Change
Financial Limited

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CHANGE FINANCIAL LIMITED

APPENDIX 4E
PRELIMINARY FINAL REPORT
FOR THE YEAR END 30 JUNE 2018

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CORPORATE DIRECTORY

Directors

Peter Clare
(Non-Executive Chairman)

Ashley Shilkin
(Executive Director)

Ian Leijer
(Executive Director)

Teresa Clarke
(Non-Executive Director)

Andrew Pipolo
(Non-Executive Director)

Company Secretary

Gillian Nairn

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Australian Company Number

150 762 351

Australian Business Number

34 150 762 351

Auditors

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Share Registry

Link Market Services Limited
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Website

www.changefinancial.com
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ASX Code

CCA

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

Entity Details

Name of entity	Change Financial Limited
ABN	34 150 762 351

Details on Reporting Period

Current period	Year ended 30 June 2018
Previous corresponding period	Year ended 30 June 2017

Reporting Currency

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

Results

Year to 30 June	2018 US$000	2017 US$000	Change US$000	Change %
Revenue from ordinary activities	1,077	601	476	up 79%
Loss from ordinary activities	(9,048)	(8,766)	(282)	down 3%
Loss for the period attributable to members	(9,048)	(8,766)	(282)	down 3%
Basic EPS – US cents per share (loss)	(12.4)	(13.5)	+1.1	up 8%
Diluted EPS – US cents per share (loss)	(12.4)	(13.5)	+1.1	up 8%

Dividends

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

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Commentary

Operations

Change Financial Limited (**Company**) (ASX: CCA) provides access to Australia's only listed digital payments platform via its wholly owned subsidiary Chimpchange LLC. The Company is a US-focused, fin-tech payments platform disrupting the way people, businesses and financial institutions pay each other in traditional currencies and digital assets, through its range of innovative, globally scalable payments' services. This includes the award winning, ChimpChange digital banking platform.

Financial year 2018 continued to show growth for the Company. The Company maintained consistent results across existing products and increased its probability of success by diversifying the platform's capability to service enterprise clients. In addition, during the year the Company made a strategic investment to begin the exploration and integration of technologies to allow blockchain based digital assets to transact easier through existing infrastructure. The expansion of the business to service enterprise clients and integrate blockchain into the platform was based on the need to amplify the revenue growth for the company and build a unique value proposition in the market.

The growth in customer numbers and transaction values demonstrate that the current platform has the breadth and depth to service specific demographics in the US market through technology. During financial year 2018, ChimpChange won Banking CIO's award for Top 10 Mobile Banking for 2018, representing further external validation that the product serves a critical demographic in the U.S. Furthermore, the table below highlights ChimpChange's results:

Metric (USD)	FY18	FY17	Growth
Transaction Volume	$152.7M	$73.6M	107%
Deposits	$75.5M	$31.9M	137%
Purchases	$52.0M	$22.0M	145%
Revenue	$828K	$398K	108%

While the product is leading edge and the business grew from a customer and transaction perspective, the underlying revenue metrics and profitability have struggled to scale. As such a strategic review of the consumer division will be undertaken to determine the best strategy for this business going forward.

The experience and knowledge gained through the consumer banking product have presented the Company with the opportunity to invest in additional technology to service another niche that has been underserved. By building a payments transaction processor, certified by Mastercard, the company will enhance the value proposition to our current customers and also expand the reach of the platform by allowing the Company to serve corporate clients as well as other financial institutions that are looking to expand their digital offerings. Furthermore, the work done in Financial Year 2018 has set up the Company to diversify the revenue base.

On the corporate front, the Company realized significant benefits from its strategic investment in Ivy Koin and working with their technology to integrate and enhance the platform's offering.

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Financial performance

This section sets out the main factors that affected the Company's financial performance for the period ending 30 June 2018.

Customer acquisition and transaction activity on the ChimpChange platform ramped up during the fiscal year, and the Company saw increased fees earned during the period. Fees earned related to: interchange fees, out-of-network ATM fees, cheque deposit fees and other platform fees.

The expenses primarily related to marketing and operational costs (employee costs, program management expenses, depreciation and amortisation) and the development of a Mastercard certified processing platform to enable the company to provide enterprise services to corporate clients and other banks.

Through a strategic investment in a blockchain company Ivy Koin, the Company received a significant amount of digital assets that have resulted in a large increase to the Company's Other Comprehensive Income and net assets.

Employee costs

Employee costs comprise in-house technology development, general administration, customer support and marketing staff. As the Company grows, Change Financial 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 to enhance the functionality of the payments platform to serve enterprise customers.

Marketing expenses

ChimpChange pursues a number of marketing strategies including digital media and ad buying as well as direct cash incentives to drive user adoption. The level of marketing expenditure increased during the financial year, resulting in accelerated customer acquisition following funds raised from the secondary capital raising in May 2017.

