



Money3 Corporation Limited  
ABN 63 117 296 143

Half Year Financial Report

31 December 2014

APPENDIX 4D

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

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

Half Year Report December 2014

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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 2014
<b>Previous Corresponding Reporting Period</b>	31 December 2013

## Results for Announcement to the Market

	\$	Percentage increase /(decrease) over previous corresponding period
<b>Revenue from ordinary activities</b>	32,375,685	67.94%
<b>Profit from ordinary activities after tax attributable to members</b>	7,285,649	135.72%
<b>Net profit for the period attributable to members</b>	7,285,649	135.72%
<b>Dividends (distributions)</b>	<b>Amount per security</b>	<b>Franked amount per security</b>
<b>Final Dividend</b>	2.50 cents (paid on 28/10/14)	2.50 cents
<b>Interim Dividend</b>	2.50 cents	2.50 cents
<b>Record date for determining entitlements to the dividends (if any)</b>	23 March 2015	

**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>	24 April 2015
<b>Record date to determine entitlement to the dividend</b>	23 March 2015
<b>Amount per security</b>	2.50 cents
<b>Total dividend</b>	\$3,209,593
<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>	24 March 2015

## NTA Backing

	Current Period	Previous corresponding period
<b>Net tangible asset backing per ordinary security (cents per share)</b>	73	58

## 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 4E

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

Signed By (Director/Company Secretary)

Print Name

Craig Harris

Date

26/02/2015

## Chairman and Managing Director Report

The directors of Money3 are pleased to report Profit before tax of \$10,004,984 for the half year to 31<sup>st</sup> December 2014 up from \$4,432,883 in the previous corresponding reporting period.

### Key Highlights

- NPAT up 135% to \$7.3m from \$3.1M
- Diluted EPS up 66% to 5.61 cents from 3.38 cents
- Interim Dividend increase by 25% to 2.5 cents from 2.0 cents
- Gross Margin has increased to 31% from 23%
- Earned Revenue increased by 68% to \$32.4M from \$19.3M
- Earned Revenue from the secured division increased by 109% to \$14.2M from \$6.8M
- Debtors increased 44 % to \$104.9M from \$72.7M
- Increased normalised FY15 forecast NPBT of \$20.0M from \$18.0M

Over recent years Money3 continues to transform itself from a short term lender to a scalable diversified financial services company focusing on short and medium term loans.

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.

### Principal Activities

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

### Review of operations

Money3 has continued to expand and consolidate its business over the six months ended 31 December 2014 with debt funding from the bond issue employed, staffing settled and the acquisition of businesses from Paid International Ltd completed in December.

The Money3 products allow consumers to move through the financial continuum required for financial and social inclusion and form part of the mix for successful outcomes for financially challenged consumers.

### Secured Division

The Secured Division of Money3 has been experiencing some exceptional growth over the past 6 months with written sales up over 104% to \$25.9M (Dec 2013: \$12.7M) and earned income up 109% to \$14.2M (Dec 2013: \$6.8M).

This growth has come from access to debt funding and the continued support of our branches, the web and expansion of the broker network.

The Auto Division is broken into 2 focused areas:

### **Loan Centre**

Secured Loans Centre caters for customers purchasing a vehicle between \$5,000 and \$40,000 over a period of 18 months to 4 years. This product has been running for over 5 years and the growth in the next 12 months is expected to continue to be strong.

### **Micro Motors**

A division created in August 2011 micro car loans range between \$2,000 and \$6,000 and fit perfectly with the profile of branch customers and those outside the Secured Loan Centre criteria. Month on month this division grows and provides for customers who are not ready for larger loans. This division is seeing loans running full term and good customers re-borrowing for larger loans.

## **Unsecured Division**

The Unsecured Division written income increased by 44.6% to \$22.8M, and earned income increased by 45.3% to 18.2M. The growth in this division has come from the integration of the Cash Store branches into the Money3 stable. In effect we increased the branch network by 40%.

At the current caps applied from the 1<sup>st</sup> July 2013 loans under \$500 are uneconomical however Money3 is committed to financial and social inclusion and will continue to offer these much needed products. In this half year 50% of transactions across Money3 generated less than 5% of revenue.

