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CHIMPCHANGE LIMITED

ABN: 34 150 762 351

APPENDIX 4E

PRELIMINARY FINAL REPORT

FOR THE YEAR ENDED 30 JUNE 2016

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CORPORATE DIRECTORY

Directors

Peter Clare
(Non-Executive Chairman)

Ashley Shilkin
(Managing Director)

Ian Leijer
(Executive Director and CFO)

Benjamin Harrison
(Non-Executive Director)

Company Secretary

Duncan Cornish

Registered Office

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Postal Address

ChimpChange Limited
GPO Box 2676
BRISBANE QLD 4001

Australian Company Number

150 762 351

Australian Business Number

34 150 762 351

Auditors

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Website: www.pitcher.com.au

Share Registry

Link Market Services Limited
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Website

www.chimpchange.me

ASX Code

CCA

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Details on Reporting Period

Current period	Year ended 30 June 2016
Previous corresponding period	Year ended 30 June 2015

Reporting Currency

Unless otherwise stated all amounts in this report are stated in United States Dollars.

Results

Year to 30 June	2016	2015	\$ Change	% Change
	\$	\$		
Revenue from ordinary activities	180	0	180	n/a
Loss from ordinary activities	(7,655)	(2,166)	(5,489)	down 253%
Loss for the period attributable to members	(7,655)	(2,166)	(5,489)	down 253%

Commentary on Results for the Period

Operations

ChimpChange is Australia's only listed digital banking platform. The Company offers consumers secure, low-cost, feature-rich mobile money bank accounts. Based in Los Angeles, California, ChimpChange delivers a better way to bank with an affordable, personalised, fun and frictionless user experience. All funds on deposit are held with a federally regulated FDIC-insured bank in the USA.

ChimpChange empowers customers to send instant mobile payments, make in-store/online purchases everywhere MasterCard is accepted, and do all their daily transactional banking from a single app.

Financial year 2016 was a transformational year for the Company. After two years of development ChimpChange launched its digital banking platform in the USA during the 1st half of the period. To facilitate the launch, the Company was able to successfully raise two private funding rounds during the first half totalling A\$8 million.

During the 2nd half the Company executed on a number of key strategic initiatives to position the Company for the future, these included:

- Raising A\$15 million (before costs) and listing on ASX;
- Transitioning to a new experienced and innovative sponsor bank; and
- Re-negotiating of transaction costs which resulted in a significant reduction in our cost of goods sold (COGS) and delivering a positive gross margin.

One of the key focuses during the last few months of the period was on retaining existing customers through transition to our new sponsor bank and following relaunch (in mid-June), commencing a highly targeted marketing campaign.

The Company recently reported that since the relaunch in mid-June top line customer acquisition had outperforming our initial acquisition targets increasing by 6,000 (2,000 being acquired at the end of June and 4,000 in July). We are pleased to see customer acquisition growth continue into August.

Financial performance

This section sets out the main factors that affected the Company's financial performance for the period ending 30 June 2016.

As the ChimpChange platform started to earn fees from November 2015 only minimal revenue for the period was experienced. Fees earned related to; interchange fees, out-of-network ATM fees and other platform fees.

The expenses primarily related to:

- Operational costs (employee costs, program management expenses, depreciation and amortisation and marketing expenses); and
- Non-cash expenses that related to the issue of performance incentives to key management personal.

Employee costs

Employee costs comprise in house technology development, general administration, customer support and marketing. As the company grows the company is building its team with people recruited into technology development, product support and senior management positions. Employee expenses increased compared to the prior corresponding period as a result of increased head count following launch of the platform and a non-cash expense of \$0.7 million from the issue of options to employees.

Marketing Expenses

The company pursues a number of marketing strategies including social media and direct cash incentive schemes to drive user adoption. The level of marketing expenditure increased during the period as a direct result of customer acquisition following the launch of the product.

Program expenses

This cost comprises the cardholder establishment and processor costs. This expenditure increased during the period as a direct result of customer acquisition following the launch of the product.

Depreciation and Amortisation

This cost comprises the depreciation of plant and equipment and the amortisation of capitalised software development expenses. The Company's accounting policy with respect to software development costs is to amortise those costs over three years.

Other expenses

Other expenses comprise professional fees, general administrative costs as well as a non-cash expense of \$0.9 million from the issue of options for services provided to the Company.

Dividends

No dividends have been declared or paid in the current and previous financial period.

