



Mobile banking



CHIMPCHANGE LIMITED

APPENDIX 4D – HALF-YEAR REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

Results

Half-year to 31 December	2016 US \$	2015 US \$	\$ Change	% Change
Revenue from ordinary activities	161,106	41,337	+119,769	up 290%
Loss from ordinary activities	(3,964,338)	(2,947,721)	-1,016,617	down 34%
Loss for the period attributable to members	(3,964,338)	(2,947,721)	-1,016,617	down 34%
Basic EPS – cents per share (loss)	(6.9)	(10.5)	+3.6	up 34%
Diluted EPS – cents per share (loss)	(6.9)	(10.5)	+3.6	up 34%

Dividends

No dividend is proposed for the half-year end 31 December 2016 (2015: nil).

Commentary

The commentary on the results of the period is contained in the Review of Operations in the Directors Report in this half-year report.

This half-year report is presented in United States Dollar (USD).

This Half-year Report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by ChimpChange Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

This financial report covers the consolidated financial statements for the consolidated entity consisting of ChimpChange Limited and its subsidiaries.

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DIRECTORS' REPORT

The Directors present their report together with the financial statements of ChimpChange Limited (**ChimpChange** or the **Company**) consisting of ChimpChange Limited and the entities it controlled (**Group**) at the end of or during the half-year ended 31 December 2016.

Directors

The following persons were Directors of ChimpChange Limited during the whole of the half-year and up to the date of this report unless otherwise stated:

Peter Clare
Ashley Shilkin
Ian Leijer
Ben Harrison
Teresa Clarke (appointed 14 October 2016)

Principal activities

The Group's principal continuing activity during the half-year was providing mobile banking services through the ChimpChange mobile application.

Review of Operations

It has been an exciting, high growth half-year for the Company. ChimpChange's near term aim is to build market share attracting more transactional bank account holders onto its platform with a view to significant monetisation of a larger customer base through offering additional financial products in 2018 and beyond. The Company has sought to increase transaction volumes and deposit volumes from customers, and demonstrate increasing customer engagement with the ChimpChange product.

Transaction volumes increased to US\$15.0 million for the 6 months to December 2016, an increase of 31.5% from the previous half-year (6 months to June 2016 of US\$11.4 million). The Company's annualised transaction volume based on the month of December 2016 is US\$56.6 million (A\$77 million) up 272% from June 2016's US\$15.2 million (A\$21 million).

Deposits onto the ChimpChange platform increased to US\$7.6 million for the 6 months to December 2016, an increase of 41.9% from the previous half (6 months to June 2016 of 2016 US\$5.3 million). During the month of December 2016 customers deposited US\$2.4 million onto the ChimpChange platform, up 301% from a total of US\$0.6 million in June 2016.

During the half-year, the Company increased the number of live ChimpChange customer accounts by approximately 41,000. Towards the end of the half the Company's acquisition rates had risen to between 7,000 and 10,000 new customers per month. The Company views this as a sustainable acquisition rate heading into the second half of FY17.

Digital channels, namely Facebook and Instagram, have been the most successful customer acquisition channels for the Company. ChimpChange deploys a range of engaging marketing content on these channels, including stop-motion video, and user generated content. The Company is gaining deeper insights about customers each month, and will continue to refine its customer targeting with the aim of reducing the cost of acquiring valuable customers. By the end of the period ChimpChange had achieved an organic customer acquisition rate of 21%; a pleasing outcome given the rapid rate of customer acquisition through paid digital channels.

As at 31 December 2016, ChimpChange employed a team of 25 staff. The team the Company has built continues to grow in understanding and enthusiasm for the business. The board is proud of the work performed by ChimpChange's marketing, engineering, product, customer support and corporate teams. All staff are all hard working and passionate about the Company.

What is most exciting about the Company is its ability to scale. ChimpChange's engineering department has built an IT architecture using some of the underlying technologies that have allowed Twitter and Wikipedia to support tens of millions of customers. This architecture can support a dramatic scaling up of the customer base, without a material increase in the

Company's current operating expenditure rates. As the Company grows, it is anticipated that revenues and gross margins continue to scale, without a material increase to operating costs. Given the Company has added 41,000 customers during H1FY17, and with a market opportunity of over 100 million customers in the US, this is a highly exciting prospect.

In October 2016, the Company was thrilled to add Teresa Clarke to the Board of Directors. Teresa is well established in banking and technology circles throughout the US, and is providing the Company with valuable introductions across her network. ChimpChange will continue to seek high quality Board candidates who will add value to the Company as ChimpChange continues on the growth phase of its journey.

As an early stage growth Company the Board is thrilled to see the traction achieved over the last 6 months. My fellow Directors and I can clearly see the path to harnessing the huge monetisation potential before us over the coming months and years, and look forward to delivering value for shareholders over that journey.

Matters subsequent to the end of the financial period

No matter or circumstance has arisen since 31 December 2016 that has significantly affected the Group's operations, results or state of affairs, or may do so in subsequent financial periods.

