PEPPERMINT INNOVATION LIMITED

(ACN 125 931 964)

Annual Financial Report

for the Year Ended 30 June 2017

Index

COMPANY DIRECTORY

Directors

Mr Christopher Kain
Managing Director

Mr Anthony Kain
Executive Director

Mr Mathew Cahill
Non-executive Director

Mr Leigh Ryan
Non-executive Director

Mr Rod Tasker
Non-executive Director

Auditors

RSM Australia Partners
8 St Georges Terrace
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

Directors' Report

Your Directors submit the financial report of Peppermint Innovation Limited (the Company or Peppermint), and the entities it controlled (the Group), for the year ended 30 June 2017.

1. Directors

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

Name, qualifications, independence status and special responsibilities	**Experience**
Mr Anthony Kain (*BJuris, LLB)* *Chairperson* *Executive Director* *Secretary* Appointed 4 December 2015	Anthony has over 20 years' experience working in Australian capital markets. He has played a key role in the formation of numerous privately owned and publicly listed companies and has an in-depth understanding of intellectual property and its commercialisation. Anthony also has considerable experience as a director and has held managing director roles with Australian Stock Exchange listed companies operating foreign assets. Anthony has held advisory roles in capital raising, joint ventures and mergers and acquisitions through his exposure to a diverse range of international and national development opportunities working with technical teams primarily in the energy, motor vehicle and resources sectors. Directorships in the past 3 years: None
Mr Christopher Kain *(B Comm, MBA)* *Managing Director* Appointed 4 December 2015	Christopher is a practised company director with over 15 years' experience in finance and investment markets and is accomplished in identifying business opportunities and executing commercial strategies for the benefit of both stakeholders and investors. Christopher has specific expertise in investment evaluation, public and private capital raising programs, debt funding strategies and, project development and financing. Christopher has held advisory and development roles with institutions such as Barclays Capital and Credit Suisse First Boston in London, National Australia Bank and Macquarie Bank in Australia where he worked across institutional, wholesale and retail investment and financial markets. Directorships in the past 3 years: None
Mr Matthew Cahill *Independent Non-executive Director* Appointed 4 December 2015	Matthew is an accomplished technical director with over 16 years' experience in the Web industry working across a broad range of technologies. He has been involved in roles such as management, strategy, team lead, business analysis, application architecture and development. As technical director at Vivid Group (now Isobar of Dentsu Aegis Network), Matthew has worked with some of Australia's largest brands, including Sunbeam, JB HiFi, Echo Entertainment, Fusion Retail Brands, Coates Hire and many more. Matthew's responsibilities included guiding the technical direction of the company, along with leadership of the large development teams that spanned multiple disciplines and technologies. Directorships in the past 3 years: None

Directors' Report (continued)

Name, qualifications, independence status and special responsibilities	Experience and special responsibilities
Leigh Ryan, *(BSc Geology, MAIG)* *Independent Non-executive Director from 4 December 2015, Former CEO and Managing Director of Chrysalis Resources Limited to 3 December 2015*	Leigh is a highly qualified geologist with 29 years experience in the exploration and resources industry, specifically in exploration and executive management throughout Australia and Africa. He has been involved in targeting, evaluation, discovery and resource definition of numerous gold and base metal deposits and has successfully negotiated purchase option and joint venture agreements. Leigh was the managing director of Chrysalis Resources Limited prior to the reverse take-over by Peppermint Innovation Limited. Directorships in the past 3 years: - Chrysalis Resources Limited (23 September 2014 to 3 December 2015) - Boss Resources Limited (4 May 2011 to 24 July 2014)
Rod Tasker, *(BA BSc Grad Dip Banking and Finance)* *Independent Non-executive Director appointed 28 September 2016*	Rod consults in strategic management and innovative solution delivery in the banking and finance industry, especially payment services and electronic banking. In addition to consulting, Rod has worked in venture capital, start-ups and mainstream banking (ANZ and WBC). He has been at the forefront of developments in payment services for three decades, spanning cards, EFTPOS, ATM, cheques, cash, mobile, internet, crypto-currency, wallets, direct debit/credit, RTGS, SWIFT, trade finance. Rod has worked on consumer, business and government payment services, in Australia and abroad. Directorships in the past 3 years: None
Dr Vincent Power, *(PhD, BSc (Hons))* *Independent Non-executive Director* Appointed 4 December 2015 Resigned 14 September 2016	Vincent has over 20 years of experience in domestic and international payment schemes. He has extensive current knowledge of global payments technologies and is well connected internationally. Directorships in the past 3 years: None

2. Company Secretary

The company secretary is Anthony Kain. Details disclosed in director information.

Directors' Report (continued)

3. Directors' Meetings

The number of meetings of Directors held during the financial year and the number of meetings attended by each Director was as follows:

Name	Number of meeting eligible to attend	Number of meetings attended
Anthony Kain	6	6
Christopher Kain	6	6
Matthew Cahill	6	6
Leigh Ryan	6	3
Rod Tasker	4	4
Vincent Power	2	1

4. Principal Activities

The principal activities of the Group during the year were the commercialisation, deployment 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.

The Peppermint Platform is currently operated in the Philippines. Peppermint has a particular focus on 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.

No significant change in the nature of these activities occurred during the year.

5. Operating and financial review

Overview for the year

<u>'Non-Bank' Payment Platform</u>

The Company's commenced on-boarding billers and customer to its non-bank payment platform in the Philippines.

Under an arrangement with the Bayad Centre, 49 billers are active, 4 billers are soon to be on-boarded post a successful testing program, and 10 billers are about to commence testing.

Customers are being on-boarded via established payment agent networks, which commenced with pilot programs with MyWeps, Metro Gas and SUNMar:

- Approval was obtained from Filipino central bank, the Bangko Sentral ng Pilipinas (BSP), for a pilot for up to 500 agents under a Mobile Remittance Pilot granted to MyWeps to provide their customers with the opportunity to remit money, pay bills and buy eLoad services via the MyWeps platform. The three-month trial is taking place in the Philippines across the National Capital Region, key regional areas, and six specific municipalities in provinces that have been identified as marginalised or underserved. 351 MyWeps remittance agents have completed registration formalities to date.
- In May 2017 a three-month pilot of the Metro Gas Agent App commenced, with Metro Gas delivery personnel offering its customers the option to pay household bills at the time an LPG delivery is accepted. Metro Gas delivers LPG to over 60,000 customers via an established network of 50 delivery personnel, delivering on average 15-20 deliveries every day of the week in the Philippines. 30 delivery personnel are registered to use the platform.

Directors' Report (continued)

5. Operating and financial review (continued)

- SUNMar provides a range of products and services to its Filipino customers through its local partner branches and network of over 14,000 agents. An initial 3-month pilot of the white-label, SUNMar branded app is underway with 13 partner and agent branches.

The pilots are intended to engender agent familiarity and produce platform user enhancements to underlie commercial adoption post pilot stage.

In recognition of its efforts with the Non Bank Payment Platform, Peppermint was pleased to accept a Finnie at the 2017 FinTech Australia's inaugural awards night, recognising the Company for 'Excellence in Financial Inclusion (Social Good)'.

<u>Bank Mobile Banking and Payments Platform</u>

White labelled mobile banking and payments services continue to be provided to three banks in the Philippines:

- Union Bank. The number of users and transactions across the UMobile App powered by Peppermint increased, however, UnionBank have indicated that they are going to substitute the UMobile App with their own in house app. At this stage UnionBank have not launched their mobile banking app and continue to utilise the Umobile App under the terms of the existing service provider agreement. Peppermint is continuing to work with UnionBank to resolve this matter and understand how Peppermint can assist with, and provide, specific functionality and services to empower UnionBank's own mobile app based on our technical experience and platform knowhow.
- UCPB. The Peppermint Faster Remittance System will enable a direct credit to bank facility for international money transfers. The system still is progressing through a scoping analysis as Peppermint waits for complete project specifications.
- Metro Bank. Business volumes were stable over the course of the year.

Transactions via Peppermint's Mobile Banking and Payments (MBS) platform reached 21.5 million during the year as the number of registered users increased 52.7% from 155,248 to 237,054.

<u>Australian Outbound Remittance Business</u>

Establishment of an outbound remittance business commenced, and has achieved AUSTRAC registration, is compliant with AML/CTF requirements, and has opened operational bank accounts. These step are key enablers for the commencement of an international remittance business out of Australia.

Shareholder returns

	2017	**2016**	**2015**
Net loss for the year	(1,599,598)	(8,797,978)	(400,251)
Earnings per share (cents)	(0.2)	(1.4)	(0.1)
Net assets	539,196	2,129,004	(179,348)
Share price	$0.009	$0.015	n/a

No information existed prior to 2015 because the Company was incorporated on 24 July 2014 and completed a reverse take-over to list on the Australian Securities Exchange on 4 December 2015.