Net Tangible Assets per Share

	2016	2015
Net Tangible Assets per Share	16.6	(0.1)

Associates and Joint Venture

ChimpChange Limited does not have any holding in joint ventures or associates.

Control of Entities

There were no changes in the control of entities during the current or previous corresponding period.

Audit Report

This preliminary final report is based on accounts that are in the process of being audited.

Dated 31 August 2016



Ashley Shilkin
Founder and Managing Director

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2016	2015
	\$	\$
Revenue	180	-
Employee benefits expense	(2,840)	(1,256)
Advertising & marketing expense	(1,129)	(62)
Program expenses	(983)	(144)
Consulting	(577)	(291)
Travel expense	(126)	(61)
Finance costs	-	(4)
Depreciation & amortisation expense	(275)	(2)
Other expense	(1,905)	(346)
Profit (loss) before tax	(7,655)	(2,166)
Income tax expense	-	-
Profit (loss) from continuing operations	(7,655)	(2,166)
Basic loss per share (US cents per share)	(22.9)	(10.6)
Diluted loss per share (US cents per share)	(22.9)	(10.6)

The consolidated statements above should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2016	2015
	\$	\$
Loss of the year	(7,655)	(2,166)
Other comprehensive income		
<i>Items that will not be reclassified to profit and loss</i>		
Options issued	1,569	1,708
<i>Items that may be reclassified to profit and loss</i>		
Exchange differences on translation of parent operations	50	(63)
Profit (loss) from continuing operations	(6,036)	(521)

The consolidated statements above should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2016 \$	2015 \$
Current assets			
Cash	4	10,878	753
Other receivables	5	107	35
Other current assets	6	15	2
Total current assets		11,000	790
Non-current assets			
Property, plant & equipment	7	31	17
Intangible assets	8	811	626
Total non-current assets		842	643
TOTAL ASSETS		11,842	1,433
Current liabilities			
Trade and other payables	9	359	48
Provisions	10	101	21
Other current liabilities	11	22	768
Total current liabilities		482	837
NET ASSETS		11,360	596
Equity			
Contributed equity	12	18,714	1,914
Reserves	-	3,290	1,671
Retained earnings		(10,644)	(2,989)
TOTAL EQUITY		11,360	596

The consolidated statements above should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Contributed Equity \$	Reserves \$	Retained Earnings \$	Total Equity \$
Balance at 30 June 2014	1,102	26	(823)	305
Profit (loss) for the year			(2,166)	(2,166)
Exchange differences on translation of the parent operation		(63)		(63)
Options issued		1,708		1,708
Total comprehensive income for the year	-	1,645	(2,166)	(521)
Transactions with owners in their capacity as owners				
Contributions	812			812
Total comprehensive income for the year	812	-	-	812
Balance at 30 June 2015	1,914	1,671	(2,989)	596
Profit (loss) for the year			(7,655)	(7,655)
Exchange differences on translation of the parent operation		50		50
Options issued		1,569		1,569
Total comprehensive income for the year	-	1,619	(7,655)	(6,036)
Transactions with owners in their capacity as owners				
Contributions	16,800			16,800
Total comprehensive income for the year	16,800	-	-	16,800
Balance at 30 June 2016	18,714	3,290	(10,644)	11,360

The consolidated statements above should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2016 \$	2015 \$
Cash flow from operating activities			
Receipts from customers		178	-
Payments to suppliers and employees		(5,457)	(1,103)
Interest received		2	-
Net cash used in operating activities		(5,277)	(1,103)
Cash flow from investing activities			
Payment for property, plant & equipment		(24)	(15)
Payment for software development		(394)	(460)
Net cash used in investing activities		(418)	(475)
Proceeds from financing activities			
Proceeds from share issue		15,825	2,263
Net cash provided by financing activities		15,825	2,263
Net increase (decrease) in cash held		10,130	685
Reconciliation of cash			
Cash at the beginning of the financial year		753	78
Net increase (decrease) in cash held		10,130	685
Foreign exchange difference on cash holding		(5)	(10)
Net cash used in operating activities		10,878	753

The consolidated statements above should be read in conjunction with the accompanying notes.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

These preliminary consolidated financial statements relate to ChimpChange Limited and the entities it controlled at the end of, or during, the year ended 30 June 2016 and had been prepared in accordance with rule 4.3A of the ASX Listing Rules (Appendix 4E).

The principal accounting policies adopted in preparing the preliminary final report of the Company and its consolidated entities (Consolidated Entity or Group) for the year ended 30 June 2016 are stated to assist in a general understanding of the financial report. For the purposes of preparing the preliminary financial report the Company is a for profit entity.

