARIES**

- (a) The group has a material (from group's viewpoint) interest in the following corporations:

Name	Percentage of ordinary shares held at end of Full Year		Contribution to net *surplus (deficit) (Item 1.5)	
	Current Full Year	Previous half Year	Current half Year NZ\$'000	Previous half Year NZ\$'000
Equity Accounted Associates			<i>Equity Accounted in current year</i>	
	n/a	n/a	n/a	n/a
Other Material Interests			<i>Not Equity Accounted in current year</i>	
	n/a	n/a	n/a	n/a

- (b) Investments in Associates

	Current half Year \$NZ'000	Previous half Year \$NZ'000
Carrying value of investments in associates beginning of full year	n/a	n/a
Share of changes in associates' post acquisition surpluses/and reserves:		
- Retained surplus		
- Reserves		
Net goodwill amortisation and impairment adjustments in the period		
Less Dividends received in the period		
Equity carrying value of investments at the end of full year		
Amount of goodwill included in carrying value at end of that full year		

## 17 ISSUED AND QUOTED SECURITIES AT END OF REPORTING PERIOD

Category of Securities	Issued	Number		Number Paid-Up Value (If not halfy paid)
		Quoted		
<b>PREFERENCE SHARES:</b>				
# (Description)		n/a		n/a
Issued during current full year				
<b>ORDINARY SHARES:</b>				
		14,249,810	\$ 5,240,000	14,249,810 \$ 5,240,000
Issued during current full year		\$ -	0	0
<b>CONVERTIBLE NOTES</b>				
# (Description)		n/a		n/a
Issued during current full year				
<b>OPTIONS:</b>				
		Issued	Quoted	Exercise Price
Issued during current full year		-		\$ -
		-		\$ -
<b>DEBENTURES - Totals only:</b>			\$	n/a
<b>UNSECURED NOTES - Totals only:</b>			\$	n/a
<b>OTHER SECURITIES</b>			\$	n/a

# Description includes rate of dividend or interest and any redemption or conversion rights together with the prices and dates thereof.

## 18 COMMENTS BY DIRECTORS

If no report in any section, state NIL. If insufficient space below, provide details in the form of notes to be attached to this report.

- (a) Material factors affecting the revenues and expenses of the group for the current full year

**Refer NZX release date 23 February 2018**

- (b) Significant trends or events since end of current full year

**Refer NZX release date 23 February 2018**

- (c) Changes in accounting policies since last Annual Report and/or last Half Yearly to be disclosed

- (d) Critical Accounting Policies - Management believes the following to be critical accounting policies. That is they are both important to the portrayal of the Issuer's financial condition and results, as they require management to make judgments and estimates about matters that they are inherently uncertain

**- Estimated Impairment of Goodwill and Intangible Assets**

The test for impairment of goodwill and intangible assets is undertaken on an annual basis at financial year end. No impairment test has been performed at Interim balance date.

**- Useful lives of Property, Plant & Equipment**

As described at 2.1 above, the Company reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. In assessing the useful lives of property, plant & equipment the Company makes reference to tax rates and these are used where they approximate estimates of useful lives. The carrying amount as at 31 December 2017 was \$607,000.

**- Contingent Consideration in Respect to Business Combinations**

Not applicable



(e) Management's discussion and analysis of financial condition, result and/or operations (optional) - this section should contain forward looking statements that should outline where these involve risk and uncertainty

**Refer NZX release date 23 February 2018**

(f) Other comments

**Refer NZX release date 23 February 2018**

**19 DIVIDEND**

(a) Dividend Yield as at balance date (%) (Annual dividend per share divided by price per share)

**3.10%**

(b) Tax Adjusted Dividend Yield as at balance date (%) (Annual net dividend per share divided by price per share)

**3.10%**

**20 ANNUAL MEETING (if full year report)**

(a) n/a

(b) n/a

Time

n/a

(c) Approximate date of availability of Annual Report

If this full year report was approved by resolution of the Board of Directors, please indicate date of meeting:



(signed by) Authorised Officer of Listed Issuer

23-Feb-18

(date)

\*Delete as required