Likely developments and expected results of operations

Refer to the Review of Operations for further details.

Rounding

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

Dividends - Chimpchange Limited

The Directors of Chimpchange Limited do not recommend the payment of a dividend for the 6 months ending 31 Dec 2016 (2015: Nil).

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6.

Auditor

Pitcher Partners continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2) of the Corporations Act 2001.

Dated 28 February 2017



Ashley Shilkin
Founder and Managing Director

AUDITOR'S INDEPENDENCE DECLARATION



PITCHER PARTNERS

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Auditor's Independence Declaration

As lead auditor for the review of ChimpChange Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of ChimpChange Limited and the entities it controlled during the period.

PITCHER PARTNERS

JASON EVANS
Partner

Brisbane, Queensland
28 February 2017

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HALF-YEAR FINANCIAL REPORT

These financial statements are the consolidated financial statements of the consolidated entity consisting of Chimpchange Limited and its subsidiaries.

The financial statements are presented in the United States currency.

Chimpchange Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office is:

Corporate Administration Services Pty Ltd
Level 10, 110 Mary Street
BRISBANE QLD 4000

Its principal place of business is:

ChimpChange LLC
6922 Hollywood Boulevard, Ste 922,
Hollywood, CA 90028

The financial statements were authorised for issue by the Directors on 28 February 2017. The Directors have the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available at our Shareholders' Centre on our website:
www.Chimpchange.com.au

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the 6 months ending 31 December	Note	2016 US\$	2015 US\$
Revenue	2	161,106	41,337
Employee benefits expense		(1,358,526)	(874,212)
Advertising & marketing expenses		(1,225,587)	(445,260)
Program fees		(348,995)	(576,766)
Consulting expenses		(227,660)	(151,098)
Travel expense		(51,941)	(61,710)
Occupancy		(58,401)	(33,792)
Finance costs		(374)	(15,276)
Depreciation and amortisation		(188,140)	(125,576)
Other expenses		(745,343)	(705,368)
Profit (loss) before tax		(4,043,861)	(2,947,721)
Income tax (expense) benefit	3	79,523	-
Profit (loss) for the period		(3,964,338)	(2,947,721)
Basic loss per share (US cents per share)	7	(6.9)	(10.5)
Diluted loss per share (US cents per share)	7	(6.9)	(10.5)

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

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 6 months ending 31 December	2016	2015
	US\$	US\$
Loss of the year	(3,964,338)	(2,947,721)
Other comprehensive income		
<i>Items that may be reclassified to profit and loss</i>		
Exchange differences on translation of parent operations	(96,176)	111,013
Total comprehensive income for the period	(4,060,514)	(2,836,708)

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

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 Dec 2016 US\$	As at 30 Jun 2016 US\$
Current assets			
Cash		6,494,540	10,878,455
Other receivables		359,208	107,002
Other current assets		95,135	14,674
Total current assets		6,948,883	11,000,131
Non-current assets			
Property, plant & equipment		85,244	30,620
Intangible assets	4	1,081,667	811,132
Total non-current assets		1,166,911	841,752
TOTAL ASSETS		8,115,794	11,841,883
Current liabilities			
Trade and other payables		467,519	359,124
Provisions		85,544	100,504
Other current liabilities		46,753	21,940
Total current liabilities		599,816	481,568
NET ASSETS		7,515,978	11,360,315
Equity			
Contributed equity	5	18,713,801	18,713,801
Reserves	6	3,410,026	3,290,025
Retained earnings		(14,607,849)	(10,643,511)
TOTAL EQUITY		7,515,978	11,360,315

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 US\$	Reserves US\$	Retained Earnings US\$	Total Equity US\$
Balance at 1 July 2015	1,914,187	1,670,622	(2,988,522)	596,287
Profit (loss) for the year	-	-	(2,947,721)	(2,947,721)
Exchange differences on translation of the parent operation	-	111,013	-	111,013
Total comprehensive income for the year	-	111,103	(2,947,721)	(2,836,708)
Transactions with owners in their capacity as owners				
Options issued	-	238,304	-	238,304
Contributions	5,854,387	-	-	5,854,387
	5,854,387	238,304	-	6,092,691
Balance at 31 December 2015	7,768,574	2,019,939	(5,938,243)	3,852,270
Balance at 1 July 2016	18,713,801	3,290,025	(10,643,511)	11,360,315
Profit (loss) for the year	-	-	(3,964,338)	(3,964,338)
Exchange differences on translation of the parent operation	-	(96,176)	-	(96,176)
Total comprehensive income for the year	-	(96,176)	(3,964,338)	(4,060,514)
Transactions with owners in their capacity as owner				
Options issued	-	216,177	-	216,177
Contributions	-	-	-	-
	-	216,177	-	216,177
Balance at 31 December 2016	18,713,801	3,410,026	(14,607,849)	7,515,978

