

ASX ANNOUNCEMENT

Appendix 4C – Quarterly Cash flow Report Commentary

PERTH, AUSTRALIA, 26 July 2016: Peppermint Innovation Ltd (**ASX: PIL**) (the Company) today releases its Appendix 4C – Quarterly Cash flow report for the period ended 30 June 2016. (Please note that the real progress reported below by the Company was made at or after the end of this quarter with little impact on cash flows during this quarter).

Key highlights and updates

1. **Program going forward:** On 27 June 2016 the Company announced its plans going forward in a letter to Shareholders. The Company emphasized:
 - ❖ The aim of the Company is to provide mobile payments, money services and remittances to anyone, anywhere in the world, especially those not currently linked to traditional banks.
 - ❖ The Company is currently operating in the Philippines, and has partnered with some of the largest financial institutions in the country.
 - ❖ The Philippines operations are established, proven, and the platform is secure, has been commercially deployed with 100,000 subscribers performing circa 1.2 million transactions per month.
 - ❖ Metropolitan Bank & Trust Company, UnionBank and United Coconut Planters Bank (UCPB), three leading banks in the Philippines, utilise the Company's platform to offer mobile banking services to their account holders and rely on the Company to maintain and provide ongoing technical improvements and support.
 - ❖ With a population of over 100 million, approximately 114 million mobile phones in use and circa 70% of the population unbanked, the Company has only touched a very small percentage of the potential market.
 - ❖ Agent training and accreditation programs are underway for agents in the Philippines to rapidly deploy the MyWeps app through the 1Bro Global agent network, which includes up to 90,000 agent members and 40 business centres throughout the Philippines.



- ❖ The MyWeps app, distributed through the agent network, provides basic financial services to the enormous unbanked population and includes services such as mobile bill payments and mobile airtime top-up to the 1Bro Global agent network's established customer bases, generating system fees on each transaction for the Company.
- ❖ The Company is working with the BSP to demonstrate compliance with regulations and requirements to allow agents to provide remittance services independently of brick and mortar business centres.
- ❖ The Company is working to finalize commercial agreements and associated technical integration with the leading Filipino bill payment aggregator to facilitate the bill payments functionality of MyWeps and introduce mobile wallet top-up services.
- ❖ The Company is increasing up its engagement with traditional banking partners, noting advanced discussions with one of our three banking partners in the Philippines to expand accountholder use by 'white labeling' the MyWeps app on this bank's platform.
- ❖ The Company is developing a tried and tested, highly scalable business model (based on a fully functional proprietary mobile banking, payments and remittance technology platform), which could be applied through other agent networks and in additional countries.

In our letter of 27 June we also mentioned Bangladesh and 24Nme. At the present time the parties are considering a joint venture agreement put forward to 24Nme by Peppermint.

2. **Grant of MyWeps Remittance Licence:** On 29 June 2016 the Company announced the grant of a remittance license by the Central Bank of the Philippines (BSP) to Peppermint's Filipino partner MyWeps International Inc. for the mobile payments and remittance platform developed and powered by Peppermint in the Philippines. The application process highlighted a number of key points:

- ❖ This was the first such licence application to be made to the BSP.
- ❖ The technology provided the BSP with transparency that the BSP had not been able to obtain before with respect to cash based money flows between the unbanked.



- ❖ Existing regulations did not anticipate the licencing of mobile agents to accept and arrange remittances throughout the country.
- ❖ The BSP would address the remittance licence application in two parts; firstly by granting a licence to provide bricks and mortar remittances through 1Bro Business Centres, and then by considering the best way to ensure that regulations are met to allow remittances to be made through a mobile agent network.

The Company also advised an application had been lodged with the BSP for a mass agent commercial pilot program, so that the MyWeps app could be utilised by multiple mobile agents. Further, Peppermint noted it had been invited to join regular National Strategy for Financial Inclusion (NSFI) Tactical Plan Meetings with the private sector as one of the country's Financial Inclusion Partners to advise the BSP.

3. **Union Bank user ramp up:** On 4 July 2016, the Company announced UnionBank wished to ramp up use the Company's UMobile platform, which UnionBank has been using. UnionBank proposed doing this by increasing the number of registered users of the UMobile platform from 50,000 to 2,500,000, which Peppermint noted would significantly increase the volume of transactions across the platform and increased usage fees.
4. **Joint venture with Bayad Centre:** On 18 July 2016, the Company announced it had signed an agreement to work with the largest bill aggregator in the Philippines, CIS Bayad Centre Inc. The agreement will see the Company provide a proprietary mobile bill payment application called the "Peppermint Payment Collection Solution".

The Company considers this to be a significant opportunity as the CIS Bayad Center was the first bill aggregator in the Philippines and is the leading over-the-counter, multiple bill payment collection business in the country. CIS Bayad Center provides the facility to allow Filipino's to pay bills from more than 200 billers including all the major utilities and providers servicing a population of over 100 million in the Philippines.

The Peppermint Payment Collection Solution will be the first mobile application used by the Bayad Center for the payment of bills.



*It's TIME to **GO LIVE** 📶*

MyWeps Bills Pay

Goes Live on

July 23, 2016 - Saturday
9:00 P.M Training Room
at 1BRO Main Office.

With
Special Technical Training

by

 **PEPPERMINT PHILIPPINES**



Peppermint Philippines CTO Adrian Ocampo conducting the first Technical Training session for the MyWeps app with the 1Bro team as Bills Payment commences.

For more information, please contact:

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PRule 4.7B

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

Peppermint Innovation Ltd

ABN

56 125 931 964

Quarter ended ("current quarter")

30 June 2016

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (7 months) \$A'000
1.1	Receipts from customers	177	359
1.2	Payments for		
	(a) staff costs	(229)	(633)
	(b) advertising and marketing	-	-
	(c) research and development	-	-
	(d) leased assets	-	-
	(e) other working capital	(371)	(1,470)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	2	4
1.5	Interest and other costs of finance paid	-	(4)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
Net operating cash flows		(421)	(1,744)



	Current quarter \$A'000	Year to date (7 months) \$A'000
1.8 Net operating cash flows (carried forward)	(421)	(1,744)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	(14)
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	111
1.11 Loans to other entities		
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	-	97
1.14 Total operating and investing cash flows	(421)	(1,647)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	3,623
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	240
1.18 Repayment of borrowings	-	(290)
1.19 Dividends paid	-	-
1.20 Other (provide details if material)		
Net financing cash flows	-	3,573
Net increase (decrease) in cash held	(421)	1,926
1.21 Cash at beginning of quarter/year to date	2,492	142
1.22 Exchange rate adjustments to item 1.20	-	3
1.23 Cash at end of quarter	2,071	2,071



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	(149)
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions Directors Fees and remuneration of executives and consultants.	

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

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- 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

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Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	
3.2 Credit standby arrangements		



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	2,071	2,492
4.2	Deposits at call		
4.3	Bank overdraft		
4.4	Other (provide details)		
Total: cash at end of quarter (item 1.23)		2,071	2,492

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	
5.2	Place of incorporation or registration	
5.3	Consideration for acquisition or disposal	
5.4	Total net assets	
5.5	Nature of business	

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:



(Director/Company secretary)

Date: 26 July 2016

Print name: Anthony Kain



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 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting 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.