Directors' Report (continued)

5. Operating and financial review (continued)

Investments for future performance

The main expense item for the Company is its human resources, which have continued to focus on the Company's three business lines:

1. Non-bank Payments Platform;
2. Bank Mobile Banking and Payments Platform; and
3. Australian Outbound Remittance Business.

All areas are expected to grow with continued product development over the year, however, it is noted that Bank Mobile Banking and Payments Platform business line is expected to represent a small portion of the Company's business in coming years as the Non-bank Payments Platform and Australian Outbound Remittance Business are expected to grow at a faster pace than the Bank Mobile Banking and Payments Platform.

Review of financial condition

The Company had $429k cash at bank as at 30 June 2017, is sufficiently funded to continue to execute its growth strategy and operational plans for the coming quarter, and is now working with strategic partners with respect to future funding.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group to the date of this report, not otherwise disclosed in this report.

6. Dividends

No dividends have been paid or declared since the start of the financial year and the Directors do not recommend the payment of a dividend in respect of the financial year.

7. Significant events after balance date

Subsequent to reporting date 1,000,000 fully paid ordinary shares were issued pursuant to a share based payment for an asset acquired.

Apart from the item above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

8. Likely developments

The Group intends to continue to develop its mobile banking and payments business via organic growth and strategic acquisitions.

Directors' Report (continued)

9. Environmental legislation

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

10. Directors' interests

As at the date of this report, the interests of the Directors in the Company were:

	Number of fully paid ordinary shares	Number of performance shares
Anthony Kain	93,991,416	26,854,690
Christopher Kain	110,325,322	31,521,521
Matthew Cahill	6,437,768	1,839,362
Leigh Ryan	3,000,000	-
Rod Tasker	1,000,000	-

11. Share Options

No options were issued during the year. No shares were issued as a result of the exercise of options.

At the date of this report, there were no unissued shares of the Company under option.

The Options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

During or since the end of the financial year the Company has not issued any Shares as a result of the exercise of Options.

12. Indemnification and insurance of Directors and Officers

The Company has agreed to indemnify all the directors and executive officers against all liabilities to another person (other than the Company or related body corporate) that may arise from their position as officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has also agreed to indemnify the current Directors of its controlled entities for all liabilities to another person (other than the Company or related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

13. Auditor Independence and Non-Audit Services

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' Report.

Directors' Report (continued)

14. Non-Audit Services

The directors are of the opinion that the services as disclosed in Note 18 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and

- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards

15. Proceedings on Behalf of the Company

There are no proceedings on behalf of the Company under section 237 of the Corporations Act 2001 in the financial year or at the date of this report.

RSM Australia Partners

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

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

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Peppermint Innovation Limited for the year ended 30 June 2017 I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

JAMES KOMNINOS
Partner

Perth, WA
Dated: 29 August 2017

Directors' Report (continued)

Remuneration report (audited)

This remuneration report for the financial year ended 30 June 2017 outlines remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and including the executives in the Parent and the Group receiving the highest remuneration.

For the purposes of this report, the term "executive" includes the Chief Executive Officer (CEO), executive directors and senior management of the Parent and where applicable, subsidiaries, and the term "director" refers to non-executive directors only.

Individual key management personnel disclosures

Details of KMPs of the Company and Group are set out below:

Key management personnel

(i) Directors

Mr Anthony Kain	Chairman, Executive Director, Company Secretary, appointed 4 December 2015
Mr Christopher Kain	Managing Director, appointed 4 December 2015
Mr Matthew Cahill	Non-Executive Director, appointed 4 December 2015
Mr Leigh Ryan	Non-Executive Director. CEO and Managing Director prior to the reverse take-over on 4 December 2015
Mr Rod Tasker	Non-Executive Director, appointed 28 September 2016
Mr Vincent Power	Non-Executive Director, appointed 4 December 2015, resigned 14 September 2016

(ii) Executives

None

There have not been any changes to KMP after reporting date and before the financial report was authorised for issue.

The Remuneration Report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration
B. Details of remuneration
C. Service agreements
D. Share-based compensation
E. Option holdings of key management personnel
F. Performance Shares of key management personnel
G. Other transactions and balances with Key Management Personnel

Directors' Report (continued)

Remuneration report (audited) (continued)

A. Principles used to determine the nature and amount of remuneration

Remuneration philosophy

The performance of the Group depends upon the quality of its directors and executives. To prosper, the Group must attract, motivate and retain highly skilled directors and executives.

To this end, the Group embodies the following principles in its compensation framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value; and
- Establish appropriate, demanding performance hurdles in relation to variable executive compensation

Remuneration consists of fixed remuneration and variable remuneration.

Fixed Remuneration

Fixed remuneration is reviewed annually by the Board of Directors. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices.

Variable Remuneration

The Group does not currently have a variable component to the remuneration of the board and management, however, the Group intends to introduce a variable remuneration plan in the near future.

Remuneration Reviews

The Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the directors, the Managing Director and all other key management personnel.

The Board of Directors assesses the appropriateness of the nature and amount of compensation of key management personnel on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

Remuneration structure

In accordance with best practice Corporate Governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive Director Remuneration

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Non-executive directors receive a fee for being a director of the Company. The compensation of non-executive directors for the year ended 30 June 2017 is detailed below.

Directors' Report (continued)

Remuneration report (audited) (continued)

The total maximum remuneration of non-executive directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions of each non-executive Director. This amount has been set at an amount not to exceed $300,000 per annum.

In addition, a director may be paid fees or other amounts and non-cash performance incentive such as options, subject to necessary shareholder approval, where a director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director.

Directors are also entitled to be reimbursed reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as directors.

Senior Manager and Executive Director remuneration

Objective

The entity aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the entity so as to:

- reward executives for company, business unit and individual performance against targets set to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link rewards with the strategic goals and performance of the Group; and
- ensure total compensation is competitive by market standards.

Compensation consists of the following key elements:

- Fixed Compensation; and
- Variable Compensation.

The proportion of fixed compensation and variable compensation (potential short term and long term incentives) is established for each key management person by the Directors.

Fixed Compensation

Objective

Fixed compensation is reviewed annually by the Directors. The process consists of a review of individual performance, relevant comparative compensation in the market and internally and, where appropriate, external advice on policies and practices.

Structure

Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans.

Variable Compensation

Objective

The objective of the Variable Compensation is to reward executives in a manner that aligns this element of compensation with the creation of shareholder wealth.

Directors' Report (continued)

Remuneration report (audited) (continued)

Structure
The Company and Group do not currently have a Variable Compensation plan, however, it is intended that one be established in the near future.

Use of remuneration consultants

The Group did not use the services of remuneration consultants.

Objective of the remuneration committee

The Company did not have a remuneration committee.

Voting and comments made at 2016 Annual General Meeting

All resolutions at the 2016 Annual General Meeting were passed by a show of hands.

Overview of Group performance

The performance of the Group is detailed in the Directors' Report.

There is no link between remuneration and performance.

B. Details of remuneration

Year ended 30 June 2017

Directors	**Salary & Fees**	**Non monetary benefits**	**Post employ-ment benefits**	**Share-based payments**	**Total**	**Performance Related**
Mr Anthony Kain (i)	190,000	5,345	9,500	-	204,845	-
Mr Christopher Kain (ii)	252,500	7,102	12,588	-	272,190	-
Mr Matthew Cahill (iii)	67,750	1,853	1,425	-	71,028	-
Mr Leigh Ryan (iv)	31,425	880	1,425	-	33,730	-
Mr Rod Tasker (v)	90,000	2,449	1,425	13,000	106,874	-
Mr Vincent Power	21,300	571	-	-	21,871	-
Totals	**652,975**	**18,200**	**26,363**	**13,000**	**710,538**	**-**

Compensation is stated on an accruals basis.

(i) Until 31 December 2016 Anthony Kain was remunerated via Cicak Pty Ltd, a company of which he is a director and shareholder.
(ii) Until 31 December 2016 Christopher Kain was remunerated via Ohka Pty Ltd, a company of which he is a director and shareholder.
(iii) Includes remuneration via Digital Domain Consulting, a business in which he holds a beneficial interest.
(iv) Until 31 December 2016 Leigh Ryan was remunerated via Spatial Data Services, a business in which he holds a beneficial interest.
(v) Includes remuneration via Adapts Pty Ltd, a business in which he holds a beneficial interest.

Directors' Report (continued)

Remuneration report (audited) (continued)

B. Details of remuneration (continued)

Year ended 30 June 2016

Directors	Salary & Fees	Non monetary benefits	Post employ-ment benefits	Share-based payments	Total	Performance Related
Mr Anthony Kain (i)	180,000	1,499	-	-	181,499	-
Mr Christopher Kain (ii)	240,000	1,499	-	-	241,499	-
Mr Matthew Cahill (iii)	42,000	1,499	-	-	43,499	-
Mr Leigh Ryan (iv)	19,162	1,975	-	40,000	61,137	-
Mr Vincent Power	42,000	1,499	-	-	43,499	-
Totals	**523,162**	**7,971**	**-**	**40,000**	**571,133**	**-**

Compensation is stated on an accruals basis.

