

# money3

## SECURING THE FUTURE

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### Half Year Financial Report

31 December 2015

APPENDIX 4D

Money3 Corporation Limited

ABN 63 117 296 143

Head Office:  
Level 1, 40 Graduate Road  
Bundoora VIC 3083

Registered Office:  
Level 1, 48 High Street  
Northcote VIC 3070

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## APPENDIX 4D

# Half Year Report to the Australian Securities Exchange

|  |                            |
|--|----------------------------|
| <b>Name of Entity</b>                          | Money3 Corporation Limited |
| <b>ABN</b>                                     | 63 117 296 143             |
| <b>Half Year Ended</b>                         | 31 December 2015           |
| <b>Previous Corresponding Reporting Period</b> | 31 December 2014           |

## Results for Announcement to the Market

|   | \$                                 | Percentage increase<br>/(decrease) over previous<br>corresponding period |
|---|------------------------------------|--|
| <b>Revenue from ordinary activities</b>                                   | 47,448,307                         | 45.39%   |
| <b>Profit from ordinary activities after tax attributable to members</b>  | 10,001,953                         | 37.28%   |
| <b>Net profit for the period attributable to members</b>                  | 10,001,953                         | 37.28%   |
| <b>Dividends (distributions)</b>  | <b>Amount per security</b>         | <b>Franked amount per security</b>                                       |
| <b>Final Dividend</b>   | 2.75 cents (paid on 23/10/15)      | 2.75 cents   |
| <b>Interim Dividend</b>   | 2.75 cents (to be paid on 22/4/16) | 2.75 cents   |
| <b>Record date for determining entitlements to the dividends (if any)</b> |                                    | 18 March 2016  |

### Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

For an explanation of revenue and profit from continuing operations, see commentary on results included in the accompanying preliminary final report.

## Dividends

|   |               |
|---|---------------|
| <b>Date the dividend is payable</b>   | 22 April 2016 |
| <b>Ex-dividend date</b>   | 17 March 2016 |
| <b>Record date to determine entitlement to the dividend</b>   | 18 March 2016 |
| <b>Amount per security</b>  | 2.75 cents    |
| <b>Total dividend</b>   | \$4,165,099   |
| <b>Amount per security of foreign sourced dividend or distribution</b>                                      | N/A           |
| <b>Dividend reinvestment plans in operation</b>   | Yes           |
| <b>The last date for receipt of an election notice for participation in any dividend reinvestment plans</b> | 21 March 2016 |

## NTA Backing

|  | Current Period | Previous corresponding period |
|--|----------------|-------------------------------|
| Net tangible asset backing per ordinary security (cents per share) | 86             | 73                            |

## Control Gained Over Entities Having Material Effect

|  |     |
|--|-----|
| Name of entity (or group of entities)  | N/A |
| Date control gained  | N/A |
| Profit / (loss) from ordinary activities after tax of the controlled entity since the date in the current period on which control was acquired.        | N/A |
| Profit / (loss) from ordinary activities after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period. | N/A |

## Loss of Control Gained Over Entities Having Material Effect

|                                       |     |
|---------------------------------------|-----|
| Name of entity (or group of entities) | N/A |
|---------------------------------------|-----|

## Details of Associates and Joint Venture Entities

|                                       |     |
|---------------------------------------|-----|
| Name of Entity (or group of entities) | N/A |
|---------------------------------------|-----|

## Foreign Entities Accounting Framework

For foreign entities provide details of which accounting standards have been adopted (e.g. International Accounting Standards)

N/A

## Audit/Review Status

This report is based on accounts to which one of the following applies:

(Tick one)

The accounts have been audited

The accounts have been subject to review

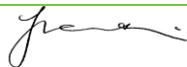
If the accounts are subject to audit dispute or qualification, a description of the dispute or qualification:

N/A

## Attachments Forming Part of Appendix 4D

| Attachment # | Details                             |
|--------------|-------------------------------------|
| 1            | Half Year Financial Report          |
| 2            | Independent Auditor's Review Report |

Signed By Company Secretary



Print Name

Jenny Martin

Date

25/02/2016

## Directors' Report

The Directors of Money3 Corporation Limited (“the Company”) submit the following report on the consolidated entity (“Money3”), being Money3 Corporation Limited and the entities it controlled at the end of, or during the financial half year ended 31 December 2015. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

### Directors

The following persons were Directors of the Company during, or since the end of, the half year:

**Mr Ray Malone** – Chairman and Non-Executive Director (appointed 29 January 2016)

**Mr Scott Baldwin** – Managing Director (appointed Managing Director on 29 September 2015, previously Executive Director)

**Mr Vaughan Webber** – Non-Executive Director (held the position of Chairman until 29 January 2016)

**Mr Kang Tan** – Non-Executive Director

**Mr Leath Nicholson** – Non-Executive Director (appointed 29 January 2016)

**Mr Stuart Robertson** – Non-Executive Director (appointed 29 January 2016)

**Mr Miles Hampton** – Non-Executive Director (resigned 27 January 2016)

**Ms Bettina Evert** – Non-Executive Director (resigned 29 January 2016)

**Mr Robert Bryant** – Managing Director (resigned 22 July 2015)

Money3 is delighted with the appointment of Mr Malone, Mr Nicholson and Mr Robertson, who will enhance the Board’s skillset and collectively bring a wealth of experience to the Company as it embarks on the next phase of its growth. The Board would like to thank Mr Hampton, Ms Evert and Mr Bryant for the significant contribution they have made to the success of Money3.

### Company Secretary

On 29 January 2016 Mrs Jennifer Martin was appointed Company Secretary of the Company and Mr Craig Harris resigned as Company Secretary of the Company.

### Principal Activities

The principal activities of Money3 during the period were providing financial services specialising in the delivery of small cash loans, personal loans, vehicle financing, equipment financing and cheque cashing. There has been no significant change in the nature of principal activities during the financial period.

### Review of Results and Operations

Money3 continues to transform itself from a short term unsecured lender to a scalable diversified financial services company focusing on short and medium term loans, both secured and unsecured. Money3 has a range of sustainable loan products that it offers to consumers who cannot access funding from traditional lenders and who want to move up the financial continuum to financial and social inclusion.