Money3 continue to look at more efficient ways to provide this service and the acquisition of the businesses from Paid International Ltd will provide some efficiency gains.

### **Branch Network**

The Branch network is profitable and the existence of unmet demand and closure of competitors is providing organic growth opportunities.

### **Web Centre**

The second quarter saw solid results for secured and unsecured loans being generated from our Money3 online presence. Once again the technology picked up from the acquisition of the businesses of Paid International Ltd will improve Money3 online capabilities and see the combining of these capabilities and Money3 products generate strong gains over the next 6 months.

## **Funding**

Money3 has benefited greatly in deploying the debt funding it had raised previously and has seen a positive impact on EPS growth. In December Money3, with the Paid acquisition in mind, raised \$20m via a placement to sophisticated and institutional investors and a further \$9.4M from existing shareholders in a share purchase plan completed in February 2015.

## **Cash Train**

In December 2014 Money3 purchased several assets and businesses of Paid International Ltd. This acquisition has delivered well marketed brands, a substantial database, an improved complementary front end process that can be used on the existing Money3 system and staff with skills that were lacking in the existing digital arm of Money3. The integration of the business and staff into Money3 is proceeding well.

## Regulations

The Consumer Credit Legislation Amendment (Enhancement) Act 2012 continues to be fine-tuned and will be reviewed by a three person government appointed panel in July 2015.

The reforms in this legislation included many protection mechanisms put forward by industry such as protected earnings amount, caps on fees and total amount to be repaid, stopping debt spirals. So good was the Credit Enhancement (2012) Act that bipartisan support in the last government was achieved and many parts of our law have been adopted in the UK and soon to be applied in NZ.

Money3 is committed to working with policymakers, researchers, Industry bodies, not for profit lenders and other key stakeholders to create an improved regulatory environment to ensure financial and social inclusion for all Australians.

## Media Attention

There has recently been media articles on second tier lenders including Money3. Much of this commentary reflects a complete misunderstanding of the highly regulated nature of our lending activities.

At Money3 we strive at all times to ensure that we comply with the regulatory regime. Over recent years Money3 has acquired a number of the smaller industry participants and where necessary have implemented changes to ensure that lending practices fully comply with the regulatory regime and Money3's principle based lending practices.

## Bad Debts

Bad debts for the period was 14.4% (2013:13.8%) of revenue up slightly on the same time last year and inside our acceptable range. Money3 continues to invest resources in improving the collection of receivables.

## Dividends

Money3 has announced an interim dividend of 2.5 cents per share, up from 2.0 cents in the prior corresponding period.

The dividend will be paid on the 24<sup>th</sup> April 2015 to those shareholders on the register at the close of business on the 19<sup>th</sup> March 2015.

## Outlook

Money3 is still seeing very strong demand for all its products and with funding in place will be looking for continual growth in the foreseeable future.

With this current momentum and run rate the Directors of Money3 are pleased to increase the full year normalised forecasts as follows:

- EBIT increase to \$24.0M from \$22.0M
- Net Profit before tax increase to \$20.0M from \$18.0M

## Directors

The following persons were directors of Money3 Corporation Limited during or since the end of the half year are:

**Vaughan Webber** – Chairman and Non-Executive Director

**Bettina Evert** – Non-Executive Director

**Robert James Bryant** - Chief Executive Officer and Executive Director

**Kang Hong Tan** - Non-Executive Director

**Christopher James Baldwin** – Non-Executive Director (retired 26 November 2014)

**Scott Joseph Baldwin** - Chief Operation Officer and Executive Director

**Miles Hampton** – Non-Executive Director (appointed 1 September 2014)

Vaughan Webber is a non-executive director of HUB24 Limited and Anchor Resources Limited.

Miles Hampton has been a Director of Tasmanian Perpetual Trustees Limited since July 2006. He was appointed a Director and Chairman of MyState Financial and subsidiary companies in September 2009 and was appointed a Director of The Rock Building Society Limited in December 2011. He is currently a Director of, the Van Diemen's Land Company, and is Chairman of TasWater and the Mather Foundation.