(i) Anthony Kain was remunerated via Cicak Pty Ltd, a company of which he is a director and shareholder.
(ii) Christopher Kain was remunerated via Ohka Pty Ltd, a company of which he is a director and shareholder.
(iii) Matthew Cahill was remunerated via Digital Domain Consulting, a business in which he holds a beneficial interest.
(iv) Leigh Ryan was remunerated via Spatial Data Services, a business in which he holds a beneficial interest.

C. Service agreements

Agreements with Executives

The Company entered into employment contracts with Christopher Kain (as Chief Executive Officer / Managing Director) and Anthony Kain (as General Counsel and Company Secretary) with an effective commencement date of 1 January 2017 to replace the then existing consultancy agreements.

The material terms of the employment agreements are as follows:

(a) Remuneration:

i. *Anthony Kain* - $200,000 per annum plus statutory superannuation (currently 9.5%); and

ii. *Christopher Kain* - $265,000 per annum plus statutory superannuation (currently 9.5%).

(b) Annual review: performance reviewed on an annual basis with the possibility of a performance and CPI based remuneration adjustments.

(c) Termination: either party may give the other 12 months' notice, in which the case the Company may make a payment in lieu of notice. In the event of misconduct, the Company may terminate employment without notice.

(d) Standard employment terms and conditions.

Previous Agreements with Executives

The Company entered into consultancy services agreements with Christopher Kain (together with Okha Pty Ltd, an entity controlled by Christopher Kain) and Anthony Kain (together with Cicak Pty Ltd, an entity controlled by Anthony Kain) (Consultants) (Consultancy Services Agreements). The material terms of the Consultancy Services Agreements were as follows:

Directors' Report (continued)

Remuneration report (audited) (continued)

(e) Term: two years from the date of readmission of the Company to the ASX after completion of the Acquisition;

(f) Remuneration:

iii. *Anthony Kain* - $15,000 per month (exclusive of GST), paid to Cicak Pty Ltd, based on minimum work commitment of 35 hours per week;

iv. *Christopher Kain* - $20,000 per month (exclusive of GST), paid to Ohka Pty Ltd, based on a minimum work commitment of 35 hours per week;

Further to this, the Company agrees to reimburse the Consultants all reasonable expenses incurred in the performance of their services;

(g) Non-cash benefits: the Consultants may be granted non cash incentive benefits subject to shareholder approvals or a performance based bonus subject to shareholder approvals;

(h) Restraint of trade: upon termination of the Consultancy Services Agreements, the Consultants will be subject to a restraint of trade period of up to 2 years; and

Termination: the Company and Consultants may terminate the respective Consultancy Services Agreements without cause by giving the other party notice of 12 months.

Agreements with Non-Executive directors

The Company has entered into director and consultancy services agreements with Mathew Cahill (together with Digital Data Consulting Pty Ltd, an entity controlled by Mathew Cahill) and Vincent Power. The material terms of the agreements are as follows:

(a) Director's fees: director's fees at the rate of $30,000 per annum plus superannuation together with:

i. an entitlement to fees or other amounts in relation to special duties or service performed outside the scope of ordinary employment as a director;

ii. reimbursement for out of pocket expenses incurred as a result of engagement as a director.

(b) Consulting fees: consulting fees of $42,000 per annum.

(c) Termination: Non-Executive Directors may retire at any time and are subject to re-election at the annual general meeting of shareholders in accordance with the Company's policy of at least one third of the Non-Executive Directors being nominated for re-election each year based on the Company's rotation schedule.

The Company has entered into a director agreement with Leigh Ryan. The material terms of the agreement is as follows:

(a) Director's fees: director's fees at the rate of $30,000 per annum plus superannuation together with:

iii. an entitlement to fees or other amounts in relation to special duties or service performed outside the scope of ordinary employment as a director;

iv. reimbursement for out of pocket expenses incurred as a result of engagement as a director.

(b) Termination: Non-Executive Directors may retire at any time and are subject to re-election at the annual general meeting of shareholders in accordance with the Company's policy of at least one third of the Non-Executive Directors being nominated for re-election each year based on the Company's rotation schedule.

Directors' Report (continued)

Remuneration report (audited) (continued)

The Company has entered into director agreement with Rod Tasker. The material terms of the agreement are as follows:

(a) Director's fees: director's fees at the rate of $30,000 per annum plus superannuation together with:

i. an entitlement to fees or other amounts in relation to special duties or service performed outside the scope of ordinary employment as a director;

ii. reimbursement for out of pocket expenses incurred as a result of engagement as a director.

(b) Termination: Non-Executive Directors may retire at any time and are subject to re-election at the annual general meeting of shareholders in accordance with the Company's policy of at least one third of the Non-Executive Directors being nominated for re-election each year based on the Company's rotation schedule.

In addition, the Company pays Adaps IT Pty Ltd (an entity controlled by Rod Tasker) a monthly consulting fee of $7,500 plus GST.

D. Share-based compensation

Compensation shares, options - granted and vested during the financial year

2017 1,250,000 shares were granted as remuneration in 2017.

No options were granted as compensation during the 2017 year.

2016 No shares nor options were granted as compensation during the 2016 year.

Value of shares or options awarded, exercised and lapsed during the financial year

2017 1,250,000 shares were granted as compensation during the 2017 year. These shares were valued at the market price on the day of issue, being 1.3 cents for a total value of $16,250

No options were granted as compensation during the 2017 year.

2016 No shares nor options were granted as compensation during the 2016 year. 2,000,000 shares worth $40,000 vested during the 2016 year.

E. Performance Rights holdings of key management personnel

30 June 2017	Balance at start of the financial year	Granted as remuneration	Performance hurdle achieved	Net change other	Balance at the end of financial year	Vested and exercisable
Directors						
Mr Anthony Kain	26,854,690	-	-	-	26,854,690	-
Mr Christopher Kain	31,521,521	-	-	-	31,521,521	-
Mr Matthew Cahill	1,839,362	-	-	-	1,839,362	-
Mr Leigh Ryan	-	-	-	-	-	-
Mr Rod Tasker	-	-	-	-	-	-
Mr Vincent Power	-	-	-	-	-	-
Totals	**60,215,573**	**-**	**-**	**-**	**60,215,573**	**-**

Directors' Report (continued)

Remuneration report (audited) (continued)

F. Share holdings of key management personnel

30 June 2017	**Balance at start of the financial year**	**Granted as remuneration**	**On exercise of options**	**Acquisitions /(Disposals)**	**Balance at the end of financial year**	**Vested and exercisable**
Directors						
Mr Anthony Kain	93,991,416	-	-	-	93,991,416	93,991,416
Mr Christopher Kain	110,325,322	-	-	-	110,325,322	110,325,322
Mr Matthew Cahill	6,437,768	-	-	-	6,437,768	6,437,768
Mr Leigh Ryan	3,000,000	-	-	-	3,000,000	3,000,000
Mr Rod Tasker	-	1,000,000	-	-	1,000,000	1,000,000
Mr Vincent Power	-	-	-	-	-	-
Totals	**213,754,506**	**1,000,000**	**-**	**-**	**214,754,506**	**214,754,506**

G. Other transactions and balances with Key Management Personnel

Apart from reimbursements for expenses paid on behalf of the Company and the Group, director and fees paid directly or indirectly to director related entities, there were no transactions or balances with KMP during the year ended 30 June 2017 (2016: Nil).

END OF THE REMUNERATION REPORT

Signed in accordance with a resolution of the Directors:

Christopher Kain
Managing Director

Perth, 29 August 2017

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Peppermint Innovation Limited (the Company) is responsible for the corporate governance of the Group. The Board guides and monitors the business affairs of the Group on the behalf of the shareholders by whom they are elected and to whom they are accountable.

ASX Corporate Governance Principles

The ASX Corporate Governance Council (the Council) has Corporate Governance Principles and Recommendations (the Principles), which are designed to maximise corporate performance and accountability in the interests of shareholders and the broader economy. The Principles encompass matters such as board composition, committees and compliance procedures.

The Principles (being those under ASX's 3rd edition of Corporate Governance Principles and Recommendations dated March 2014) can be viewed at www.asx.com.au. The Principles are not prescriptive, however ASX listed entities are required to disclose the extent of their compliance with the Principles, and to explain why they have not adopted a Principle if they consider it inappropriate in their particular circumstances.

Commensurate with the spirit of the ASX Principles, the Company has followed each of the Recommendations to the extent the Board considered that their implementation was practicable and likely to genuinely improve the Group's internal processes and accountability to external stakeholders. The Corporate Governance Statement contains certain specific information and discloses the extent to which the Group has followed the guidelines during the financial year. Where a recommendation has not been followed, the fact is disclosed, together with reasons for the departure.

