Change
Financial Limited



CHANGE FINANCIAL LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

CORPORATE DIRECTORY

Directors

Teresa Clarke
(Executive Chair)

Peter Clare
(Chairman – Resigned 31, August 2018)

Ashley Shilkin
(Executive Director)

Ian Leijer
(Executive Director)

Andrew Pipolo
(Non-Executive Director)

Company Secretary

Gillian Nairn

Registered Office

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Sydney NSW 2000

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Email: investors@chimpchange.me

Postal Address

Change Financial Limited
PO Box 20547
World Square NSW 2002

Australian Company Number

150 762 351

Australian Business Number

34 150 762 351

Auditors

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BRISBANE QLD 4000
Telephone: +61 7 3222 8444
Fax: +61 7 3221 7779
Website: www.pitcher.com.au

Share Registry

Link Market Services Limited
Telephone: 1300 554 474
Website: www.linkmarketservices.com.au

Website

www.changefinancial.com

ASX Code

CCA

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CHAIR'S LETTER

Dear Shareholders,

While the fiscal year ended June 30, 2018 was solid, the past six weeks have been tough. We hired a new CEO who started on August 1, and before the end of the month, he resigned. Our board chair also resigned in August, and since then, our share price hit a 52-week low reflecting these significant departures. In early September, I took on the short term role of executive chair to lead the company through this tumultuous time.

The CCA board has responded to these developments with a deep resolve to steer the company through this critical chapter of its lifecycle. This letter is being written while we are in the midst of much needed strategic reviews of all of our lines of business. We recognize the need to get objective, expert counsel as inputs to our decision making, and have hired world class strategic management consultants with deep expertise in mobile banking, payment processing, and block chain technology, in order to assist us in charting the most promising course for each of these businesses in which the company either has operations or a significant investment.

As tough as these last many weeks have been, I stand in awe of our staff – the people who create the value at CCA. They are highly qualified, self –driven, and maintain absolute commitment and purpose towards achieving goals and improving results. It is because of them that I remain optimistic about the future of this company.

Over the last year, transaction volume for our mobile banking product reached US$152.7 million, up 107 per cent on last year's recorded $73.6 million. Deposits grew to US$75.5 million, which is a 137 per cent increase on the previous year.

As activity across the ChimpChange mobile banking platform ramped up, the Company was unable to scale revenues at the same pace relative to this growth of customers and transactions for two primary various reasons: [1) lack of adoption as customer's primary banking relationship; and 2) not capturing the full value of a banking customer through the offering of a range of lending and other products.

The company is on the path towards diversifying its revenue sources through its investment in serving enterprise clients and banks. We are now close to being awarded certification by Mastercard of our payment processor, one of approximately 16 processors to achieve this level of accreditation in the United States, which will unlock our ability to start generating revenue from this long term investment in development.

After year-end, in July 2018, we completed a US$2.62 million placement to fund tech development, marketing and business development and working capital primarily for the payment processing platform. Of the funds raised, US$0.25 million was allocated for the possible exercise of a call option to acquire the remaining 66.6% equity interest in Ivy Koin – a block chain technology company.

We expect to have completed the strategic review of the company by mid-October, and to make a set of comprehensive announcements at the end of October as to the company's way forward.

We have a lot of work to do to in the months ahead, but the board and the staff are working with all deliberate speed to sift through our options and take deliberate actions to maximize shareholder value.

We look forward to being in touch in late October 2018 with additional insights on the business.

If you have any questions or comments, please do not hesitate to contact me or any of the members of our board of directors.

Teresa Clarke

Executive Chair

DIRECTORS' REPORT

The Directors present their report together with the financial statements of Change Financial Limited (**Change Financial** or **Company**) consisting of Change Financial Limited and the entities it controlled at the end of or during the year ended 30 Jun 2018 (**Group**).

Directors

The following persons were Directors of Change Financial Limited during the whole of the financial year and up to the date of this report unless otherwise stated:

Peter Clare (resigned 31 August 2018)
Teresa Clarke
Ashley Shilkin
Ian Leijer
Andrew Pipolo (appointed 1 August 2017)
Ben Harrison (resigned 28 November 2017)

Principal activities

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

Background on Company and Review of Operations

Change Financial Limited (**Company**) (ASX: CCA) 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	136%
Revenue From Services	$828K	$409K	103%

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.

Options exercised

During the year 1,720,469 shares were issued during the Financial Year pursuant to the exercise of options.

Matters subsequent to the end of the financial year

In July 2018 the Company (i) entered into an option to acquire the remaining shares in Ivy Koin LLC and Ivy Blockchain Pty Ltd ("Ivy Entities"); and (ii) raised A$3.5m in a placement of shares (A$3.2m net of fees). More details of these transactions are set out in Note 30 of the Financial Statements.

Likely developments and expected results of operations

Refer to the Review of Operations for further details.

Information on directors



Teresa Clarke (Executive Chair)

Experience and expertise

Teresa Clarke is Harvard Business School (MBA), Harvard Law School (JD) and Harvard University (Economics) Graduate. Ms Clarke had an esteemed 12-year career in investment banking at Goldman Sachs; including performing the role of Managing Director and Vice President.

One of her major contributions was to play a key role in launching the firm's Global Markets Institute. She later moved back into the investment banking division where she led mergers and acquisitions, and corporate finance transactions for Fortune 500 companies in the US and Europe.

Ms Clarke is a California native who now spends her time between New York and South Africa; working on eCommerce website Africa.com, which she Founded in 2010.

Special responsibilities

None

Other current ASX directorships

None

Former ASX directorships in last 3 years
None

Interests in shares and options
250,000 options in Change Financial Limited.



Ashley Shilkin (Executive Director)

Experience and expertise
Mr Shilkin is the founder and Executive Director of Change Financial, based in Los Angeles, California.

He is former Chief Financial Officer of CO2 Australia Limited. While at CO2 Group the company grew to over A$300 million in market capitalisation in a short period of time. While at CO2 Group he took on a number of Directorships. One being an appointment to the board of CO2 New Zealand; the company that facilitated the first meaningful international expansion of CO2 Group, which resulted in millions of dollars of additional revenue for the group.

Mr Shilkin has a Masters in Commercial Law and a Bachelor of Commerce with double majors in Investment Finance and International Business Economics.

Other current ASX directorships
None

Former ASX directorships in last 3 years
None

Special responsibilities
Member of the Audit & Risk Management Committee

Interests in shares and options
11,901,965 shares in Change Financial Limited.
3,500,000 options in Change Financial Limited.



Ian Leijer (Executive Director)

Experience and expertise
Mr Leijer has been closely involved with Change Financial since its inception.

Mr Leijer is a Chartered Accountant with over 25 years' experience in financial analysis, corporate transactions, business strategy and business management. He was CFO and Company Secretary for over 10 years of former ASX listed company Avatar Industries Limited which operated globally in a number of diverse industries including mining services, electronics distribution, fabrication of building products and printing. Mr Leijer started his career with Price Waterhouse specialising in corporate transactions and valuations before joining a boutique investment bank.

Mr Leijer currently works with a number of entities on business analysis, capital raising (debt & equity) and general management. Mr Leijer also holds a Bachelor of Economics from the University of Sydney, Australia.

Other current ASX directorships
None

Former ASX directorships in last 3 years
None

Special responsibilities
None

Interests in shares and options
2,872,529 shares in Change Financial Limited.
250,000 options in Change Financial Limited.



Andrew Pipolo (Non-Executive Director)

Experience and expertise
Andrew Pipolo was Managing Director of both PayPal Australia and then PayPal Japan during their international expansion. Andrew was the first PayPal employee in the Asia Pacific region and during his time Andrew successfully scaled PayPal to the point of being one of the most widely used payment systems in both countries.

During the five years Andrew was growing PayPal, PayPal Australia was the fastest growing operation within the PayPal Group.

Since leaving PayPal in 2011 Andrew has owned, operated and consulted for companies in the FinTech space, with a particular focus on payments. Most recently Andrew was a key member of LoopPay, a unique mobile wallet solution. LoopPay was ultimately acquired by Samsung Pay in 2015.

Prior to PayPal Andrew was at Mastercard in the position of Head of eCommerce, Acceptance and Cross Border Acquiring. During his seven years at Mastercard Andrew was responsible for establishing and then expanding eCommerce and Merchant Acceptance Divisions throughout continental Europe and the UK.

Special responsibilities
None

Other current ASX directorships
None

Former ASX directorships in last 3 years
BPS Technology Ltd

Interests in shares and options
250,000 options in Change Financial Limited.

Company secretary
The Company secretary is Ms Gillian Nairn. Ms Nairn was appointed to the position of Company secretary on 1 July 2018.