Program expenses

This cost comprises the cardholder establishment and processor costs. This expenditure increased during the period as a direct result of customer acquisition and customer activity following the continual growth ChimpChange has achieved.

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 travel costs, rent and general administrative expenses.

Net Tangible Assets per Share

As at 30 June	2018	2017
Net Tangible Assets per Share (US cents)	1.8	12.8

Associates and Joint Venture

As of 30 June 2018, Change Financial Limited has a 33.3% investment in Ivy Blockchain Pty Ltd and Ivy Koin LLC.

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 2018

Ashley Shilkin
Executive Director

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 30 June	Note	2018 US$000	2017 US$000
Revenue	2	1,077	601
Employee benefits expense		(3,631)	(3,048)
Advertising & marketing expense		(1,899)	(2,846)
Program Expenses		(1,978)	(1,192)
Professional services & insurance		(663)	(446)
Consulting		(538)	(443)
Technology & Hosting		(362)	(297)
Depreciation & amortisation expense	3	(521)	(426)
Other expense		(533)	(682)
Profit (loss) before tax		(9,048)	(8,766)
Income tax (expense) benefit		-	-
Profit (loss) from continuing operations		(9,048)	(8,766)
Basic loss per share (US cents per share)	14	(12.4)	(13.5)
Diluted loss per share (US cents per share)	14	(12.4)	(13.5)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2018	2017
		US$000	US$000
Loss of the year		(9,048)	(8,766)
Other comprehensive income			
Items that may be reclassified to profit and loss			
Gain on Intangibles (ivyKoin)	**16**	9,300	-
Exchange differences on translation of parent operations		(82)	96
Profit (loss) from continuing operations		**170**	**(8,670)**

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

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June	Notes	2018 US$000	2017 US$000
Current assets			
Cash	4	1,666	9,468
Other receivables	5	110	85
Other current assets	6	70	85
Total current assets		**1,846**	**9,638**
Non-current assets			
Property, plant & equipment	7	86	105
Intangible assets	8	10,257	1,171
Investment in associate	13	100	-
Total non-current assets		**10,443**	**1,276**
TOTAL ASSETS		**12,289**	**10,914**
Current liabilities			
Trade and other payables	9	237	235
Provisions	10	192	179
Other current liabilities	11	262	123
Total current liabilities		**691**	**537**
NET ASSETS		**11,597**	**10,377**
Equity			
Contributed equity	12	26,607	25,921
Reserves	14	13,448	3,866
Retained earnings		(28,458)	(19,410)
TOTAL EQUITY		**11,597**	**10,377**

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$000	Reserves US$000	Retained Earnings US$000	Total Equity US$000
Balance at 30 June 2016	18,714	3,290	(10,644)	11,361
Profit (loss) for the year			(8,766)	(8,766)
Exchange differences on translation of the parent operation		210		210
Total comprehensive income for the year	-	210	(8,766)	(8,556)
Transactions with owners in their capacity as owners				
Options issued		366		366
Contributions	7,207			7,207
Total	7,207	366	-	7,573
Balance at 30 June 2017	**25,921**	**3,866**	**(19,410)**	**10,377**
Balance at 1 July 2017	25,921	3,866	(19,410)	10,377
Profit (loss) for the year			(9,048)	(9,048)
Gain on intangibles (ivyKoin)		9,300	-	9,300
Exchange differences on translation of the Parent operation		(82)		(82)
Total comprehensive income for the year	**-**	**9,218**	**(9,048)**	**170**
Transactions with owners in their capacity as owner				
Options issued		364		364
Contributions	686			686
Total	**686**	**364**	**-**	**1,050**
Balance at 30 June 2018	**26,607**	**13,448**	**(28,458)**	**11,597**

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

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CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2018	2017
		US$000	US$000
Cash flow from operating activities			
Receipts from customers		828	409
Payments to suppliers and employees		(9,114)	(8,491)
Interest received		24	113
Net cash used in operating activities		**(8,262)**	**(7,969)**
Cash flow from investing activities			
Payment for property, plant & equipment		(16)	(97)
Payment for software development		(274)	(761)
Payment for investment in Ivy Koin		(100)	-
Net cash used in investing activities		**(390)**	**(858)**
Proceeds from financing activities			
Proceeds from share issue		686	7,207
Net cash provided by financing activities		686	7,207
Net increase (decrease) in cash held		**(7,966)**	**(1,620)**
Reconciliation of cash			
Cash at the beginning of the financial year		9,468	10,878
Net increase (decrease) in cash held		(7,966)	(1,620)
Foreign exchange difference on cash holding		164	210
Cash and cash equivalents at end of the year	**16**	**1,666**	**9,468**

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 Change Financial Limited and the entities it controlled at the end of, or during, the year ended 30 June 2018 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 2018 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.

