Peppermint Innovation Limited

(ACN 125 931 964)

INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED

31 DECEMBER 2018

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

Auditors

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

Company Secretary

Mr Anthony Kain

Solicitors

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

Registered Office

Suite 8, 7 The Esplanade
Mt Pleasant WA 6153

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

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

Web Address

www.pepltd.com.au

ASX Code:

PIL

CONTENTS

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 2018. 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	(retired 29 November 2018)

Review of Operations

The loss for the Group after providing for income tax amounted to $1,087,511 (2017: $796,888).

About Peppermint Innovation Limited

Peppermint Innovation Limited 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.

The Company 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.

Mineral Exploration Projects

The Group also has a mineral 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 2018.

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

Mr Christopher Kain
Managing Director

Dated this 28th day of February 2019

RSM Australia Partners

Level 32, 2 The Esplanade, Perth WA 6000
GPO Box R1253 Perth WA 6844

T+61(0)8 9261 9100
F+61(0)8 9261 9111

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 2018, 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: 28 February 2019

J A KOMNINOS
Partner

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

HALF-YEAR ENDED 31 DECEMBER 2018

	Note	Half-year Ended 31/12/2018 $	Half-year Ended 31/12/2017 $
Revenue	5	223,265	676,947
Cost of sales		(148,734)	(530,572)
Gross profit		74,531	146,375
Other income		69	371
Administration expenses		(1,005,074)	(934,988)
Research and development costs		(60,572)	-
Finance costs		(1,571)	(646)
Impairment		(10,894)	(8,000)
Share-based payment	7(a)(ii)	(84,000)	-
(Loss) before income tax expense		**(1,087,511)**	**(796,888)**
Income tax expense		-	-
(Loss) for the period		**(1,087,511)**	**(796,888)**
Other comprehensive income / (loss)			
Items that may be reclassified to profit or loss:			
- Nil		-	-
		-	-
Total comprehensive (loss) for the period		**(1,087,511)**	**(796,888)**
Basic and diluted (loss) per share (in cents)	3	**(0.11)**	**(0.09)**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	31 December 2018 $	30 June 2018 $
ASSETS			
Current Assets			
Cash and cash equivalents		112,621	241,793
Trade and other receivables		88,848	67,626
Inventory		17,739	2,852
Total Current Assets		**219,208**	**312,271**
Non-Current Assets			
Intangible assets		-	28,229
Total Non-Current Assets		**-**	**28,229**
TOTAL ASSETS		**219,208**	**340,500**
LIABILITIES			
Current Liabilities			
Trade and other payables		114,115	114,534
Provisions		78,332	71,069
Financial liabilities	6	176,172	-
Funds received in advance of the issue of shares	7(a)(i)	-	160,000
Total Current Liabilities		**368,619**	**345,603**
TOTAL LIABILITIES		**368,619**	**345,603**
Net Liabilities		**(149,411)**	**(5,103)**
EQUITY			
Issued capital	7	13,154,876	12,536,072
Share based payment reserve	8	284,000	-
Convertible note reserve	9	40,399	-
Accumulated losses		(13,628,686)	(12,541,175)
TOTAL EQUITY		**(149,411)**	**(5,103)**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

HALF-YEAR ENDED 31 DECEMBER 2018

	Issued capital $	Share based payment reserve (Note 8) $	Convertible note reserve (Note 9) $	Accumulated losses $	Total $
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)
Transactions with owners in their capacity					
as owners:					
Shares issued - placement	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**
Balance at 1 July 2018	12,536,072	-	-	(12,541,175)	(5,103)
(Loss) for the period	-	-	-	(1,087,511)	(1,087,511)
Total comprehensive loss for the period	-	-	-	(1,087,511)	(1,087,511)
Transactions with owners in their capacity					
as owners:					
Shares issued - placement	800,000	-	-	-	800,000
Share issue expenses	(385,196)	-	-	-	(385,196)
Share based payments (see note 7(a)(ii))	204,000	284,000	-	-	488,000
Value of conversion rights on convertible notes	-	-	40,399	-	40,399
	618,804	284,000	40,399	-	943,203
Balance at 31 December 2018	**13,154,876**	**284,000**	**40,399**	**(13,628,686)**	**(149,411)**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
HALF-YEAR ENDED 31 DECEMBER 2018

