Pushpay®

2017 Interim Report

Contents

Investor calendar

The following dates are indicative only and are subject to change at Pushpay's discretion.

11 January 2017	Quarterly operational update
31 March 2017	Pushpay's financial year end
12 April 2017	Quarterly operational update
18 May 2017	Annual Report release date

Statutory Notice – Transition to full compliance with the Financial Markets Conduct Act 2013

Pushpay Holdings Limited, of Level 6, Building D, 167 Victoria Street West, Auckland 1010, advises its shareholders that from 1 December 2016, it will fully transition to the Financial Markets Conduct Act 2013 (FMCA). After that date, all of the requirements of the FMCA will apply to Pushpay. In particular, the Company's share register will then be governed by Part 4 of the FMCA. Pushpay is already governed by the FMCA financial reporting, fair dealing and other requirements.

Performance highlights

	Six months ended 30 Sep 2016	Six months ended 30 Sep 2015	% Change
Operating revenue	US$12.0m	US$2.9m	▲ 308%
Net loss	US$11.3m	US$4.2m	▲ 169%
Increase in Annualised Committed Monthly Revenue (ACMR)	US$14.3m	US$4.9m	▲ 193%
	As at 30 Sep 2016	**As at 30 Sep 2015**	**% Change**
ACMR	US$33.9m	US$8.9m	▲ 282%
Average Revenue Per Merchant (ARPM)	US$534 per month	US$361 per month	▲ 48%
Total Merchants	5,286	2,102	▲ 152%
Months to Recover Customer Acquisition Cost (CAC)	<12 months	<12 months	✓
Annual Revenue Retention Rate	>95%	>95%	✓
Staff Headcount	280	143	▲ 96%
Cash and Available Funding Lines	US$7.0m*	US$5.4m	▲ 30%

* Cash and Available Funding Lines includes the standby funding facility of up to NZ$10 million made available to the Company by Christopher & Banks on 30 June 2016, which has since been retired. It does not include the AU$40 million raised through the private placement on 5 October 2016 or the costs associated with capital raising activities.

Key metrics

Pushpay has updated its key metric definitions, effective 1 November 2016, as referenced below. These updates have been made to accommodate product offering changes namely, from 1 November 2016 for certain segments, merchants have been able to purchase a church app (engagement solution) separately from Pushpay's core payments solution. As some entities will solely utilise Pushpay's church app solution, the term 'Merchant' will be replaced with 'Customer' moving forward.

Updated	Previous
Annual Revenue Retention Rate – is recurring revenue retained from Customers (for example, in the case of Customers in the faith sector, this is measured by the amount of recurring revenue at the end of the period excluding upsells into the existing Customer base, over the amount of recurring revenue from the end of the previous period).	References to "Customers" read "Merchants".
Annualised Committed Monthly Revenue (ACMR) – is Average Revenue Per Customer (ARPC) multiplied by total Customers and annualised. ACMR is a key metric to track how a SaaS business is acquiring revenue.	References to "Customers" read "Merchants".
Annualised Monthly Payment Transaction Volume – is the annualised four week average payment transaction volume, excluding weeks falling in December given this is a seasonal high period.	Unchanged.
Average Revenue Per Customer (ARPC) – is the combination of Subscription Fees and Volume Fees divided by total Customers. Subscription Fees are based on the customer product holding which can vary based on the size of the Customer and Volume Fees are based on payment transaction volume. For Customers who use Pushpay's payment solution, Volume Fees are recognised on a gross basis and associated costs payable to processing banks, such as Visa and MasterCard, are classified as expenses. In order to remove the seasonal effect on Volume Fees the last 12-month average Volume Fee per Customer is used for the Volume Fee component of ARPC.	***Average Revenue Per Merchant (ARPM)*** – Pushpay calculates ARPM using a combination of subscription fees and volume fees. Subscription fees are based on the size of the Merchant and volume fees are based on payment transaction volume. Volume fees are recognised on a gross basis and associated costs payable to processing banks, such as Visa and MasterCard, are classified as expenses. In order to remove the seasonal effect on volume fees the last 12-month average volume fee per Merchant is used for the volume fee component of ARPM.
Customer – is an entity that utilises one or more Pushpay products. Pushpay reports Customers that have entered into an agreement and completed the paperwork necessary to setup their service.	***Merchant*** – A 'Merchant' is a business or organisation that utilises Pushpay's payment platform to process electronic transactions. Pushpay reports Merchants that have entered into an agreement and completed the paperwork necessary to setup their facility.

Updated	Previous
Customer Acquisition Cost (CAC) – is sales, marketing and implementation costs divided by the number of new Customers added over a certain period of time.	References to “Customers” read “Merchants”.
Months to Recover CAC (CAC months or months of ARPC to recover CAC) is the number of months of revenue required to recover the cost of acquiring each new Customer.	References to “Customers” read “Merchants”.
Staff Headcount – is total employees at a specific point in time.	Unchanged.
Subscription Fees – is recurring fees based on Customer product holding which can vary based on the size of the Customer (in the case of the faith sector size is based on average weekly attendance).	***Subscription Fees*** – Based on the size of the Merchant (in the case of the faith sector, this is a fixed monthly fee usually based on the average weekly attendance).
Volume Fees – is variable fee income generated from payment transaction volume (in the case of the faith sector, this is usually a percentage of total donations).	***Volume Fees*** – Based on payment transaction volume (in the case of the faith sector, this is usually calculated as a percentage of total donations).


Chris Heaslip - CEO, Executive Director and Co-founder
Bruce Gordon - Chairman

Chairman and Chief Executive report

Dear Fellow Shareholder,

We are pleased to report that for the six months ended 30 September 2016, Pushpay has continued to exceed guidance, delivering on its strategic growth plan whilst maintaining best-in-class SaaS metrics.

Pushpay has increased its leading metric, Annualised Committed Monthly Revenue (ACMR), by US$25.0 million over the 12 months to 30 September 2016 from US$8.9 million to US$33.9 million, an increase of 282%.

