

Mint

MINT PAYMENTS LIMITED

ABN: 51 122 043 029

**APPENDIX 4D AND HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2018**

APPENDIX 4D

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

1. Reporting period

The current reporting period is the period ended 31 December 2018 and the previous corresponding period is for the period ended 31 December 2017.

2. Results for announcement to the market

			Half-year ended 31 Dec 2018
Revenue from ordinary activities	Down	(7)%	\$2,010,208
Net loss from ordinary activities attributable to members	Down	13%	\$2,266,715
Net loss attributable to members	Down	13%	\$2,266,715

Commentary

Further commentary on the results for the half-year can be found in the half year results presentation released subsequent to the Appendix 4D and the 'review of operations' section of the Directors' Report in the attached half-year financial report.

Dividends

No interim dividends have been paid or provided for during the period or the prior financial period by the Parent Entity.

Earnings/(loss) per share

	Half-year ended 31 Dec 2018	Half-year ended 31 Dec 2017
Basic earnings/(loss) per share (cents)	(0.29)	(0.40)
Diluted earnings/(loss) per share (cents)	(0.29)	(0.40)

3. Net tangible assets per share

	31 Dec 2018	31 Dec 2017
Net tangible assets per share (cents)	(0.52)	(0.51)

4. Audit qualification or review

The half-year financial report has been subject to review and the independent auditor's review report is attached as part of the financial report.

5. Attachments

The financial report of Mint Payments Limited for the half-year ended 31 December 2018 is attached. The half-year financial report should be read in conjunction with the most recent annual financial report.

The remainder of the information requiring disclosure to comply with ASX 4.2A.3 is contained in the attached half-year financial report.



MINT PAYMENTS LIMITED

ABN: 51 122 043 029

**HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2018**

<u>Contents</u>	<u>Page</u>
Directors' Report	3
Auditor's Independence Declaration	5
Half-Year Financial Report	
Consolidated Statement of Profit or Loss and Other Comprehensive Income	6
Consolidated Statement of Financial Position	7
Consolidated Statement of Cash Flows	8
Consolidated Statement of Changes in Equity	9
Notes to the Financial Statements	10
Directors' Declaration	14
Independent Auditor's Review Report	15

The half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 30 June 2018 and any public announcements made by Mint Payments Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The Directors of Mint Payments Limited present their report on the consolidated entity consisting of Mint Payments Limited and the entities it controlled ("the Group" or "Mint Payments") at the end of, or during, the half-year ended 31 December 2018.

DIRECTORS

The names of the Directors of Mint Payments Limited during the half-year and until the date of this report are:

Non-Executive

Peter Wright	(Non-Executive Chairman effective from 10 July 2018)
William Bartee	
Terry Cuthbertson	(Non-Executive Chairman till 9 July 2018)
Anne Weatherston	

Executive

Alex Teoh	(Group Chief Executive Officer)
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All Directors were in office for the entire period unless otherwise stated.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the half-year under review were omni-channel payments solutions that utilises bank grade enabled technology and infrastructure on various POS, mobile, tablet devices and online interfaces. Mint Payments has an innovative payments technology and transactions processing platform that integrate business processes to service credit and debit card payments across multiple markets and multiple channels.

RESULTS AND REVIEW OF OPERATIONS

Operating Results

Key financial results for the half-year ended 31 December 2018 were:

- Overall, revenues of \$2,010,208 in HY19 decreased by 7% from prior financial half year. Importantly the Company has seen an increase in recurring revenues by 23% from previous financial half year.
- Recurring revenues as a proportion of total sales revenues represents 56% of total revenues (compared to prior year of 42%).
- Reported net loss from ordinary activities attributable to members for the half-year ended 31 December 2018 was \$2,266,715 an improvement by 13% from the previous corresponding year. This improvement is indicative of lower operating expenses.

Review of Operations

The highlights for the half-year ended 31 December 2018 include:

- In October 2018, Mint unveiled a bold new brand and vision to make payments more rewarding for merchants in the increasingly commoditised category. Mint has also launched two key strategic initiatives including new mobile payment plans to drive new customer acquisition and transaction value growth, and a new website with improved usability and more seamless onboarding.
- Also in October 2018, BNZ placed a material order for a new Mint payment product, paving the way for larger merchants and committing to Mint as a key payments partner. This new range of payment solutions will significantly broaden the opportunity for Mint's payment products to be used across the high value and volume transacting merchants throughout the Bank's 120,000 business customers.