The key financial operating results are outlined in the below table:

|                                | 31 Dec 15          | % of Revenue | 31 Dec 14          | % of Revenue | % Change    |
|--------------------------------|--------------------|--------------|--------------------|--------------|-------------|
| <b>Total revenue</b>           | <b>47,448,307</b>  |              | <b>32,635,170</b>  |              | <b>45.4</b> |
| <b>EBITDA</b>                  | <b>17,141,341</b>  | 36.2         | <b>11,838,616</b>  | 36.5         | <b>44.8</b> |
| <b>Profit after income tax</b> | <b>10,001,953</b>  | 21.1         | <b>7,285,649</b>   | 22.3         | <b>37.3</b> |
|                                | 31 Dec 15          |              | 30 Jun 15          |              | % Change    |
| <b>Net loans receivable</b>    | <b>159,672,967</b> |              | <b>137,074,593</b> |              | <b>16.5</b> |

Money3 continues to deliver increased revenue and profit after income tax as a result of business growth in the Broker Division, and growth in our Online business Cash Train.

## Broker Division

The Broker Division of Money3 consists of secured asset (mainly vehicle) financing between \$2,000 and \$35,000 over a period of up to 60 months. All financing under the Broker Division is provided under a Medium Amount Credit Contract (“MACC”) or an All Other Credit (“AOC”) Contract, in accordance with the *National Consumer Credit Protection Act 2009*.

Money3 has over 100 independent broker relationships across all states of Australia, in addition to receiving leads from the Branch Division and from Online enquiries.

The key financial operating results for the Broker division are outlined in the below table;

|  | 31 Dec 15          | % of Revenue | 31 Dec 14         | % of Revenue | % Change    |
|--|--------------------|--------------|-------------------|--------------|-------------|
| <b>Total revenue</b>                   | <b>21,623,158</b>  |              | <b>13,509,584</b> |              | <b>60.1</b> |
| <b>EBITDA (pre Corporate overhead)</b> | <b>15,516,290</b>  | 71.8         | <b>9,309,451</b>  | 68.9         | <b>66.7</b> |
|  | 31 Dec 15          |              | 30 Jun 15         |              | % Change    |
| <b>Net loans receivable</b>            | <b>117,026,409</b> |              | <b>98,375,324</b> |              | <b>19.0</b> |

Growth in the Broker net loans receivable (loan book) and revenue has been driven by expanding the broker network, increasing internal sales and repeat customers cycling through the loan period. EBITDA as a percentage of revenue continues to improve, leveraging scale. Bad debts as a percentage of revenue is at expected levels. Further opportunities exist to expand the national broker footprint and increase product offerings providing significant future growth opportunities.

## Branch Division

The Branch Division consists of over 60 physical branches located across all states of Australia. The Branch Division provides cash loans to customers ranging from \$100 to \$5,000, mainly on an unsecured basis. Financing under the Branch Division is provided under either a Small Amount Credit Contract (“SACC”), Medium Amount Credit Contract (“MACC”) or an All Other Credit (“AOC”) Contract, in accordance with the *National Consumer Credit Protection Act 2009*.

Money3 has been a significant consolidator of small operators in previous years, and is one of the largest finance providers in this space.

The key financial operating results for the Branch division are outlined in the below table;

|  | 31 Dec 15         | % of Revenue | 31 Dec 14         | % of Revenue | % Change      |
|--|-------------------|--------------|-------------------|--------------|---------------|
| <b>Total revenue</b>                   | <b>17,094,885</b> |              | <b>17,233,830</b> |              | <b>(0.8)</b>  |
| <b>EBITDA (pre Corporate overhead)</b> | <b>4,915,765</b>  | 28.8         | <b>6,818,970</b>  | 39.6         | <b>(27.9)</b> |
|  | 31 Dec 15         |              | 30 Jun 15         |              | % Change      |
| <b>Net loans receivable</b>            | <b>30,844,490</b> |              | <b>27,893,935</b> |              | <b>10.6</b>   |

The Branch Division is a mature part of the business with a stable loan book. It remains a consistent contributor of revenue and continues to deliver solid returns. Several branches have been identified to merge with neighbouring branches, providing cost savings. There are further opportunities to introduce new product offerings, review product mix and increase referral capability to the Broker division.

## Online Division

In December 2014, Money3 purchased the business and certain assets of the Cash Train online lending operation. This acquisition has delivered a well marketed brand, substantial database, scalable online process that can be used to augment and enhance the existing Money3 online platform, and significant digital expertise.

Cash Train provides cash loans to customers ranging from \$200 to \$5,000, mainly on an unsecured basis. Financing under the Online Division is provided under either a Small Amount Credit Contract (“SACC”), Medium Amount Credit Contract (“MACC”) or an All Other Credit (“AOC”) Contract, in accordance with the *National Consumer Credit Protection Act 2009*.

The business uses data analytics to perform initial suitability checks on customers and provides a very fast and efficient method for loan approval which is being leveraged against the existing Money3 online platform.

The key financial operating results for the Online division are outlined in the below table;

|  | 31 Dec 15         | % of Revenue | 31 Dec 14         | % of Revenue | % Change     |
|--|-------------------|--------------|-------------------|--------------|--------------|
| <b>Total revenue</b>                   | <b>8,626,440</b>  |              | <b>1,632,271</b>  |              | <b>428.5</b> |
| <b>EBITDA (pre Corporate overhead)</b> | <b>1,808,545</b>  | 21.0         | <b>206,482</b>    | 12.6         | <b>775.9</b> |
|  | 31 Dec 15         |              | 30 Jun 15         |              | % Change     |
| <b>Net loans receivable</b>            | <b>11,802,068</b> |              | <b>10,805,334</b> |              | <b>9.2</b>   |

The 31 December 2014 comparative only includes one month of operations of the Cash Train business.