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the 6 months ending 31 December	Notes	2016 US\$	2015 US\$
Cash flow from operating activities			
Receipts from customers		96,394	36,807
Payments to suppliers and employees		(3,715,272)	(2,615,491)
Interest received		64,712	2,168
Net cash used in operating activities		(3,554,166)	(2,576,516)
Cash flow from investing activities			
Payment for property, plant & equipment		(63,612)	(21,004)
Payment for software development		(449,686)	(229,205)
Net cash used in investing activities		(513,298)	(250,209)
Proceeds from financing activities			
Proceeds from share issue		-	5,119,887
Hedge deposit		(229,766)	-
Net cash provided by financing activities		(229,766)	5,119,887
Net increase (decrease) in cash held		(4,297,230)	2,293,162
Reconciliation of cash			
Cash at the beginning of the financial year		10,878,455	753,039
Net increase (decrease) in cash held		(4,297,230)	2,293,162
Foreign exchange difference on cash holding		(86,685)	(16,767)
Cash and cash equivalents at end of half-year		6,494,540	3,029,434

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

(a) Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

(b) Basis of Preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in United States dollars, unless otherwise noted.

(c) Significant Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period except for the impact of accounting policies, Standards & Interpretations as noted below.

(d) Going concern

These financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

At 31 December 2016 the Group had net current assets of \$6,349,067 including \$6,494,540 cash and cash equivalents. For the half-year ended 31 December 2016 the Group incurred an operating cash outflow of \$3,554,166 and a net loss for the period of \$3,964,338.

Having regard to these results and forecasted cash flows out to March 2018 the Directors are of the opinion that the going concern basis upon which the financial statements have been prepared continues to be appropriate.

(e) Comparatives

Where necessary to facilitate comparison, comparative figures have been adjusted to conform with changes in presentation in the current financial year.

(f) Adoption of new and revised Accounting Standards

The Group has adopted all new and amended Australian Accounting Standards and Australian Accounting Standards Review Board (AASB) interpretations that are mandatory for the current reporting period and relevant to the Group. Adoption of these standards and interpretations had not resulted in any material changes to the Group's half-year financial report.

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2. Revenue

6 months to 31 December	2016	2015
	US\$	US\$
Revenue from services	96,394	39,463
Interest revenue	64,712	1,874
Total Revenue	161,106	41,337

3. Income tax

6 months to 31 December	2016	2015
	US\$	US\$
Research & development benefit	79,523	-
Total income tax benefit (expense)	79,523	-

4. Intangible assets

	As at 31 Dec 2016	As at 30 Jun 2016
	US\$	US\$
Software development at cost	1,525,717	1,076,031
Accumulated amortisation	(444,050)	(264,899)
Total software development	1,081,667	811,132

5. Issued capital

Share Capital

	As at 31 Dec 2016	As at 30 Jun 2016
	US\$	US\$
57,330,640 fully paid ordinary shares ¹ (30 June 2016 57,330,640)	18,713,801	18,713,801

¹ This amount excludes 6,150,743 shares issued under the Loan Funded Share Plan (LFSP). These shares will be recognised in Share Capital when the loan advanced under the LFSP to acquire those shares is repaid. Total fully paid shares on issue is 63,481,383.

Ordinary shares entitle the holder to participate in the dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote and upon a poll each share is entitled to one vote.

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6. Reserves

	As at 31 Dec 2016 US\$	As at 30 Jun 2016 US\$
Share based payment reserve	3,507,090	3,290,913
Foreign currency translation reserve	(97,064)	(888)
Total reserves	3,410,026	3,290,025
(a) Share based payment reserve		
Balance at the start of the period	3,290,913	1,722,152
Options issued / vested	216,177	1,568,761
Closing balance	3,507,090	3,290,913
(b) Foreign currency translation reserve		
Opening balance	(888)	(51,530)
Exchange differences on translation of parent operation	(96,176)	50,642
Closing balance	(97,064)	(888)

7. Earnings per share

	2016 US\$000	2015 US\$000
Loss attributable to ordinary equity holders of ChimpChange Limited	(3,964,338)	(2,947,721)
Weighted average number of ordinary shares used as a denominator in calculating basic earnings per share	57,330,640	28,075,961
Weighted average number of ordinary shares and dilutive potential ordinary shares used as a denominator calculating diluted earnings per share	57,330,640	28,075,961

8. Events occurring after the reporting period

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

DIRECTORS' DECLARATION

In the opinion of the directors:

- (a) the financial statements and notes set out on pages 7 to 15 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards AASB 134 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable; and

This declaration is made in accordance with a resolution of the directors.



Director

28 February 2017

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INDEPENDENT AUDITOR'S REVIEW REPORT



PITCHER PARTNERS
ACCOUNTANTS • AUDITORS • ADVISORS

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COLE WILKINSON
SIMON CHUN

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of ChimpChange Limited

Pitcher Partners is an association of independent firms
Brisbane | Melbourne | Sydney | Perth | Adelaide | Newcastle

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of ChimpChange Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of ChimpChange Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of ChimpChange Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

PITCHER PARTNERS



J. J. EVANS
Partner

Brisbane, Queensland
28 February 2017

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