The Company has lodged with the ASX an Appendix 4G (Key to Disclosures – Corporate Governance Council Principles and Recommendations) and Recommendations. A summary against the Principles is set out below.

CORPORATE GOVERNANCE STATEMENT (continued)

Corporate Governance Checklist

Corporate Governance Council Recommendation		Does the Company follow the recommendation?	Comment
Principle 1 - Lay solid foundations for management and oversight			
1.1	Disclose roles and responsibilities of board and management	Y	
1.2	Undertake appropriate checks before appointing or electing a person as director	Y	
1.3	Written agreement with each director and senior executive	Y	
1.4	Company Secretary accountable directly to Board	N	The Chair of the Board is the company secretary
1.5	Diversity Policy disclosures reported	Y	
1.6	Board performance evaluation undertaken	N	In view of the size of the operations and limited number of directors, a formal performance evaluation process is not performed.
1.7	Senior executive performance evaluation undertaken	N	In view of the size of the operations and limited number of executives, a formal performance evaluation process is not performed.
Principle 2 – Structure the board to add value			
2.1	Nomination committee requirements met	N	The duties and responsibilities typically delegated to such committee are included in the responsibilities of the full Board.
2.2	Board skills matrix disclosed	Y	
2.3	Director Independence and tenure disclosed	Y	
2.4	Majority of the board are independent directors	Y	
2.5	Chair of the board is an independent director and not the same person as the CEO	N	The Chair of the Board is an executive director and the company secretary. The Chair is not the CEO.
2.6	Director induction and ongoing training program	N	In view of the size of the operations of the Company and the limited number of directors, the Company does not have a formal director induction and ongoing training program.
Principle 3 – Act ethically and responsibly			
3.1	Code of conduct available on website	Y	

CORPORATE GOVERNANCE STATEMENT (continued)

Corporate Governance Checklist (Continued)

Corporate Governance Council Recommendation		Does the Company follow the recommendation?	Comment
Principle 4 – Safeguard integrity in corporate reporting			
4.1	Audit committee requirements met	N	The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the expense of appointing additional independent Non-Executive Directors simply to fill an audit committee.
4.2	CEO and CFO financial statements declarations received	Y	
4.3	External auditors attend AGM and available to answer questions from securityholders	Y	
Principle 5 – Make timely and balanced disclosure			
5.1	Continuous Disclosure Policy available on website	Y	
Principle 6 – Respect the rights of securityholders			
6.1	Corporate and governance information available on website	Y	
6.2	Investor relations program	Y	
6.3	Processes to facilitate and encourage participation at securityholders meetings	Y	
6.4	Electronic securityholder communication functionality	Y	
Principle 7 – Recognise and manage risk			
7.1	Risk committee requirements met	N	In view of the size of the operations of the Company, this is performed by the Board.
7.2	Annual review of risk management framework	Y	
7.3	No internal audit function but internal control processes in place	Y	
7.4	Disclosure of material exposure to, and management of, economic, environmental and social sustainability risk	Y	
Principle 8			
8.1	Remuneration committee requirements	N	In view of the size of the operations of the Company, this is performed by the Board.
8.2	Remuneration practices disclosed	Y	
8.3	Remuneration Policy disclosures regarding equity based remuneration	Y	

CORPORATE GOVERNANCE STATEMENT (continued)

Principle 1 - Lay solid foundations for management and oversight

Recommendation 1.1 - Disclose roles and responsibilities of board and management

The Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

To ensure that the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of directors and for the operation of the Board. The responsibility for the operation and administration of the Group is delegated, by the Board, to the CEO and the executive management team.

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved including:

- Board approval of a strategic plan designed to meet stakeholders' needs and manage business risk
- Ongoing development of the strategic plan and approving initiatives and strategies designed to ensure the continued growth and success of the entity
- Implementation of budgets by management and monitoring progress against budget — via the establishment and reporting of both financial and non-financial key performance indicators

Other functions reserved to the Board include:

- Approval of the annual, half-yearly and quarterly financial reports
- Approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures
- Ensuring that any significant risks that arise are identified, assessed, appropriately managed and monitored
- Reporting to shareholders

Recommendation 1.2 - Undertake appropriate checks before appointing or electing a person as director

Reference checks are performed for each director.

Recommendation 1.3 - Written agreement with each director and senior executive

Each director has received a letter of appointment which details the key terms of their appointment. This letter includes all of the recommended matters in the Principles. Each director also enters into required agreements regarding insurance, access to records and disclosure of any trading in Company securities as required under the Listing Rules.

All directors have formalised job descriptions and letters of appointment.

Recommendation 1.4 - Company Secretary accountable directly to Board

The Chair of the Board is the Company Secretary.

Recommendation 1.5 - Diversity Policy disclosures reported

The Group recognises the value contributed to the organisation by employing people with varying skills, cultural backgrounds, ethnicity and experience and employs people based on their underlying skill sets in an environment where everyone is treated equally and fairly, and where discrimination, harassment and inequity are not tolerated.

14% of the Group's employees are females, and the Chief Operating Officer of the Company based in the Philippines is a female.

CORPORATE GOVERNANCE STATEMENT (continued)

Recommendation 1.6 - Board performance evaluation undertaken

In view of the size of the operations of the Group and the number of directors, a formal performance evaluation process is not performed.

Recommendation 1.7 - Senior executive performance evaluation undertaken

In view of the size of the operations of the Group and the limited number of executives, a formal performance evaluation process is not performed.

Principle 2 – Structure the board to add value

Recommendation 2.1 - Nomination committee requirements met

During the year ended 30 June 2017, the Group did not have a separately established nomination committee. However, the duties and responsibilities typically delegated to such committee are included in the responsibilities of the full Board.

Recommendation 2.2 - Board skills matrix disclosed

The directors possess a broad range of complimentary skill sets. The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report are included in the Directors' report.

Recommendation 2.3 - Director Independence and tenure disclosed

Directors of the Company are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with — or could reasonably be perceived to materially interfere with — the exercise of their unfettered and independent judgement.

In the context of director independence, "materiality" is considered from both the Company and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount.

Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors that point to the actual ability of the director in question to shape the direction of the Group's loyalty.

In accordance with the definition of independence above, and the materiality thresholds set, the following directors of the Company are considered to be independent:

Name	Position
Mr Matthew Cahill	Non-Executive Director
Mr Leigh Ryan	Non-Executive Director
Mr Rod Tasker	Non-Executive Director

CORPORATE GOVERNANCE STATEMENT (continued)

The term in office held by each director in office at the date of this report is as follows:

Name	Term in office
Mr Anthony Kain	Appointed 24 July 2014 (inception), tenure 3 years, 1 month
Mr Christopher Kain	Appointed 24 July 2014 (inception), tenure 3 years, 1 month
Mr Matthew Cahill	Appointed 24 July 2014 (inception), tenure 3 years, 1 month
Mr Leigh Ryan	Appointed 4 December 2015, tenure 1 year, 9 months
Mr Rod Tasker	Appointed 28 September 2016, tenure 9 months

Recommendation 2.4 - Majority of the board are independent directors

The Company has five directors, three of whom are independent.

Recommendation 2.5 - Chair of the board is an independent director and not the same person as the CEO

The Chair of the board is not an independent director and is not the CEO. The Board considers that the Group is not currently of a size, nor are its affairs of such complexity to justify the expense of appointing a suitably qualified additional independent Non-Executive Director to Chair the Company.

Recommendation 2.6 - Director induction and ongoing training program

In view of the size of the operations of the Group and the limited number of directors, the Group does not have a formal director induction and ongoing training program.

Principle 3 – Act ethically and responsibly

Recommendation 3.1 - Code of conduct available on website

The Company's Code of Conduct is available on the Company's website.

Principle 4 – Safeguard integrity in corporate reporting

Recommendation 4.1 - Audit committee requirements met

Recommendation 4.1 requires the audit committee to be structured so that it consists only of non-executive directors with a majority of independent directors, chaired by an independent chairperson who is not chairperson of the Board and has at least three members. During the year ended 30 June 2017, the Company did not have a separately established audit committee. The Board considers that the Group is not currently of a size, nor are its affairs of such complexity to justify the expense of appointing additional independent Non-Executive Directors simply to fill an audit committee.

Recommendation 4.2 - CEO and CFO financial statements declarations received

In accordance with section 295A of the *Corporations Act*, the CEO and CFO have provided a written statement to the Board that:

- Their view provided on the Group's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board; and
- The Group's risk management and internal compliance and control system is operating effectively in all material respects.

CORPORATE GOVERNANCE STATEMENT (continued)

Recommendation 4.3 - External auditors attend AGM and available to answer questions from securityholders

The external auditors are required to attend the annual general meeting and are available to answer any shareholder questions about the conduct of the audit and preparation of the audit report.

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1 - Continuous Disclosure Policy available on website

The Group's policy is to comply with its continuous disclosure obligations under the Listing Rules at all times.