None of the other Directors hold directorships in other listed companies.

## 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,



Vaughan Webber  
Chairman  
Melbourne  
26 February 2015



Robert Bryant  
Managing Director  
Melbourne  
26 February 2015

# Auditor's Independence Declaration



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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 2014, 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.

David Garvey  
Partner

**BDO East Coast Partnership**

Melbourne, 26 February 2015

## Statement of Profit and Loss and Other Comprehensive Income for the half year ended 31 December 2014

	Consolidated Six months ended 31 December 2014 \$	Consolidated Six months ended 31 December 2013 \$
<b>Continuing Operations</b>		
Revenue (Note 2)	32,375,685	19,278,161
Other income (Note 2)	259,485	51,360
<b>Total revenue</b>	<b>32,635,170</b>	<b>19,329,521</b>
<b>Expenses from operating activities:</b>		
Employment	9,703,584	6,960,358
Advertising	1,082,375	745,278
Occupancy costs	1,852,948	1,557,625
Bad debts and allowance for impairment losses	4,720,222	2,669,012
Depreciation and amortisation	275,856	651,662
Communication	640,823	401,377
Legal and professional	1,352,431	456,549
Licence fee	-	250,000
Finance costs	1,796,738	184,402
Impairment of property, plant and equipment	-	250,000
Other	1,205,203	770,375
<b>Profit before tax</b>	<b>10,004,984</b>	<b>4,432,883</b>
Income tax expense	(2,719,335)	(1,342,049)
<b>Net profit after income tax</b>	<b>7,285,649</b>	<b>3,090,834</b>
<b>Other comprehensive income</b>		
<b>Items that may be reclassified subsequently to profit or loss</b>		
Exchange difference on translating foreign operation	-	-
<b>Total comprehensive income for the period</b>	<b>7,285,649</b>	<b>3,090,834</b>
<b>Profit attributable to:</b>		
Owners of Money3 Corporation Limited	7,285,649	3,090,834
Non-controlling interest	-	-
	<b>7,285,649</b>	<b>3,090,834</b>
<b>Total comprehensive income attributable to:</b>		
Owners of Money3 Corporation Limited	7,285,649	3,090,834
Non-controlling interest	-	-
	<b>7,285,649</b>	<b>3,090,834</b>
<b>Earnings per share –continuing operations</b>		
Basic (Note 3)	6.71 cents	3.55 cents
Diluted (Note 3)	5.61 cents	3.38 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 2014

	Consolidated 31 December 2014 \$	Consolidated 30 June 2014 \$
<b>Current assets</b>		
Cash and cash equivalents	26,298,309	23,679,063
Trade and other receivables (Note 6)	61,352,147	42,852,782
Other assets	1,143,583	649,897
<b>Total current assets</b>	<b>88,794,039</b>	<b>67,181,742</b>
<b>Non-current assets</b>		
Trade and other receivables (Note 6)	43,631,503	29,846,832
Other assets	372,481	340,869
Property, plant & equipment	2,547,203	2,051,323
Deferred tax assets	3,093,645	1,925,958
Intangible assets	19,628,487	15,363,487
<b>Total non-current assets</b>	<b>69,273,319</b>	<b>49,528,469</b>
<b>Total assets</b>	<b>158,067,358</b>	<b>116,710,211</b>
<b>Current Liabilities</b>		
Trade and other payables	6,161,636	2,292,740
Borrowings (Note 7)	9,693,858	-
Current tax payables	4,946,964	3,013,825
Provisions	1,181,053	881,225
<b>Total current liabilities</b>	<b>21,983,511</b>	<b>6,189,790</b>
<b>Non-current liabilities</b>		
Borrowings (Note 7)	27,361,875	29,340,000
Provisions	70,388	86,823
<b>Total non-current liabilities</b>	<b>27,432,263</b>	<b>29,426,823</b>
<b>Total liabilities</b>	<b>49,415,774</b>	<b>35,614,613</b>
<b>Net assets</b>	<b>108,651,584</b>	<b>81,095,598</b>
<b>Equity</b>		
Issued capital (Note 5)	91,707,615	71,195,425
Reserves	2,633,432	187,064
Retained earnings	14,310,537	9,713,109
<b>Total equity</b>	<b>108,651,584</b>	<b>81,095,598</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 2014