The acquisition of Cash Train in December 2014 delivered significant strategic capability in online lending, previously a modest contributor to revenue and profit. The Cash Train integration is almost complete, with best practice online processes being leveraged across the entire Money3 lending platform. Cash Train is now a profitable and growing contributor to the group. Bad debts as a percentage of revenue is improving, in line with expectations. Online is poised well to continue to deliver growth, including cross selling opportunities to the Broker Division.

## Other Matters

The 3,500,000 share placement to sophisticated investors raising \$3,325,000 at \$0.95 per share was concluded on 26 November 2015 and the fully underwritten non-renounceable 1 for 8 rights issue at \$0.95 per share raising \$15,194,019 (net of transaction costs) concluded on 17 December 2015.

With respect to unsecured lending, Money3 considered a range of options to exit unsecured Small Amount Credit Contract (SACC) operations, including sale, demerger or scale down and has resolved not to pursue these options as they do not represent the best strategic or long term shareholder value. Money3 will continue to review the composition and product mix of unsecured lending products.

## Dividends

The Directors have declared an interim dividend of 2.75 cents per share, up from 2.5 cents in the prior corresponding period.

The dividend will be paid on the 22 April 2016 to those shareholders on the register at the close of business on the 18 March 2016.

## Events Occurring After Balance Sheet Date

Other than the change in Board composition as noted on page 5, no matters or circumstances have arisen since the end of the half year that have significantly affected or may significantly affect the operations of the Group, the results of these operations in future financial years or the state of affairs of those entities in periods subsequent to the half year ended 31 December 2015.

## Directors Holdings of Shares

The aggregate number of Company fully paid shares held directly, indirectly or beneficially by Directors of the Company at the date of this report is 12,704,449 ordinary shares, 2,000,000 options (30 June 2015: 17,531,160 ordinary shares, 2,200,000 options).

## Outlook

The Directors of Money3 are pleased to confirm the full year normalised forecast for Net Profit After Income Tax of \$19,000,000.

## 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 9.

Signed in accordance with a resolution of directors made pursuant to s306(3) of the Corporations Act 2001.

On behalf of the directors,



Ray Malone  
Chairman  
Melbourne  
25 February 2016



Scott Baldwin  
Managing Director  
Melbourne  
25 February 2016

# Auditor's Independence Declaration



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Melbourne VIC 3000  
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Australia

## DECLARATION OF INDEPENDENCE BY DAVID GARVEY TO THE DIRECTORS OF MONEY3 CORPORATION LIMITED

As lead auditor for the review of Money3 Corporation Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Money3 Corporation Limited and the entities it controlled during the period.

A handwritten signature in blue ink that reads 'David Garvey'. The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

David Garvey  
Partner

**BDO East Coast Partnership**

Melbourne, 25 February 2016

## Statement of Profit and Loss and Other Comprehensive Income for the half year ended 31 December 2015

|   | Consolidated<br>Six months ended<br>31 December<br>2015<br>\$ | Consolidated<br>Six months ended<br>31 December<br>2014<br>\$ |
|---|---|---|
| <b>Revenue from continuing operations</b>                   | 2 47,372,248  | 32,375,685  |
| <b>Other income</b>   | 2 76,059  | 259,485   |
| <b>Total revenue</b>  | <b>47,448,307</b>   | <b>32,635,170</b>   |
| <br>  |   |   |
| <b>Expenses from operating activities</b>                   |   |   |
| Bad debts and allowance for impairment losses               | 7,825,971   | 4,720,222   |
| Employee benefit  | 12,814,850  | 9,703,584   |
| Legal and professional                                      | 1,156,914   | 1,352,431   |
| Occupancy   | 2,221,575   | 1,852,948   |
| Technology  | 1,595,307   | 640,823   |
| Advertising   | 2,839,264   | 1,082,375   |
| Administration  | 1,777,026   | 1,205,209   |
| Depreciation and amortisation                               | 634,345   | 275,856   |
| Finance costs   | 2,171,545   | 1,796,738   |
| <b>Total expenses</b>                                       | <b>33,036,797</b>   | <b>22,630,186</b>   |
| <b>Profit before income tax from continuing operations</b>  | <b>14,411,510</b>   | <b>10,004,984</b>   |
| Income tax expense  | (4,409,557)   | (2,719,335)   |
| <b>Profit after income tax from continuing operations</b>   | <b>10,001,953</b>   | <b>7,285,649</b>  |
| <b>Total comprehensive income for the period net of tax</b> | <b>10,001,953</b>   | <b>7,285,649</b>  |
| <br>  |   |   |
| <b>Profit attributable to:</b>                              |   |   |
| Owners of Money3 Corporation Limited                        | <b>10,001,953</b>   | <b>7,285,649</b>  |
| <b>Total comprehensive income attributable to:</b>          |   |   |
| Owners of Money3 Corporation Limited                        | <b>10,001,953</b>   | <b>7,285,649</b>  |
| <br>  |   |   |
| <b>Earnings per share from continuing operations</b>        |   |   |
| Basic   | 3 7.60 cents  | 6.71 cents  |
| Diluted   | 3 6.38 cents  | 5.61 cents  |

The above consolidated statement of profit and loss and other comprehensive income should be read in conjunction with the attached notes.