ChimpChange Limited is a company limited by shares incorporated in Australia whose share are publicly traded on the Australian Securities Exchange.

(a) Compliance with IFRS

The Consolidated Preliminary Final Report of ChimpChange Limited complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(b) Historical Cost Convention

The Consolidated Preliminary Final Report of ChimpChange Limited has been prepared under the historical cost convention.

(c) Principles of Consolidation

The consolidated financial statements are those of the consolidated entity ("the group"), comprising the financial statements of the parent entity and all of the entities the parent controls. The group controls an entity where it has the power, for which the parent has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entities to affect the amount of its returns.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which

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control is transferred to the group and are de-recognised from the date that control ceases.

Non-controlling interests in the result of subsidiaries are shown separately in the consolidated statement of comprehensive income and consolidated statement of financial position respectively.

(d) Foreign Currency Translations and Balances

Presentation currency

The financial statements of each entity within the consolidated entity are measured using the currency of the primary economic environment in which that entity operates (the functional currency). The consolidated financial statements are presented in US dollars which is the consolidated entity's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies of entities within the consolidated group are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated

Except for certain foreign currency hedges, all resulting exchange differences arising on settlement or re- statement are recognised as revenues and expenses for the financial year.

- Current assets and liabilities are translated at the closing rate on reporting date;
- Non-current assets are translated at historical cost
- Income and expenses are translated at actual exchange rates or average exchange rates for the period where appropriate; and
- All resulting exchange differences are recognised in other comprehensive income.

(e) Revenue

Rendering of services

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

Interest income

Interest revenue is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

(f) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill.

Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(g) Financial Instruments

Non derivative financial instruments

Non-derivative financial instruments consist of investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are initially recognised at fair value, plus directly attributable transaction costs (if any), except for instruments recorded at fair value through profit or loss. After initial recognition, non-derivative financial instruments are measured as described below.

Financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter- company balances and loans from or other amounts due to director-related entities.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

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

(h) Property, plant & equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment

Plant and equipment is measured on a cost basis.

Depreciation

The depreciable amount of all property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held ready for use. Land and the land component of any class of property, plant and equipment is not depreciated.

Class of fixed asset	Depreciation rates	Depreciation basis
Motor vehicles under lease	12.5%	Straight line
Office equipment	25%	Straight line
Computer equipment	25%	Straight line

(i) Software development

Software development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the entity is able to use or sell the asset; the entity has sufficient resource and intent to complete the development and its costs can be measured reliably.

Capitalised software development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over three years. The asset carrying value is reviewed for impairment annually and amounts are written off to the extent that realisable future benefits are considered to be no longer probable.

(j) Impairment of non-financial assets

Intangible assets are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

(k) Employee benefits

Short term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Long term employee benefit obligations

Liabilities arising in respect of long service leave and annual leave which is not expected to be settled within twelve months of the reporting date are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Employee benefit obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(l) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

Cash flows are presented in the consolidated statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(m) Rounding

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, related to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Legislative Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

2. Revenue

	2016	2015
	\$	\$
Revenue from services	178	-
Interest income	2	-
Total revenue	180	-

3. Expenses

	2016	2015
	\$	\$
Profit / loss before income tax has been determined after:		
Depreciation of property, plant & equipment	10	2
Amortisation of software development costs	265	-

4. Cash and Cash Equivalents

	2016	2015
	\$	\$
Cash at Bank	10,878	753

5. Current assets – receivables

	2016	2015
	\$	\$
Other receivables	107	35

6. Current assets – other assets

	2016	2015
	\$	\$
Prepayments	13	-
Other current assets	2	2
Total other current assets	15	2

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7. Property, plant and equipment

	2016	2015
	\$	\$
Motors vehicles under lease	6	5
Accumulated depreciation	(1)	-
Closing carrying value	5	5
Office equipment at cost	38	15
Accumulated depreciation	(12)	(3)
Closing carrying value	26	12
Total property, plant & equipment	31	17

Reconciliation of movement

Reconciliation of the carrying amounts of property, plant & equipment at the beginning and end of the financial year

	Motor vehicle under lease	Office Equipment	Total
	\$	\$	\$
2015			
Opening carrying amount	5	12	17
Additions	1	23	24
Depreciation expense	(1)	(9)	(10)
Closing carrying amount	5	26	31
2014			
Opening carrying amount	-	4	4
Additions	5	10	15
Depreciation expense	-	(2)	(2)
Closing carrying amount	5	12	17

