

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 2016	31 December 2015

2. Results for Announcement to the Market

					\$'000
2.1	Revenue from ordinary activities	up	48%	to	410
2.2	Loss from ordinary activities after tax attributable to members	down	90%	to	769
2.3	Net loss for the period attributable to members	down	90%	to	769
2.4	Brief explanation of results				
	<p>Revenue increased due to an increase in the number of registered users and transactions across the Company's mobile banking and payment platform.</p> <p>Registered users reach ~200,000 and over 10 million transactions were processed.</p> <p>Work continued on the establishing a non-bank mobile payments and remittance platform to enable payment agents to process transactions.</p> <p>While operational activities remained focused in the Philippines, the Company began the establishment of an Australian based international remittance business.</p> <p>The loss for the half year declined due to the prior period including a one off restructuring and relisting expense of \$7,234,766 following the reverse take-over of Chrysalis Resources Limited in December 2015.</p> <p>For further details, please refer to the interim financial report.</p>				

3. NTA Backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	\$0.001	\$0.003

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 2016.

9. Compliance Statement

This report should be read in conjunction with the attached Half Year Financial Report for the half-year ended 31 December 2016

Signed here:



Date: 27th February 2017

Print name:

Anthony Kain
Executive Director



Peppermint Innovation Limited

(ACN 125 931 964)

INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED

31 DECEMBER 2016

COMPANY DIRECTORY

Directors

Mr Christopher Kain
Managing Director

Mr Anthony Kain
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

Suite 8, 7 The Esplanade
Mt Pleasant WA 6153

Tel: +61 8 9316 9100
Fax: +61 8 9315 5475

Web Address

www.pepltd.com.au

Auditors

RSM Australia Partners
8 St Georges Terrace
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

Tel: +61 8 9323 2000
Fax: +61 8 9323 2033

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 consolidated entity"), for the half year ended 31 December 2016. 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	Executive Director	
Mathew Cahill	Non-executive Director	
Leigh Ryan	Non-executive Director	
Rodney Tasker	Non-executive Director	Appointed 28 September 2016
Vincent Power	Non-executive Director	Retired 14 September 2016

Review of Operations

The loss for the consolidated entity after providing for income tax amounted to \$769,183 (2015: \$7,873,711).

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.

Mineral Exploration Projects

The consolidated entity 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 consolidated entity 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 2016.

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 2017

RSM Australia Partners

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9101

www.rsm.com.au

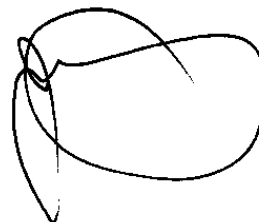
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Peppermint Innovation Limited for the half -year ended 31 December 2016, 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



J A KOMNINOS
Partner

Perth, WA
Dated: 27 February 2017

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RSM Australia Partners ABN 36 965 185 036

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

HALF YEAR ENDED 31 DECEMBER 2016

	Half Year Ended 31/12/2016	Half Year Ended 31/12/2015
Note	\$	\$
Revenue	409,507	277,304
Cost of sales	(329,344)	(237,695)
Gross profit	80,163	39,609
Other income	11,848	544
Administration expenses	(843,529)	(611,232)
Finance costs	(1,415)	(27,866)
Share based payment expense	(16,250)	(40,000)
Restructuring/relisting expense	-	(7,234,766)
Loss before income tax expense	(769,183)	(7,873,711)
Income tax expense	-	-
Net loss for the period	(769,183)	(7,873,711)
Other comprehensive income / (loss)		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translation of foreign operations	-	(5,926)
	-	(5,926)
Total comprehensive loss for the period	(769,183)	(7,879,637)
Net (loss) per share (in cents)		
Basic and diluted for the period	4	(0.09) (2.00)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	31 December 2016	30 June 2016
Note	\$	\$
ASSETS		
Current Assets		
Cash and cash equivalents	1,174,846	2,097,761
Trade and other receivables	95,408	36,847
Inventory	35,898	-
Total Current Assets	1,306,152	2,134,608
Non-Current Assets		
Intangible assets	112,917	141,146
Total Non-Current Assets	112,917	141,146
Total Assets	1,419,069	2,275,754
LIABILITIES		
Current Liabilities		
Trade and other payables	45,767	146,750
Provisions	3,692	-
Total Current Liabilities	49,459	146,750
Total Liabilities	49,459	146,750
Net Assets	1,369,610	2,129,004
EQUITY		
Issued capital	3 11,337,022	11,327,233
Accumulated losses	(9,967,412)	(9,198,229)
Total Equity	1,369,610	2,129,004