Operating revenue increased by US$9.0 million from US$2.9 million for the six months ended 30 September 2015 to US$12.0 million for the six months ended 30 September 2016, an increase of 308%.

Pushpay's net loss increased by US$7.1 million from US$4.2 million for the six months ended 30 September 2015 to US$11.3 million for the six months ended 30 September 2016, an increase of 169% as Pushpay continues to invest in scaling its business.

Over the year to 30 September 2016, Pushpay has remained focused on gaining market share in the USA faith sector, whilst maintaining best-in-class SaaS metrics and continuing to invest in our people, product and processes. We are proud to now serve over 5,000 churches in the USA including 30 of the top 100 and process over US$1 billion in Annualised Monthly Payment Transaction Volume.

As announced on 15 August 2016, Pushpay now expects to reach its US$72 million (NZ$100 million) ACMR target prior to the end of December 2017, eight months sooner than initially anticipated. By way of comparison, Xero grew from NZ$10 million to NZ$100 million of ACMR in around 42 months and Pushpay now expects to accomplish this in less than 28 months.

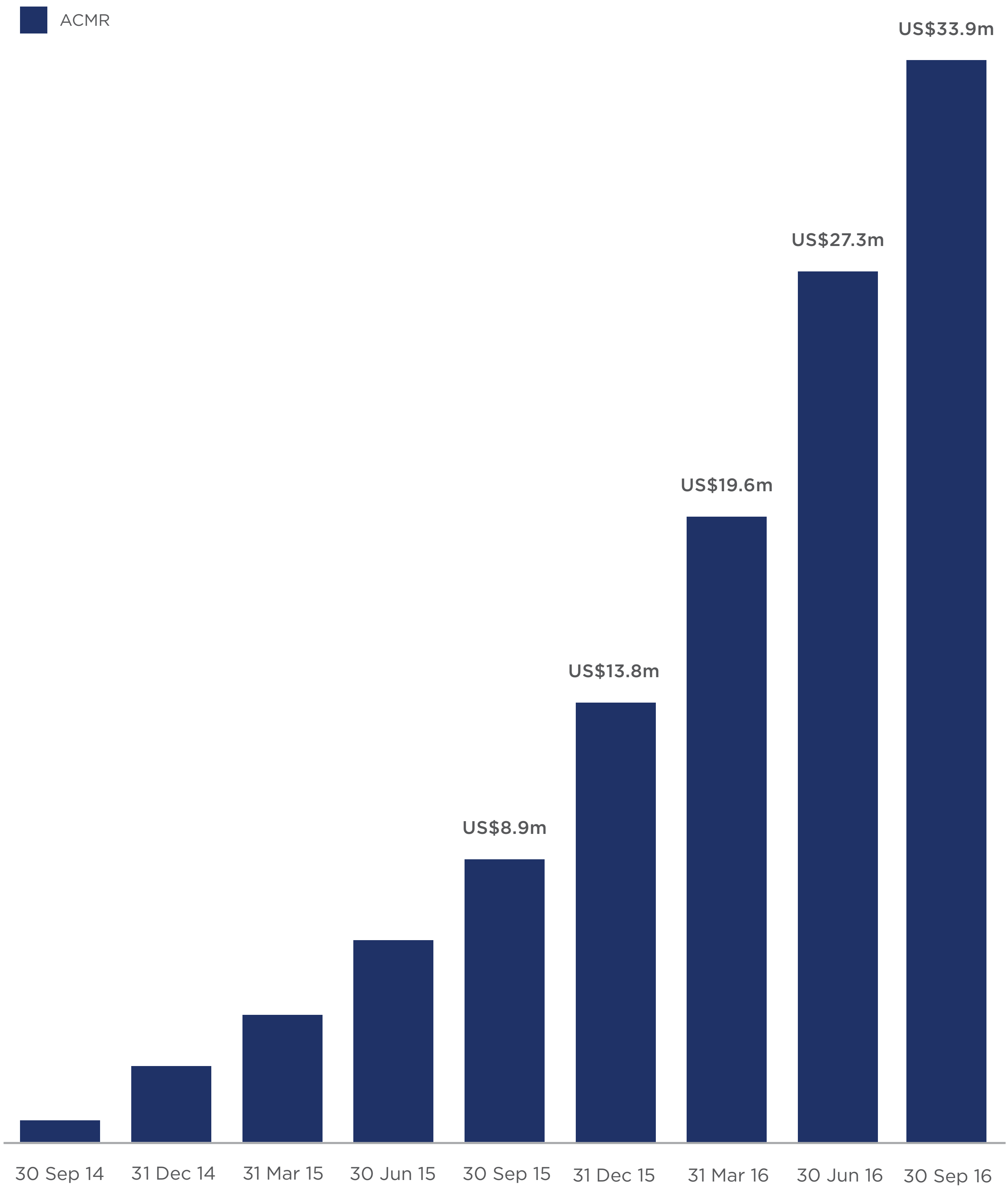
In addition, Pushpay remains on track to reach breakeven on a monthly cash flow basis prior to the end of calendar year 2017.

Annualised Committed Monthly Revenue (ACMR)

The Company increased its ACMR by US$25.0 million over the 12 months to 30 September 2016 from US$8.9 million to US$33.9 million, an increase of 282%. Pushpay remains on track to reach its US$72 million (NZ$100 million) ACMR target and breakeven on a monthly cash flow basis prior to the end of calendar year 2017.

Pushpay expects to reach its target based on further development of its products, direct sales, referrals strategy and through targeting merchants that have existing relationships with Pushpay's strategic channel partners and other distribution partners.

