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MONEY3 CORPORATION LIMITED

(ABN: 63 117 296 143)

PRELIMINARY FINAL REPORT

30 June 2015

APPENDIX 4E

Head Office:
Level 1, Graduate Road
Bundoora VIC 3083

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

APPENDIX 4E

Preliminary Final Report to the Australian Stock Exchange

| | |
|--|----------------------------|
| Name of Entity | Money3 Corporation Limited |
| ABN | 63 117 296 143 |
| Year Ended | 30 June 2015 |
| Previous Corresponding Reporting Period | Year ended 30 June 2014 |

Results for Announcement to the Market

| | \$ | Percentage increase /(decrease) over previous corresponding period |
|---|----------------------------|---|
| Revenue from ordinary activities | 69,434,214 | 59.59% |
| Profit for the period from continuing operations | 13,940,615 | 78.00% |
| Total comprehensive income for the year | 13,940,615 | 78.00% |
| Profit from ordinary activities after tax attributable to members | 13,940,615 | 78.00% |
| Total comprehensive income for the period attributable to members | 13,940,615 | 78.00% |
| Dividends (distributions) | Amount per security | Franked amount per security |
| Final Dividend | 2.75 cents | 2.75 cents |
| Interim Dividend | 2.5 cents | 2.5 cents |
| Record date for determining entitlements to the dividends (if any) | 8 October 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

| | |
|---|-----------------|
| Date the dividend is payable | 23 October 2015 |
| Record date to determine entitlement to the dividend | 8 October 2015 |
| Amount per security | 2.750 cents |
| Total dividend | \$3,554,463 |
| Amount per security of foreign sourced dividend or distribution | N/A |
| Details of any dividend reinvestment plans in operation | TBA |
| The last date for receipt of an election notice for participation in any dividend reinvestment plans | 9 October 2015 |

NTA Backing

| | Current Period | Previous corresponding period |
|---|----------------|-------------------------------|
| Net tangible asset backing per ordinary security (cents per share) | 79.9 | 61.3 |

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

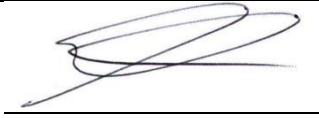
| |
|---|
| For foreign entities provide details of which accounting standards have been adopted (e.g. International Accounting Standards) N/A |
|---|

Audit/Review Status

| | | | |
|--|-------------------------------------|--|--------------------------|
| This report is based on accounts to which one of the following applies: (Tick one) | | | |
| The accounts have been audited | <input checked="" type="checkbox"/> | The accounts are in the process of being audited | <input type="checkbox"/> |
| 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 | Acting Managing Director's Report – Page 3 |
| 2 | Preliminary Final Report – Page 4 |

| | |
|---|---|
| Signed By (Director/Company Secretary) |  |
| Print Name | Craig Harris |
| Date | 28 August 2015 |

Acting Managing Director's Report

Money3 Corporation Limited (ASX: MNY) is pleased to announce a record result for the FY15 ended 30 June which showed net profit after tax at \$13.9 million, a 78.2% rise on the previous year.

The Company will pay a fully franked final dividend of 2.75 cents per share, for a total full year dividend of 5.25 cents.

Money3 is pleased to deliver another record result for the financial year ended 30 June 2015. The result shows that Money3's strategy of expanding its secured lending business has again delivered strong results for the company.

FY15 Key highlights:

- Net profit after tax increased 78.2% to \$13.9m
- Total revenue increased 59.5% to \$69.4m
- EBITDA increased 88.3% to \$24.3m
- Loans receivable increased 79.0% to \$130.2m, with \$94.5m relating to secured lending
- Diluted earnings per share increased by 29.5% to 9.91 cents
- Final dividend increased by 10.0% to 2.75 cents, taking total fully franked dividends to 5.25 cents for the year
- Acquisition of the digital business 'Cash Train' in December 2014, complementing the company's distribution network and digital capabilities

Summary of key financials:

| | FY 15 | Increase | FY 14 |
|--|----------|----------|---------|
| Income | \$69.4M | 59.5% ↑ | \$43.5M |
| EBITDA | \$24.3M | 88.3% ↑ | \$12.9M |
| EBIT | \$23.4M | 98.3% ↑ | \$11.8M |
| NPAT | \$13.9M | 78.2% ↑ | \$7.8M |
| EBIT / Income | 33.7% | 23.9% ↑ | 27.2% |
| Gross Margin | 35.1% | 24.9% ↑ | 28.1% |
| Bad Debts as % of Revenue | 14.6% | 4.3% ↑ | 14.0% |
| Trade Receivables (Net Deferred Revenue) | \$130.2M | 79.0% ↑ | \$72.7M |
| Borrowings | \$35.2M | 20.1% ↑ | \$29.3M |
| Net Assets | \$122.7M | 51.3% ↑ | \$81.1M |

Money3 continues to be focussed on the future expansion of its secured lending division which now contributes 64 per cent of the group earnings before allocation of corporate overheads.