Meetings of directors

The numbers of meetings of the Company's board of Directors and of each board committee held during the year ended 30 Jun 2018, and the numbers of meetings attended by each Director were:

	Full meetings of directors		Audit & Risk Committee meetings	
	A	B	A	B
Peter Clare	15	15	1	1
Ashley Shilkin	15	15	1	1
Ian Leijer [1]	15	15	1	1
Ben Harrison	2	4	1	1
Teresa Clarke [1]	14	15	1	1
Andrew Pipolo	12	14	0	0

[1] Mr Leijer and Ms Clarke attended the Audit & Risk Committee meeting by invitation
A = Number of meetings attended
B = Number of meetings held during the time the Director held office or was a member of the committee during the year

Remuneration report (audited)

The Directors are pleased to present your Company's 2018 remuneration report which sets out remuneration information for Change Financial Limited's non-executive Directors, executive Directors and other key management personnel.

Non-executive director remuneration policy

The shareholders of Change Financial Limited on 11 August 2015 approved, for the purposes of the ASX Listing Rules and the Group's Constitution, an increase in the maximum aggregate annual non-executive directors' fees to $500,000, with such fees to be allocated to the non-executive directors as the board of directors may determine.

Executive remuneration policy and framework

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders and conforms with market practice for delivery of reward.

The board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitive and reasonable, enabling the company to attract and retain key talent;
- aligned to the company's strategic and business objectives and the creation of shareholder value;
- performance linkage / alignment of executive compensation;
- transparent;
- acceptable to shareholders;
- alignment to shareholders' interests;
- attracts and retains high calibre executives;
- alignment to program participants' interests;
- rewards capability and experience; and
- provides recognition for contribution.

The executive remuneration and reward framework has two components:

- base pay and benefits, including superannuation; and
- long term incentives.

(a) Elements of remuneration Base pay and benefits

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

There are no guaranteed base pay increases included in any executives' contracts.

(b) Details of remuneration

Details of the remuneration of the directors, the key management personnel of the Group (as defined in AASB 124 Related Party Disclosures) of Change Financial Limited and the Group are set out in the following tables.

The key management personnel of Change Financial Limited includes the directors as listed below:

- Peter Clare (Chairman) (resigned from Board on 31 August 2018)
- Teresa Clarke (Executive Chair) (from 1 September 2018)
- Ashley Shilkin (Executive Director)
- Ian Leijer (Executive Director)
- Ben Harrison (Non-Executive Director) (resigned 28 November 2017)

In addition to the directors the following executives that report directly to the Board are key management personnel:

- Clayton Fossett (Chief Operating Officer)
- Young Lee (Chief Financial Officer)

The following table shows details of the remuneration expense recognised for the Group's executive key management personnel for the current and previous financial year measured in accordance with the requirements of the accounting standards.

2018

Name	Short Term Benefits			Post Employment Benefits	Long term benefit	Share based payments	Total
	Cash salary and fees	Cash Bonus	Non Monetary Benefits				
	US$	US$	US$	US$	US$	US$	US$
Non-executive directors							
Peter Clare	54,178	-	-	-	-	-	54,178
Ben Harrison	41,081	-	-	-	-	-	41,081
Teresa Clarke	39,996	-	-	-	-	-	39,996
Andrew Pipolo	33,131	-	-	-	-	33,262	66,393
Subtotal	**168,386**	**-**	**-**	**-**	**-**	33,262	**201,648**
Executive directors							
Ashley Shilkin	214,796	-	19,579	10,000	-	133,741	378,116
Ian Leijer	68,253	-	-	-	-	-	68,253
Subtotal	**283,049**	**-**	**19,579**	**10,000**	-	**133,741**	**446,369**
Key Management							
Clayton Fossett	167,358	-	-	-	-	10,035	177,393
Young Lee	160,070	-	-	-	-	10,035	170,105
Subtotal	**327,428**	**-**	**-**	**-**	**-**	**20,070**	**347,498**
Total	**778,863**	**-**	**19,579**	**10,000**	**-**	**187,073**	**995,515**

2017

Name	Short Term Benefits			Post Employment Benefits	Long term benefit	Share based payments	Total
	Cash salary and fees	Cash Bonus	Non Monetary Benefits				
	US$	US$	US$	US$	US$	US$	US$
Non-executive directors							
Peter Clare	52,795	-	-	-	-	-	52,795
Ben Harrison	60,956	-	-	-	-	-	60,956
Teresa Clarke	40,208	-	-	-	-	27,495	67,703
Subtotal	**153,959**	**-**	**-**	**-**	**-**	**27,495**	**181,454**
Executive directors							
Ashley Shilkin	183,461	-	10,000	13,077	-	130,365	336,903
Ian Leijer	63,348	-	-	-	-	-	63,348
Subtotal	**246,809**	**-**	**10,000**	**13,077**	-	130,365	**400,251**
Key Management							
Clayton Fossett	163,137	-	-	-	-	25,026	188,163
Young Lee	142,885	-	-	-	-	38,537	181,422
Nick Roberts	134,685	-	-	-	-	62,917	197,602
Subtotal	**440,707**	**-**	**-**	**-**	**-**	**126,480**	**567,187**
Total	**841,475**	**-**	**10,000**	**13,077**	**-**	**284,340**	**1,148,892**

The value of options issued to directors and employees as remuneration is expensed over the vesting period which may be a number of years. Therefore the amount for share based payments is not a cash expense and represents the expense recognised in that financial year for options granted as remuneration in that year and prior years. In the 2018 financial year the amount shown for share based payments for Ashley Shilkin, Clayton Fossett and Young Lee is the expense recognised for options issued in the 2016 and 2017 financial years. There were no options issued to Key Management and Executive Directors in the 2018 financial year.

(c) Service agreements

Peter Clare (Non-Executive Chairman) (resigned from Board on 31 August 2018)

- Services provided through Shared Runway Pty Ltd (**Shared Runway**);
- Term of agreement – no fixed term;
- Shared Runway receives an annual fee of A$70,000 for services provided by Mr Clare payable monthly on pro rata basis; and
- Shared Runway is entitled to reimbursement of specified expenses incurred in providing services.

Teresa Clarke (Executive Chairman) (Executive Chair from 1 September 2018)

- Term of agreement – no fixed term;
- Annual fee of US$40,000 payable monthly on pro rata basis; and
- Reimbursement of specified expenses incurred in undertaking the role
- Monthly consulting fee of US$50,000 per month.

Ashley Shilkin (Executive Director)

- Term of agreement – no fixed term;
- Base salary is $210,000 per annum reviewed annually;
- Annual $10,000 superannuation and $10,000 car allowance;
- Entitled to reimbursement of specified expenses incurred in his employment;
- Can participate under the Company ESOP;
- Employment can be terminated giving six months' notice in writing; and
- Mr Shilkin is employed under the laws of the State of California, US.

Ian Leijer (Executive Director)

- Services provided through Unimain Pty Ltd (**Unimain**);
- Term of agreement – 6 months unless terminated given one month's notice, automatically extended for additional periods of one month each until terminated or a new agreement is entered into. Unimain receives a consulting fee of A$2,000 per day for services provided by Mr Leijer; and
- Unimain is entitled to reimbursement of specified expenses incurred in providing services.

Andrew Pipolo (Non-Executive Director) appointed 1 August 2017

- Term of agreement – no fixed term;
- Annual fee of A$50,000 payable monthly on pro rata basis; and
- Reimbursement of specified expenses incurred in undertaking the role.

Ben Harrison (Non-Executive Director) (resigned 28 November 2017)

- Serviced provided through Riverfire Capital Ventures Pty Ltd (**Riverfire**);
- Term of agreement – 12 months unless terminated given one month's notice, automatically extended for additional periods of one month each until terminated or a new agreement is entered into;
- Riverfire receives an annual fee of A$40,000 for services provided by Mr Harrison payable monthly on pro rata basis, which took effect from January 2017. Prior to that Riverfire received a consulting fee of $1,500 per day.; and
- Riverfire is entitled to reimbursement of specified expenses incurred in providing services.

Clayton Fossett (COO)

- Term of agreement – no fixed term;
- Base salary is reviewed annually;
- Entitled to reimbursement of specified expenses incurred in his employment;
- Can participate under the Company ESOP;
- Employment can be terminated giving one month's notice in writing; and
- Mr Fossett is employed under the laws of the State of California, US.

Young Lee (CFO)

- Term of agreement – no fixed term;
- Base salary is reviewed annually;
- Entitled to reimbursement of specified expenses incurred in his employment;
- Can participate under the Company ESOP;
- Employment can be terminated giving one month's notice in writing; and
- Mr Lee is employed under the laws of the State of California, US.

(d) Equity instrument disclosures relating to key management personnel

(i) Options issued to Key Management Personnel as remuneration

The following options were issued as long-term incentives to Key Management Personnel as remuneration during the financial period. All options are exercisable upon vesting until the expiry date.

Name	Number	Grant Date	Strike Price	Expiry Date[2]	Fair Value at Grant Date A$	Total Number Vested	Vested %	Total Number Exercised	Vesting Conditions
Directors									
Andrew Pipolo	250,000	1 Dec 18	A$1.00	30 Jun 20	42,660	250,000	100%	-	Nil

Note 1 Options may expire earlier than the Expiry date if a person ceases to be a director or an employee of the Company.

