

Appendix 4D

(Rule 4.2A.3)

Half year report

Name of entity

Peppermint Innovation Limited	56 125 931 964
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1. Details of the Reporting Period and the Previous Corresponding Period

Financial period ended ("current period")	Financial period ended ("previous period")
31 December 2017	31 December 2016

2. Results for Announcement to the Market

					\$'000
2.1	Revenue from ordinary activities	up	65%	to	677
2.2	Loss from ordinary activities after tax attributable to members	up	4%	to	797
2.3	Net loss for the period attributable to members	up	4%	to	797
2.4	Brief explanation of results				
	Revenue increased due to an increase in the number of transactions across the Company's mobile banking and payment platform.				
	For further details, please refer to the interim financial report.				

3. NTA Backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	\$0.0003	\$0.0003



4 Control gained or lost over entities having material effect

Not applicable.

5. Dividends

There were no dividends declared or paid during the period and the do not recommend that any dividends be paid.

6. Dividend Reinvestment Plans

Not applicable.

7. Material interest in entities which are not controlled entities

Not applicable.

8. Independent Review Report

Refer to attached Half Year Financial Report for the half-year ended 31 December 2017.

9. Compliance Statement

This report should be read in conjunction with the attached Half Year Financial Report for the half-year ended 31 December 2017

Signed here:



Date: 27th February 2018

Print name: Anthony Kain
Executive Director





Peppermint Innovation Limited

(ACN 125 931 964)

INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED

31 DECEMBER 2017

COMPANY DIRECTORY

Directors

Mr Christopher Kain
Managing Director

Mr Anthony Kain
Chairman / Executive Director

Mr Mathew Cahill
Non-executive Director

Mr Leigh Ryan
Non-executive Director

Mr Rodney Tasker
Non-executive Director

Company Secretary

Mr Anthony Kain

Registered Office

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Mt Pleasant WA 6153

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Web Address

www.pepltd.com.au

Auditors

RSM Australia Partners
Level 32 Exchange Plaza
2 The Esplanade
Perth, WA 6000

Solicitors

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth, WA 6000

Share Registry

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth WA 6000

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Web: www.computershare.com.au

ASX Code:

PIL

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DIRECTORS' REPORT

Your Directors submit the financial report of the Company, being Peppermint Innovation Limited, and the entities it controlled ("the Group"), for the half year ended 31 December 2017. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names of Directors who held office during or since the end of the half year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Christopher Kain	Managing Director and CEO
Anthony Kain	Chairman / Executive Director
Mathew Cahill	Non-executive Director
Leigh Ryan	Non-executive Director
Rodney Tasker	Non-executive Director

Review of Operations

The loss for the Group after providing for income tax amounted to \$796,888 (2016: \$769,183).

About Peppermint Innovation Limited

Peppermint Innovation is an Australian company focused on the commercialisation and further development of the Peppermint Platform, a mobile banking, payments and remittance technology designed for banks, mobile money operators, money transfer and funds remittance companies, payment processors, retailers/merchants, credit card companies and microfinance institutions. Peppermint currently operates the Peppermint Platform in the Philippines.

Peppermint has a particular focus in the developing world (starting with the Philippines) and on providing an attractive tool to the unbanked population to access mobile banking and remit money to and from family and others through a system not tied to a particular bank or telephony company.

The Peppermint Platform is now being used by leading commercial banks in the Philippines and non-bank pilot programs commenced in 2017.

Mineral Exploration Projects

The Group also has a mineral resource exploration project in Zambia, which it is seeking to divest.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial half-year.

DIRECTORS' REPORT

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, RSM Australia Partners, to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 4 and forms part of this Directors' report for the half-year ended 31 December 2017.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to section 306(3) of the Corporations Act 2001.