Change Financial Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX:CCA).

(a) Statement of compliance

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

(b) Historical cost convention

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) 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 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.

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(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.

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.

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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.

(n) Intangible digital assets

The company measures its balance of digital assets at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The company uses valuation techniques that are

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appropriate in the circumstances and for which sufficient data are available to measure fair value. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Per AASB guidance, gains and losses recognized through fair value measurement at the balance sheet date will be recognized through OCI.

(o) Ongoing operations

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 30 June 2018 the Group had net current assets of $1,155,000 including $1,666,000 of cash and cash equivalents. During July 2018 the Company raised A$3,269,000 (net of fees) through a private placement. For the year ended 30 June 2018 the Group incurred an operating cash outflow of $8,262,000 and a net loss for the period of $9,048,000.

Having regard to these results and twelve month forecast cash flows, the Directors are considering a number of funding alternatives and cash preservation initiatives. These initiatives will be undertaken to ensure the Group has adequate working capital to fund ongoing operations.

Therefore the Directors are of the opinion that the going concern basis upon which the financial statements have been prepared continues to be appropriate.

(p) Investment in Associates

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries.

Investments in associates are accounted for using the equity method. The carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

2. Revenue

	2018 US$000	2017 US$000
Revenue from services	828	409
Interest revenue	24	113
Revenue from admin/bookkeeping services	145	-
Research & development tax refund	79	80
Total Revenue	**1076**	**602**

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3. Expenses

	2018 US$000	2017 US$000
Profit / loss before income tax has been determined after:		
Amortisation and depreciation		
Depreciation of property, plant & equipment	33	24
Amortisation of software development costs	488	402
Share based payments		
Options issued to employees, directors & company secretary	364	409
Options issued to service providers and advisors	-	(43)

4. Cash

	2018 US$000	2017 US$000
Cash at Bank	1,666	9,468

5. Current assets – receivables

	2018 US$000	2017 US$000
Other receivables	110	85

6. Current assets – other assets

	2018 US$000	2017 US$000
Prepayments	70	85

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7. Property, plant & equipment

	2018 US$000	2017 US$000
Motor vehicles under lease	6	6
Accumulated depreciation	(2)	(1)
Closing carrying value	**4**	**5**
Office fit-out at costs	**52**	**52**
Accumulated depreciation	**(8)**	**(3)**
Closing carrying value	**44**	**49**
Office equimpent at cost	**98**	**83**
Accumulated depreciation	**(60)**	**(32)**
Closing carrying value	**38**	**51**
Total property, plant & equipment	**86**	**105**

8. Intangible assets

	Note	2018 US$000	2017 US$000
Patents, trademarks & licenses at costs		1	1
ivyKoin tokens at fair value	1(n)	9,300	-
Software development at cost		2,111	1,837
Accumulated amortisation		(1,155)	(667)
Total intangible assets		**10,257**	**1,171**

9. Trade and other payables

	2018 US$000	2017 US$000
Unsecured liabilities		
Accounts payable	237	235

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10. Provisions

	2018 US$000	2017 US$000
Unsecured liabilities		
Employee leave provisions	192	179

11. Other current liabilities

	2018 US$000	2017 US$000
Other liabilities	262	123

12. Issued capital

(i) Share capital

As at 30 Jun	2018 US$000	2017 US$000
73,564,879 fully paid ordinary shares[1] (30 June 2017 71,844,410)	26,607	25,921

[1] This amount excludes 6,036,457 shares (30 June 2017– 6,036,457) 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.

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 is share is entitled to one vote.

(ii) Fully paid ordinary shares

	Number	US$000
Balance at 30 June 2016	**57,330,640**	**18,714**
Issues of shares pursuant to a share placement at A$0.72 per share	13,888,889	7,450
Transaction fees associated with the placement at A$0.72	-	(447)
Exercise of options	510,595	204
Shares recognised under the Loan Funded Share Plan	114,286	-
Balance at 30 June 2017	**71,884,410**	**25,921**
Exercise of options	1,720,469	686
Balance at 30 June 2018	**73,564,879**	**26,607**

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(iii) Share options

	Vesting Conditions	2018 Number	2017 Number
Strike price A$0.49, expiry Dec 2017	No	-	1,487,136
Strike price A$0.49, expiry Apr 2018	No	-	50,000
Strike price A$0.49, expiry Oct 2018	No	-	50,000
Strike price A$0.49, expiry Oct 2019	No	100,000	100,000
Strike price A$0.49, expiry Oct 2020	No	100,000	100,000
Strike price A$0.40, expiry Dec 2019	No	1,500,000	1,500,000
Strike price A$1.00, expiry Dec 2018	No	2,100,000	2,350,000
Strike price A$1.50, expiry Apr 2021	No	1,000,000	1,000,000
Strike price A$2.35, expiry Apr 2021	No	1,500,000	1,500,000
Strike price A$1.00, expiry Apr 2019	Yes	1,270,000	1,870,000
Strike price A$1.00, expiry Apr 2019	No	1,500,000	1,500,000
Strike price A$0.657, expiry Dec 2020	Yes	1,450,000	1,890,000
Strike price A$1.00, expiry Jun 2020	No	250,000	-
Strike price A$0.92, expiry Jan 2021	Yes	790,000	-
Total options issued		**11,560,000**	**13,397,136**