(ii) Option Holdings

The numbers of options in the Company held during the financial year by each Director of Change Financial Limited and other key management personnel of the Group, including their personally related parties, are set out below.

2018

Name	Balance at the start of the period	Granted during the year	Exercised during the year	Balance at the end of the period	Total Vested at 30 Jun 18	Exercisable at 30 June 18	Unexercis-able at 30 June 2018
Directors							
Peter Clare	750,000	-	300,000	450,000	450,000	450,000	-
Ashley Shilkin	3,500,000	-	-	3,500,000	1,000,000	1,000,000	2,500,000
Ian Leijer	250,000	-	-	250,000	250,000	250,000	-
Teresa Clarke	250,000	-	-	250,000	250,000	250,000	-
Andrew Pipolo	-	250,000	-	250,000	250,000	250,000	-
Key management							
Clayton Fossett	650,000	-	100,000	550,000	383,334	383,334	166,666
Young Lee	500,000	-	-	500,000	183,334	183,334	316,666

2017

Name	Balance at the start of the period	Granted during the year	Exercised during the year	Balance at the end of the period	Total Vested at 30 Jun 17	Exercisable at 30 June 17	Unexercis-able at 30 June 2017
Directors							
Peter Clare	750,000	-	-	750,000	750,000	750,000	-
Ashley Shilkin	3,500,000	-	-	3,500,000	1,000,000	1,000,000	2,500,000
Ian Leijer	250,000	-	-	250,000	250,000	250,000	-
Ben Harrison	950,000	-	-	950,000	950,000	950,000	-
Teresa Clarke	-	250,000	-	250,000	250,000	250,000	-
Key management							
Clayton Fossett	400,000	250,000	-	650,000	341,667	341,667	308,333
Young Lee	250,000	250,000	-	500,000	91,667	91,667	408,333
Nick Roberts	600,000	200,000	-	800,000	133,333	133,333	666,667

No option holder (Key Management Personnel or otherwise) has any right under the options to participate in new issues of securities in the Company made by the Company to its shareholders generally. In the event of a reconstruction of the capital of the Company or an issue of Bonus shares the option strike price, and/or the number of options will be adjusted such that no benefit is gained or lost by option holders as a result of that reconstruction or bonus share issue.

(iii) Share holdings

The numbers of shares in the Company held during the financial year by each Director of Change Financial Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

Year to 30 June 2018	**Balance at the start of the period**	**Received during the year on exercise of options**	**Other changes during the period**	**Balance at the end of the period**
Directors of Change Financial Limited				
Peter Clare	200,000	300,000	-	500,000
Ashley Shilkin	11,901,965	-	-	11,901,965
Ian Leijer	2,872,529	-	-	2,872,529
Teresa Clarke	-	-	-	-
Andrew Pipolo	-	-	-	-
Other key management personnel of the Group				
Clayton Fossett	-	-	-	-
Young Lee	-	-	-	-

Year to 30 June 2017	**Balance at the start of the period**	**Received during the year on exercise of options**	**Other changes during the period**	**Balance at the end of the period**
Directors of Change Financial Limited				
Peter Clare	200,000	-	-	200,000
Ashley Shilkin	11,901,965	-	-	11,901,965
Ian Leijer	2,872,529	-	-	2,872,529
Ben Harrison	43,668	-	28,500	72,168
Teresa Clarke	-	-	-	-
Other key management personnel of the Group				
Clayton Fossett	-	-	-	-
Young Lee	-	-	-	-

End of Remuneration Report

Shares under option

Grant Date	Expiry	Strike Price	Vesting Conditions	Number
31 Dec 2014	31 Dec 2019	A$0.40	No	1,500,000
1 Apr 2015	20 Oct 2019	A$0.49	Yes	100,000
1 Apr 2015	20 Oct 2020	A$0.49	Yes	100,000
18 Apr 2016	31 Dec 2018	A$1.00	No	2,100,000
18 Apr 2016	18 Apr 2021	A$1.50	No	1,000,000
18 Apr 2016	18 Apr 2021	A$2.35	No	1,500,000
18 Apr 2016	18 Apr 2019	A$1.00	Yes	1,270,000
20 Apr 2016	20 Apr 2019	A$1.00	No	1,500,000
18 Jan 2017	20 Jan 2018	A$0.657	Yes	1,450,000
2 Dec 2017	30 Jun 2020	A$1.00	No	250,000
18 Jan 2018	31 Jan 2021	A$0.92	Yes	790,000
TOTAL				**11,560,000**

Indemnity and Insurance of officers

Insurance of officers

During the financial year, the Group paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary, and all executive officers of the company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Group has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of amounts paid or payable to the auditor for non-audit services provided during the year are outlined at note 27 to the financial statements. Based on advice provided by the Audit and Risk Management Committee, the Directors have formed the view that the provision of non-audit services is compatible with the general standard of independence for auditors, and that the nature of non-audit services means that auditor independence was not compromised.

Dividends - Change Financial Limited

The Directors of Change Financial Limited do not recommend the payment of a dividend for the year ending 30 Jun 2018 (2017: Nil).

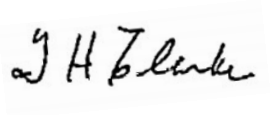
Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 18.

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 September 2018



Teresa Clarke
Executive Chair

PITCHER PARTNERS

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The Directors
Change Financial Ltd
C/- 110 S Fairfax Avenue
#A11-177
Los Angeles CA 90036

Auditor's Independence Declaration

As lead auditor for the audit of Change Financial Ltd for the year ended 30 June 2018, 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 audit; and

(ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants.*

This declaration is in respect of Change Financial Ltd and the entities it controlled during the period.

PITCHER PARTNERS



J. J. EVANS
Partner

Brisbane, Queensland
28 September 2018

Ken Ogden | Nigel Fischer | Mark Nicholson | Peter Camenzuli | Jason Evans | Ian Jones | Kylie Lamprecht | Norman Thurecht | Brett Headrick | Warwick Face | Nigel Batters | Cole Wilkinson | Simon Chun | Jeremy Jones | Tom Splatt | James Field | Daniel Colwell

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Pitcher Partners is an association of independent firms

Adelaide Brisbane Melbourne Newcastle Perth Sydney

an independent member of BAKER TILLY INTERNATIONAL

CORPORATE GOVERNANCE STATEMENT

The Company is committed to implementing and maintaining good corporate governance policies.

Change Financial Limited's Corporate Governance Statement has been adopted and structured with reference to the Australian Securities Exchange (**ASX**) Corporate Governance Council - Corporate Governance Principles and Recommendations, 3rd Edition (**CGC Recommendations**). This statement reports against the CGC Recommendations.

The Company's practices are largely consistent with the CGC recommendations. Where the Company's corporate governance practices do not correlate with the CGC Recommendations, the Company is working towards compliance; however, the Board does not consider that all CGC Recommendations are currently appropriate for the Company due to the current size and scale and circumstances of its operations. The Board has offered full disclosure and reasons for the adoption of alternative Company practices and these are summarised in this Corporate Governance Statement.

The Board is of the view that with the exception of the departures from the CGC Recommendations noted below it otherwise complies with the CGC Recommendations.

The information in this statement is current as at 27 September 2018 and has been approved by the Board.

Principle 1 – Lay solid foundations for management and oversight

Functions, powers & responsibilities of the Board

The Board of Directors is pivotal in the relationship between shareholders and management and the role and responsibilities of the Board underpin the Company's corporate governance framework. Generally, the powers and obligations of the Board are governed by the Corporations Act and the general law. Without limiting those matters, the Board expressly considers itself responsible for the following:

- ensuring compliance with the Corporations Act, ASX Listing Rules (where appropriate) and all other relevant laws;
- providing leadership and developing, implementing and monitoring strategic operational and financial objectives for the Company and the overall performance of the Company;
- appointing appropriate staff, consultants and experts to assist in the Company's operations;
- ensuring appropriate financial and risk management controls are implemented;
- setting, monitoring and ensuring appropriate accountability and a framework for remuneration of Directors and executive officers;
- establishing and overseeing the Company's process for making timely and balanced disclosure of all material information in accordance with the ASX Listing Rules;
- implementing appropriate strategies to monitor performance of the Board in implementing its functions and powers;
- implementing and overseeing the Compa*ny's risk management framework* to enable risk to be identified, assessed and managed and to set the risk appetite the Board expects Management to operate within;
- appointing the Chairperson;
- appointing and removing the Chief Executive Officer and Company Secretary;
- approving the appointment and, where appropriate, removal of members of Management;
- contributing to and approving Management's development of corporate strategy and performance objectives;
- monitoring Management's implementation of strategy and performance generally, and ensuring appropriate resources are available to Management;

- monitoring the effectiveness of the Company's governance practices;
- approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- approving the annual budget;
- liaising with the Company's external auditors;
- approving and monitoring financial and other reporting systems of the Company (including external audit) and the integrity of these systems; and
- appointing and overseeing Committees where appropriate to assist in the above functions and powers.