- In November 2018, following the launch of “Rewarding Payments” brand platform, Mint has entered into a landmark partnership with Velocity Frequent Flyer, enabling merchants to earn Velocity Frequent Flyer Points on eligible transactions. The rewarding program has been designed to generate growth in new merchants and improve lifetime value by encouraging loyalty. Mint believes the highly differentiated service offered by the program may increase demand for their payment services.

DIVIDENDS

No dividends were declared or paid since the start of the financial half-year. No recommendation for payment of dividends has been made.

SIGNIFICANT EVENTS AFTER BALANCE DATE

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect the Consolidated Entity's operations, results of those operations or the state of affairs in future financial years.

ROUNDING OF AMOUNTS

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar (where indicated).

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5 and forms part of this half-year financial report.

Signed in accordance with a resolution of the Directors.



Alex Teoh
Group Chief Executive Officer and Managing Director

Sydney, 27 February 2019

AUDITOR'S INDEPENDENCE DECLARATION

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018



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AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Mint Payments Limited

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2018 there have been no contraventions of:

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

M A Godlewski
Partner

PITCHER PARTNERS

Sydney

27 February 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Notes	Half-year ended 31 Dec 2018 \$	Half-year ended 31 Dec 2017 \$
Continuing operations			
Revenue and other income	3	2,010,208	2,172,642
Network and service delivery		(840,488)	(638,205)
Purchases & changes in inventories of finished goods		(50,282)	(23,445)
Employee benefit expense (excluding share options)		(1,917,088)	(2,834,582)
Share payments & option expense		-	(43,354)
Depreciation and amortization		(155,527)	(158,179)
Finance costs		(254,623)	(237,196)
Professional fees		(225,759)	(248,771)
Administration, property & communication expenses		(213,925)	(223,427)
Selling expense		(497,031)	(209,687)
Other expenses		(122,200)	(147,359)
Loss before income tax		(2,266,715)	(2,591,563)
Income tax expense		-	-
Net loss for the period		(2,266,715)	(2,591,563)
Other comprehensive Income			
Items that may be reclassified subsequently to profit & loss			
Foreign currency translation gain / (loss)		10,252	(24,561)
Total comprehensive loss for the period		(2,256,463)	(2,616,124)
Total comprehensive loss attributable to:			
Equity shareholders		(2,256,463)	(2,616,124)
Net loss attributable to:			
Equity shareholders		(2,266,715)	(2,591,563)
Earnings/(loss) per share for loss to equity shareholders			
Basic earnings/(loss) per share (cents)	6	(0.29)	(0.40)
Diluted earnings/(loss) per share (cents)	6	(0.29)	(0.40)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	As at 31 Dec 2018 \$	As at 30 Jun 2018 \$
Assets			
Current assets			
Cash and cash equivalents		2,086,534	3,022,758
Trade and other receivables		1,663,253	2,252,784
Inventories		948,394	701,322
Other financial assets		270,821	262,548
Total current assets		4,969,002	6,239,412
Non-current assets			
Plant and equipment		208,796	195,396
IT development		229,034	292,383
Total non-current assets		437,830	487,779
Total assets		5,406,832	6,727,191
Liabilities			
Current liabilities			
Payables		(1,279,165)	(1,285,163)
Unearned revenue		(2,000)	-
Provisions		(441,408)	(452,353)
Total current liabilities		(1,722,573)	(1,737,516)
Non-current liabilities			
Provisions		(63,342)	(71,484)
Long term borrowings		(7,500,000)	(6,525,000)
Total non-current liabilities		(7,563,342)	(6,596,484)
Total liabilities		(9,285,915)	(8,334,000)
Net assets		(3,879,083)	(1,606,809)
Equity			
Contributed equity	4	46,693,488	46,709,299
Reserves		2,507,522	2,497,270
Accumulated losses		(53,080,093)	(50,813,378)
Total equity		(3,879,083)	(1,606,809)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Half-year ended 31 Dec 2018 \$	Half-year ended 31 Dec 2017 \$
Cashflows from operating activities		
Receipts from customers	1,475,309	1,530,828
Operating grant receipts	1,678,704	2,126,530
Payments to suppliers and employees	(4,687,767)	(4,796,917)
Interest and other similar items received	16,243	31,340
Interest and other cost of finance paid	(200,555)	(166,452)
Net cash used in operating activities	(1,718,066)	(1,274,671)
Cashflows from investing activities		
Payments for plant and equipment	(31,166)	(47,903)
Payments for capitalised IT Development	(33,013)	(165,804)
Net cash used in investing activities	(64,179)	(213,707)
Cashflows from financing activities		
Repayment of borrowings	(525,000)	-
Proceeds from borrowings	1,500,000	1,500,000
Share issuance costs	(128,979)	-
Net cash provided by financing activities	846,021	1,500,000
Net increase/ (decrease) in cash and cash equivalents	(936,224)	11,622
Cash and cash equivalents at the beginning of the half-year	3,022,758	1,824,562
Cash at end of the half-year	2,086,534	1,836,184