## Statement of Financial Position as at 31 December 2015

|                                      | Note | Consolidated<br>31 December<br>2015<br>\$ | Consolidated<br>30 June<br>2015<br>\$ |
|--------------------------------------|------|---|---------------------------------------|
| <b>Assets</b>                        |      |   |                                       |
| <b>Current assets</b>                |      |   |                                       |
| Cash and cash equivalents            |      | 21,425,793                                | 12,418,206                            |
| Loans and other receivables          | 6    | 105,862,121                               | 88,547,170                            |
| Other assets                         |      | 137,693                                   | 309,884                               |
| <b>Total current assets</b>          |      | <b>127,425,607</b>                        | <b>101,275,260</b>                    |
| <b>Non-current assets</b>            |      |   |                                       |
| Loans and other receivables          | 6    | 45,577,378                                | 41,708,689                            |
| Other assets                         |      | 509,435                                   | 507,291                               |
| Property, plant & equipment          |      | 2,384,550                                 | 2,571,109                             |
| Intangible assets                    |      | 19,878,341                                | 19,374,237                            |
| Deferred tax assets                  |      | 2,835,272                                 | 2,906,934                             |
| <b>Total non-current assets</b>      |      | <b>71,184,976</b>                         | <b>67,068,260</b>                     |
| <b>Total assets</b>                  |      | <b>198,610,583</b>                        | <b>168,343,520</b>                    |
| <b>Liabilities</b>                   |      |   |                                       |
| <b>Current Liabilities</b>           |      |   |                                       |
| Trade and other payables             |      | 4,269,905                                 | 4,710,406                             |
| Derivative financial liabilities     |      | 3,570                                     | 55,323                                |
| Borrowings                           | 7    | 6,994,532                                 | 7,472,982                             |
| Current tax payables                 |      | 7,543,788                                 | 4,264,389                             |
| Provisions                           |      | 1,554,616                                 | 1,264,996                             |
| <b>Total current liabilities</b>     |      | <b>20,366,411</b>                         | <b>17,768,096</b>                     |
| <b>Non-current liabilities</b>       |      |   |                                       |
| Borrowings                           | 7    | 28,355,622                                | 27,738,750                            |
| Provisions                           |      | 125,326                                   | 108,948                               |
| <b>Total non-current liabilities</b> |      | <b>28,480,948</b>                         | <b>27,847,698</b>                     |
| <b>Total liabilities</b>             |      | <b>48,847,359</b>                         | <b>45,615,794</b>                     |
| <b>Net assets</b>                    |      | <b>149,763,224</b>                        | <b>122,727,726</b>                    |
| <b>Equity</b>                        |      |   |                                       |
| Issued capital                       | 5    | 122,594,754                               | 102,180,510                           |
| Reserves                             |      | 2,975,824                                 | 2,791,311                             |
| Retained earnings                    |      | 24,192,646                                | 17,755,905                            |
| <b>Total equity</b>                  |      | <b>149,763,224</b>                        | <b>122,727,726</b>                    |

The above consolidated statement of financial position should be read in conjunction with the attached notes.

## Statement of Changes in Equity for the half year ended 31 December 2015

| <b>Consolidated</b>   | <b>Issued Capital</b> | <b>Retained Earnings</b> | <b>Reserves</b>  | <b>Total</b>       |
|---|-----------------------|--------------------------|------------------|--------------------|
|   | \$                    | \$                       | \$               | \$                 |
| <b>At 1 July 2015</b>   | <b>102,180,510</b>    | <b>17,755,905</b>        | <b>2,791,311</b> | <b>122,727,726</b> |
| Profit after income tax expense for the period                    | -                     | 10,001,953               | -                | 10,001,953         |
| Other comprehensive income for the period                         | -                     | -                        | -                | -                  |
| <b>Total comprehensive income for the period</b>                  | <b>-</b>              | <b>10,001,953</b>        | <b>-</b>         | <b>10,001,953</b>  |
| <b>Transactions with owners in their capacity as owners:</b>      |                       |                          |                  |                    |
| Issue of shares   | 19,533,268            | -                        | -                | 19,533,268         |
| Transaction costs arising from share issue                        | (793,232)             | -                        | -                | (793,232)          |
| Deferred tax asset for transaction costs arising from share issue | 237,906               | -                        | -                | 237,906            |
| Share buy back  | (17,866)              | -                        | -                | (17,866)           |
| Employee share entitlements - value of employees service          | -                     | -                        | 184,513          | 184,513            |
| Options exercised   | 400,000               | -                        | -                | 400,000            |
| Dividend paid   | 1,054,168             | (3,565,212)              | -                | (2,511,044)        |
| <b>Closing balance as at 31 December 2015</b>                     | <b>122,594,754</b>    | <b>24,192,646</b>        | <b>2,975,824</b> | <b>149,763,224</b> |
| <b>At 1 July 2014</b>   | <b>71,195,425</b>     | <b>9,713,109</b>         | <b>187,064</b>   | <b>81,095,598</b>  |
| Profit after income tax expense for the period                    | -                     | 7,285,649                | -                | 7,285,649          |
| Other comprehensive income for the period                         | -                     | -                        | -                | -                  |
| <b>Total comprehensive income for the period</b>                  | <b>-</b>              | <b>7,285,649</b>         | <b>-</b>         | <b>7,285,649</b>   |
| <b>Transactions with owners in their capacity as owners:</b>      |                       |                          |                  |                    |
| Issue of shares   | 20,147,073            | -                        | -                | 20,147,073         |
| Transaction cost arising from share issue                         | (679,611)             | -                        | -                | (679,611)          |
| Deferred tax asset for transaction costs arising from share issue | 203,883               | -                        | -                | 203,883            |
| Options issued  | -                     | -                        | 2,355,000        | 2,355,000          |
| Employee share entitlements - value of employee service           | -                     | -                        | 91,368           | 91,368             |
| Options exercised   | 170,000               | -                        | -                | 170,000            |
| Dividend paid   | 670,845               | (2,688,221)              | -                | (2,017,376)        |
| <b>Closing balance as at 31 December 2014</b>                     | <b>91,707,615</b>     | <b>14,310,537</b>        | <b>2,633,432</b> | <b>108,651,584</b> |

The above consolidated statement of changes in equity should be read in conjunction with the attached notes.