Pushpay's ACMR growth



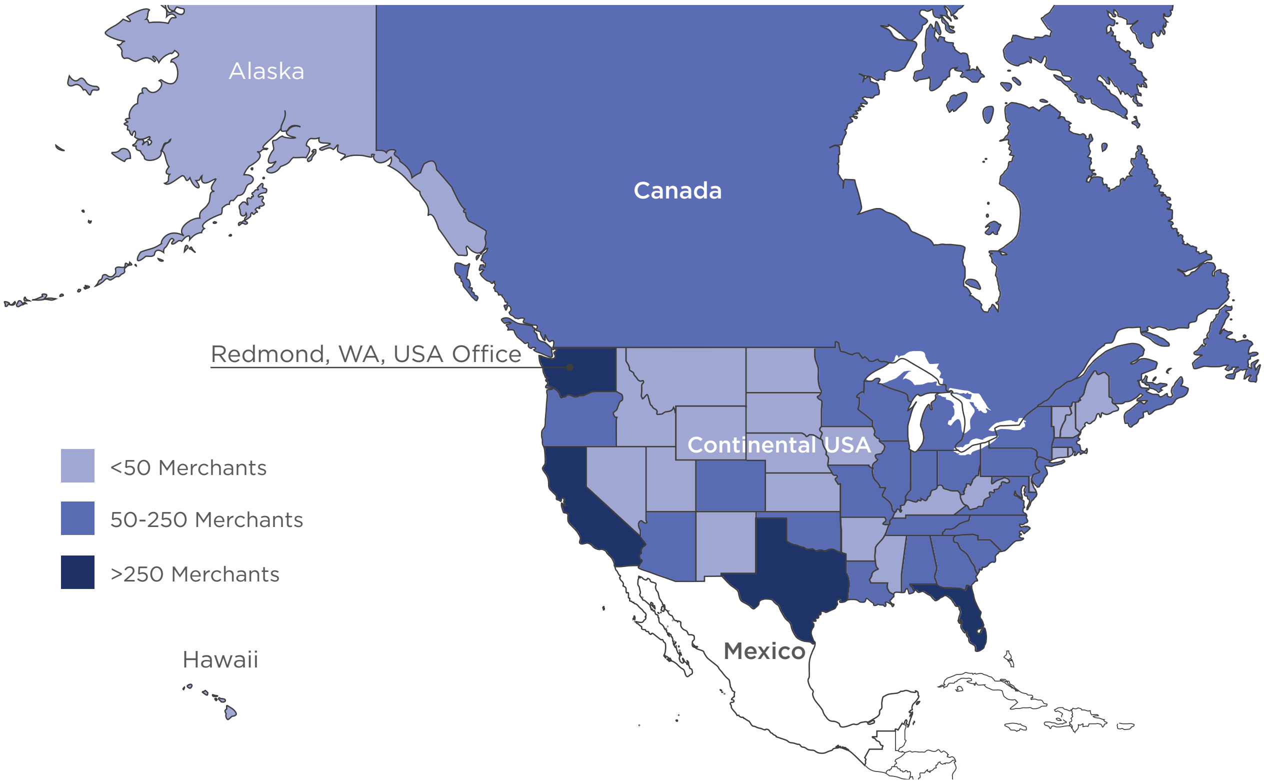
Pushpay's Merchant numbers

Pushpay increased its Merchant base by 3,184 over the 12 months to 30 September 2016 from 2,102 total Merchants to 5,286 total Merchants, an increase of 152%. As at 30 September 2016, 30 of the top 100 largest churches in the USA have chosen to use Pushpay.

To give context as to the sizes of these organisations, the largest church that Pushpay services has over 39,000 average weekly attendees. The confidence and support of large Merchants such as these demonstrates that Pushpay's payment solutions are well-understood and valued by our main target market, the USA faith sector.

As at 30 September 2016, 97% of Pushpay's Merchants were located in North America which covers the USA and Canada with the remaining 3% located in Australasia which covers New Zealand and Australia. Pushpay attracts Merchants from all states across the USA and provinces in Canada, suggesting the business model is not location specific.

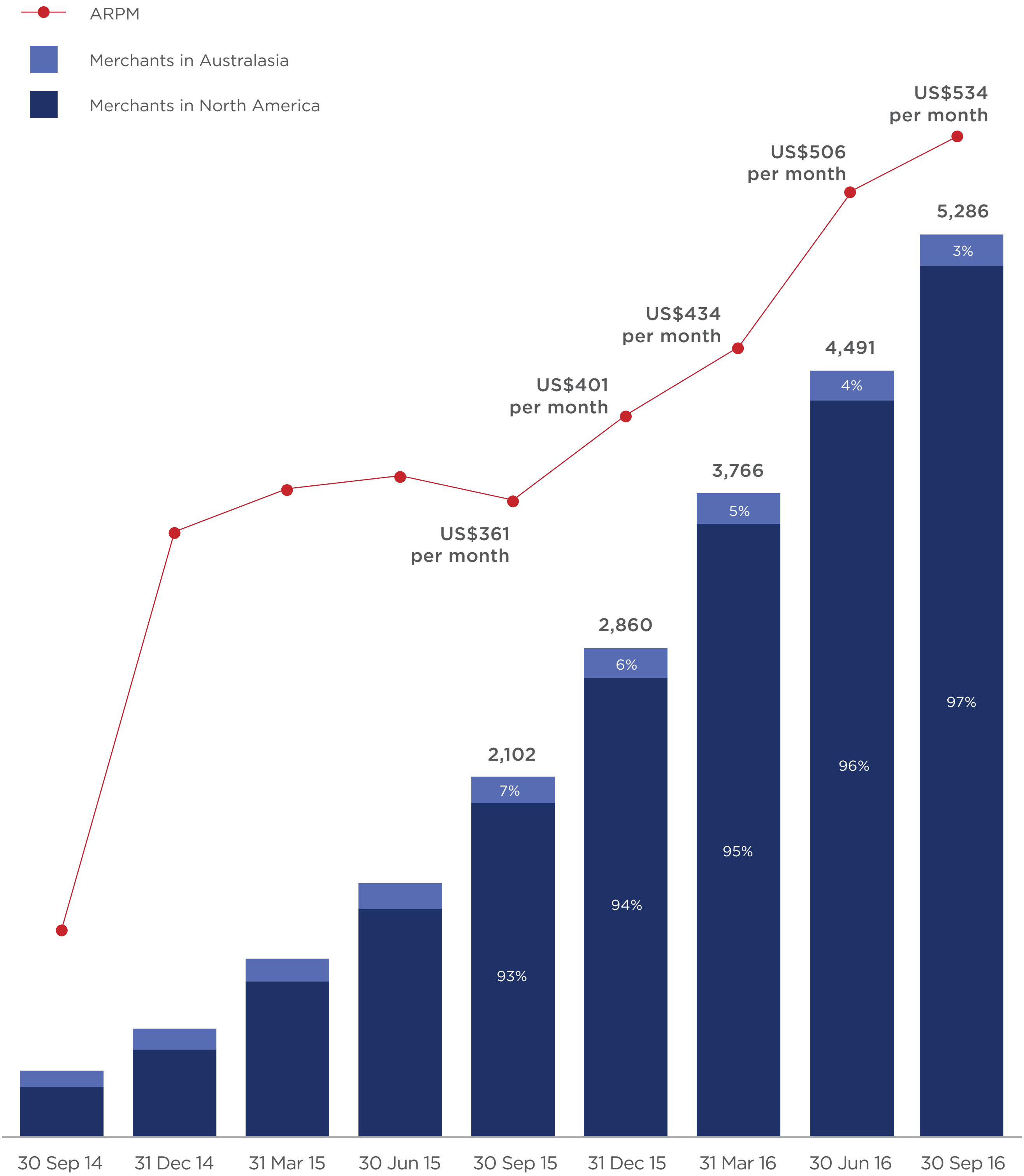
Location of Pushpay's Merchants in North America[viii]