### Consolidated

	Issued Capital \$	Retained Earnings \$	Reserves \$	Non- controlling interest \$	Total \$
At 1 July 2013	45,097,588	6,062,399	55,769	-	51,215,756
Profit after income tax expense for the period	-	3,090,834	-	-	3,090,834
Other Comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	3,090,834	-	-	3,090,834
Transactions with owners in their capacity as owners:					
Issue of shares	24,089,000	-	-	-	24,089,000
Transaction cost arising from share issue	(987,889)	-	-	-	(987,889)
Deferred tax asset due to transaction costs arising from share issue	296,366	-	-	-	296,366
Employee share options - value of employee service	-	-	39,927	-	39,927
Dividend paid	604,703*	(2,079,506)	-	-	(1,474,803)
Closing balance as at 31 December 2013	<b>69,099,768</b>	<b>7,073,727</b>	<b>95,696</b>	-	<b>76,269,191</b>
At 1 July 2014	<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 year	-	7,285,649	-	-	7,285,649
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	7,285,649	-	-	7,285,649
<b>Transactions with owners in their capacity as owners:</b>					
Issue of shares	20,147,073	-	-	-	20,147,073
Transaction costs arising for share issue	(679,611)	-	-	-	(679,611)
Deferred tax asset due to transaction costs arising for share issue	203,883	-	-	-	203,883
Options issued	-	-	2,355,000	-	2,355,000
Employee share options -value of employees 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>

\* Shares issued to shareholders that elected to participate in the Dividend Reinvestment Plan.

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 2014

	Consolidated six months ended 31 December 2014 \$	Consolidated six months ended 31 December 2013 \$
<b>Cash flows from operating activities</b>		
Receipts from customers	30,599,361	14,336,140
Payments to suppliers and employees	(18,269,263)	(9,521,867)
Interest received	238,963	51,360
Interest paid	(1,095,191)	(184,402)
Income tax paid	(1,750,000)	(650,407)
<b>Net cash provided by operating activities</b>	<b>9,723,870</b>	<b>4,030,824</b>
<b>Cash flows from investing activities</b>		
Payment for property, plant and equipment	(784,346)	(795,035)
Payment for purchase of business (Note 12)	(1,732,238)	-
Proceeds from sale of property, plant and equipment	33,133	275,511
Net funds advanced to and repayments from customers for loans	(31,788,046)	(20,564,949)
<b>Net cash used in investing activities</b>	<b>(34,271,497)</b>	<b>(21,084,473)</b>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of shares net of transaction costs	19,490,391	23,101,111
Repayments of borrowings	(341,142)	(325,000)
Proceeds from borrowings	10,035,000	669,000
Dividend paid	(2,017,376)	(1,474,803)
<b>Net cash provided by financing activities</b>	<b>27,166,873</b>	<b>21,970,308</b>
<b>Net increase in cash held</b>	<b>2,619,246</b>	<b>4,916,659</b>
<b>Cash at the beginning of the period</b>	<b>23,679,063</b>	<b>4,441,919</b>
<b>Cash at the end of the period</b>	<b>26,298,309</b>	<b>9,358,578</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 2014

## Introduction

The financial report of Money3 Corporation Limited (“Money3”) for the half year ended 31 December 2014 was authorised for issue in accordance with a resolution of directors on 26 February 2015. 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 2014 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 2014 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.

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

#### *AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities*

The consolidated entity has applied AASB 2012-3 from 1 July 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement.

## NOTE 1. Significant accounting policies (continued)

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

#### *AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets*

The consolidated entity has applied AASB 2013-3 from 1 July 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed.

#### *AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)*

The consolidated entity has applied Parts A to C of AASB 2014-1 from 1 July 2014. These amendments affect the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'; AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9; AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operating decision maker; AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity; AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination.