The Board has delegated to the Executive Chair day to day responsibility for running the affairs of the Company and to implement the policies and strategy set by the Board. The Board also delegates to senior management the responsibilities for the day-to-day activities leading toward achievement of the Company's strategic direction within agreed boundaries and authority limitations.

Structure of the Board

The policy and procedures for the selection and appointment of new Directors is that candidates are considered and selected by reference to a number of factors which include, but are not limited to, their relevant experience and achievements, and credibility within the Company's scope of activities. Directors are initially appointed by the full Board subject to election by shareholders at the next Annual General Meeting.

The Company has procedures in place to ensure that all material information in its possession relevant to a decision to elect or re-elect a Director (including whether Directors support the election or re-election) is disclosed in the notice of meeting provided to shareholders.

At each Annual General Meeting the following Directors automatically retire and are eligible for re-appointment:

- any Director who has been elected in the office for a period in excess of three consecutive years or until the third annual general meeting following her/his appointment, whichever is longer, without submitting him/herself for re-election;
- any Director who was appointed by the Directors during the year to fill a casual vacancy or as an addition to the existing Directors;
- one-third of the Directors or, if their number is not a multiple of three, then the greatest of one or the number nearest to but not exceeding one-third.

Director and senior executive agreements

New Directors receive a letter of their appointment setting out the material terms of their engagement and a deed of indemnity, insurance and access. Non-executive Directors are not appointed for fixed terms. All senior executives, including Executive Directors, also have written agreements, which set out the material terms of engagement, including a description of position and duties, reporting lines, remuneration arrangements and termination rights and entitlements.

Contract details of senior executives, which are key management personnel, are summarized in the Remuneration Report in the Annual Report.

Company Secretary

The Company Secretary is accountable directly to the Board (through the Chairman) for facilitating the Company's corporate governance processes and the proper functioning of the Board. Each Director is entitled to access the advice and services of the Company Secretary.

In accordance with the Company's Constitution, the appointment and removal of the Company Secretary is a matter for the Board as a whole. A copy of the Constitution is available on the Company website under Corporate Governance and the details of the Company Secretary are set out in the Directors' Report contained within the Annual Report.

Diversity

The Board has not adopted a formal Diversity Policy at this stage. The recruitment and selection processes adopted by the Company ensure that staff and management are selected in a non-discriminatory manner based on merit. The Company respects and values the competitive advantage of diversity (which includes but is not limited to gender, age, disability, ethnicity, marital or family status religious or cultural background), and the benefit of its integration throughout the Company in order to improve corporate performance, increase shareholder value and maximise the probability of achievement of the Company's goals. However, the Board of Directors does not believe that the Company is currently of a sufficient size to justify the establishment of formal and measurable objectives, having regard to the nature and scale of its activities.

Board reviews

The Company does not have a formal process for evaluating the performance of the Board, its committees and individual directors. Due to the Company's limited resources during the reporting period, no formal performance evaluation of the Board or its Committees was undertaken during the period.

In the normal course of events the Board informally reviews the performance of Directors and the Board as a whole.

The Board is provided with the information it needs to discharge its responsibilities effectively. All Directors have access to corporate governance policies and material contracts entered into by the Company. The Directors also have access to the Company Secretary for all Board and governance-related issues.

Management reviews

The Company did not during the reporting period have a formal process for periodically evaluating the performance of its senior executives and the Board did not conduct a formal performance evaluation of senior executives during the reporting period. The Board regularly informally reviews the performance of the Company's senior executives and assesses the achievement of goals and business development and evaluates compliance issues.

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

Nomination committee

The Board has not formally established a Nominations Committee as the Directors consider that the Board is not of a size nor are its affairs of such complexity as to justify the formation of this Committee. The Board considers that it is able to deal efficiently and effectively with Board composition and succession issues without establishing a separate Nomination Committee and in doing so, the Board will be guided by the Nomination Charter which is set out in the Company's Corporate Governance Charter and can be accessed on the Company's website under Corporate Governance. The Company will review this position annually and determine whether a Nominations Committee needs to be established.

Skills and experience

Details of the current Directors, their skills, experience and qualifications plus a record of attendance at meetings is included in the Directors' Report within the Annual Report.

The Company has established a Board Skills Matrix.

At this stage of the Company's development the Board believes there is an appropriate mix of skills, experience and diversity on the Board. However the Board will continue to monitor its composition with a view to ensuring is has an appropriate mix of skills and diversity to enable it to discharge its responsibilities effectively.

Independence and length of service

The Company's Board is comprised of Teresa Clarke, Andrew Pipolo, Ashley Shilkin and Ian Leijer.
From 1 August 2017 (the day Mr Pipolo was appointed) until 31 August 2018 the Company had a majority of independent directors. Following the resignation of Mr Clare and the appointment of Mrs Clarke as an Executive Chair on 1 September 2018, the Board no longer consists of a majority of independent Directors. The Company believes that short term non-compliance by the Company with this recommendation will not be detrimental to the Company or its shareholders. Nevertheless, the Company will seek to redress the imbalance of executive and non-executive directors.

The length of service of each Director as at the date of this financial report is set out below and can be found in the Directors' Report within the Annual Report.

Name	Appointment date	Length of service
Peter Clare	16 April 2015	40 months
Ian Leijer	16 January 2015	44 months
Ashley Shilkin	6 May 2011	7 years and 5 months
Teresa Clarke	14 October 2016	23 months
Andrew Pipolo	1 August 2017	14 months

Based on the factors listed in the CGC Recommendations as being relevant to assessing independence, the Board considers Andrew Pipolo to be the sole independent Director on the Board as at 27 September 2018. The table below details the reasons why the remaining Directors are not considered to be independent:

Name	Position	Reason for non-compliance
Ian Leijer	Executive Director	Director is employed in an executive capacity
Ashley Shilkin	Executive Director	Director is employed in an executive capacity and is a substantial security holder of the Company
Teresa Clarke	Executive Chair	Director is employed in an executive capacity

Principle 3 – Act ethically and responsibly

Code of conduct

The Company has established a Corporate Code of Conduct and Corporate Ethics Policy,. The Codes require that Directors, management and employees maintain high standards of integrity and ensurethat all business activities are conducted legally and ethically in compliance with the letter and spirit of both the law and Company policies. The Code of Conduct and Ethics Policy is set out in the Company's Corporate Governance Charter and can be accessed on the Company's website under Corporate Governance.

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

Audit Committee

CGC recommendation 4.1 states that the audit committee should consist of a majority of independent Directors and all be non-executive Directors.

Given the small size of the Board, the Board did not have a separate Audit and Risk Management Committee during 2018. The Board as a whole, discharged the responsibilities normally undertaken by the Audit Committee as set out in the Audit and Risk Committee Charter.

The Company believes that given the size and scale of its operations, non-compliance by the Company will not be detrimental to the Company.

The Company has adopted an Audit and Risk Management Committee Charter setting out the Committee's responsibilities once a Committee is re-established as well as reporting requirements. A copy of the Charter is included in the Corporate Governance Charter and can be accessed on the Company's website under Corporate Governance.

The responsibilities of the Audit and Risk Management Committee, once re-established, with respect to

audit are to:

- review and make recommendations to the Board in relation to whether the Company's financial statements reflect the understanding of the members of the Committee, and otherwise provide a true and fair view of the financial position and performance of the Company;
- review and make recommendations to the Board in relation to the appropriateness of the accounting judgments or choices exercised by Management in preparing the Company's financial statements;
- ensure that the quality of financial controls is appropriate for the business of the Company;
- review the scope, results and adequacy of external and internal audits;
- require the external auditors to report to the Committee;
- monitor corporate conduct and business ethics and ongoing compliance with laws and regulations;
- maintain open lines of communication between the Board, Management and the external auditors, thus enabling information and points of view to be freely exchanged;
- review matters of significance affecting the financial welfare of the Company;
- ensure that systems of accounting and reporting of financial information to shareholders, regulators and the general public are adequate and making recommendations in this regard;
- review the Company's internal financial control system;
- consider and make recommendations regarding the appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor;
- monitor and review the external auditor's independence, objectivity and effectiveness, taking into consideration relevant professional and regulatory requirements and the performance of the external auditor; and
- develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provisions of non-audit services by the external audit firm and make recommendations on any proposal by the external auditor to provide non-audit services.

External auditor

Pitcher Partners was appointed as the Company's external auditor by shareholders at a General Meeting held on 30 November 2015. Pitcher Partners has advised the Company that their policy of audit partner rotation requires a change in the lead engagement partner and review partner after a period of five years.

Representatives of Pitcher Partners attend the Annual General Meeting and are available to answer shareholder questions regarding the audit or the individual statements.