Principle 6 – Respect the rights of securityholders

Recommendation 6.1 - Corporate and governance information available on website

Information about the Group and its governance is available to investors via the Company's website.

Recommendation 6.2 - Investor relations program

The Group's objective is to promote effective communication with its shareholders at all times.

The Group is committed to:

- Ensuring that shareholders and the financial markets are provided with full and timely information about the Group's activities in a balanced and understandable way;
- Complying with continuous disclosure obligations contained in the ASX listing rules and the Corporations Act in Australia; and
- Communicating effectively with its shareholders.

To promote effective communication with shareholders and encourage effective participation at general meetings, information is communicated to shareholders:

- Through the release of information to the market via the ASX
- Through the distribution of the annual report and notices of annual general meeting
- Through shareholder meetings and investor relations presentations
- Through letters and other forms of communications directly to shareholders
- By posting relevant information on the Group's website: www.pepltd.com.au.

The Group's website publishes all important company information and relevant announcements made to the market.

Recommendation 6.3 - Processes to facilitate and encourage participation at security holders meetings

Meetings of security holders of the Company are convened at least once a year, usually in October.

An explanatory memorandum on the resolutions is included with the notice of meeting. Unless specifically stated in the notice of meeting, all holders of fully paid securities are eligible to vote on all resolutions.

In the event that security holders cannot attend formal meetings, they are able to lodge a proxy in accordance with the Corporations Act. Proxy forms can be mailed, lodged by facsimile or emailed.

CORPORATE GOVERNANCE STATEMENT (continued)

Recommendation 6.4 - Electronic securityholder communication functionality

Securityholders are provided with the option to receive communications from, and send communications to, the Group and its security registry electronically.

Principle 7 – Recognise and manage risk

Recommendation 7.1 - Risk committee requirements met

The Group does not have a committee to oversee risk. In view of the size of the operations of the Group, this is performed by the Board.

Recommendation 7.2 - Annual review of risk management framework

The Board has identified the significant areas of potential business and legal risk of the Group. The identification, monitoring and, where appropriate, the reduction of significant risk to the Group will be the responsibility of the Board.

To this end, comprehensive practices are in place which are directed towards achieving the following objectives:

- effectiveness and efficiency in the use of the Group's resources;
- compliance with applicable laws and regulations;
- preparation of reliable published financial information.

Recommendation 7.3 - No internal audit function but internal control processes in place

In view of the size of the operations of the Group, the Group does not have an internal audit function. Internal processes include segregating incompatible functions, dual signatories on bank accounts and oversight by the Board.

Recommendation 7.4 - Disclosure of material exposure to, and management of, economic, environmental and social sustainability risk

The Group does not believe it has any material exposure to economic, environmental and social sustainability risks.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1 - Remuneration committee requirements

Recommendation 8.1 requires listed entities to establish a remuneration committee. During the year ended 30 June 2017, the Group did not have a separately established remuneration committee. However, the duties and responsibilities typically delegated to such committee are included in the responsibilities of the full Board.

Recommendation 8.2 - Remuneration practices disclosed and Recommendation 8.3 - Remuneration Policy disclosures regarding equity based remuneration

It is the Group's objective to provide maximum stakeholder benefit from the retention of a high quality board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions.

Further details are disclosed in the Remuneration Report

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Note	Consolidated 2017 $	2016 $
Revenue		1,007,474	606,453
Cost of sales		(809,249)	(489,918)
Gross profit		198,225	116,535
Other income	5	41,077	3,072
Administration expenses	5	(1,821,853)	(1,492,336)
Finance costs	5	(797)	(26,180)
Share based payment expense	6	(16,250)	(40,000)
Restructuring/relisting expense	2(c)	-	(7,359,069)
(Loss) before income tax		(1,599,598)	(8,797,978)
Income tax expense	7	-	-
(Loss) for the year		(1,599,598)	(8,797,978)
Other comprehensive income / (loss)			
Items that may be reclassified to profit or loss:			
- Nil		-	-
		-	-
Total comprehensive (loss) for the year		(1,599,598)	(8,797,978)
(Loss) for the year attributable to members of the parent entity		(1,599,598)	(8,797,978)
Total comprehensive (loss) for the year attributable to members		(1,599,598)	(8,797,978)
Basic and diluted loss per share (cents per share)	4	(0.2)	(1.4)

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	Consolidated 2017 $	2016 $
CURRENT ASSETS			
Cash and cash equivalents	8	428,439	2,097,761
Trade and other receivables	9	65,649	36,847
Inventory		22,807	-
Total Current Assets		516,895	2,134,608
NON-CURRENT ASSETS			
Intangible assets	10	84,687	141,146
Other non-current assets		-	-
Total Non-Current Assets		84,687	141,146
TOTAL ASSETS		601,582	2,275,754
CURRENT LIABILITIES			
Trade and other payables	11	37,349	146,750
Provisions		25,037	-
Total Current Liabilities		62,386	146,750
TOTAL LIABILITIES		62,386	146,750
NET ASSETS		539,196	2,129,004
EQUITY			
Issued capital	12	11,337,023	11,327,233
Accumulated losses		(10,797,827)	(9,198,229)
TOTAL EQUITY		539,196	2,129,004

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	Consolidated 2017 $	2016 $
Cash flows from Operating Activities			
Receipts from customers		978,672	606,453
Payments to suppliers and employees		(2,676,832)	(2,008,931)
Interest received		8,503	3,072
Net cash (used in) operating activities	8(b)	(1,689,657)	(1,399,406)
Cash Flows from Investing Activities			
Acquisition of subsidiary		-	(281,770)
Proceeds on the sale of plant and equipment		26,795	-
Net cash provided by (used in) investing activities		26,795	(281,770)
Cash Flows from Financing Activities			
Issue of shares		-	3,874,300
Share issue expenses		(6,460)	(251,029)
Net cash (used in) / provided by financing activities		(6,460)	3,623,271
Net (decrease) / increase in cash held		(1,669,322)	1,942,095
Cash at the beginning of the financial year		2,097,761	155,666
Cash at the end of the financial year	8(a)	428,439	2,097,761

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Issued Capital $	Accumulated Losses $	Total $
Balance at 1 July 2016	11,327,233	(9,198,229)	2,129,004
Loss for the year	-	(1,599,598)	(1,599,598)
Total comprehensive loss for the year	-	(1,599,598)	(1,599,598)
Transactions with owners in their capacity as owners:			
Share issue expenses	(6,460)	-	(6,460)
Share based payments	16,250	-	16,250
Balance at 30 June 2017	11,337,023	(10,797,827)	539,196

	Issued Capital $	Accumulated Losses $	Total $
Balance at 1 July 2015	220,903	(400,251)	(179,348)
Loss for the year	-	(8,797,978)	(8,797,978)
Total comprehensive loss for the year	-	(8,797,978)	(8,797,978)
Transactions with owners in their capacity as owners:			
Issue of shares prior to acquisition	533,377	-	533,377
Issue of shares for acquisition of subsidiary	6,909,683	-	6,909,683
Shares issued	3,874,300	-	3,874,300
Share issue expenses	(251,030)	-	(251,030)
Share based payments	40,000	-	40,000
Balance at 30 June 2016	11,327,233	(9,198,229)	2,129,004

The accompanying notes form part of these financial statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Peppermint Innovation Limited (the Company) is an Australian company incorporated on 24 July 2014. On 4 December 2015, the Company listed on the Australian Securities Exchange via the reverse takeover of Chrysalis Resources Limited.

The principal activities of the Group (the Company and its controlled entities) were the development and commercialisation of its mobile banking, payment and remittance platform.

(a) Basis of Preparation

Statement of compliance
The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Interpretations, and as appropriate for profit oriented entities.

Accounting Standards include Australian Accounting Standards (AASBs). Compliance with Australian Accounting Standards ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the directors on 29 August 2017.

Basis of measurement
The financial report has also been prepared under the historical cost convention.

Functional and presentation currency
The financial report is presented in Australian dollars, which is the Company's functional currency.

Reverse acquisition accounting
On 4 December 2015, Peppermint Innovation Limited (formerly Chrysalis Resources Limited), the legal parent and legal acquirer, completed the acquisition of Peppermint Technology Limited (previously Peppermint Innovation Limited) and its controlled subsidiary. The acquisition did not meet the definition of a business combination in accordance with AASB 3 Business Combinations, with Peppermint Technology Limited deemed to be the accounting acquirer. The acquisition has been treated as a group recapitalisation, using the principles of reverse acquisition accounting in AASB 3 Business Combinations. Effectively Peppermint Technology Limited has been recapitalised, acquiring the net assets and listing status of Peppermint Innovation Limited.

Accordingly the consolidated financial statements of the Peppermint Innovation Limited have been prepared as a continuation of the business and operations of Peppermint Technology Limited. The recapitalisation is measured at the fair value of the equity instruments that would have been given by the controlled entity, Peppermint Technology Limited, to have exactly the same percentage holding in the new structure at the date of acquisition.