## NOTE 2. Revenue

	Consolidated Six months ended 31 December 2014 \$	Consolidated Six months ended 31 December 2013 \$
Continuing operations:		
Revenue from operating activities		
Loan fees	31,773,044	17,666,144
Cheque cashing fees	550,010	501,050
Other services	52,631	1,110,967
	<b>32,375,685</b>	<b>19,278,161</b>
Revenue from non-operating activities		
Profit on sale of assets	20,523	-
Interest income from financial institutions	238,962	51,360
Total revenue from continuing operations	<b>32,635,170</b>	<b>19,329,521</b>

## NOTE 3. Earnings per share

	For the six months ended 31 December 2014 Cents	For the six months ended 31 December 2013 Cents
<b>a) Basic and diluted earnings per share</b>		
Basic earnings per share (cents per share)	6.71	3.55
Diluted earnings per share (cents per share)	5.61	3.38
<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 (net profit)	7,285,649	3,090,834
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares for the purpose of basic earnings per share	108,640,070	87,001,707
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	108,640,070	87,001,707
Dilutive potential ordinary shares	21,182,065	4,345,082
Weighted average number of ordinary shares and potential ordinary shares used in calculation of diluted earnings per share	129,822,135	91,346,789

## NOTE 4. Dividends

	For the six months ended 31 December 2014 \$	For the six months ended 31 December 2013 \$
Dividends paid during the half year on ordinary shares:		
-Final franked dividend for the financial year ended 30 June 2014: 2.5 cents, paid on 28 October 2014 (2013: 2.25 cents)	2,679,683	2,079,410
Dividends proposed and not yet recognised as a liability:		
- Interim franked dividend for the half year ended 31 December 2014: 2.5 cents, proposed to be paid on 24 April 2015 (2013: 2 cents)	3,209,593	2,101,523

## NOTE 5. Contributed equity

	Consolidated 31 December 2014		Consolidated 30 June 2014	
	Number of ordinary shares	Value \$	Number of ordinary shares	Value \$
Balance at the beginning of the financial period	107,187,327	71,195,425	78,222,432	45,097,588
Issued during the year:				
Issue of shares to public at \$1.45 each	13,793,105	20,000,002	-	-
Issue of shares to public at \$0.85 each	-	-	14,000,000	11,900,000
Issue of shares to public at \$0.9954 each	-	-	1,615,349	1,607,918
Issue of shares to public at \$1.00 each	-	-	12,000,000	12,000,000
Share issue costs	-	(679,611)	-	(996,209)
Deferred tax credit	-	203,883	-	298,863
Issue of shares on exercise of options at \$0.70 each	-	-	200,000	140,000
Issue of shares on exercise of options at \$0.85 each	200,000	170,000	-	-
Issue of shares to employees at \$1.04 each	141,414	147,071	-	-
Issue of shares to employees at \$1.00 each	-	-	49,000	49,000
Issue of shares on DRP	595,421	670,845	1,100,546	1,098,265
Balance at end of the financial period	<b>121,917,267</b>	<b>91,707,615</b>	<b>107,187,327</b>	<b>71,195,425</b>

## NOTE 6. Trade and other receivables

	Consolidated 31 December 2014 \$	Consolidated 30 June 2014 \$
Current receivables	61,352,147	42,852,782
Non-current receivables	43,631,503	29,846,832
Total receivables	<b>104,983,650</b>	<b>72,699,614</b>
Net trade receivables	111,060,620	76,612,291
Allowance for doubtful debts	(6,076,970)	(3,912,677)
	<b>104,983,650</b>	<b>72,699,614</b>

Net trade receivables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest rate method, which represents the gross amount to be received from customers less deferred revenue relating to application, credit and monthly account keeping fees charged on personal loans. The carrying amount of trade and other receivables approximates their net fair values.

## NOTE 7. Borrowings

### Current

Bank overdraft	-	-
-Borrowings		
-Receivables Funding	9,693,858	-
	9,693,858	-

### Non Current

Bonds		
-Bonds face value	30,000,000	30,000,000
-Unamortised bond issue and option costs	(2,638,125)	(660,000)
	27,361,875	29,340,000

## Fair value disclosures

The fair value of current borrowings approximates their carrying amount as the impact of discounting is not significant.