8. Intangible assets

	2016	2015
	\$	\$
Software development at cost	1,076	626
Accumulated amortisation and impairment	(265)	-
Total software development	811	626

	2016	2015
	\$	\$
Opening carrying amount	626	229
Additions	394	460
Amortisation expense	(265)	
Net foreign currency movement	56	(63)
Closing carrying amount	811	626

9. Trade and other payables

	2016	2015
	\$	\$
<i>Unsecured liabilities</i>		
Accounts payable	359	48

10. Provisions

	2016	2015
	\$	\$
Employee leave provisions	101	21

11. Other current liabilities

	2016	2015
	\$	\$
Share subscription funds received in advance of share issue	-	768
Other liabilities	22	-
Total other current liabilities	22	768

12. Issued capital

(i) Share Capital

	2016	2015
	\$	\$
63,481,383 fully paid ordinary shares (30 June 2015 23,415,530)	18,714	1,914

(ii) Fully paid ordinary shares

	Number	\$
Balance at 30 June 2014	3,517	1,102
Share placement - 19 November 2014	400	468
Share split - 19 Jan 2015	19,996,083	-
Share Placement - 16 February 2015	3,415,530	1,067
Transaction fees		(723)
Balance at 30 June 2015	23,415,530	1,914
Issues of shares pursuant to a share placement	5,559,926	2,265
Issues of shares pursuant to a share placement	7,890,184	4,033
Exercise of options	1,355,000	337
Issue of shares for capital markets advisory services	360,000	207
Issue of shares under the Company Loan Funded Share Plan	6,150,743	-
Shares issued pursuant to an initial public offering	18,750,000	11,139
Transaction fees		(1,181)
Balance at 30 June 2016	63,481,383	18,714

(iii) *Share options*

	Vesting Conditions	2016 Number	2015 Number
Strike price A\$0.49, expiry Dec 2017	No	1,487,136	1,487,136
Strike price A\$0.49, expiry Apr 2018	No	50,000	50,000
Strike price A\$0.49, expiry Oct 2018	Yes	50,000	50,000
Strike price A\$0.49, expiry Oct 2019	Yes	100,000	100,000
Strike price A\$0.49, expiry Oct 2020	Yes	100,000	100,000
Strike price A\$0.35, expiry Dec 2019	Yes	-	7,505,743
Strike price A\$0.40, expiry Dec 2019	No	1,500,000	-
Strike price A\$1.00, expiry Dec 2018	No	2,100,000	-
Strike price A\$1.50, expiry Apr 2021	Yes	1,000,000	-
Strike price A\$2.35, expiry Apr 2021	Yes	1,500,000	-
Strike price A\$1.00, expiry Apr 2019	Yes	1,870,000	-
Strike price A\$1.00, expiry Apr 2019	Yes	1,000,000	-
Strike price A\$1.00, expiry Apr 2019	No	1,500,000	-
Strike price A\$0.52, expiry Jun 2017	No	510,595	-
Total options issued		12,767,731	9,292,879

13. Reserves

	2016 \$	2015 \$
Share based payments reserve	3,291	1,722
Foreign currency translation reserve	(1)	(51)
Closing carrying amount	3,290	1,671

(a) *Share payment reserve*

Opening balance	1,722	14
Options issued	1,569	1,708
Balance at 30 June 2016	3,291	1,722

(b) Foreign currency translation reserve

Opening balance	(51)	12
Exchange differences arising on translation of parent operation	50	(63)
Balance at 30 June 2016	(1)	(51)

14. Reconciliation of profit after income tax to net cash inflow from operating activities

	2016	2015
	\$	\$
Loss for the year	(7,655)	(2,166)
Depreciation and amortisation	275	2
Share based payments	1,776	1,018
Decrease (increase) in current receivables	(84)	(37)
Increase (decrease) in current liabilities	411	80
Net cash used in operating activities	(5,277)	(1,103)

15. Earnings per share

	2016	2015
	\$	\$
Loss attributable to ordinary equity holders of ChimpChange Limited	(7,655)	(2,166)
Weighted average number of ordinary shares used as a denominator in calculating basic earnings per shares	33,424,881	20,455,590
Weighted average number of ordinary shares and dilutive potential ordinary shares used as a denominator calculating diluted earnings per share	33,424,881	20,455,590

16. Events occurring after the reporting period

No matters or circumstances have arisen since the end of the financial year which significantly affects the operations of the consolidated group, the results of those operations of the state of affairs of the consolidated group going forward.

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