Chief Executive Officer and Chief Financial Officer certification of financial statements.

Prior to the approval of the Group's financial statements each year, the Chief Executive Officer and the Chief Financial Officer confirm in writing to the Board that the financial reports of the Company for the financial year:

- present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards;
- the statement given in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects in relation to financial reporting risks.

Principle 5 – Make timely and balanced disclosure

Disclosure and Communications Policy

The Company has adopted a Continuous Disclosure Policy within its Corporate Governance Charter to ensure compliance with the continuous disclosure requirements of the ASX Listing Rules and the *Corporations Act 2001*. The policy sets out the rules and procedures for ASX information disclosure, the responsibility of the Board, Senior Executives and staff to ensure that price sensitive information is identified, reviewed by management and disclosed to the ASX in a timely, clear and objective manner and that all information provided to the ASX is posted on the Company's website as soon as possible after its disclosure to ASX.

The Company Secretary is responsible for communications with, and coordinating disclosure of information to, the ASX.

Directors will receive copies of all announcements released to the ASX and copies of announcements, including related information, such as financial statements and public presentations, and are aware of and accountable for the Company's compliance with regard to continuous disclosure.

Respect the rights of security holders

Shareholder Communication

The Company is committed to informing shareholders of all major developments affecting the operations of the Company and the state of its affairs. Communications with shareholders include:

- The annual report which is distributed, or otherwise made available, to all shareholders;
- The quarterly activities report;
- The half-year financial report;
- The Annual General Meeting and other general meetings called to obtain shareholder approval for significant corporate actions, as appropriate;
- Company announcements; and
- All of the information available on the Company's website www.changefinancial.com

The Company welcomes questions from shareholders at any time and these are answered unless the information requested is market sensitive and not in the public domain. All announcements to be made by the Company to the ASX (except disclosures of a routine compliance or administrative nature) will be posted to the Company's website.

Information about the Company and its operations including information about the Company's corporate governance policies is located at: www.changefinancial.com

Facilitate participation at meetings of security holders.

The Company encourages shareholder participation at its AGMs including by making notices of meetings available on its website. The Company's external auditor attends the Company's AGMs and is available to answer any questions which shareholders may have about the conduct of the external audit for the relevant financial year and the preparation and content of the audit report.

Shareholders who are unable to attend meetings of the Company are encouraged to participate in meetings by way of appointment of a proxy.

Principle 7 – Recognise and manage risk

Risk committee

The Board as a whole has undertaken the responsibilities of the Audit and Risk Management Committee which are set out in the Audit and Risk Management Committee Charter. A copy of the Charter is included in the Corporate Governance Charter and can be accessed on the Company's website under Corporate Governance.

The responsibilities of the Board with respect to risk management are to:

- review the adequacy of the Company's processes for managing risks, including:
  - (a) in relation to any incident involving fraud or other break down of the Company's internal controls;
  - (b) in relation to the Company's insurance program, having regard to the Company's business and the insurable risks associated with the business;
- ensure the development of an appropriate risk management policy framework that will provide guidance to Management in implementing appropriate risk management practices throughout the Company's operations, practices and systems and to oversee this framework;
- define and periodically review risk management as it applies to the Company and clearly identifying all stakeholders;
- ensure the Board clearly communicates the Company's risk management philosophy, policies and strategies to Directors, Management, employees, contractors and appropriate stakeholders;
- ensure that the Board and Management establish a risk aware culture which reflects the Company's risk policies and philosophies;
- review methods of identifying broad areas of risk and setting parameters or guidelines for business risk reviews;
- make informed decisions regarding business risk management, internal control systems, business policies and practices and disclosures; and
- consider capital raising, treasury and market trading activities with particular emphasis on risk treatment strategies, products and levels of authorities.

The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management under the guidance of the Committee.

Internal audit

The Company does not have an internal audit function due to its current size. The Board gains sufficient assurance from management undertaking ongoing evaluation of the Company's internal control and risk management processes.

Sustainability risks

As a digital banking company, Change Financial faces inherent risks in its activities, primarily financial, operating and system risks but also including economic, environmental and social sustainability risks. The Board does not consider that it has material exposure to economic, environmental and social sustainability risks other than its exposure to general economic conditions in the markets in which it operates.

The Board regularly monitors the operational and financial performance of the Company's activities. It monitors and receives advice on areas of operation and financial risk and considers strategies for appropriate risk management.

Review of risk management framework

The Board did not conduct a formal review of the Company's risk management processes in the 2018 financial year. During the 2018 financial year the identification and evaluation of risks and the development and implementation of risk mitigation plans was undertaken by management with oversight from the Board.

Principle 8 – Remunerate fairly and responsibly

Remuneration committee.

The Board has not formally established a Remuneration Committee due to the small size of the Board.

The Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors and the Executive team. The Board assesses the appropriateness of the nature and amount of remuneration of such officers 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.

Disclosure of Executive and Non-Executive Director Remuneration policy

The Constitution of the Company provides that the Non-Executive Directors are entitled to remuneration as determined by the Company in general meeting to be paid as to a fixed amount for each Director. Additionally, Non-Executive Directors are entitled to be reimbursed for properly incurred expenses. All Directors have the opportunity to qualify for participation in the Company's share option plan, subject to the approval of shareholders.

Details of the Company's remuneration arrangements for Non-Executive Directors, Executive Directors and senior Executives including fee rates are set out in the Remuneration Report in the Annual Report.

Share Trading Policy.

The Company's Share Trading Policy specifically prohibits Directors and senior executives from engaging in short-term trading in the Company's securities. The Policy also stipulates that Directors and senior executives and closely related parties not enter into transactions which limit the economic risk relating to unvested options held by Directors and Senior Executives. The Share Trading Policy is included in the Corporate Governance Charter and can be accessed on the Company's website under Corporate Governance.

FINANCIAL REPORT

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

The financial statements are presented in the United States currency.

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

Level 12, 680 George Street,
Sydney NSW 2000

Its principal place of business is:

Chimpchange LLC
6922 Hollywood Blvd, Suite 922,
Hollywood, CA 90028

A summary of the Group’s operations and its principal activities is included in the directors' report on page 5, which is not part of these financial statements.

The financial statements were authorised for issue by the Directors on 28 September 2018. 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.changefinancial.com

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 30 June	Note	2018 US$	2017 US$
Revenue	4	1,076,868	601,192
Employee benefits expense		(3,631,036)	(3,047,785)
Advertising & marketing expense		(1,899,480)	(2,845,529)
Program Expenses		(1,977,616)	(1,191,603)
Professional services & insurance		(662,997)	(445,778)
Consulting		(538,285)	(432,865)
Technology & Hosting		(361,758)	(297,206)
Depreciation & amortisation expense	5	(521,451)	(425,923)
Other expense		(532,214)	(681,045)
Profit (loss) before tax		(9,047,969)	(8,766,542)
Income tax (expense) benefit		-	-
Profit (loss) for the financial period		(9,047,969)	(8,766,542)
Basic loss per share (US cents per share)	19	(12.4)	(13.5)
Diluted loss per share (US cents per share)	19	(12.4)	(13.5)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 June	Note	2018	2017
		US$	US$
Loss of the year		(9,047,969)	(8,766,542)
Other comprehensive income			
Items that may be reclassified to profit and loss			
Exchange differences on translation of parent operations		(82,157)	209,720
Total comprehensive income/(loss) for the financial period		**(9,130,126)**	**(8,556,822)**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June	Notes	2018	2017
		US$	US$
Current assets			
Cash	7	1,665,967	9,467,512
Other receivables	8	109,660	85,449
Other current assets	9	69,847	85,135
Total current assets		**1,845,474**	**9,638,096**
Non-current assets			
Property, plant & equipment	10	86,341	104,701
Intangible assets	11	956,869	1,170,786
Investment in associate	16	99,999	-
Total non-current assets		**1,143,209**	**1,275,487**
TOTAL ASSETS		**2,988,683**	**10,913,583**
Current liabilities			
Trade and other payables	12	237,164	234,837
Provisions	13	192,363	179,219
Other current liabilities	14	262,466	122,652
Total current liabilities		**691,993**	**536,708**
NET ASSETS		**2,296,690**	**10,376,875**
Equity			
Contributed equity	15	26,607,205	25,921,031
Reserves	17	4,147,507	3,865,897
Retained earnings		(28,458,022)	(19,410,053)
TOTAL EQUITY		**2,296,690**	**10,376,875**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Contributed Equity US$	Reserves US$	Retained Earnings US$	Total Equity US$
Balance at 30 June 2016	18,713,801	3,290,025	(10,643,511)	11,360,315
Profit (loss) for the year	-	-	(8,766,542)	(8,766,542)
Exchange differences on translation of the	-	-	-	-
parent operation	-	209,720	-	209,720
Total comprehensive income for the year	-	209,720	(8,766,542)	(8,556,822)
Transactions with owners in their capacity as owners				
Options issued	-	366,152	-	366,152
Contributions	7,207,230	-	-	7,207,230
Total	7,207,230	366,152	-	7,573,382
Balance at 30 June 2017	**25,921,031**	**3,865,897**	**(19,410,053)**	**10,376,875**
Balance at 1 July 2017	25,921,031	3,865,897	(19,410,053)	10,376,875
Profit (loss) for the year	-	-	(9,047,969)	(9,047,969)
Exchange differences on translation of the	-	(82,157)	-	(82,157)
Parent operation				
Total comprehensive income for the year	**-**	**(82,157)**	**(9,047,969)**	**(9,130,126)**
Transactions with owners in their capacity as owner				
Options issued	-	363,767	-	363,767
Contributions	686,174		-	686,174
Total	**686,174**	**363,767**	**-**	**1,049,941**
Balance at 30 June 2018	**26,607,205**	**4,147,507**	**(28,458,022)**	**2,296,690**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June	Notes	2018	2017
		US$	US$
Cash flow from operating activities			
Receipts from customers		948,927	431,079
Payments to suppliers and employees		(9,314,410)	(8,592,167)
Interest received		24,490	112,590
R&D tax offset		79,240	79,253
Net cash used in operating activities	**18**	**(8,261,753)**	**(7,968,975)**
Cash flow from investing activities			
Payment for property, plant & equipment		(15,838)	(97,038)
Payment for software development		(273,893)	(761,382)
Payment for investment in Ivy Koin and tokens		(100,000)	-
Net cash used in investing activities		**(389,731)**	**(858,420)**
Proceeds from financing activities			
Proceeds from share issue		686,176	7,207,230
Net cash provided by financing activities		686,176	7,207,230
Net increase (decrease) in cash held		**(7,965,308)**	**(1,620,165)**
Reconciliation of cash			
Cash at the beginning of the financial year		9,467,512	10,878,455
Net increase (decrease) in cash held		(7,965,308)	(1,620,165)
Foreign exchange difference on cash holding		163,763	209,222
Cash and cash equivalents at end of the year	**7**	**1,665,967**	**9,467,512**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