Fair values of long term financial liabilities are based on cash flows discounted using fixed effective market interest rates available to the Group. Finance costs of \$660,000 and the cost of options issued of 2,355,000 have been recognised to be amortised over the life of the bonds, which in effect discounts the \$30,000,000 face value of the bonds to \$27,361,875.

No fair value changes have been included in profit or loss for the period as financial liabilities are carried at amortised cost in the Statement of Financial Position.

## Bank loans

Bank liabilities are denominated in Australian dollars. The bank facility is secured by a floating charge over the Group's assets.

Bank overdraft, bank loans and bills of exchange when utilised, bear interest at commercially negotiated rates. All bank borrowings are subject to adherence to gearing and interest covenants and are subject to annual review. The loan bears interest at the bank's prime rates plus a margin payable monthly in arrears.

## NOTE 7. Borrowings (continued)

### Receivables funding

A \$20,000,000 facility has been established using a portion of Money3 secured trade debtors that meet specific criteria at the 31 December these trade debtors are carried in the Statement of Financial Position at \$19,939,507. The facility term is 12 months extendable annually at the discretion of Westpac, and the interest rate is based on a base rate plus a margin.

### Bonds

On the 14 May the first tranche of the bond issue was made of \$15,000,000 and the second tranche was issued on 30 June 2014 of \$15,000,000. The bonds have a maturity of 4 years and an interest rate of 9% paid quarterly. 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 31 December 2014 \$	Consolidated 30 June 2014 \$
<b>Total facilities</b>		
- Bank overdraft	-	1,000,000
- Receivables funding facilities	20,000,000	-
	20,000,000	1,000,000
<b>Facilities used at reporting date</b>		
- Bank overdraft	-	122,181
- Receivables funding facilities	9,693,858	-
	9,693,858	122,181
<b>Facilities unused at reporting date</b>		
- Bank overdraft	-	877,819
- Receivables funding facilities	10,306,142	-
	10,306,142	877,819
<b>Total facilities</b>		
- Facilities used at reporting date	9,693,858	122,181
- Facilities unused at reporting date	10,306,142	877,819
	20,000,000	1,000,000

### Assets pledged as security

#### Non-current

Floating charge

- Receivable	19,939,507	-
- Plant and equipment	-	3,281,566

#### Total assets pledged as security

19,939,507	3,281,566
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Under the arrangement of the hire purchase and bank borrowing facilities, all property, plant and equipment of the Group has been pledged as security. The holder of the security does not have the right to sell or re-pledge the assets.

## NOTE 8. Segment information

A segment is a component of the consolidated entity that engages in business activities to provide products or services within a particular economic environment. Management has identified two distinct operating segments that are used to make decisions on the allocation of resources and assess their performance. The two segments are as follows:

### Secured operations

This segment provides lending facilities based on the provision of an underlying asset as security.

### Unsecured operations

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

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 tax expense. This is the measure reported to the chief executive officer 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.

Consolidated – December 2014	Secured	Unsecured	Segment Total	Eliminations /Unallocated	Total
	\$	\$	\$	\$	\$
Revenue					
Revenue from continuing operations	14,179,616	18,196,069	32,375,685	-	32,375,685
Interest revenue				238,962	238,962
Other revenue				20,523	20,523
<b>Total Revenue</b>	<b>14,179,616</b>	<b>18,196,069</b>	<b>32,375,685</b>	<b>259,485</b>	<b>32,635,170</b>
EBITDA	9,304,320	7,030,583	16,334,903	(4,496,288)	11,838,615
Depreciation and amortisation					(275,855)
Finance costs					(1,796,738)
Interest revenue					238,962
Profit before income tax					10,004,984
Income Tax					(2,719,335)
Profit after income tax					<b>7,285,649</b>
<b>Consolidated – December 2014</b>	<b>Secured</b>	<b>Unsecured</b>	<b>Segment Total</b>	<b>Eliminations /Unallocated</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Assets					
Segment assets	69,154,330	42,265,679	111,420,009	18,398,108	129,818,117
<i>Unallocated assets:</i>					
Cash and cash equivalents					23,845,536
Property, plant and equipment					1,088,788
Other receivables					4,010
Other assets					217,262
Deferred tax assets					3,093,645
<b>Total assets</b>					<b>158,067,358</b>
Liabilities					
Segment liabilities	44,489,547	22,361,080	66,850,627	(56,131,916)	10,718,711
<i>Unallocated assets:</i>					
Trade and other payables					5,136,783
Current tax payables					4,946,964
Provisions					1,251,441
Borrowings					27,361,875
<b>Total liabilities</b>					<b>49,415,774</b>