## Statement of Cash Flows for the half year ended 31 December 2015

|   | Note | Consolidated<br>Six months ended<br>31 December<br>2015<br>\$ | Consolidated<br>Six months ended<br>31 December<br>2014<br>\$ |
|---|------|---|---|
| <b>Cash flows from operating activities</b>                     |      |   |   |
| Net fees and charges from customers                             |      | 39,049,066  | 30,599,362  |
| Net funds advanced to, and repayments from, customers for loans |      | (21,364,905)  | (31,788,046)  |
| Payments to suppliers and employees (GST inclusive)             |      | (21,183,640)  | (18,269,263)  |
| Interest received   |      | 76,059  | 238,962   |
| Finance costs   |      | (1,619,845)   | (1,095,191)   |
| Income tax paid   |      | (1,500,000)   | (1,750,000)   |
| <b>Net cash outflows from operating activities</b>              |      | <b>(6,543,265)</b>  | <b>(22,064,176)</b>   |
| <b>Cash flows from investing activities</b>                     |      |   |   |
| Payment for property, plant and equipment                       |      | (251,203)   | (784,346)   |
| Proceeds from disposal of property, plant and equipment         |      | -   | 33,133  |
| Payments for purchase of business                               | 12   | (27,104)  | (1,732,238)   |
| <b>Net cash outflows from investing activities</b>              |      | <b>(278,307)</b>  | <b>(2,483,451)</b>  |
| <b>Cash flows from financing activities</b>                     |      |   |   |
| Proceeds from the issue of shares, net of transaction costs     |      | 18,901,215  | 19,490,391  |
| Proceeds from borrowings  |      | 8,892,624   | 10,035,000  |
| Repayment of borrowings   |      | (9,453,574)   | (341,142)   |
| Dividends paid  |      | (2,511,106)   | (2,017,376)   |
| <b>Net cash inflows from financing activities</b>               |      | <b>15,829,159</b>   | <b>27,166,873</b>   |
| <b>Net increase in cash and cash equivalents</b>                |      | <b>9,007,587</b>  | <b>2,619,246</b>  |
| <b>Cash and cash equivalents at the beginning of the period</b> |      | <b>12,418,206</b>   | <b>23,679,063</b>   |
| <b>Cash and cash equivalents at the end of the period</b>       |      | <b>21,425,793</b>   | <b>26,298,309</b>   |

The above consolidated statement of cash flows should be read in conjunction with the attached notes.

# Notes to Financial Statements for the half year ended 31 December 2015

## Introduction

The financial report of Money3 Corporation Limited (“Money3”) for the half year ended 31 December 2015 was authorised for issue in accordance with a resolution of Directors on 25 February 2016. Money3 is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange. The financial report is presented in Australian dollars. The nature of the operations and principal activities of the Group are described in Note 8.

## NOTE 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2015 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the Annual Report for the year ended 30 June 2015 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

### **New, revised or amending Accounting Standards and Interpretations adopted**

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

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

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

## NOTE 1. Significant accounting policies (continued)

### New, revised or amending Accounting Standards and Interpretations adopted (continued)

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

#### ***AASB 9 Financial Instruments***

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ("OCI"). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ("ECL") model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

#### ***AASB 15 Revenue from Contracts with Customers***

This standard is applicable to annual reporting periods beginning on or after 1 January 2017. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

## NOTE 2. Revenue

|   | Consolidated<br>Six months ended<br>31 December<br>2015<br>\$ | Consolidated<br>Six months ended<br>31 December<br>2014<br>\$ |
|---|---|---|
| <b>Revenue from continuing operations</b>       |   |   |
| Loan fees and interest                          | 46,766,998  | 31,773,044  |
| Cheque cashing fees                             | 486,803   | 550,010   |
| Other services                                  | 118,447   | 52,631  |
| <b>Total revenue from continuing operations</b> | <b>47,372,248</b>   | <b>32,375,685</b>   |
| <b>Other income</b>                             |   |   |
| Profit on sale of assets                        | -   | 20,523  |
| Interest income from financial institutions     | 76,059  | 238,962   |
| <b>Total other income</b>                       | <b>76,059</b>   | <b>259,485</b>  |
| <b>Total revenue</b>                            | <b>47,448,307</b>   | <b>32,635,170</b>   |

## NOTE 3. Earnings per share

|   | Consolidated<br>Six months ended<br>31 December<br>2015<br>Cents | Consolidated<br>Six months ended<br>31 December<br>2014<br>Cents |
|---|--|--|
| <b>a) Basic and diluted earnings per share</b>  |  |  |
| Basic earnings per share (cents per share)  | 7.60   | 6.71   |
| Diluted earnings per share (cents per share)  | 6.38   | 5.61   |
| <b>b) The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:</b> |  |  |
| Earnings used in basic and diluted earnings per share (profit after income tax)   | 10,001,953   | 7,285,649  |
|   | <b>Number</b>  | <b>Number</b>  |
| <b>Weighted average number of ordinary shares for the purpose of basic earnings per share</b>   | <b>131,542,784</b>   | <b>108,640,070</b>   |
| Weighted average number of ordinary and potential ordinary shares used in the calculation of diluted earnings per share as follows:                   |  |  |
| Weighted average number of ordinary shares basic  | 131,542,784  | 108,640,070  |
| Dilutive potential ordinary shares  | 25,348,098   | 21,182,065   |
| <b>Weighted average number of ordinary shares and potential ordinary shares used in calculation of diluted earnings per share</b>                     | <b>156,890,882</b>   | <b>129,822,135</b>   |

## NOTE 4. Dividends

|  | Consolidated<br>Six months ended<br>31 December<br>2015<br>\$ | Consolidated<br>Six months ended<br>31 December<br>2014<br>\$ |
|--|---|---|
| <b>Dividends paid during the half year on ordinary shares:</b>   |   |   |
| Final franked dividend for the financial year ended 30 June 2015: 2.75 cents, paid on 23 October 2015 (30 June 2014: 2.50 cents)         | 3,565,212   | 2,688,221   |
| <b>Dividends proposed and not yet recognised as a liability:</b>   |   |   |
| Interim franked dividend for the half year ended 31 December 2015: 2.75 cents, to be paid on 22 April 2016 (31 December 2014: 2.5 cents) | 4,165,099   | 3,209,593   |