These 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 have been prepared in accordance with rule 4.3A of the ASX Listing Rules (Appendix 4E).

The principal accounting policies adopted in preparing the financial 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 financial report the Company is a for profit entity.

Change Financial 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 Financial 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 Consolidated Financial Report of Change Financial Limited has been prepared under the historical cost convention.

(c) Principles of Consolidation

The consolidated financial statements are those of the consolidated entity, 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

Providing 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. Revenue is derived from earning a share of interchange revenue derived from purchases made using the ChimpChange branded prepaid cards and from earning fees charged to customers.

Interest income

Interest revenue is recognised on a proportional basis using the effective interest method taking into 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.

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

Plant and equipment

Plant and equipment Is carried at cost less accumulated depreciation and, where applicable, any accumulated impairment losses.

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
Office fit-out	10%	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 software will generate probable future economic benefits; 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 wholly 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 wholly 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 in Australia 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 dollar, unless otherwise indicated.

(n) Intangible digital assets

The company has elected to measure its digital assets at cost in accordance with AASB138 Intangible Assets as market volume to date does not demonstrate an active market.

(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 $1,153,481 including $1,665,967 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 $8,261,753 and a net loss for the period of $9,047,969.

As set out in the Chair's letter the Company's Consumer Banking business has been unable to scale revenues at the same pace as transaction volume and the development of the processor that is at the core of the Enterprise business has taken longer than originally planned when the Company first embarked on this strategy.

Without additional capital the Group will be unable to continue to invest in both businesses at the current rate.

At the date of this report the Directors have implemented plans to address this issue including undertaking a strategic assessment of each of those business units and considering what core operational and development strategies represent the best business opportunities for the Group in light of a potentially reduced capacity to fund investment in those businesses. Additionally, the Directors have received term sheets with alternative quasi equity investors that will provide the Group with sufficient short-term funding to ensure development operations, as revised, are maintained. The Directors will also review other capital raising options and strategic partnerships.

As a result, the Directors have concluded that these events and conditions are subject to material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Board will continue to monitor and pursue the development of fund raising opportunities and assess its commitment to ongoing expenditure requirements to achieve a sustainable business model.

The Directors believe that the company will be successful in carrying out its plans described above, therefore, these financial statements have been prepared on a going concern basis.

No adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Group not continue as going concerns.

(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.

(q) Cash and cash equivalents

For cash-flow presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(r) Standards and Interpretations on Issue Not Yet Adopted

The Directors have reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2018. As a result of this review the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

(s) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

2. Critical Accounting Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimated impairment of intangible assets and other non-current assets

Determining whether non-current assets are impaired requires an estimation of the value in use of those assets. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the Group and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

Share- based payments transactions

The Group measures the cost of equity settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Black-Scholes or Binomial model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss or equity.

Digital Assets

At the date of preparation of these financial statements, no Accounting Standard has been developed that specifically addresses the issue of accounting for digital assets. In the opinion of the directors, the accounting approach that most aligns with the existing suite of Accounting Standards is to recognise digital asset holdings as intangible assets. The Company has elected to measure its digital assets at cost in accordance with Accounting Standard AASB138 Intangible Assets.

3. Operating Segments

The Group is organised into a single operating segment being the provision of digital banking services.

4. Revenue

	2018 US$	2017 US$
Revenue from services	828,138	409,079
Interest revenue	24,490	112,590
Revenue from admin/bookkeeping services	145,000	-
Research & development tax refund	79,240	79,523
Total Revenue	**1,076,868**	**601,192**

5. Expenses

	2018 US$	2017 US$
Profit / loss before income tax has been determined after:		
Amortisation and depreciation		
Depreciation of property, plant & equipment	33,639	23,456
Amortisation of software development costs	487,812	402,466
Share based payments		
Options issued to employees, directors & company secretary	363,767	409,278
Options issued to service providers and advisors	-	(43,126)

6. Income Tax Expense

	2018 US$	2017 US$
Reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(9,047,969)	(8,766,542)
Tax at the Australian tax rate of 30% (2017: 30%)	(2,713,391)	(2,629,963)
Differences in overseas tax rates	384,448	(736,312)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income		
Share based payments expense	109,130	109,846
Other	(5,117)	(35,054)
Current year tax losses not recognised	2,224,930	3,291,483
Income tax expense	**-**	**-**

Deferred tax assets of $8,234,432 (2017: $6,009,501) in respect of temporary differences and tax losses have not been recognized.

7. Current assets - Cash and cash equivalents

	2018 US$	2017 US$
Cash at Bank	1,665,967	9,467,512

8. Current assets – Receivables

	2018 US$	2017 US$
Other receivables	109,660	85,449

9. Current assets – Other assets

	2018 US$	2017 US$
Prepayments	69,847	85,135

10. Property, plant and equipment

	2018 US$	2017 US$
Motor vehicles under lease	6,302	6,302
Accumulated depreciation	(1,870)	(1,252)
Closing carrying value	**4,432**	**5,050**
Office fit-out at cost	51,605	51,605
Accumulated depreciation	(7,735)	(2,574)
Closing carrying value	**43,870**	**49,031**
Office equipment at cost	98,419	83,140
Accumulated depreciation	(60,380)	(32,520)
Closing carrying value	**38,039**	**50,620**
Total property, plant & equipment	**86,341**	**104,701**

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 US$	Office Fit Out US$	Office Equipment US$	Total US$
2018				
Opening carrying amount	5,050	49,031	50,620	104,701
Additions	-	-	15,279	15,279
Depreciation expense	(618)	(5,161)	(27,860)	(33,639)
Closing carrying amount	4,432	**43,870**	**38,039**	86,341
2017				
Opening carrying amount	5,668	-	24,952	30,620
Additions	-	51,605	45,932	97,537
Depreciation expense	(618)	(2,574)	(20,264)	(23,456)
Closing carrying amount	**5,050**	**49,031**	**50,620**	**104,701**

11. Intangible assets

	Note	2018 US$	2017 US$
Patents, trademarks & licenses at costs		1,131	1,131
ivyKoin tokens at cost	1(n)	1	-
Software development at cost		2,110,914	1,837,020
Accumulated amortisation		(1,155,177)	(667,365)
Total intangible assets		**956,869**	**1,170,786**

	Patents, trademarks & licenses	IvyKoin Tokens	Software Development	Total
	US$	US$	US$	US$
2018				
Opening carrying amount	1,131	-	1,169,655	1,170,786
Additions	-	1	273,893	273,894
Amortisation expense	-	-	(487,812)	(487,812)
Closing carrying amount	1,131	1	955,737	956,869
2017				
Opening carrying amount	1,131	-	810,001	811,132
Additions	-	-	761,382	761,382
Amortisation expense	-	-	(402,466)	(402,466)
Net foreign currency movement	-	-	738	738
Closing carrying amount	**1,131**	**-**	**1,169,655**	**1,170,786**