Average Revenue Per Merchant (ARPM)

ARPM increased by US$173 per month over the 12 months to 30 September 2016 from US$361 per month to US$534 per month, an increase of 48%. There are a number of factors which have contributed to increased ARPM, which include increased Subscription Fees for new Merchants, upgrading existing Merchants who are on legacy plans and further development of our product set resulting in higher Volume Fees. As the graph opposite indicates, Pushpay is successfully increasing the amount of revenue derived from each Merchant as it continues to gain market share in the USA faith sector.

Pushpay's Merchant numbers and ARPM



Annualised Monthly Payment Transaction Volume

Pushpay is proud to now process over US$1 billion in Annualised Monthly Payment Transaction Volume. There is US$119 billion[1] given to religious organisations in the USA each year, and we process around 1% of that. Pushpay's Annualised Monthly Payment Transaction Volume long-term goal is to reach the milestone of US$10 billion in Annualised Monthly Payment Transaction Volume, representing around 10% of annual giving to religious organisations in the USA.

AU$40 million private placement

On 5 October 2016, Pushpay successfully completed a book build for its AU$40 million (US$31 million, using an assumed exchange rate of AUD/USD 0.76622) private placement, at the clearing price of AU$2.09 per share (NZ$2.20 per share, using an assumed exchange rate of AUD/NZD 1.05382). As part of the book build, certain existing shareholders who were not directors or interests associated with directors sold over AU$14 million (US$11 million, using an assumed exchange rate of AUD/USD 0.76622) of existing Pushpay shares at the book build clearing price, in addition to the AU$40 million (US$31 million) of primary capital raised through the private placement. All existing shares offered at the clearing price were placed on 11 October 2016, with the book subject to scaling.

The book build was conducted by Australia-based Ord Minnett, as the sole lead manager and bookrunner. The book build was well supported, attracting bids from exempt and qualified investors in New Zealand, Australia and Asia.

Pushpay directors and their associated interests did not sell any shares in this process. Interests associated with Pushpay director, Christopher Huljich, did participate in the book build subscribing for 478,468 additional shares in Pushpay at the clearing price.

In connection with the placement, Pushpay entered into escrow deeds with shareholders associated, respectively with directors Christopher Heaslip, Christopher Huljich, Douglas Kemsley, Eliot Crowther and Graham Shaw, under which those shareholders have, subject to certain exceptions, agreed not to sell Pushpay shares until the trading day immediately after the date on which Pushpay's full year results for the year ending 31 March 2017 are released to the NZX and ASX. The escrow deeds were entered into voluntarily, and demonstrate the directors' ongoing commitment to Pushpay and its strategy.

The funds raised by the private placement will be used as working capital to support Pushpay in achieving its key targets in the next calendar year. Pushpay remains on track to reach US$72 million (NZ$100 million) in ACMR and breakeven on a monthly cash flow basis prior to the end of calendar year 2017.

ASX listing

Pushpay's shares commenced quotation on the ASX on 12 October 2016 under the ticker code 'PPH'. Pushpay also changed its ticker code on the NZX to 'PPH' from 'PAY'.

1 Giving USA (2016). Giving USA 2016 Annual Report

Pushpay is proud to have its shares quoted on the ASX and believes the secondary listing will assist to: diversify the Company's funding sources; attract greater institutional capital to Pushpay's share register; achieve greater shareholding spread across the Company's share register; and generate additional liquidity in the market for Pushpay shares going forward.

People

Ex-Xero executive, James Maiocco, joined Pushpay as Chief Business Development Officer in September 2016. James is a seasoned business executive with over 20 years' experience at cutting-edge technology companies, he served as a Global Director at Microsoft for over four years in the Microsoft Ventures and Microsoft Dynamics business units. James brings an excellent track record of managing go-to-market strategy, international distribution channels and product development.

Product updates

Auto Pay - Based on feedback from our Enterprise pilot customers and bill pay users, Pushpay released an 'Auto Pay' feature that allows bill pay users to automatically pay their bill on the due date using either their bank account or debit/credit card. Uptake of this feature within our pilot groups has been encouraging, which demonstrates the trust that bill pay users have with the Pushpay platform. Enterprises benefit from this feature by knowing the likelihood of payment ahead of time.