## NOTE 5. Issued capital

|  | Consolidated<br>31 December 2015 |                    | Consolidated<br>30 June 2015    |                    |
|--|----------------------------------|--------------------|---------------------------------|--------------------|
|  | Number of<br>ordinary<br>shares  | \$                 | Number of<br>ordinary<br>shares | \$                 |
| <b>Balance at the beginning of the financial period</b>                      | <b>129,253,203</b>               | <b>102,180,510</b> | <b>107,187,327</b>              | <b>71,195,425</b>  |
| <b>Issued during the financial period:</b>                                   |                                  |                    |                                 |                    |
| Issue of shares to public at \$1.45 each                                     | -                                | -                  | 13,793,105                      | 20,000,002         |
| Issue of shares to public at \$0.95 each                                     | 3,500,000                        | 3,325,000          | -                               | -                  |
| Issue of shares to shareholders under the Share Purchase Plan at \$1.45 each | -                                | -                  | 6,466,462                       | 9,376,370          |
| Issue of shares to shareholders under the Share Purchase Plan at \$0.95 each | 16,828,685                       | 15,987,251         | -                               | -                  |
| Share issue costs  | -                                | (793,232)          | -                               | (753,755)          |
| Share buy back   | (13,912)                         | (17,866)           | -                               | -                  |
| Deferred tax credit  | -                                | 237,906            | -                               | 226,127            |
| Issue of shares on exercise of options at \$0.50 each                        | 400,000                          | 200,000            | -                               | -                  |
| Issue of shares on exercise of options at \$0.85 each                        | -                                | -                  | 200,000                         | 170,000            |
| Issue of shares on exercise of options at \$1.00 each                        | 200,000                          | 200,000            | -                               | -                  |
| Issue of shares to employees at \$1.04 each                                  | -                                | -                  | 141,414                         | 147,071            |
| Issue of shares to employees at \$1.08 each                                  | 204,646                          | 221,017            | -                               | -                  |
| Issue of shares on DRP   | 1,085,540                        | 1,054,168          | 1,464,895                       | 1,819,270          |
| <b>Balance at end of the financial period</b>                                | <b>151,458,162</b>               | <b>122,594,754</b> | <b>129,253,203</b>              | <b>102,180,510</b> |

## NOTE 6. Loans and other receivables

|  | Consolidated<br>31 December<br>2015 | Consolidated<br>30 June<br>2015 |
|--|-------------------------------------|---------------------------------|
|  | \$                                  | \$                              |
| Current loans and other receivables      | 105,862,121                         | 88,547,170                      |
| Non-current loans and other receivables  | 45,577,378                          | 41,708,689                      |
| <b>Total loans and other receivables</b> | <b>151,439,499</b>                  | <b>130,255,859</b>              |
| Gross loans and other receivables        | 182,193,500                         | 156,404,968                     |
| Deferred revenue                         | (22,520,533)                        | (19,330,375)                    |
| <b>Net loans and other receivables</b>   | <b>159,672,967</b>                  | <b>137,074,593</b>              |
| Allowance for impairment losses          | (8,233,468)                         | (6,818,734)                     |
| <b>Total loans and other receivables</b> | <b>151,439,499</b>                  | <b>130,255,859</b>              |

Gross loans and other receivables represent the gross amount to be received from customers, inclusive of certain application, credit and monthly account keeping fees (“fees”) charged on loans, and are initially recognised at the fair value of the receivables. Deferred revenue represents the amount of fees expected to be earned in future periods, to be recognised over the remaining term of the loan using the effective interest rate method. Net loans and other receivable approximates the cash actually lent to customers. Net loans and other receivables are subsequently carried at amortised cost after allowance for impairment losses (doubtful debts). The carrying amount of loans and other receivables approximates their net fair values.

## NOTE 7. Borrowings

|   | Consolidated<br>31 December<br>2015<br>\$ | Consolidated<br>30 June<br>2015<br>\$ |
|---|---|---------------------------------------|
| <b>Current</b>                          |   |                                       |
| Receivables funding facility            | 6,994,532                                 | 7,472,982                             |
| <b>Non-Current</b>                      |   |                                       |
| Bond - face value                       | 30,000,000                                | 30,000,000                            |
| Unamortised bond issue and option costs | (1,644,378)                               | (2,261,250)                           |
|   | <u>28,355,622</u>                         | <u>27,738,750</u>                     |

### Receivables funding facility

Money3 has a \$6,994,532 receivables funding facility in place. The facility enabled secured loans receivable that met specific criteria to be sold into the securitised vehicle and enabled receivables to convert to cash quicker. Money3 retains an interest in each of the receivables. As the advance rate for each receivable was less than its face value, the full face value of the receivable remains on Money3's Statement of Financial Position and the amount advanced under the facility is recorded as a liability. The face value of loans receivable sold into the securitised facility as at 31 December 2015 and carried on the Statement of Financial Position is \$19,057,575 (30 June 2015: \$18,794,280). The facility is due to expire in December 2016. No further receivables can be sold into the facility, and accordingly the facility is in run down. The interest rate is based on a base rate plus a margin.

### Bond

On 14 May 2014, the first tranche of the bond issue was made for \$15,000,000 and the second tranche was issued on 30 June 2014 for \$15,000,000. The bonds have a maturity of 4 years and an interest rate of 9% paid quarterly in arrears. There is a general security deed over all the company's assets. The initial subscribers under the bond issue will receive 50 options for every \$100 invested. The exercise price of the options is \$1.30 and can be exercised any time prior to maturity date.

### Financing facilities available

|  | Consolidated<br>31 December<br>2015<br>\$ | Consolidated<br>30 June<br>2015<br>\$ |
|--|---|---------------------------------------|
| <b>Total facilities</b>                    |   |                                       |
| Receivables funding facilities             | 6,994,532                                 | 20,000,000                            |
| <b>Facilities used at reporting date</b>   |   |                                       |
| Receivables funding facilities             | 6,994,532                                 | 7,472,982                             |
| <b>Facilities unused at reporting date</b> |   |                                       |
| Receivables funding facilities             | -   | 12,527,018                            |
| <b>Total facilities</b>                    |   |                                       |
| Facilities used at reporting date          | 6,994,532                                 | 7,472,982                             |
| Facilities unused at reporting date        | -   | 12,527,018                            |
| <b>Total facilities</b>                    | <u>6,994,532</u>                          | <u>20,000,000</u>                     |

## NOTE 7. Borrowings (continued)

Assets pledged as security

|   | Consolidated<br>31 December<br>2015<br>\$ | Consolidated<br>30 June<br>2015<br>\$ |
|---|---|---------------------------------------|
| <b>Non-current</b>                      |   |                                       |
| <b>Floating charge</b>                  |   |                                       |
| Receivable                              | 19,057,575                                | 18,794,280                            |
| Plant and equipment                     | 2,384,550                                 | 2,571,109                             |
| <b>Total assets pledged as security</b> | 21,442,125                                | 21,365,389                            |

## NOTE 8. Segment information

The Group has adopted AASB 8 'Operating Segments' with effect from 1 July 2009. A segment is a component of the consolidated entity that engages in business activities to provide products or services within a particular economic environment. AASB 8 requires operating segments to be identified on the basis of internal reports and components of Money3 that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performances.