12. Trade and other payables

	2018	2017
	US$	US$
Unsecured liabilities		
Accounts payable	237,164	234,837

The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

13. Provisions

	2018	2017
	US$	US$
Unsecured liabilities		
Employee leave provisions	192,363	179,219

14. Other current liabilities

	2018	2017
	US$	US$
Other liabilities	262,466	122,652

15. Issued capital

(i) Share Capital

As at 30 Jun	2018 US$	2017 US$
73,564,879 fully paid ordinary shares[1] (30 June 2017: 71,844,410)	26,607,205	25,921,031

[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) Movements in ordinary share capital

	Number	US$
Balance at 30 June 2016[1]	**57,330,640**	**18,713,801**
Shares issued pursuant to a placement at A$0.72 per share – May 2017	13,888,889	7,450,000
Transaction fees in respect of the placement – May 2017	-	(447,000)
Exercise of options – June 2017	510,595	204,230
Shares recognised under the Loan Funded Share Plan – June 2017	114,286	-
Balance at 30 June 2017[1]	**71,844,410**	**25,921,031**
Exercise of options – 2018	1,720,469	686,174
Balance at 30 June 2018[1]	**73,564,879**	**26,607,205**

[1] Excludes shares issued under the Loan Funded Share Plan (LFSP). These shares are recognised in Share Capital when the loan advanced under the LFSP to acquire those shares is repaid. At 30 June 2018 6,036,457 such shares were excluded (2017: 6,036,457). Total fully paid shares on issue at 30 June 2018 was 79,601,336 (2017: 77,880,867).

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.

Capital Management

Management controls the capital of the Company to ensure the Company can fund its operations and continue as a going concern.

16. Investment in associates

	2018 US$	2017 US$
Investment in associates	99,999	-

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 $17m 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 $12m in cash receipts and $5m in digital assets. The proceeds are being used to develop the IvyKoin Network.

In accordance with CFL's accounting policies, the proceeds of the token pre-sale would be recorded as deferred revenue pending the development of the ivyKoin Network. Costs incurred by Ivy to date would be recorded either as capitalised intangible assets, where they meet the requirements for recognition on the Statement of Financial Position, or as expenditure in the Statement of Financial Performance.

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 11 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 Post Balance Date Events Note 31 for further details. At the date of this financial report, the option to acquire the remaining units had not been executed.

17. Reserves

	2018 US$	2017 US$
Share based payment reserve	4,020,832	3,657,065
Foreign currency translation reserve	126,675	208,832
Total reserves	**4,147,507**	**3,865,897**

(a) Share based payment reserve		
Balance at the start of the period	3,657,065	3,290,913
Options issued / vested	363,767	366,152
Closing balance	**4,020,832**	**3,657,065**

(b) Foreign currency translation reserve		
Opening balance	208,832	(888)
Exchange differences on translation of parent operation	(82,157)	209,720
Closing balance	**126,675**	**208,832**

Share based payment reserve

The reserve is used to recognise the value of options issued to employers, directors and other parties as part of their remuneration of as part of their compensation for services provided to the Group.

Foreign currency translation reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of the holding company to United States dollars.

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

	2018 US$	2017 US$
Loss for the year	(9,047,969)	(8,766,542)
Depreciation and amortisation	521,451	425,922
Share based payments	363,767	366,152
Decrease (increase) in current receivables	(138,889)	(44,619)
Increase (decrease) in current liabilities	39,887	50,112
Net cash used in operating activities	**(8,261,753)**	**(7,968,975)**

19. Earnings per share

	2018 US$	2017 US$
Loss attributable to ordinary equity holders of Change Financial Limited	(9,047,969)	(8,766,542)
Weighted average number of ordinary shares used as a denominator in calculating basic earnings per share	72,782,544	64,862,437
Weighted average number of ordinary shares and dilutive potential ordinary shares used as a denominator calculating diluted earnings per share	72,782,544	64,862,437

20. Dividend

There were no dividends paid, recommended or declared during the current or previous period.

21. Financial risk management

The Group's activities may expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by senior management in consultation with the Board of Directors. The Board provides principles for overall risk management, as well as direction in specific areas.

Market Risk

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from transactions by the Group in currencies other than the functional currency.

At balance date, the Group had the following exposures to Australian dollars (A$) that are not designated cash flow hedges.

As at 30 June	2018 A$	2017 A$
Cash at bank	841,599	4,770,803
Current assets	92,974	78,609
Current liabilities	(96,333)	(163,927)
Net monetary assets / liabilities designated in AUD	838,240	4,685,485

Interest rate risk

Interest rate risk is considered immaterial as the Group's only exposure to interest rate risk is cash at bank.

Price risk

The Group is not exposed to any significant price risk.

Credit Risk

Credit risk refers to the risk that a counterparty will default on it contractual obligations resulting in a financial loss to the Group. The Group deemed its credit risk to be minimal as its financial assets are mainly cash held at BankWest which is a subsidiary of Commonwealth Bank of Australia. No financial assets are past due and none are impaired.

Liquidity Risk

The Group manages liquidity risk by maintaining adequate cash balances and by continuously monitoring forecasts and actual cash flows matching maturity profiles of financial assets and liabilities.

Financing arrangements

The Group does not have access to any undrawn borrowing facilities at the end of the reporting period.

Maturities of financial liabilities

At period end the Group had accounts payable of $237,164 (2017: $234,837) all of which have a maturity of less than 6 months. The Group has no other financial liabilities.

22. Subsidiaries

The consolidated financial statements include the assets, liabilities and results of the following subsidiaries:

Name of Entity	Country of Incorporation	Equity Type	Holding 2018 %	Holding 2017 %
Chimpchange LLC	US	Membership units	100	100
Change Labs NZ Pty Ltd	Australia	Ordinary Shares	100	100

23. Accumulated Losses

As at 30 June	2018 US$	2017 US$
Opening balance of accumulated losses	(19,410,053)	(10,643,511)
Loss for the period	(9,047,969)	(8,766,542)
Closing balance of accumulated losses	(28,458,022)	(19,410,053)

24. Parent entity financial information

The individual financial statements for the Parent entity show the following aggregate amounts:

As at 30 June	2018 US$	2017 US$
Current assets	1,514,498	7,729,825
Non-current assets	22,030,562	16,155,230
Total assets	23,545,060	23,885,055
Current liabilities	150,441	126,093
Total liabilities	150,441	126,093
Net Assets	**23,394,619**	**23,758,962**
Shareholders' equity		
Issued Capital	26,607,205	25,921,031
Reserves	4,147,507	3,865,897
Retained Earnings	(7,360,093)	(6,027,965)
Total shareholders' equity	**23,394,619**	**23,758,962**
Loss for the period	(1,332,128)	(1,374,754)
Total comprehensive loss	(1,332,128)	(1,374,754)

25. Key management personnel disclosures

Directors

The following persons were directors of Change Financial Limited during the financial year:

Non-executive directors
Peter Clare – Chairman (resigned 31 August 2018)
Teresa Clarke
Ben Harrison (resigned 27 November 2017)
Andrew Pipolo

Executive Directors
Ashley Shilkin – Executive Director
Ian Leijer – Executive Director

Other key management personnel

The following persons also had responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year. They are employed by Chimpchange LLC

Clayton Fossett – Chief Operating Officer
Young Lee – Chief Financial Officer

Key management personnel compensation

	2018 US$	2017 US$
Short term employee benefits	808,442	851,475
Post employment benefits	10,000	13,077
Share based payments	187,073	284,340
Total	1,005,515	1,148,892

Detailed remuneration disclosures are provided in the remuneration report.

26. Remuneration of auditors

The auditor of Change Financial Limited is Pitcher Partners

As at 30 June	2018 US$	2017 US$
Amounts received or due and receivable for current auditors:		
An audit or review of the financial report of the entity and any other entity in the consolidated group	58,020	56,589
Other services in relation to the entity and any other entity in the consolidated group – tax compliance, tax structuring, independent expert report for the initial public offering	31,657	14,064
Total	89,677	70,653

27. Related Party Transactions

Transactions with related parties

Compensation paid to some directors were paid to director related entities with further details set out in the Remuneration Report. In addition, the following transactions occurred with related parties.

As at 30 June	2018 US$	2017 US$
Loans to (Repayments from) Directors and their related entities		
LFSP[1] to entity associated with Mr Leijer (A$30,738)	-	(30,768)
Options issued to directors and director related entities	33,262	157,869
Subscriptions for new ordinary shares by KMP as a result of exercise of options and settled with cash	-	-

[1] Loan Funded Share Plans

28. Contingent liabilities

The Group has no contingent liabilities.

29. Commitments

The Group has a property lease commitment relating to the occupancy of the group's current premise. This lease was entered into on 1 August 2016 for a 65 month term. The group has future lease payments which are contracted but not capitalized in the financial statements.

Chimpchange LLC has a commitment to pay minimum monthly fees under its Gateway Services agreement with Mastercard for the period from 1 July 2018 to 31 December 2024.