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Share capital \$	Share based payment reserve \$	Foreign exchange reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2017	42,781,783	2,511,575	16,370	(45,541,778)	(232,050)
Loss for the half-year	-	-	-	(2,591,563)	(2,591,563)
Other comprehensive Income for the half-year	-	-	(24,562)	-	(24,562)
Total comprehensive loss for the half-year	-	-	(24,562)	(2,591,563)	(2,616,125)
Recognition of share based payment	-	43,354	-	-	43,354
Issue of ordinary shares	-	-	-	-	-
Share issue costs	-	-	-	-	-
Balance at 31 Dec 2017	42,781,783	2,554,929	(8,192)	(48,133,341)	(2,804,821)

	Share capital \$	Share based payment reserve \$	Foreign exchange reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2018	46,709,299	2,492,347	4,923	(50,813,378)	(1,606,809)
Loss for the half-year	-	-	-	(2,266,715)	(2,266,715)
Other comprehensive income for the half-year	-	-	10,252	-	10,252
Total comprehensive loss for the half-year	-	-	10,252	(2,266,715)	(2,256,463)
Recognition of share based payment	-	-	-	-	-
Issue of ordinary shares	-	-	-	-	-
Share issue costs	(15,811)	-	-	-	(15,811)
Balance at 31 Dec 2018	46,693,488	2,492,347	15,175	(53,080,093)	(3,879,083)

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

1. Summary of significant accounting policies

Basis of preparation

The condensed financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards AASB 134 Interim Financial Reporting. The financial report has also been prepared on a historical cost basis.

The half-year financial report does not include all the notes of the type normally included with the annual report. As a result, it should be read in conjunction with the 30 June 2018 annual financial report of Mint Payments Limited, together with any public announcements made by Mint Payments Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the Australian Stock Exchange.

With the exclusion of AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers, the accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. The adoption of AASB 9 and AASB 15 do not have a material impact on the interim report.

Statement of compliance

Compliance with AASB 134, as appropriate for for-profit entities, ensures compliance with Australian Accounting Standards (AAS) and International Financial Reporting Standards (IFRS).

Rounding amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

Going concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group incurred a net loss of \$2,266,715 and a net cash outflow from operations of \$1,718,066 for the half-year ended 31 December 2018. As at 31 December 2018, the Group had cash assets of \$2,086,534, current assets of \$4,969,002 and current liabilities of \$1,722,573.

The financial report has been prepared on a going concern basis which the Directors consider to be appropriate based upon the forecast for the next 12 months. These forecasts are based on projected margins from contracted and new customers and available funding from the Group's finance facilities (\$3,000,000 undrawn as at 31 December 2018).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

2. Segment information

The consolidated entity operates in one segment being mobile payments. This is based on the internal reports that are reviewed and used by the Board of Directors (identified as the Chief Operating Decision Maker (CODM)) in assessing performance and in determining the allocation of resources.

The consolidated entity operates predominantly in one geographical region being Australia.