The implications of the acquisition on the group restructure on the financial statements are as follows;

Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash flow.

- The 30 June 2016 comparatives comprises 12 months of Peppermint Technology Pty Ltd and Peppermint Tech. Inc., and 6 months and 27 days of Peppermint Innovation Limited.

Consolidated Statement of Financial Position

- The statement of financial position as at 30 June 2016 comprises of Peppermint Technology Limited, Peppermint Innovation Limited and the other controlled entities listed in Note 13(c).

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) 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 $1,599,598 and had net cash outflows from operating activities of $1,689,657 for the year ended 30 June 2017. As at that date, the Group had net asset of $539,196.

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:

- In accordance with the Corporations Act 2001, the Group has plans to raise further working capital through the issue of equity during the financial year end 30 June 2018; and
- The Group continues to keep costs at a minimum in order to conserve cash reserves for the financial year ended 30 June 2018; and
- Revenues from the Group's business continues to increase.

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

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

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

(c) Application of new and revised Accounting Standards

<u>New, revised or amending Accounting Standards and Interpretations adopted</u>

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

<u>New standards and interpretations not yet adopted</u>

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Group have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

- *AASB 9 Financial Instruments* and associated Amending Standards (applicable for annual reporting period commencing 1 January 2018)

  The Standard will be applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Application of new and revised Accounting Standards (continued)

Key changes made to this standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.

The directors anticipate that the adoption of AASB 9 will not have a material impact on the Group's financial instruments.

- *AASB 15: Revenue from Contracts with Customers* (applicable to annual reporting periods commencing on or after 1 January 2018).

  When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

  The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

  - identify the contract(s) with a customer;
  - identify the performance obligations in the contract(s);
  - determine the transaction price;
  - allocate the transaction price to the performance obligations in the contract(s); and
  - recognise revenue when (or as) the performance obligations are satisfied.

  This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

  The directors anticipate that the adoption of AASB 15 will not have a material impact on the Group's revenue recognition and disclosures.

- *AASB 16: Leases* (applicable to annual reporting periods commencing on or after 1 January 2019).

  AASB 16 removes the classification of leases as either operating leases or finance leases for the lessee effectively treating all leases as finance leases. Short term leases (less than 12 months) and leases of a low value are exempt from the lease accounting requirements. Lessor accounting remains similar to current practice.

  The directors anticipate that the adoption of AASB 16 will not have a material impact on the Group's asset and liabilities recognition and disclosures.

(d) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Critical accounting judgements and key sources of estimation uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Share-based payment transactions:

The Group measures the cost of equity-settled share-based payments at fair value at the grant date using an option pricing model, taking into account the terms and conditions upon which the instruments were granted. The fair value is determined by a valuation using a Black Scholes Option Pricing Model.

Acquisition accounting:

On 4 December 2015, Peppermint Innovation Limited (formerly Chrysalis Resources Limited), the legal parent and legal acquirer, completed the acquisition of Peppermint Technology Limited (previously Peppermint Innovation Limited) and its controlled subsidiary. The acquisition did not meet the definition of a business combination in accordance with AASB 3 Business Combinations, with Peppermint Technology Limited deemed to be the accounting acquirer. The acquisition has been treated as a group recapitalisation, using the principles of reverse acquisition accounting in AASB 3 Business Combinations. Effectively Peppermint Technology Limited has been recapitalised, acquiring the net assets and listing status of Peppermint Innovation Limited.

Accordingly the consolidated financial statements of Peppermint Innovation Limited have been prepared as a continuation of the business and operations of Peppermint Technology Limited. The recapitalisation is measured at the fair value of the equity instruments that would have been given by the controlled entity, Peppermint Technology Limited, to have exactly the same percentage holding in the new structure at the date of acquisition.

(f) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Rendering of services

Rendering of service revenue from payments and remittance fees is recognised when the services is provided.

Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(g) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Trade receivables are generally due for settlement within periods ranging from 30 to 90 days.

(i) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the financial instrument. For financial assets, this is equivalent to the date that the Group commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss” in which case transaction costs are recognised as expenses in profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less repayments made and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm’s length transactions, reference to similar instruments and option pricing models.

Financial instruments

a. Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Intangible assets

Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefit from the related project on a straight line basis.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use, or more frequently when an indication of impairment arises during the reporting period.

Licences

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life on a straight line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

Disposals

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is de-recognised.

(k) Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by reporting date.

Deferred income tax is provided on all temporary differences at reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Income tax (continued)

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(l) Other taxes

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (‘GST’) except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Other taxes (continued)

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(m) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(n) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Provisions (continued)

When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating long service leave are recognised in other payables in respect of employees' services up to the reporting date, They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(p) Share-based payment transactions

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using an option pricing model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Group (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition. If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(q) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Fair value of assets and liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques.

These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques
Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

(s) Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

2. REVERSE ACQUISITION ACCOUNTING

On 4 December 2015, Peppermint Innovation Limited (formerly Chrysalis Resources Limited) completed the legal acquisition of Peppermint Technology Limited (formerly Peppermint Innovation Limited). Under the Australian Accounting Standards, Peppermint Technology Limited was deemed to be the accounting acquirer in this transaction. The acquisition has been accounted for as a share based payment in which Peppermint Technology Limited acquired the net assets and listing status of Peppermint Innovation Limited.

(a) Deemed Consideration:

The purchase consideration was the 350,000,000 shares in Peppermint Innovation Limited (formerly Chrysalis Resources Limited and legal parent) to the shareholders of Peppermint Technology Limited (formerly Peppermint Innovation Limited) deemed to have a value of $6,909,683 determined as follows:

Quoted share price on 4 December 2015	$0.02
Peppermint Innovation Limited (formerly Chrysalis Resources Limited) shares on issue at acquisition date	345,484,128
Deemed consideration	$6,909,683

As part of the transaction, Peppermint Innovation Limited (formerly Chrysalis Resources Limited) issued a total of 100,000,000 performance shares to the shareholders of Peppermint Technology Limited (formerly Peppermint Innovation Limited) which convert to fully paid ordinary shares 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

No value has been allocated to the Performance Shares due to the significant uncertainty of meeting the two performance milestones which are based on future events.

(b) Fair value of Peppermint Innovation Limited at acquisition:

	$
Cash deficit	(281,770)
Trade and other receivables	39,253
Trade and other payables	(206,869)
Net liabilities (deemed fair value)	(449,386)

(c) Restructuring and relisting costs:

	$
Excess of consideration provided over the fair value of net liabilities at the date of acquisition, being group restructuring and relisting costs, recorded in the statement of profit or loss and other comprehensive income	7,359,069

3. SEGMENT REPORTING

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

4. LOSS PER SHARE

	2017 $	2016 $
Basic and diluted loss per share (cents per share)	(0.2)	(1.4)

The loss and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

	2017 $	2016 $
Loss for the year	(1,599,598)	(8,797,978)
Weighted average number of shares outstanding during the year used in the calculations of basic loss per share:	891,863,512	639,387,743

There is no dilution of shares due to options as the potential ordinary shares are not dilutive and are therefore not included in the calculation of diluted loss per share.

5. RESULT FOR THE YEAR

Other income

	2017 $	2016 $
- Proceeds on the sale of assets	26,795	-
- Security deposit refund	5,779	-
- Interest income	8,503	3,072
	41,077	3,072

Administration costs

	2017 $	2016 $
- Audit fees	32,000	25,833
- Consulting fees	139,532	109,704
- Depreciation and amortisation	56,459	28,229
- Directors' fees and consulting remuneration	679,338	523,163
- Employee expenses	400,792	325,252
- Insurance	18,200	12,317
- Investor relations	165,209	188,334
- Licence fees and royalties	60,000	106,221
- Share registry fees	15,470	8,496
- Start-up expenses	11,071	-
- Stock exchange fees	29,064	1,265
- Sundry expenses	214,718	163,522
	1,821,853	1,492,336

	2017	2016
	$	$

5. RESULT FOR THE YEAR (continued)

Finance costs		
- Interest on convertible notes	-	26,180
- Other	797	-
	797	26,180

Finance costs includes all interest-related expenses, other than those arising from financial assets at fair value through profit or loss.

6. SHARE BASED PAYMENTS

2017:

The Company issued 1,000,000 shares to Mr Rod Tasker, a director of the Company, and 250,000 shares to an employee under the terms of his employment contract. A value of $13,000 and $3,250, respectively, was ascribed to these shares, based on the share price at the dates of issue.

2016:

The Company issued 2,000,000 shares to Mr Leigh Ryan, a director of the Company, under the terms of Leigh Ryan’s employment contract with Chrysalis Resources Limited. Under this contract, performance shares previously issued vested upon the takeover of the Company.

A value of $40,000 was ascribed to these shares, based on the issue price of $0.02 per share in accordance with the prospectus (see note 2 for further details and notes 13 and 14 for transactions involving key management personnel).