	Note	Half-year Ended 31/12/2018 $	Half-year Ended 31/12/2017 $
Cash flows from operating activities			
Cash receipts from customers		202,043	656,711
Payments to suppliers and employees		(1,160,088)	(1,385,189)
Interest received		69	371
Net cash (used in) operating activities		(957,976)	(728,107)
Cash flows from financing activities			
Net proceeds from issue of shares		613,804	631,927
Proceeds from loans received		215,000	-
Net cash provided by financing activities		828,804	631,927
Net (decrease) in cash held		**(129,172)**	**(96,180)**
Cash and cash equivalents at the beginning of the period		241,793	428,439
Cash and cash equivalents at the end of the period		112,621	332,259

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 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 2018 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 28 February 2019.

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.

The following Accounting Standards and Interpretations are most relevant to the Group:

AASB 9 Financial Instruments
The Group has adopted AASB 9 from 1 January 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB 15 Revenue from Contracts with Customers
The Group has adopted AASB 15 from 1 January 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

There is no impact on the financial performance and position of the Group from the adoption of these Accounting Standards.

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 $1,087,511 and had net cash outflows from operating activities of $957,976 for the half-year period ended 31 December 2018. As at that date, the Group had net liabilities of $149,411.

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 $150,000 from the issue of a convertible note subsequent to reporting date as disclosed in Note 13;
- The Group agreed and executed a variation to the convertible note maturing on 21 December 2019 (see Note 6(b)) to increase the convertible note face value to $1,500,000 and to extend the maturity date to 30 April 2020 subsequent to reporting date as disclosed in Note 13;
- The Group has an agreement to issue 60,000,000 shares at 2.5 cents per share to raise $1,500,000 from a sophisticated investor which has advised the funds are expected to be provided to the Group by 31 March 2019;
- In accordance with the Corporations Act 2001, the Group has plans to raise further working capital through the issue of equity; and
- The Group has the ability to scale down its operations in order to curtail expenditure, in the event capital raisings are delayed or insufficient cash is available to meet projected expenditure.

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.

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Sale of goods
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services
Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Contract liabilities

Contract liabilities are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier), before the Group has transferred the goods or services to the customer. The liability is the consolidated entity's obligation to transfer goods or services to a customer from which it has received consideration.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised.

Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost or fair value. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period to get ready for their intended use or sale. Borrowing costs cease to be capitalised upon the earlier of extinguishment of the liability or the commencement of commercial production from the qualifying asset.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2. SEGMENT REPORTING

The Group operates predominantly in the mobile banking, payment and remittance industry. For management purposes, the Group is organised into business units based on its services and has three reportable segments, as follows:

- mobile banking and payment services, presently operating in the Philippines;
- international remittances, recently established from Australia; and
- corporate and head office.

NOTES TO THE FINANCIAL STATEMENTS

2. SEGMENT REPORTING (continued)

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Also, the Group's financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Half-year Ended 31 December 2018	Mobile Banking and Payment Services	International Remittance	Head Office	Total Segments	Adjustments and Eliminations	Consolidated
Revenue						
External customers	223,157	108	-	223,265	-	223,265
Inter-segment	-	-	-	-	-	-
Total revenue	223,157	108	-	223,265	-	223,265
Income/(expenses)						
Depreciation and amortisation	28,229	-	-	28,229	-	28,229
Segment profit	(185,374)	(71,867)	(830,270)	(1,087,511)	-	(1,087,511)
Total assets	123,182	20,152	1,895,754	2,039,088	(1,819,880)	219,208
Total liabilities	1,242,081	604,300	341,216	2,187,597	(1,818,978)	368,619