Mr Christopher Kain
Managing Director

Dated this 27th day of February 2018



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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Peppermint Innovation Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 27 February 2018

J A KOMNINOS
Partner

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

HALF YEAR ENDED 31 DECEMBER 2017

	Note	Half Year Ended 31/12/2017 \$	Half Year Ended 31/12/2016 \$
Revenue		676,947	409,507
Cost of sales		(530,572)	(329,344)
Gross profit		146,375	80,163
Other income		371	11,848
Administration expenses		(934,988)	(843,529)
Finance costs		(646)	(1,415)
Impairment		(8,000)	-
Share based payment expense		-	(16,250)
(Loss) before income tax expense		(796,888)	(769,183)
Income tax expense		-	-
(Loss) for the period		(796,888)	(769,183)
Other comprehensive income / (loss)			
<i>Items that may be reclassified to profit or loss:</i>			
- Nil		-	-
		-	-
Total comprehensive (loss) for the period		(796,888)	(769,183)
Basic and diluted (loss) per share (in cents)	4	(0.09)	(0.09)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

		31 December 2017	30 June 2017
	Note	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		332,259	428,439
Trade and other receivables		85,885	65,649
Inventory		16,593	22,807
Total Current Assets		434,737	516,895
Non-Current Assets			
Intangible assets		56,458	84,687
Total Non-Current Assets		56,458	84,687
TOTAL ASSETS		491,195	601,582
LIABILITIES			
Current Liabilities			
Trade and other payables		69,371	37,349
Provisions		47,589	25,037
Total Current Liabilities		116,960	62,386
TOTAL LIABILITIES		116,960	62,386
Net Assets		374,235	539,196
EQUITY			
Issued capital	3	11,968,950	11,337,023
Accumulated losses		(11,594,715)	(10,797,827)
TOTAL EQUITY		374,235	539,196

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

HALF YEAR ENDED 31 DECEMBER 2017

	Issued capital \$	Accumulated losses \$	Total \$
Balance at 1 July 2016	11,327,233	(9,198,229)	2,129,004
(Loss) for the period	-	(769,183)	(769,183)
Total comprehensive loss for the period	-	(769,183)	(769,183)
<i>Transactions with owners in their capacity as owners:</i>			
Share issue expenses	(6,461)	-	(6,461)
Share based payments	16,250	-	16,250
Balance at 31 December 2016	11,337,022	(9,967,412)	1,369,610
Balance at 1 July 2017	11,337,023	(10,797,827)	539,196
(Loss) for the period	-	(796,888)	(796,888)
Total comprehensive loss for the period	-	(796,888)	(796,888)
<i>Transactions with owners in their capacity as owners:</i>			
Shares issued	650,000	-	650,000
Share issue expenses	(26,073)	-	(26,073)
Share based payments	8,000	-	8,000
	631,927	-	631,927
Balance at 31 December 2017	11,968,950	(11,594,715)	374,235

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW

HALF YEAR ENDED 31 DECEMBER 2017

	Half Year Ended 31/12/2017	Half Year Ended 31/12/2016
Note	\$	\$
Cash flows from operating activities		
Cash receipts from customers	656,711	350,946
Payments to suppliers and employees	(1,385,189)	(1,273,468)
Interest received	371	6,068
Net cash (used in) operating activities	(728,107)	(916,454)
Cash flows from financing activities		
Net proceeds from issue of shares	631,927	(6,461)
Net cash provided by / (used in) financing activities	631,927	(6,461)
Net (decrease) in cash held	(96,180)	(922,915)
Cash and cash equivalents at the beginning of the period	428,439	2,097,761
Cash and cash equivalents at the end of the period	332,259	1,174,846

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

It is recommended that the financial statements are read in conjunction with the annual financial report for the period ended 30 June 2017 and any public announcements made by the Company during the half year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The interim financial statements have been approved and authorised for issue by the Board on 27 February 2018.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant or material change to the Group's accounting policies.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Functional and presentation currency

These financial statements are presented in Australian dollars, which is the functional currency of Peppermint Innovation Limited.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Group incurred a net loss of \$796,888 and had net cash outflows from operating activities of \$728,107 for the half-year period ended 31 December 2017. As at that date, the Group had net assets of \$374,235.

The Directors believe that there are reasonable grounds to believe that the Group will continue as a going concern, after consideration of the following factors:

- The Group raised \$350,000 subsequent to reporting date as disclosed in Note 7.
- In accordance with the Corporations Act 2001, the Group has plans to raise further working capital through the issue of equity;
- The Group continues to keep costs at a minimum in order to conserve cash reserves for the financial year ended 30 June 2018; and
- Revenues from the Group's business continues to increase.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Going concern (continued)

Accordingly, the Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

Should the Group not achieve the matters set out above, there is a material uncertainty which may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group is not able to continue as a going concern.

NOTE 2: SEGMENT REPORTING

The Group operates predominantly in the mobile banking and payments industry. For management purposes, the Group is organised into one main operating segment, which involves operating a mobile banking, payments and remittance platform. All of the Group's activities are inter-related and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial results of the Group as a whole.