	2018 US$	2017 US$
Payments contracted for but not recognised in the financial statements:		
Not later than 12 months	338,090	149,900
Later than 12 months but not later than five years	1,577,264	580,354
Later than years	150,000	-

30. Post Balance Date Events

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 $3,269,000 in a placement of shares in the first week of July 2018, net of fees.

DIRECTORS DECLARATION

In the opinion of the directors:

(a) the financial statements and notes set out on pages 27 to 50 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Australian Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  (ii) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the financial 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.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the Executive Chair and chief financial officer required by section 295A of the *Corporations Act 2001*.

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



Executive Chair

Los Angeles, California
28 September 2018

PITCHER PARTNERS

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Independent auditor's report to the members of Change Financial Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Change Financial Limited "the Company" and its controlled entities "the Group", which comprises the consolidated statement of financial position as at 30 June 2018, 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, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

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

Basis for Opinion

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 Group 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 Company, 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 opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(o) in the financial report which indicates that as at 30 June 2018 the Group has $1,665,967 (2017: $9,467,512) in cash and cash equivalents. The Group also incurred a loss after tax of $9,047,969 (2017: $8,766,542 loss) and a net cash outflow from operating activities of $8,261,753 (2017: $7,968,975 outflow) for the year then ended. The continuing cash outflows from operating activities have reduced the Group's cash and net working capital position. This may reduce the Group's ability to invest in the consumer and enterprise businesses which may limit the development of near term revenue streams to sustain the current level of operating cash outflow.

Ken Ogden | Nigel Fischer | Mark Nicholson | Peter Camenzuli | Jason Evans | Ian Jones | Kylie Lamprecht | Norman Thurecht | Brett Headrick | Warwick Face | Nigel Batters | Cole Wilkinson | Simon Chun | Jeremy Jones | Tom Splatt | James Field | Daniel Colwell

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As stated in Note 1(o), these events or conditions, along with other matters as set forth in Note 1(o), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the matter
Going Concern *Refer to Notes 1(o) in the Annual Report*	
The Group remains in the growth phase with respect to its consumer banking product, whilst in the development phase of its enterprise and blockchain solutions. Revenue from the consumer banking product continued to grow during the year, however the underlying revenue metrics and profitability have proved difficult to scale and as a result, the Group has recorded operating losses and operating cash outflows for a number of years. The Directors have continued to adopt the going concern basis of preparation in preparing the Group Financial Statements, having taken account of the capital raising completed during July 2018 to raise an additional $3,269,000 (net of fees), and having prepared detailed cash flow forecasts that are subject material uncertainty as to whether the Group will have sufficient cash resources to pay its forecast liabilities for a period of at least 12 months from the date these Financial Statements were approved. The Director's assessment of the Group's going concern ability was an area of focus as it requires significant judgement in determining the key assumptions supporting the expected future cash flows, including but not limited to: • forecast consumer banking product revenues; • forecast development expenditure on enterprise and blockchain solutions; and • forecast operating expenses.	Our procedures included, amongst others: • Checking to satisfy ourselves that the cash flow forecast prepared by the Directors is consistent with that approved by the Board and that it has been subject to the appropriate review and approval processes and controls; • Inspecting existing consumer banking product revenue and challenging the Directors' assumptions on forecast consumer banking product revenues. This included assessing the reliability of historical forecasts; • Discussing with those charged with governance their funding, business and cash flow strategies for a period of at least 12 months from date of signing the financial report; • Obtaining supporting documentation in relation to alternative funding strategies and options that management is considering; • Understanding the Directors' assumptions for forecast cash outflows during the period under review for the purpose of concluding on the reasonableness of the estimated cash outflows. This included, amongst others, assessing the consistency of forecast expenses with prior year expenditure; and • Assessing the appropriateness of the disclosures included in the financial report when events or conditions have been identified and material uncertainty exists.

Key audit matter	How our audit addressed the matter
Accounting for Investment in Associates *Refer to Note 16: Investment in Associates*	
The Group acquired 33% of the issued units in IvyKoin LLC during the year. This investment has been classified and measured as an investment in an associate using the equity accounting methodology. We have focused on this area because there is currently no accounting standard specifically addressing how to account for the proceeds derived from cryptocurrency generation, and therefore the resulting measurement of the Group's equity accounted investment post acquisition required significant accounting judgement.	Our procedures included, amongst others: • Obtaining an understanding of the relevant controls associated with the accurate measurement of equity investments; • Reviewing the White Paper of ivyKoin LLC ("the investee") to determine the stated purpose / application of the token raise, and assessing the investee's current performance against those stated objectives; • Critically evaluating the Group's assessment of the investee's accounting for the token generation proceeds, resulting in the Group's classification of the proceeds as deferred revenue; and • Assessing the adequacy of the disclosure in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the Corporate Directory, Directors' Report, Corporate Governance Practices & Conduct and ASX Additional Information which was obtained as at the date of our audit report, and any additional other information that will be included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our 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 identified above 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.

When we read the additional other information in the Annual Report not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgment to determine the appropriate action to take.

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 has 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 15 of the Directors' Report for the year ended 30 June 2018. In our opinion, the Remuneration Report of Change Financial Limited, for the year ended 30 June 2018, 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.

Pitcher Partners

PITCHER PARTNERS

J. Evans

JASON EVANS
Partner

Brisbane, Queensland
28 September 2018

ASX ADDITIONAL DISCLOSURE

Shareholder information at 27 September 2018

Shareholding Distribution and Unmarketable Parcels

Size of Shareholder	Number of Shares	% of Issued Capital	Number of Holders	% of Holders
100,001 and Over	58,531,728	68.35	112	4.40
50,001 to 100,000	7,864,687	9.18	99	3.89
10,001 to 50,000	13,312,484	15.55	545	21.41
5,001 to 10,000	2,994,321	3.50	375	14.73
1,001 to 5,000	2,583,635	3.02	920	36.14
1 to 1,000	348,864	0.41	495	19.44
Total	85,635,719	100.00	2,546	100.00
Unmarketable Parcels	2,148,040	2.51	1,255	49.29

Top 20 Shareholders

Rank	Name	Number of Shares	% of Issued Capital
1	ASHLEY SHILKIN	11,901,965	13.90%
2	AVATAR INDUSTRIES PTY LTD	10,312,463	11.95%
3	BART PROPERTIES PTY LTD	3,407,388	3.98%
4	NAREENEN PTY LTD	2,672,529	3.12%
5	LEMEURICE PTY LTD	1,310,000	1.53%
6	BOND STREET CUSTODIANS LIMITED	1,255,000	1.47%
7	J P MORGAN NOMINEES AUSTRALIA LIMITED	1,191,640	1.39%
8	AURISCH INVESTMENTS PTY LTD	1,000,000	1.17%
8	BOND STREET CUSTODIANS LIMITED	1,000,000	1.17%
10	MR DAVID FREDERICK OAKLEY	785,000	0.92%
11	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	721,763	0.84%
12	MR KIRIL BOITCHEFF & MRS SUZANNE JANET BOITCHEFF	700,000	0.82%
13	FALCASTLE PTY LTD	683,500	0.80%
14	MR ROSS ALLEN MC DONALD	658,239	0.77%
15	WS DOBSON PTY LTD	556,753	0.65%
16	MR RICHARD HOPETOUN BITCON	550,000	0.64%
17	CSWSG PTY LTD	500,000	0.58%
18	BOND STREET CUSTODIANS LIMITED	485,000	0.57%
19	SAFARI SMSF PTY LTD	450,000	0.53%
20	CITICORP NOMINEES	446,494	0.52%
	Top 20 Total	**40,507,091**	**56.80%**
	Total Shares on Issue	**85,635,719**	**100.00%**

Unquoted Options

Option ex price and expiry	Number of Options	Number of Holders
Options @ $1.00 expiry 31-Dec-2018	2,100,000	4
Options @ $1.00 expiry 18-Apr-19	1,270,000	7
Options @ $1.00 expiry 20-Apr-19	1,500,000	1
Options @ $0.49 expiry 20-Oct-19	100,000	1
Options @$0.40 expiry 31-Dec-19	1,500,000	1
Options @$0.657 expiry 31-Jan-20	1,450,000	8
Options @$1.00 expiry 30-Jun-20	250,000	1
Options @$0.49 expiry 20-Oct-20	100,000	1
Options @$0.92 expiry 31-Jan-21	790,000	7
Options @$1.50 expiry 18-Apr-2021	1,000,000	1
Options @$2.35 expiry 18-Apr-2021	1,500,000	1
Total	**11,560,000**	**33**

Substantial Shareholders

Substantial holders as disclosed in substantial holder notices given to the Company were as follows:

Name of substantial shareholder	Number of shares over which the relevant interest is held	% of issued capital
Ashely Shilkin	11,901,965	13.90
Avatar Industries Pty Limited	10,312,463	16.95