3. Revenue and other income

	Half-year ended 31 Dec 2018 \$	Half-year ended 31 Dec 2017 \$
<i>Sales Revenue</i>		
Revenue from sales of goods	27,582	4,329
Revenue from services	339,292	239,470
Recurring revenues	1,129,606	916,402
	1,496,480	1,160,201
<i>Other Income</i>		
R&D grant income	500,000	1,000,000
Interest income	13,728	12,441
Total revenue and other income	2,010,208	2,172,642

4. Contributed equity

		31 Dec 2018 No.	30 Jun 2018 No.
(a) Issued and paid up capital			
Ordinary Shares		785,303,405	785,303,405
(b) Movements in shares on issue		Half-year ended 31 Dec 2018	Half-year ended 31 Dec 2018
	Date	No. of Shares	\$
Beginning of the financial half-year	1-Jul-18	785,303,405	46,709,299
Share issue costs		-	(15,811)
Closing Balance	31-Dec-18	785,303,405	46,693,488

5. Unlisted options

(a) Options on issue at balance date

As at balance date, the Company had the following class of options on issue:

Description	Number	Exercise Price (cents)	Expiry
Unlisted options	-	-	-
Total	-		

Options carry no dividend or voting rights. Upon exercise, each option is convertible into one ordinary share to rank pari passu in all respects with the Company's existing fully paid ordinary shares.

(b) Movement in options on issue

	Half-year ended 31 Dec 2018 No.
Outstanding at the beginning of the half-year	5,000,000
Granted during the half-year	-
Expired during the half-year	(5,000,000)
Exercised during the half-year	-
Forfeited during the half-year	-
Outstanding at the end of the half-year	-

6. Earnings/(loss) per share

	Half-year ended 31 Dec 2018 \$	Half-year ended 31 Dec 2017 \$
The following reflects the income and share data used in the calculation of basic and diluted earnings/(loss) per share:		
Net Loss attributed to equity shareholders	(2,266,715)	(2,591,563)
Loss used in calculating basic and diluted earnings/(loss) per share	(2,266,715)	(2,591,563)
	Number of shares	Number of shares
Weighted average number of ordinary shares used in calculating basic earnings/(loss) per share	785,303,405	648,504,776
Effect of dilutive securities:		
Share options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings/(loss) per share	785,303,405	648,504,776
Basic earnings/(loss) per share to equity shareholders	(0.29 cents)	(0.40 cents)
Diluted earnings/(loss) per share to equity shareholders	(0.29 cents)	(0.40 cents)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

7. Dividends

No dividend was paid, recommended for payment nor declared during the period under review.

8. Contingent liabilities

There has been no change in contingent liabilities since the last annual reporting date.

9. Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial period that has significantly affected, or may significantly affect the Consolidated Entity's operations, results of those operations or the state of affairs in future financial years.

Mint Payments Limited is a listed public company, incorporated and operating in Australia.

Registered Office

Level 4, 450 Victoria Road
Gladesville
NSW 2111
Australia

Principal place of business

Level 4, 450 Victoria Road
Gladesville
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Australia

DIRECTORS' DECLARATION

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Directors' declaration

In the Directors' opinion:

- (a) the financial statements and notes of the Consolidated Entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Consolidated Entity's financial position for the half-year ended 31 December 2018 and of its performance for the period ended on that date; and
 - (ii) compliance with Accounting Standards and Corporations Regulations 2001; and
- (b) 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 made in accordance with a resolution of the Directors.



ALEX TEOH

Group Chief Executive Officer and Managing Director

Sydney, New South Wales

27 February 2019



PITCHER PARTNERS

ACCOUNTANTS AUDITORS & ADVISORS

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MINT PAYMENTS LIMITED

We have reviewed the accompanying half-year financial report of Mint Payments Limited, which comprises the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Mint Payments Limited 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 control as the directors determine is necessary to enable the preparation of the half-year 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 2018 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 Mint Payments 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Mint Payments 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 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard *AASB 134 Interim Financial Reporting* and *Corporations Regulations 2001*.


M A Godlewski
Partner


PITCHER PARTNERS
Sydney

27 February 2019