Cash and Check Recording - Pushpay released the ability for a church to record their cash and check receipts within Pushpay. While this doesn't contribute to platform volume as we do not process these payments, it allows Pushpay to build a full view of a Merchant's giving. This positions Pushpay as the key information source for generosity in the church and allows us to deliver critical payment insights to each Merchant.

echurch Apps - Since launching the offering in June 2015, Pushpay has seen growing demand for its Fastpay integrated custom app payment solution. Pushpay is pleased to now provide over 3,000 Merchants with a custom branded engagement platform, coupled with the Fastpay integrated payment solution. This offering places Pushpay in a prime position to support its target markets with effective tools to drive user engagement and greater adoption of the mobile payments solution.

Text Giving - To complement Pushpay's existing payment pathways of kiosk, mobile, web, custom app and envelope giving, the Company is pleased to announce that from 1 November 2016, Pushpay Merchants have been able to accept donations via text message through a new text giving solution. This additional feature further re-enforces Pushpay's position as a complete giving and engagement solution.

Outlook

Following an exciting and successful start to the financial year, Pushpay enters the last six months of the financial year in a strong position.

Pushpay believes that it is preferable to continue to focus on and invest in growth as the best means to achieve overall value in its business.

We remain committed to delivering best-in-class SaaS metrics while we execute on our growth plan.

Following the successful private placement of AU$40 million, Pushpay now has the required funding to confidently reach its target of US$72 million (NZ$100 million) ACMR and breakeven on a monthly cash flow basis prior to the end of calendar year 2017.

Over the current quarter ending 31 December 2016, we expect to exceed the ACMR increase over the quarter ended 30 September 2016.

Acknowledgements

Pushpay's impressive progress would not be possible without the expert direction from the board of directors, successful execution from management and the hard work of our dedicated staff. We would also like to thank you, our shareholders, for your continued support and confidence.

Bruce Gordon
Chairman

Chris Heaslip
CEO, Executive Director and Co-founder

Management commentary

You should read the following commentary with the financial statements and the related notes in this report. Some parts of this commentary include information regarding the plans and strategy for the business, and include forward-looking statements that involve risks and uncertainties. Actual results and the timing of certain events may differ materially from future results expressed or implied by the forward-looking statements contained in the following commentary. All amounts are presented in United States Dollars (USD), except where indicated.

Business results

This is the first period in which results have been presented in United States Dollars (USD). The change in presentational currency reflects the Company's revenue, expenses and cash flows being denominated principally in USD.

The growth in operating revenue was driven by both Merchant number growth and an increase in ARPM.

Total operating expenses increased as the Company continues to invest in scaling its business, developing new features and products and delivering Merchant growth. Total operating revenue increased by 308% whilst operating expenses excluding net foreign exchange gain/losses grew by 193%, proportionately less, driven by efficiencies as the business scales.

Earnings before interest, tax, depreciation, amortisation and foreign currency gains/(losses) (EBITDAF)

Six months ended 30 September	2016	2015	
	US$'000	US$'000	% change
Net loss	(11,339)	(4,219)	169%
Add back: net interest income	25	17	47%
Add back: depreciation and amortisation	1,018	414	146%
Add back: income tax expense	95	-	N/A
Add back: net foreign currency (gains)/losses	29	(602)	-105%
EBITDAF	(10,172)	(4,390)	132%
Percentage of Operating revenue	-85%	-149%	64 pp*

* pp means percentage point

We have included EBITDAF disclosures (a non-GAAP financial measure) as we believe it provides useful information for readers to assist in understanding the Company's financial performance. Non-GAAP financial measures should not be viewed in isolation nor considered as substitutes for measures reported in accordance with NZ IFRS. EBITDAF is calculated by adding back net interest income, depreciation and amortisation, income tax expense and net foreign currency gains/losses to net losses.

The EBITDAF loss increased compared to the six months ended 30 September 2015. The primary reason for the increase reflects the investment the Company is making in growing its presence in the USA faith based sector and the continuing development of its technology platform.

Operating revenue

Subscription revenue consists of Subscription Fees that comprise recurring monthly fees charged to Merchants based on their size. Processing revenue consists of Volume Fees that are based on a percentage of the total dollar value of payments processed, primarily within the USA faith sector. Volume Fees include interchange fees, which are collected by the Company on behalf of third parties, such as Visa or Mastercard.

Six months ended 30 September	2016	2015	
	US$'000	US$'000	% change
Subscription revenue	4,018	873	360%
Processing revenue	7,967	2,066	286%
Operating revenue	11,985	2,939	308%
Total Merchants	5,286	2,102	152%

The Company continues to enjoy strong support from existing and new Merchants and the utilisation of the Company's technology and payment processing platforms within these organisations is expanding at a steady rate. A proportion of Merchants choose to subscribe to annual contracts as opposed to monthly contracts. We recognise subscription revenue as the services are delivered over the term of the contract, commencing with the date the service is made available to Merchants and all other revenue recognition criteria are met. The billed but unearned portion is recognised in Unearned Revenue in the Consolidated Statement of Financial Position.

The 308% increase in total operating revenue during the six-month period was primarily driven by year-on-year Merchant growth of 152% from 2,102 to 5,286 and increasing Average Revenue Per Merchant (ARPM) by 48% from $361 per month to $534 per month.

Third party direct costs

Third party direct costs consist of platform hosting, volume processing costs and other related costs payable to third parties.

Six months ended 30 September	2016	2015	
	US$'000	US$'000	% change
Third party direct costs – platform hosting	227	179	26%
Third party direct costs – processing	4,746	1,227	287%
Third party direct costs – other	79	1	10,656%
Third party direct costs	5,052	1,407	259%
Third party direct costs as a percentage of Operating revenue	42%	48%	-6pp
Third party direct costs – platform hosting, as a percentage of Subscription revenue	6%	21%	-15pp
Third party direct costs – processing, as a percentage of Processing revenue	60%	59%	1pp

Third party direct costs increased overall by 259% primarily due to increased bank interchange fees associated with the higher processing revenue. Third party direct costs have decreased as a percentage of Operating revenue compared with the comparative period due to economies of scale being achieved as the Company continues to grow in the USA. In particular platform hosting related costs have fallen from 21% of Subscription revenue to 6%.