7. INCOME TAX

(a) Income tax recognised in profit/loss

No income tax is payable by the Company as it recorded a loss for income tax purposes for the period.

(b) Numerical reconciliation between income tax expense and the loss before income tax.

The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:

	2017	2016
	$	$
Accounting loss before tax	(1,599,598)	(8,797,978)
Add: restructuring / relisting expenses	-	7,359,069
	(1,599,598)	(1,438,909)
Income tax benefit at 27.5% (2016: 28.5%)	439,889	410,089
Unrecognised tax losses	(439,889)	(410,089)
Income tax expense	-	-

7. INCOME TAX (continued)

(c) Unrecognised deferred tax balances

	2017 $	2016 $
Tax losses at 27.5% (2016: 28.5%)	(1,025,513)	(531,867)
Deferred tax asset not booked		
Accrued liabilities	(6,600)	(13,860)
Provision for annual leave	(6,885)	-
Prepayments	-	2,681
Intangible assets	(23,289)	(40,227)
Blackhole deductions	(131,658)	(21,248)
Net unrecognised deferred tax (asset) / liability at 27.5% (2016: 28.5%)	(1,193,945)	(604,521)

A deferred tax asset attributable to income tax losses has not been recognised at balance date as the probability criteria disclosed in Note 1(k) is not satisfied and such benefit will only be available if the conditions of deductibility also disclosed in Note 1(k) are satisfied.

8. CASH AND CASH EQUIVALENTS

	2017 $	2016 $
Cash at bank	428,439	2,097,761
	428,439	2,097,761

Cash at bank earns interest at floating rates based on daily bank deposit rates.

(a) Reconciliation to the Statement of Cash Flows

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank.

Cash and cash equivalents as shown in the statement of cash flows are reconciled to the related items in the balance sheet as follows:

	2017 $	2016 $
Cash and cash equivalents	428,439	2,097,761

(b) Reconciliation of loss after income tax to net cash flows from operating activities:

	2017 $	2016 $
Loss for the year	(1,599,598)	(8,797,978)
Non cash-flow items in loss for the year:		
- Interest accrued on convertible notes	-	26,180
- Depreciation / assets written off	56,459	28,229
- Gain on sale of assets	(26,795)	
- Share based payment in employee benefits expense	16,250	40,000
- Restructuring / relisting expense	-	7,359,069
Changes in operating assets and liabilities:		
- (Increase) / decrease in trade and other receivables	(28,802)	12,901
- (Increase) in inventory	(22,807)	-
- (Decrease) in trade and other payables	(109,401)	(67,807)
- Increase in provisions	25,037	-
Net cash used in operating activities	(1,689,657)	(1,399,406)

	2017	2016
	$	$

9. TRADE AND OTHER RECEIVABLES

	2017	2016
Current:		
Trade receivables	62,002	-
GST receivable	3,647	27,441
Prepayments	-	9,406
	65,649	36,847

10. INTANGIBLE ASSETS

	2017	2016
Opening balance at the beginning of the financial year	141,146	169,375
Additions	-	-
Amortisation for the financial year	(56,458)	(28,229)
Closing balance at the end of the financial year	84,688	141,146
At cost	169,375	169,375
Accumulated amortisation	(84,687)	(28,229)
Closing balance at the end of the financial year	84,688	141,146

11. TRADE AND OTHER PAYABLES

	2017	2016
Current:		
Sundry payables and accrued expenses	37,349	146,750
	37,349	146,750

12. ISSUED CAPITAL

	2017	2016
Paid up capital – ordinary shares	11,594,513	11,578,263
Capital raising costs	(257,490)	(251,030)
	11,337,023	11,327,233

(a) Ordinary shares

	Number of shares	$
30 June 2017 movements in issued capital:		
Balance at 1 July 2016	891,199,128	11,327,233
Share issue expenses	-	(6,460)
Share based payment (see note 6)	1,250,000	16,250
Balance at 30 June 2017	892,449,128	11,337,023

12. ISSUED EQUITY (continued)

(a) Ordinary shares (continued)

30 June 2016 movements in issued capital:		
Balance at 1 July 2015	11,650,000	220,903
Shares issued (see note 12)	1,923,077	533,377
Elimination of Issued Capital on acquisition of subsidiary (i)	(13,573,077)	-
Existing Chrysalis Resources Ltd shares on acquisition (see note 2(a))	345,484,128	-
Issue of shares on acquisition of subsidiary (see note 2(a))	350,000,000	6,909,683
Issue of shares from capital raising (ii)	193,715,000	3,874,300
Share issue expenses	-	(251,030)
Share based payment (see note 6)	2,000,000	40,000
Balance at 30 June 2016	891,199,128	11,327,233

(i) On 4 December 2015, Peppermint Innovations Limited (formerly Chrysalis Resources Limited) acquired 100% of the share capital of Peppermint Technology Limited (formerly Peppermint Innovations Limited). Under Australian Accounting Standards, Peppermint Technology Limited was deemed to be the accounting acquirer in this transaction. The acquisition has been accounted for as a share based payment in which Peppermint Technology Limited acquires the net assets and listing status of Peppermint Innovations Limited (formerly Chrysalis Resources Limited).

(ii) The Company issued 193,715,000 at $0.02 to raise $3,874,300, before costs, under a re-compliance prospectus dated 16 October 2015 as part of a recapitalisation of the Company pursuant to a reverse takeover. Please see Note 2 for further details of the reverse takeover.

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote. The Company does not have authorised capital or par value in respect of its shares.

(b) Performance shares

100,000,000 performance shares convert to fully paid ordinary shares 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 30 June 2017, none of the milestones of the performance shares had been achieved. Refer to Note 2 for further information.

(c) Restricted securities

237,879,827 fully paid ordinary shares and 67,688,535 Performance Shares are restricted from being disposed of until 3 December 2017 in accordance with the conditions imposed by the Australian Securities Exchange under the re-structuring and re-listing of the Company

13. RELATED PARTIES

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(a) The Group's related parties are as follows:

(i) Key management personnel ('KMP'):

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of that Company are considered key management personnel.

For details of remuneration disclosures relating to key management personnel, refer to Note 14: Key Management Personnel Disclosures.

Other transactions with KMP and their related entities are shown below.

(ii) Other related parties include close family members of key management personnel and entities that are controlled.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

(iii) Apart from reimbursements for expenses paid on behalf of the Company and the Group, director and fees paid directly or indirectly to director related entities, there were no transactions or balances with KMP during the year ended 30 June 2017 (2016: Nil).

(b) Issue of shares under a reverse takeover

During the 2016 financial year, the following directors were issued shares and performance shares in exchange for shares they owned in Peppermint Technologies Limited, which was the subject of a reverse takeover by the Company:

	Shares	Performance Shares
Christopher Kain	110,325,322	31,521,521
Anthony Kain	93,991,416	26,854,690
Matthew Cahill	6,437,768	1,839,362
Leigh Ryan	Nil	Nil

Refer to Note 2 for further details of the reverse takeover.

13. RELATED PARTIES (continued)

(c) Subsidiaries

All controlled entities are included in the consolidated financial statements. The parent entity does not guarantee to pay the deficiency of its controlled entities in the event of a winding up of any controlled entity.

Name	Country of Incorporation	Principal Activity	% Equity interest 2017	% Equity interest 2016
Parent entities:				
Peppermint Innovation Limited	Australia	Information technology		(i)
Peppermint Technology Pty Ltd	Australia	Information technology		(i)
Controlled entities:				
Peppermint Technology Pty Ltd	Australia	Information technology	100%	100%
Peppermint Payments Pty Ltd (ii)	Australia	International remittance	100%	n/a
Peppermint Technology, Inc	Philippines	Information technology	100%	100%
Zambian Copper Pty Ltd (iii)	Australia	Intermediate Holding Company	100%	100%
Horizon Copper Zambia Limited	Zambia	Dormant	100%	100%
Sedgwick Resources Limited (iii)	Zambia	Mineral exploration	100%	100%

(i) In 2015 the parent entity was Peppermint Technology Pty Ltd (formerly Peppermint Technology Limited). Upon completion of the reverse take-over of Chrysalis Resources Limited (see Note 2 for further details), Peppermint Innovation Limited became the parent entity.

(ii) Peppermint Payments Pty Ltd was registered on 10 November 2016.

(iii) The Group also holds 100% of Sedgwick Resources Limited, a company incorporated in Zambia, which holds mineral exploration tenements and projects and its holding company, Zambian Copper Pty Ltd. The Group has ceased funding these company and all assets were impaired at the date of the reverse takeover on 4 December 2015.

14. KEY MANAGEMENT PERSONNEL

	2017 $	2016 $
Remuneration paid:		
Short-term employee benefits	652,975	523,163
Post-employment benefits	26,363	-
Share-based payments	13,000	40,000
Non-monetary benefits	18,200	7,971
	710,538	571,133

Please see the Remuneration Report for further details.