Up until 30 June 2015, Money3 had two operating segments, being Secured and Unsecured. Secured represented the secured vehicle financing operations sourced mainly from brokers, and Unsecured represented the branch network of physical stores and the online Cash Train operations, which both provide unsecured personal loans. This represented a segment determination predominantly based on the type of product provided. Since the full integration of Cash Train into Money3, the chief operating decision maker, being the Managing Director and the Board of Directors, have reviewed the components of Money3 by distribution channel, being Broker, Branch and Online, rather than by product. Each distribution channel is managed separately, has a different customer profile, and different financial metrics, with reports being reviewed and decisions being made about the allocation of resources by distribution channel, not product. Accordingly, from 1 July 2015 management has determined that Money3 has three segments, being Broker, Branch and Online as outlined below:

### Broker (Previously Secured)

This segment provides lending facilities based on the provision of an underlying asset as security, generally referred through a broker.

### Branch (Previously part of Unsecured)

This segment provides services and lending facilities without the provision of an underlying asset as security through the branch network.

### Online (Previously part of Unsecured)

This segment provides lending facilities without the provision of an underlying asset as security through the internet.

Segment profit earned by each segment represents earnings without the allocation of central administration costs and directors' salaries, interest income and expense in relation to corporate facilities, bad debt collection and income tax expense. This is the measure reported to the Managing Director for the purpose of resource allocation and assessment of segment performance. The unallocated assets include various corporate assets held at a corporate level that have not been allocated to the underlying segments.

## NOTE 8. Segment information (continued)

|  | Broker            | Branch            | Online           | Segment Total     | Eliminations /Unallocated | Total             |
|--|-------------------|-------------------|------------------|-------------------|---------------------------|-------------------|
| <b>Consolidated</b>                    |                   |                   |                  |                   |                           |                   |
| <b>Six months ending December 2015</b> | \$                | \$                | \$               | \$                | \$                        | \$                |
| <b>Revenue</b>                         |                   |                   |                  |                   |                           |                   |
| Revenue from continuing operations     | 21,623,158        | 17,094,885        | 8,626,440        | 47,344,483        | 27,765                    | 47,372,248        |
| Other income                           |                   |                   |                  |                   | 76,059                    | 76,059            |
| <b>Total revenue</b>                   | <b>21,623,158</b> | <b>17,094,885</b> | <b>8,626,440</b> | <b>47,344,483</b> | <b>103,824</b>            | <b>47,448,307</b> |
| <b>EBITDA</b>                          | <b>15,516,290</b> | <b>4,915,765</b>  | <b>1,808,545</b> | <b>22,240,600</b> | <b>(5,099,259)</b>        | <b>17,141,341</b> |
| Depreciation and amortisation          |                   |                   |                  |                   |                           | (634,345)         |
| Finance costs                          |                   |                   |                  |                   |                           | (2,171,545)       |
| Interest revenue                       |                   |                   |                  |                   |                           | 76,059            |
| <b>Profit before income tax</b>        |                   |                   |                  |                   |                           | <b>14,411,510</b> |
| Income tax                             |                   |                   |                  |                   |                           | (4,409,557)       |
| <b>Profit after income tax</b>         |                   |                   |                  |                   |                           | <b>10,001,953</b> |

|                                  | Broker      | Branch     | Online     | Segment Total | Eliminations /Unallocated | Total              |
|----------------------------------|-------------|------------|------------|---------------|---------------------------|--------------------|
| <b>Consolidated</b>              |             |            |            |               |                           |                    |
| <b>31 December 2015</b>          | \$          | \$         | \$         | \$            | \$                        | \$                 |
| <b>Assets</b>                    |             |            |            |               |                           |                    |
| Segment assets                   | 127,621,613 | 38,692,718 | 15,309,171 | 181,623,503   | (5,668,085)               | 175,955,417        |
| <b>Unallocated assets:</b>       |             |            |            |               |                           |                    |
| Cash and cash equivalents        |             |            |            |               |                           | 18,520,074         |
| Other assets                     |             |            |            |               |                           | 204,207            |
| Property, plant and equipment    |             |            |            |               |                           | 1,095,613          |
| Deferred tax assets              |             |            |            |               |                           | 2,835,272          |
| <b>Total assets</b>              |             |            |            |               |                           | <b>198,610,583</b> |
| <b>Liabilities</b>               |             |            |            |               |                           |                    |
| Segment liabilities              | 59,783,360  | 17,586,448 | -          | 77,369,808    | (75,405,156)              | 1,964,652          |
| <b>Unallocated liabilities:</b>  |             |            |            |               |                           |                    |
| Trade and other payables         |             |            |            |               |                           | 2,308,823          |
| Derivative financial liabilities |             |            |            |               |                           | -                  |
| Borrowings                       |             |            |            |               |                           | 35,350,154         |
| Provisions                       |             |            |            |               |                           | 1,679,942          |
| Current tax payables             |             |            |            |               |                           | 7,543,788          |
| <b>Total liabilities</b>         |             |            |            |               |                           | <b>48,847,359</b>  |