Gross profit

We have included Gross profit disclosure (a non-GAAP financial measure) as we believe it provides useful information for readers to assist in understanding the Company's financial performance. Gross profit is calculated as Operating revenues less total Third party direct costs. Gross margin is Gross profit expressed as a percentage of Operating revenue.

Six months ended 30 September	2016	2015	
	US$'000	US$'000	% change
Operating revenue	11,985	2,939	308%
Third party direct costs	5,052	1,407	259%
Gross profit	**6,933**	**1,532**	**353%**
Gross margin percentage	**58%**	**52%**	**6pp**

The Gross margin percentage has increased to 58% from 52% in the corresponding previous financial period, due to the economies of scale in third party direct costs - platform hosting as the business grows.

Sales and marketing and partner success

Sales and marketing expenses consist primarily of salaries and related expenses, including share-based payment expense, for sales and marketing employees, marketing programs and related overhead. Marketing programs consist of advertising, promotional events, corporate communications, brand building and product marketing activities such as online lead generation.

The Partner success function at the Company exists to facilitate the onboarding and ongoing support of Merchants, ensuring they are achieving optimum results from the Pushpay services. Partner success expenses consist primarily of salaries and related expenses, including share-based payment expense. The portion of Partner success cost related to onboarding new Merchants is treated as part of CAC.

Six months ended 30 September	2016	2015	
	US$'000	US$'000	% change
Sales and marketing	8,318	2,702	208%
Partner success	1,293	400	223%
Total	9,611	3,102	210%
Percentage of Operating revenue	80%	105%	-25pp

The Company has strengthened its USA sales capability with the addition of new personnel experienced in selling payment solutions to the faith based sector. To reach new Merchants, the Company primarily uses direct sales, a referral strategy and strategic channel partnerships.

The increase in Sales and marketing costs reflects the increase in the number and size of Merchants acquired. Headcount increased during the period as a result of hiring additional sales and marketing and partner success personnel to expand and grow relationships with existing and new Merchants. The increase in Partner success cost is driven by headcount growth to support the increased number of new Merchants being onboarded and the support of the increased Merchant base. The Months to Recover CAC remained at less than 12.

Product development and maintenance

The Company's products have been built as a 'mobile-first' solution, rather than being adapted from a desktop environment, meaning that its iOS and Android Apps are native to those operating systems and Smart Mobile Devices.

Product development and maintenance costs consist primarily of personnel and related expenses (including salaries, benefits, bonuses and share-based payment expense) directly associated with product development employees. Under New Zealand equivalents to International Financial Reporting Standards, the proportion of product development expenses that create a benefit in future years is capitalisable as an intangible asset and is then amortised to the income statement over the estimated life of the asset created. The amount amortised is included as a Product development and maintenance expense.

Six months ended 30 September	2016	2015	
	US$'000	US$'000	% change
Total product development and maintenance	2,904	1,080	169%
Less capitalised product development costs	(1,279)	(539)	137%
Percentage of total product development and maintenance	44%	50%	-6pp
Product development and maintenance expenses excluding amortisation of capitalised development costs	1,625	541	200%
Add: Amortisation of capitalised development costs	721	335	115%
Product development and maintenance expenses	2,346	876	168%
Percentage of operating revenue	20%	30%	-10pp

Total product development and maintenance expenses were $2.9 million in the period ended 30 September 2016, 169% higher than in the comparative period. Of this, $1.3 million was capitalised, with the balance of $1.6 million included as an expense in the income statement.

The Company increased research and development headcount during the period in order to enhance and extend service offerings and develop new technologies.

The amortisation of capitalised product development and maintenance expenditure of $0.7 million was also included as an expense in the income statement giving a total net expense for the period of $2.3 million.

The expense in the Income Statement was affected by the percentage of costs capitalised during the period decreasing from 50% to 44% compared with the comparative period.

General and other administration

General and administration expenses consist of personnel and related expenses to executive, finance, operations and administrative employees. It also includes legal, accounting and other professional services fees, occupancy costs, stock exchange listing expenses and other corporate expenses.

Six months ended 30 September	2016	2015	
	US$'000	US$'000	% change
General and administration	6,341	2,585	145%
Percentage of operating revenue	53%	88%	-35pp

General and administration costs were $6.3 million for the six months ended 30 September 2016, 145% higher than in the previous period but 35 percentage points lower as a percentage of Operating revenue. The increase is primarily due to increased occupancy costs as a result of headcount growth as well as listing expenses incurred relating to the Company's admittance to the official list of the ASX on 11 October 2016.

Employees

Six months ended 30 September	2016	2015	% change
Total group	280	143	96%

Staff headcount increased to 280, an increase of 95.8% over the year to 30 September 2016. At 30 September 2016 the Company had 73 staff based in New Zealand and 207 staff based in the USA.

Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2016

	Notes	2016 (unaudited) US$'000	2015 (unaudited) US$'000
Continuing operations			
Revenue			
Operating revenue		11,985	2,939
Other income		150	36
Total revenue and other income		12,135	2,975
Third party direct costs		(5,052)	(1,407)
Partner success		(1,293)	(400)
Product development and maintenance		(2,346)	(876)
Sales & marketing		(8,318)	(2,702)
General and other administration		(6,341)	(2,585)
Net foreign exchange gains/(losses)		(29)	602
Total expense	4	(23,379)	(7,368)
Loss before income tax		(11,244)	(4,393)
Income tax benefit/(expense)		(95)	-
Net loss for the period from continuing operations		(11,339)	(4,393)
Net profit from discontinued operations	6	-	174
Net loss for the period		(11,339)	(4,219)
Other comprehensive income			
Exchange differences on translation of foreign operations		385	(2,289)
Total comprehensive loss for the period attributable to the shareholders of the Company		(10,954)	(6,508)
Loss per share			
Basic and diluted (loss) per share (cents) (post share subdivision) calculated on a weighted average basis of the number of shares on issue		(5)	(8)

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the six months ended 30 September 2016

	Share capital	Foreign currency translation reserve	Share based payment reserve	Accumulated losses	Total equity
Unaudited	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 April 2015	14,283	(1,405)	157	(7,881)	5,154
Net loss for the period	-	-	-	(4,219)	(4,219)
Currency translation movements	-	(2,289)	-	-	(2,289)
Total comprehensive loss	-	(2,289)	-	(4,219)	(6,508)
Transactions with owners:					
Issue of shares	10,568	-	-	-	10,568
Capital raising costs	(126)	-	-	-	(126)
Share based payments	-	-	114	-	114
Balance as at 30 September 2015	24,725	(3,694)	271	(12,100)	9,202
Unaudited					
Balance at 1 April 2016	36,991	(2,305)	208	(20,939)	13,955
Net loss for the period	-	-	-	(11,339)	(11,339)
Currency translation movements	-	385	-	-	385
Total comprehensive loss	-	385	-	(11,339)	(10,954)
Transactions with owners:					
Issue of shares	55	-	-	-	55
Capital raising costs	-	-	-	-	-
Share based payments	-	-	107	-	107
Balance as at 30 September 2016	37,046	(1,920)	315	(32,278)	3,163

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 September 2016

Assets	Notes	2016 (unaudited) US$'000	2015 (unaudited) US$'000
Current assets			
Cash and cash equivalents		667	8,420
Restricted cash balance		1,347	1,460
Trade and other receivables		2,999	1,516
Intangible assets		1,549	992
Total current assets		6,562	12,388
Non-current assets			
Property, plant and equipment		2,015	1,914
Intangible assets		3,687	2,856
Long term receivable		48	48
Total non-current assets		5,750	4,818
Total assets		12,312	17,206
Liabilities			
Current liabilities			
Trade and other payables		3,001	1,934
Unearned revenue		4,625	960
Income tax payable		181	85
Employee benefits		437	272
Borrowings	10	904	-
Total current liabilities		9,149	3,251
Total non-current liabilities		-	-
Total liabilities		9,149	3,252
Net assets		3,163	13,955
Equity			
Share capital		37,046	36,991
Foreign currency translation reserve		(1,920)	(2,305)
Share based payment reserve		315	208
Accumulated losses		(32,278)	(20,939)
Total equity		3,163	13,955
Net tangible assets per share		(0.01)	0.05

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the six months ended 30 September 2016

	Notes	2016 (unaudited) US$'000	2015 (unaudited) US$'000
Cash flows from operating activities			
Cash was provided from (applied to):			
Receipts from customers		13,632	4,148
Other income		308	-
Payment to suppliers & employees		(21,005)	(8,604)
Interest received		25	17
Net cash inflow/(outflow) from operating activities	7	(7,040)	(4,439)
Cash flows from investing activities			
Cash was provided from (applied to):			
Purchase of property, plant and equipment		(373)	(310)
Capitalised development costs and intangible assets		(1,405)	(539)
Purchase of business – Run The Red		-	(276)
Restricted cash balances		113	(717)
Net cash inflow/(outflow) from investing activities		(1,665)	(1,842)
Cash flows from financing activities			
Cash was provided from (applied to):			
Issue of ordinary shares (net of costs)		45	10,442
Proceeds from borrowing		904	-
Net cash inflow/(outflow) from financing activities		949	10,442
Net increase/(decrease) in cash held		(7,756)	4,161
Foreign currency translation adjustment		3	(1,561)
Add cash and cash equivalents at start of period		8,420	242
Balance at end of period		667	2,842
Comprised of:			
Cash and cash equivalents		667	2,842
Total cash and cash equivalents on hand		667	2,842

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements
For the six months ended 30 September 2016

1. Corporate Information

Pushpay Holdings Limited (the "Company" or "Pushpay") is a limited liability company, domiciled and incorporated in New Zealand and registered under the Companies Act 1993. The registered office of the Company is Level 6, Building D, 167 Victoria Street West, Auckland 1010, New Zealand.

The unaudited interim financial statements presented are for Pushpay and its subsidiaries (together, the "Group") for the six months ended 30 September 2016.

Pushpay is designated as a profit oriented entity and is a FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013 and is listed on the New Zealand Stock Exchange ("NZX") and the Australian Securities Exchange ("ASX").

These financial statements were authorised for issue in accordance with a resolution of the Directors on 23 November 2016 .

The Group's principal activity is the provision of a platform for mobile commerce and electronic payments and tools for merchants to engage with consumers.

2. Basis of preparation

These interim financial statements for the six months ended 30 September 2016 have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand and NZ IAS 34, Interim Financial Reporting. In complying with NZ IAS 34, these interim financial statements also comply with IAS 34 interim financial reporting.

These interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the audited financial statements of Pushpay Holdings Limited and its subsidiaries for the financial year ended 31 March 2016, which have been prepared in accordance with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

All significant accounting policies have been applied on a basis consistent with those used in the audited financial statements of Pushpay Holdings Limited and its Subsidiaries for the period ended 31 March 2016 other than as disclosed in Note 3 below.

The financial statements are presented in thousands of United States (US) dollars.

3. Changes in accounting policies and disclosures

Apart from the changes noted below, the unaudited interim financial statements have been prepared using the same accounting policies and methods of computation as, and should be read in conjunction with, the financial statements and related notes included in the Company's annual report for the financial year ended 31 March 2016.