NOTE 3: ISSUED CAPITAL

(a) Ordinary shares

	As at 31/12/2017 \$	As at 30/06/2017 \$
Fully paid ordinary shares 925,949,128 (30 June 2017: 892,449,128)	11,968,950	11,337,023

Movements in issued capital

	Number of Shares	\$
Balance 1 July 2017	892,449,128	11,337,023
Issue of shares – private placements at 2 cents per share	32,500,000	650,000
Costs relating to issue of shares	-	(26,073)
Share based payment ⁽¹⁾	1,000,000	8,000
Balance 31 December 2017	925,949,128	11,968,950

(1) The share based payment was made on 18 July 2017 pursuant to an asset acquisition agreement. The fair value was determined by reference to the share price at the grant date, and the asset acquired was subsequently impaired.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: ISSUED CAPITAL (continued)

(b) Performance Shares

100,000,000 performance shares are on issue. Each performance share converts to a fully paid ordinary share on the basis of one (1) performance share into one (1) fully paid ordinary share in the capital of the Company, upon the following milestones being achieved:

Event/Milestone	Number of Shares
Milestone 1: the Company or its subsidiaries generating cumulative revenue of \$15,000,000 from the Mobile Banking Payments Remittance Business (MBPRB) by 20 May 2020	50,000,000
Milestone 2: the Company or its subsidiaries generating cumulative revenue of \$50,000,000 from the MBPRB by 20 May 2020	50,000,000
	<u>100,000,000</u>

As at 31 December 2017, none of the milestones of the performance shares had been achieved.

NOTE 4: LOSS PER SHARE

	Half Year Ended 31/12/2017	Half Year Ended 31/12/2016
(Loss) for the period	(\$796,888)	(\$769,183)
Weighted average number of ordinary shares used in the (loss) per share calculations	899,560,541	893,770,906
Basic and diluted (loss) per share (cents)	(0.09)	(0.09)

NOTE 5: DIVIDENDS PAID OR PROPOSED

No dividends were paid or declared during the half year ended 31 December 2017.

NOTE 6: CONTINGENT ASSETS AND LIABILITIES

The Group holds 100% of Sedgwick Resources Limited, a company incorporated in Zambia, which holds mineral exploration tenements and projects. The Group ceased funding this company and all assets were impaired on 4 December 2015.

It is not known if any liabilities will arise from this entity.

NOTE 7: EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to reporting date, and pursuant to a placement agreement of 4 September 2017, 17,500,000 fully paid ordinary shares were issued at \$0.02 per share raising \$350,000.

Other than the matter referred to above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future financial years.

DIRECTORS' DECLARATION

In the opinion of the directors of Peppermint Innovation Limited ('the Company'):

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the half year then ended; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to section 303(5) of the Corporations Act 2001.



Mr Christopher Kain
Managing Director
27th February 2018

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
PEPPERMINT INNOVATION LIMITED**

We have reviewed the accompanying half-year financial report of Peppermint Innovation Limited which comprises the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Peppermint Innovation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Peppermint Innovation Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Basis for Qualified Conclusion

As at 31 December 2017, the Group includes two controlled entities, Horizon Copper Zambia Limited and Sedgwick Resources Limited, in the Republic of Zambia, which had combined total assets of \$Nil and total liabilities of \$Nil. We were unable to obtain sufficient appropriate evidence about the completeness of liabilities and contingences within those two controlled entities because the directors of the company have been unable to obtain audited financial statements for the half-year ended 31 December 2017. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Material Uncertainty Related to Going Concern

Without further modifying our conclusion, we draw attention to Note 1, which indicates that the Group incurred a net loss of \$796,888 and had net cash outflows from operating activities of \$728,107 for the half-year ended 31 December 2017. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

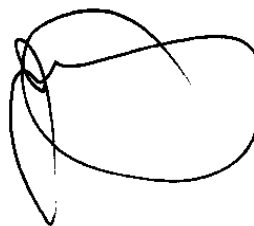
Qualified Conclusion

Based on our review, which is not an audit, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, we have not become aware of any matter that makes us believe that the half-year financial report of Peppermint Innovation Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in blue ink that reads 'RSM'.

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink, appearing to be 'James Komninos'.

Perth, WA
Dated: 27 February 2018

JAMES KOMNINOS
Partner