## NOTE 8. Segment information(continued)

Consolidated – December 2013	Secured	Unsecured	Segment Total	Eliminations /Unallocated	Total
	\$	\$	\$	\$	\$
Revenue					
Revenue from continuing operations	6,755,301	12,522,860	19,278,161	-	19,278,161
Interest revenue				51,360	51,360
Other revenue				-	-
<b>Total Revenue</b>	<b>6,755,301</b>	<b>12,522,860</b>	<b>19,278,161</b>	<b>51,360</b>	<b>19,329,521</b>
EBITDA	4,366,292	4,107,525	8,473,817	(3,006,230)	5,467,587
Depreciation and amortisation					(901,662)
Finance costs					(184,402)
Interest revenue					51,360
Profit before income tax					4,432,883
Income Tax					(1,342,049)
Profit after income tax					<b>3,090,834</b>
<b>Consolidated – June 2014</b>	<b>Secured</b>	<b>Unsecured</b>	<b>Segment Total</b>	<b>Eliminations /Unallocated</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Assets					
Segment assets	50,682,262	42,309,188	92,991,450	(1,542,610)	91,448,840
<i>Unallocated assets:</i>					
Cash and cash equivalents					22,159,914
Property, plant and equipment					928,171
Other receivables					37,517
Other assets					209,811
Deferred tax assets					1,925,958
<b>Total assets</b>					<b>116,710,211</b>
Liabilities					
Segment liabilities	30,855,793	17,441,586	48,297,379	(46,708,316)	1,589,063
<i>Unallocated assets:</i>					
Trade and other payables					703,677
Current tax payables					3,013,825
Provisions					968,048
Borrowings					29,340,000
<b>Total liabilities</b>					<b>35,614,613</b>

## NOTE 9. Contingent liabilities

The Company has no contingent liabilities as at 31 December 2014.

## NOTE 10. Future commitments

The Company has no future commitments as at 31 December 2014.

## 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 Corporation Ltd purchased the business of Paid International Ltd for consideration of \$3,987,238. The acquisition of the business added \$705,468 of revenue from operations and incurred a loss of \$8,418 before tax. The acquisition adds to Money3 Corporations Limited's web presence and complements the existing business. The intangible assets – customer contacts will be amortised over 3 years. The accounting for this acquisition has only been provisionally accounted for at 31 December 2014.

The preliminary details of the acquisition are as follows;

	\$
Employee Benefits	(208,065)
Creditors	(74,697)
Intangible assets – customer contacts	<u>2,265,000</u>
Net assets acquired	<u>1,987,238</u>
Goodwill	<u>2,000,000</u>
Acquisition date fair value of the total consideration transferred	<u>3,987,238</u>
Representing:	
Cash paid or payable to vendor	<u>3,987,238</u>
Cash used to acquire business, net of cash acquired:	
Acquisition- date fair value of the total consideration transferred	3,987,238
Less: payments to be made in subsequent periods	<u>(2,255,000)</u>
Net cash used	<u>1,732,238</u>

## 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 2014 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



Vaughan Webber  
Chairman  
Melbourne  
26 February 2015



Robert Bryant  
Managing Director  
Melbourne  
26 February 2015



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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 2014, 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 2014 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.

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the International BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.



**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 2014 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**

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

**David Garvey**  
Partner

Melbourne, 26 February 2015

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