Presentation currency - change in accounting policy

The Group's revenues, profits and cash flows are primarily generated in US dollars (USD) and are expected to remain principally denominated in US dollars in the future. During the period, the Group changed the currency in which it presents its consolidated financial statements from New Zealand dollars to US dollars, in order to better reflect the underlying performance of the Group. A change in presentation currency is a change in accounting policy which is accounted for retrospectively. Statutory financial information included in the Group's interim report for the period ended 30 September 2015, and annual report for the year ended 31 March 2016, previously reported in New Zealand dollars, has been restated into US dollars using the procedures outlined below:

- Assets and liabilities denominated in currencies other than USD were translated into USD at the closing rates of exchange on the last day of the relevant accounting period.
- Revenues and expenses in currencies other than USD were translated into USD at the monthly average rate of exchange over the relevant accounting period.
- Share capital and reserves were translated at the historic rates prevailing at the transaction dates.
- In each case, the rates of exchange were consistent with those used by the Group in the relevant accounting period.

Reclassifications

Following a regular review of reporting practices and policies, certain expenses have been reclassified to better align the presentation with actual operations as the Company grows. On the Consolidated Statement of Comprehensive Income, Partner success and Third party direct costs are presented separately from Sales and marketing costs.

On the Consolidated Statement of Financial Position, current Intangible assets are presented separately from Trade and other receivables. Current Intangible assets consist of: Deferred commissions; and Promotional free periods for revenue contracts.

Unearned revenue comprises amounts billed to customers but not yet earned and is now presented separately from Trade and other payables.

4. Expenses

	2016 (unaudited)	2015 (unaudited)
	US$'000	US$'000
Operating expenses include:		
Amortisation of intangible assets	721	335
Depreciation	297	77
Employee benefits/entitlements	10,566	4,355
Share based payments	107	114

5. Share capital and shares

	Number of shares	2015 (unaudited)
	000's	US$'000
Balance as at 1 April 2015	50,103	14,283
Movements during the period		
Issue of shares	3,579	10,482
Issue of shares to Pushpay Trustees Limited	177	-
Share issue costs	-	(126)
Capital raised on employee share scheme allotment	-	86
Balance at 30 September 2015	53,859	24,725

	Number of shares	2016 (unaudited)
	000's	US$'000
Balance as at 1 April 2016	231,166	36,991
Movements during the period		
Issue of shares	-	-
Issue of shares to Pushpay Trustees Limited	-	-
Share issue costs	-	-
Capital raised on employee share scheme allotment	-	55
Balance at 30 September 2016	231,166	37,046

The paid up capital comprises ordinary shares. The total number of ordinary shares on issue as at 30 September 2016 was 231,179,315 shares. Pushpay completed a 4:1 share split on 8 February 2016. The weighted average number of ordinary shares used in the calculation of earnings per share for 30 September 2016 has been restated to reflect the share split. The shares have no par value. All ordinary shares rank equally with one vote attached to each fully paid ordinary share. Of these shares there are 4,267,847 shares held by Pushpay Trustees Limited for the share scheme that entitles directors, executives and employees to purchase shares in the Company.

6. Segment reporting

The Chief Executive and members of the executive management team are the Group's chief operating decision makers. They have determined that based on the information they use for the purposes of allocating resources and assessing performance, the Group itself forms a single operating segment, the development and deployment of mobile payment solutions. The segment result is reflected in the continuing operations financial statements. Prior to the sale of the Run The Red business the Group had a second operating segment, text messaging, the segment result of which is reflected in discontinued operations.

7. Reconciliation of net profit/(loss) with cash flows from operating activities

	2016 (unaudited)	2015 (unaudited)
	US$'000	US$'000
Net profit/(loss) for the period	(11,339)	(4,219)
Adjustments for non-cash items:		
Depreciation	297	77
Loss on disposal property, plant and equipment	-	1
Amortisation of development costs and intangibles	721	335
Share based payment expense	107	114
Non cash expense relating to employee remuneration	-	79
Income tax	95	-
Unrealised foreign exchange loss	29	-
	(10,090)	(3,613)
Movements in working capital		
Accounts receivable	(2,023)	(958)
Accounts payable and accruals	5,073	132
	3,050	(826)
Net cash/(outflow) from operating activities	(7,040)	(4,439)

8. Contingent liabilities

As at 30 September 2016 there were no material contingent liabilities (2015: nil).

9. Capital commitments and operating lease commitments

As at 30 September 2016 there were no material capital commitments (2015: nil).

Non-cancellable operating lease commitments are:

	2016 (unaudited)	2015 (unaudited)
	US$'000	**US$'000**
Less than one year	1,110	1,580
After one year but not more than five years	8,957	8,791
More than five years	2,589	2,252
	12,656	12,623

The lease commitments primarily relate to office premises in Seattle and Auckland.

10. Borrowings

In June 2016, the Group renewed its standby facility from Christopher & Banks Private Equity V Limited, a company in which Director Christopher Huljich has a beneficial ownership, for an amount up to NZ$10 million (US$7.2 million based on period end exchange rates) and had drawn down the equivalent of US$0.9m as at 30 September 2016. This balance was repaid in full on 13 October 2016. The Company did not incur any costs in relation to the facility or the draw down.

11. Subsequent Events

Capital Raise

On 11 October 2016 US$30,345,072 of new capital was raised, before costs of the issuance, by way of a private placement of 19,138,756 new shares. The shares were issued at AU$2.09 per share for a total of AU$40,000,000 before costs of the issuance. These shares rank equally in all respects with existing ordinary shares. Given the capital raised the Company considers that the standby funding facility of NZ$10,000,000 with an expiry of 30 June 2017 provided by Christopher & Banks is not required and has requested that the facility be retired.

ASX Listing

On 11 October 2016, the Company was admitted to the official list of the ASX.

Acquisition

On 23 November 2016, the Company entered into an agreement for the purchase of a church app business from Bluebridge Digital, Inc for up to US$3.1 million. The transaction remains subject to a number of customary conditions and adjustments. It is anticipated that, subject to satisfaction of these conditions, the acquisition will be completed on or by the close of November 2016.

Notes

Notes

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CEO and Co-founder

Shane Sampson
CFO

Paul Shingles
COO

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SVP of Customer Operations

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