13. Investment in associates

	2018 US$000	2017 US$000
Investment in associates	100	-

Investment in Associates represents a 33.34% investment in ivyKoin LLC (“Ivy”). Ivy is not controlled by Change Financial Limited (“CFL”) at year end, however is subject to significant influence. Ivy is in the process of developing the ivyKoin Network, which will enable KYC, KYT, and AML data supporting transactions to be captured using a blockchain-based cryptocurrency. It will be optimally designed for transactions with financial institutions, embedding more compliance and transaction audit information than incumbent payment networks.

Prior to year-end, Ivy received $15m in proceeds from a token pre-sale that occurred in February 2018, raised in connection with the issuance of Ivy’s White Paper. Subsequent to the pre-sale, ivyKoin tokens were issued pursuant to a token generation event in April 2018. The token pre-sale proceeds consisted of $11m in cash receipts and $4m in cryptocurrencies. The proceeds are being used to develop the IvyKoin Network.

Consistent with CFL’s accounting policies, the proceeds of $15m have been recorded as deferred revenue pending the development of the ivyKoin Network. Costs incurred by Ivy to date have been recorded either as capitalized intangible assets, where they meet the requirements for recognition on the Statement of Financial Position, or as expenditure in the Statement of Financial Performance. No material revenue has been recorded by Ivy for the year to 30 June 2018.

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Under equity accounting principles, the carrying value of CFL's investment in Associates should be adjusted annually to reflect CFL's proportionate share of the annual net income or loss of Ivy. In accordance with the principles of materiality, the carrying value of the Investment in Associates has not been adjusted at 30 June 2018 as the directors do not believe that any adjustment arising from CFL's proportion of the net loss reported by Ivy for the year would have a material effect on the financial statements.

The financial records of Ivy are unaudited and have not been subject to either a review or an audit for the year to 30 June 2018.

In addition to the above, CFL subscribed for 130m tokens in the Ivy pre-sale event. Refer to Note 8 for further details of the carrying amount of this intangible asset.

On 4 July 2018, CFL signed a Call Option Agreement to acquire the remaining 66.66% of membership units in Ivy. Refer to Events Occurring after the Reporting Period Note 16 for further details. At the date of this financial report, the option to acquire the remaining units had not been executed.

14. Reserves

	2018 US$000	2017 US$000
Cryptocurrency revaluation reserve	9,300	-
Share based payment reserve	4,021	3,657
Foreign currency translation reserve	127	209
Total reserves	**13,448**	**3,866**
(a) Cryptocurrency revaluation reserve		
Balance at the start of the period	-	-
Gain in value of digital assets	9,300	-
Closing balance	**9,300**	**-**
(b) Share based payment reserve		
Balance at the start of the period	3,657	3,291
Options issued / vested	364	366
Closing balance	**4,021**	**3,657**
(c) Foreign currency translation reserve		
Opening balance	209	(1)
Exchange differences on translation of parent operation	(82)	210
Closing balance	**127**	**209**

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15. Earnings per share

	2018 US$000	2017 US$000
Loss attributable to ordinary equity holders of Change Financial Limited	(9,048)	(8,766)
Weighted average number of ordinary shares used as a denominator in calculating basic earnings per share	72,872,544	64,862,437
Weighted average number of ordinary shares and dilutive potential ordinary shares used as a denominator calculating diluted earnings per share	72,872,544	64,862,437

16. Events occurring after the reporting period

Ivy call option agreement
Change Financial Limited entered into a call option to acquire the remaining stake in Ivy Koin LLC and Ivy Blockchain Pty Ltd ("Ivy Entities") in July of 2018. The purchase of the call option for US$250,000 affords the right for Change Financial Limited to acquire the remaining equity in the Ivy Entities for the following consideration:

- US$8m in CCA shares based on a price per share of A$0.80 equating to approximately 13.5m shares; and
- US$1.75m Cash.

Shares issued
Change Financial Limited raised A$3.5m in a placement of shares in the first week of July 2018 (A$3.2m net of fees).

ivyKoin token price
As of 29 August 2018, ivyKoin tokens trade on multiple exchanges with an average weighted price of US$0.024, which represents a decrease from the fiscal year end price of US$0.071. The fair value of Change Financial Limited's holding of ivyKoin tokens at 29 August 2018 was US$3,120,000.