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

HALF YEAR ENDED 31 DECEMBER 2016

	Issued capital \$	Reserves \$	Accumulated losses \$	Total \$
Balance at 1 July 2015	220,903	(831)	(399,420)	(179,348)
Loss for the period	-	(5,926)	(7,873,711)	(7,879,637)
Total comprehensive loss for the period	-	(5,926)	(7,873,711)	(7,879,637)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of shares prior to acquisition	533,377	-	-	533,377
Issue of shares for acquisition of subsidiary	6,909,683	-	-	6,909,683
Shares issued	3,874,300	-	-	3,874,300
Share issue expenses	(251,030)	-	-	(251,030)
Share based payments	40,000	-	-	40,000
	11,106,330	-	-	11,106,330
Balance at 31 December 2015	11,327,233	(6,757)	(8,273,131)	3,047,345
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 (see note 5)	16,250	-	-	16,250
Balance at 31 December 2016	11,337,022	-	(9,967,412)	1,369,610

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

HALF YEAR ENDED 31 DECEMBER 2016

Note	Half Year Ended 31/12/2016 \$	Half Year Ended 31/12/2015 \$
Cash flows from operating activities		
Cash receipts from customers	350,946	277,304
Payments to suppliers and employees	(1,273,468)	(721,124)
Interest received	6,068	544
Net cash used in operating activities	<u>(916,454)</u>	<u>(443,276)</u>
Cash flows from investing activities		
Acquisition of subsidiary, net cash	-	(279,338)
Net cash used in investing activities	<u>-</u>	<u>(279,338)</u>
Cash flows from financing activities		
Net (payments) / proceeds from issue of shares	(6,461)	3,623,270
Net cash (used in) / provided by financing activities	<u>(6,461)</u>	<u>3,623,270</u>
Net (decrease) / increase in cash held	(922,915)	2,900,656
Cash and cash equivalents at the beginning of the period	2,097,761	155,666
Effect of exchange fluctuations on cash held	-	(125)
Cash and cash equivalents at the end of the period	<u>1,174,846</u>	<u>3,056,197</u>

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 2016 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 2016 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 2017.

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 consolidated entity 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 consolidated entity'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. The functional currency of Peppermint Technology Inc. is Philippines Peso and the financial statements have been converted into the functional currency of Peppermint Innovation Limited in accordance with IAS 21 – The Effects of Changes in Foreign Exchange Rates.

NOTE 2: SEGMENT REPORTING

The directors have considered the requirements of AASB 8 – Operating Segments and the internal reports that are reviewed by the Chief Operating Decision Maker (the Board) in allocating resources and have concluded that at this time there are no separately identifiable segments.

Following the adoption of AASB 8, the identification of the consolidated entity's reportable segments has not changed. During the period, the consolidated entity's considers that it has only operated in one segment.

The Company operates predominantly in the mobile banking and payments industry. For management purposes, the Company is organised into one main operating segment, which involves operating a mobile banking, payments and remittance platform. All of the Company 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 Company as one segment. The financial results from this segment are equivalent to the financial results of the Company as a whole.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: ISSUED CAPITAL

(a) Share capital

	As at 31/12/2016 \$	As at 30/06/2016 \$
Fully paid ordinary shares 892,449,128 (30 June 2016: 891,199,128)	11,337,022	11,327,233

(b) Movements in ordinary share capital

	Number	\$
Issued Shares		
Balance 1 July 2016	891,199,128	11,327,233
Costs relating to issue of shares	-	(6,461)
Share based payment (see note 5)	1,250,000	16,250
Balance 31 December 2016	<u>892,449,128</u>	<u>11,337,022</u>

(c) 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 2016, none of the milestones of the performance shares had been achieved.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4: EARNINGS PER SHARE

	Half Year Ended 31/12/2016	Half Year Ended 31/12/2015
(Loss) used in the earnings per share calculation	(\$769,183)	(\$7,873,711)
Weighted average number of ordinary shares	893,770,906	385,438,703
(Loss) per share (cents)	(0.09)	(2.00)

NOTE 5: SHARE BASED PAYMENT

Under the terms of Mr Rodney Tasker's employment contract, 1,000,000 shares were issued at the issue price of \$0.013 per share in accordance with approval at the meeting of shareholders on 29 November 2016.

Further, 250,000 shares were issued to an employee under his employment contract.

NOTE 6: EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs in future financial years.

NOTE 7: DIVIDENDS PAID OR PROPOSED

No dividends were paid or declared during the half year ended 31 December 2016.

NOTE 8: 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 at the date of the reverse takeover on 4 December 2015.

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

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 AASB 134 'interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 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 2017



RSM Australia Partners

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61(0) 8 92619100
F +61(0) 8 92619111

www.rsm.com.au

**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 2016, 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 consolidated entity 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 consolidated entity's financial position as at 31 December 2016 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 2016, the consolidated entity 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 2016. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

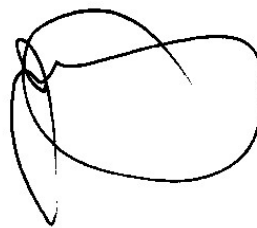
Qualified Conclusion

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 consolidated entity's financial position as at 31 December 2016 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 black ink that reads 'RSM'.

RSM AUSTRALIA PARTNERS

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

JAMES KOMNINOS
Partner

Perth, WA
Dated: 27 February 2017