## NOTE 8. Segment information (continued)

|  | Broker            | Branch            | Online           | Segment<br>Total  | Eliminations<br>/Unallocated | Total             |
|--|-------------------|-------------------|------------------|-------------------|------------------------------|-------------------|
| Consolidated<br>Six months ending December<br>2014 | \$                | \$                |                  | \$                | \$                           | \$                |
| <b>Revenue</b>                                     |                   |                   |                  |                   |                              |                   |
| Revenue from continuing operations                 | 13,509,584        | 17,233,830        | 1,632,271        | 32,375,685        | -                            | 32,375,685        |
| Other revenue                                      |                   |                   |                  |                   | 259,485                      | 259,485           |
| <b>Total Revenue</b>                               | <b>13,509,584</b> | <b>17,233,830</b> | <b>1,632,271</b> | <b>32,375,685</b> | <b>259,485</b>               | <b>32,635,170</b> |
| <b>EBITDA</b>                                      |                   |                   |                  |                   |                              |                   |
|  | 9,309,451         | 6,818,970         | 206,482          | 16,334,903        | (4,496,288)                  | 11,838,615        |
| Depreciation and amortisation                      |                   |                   |                  |                   |                              | (275,855)         |
| Finance costs                                      |                   |                   |                  |                   |                              | (1,796,738)       |
| Interest revenue                                   |                   |                   |                  |                   |                              | 238,962           |
| <b>Profit before income tax</b>                    |                   |                   |                  |                   |                              | <b>10,004,984</b> |
| Income Tax   |                   |                   |                  |                   |                              | (2,719,335)       |
| <b>Profit after income tax</b>                     |                   |                   |                  |                   |                              | <b>7,285,649</b>  |

|                                  | Broker      | Branch     | Online     | Segment<br>Total | Eliminations<br>/Unallocated | Total              |
|----------------------------------|-------------|------------|------------|------------------|------------------------------|--------------------|
| Consolidated<br>30 June 2015     | \$          | \$         | \$         | \$               | \$                           | \$                 |
| <b>Assets</b>                    |             |            |            |                  |                              |                    |
| Segment assets                   | 104,072,939 | 38,269,387 | 13,728,835 | 156,071,161      | (2,601,721)                  | 153,469,440        |
| <b>Unallocated assets:</b>       |             |            |            |                  |                              |                    |
| Cash and cash equivalents        |             |            |            |                  |                              | 10,394,321         |
| Other receivables                |             |            |            |                  |                              | 70,088             |
| Other assets                     |             |            |            |                  |                              | 281,937            |
| Property, plant and equipment    |             |            |            |                  |                              | 1,220,800          |
| Deferred tax assets              |             |            |            |                  |                              | 2,906,934          |
| <b>Total assets</b>              |             |            |            |                  |                              | <b>168,343,520</b> |
| <b>Liabilities</b>               |             |            |            |                  |                              |                    |
| Segment liabilities              | 59,964,008  | 18,942,948 | -          | 78,906,956       | (68,887,842)                 | 10,019,114         |
| <b>Unallocated liabilities:</b>  |             |            |            |                  |                              |                    |
| Trade and other payables         |             |            |            |                  |                              | 2,164,273          |
| Derivative financial liabilities |             |            |            |                  |                              | 55,323             |
| Borrowings                       |             |            |            |                  |                              | 27,738,750         |
| Current tax payables             |             |            |            |                  |                              | 4,264,389          |
| Provisions                       |             |            |            |                  |                              | 1,373,945          |
| <b>Total liabilities</b>         |             |            |            |                  |                              | <b>45,615,794</b>  |

## NOTE 9. Contingent liabilities

The Company has no contingent liabilities as at 31 December 2015.

## NOTE 11. Subsequent events

No significant events have occurred since balance date which would impact on the financial position of the Company.

## NOTE 12. Business combinations

On 8 December 2014, Money3 purchased the Cash Train business for consideration of \$4,014,342. In the period ending 31 December 2015, the business added \$7,954,435 (31 December 2014: \$705,468) of revenue from operations and generated profit of \$1,428,113 (31 December 2014: loss of \$8,418) before tax. The acquisition adds to Money3's web presence and complements the existing businesses. Goodwill of \$2,716,604 represents the expected synergies with other parts of the business and the increased web presence that Money3 will obtain. The other intangible assets, being customer contacts, have been valued using a fair value per lead by the number of customer contacts received, and will be amortised over 3 years.

The details of the acquisition are as follows:

|   | \$               |
|---|------------------|
| Employee Benefits   | (203,065)        |
| Creditors   | (84,697)         |
| Intangible assets – customer contacts                                     | 2,265,000        |
| Deferred tax asset on customer contracts                                  | (679,500)        |
| <b>Net assets acquired</b>  | <b>1,297,738</b> |
| Goodwill  | 2,716,604        |
| <b>Acquisition date fair value of the total consideration transferred</b> | <b>3,987,238</b> |
| <b>Representing:</b>  |                  |
| Cash paid or payable to vendor  | 3,987,238        |
| Transaction costs   | 27,104           |
|   | 4,014,342        |
| <b>Cash used to acquire business, net of cash acquired:</b>               |                  |
| Acquisition- date fair value of the total consideration transferred       | 4,014,342        |
| <b>Net cash used</b>  | <b>4,014,342</b> |

## Directors Declaration

The Directors of Money3 Corporation Limited declare that they are of the opinion that:

1. the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
  - a. giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half year ended on that date as represented by the results of its operations, changes in equity and its cash flows, for the half year ended on that date; and
  - b. comply with Accounting Standards AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001 and other mandatory professional reporting requirements;
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with the resolution of the directors made pursuant to Section 303(5) of the Corporations Act 2001.

On behalf of the Directors,



Ray Malone  
Chairman  
Melbourne  
25 February 2016



Scott Baldwin  
Managing Director  
Melbourne  
25 February 2016



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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Money3 Corporation Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Money3 Corporation Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

#### Directors' Responsibility for the Half-Year Financial Report

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

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Money3 Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

#### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Money3 Corporation Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Money3 Corporation Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

**BDO East Coast Partnership**

BDO

A handwritten signature in blue ink, appearing to read 'David Garvey', written over a faint BDO logo.

**David Garvey**  
**Partner**

Melbourne, 25 February 2016