	2017	2016
	$	$

15. PARENT ENTITY INFORMATION

(a) Information relating to Peppermint Innovation Limited

	2017 $	2016 $
Current assets	359,766	1,991,660
Non-current assets	-	-
Total assets	359,766	1,991,660
Current liabilities	51,672	(102,880)
Non-current liabilities	-	-
Total liabilities	(51,672)	(102,880)
Net assets	308,094	1,888,780
Issued capital	10,582,743	10,572,953
Accumulated losses	(10,274,649)	(8,684,173)
Total shareholders' equity	308,094	1,888,780
Loss for the parent entity	(1,590,476)	(8,684,173)
Total comprehensive income of the parent entity	(1,590,476)	(8,684,173)

(b) Guarantees

No guarantees have been entered into by the Company in relation to the debts of its subsidiaries.

(c) Commitments

Commitments of the Company as at reporting date are disclosed in note 16 to the financial statements.

16. COMMITMENTS

The Group has agreed to provide funding of up to PHP 5,000,000 ($128,750) to one of its services providers.

Other than the matter noted above, the Group did not have any contractual commitments to capital expenditure not recognised as liabilities at 30 June 2017.

17. CONTINGENT LIABILITIES

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

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

18. AUDITORS' REMUNERATION

Amounts received or due and receivable by the auditors for:

	2017 $	2016 $
- Auditing or reviewing the financial report	32,000	38,500
- Less amount accrued to date of take-over	-	(12,667)
	32,000	25,833
- Other services	-	5,000
	32,000	30,833

19. FINANCIAL RISK MANAGEMENT

The Group's financial situation is not complex. Its activities may expose it to a variety of financial risks in the future: market risk (including currency risk and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. At that stage the Group's overall risk management program will focus on the unpredictability of the financial markets and seek to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out under an approved framework covering a risk management policy and internal compliance and control by management. The Board identifies, evaluates and approves measures to address financial risks.

The Group holds the following financial instruments:

Financial Assets:		
Cash and cash equivalents	428,439	2,097,761
	428,439	2,097,761
Financial Liabilities:		
Financial liabilities at amortised cost		
- Trade and other payables	37,349	146,750
	37,349	146,750

Financial risk management policies

The Board of Directors has overall responsibility for the establishment of the Group's financial risk management framework. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. Mitigation strategies for specific risks faced are described below.

Specific financial risk exposures and management

The main risk the Group is exposed to through its financial instruments are interest rate risk, credit risk, liquidity and foreign currency risk.

Interest rate risk

The Group is not exposed to any material interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The Group does not have any material credit risk exposure to any single receivable under financial instruments entered into by the Group.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as and when they fall due.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for liabilities as well as cash outflows for day-to-day operations.

19. FINANCIAL RISK MANAGEMENT (continued)

The Group's liabilities have contractual maturities which are summarised below:

	Within 1 year		1 to 5 years		Total	
	2017	2016	2017	2016	2017	2016
	$	$	$	$	$	$
Trade and other payables	37,349	146,750	-	-	37,349	146,750
Total	37,349	146,750	-	-	37,349	146,750

Foreign currency risk

The Group earns revenues and incurs expenses in Philippines Pesos (PHP). As such, the Group is subject to foreign exchange risk arising from fluctuations between the PHP and AUD.

At 30 June 2017, the Group had the following exposure to PHP foreign currency expressed in A$ equivalents, which are not designated as cash flow hedges:

	2017	2016
	$	$
Financial Assets:		
Cash and cash equivalents	72,164	11,275
Trade and other receivables	62,001	-
Inventory	22,807	-
	156,972	11,275
Financial Liabilities:		
Trade and other payables	5,683	-
	5,683	-

Capital Risk Management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders. The capital structure of the Group consists of equity attributable to equity holders, comprising issued capital and retained earnings as disclosed in Note 12.

The Board reviews the capital structure on a regular basis and considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through new share issues as well as the issue of debt, if the need arises.

Sensitivity analysis

The sensitivity effect of possible interest rate and foreign exchange rate movements have not been disclosed as they are not material.

Fair value of financial instruments

Unless otherwise stated, the carrying amount of financial instruments reflect their fair value.

20. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to reporting date 1,000,000 fully paid ordinary shares were issued pursuant to a share based payment for an asset acquired.

Apart from the item above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future.

DIRECTORS' DECLARATION

1. In the opinion of the Directors:

    a) the financial statements and notes of the Group are in accordance with the Corporations Act 2001 including:

        (i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of their performance for the year ended 30 June 2017; and

        (ii) complying with Accounting Standards and Corporations Regulations 2001;

        (iii) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; 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.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the year ended 30 June 2017.

This declaration is signed in accordance with a resolution of the Board of Directors.

Christopher Kain
Managing Director

29 August 2017

RSM Australia Partners

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

INDEPENDENT AUDITOR'S REPORT
To the Members of PEPPERMINT INNOVATION LIMITED

Qualified Opinion

We have audited the financial report of Peppermint Innovation Limited (the Company) and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section the financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Qualified Opinion

As at 30 June 2017, the Group includes two controlled entities, Horizon Copper Zambia Limited and Sedgwick Resources Limited, in the Republic of Zambia, which had combined total assets of $Nil and total liabilities of $Nil. We were unable to obtain sufficient appropriate evidence about the completeness of liabilities and contingences within those two controlled entities because the directors of the company have been unable to obtain audited financial statements for the year ended 30 June 2017. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern

Without further modifying our opinion, we draw attention to Note 1, which indicates that the Group incurred a net loss of $1,599,598 and had net cash outflows from operating activities of $1,689,657 for the year ended 30 June 2017. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Key Audit Matters

Except for the matters described in the Basis for Qualified Opinion section, and in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in within the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Peppermint Innovation Limited, for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 29 August 2017

JAMES KOMNINOS
Partner

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 31 July 2017.

(A) DISTRIBUTION OF EQUITY SECURITIES

(i) Ordinary share capital

- 893,449,128 fully paid ordinary shares are held by 888 individual shareholders

All issued ordinary shares carry one vote per share and carry the rights to dividends.

The number of security holders by size of holding are:

			Fully paid ordinary shares
1	–	1,000	18
1,001	–	5,000	45
5,001	–	10,000	53
10,001	–	100,000	345
100,001		and over	427
			888
Holding less than a marketable parcel			344

(ii) Options

- No options were on issue.

Options do not carry a right to vote.

(B) SUBSTANTIAL SHAREHOLDERS

	Fully paid	
Ordinary shareholders	**Number**	**Percentage**
CHRISTOPHER KAIN	110,325,322	12.34
ANTHONY KAIN	93,991,416	10.52
EAGLE BRILLIANT HOLDINGS LTD	57,247,355	6.41
TIGER RESOURCES LIMITED	45,568,894	5.10
	307,132,987	**34.37**

ASX ADDITIONAL INFORMATION (continued)

(c) TWENTY LARGEST SECURITY HOLDERS

Ordinary shareholders	Fully paid Number	Percentage
OHKA PTY LTD	110,325,321	12.35
CICAK PTY LTD	93,991,416	10.52
EAGLE BRILLIANT HOLDINGS LTD	57,247,355	6.41
TIGER RESOURCES LIMITED	45,568,894	5.10
ALLGREEN HOLDINGS PTY LTD	20,000,000	2.24
THE TRUST COMPANY (AUSTRALIA) LIMITED <MOF A/C>	17,000,000	1.90
TIMRIKI PTY LTD	15,000,000	1.68
OHKA PTY LTD <CSFS A/C>	14,163,093	1.59
OCCASIO HOLDINGS PTY LTD <OCCASIO UNIT A/C>	13,750,000	1.54
TIMRIKI PTY LTD <TIMRIKI A/C>	11,992,890	1.34
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	10,990,000	1.23
ENERGY US PTY LTD	10,300,429	1.15
PADSTOCK LIMITED	10,000,000	1.12
MR ADRIAN PAUL + MS NOELENE PAUL <ZME SUPERANNUATION FUND A/C>	10,000,000	1.12
MR GRAHAM WILLIAM WALDON + MRS BARBARA ELIZABETH WALDON <NODLAW INV EMPLOYEES S/F A/C>	10,000,000	1.12
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	9,950,000	1.11
MR ADRIAN STEPHEN PAUL	9,450,004	1.06
ROGUE INVESTMENTS PTY LTD	9,000,000	1.01
ICE COLD INVESTMENTS PTY LTD <G & J BROWN SUPER FUND A/C>	8,100,000	0.91
GREATSIDE HOLDINGS PTY LTD	7,900,000	0.88
	494,729,402	55.38

(D) HOLDERS OF OVER 20% OF UNLISTED SECURITIES

Performance Shares	Number	Percentage
OHKA Pty Ltd	30,785,776	30.79
Cicak Pty Ltd	26,118,945	26.12
Holders of less than 20% each	43,095,279	43.09
	100,000,000	**100.00**