Half-year Ended 31 December 2017	Mobile Banking and Payment Services	International Remittance	Head Office	Total Segments	Adjustments and Eliminations	Consolidated
Revenue						
External customers	676,947	-	-	676,947	-	676,947
Inter-segment	-	-	-	-	-	-
Total revenue	676,947	-	-	676,947	-	676,947
Income/(expenses)						
Depreciation and amortisation	28,229	-	-	28,229	-	28,229
Segment profit	(103,648)	(5,556)	(687,684)	(796,888)	-	(796,888)
As at 30 June 2018						
Total assets	135,154	21,429	1,763,019	1,919,602	(1,579,102)	340,500
Total liabilities	1,068,680	533,711	321,412	1,923,803	(1,578,200)	345,603

3. LOSS PER SHARE

	Half-year Ended 31/12/2018 $	Half-year Ended 31/12/2017 $
(Loss) for the period	($1,087,511)	($796,888)
Weighted average number of ordinary shares used in the (loss) per share calculations	976,095,505	899,560,541
Basic and diluted (loss) per share (cents)	(0.11)	(0.09)

NOTES TO THE FINANCIAL STATEMENTS

4. DIVIDENDS PAID OR PROPOSED

No dividends were paid or declared during the half-year ended 31 December 2018.

	Half-year Ended 31/12/2018 $	Half-year Ended 31/12/2017 $
5. REVENUE		
Revenue from contracts with customers		
Sale of goods	162,366	536,349
Rendering of services	60,899	140,598
	223,265	676,947

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	Mobile Banking and Payment Services	International Remittance	Total
Half-year Ended 31 December 2018			
Major product lines			
ELoad sales	162,366	-	162,366
Software development services	52,274	-	52,274
System usage fees and commissions	8,517	108	8,625
	223,157	108	223,265
Timing of revenue recognition			
Goods transferred at a point in time	162,366	-	162,366
Services transferred at a point in time	8,517	108	8,625
Services transferred over time	52,274	-	52,274
	223,157	108	223,265
Half-year Ended 31 December 2017			
Major product lines			
ELoad sales	536,349	-	536,349
Software development services	59,295	-	59,295
System usage fees and commissions	81,303	-	81,303
	676,947	-	676,947
Timing of revenue recognition			
Goods transferred at a point in time	536,349	-	536,349
Services transferred at a point in time	81,303	-	81,303
Services transferred over time	59,295	-	59,295
	676,947	-	676,947

NOTES TO THE FINANCIAL STATEMENTS

6. FINANCIAL ASSETS AND LIABILITIES

	As at 31/12/2018 $	As at 30/06/2018 $
Financial liabilities		
Related party loan (a)	15,914	-
Convertible notes and accrued interest (b)	160,258	-
	176,172	-

(a) Related party loan

$15,000 was advanced by Fich Pty Ltd, an entity controlled by Mr Christopher Kain Managing Director of the Company. The loan bears interest of 15% per annum, had a set-up fee of 4% and is repayable on 6 March 2019.

(b) Convertible notes

Convertible notes maturing on 21 December 2019 bearing 12% interest per annum, from the date of receipt of funds, payable within 5 days of maturity unless redeemed or converted earlier, and convertible into fully paid ordinary shares at $0.025 per share. The Company is entitled to convert all (but not some) of the Convertible Notes at any time after the first anniversary of the issue of the Convertible Notes if the VWAP for each of the 30 trading days ending not less than 5 trading days before the date of issue of the Issuer Conversion Notice is at $0.0325. The Convertible Notes are secured by the Company's 100% owned subsidiary Zambian Copper Pty Ltd, which holds the Company's mineral exploration project in Zambia. The convertible note has a face value of $200,657, which has been valued and has a carrying amount of $160,258 as at 31 December 2018. Value of conversion rights on convertible notes of $40,399 was recognised in the convertible note reserve.

7. ISSUED CAPITAL

(a) Ordinary shares

	As at 31/12/2018 $	As at 30/06/2018 $
Fully paid ordinary shares 987,582,461 (30 June 2018: 953,449,128)	13,154,876	12,536,072

Movements in issued capital

	Number of Shares	$
Balance 1 July 2018	953,449,128	12,536,072
Issue of shares – private placements at 3 cents per share (i)	23,333,333	700,000
Issue of shares – private placements at 2.5 cents per share	4,000,000	100,000
Costs relating to issue of shares	-	(385,196)
Share-based payment (ii)	6,800,000	204,000
Balance 31 December 2018	987,582,461	13,154,876

NOTES TO THE FINANCIAL STATEMENTS

7. ISSUED CAPITAL (continued)

i. 23,333,334 fully paid ordinary shares were issued at 3 cents per share raising $700,000, inclusive of $160,000 recorded as a current liability at 30 June 2018.
ii. Issued to a consultant for corporate consultancy services and assistance in raising capital at the fair value of the services received. Corporate consultancy services in the amount of $84,000 were recognised through profit and loss as share-based payment expense. The remaining $120,000 was recognised as share issue expenses within equity for assistance in raising capital.

(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
	100,000,000

As at 31 December 2018, none of the milestones of the performance shares had been achieved.

(c) Performance Options

40,000,000 performance options are on issue. Each performance share converts to a fully paid ordinary share on the basis of one (1) performance option into one (1) fully paid ordinary share in the capital of the Company, upon payment of the exercise price and the following milestones being achieved:

Number	Exercise Price	Vesting Conditions
10,000,000	$0.03	Options to acquire fully paid ordinary shares at 3 cents each, which shall vest when the optionholder successfully raises between $2 million and $5 million for the Company pursuant to an engagement letter (which either party may terminate with 1 month notice) (Capital Raising), which are exercisable after the 30 day volume weighted average price of fully paid ordinary shares exceeds 5 cents.
10,000,000	$0.03	Options to acquire fully paid ordinary shares at 3 cents each, which shall vest 2 months after the Capital Raising, which are exercisable after the 30 day volume weighted average price of fully paid ordinary shares exceeds 10 cents.
10,000,000	$0.05	Options to acquire fully paid ordinary shares at 5 cents each, which shall vest 4 months after the Capital Raising, which are exercisable after the 30 day volume weighted average price of fully paid ordinary shares share price exceeds 15 cents.
10,000,000	$0.05	Options to acquire fully paid ordinary shares at 5 cents each, which shall vest 6 months after the Capital Raising, which are exercisable after the 30 day volume weighted average price of fully paid ordinary shares share price exceeds 20 cents.

Options not exercised within 24 months of the Capital Raising will automatically lapse.

The 40,000,000 performance options remain unvested as at 31 December 2018 as none of the related share price hurdles had been achieved.

NOTES TO THE FINANCIAL STATEMENTS

8. SHARE-BASED PAYMENTS RESERVE

40,000,000 performance options were issued during the half-year period to a consultant for assistance in raising capital. The fair value of the services received was measured by reference to the fair value of the equity instruments granted and was recognised as share issue expenses within equity. See Note 7(c) for further details.

(a) Valuation of Performance Options

The valuation of the performance options was determined on the measurement date being the date on which the Capital Raising occurred (28 August 2018). The trinomial option valuation model inputs used to determine the fair value at the measurement date are as follows:

Grant Date	Number Issued	Exercise Price (cents)	Assumed Stock Price at Grant Date (cents)	Issue Price (cents)	Interest Rate	Volatility	Value Per Option (cents)	Total Value (dollars)
28/8/18	10,000,000	3	1.8	nil	1.99%	120%	0.90	90,000
28/8/18	10,000,000	3	1.8	nil	1.99%	120%	0.79	79,000
28/8/18	10,000,000	5	1.8	nil	1.99%	120%	0.61	61,000
28/8/18	10,000,000	5	1.8	nil	1.99%	120%	0.54	54,000
Total	**40,000,000**							**284,000**

9. CONVERTIBLE NOTE RESERVE

The Convertible note reserve arises from bifurcating the derivative embedded in the convertible notes (see Note 6(b) for further details). Value of $40,399 was recognised.

10. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their respective net fair values, determined in accordance with the Company's accounting policies. All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, is described as follows:

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

NOTES TO THE FINANCIAL STATEMENTS

10. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Recognised fair value measurements
The following table presents the Group's liabilities measured at fair value at 31 December 2018 and 30 June 2018:

At 31 December 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Convertible notes	-	160,258	-	160,258
Total	**-**	**160,258**	**-**	**160,258**

At 30 June 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Convertible notes	-	-	-	-
Total	**-**	**-**	**-**	**-**

Fair value of other financial instruments not measured at fair value
The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

11. RELATED PARTY TRANSACTIONS

$15,000 was advanced by Fich Pty Ltd, an entity controlled by Mr Christopher Kain Managing Director of the Company. The loan bears interest of 15% per annum, had a set-up fee of 4% and is repayable on 6 March 2019.

There were no other transactions with related parties during the half-year other than those that were on the same basis as stated in the 30 June 2018 Annual Report.

12. 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.

NOTES TO THE FINANCIAL STATEMENTS

13. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to reporting date:

- a convertible note agreement was signed for convertible notes with a face value of $150,000. The convertible notes mature on 26 November 2019, bear 12% interest per annum, and are convertible into fully paid ordinary shares at the lower of a 20% discount from 10 day VWAP or $0.01 per share. 6% commission is payable on the convertible note proceeds; and

- a variation to the convertible note maturing on 21 December 2019 (see Note 6(b)) was signed to increase the convertible note face value to $1,500,000 and to extend the maturity date to 30 April 2020.

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 directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Mr Christopher Kain
Managing Director
28th February 2019

RSM Australia Partners

Level 32, 2 The Esplanade, Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61(0) 8 9261 9100
F +61(0) 8 9261 9111

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 2018, 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 in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. However, because of the matters described in the Basis for Disclaimer of Conclusion section of our report, we were not able to obtain sufficient appropriate evidence to provide a basis for a review conclusion on the half-year financial report.

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 Disclaimer of Conclusion

Going Concern

We draw attention to Note 1 in the financial statements, which indicates the Group incurred a net loss of $1,087,511 and had net cash outflows from operating activities of $957,976 for the half-year ended 31 December 2018. As of that date, the Group had net liabilities of $149,411. The ability of the Group to continue as a going concern is contingent on a number of future events, the most significant of which is the ability of the Group to obtain additional funding to continue its activities and to pay its debts as and when they fall due. We have been unable to obtain sufficient appropriate evidence as to whether the Group will be able to obtain such funding. As a result, we have been unable to determine whether the going concern basis of preparation is appropriate, and therefore whether the assets and liabilities of the Group can be realised at the amounts stated in the financial report.

Carrying Amount of Liabilities

As at 31 December 2018, 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 2018. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Disclaimer of Conclusion

Because of the significance of the matters described in the Basis for Disclaimer of Conclusion section of our report, we have not been able to obtain sufficient appropriate evidence to provide a basis for a review conclusion. Accordingly, we do not express a conclusion on whether the half-year financial report of Peppermint Innovation Limited is 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 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 the *Corporations Regulations 2001*.

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 28 February 2019

JAMES KOMNINOS
Partner

Appendix 4D
(Rule 4.2A.3)

Half year report

Name of entity

Peppermint Innovation Limited	56 125 931 964

1. Details of the Reporting Period and the Previous Corresponding Period

Financial period ended ("current period")	Financial period ended ("previous period")
31 December 2018	31 December 2017

2. Results for Announcement to the Market

					$'000
2.1	Revenue from ordinary activities	down	67%	to	223
2.2	Loss from ordinary activities after tax attributable to members	up	36%	to	1,088
2.3	Net loss for the period attributable to members	up	36%	to	1,088
2.4	**Brief explanation of results**				
	Revenue decreased due to the conclusion of contracts with bank clients, partly offset by the commencement of the Group's Bizmoto agent network. 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	$0.0000	$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 2018.

9. Compliance Statement

This report should be read in conjunction with the attached Half Year Financial Report for the half-year ended 31 December 2018

Signed here: Date: 28th February 2019

Print name: Anthony Kain
Executive Director