The expansion will continue via three distribution channels; brokers, branches and online. The acquisition of Cash Train in December 2014 has also significantly complemented the digital and online arm of Money3.

We want to continue to build our profile as a money lender that focuses on short to medium term loans, specifically personal and vehicle finance. The secured lending division has seen strong growth and over the coming financial year we will be introducing new product offerings to strengthen this business even more.



Scott Baldwin
Acting Managing Director
Money3 Corporation Limited
27 August 2015

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2015

| | Notes | Consolidated 2015 \$ | Consolidated 2014 \$ |
|--|-------|----------------------------|----------------------------|
| Revenue from continuing operations | 2 | 69,434,214 | 43,507,708 |
| Other Income | 3 | 20,731 | - |
| Total Income | | 69,454,945 | 43,507,708 |
| Expenses from operating activities: | | | |
| Employee benefit | 3 | 21,254,959 | 14,950,930 |
| Occupancy | | 3,826,731 | 3,427,428 |
| Advertising | | 3,104,186 | 1,455,477 |
| Legal and professional | | 1,835,884 | 1,141,621 |
| Bad debts and allowance for impairment losses | | 10,147,231 | 6,121,261 |
| Depreciation & amortisation | 3 | 932,598 | 1,168,665 |
| Other expenses | 3 | 4,490,860 | 2,724,122 |
| Finance Costs | 3 | 3,727,262 | 978,018 |
| Loss on sale of property, plant and equipment | | - | 387,972 |
| Impairment of property, plant and equipment | | - | 190,741 |
| Total Expenses | | 49,319,711 | 32,546,235 |
| Profit before income tax from continuing operations | | 20,135,234 | 10,961,473 |
| Income tax expense | 5 | (6,194,619) | (3,129,830) |
| Profit after income tax for the year from continuing operations | | 13,940,615 | 7,831,643 |
| Total comprehensive income for the year net of tax | | 13,940,615 | 7,831,643 |
| Profit attributable to: | | | |
| Owners of Money3 Corporation Limited | | 13,940,615 | 7,831,643 |
| Total comprehensive income attributable to: | | | |
| Owners of Money3 Corporation Limited | | 13,940,615 | 7,831,643 |
| Basic earnings per share (cents) | 6 | 11.82 | 8.13 |
| Diluted earnings per share (cents) | 6 | 9.91 | 7.65 |

The statement of profit or loss and other comprehensive income is to be read in conjunction with the attached notes.

Statement of Financial Position

as at 30 June 2015

| | Notes | Consolidated 2015 \$ | Consolidated 2014 \$ |
|--------------------------------------|-------|----------------------------|----------------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 9 | 12,418,206 | 23,679,063 |
| Loans and other receivables | 10 | 88,547,170 | 47,027,290 |
| Other assets | 11 | 309,884 | 143,062 |
| Total current assets | | 101,275,260 | 70,849,415 |
| Non current assets | | | |
| Loans and other receivables | 10 | 41,708,689 | 26,179,159 |
| Other assets | 11 | 507,291 | 340,869 |
| Property, plant & equipment | 12 | 2,571,109 | 2,051,323 |
| Intangible assets | 13 | 19,374,237 | 15,363,487 |
| Deferred tax assets | 5(d) | 2,906,934 | 1,925,958 |
| Total non current assets | | 67,068,260 | 45,860,796 |
| Total assets | | 168,343,520 | 116,710,211 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 14 | 4,710,406 | 2,292,740 |
| Derivative financial liabilities | 16 | 55,323 | - |
| Borrowings | 17 | 7,472,982 | - |
| Current tax payables | 5(c) | 4,264,389 | 3,013,825 |
| Provisions | 15 | 1,264,996 | 881,225 |
| Total current liabilities | | 17,768,096 | 6,187,790 |
| Non current liabilities | | | |
| Borrowings | 17 | 27,738,750 | 29,340,000 |
| Provisions | 15 | 108,948 | 86,823 |
| Total non current liabilities | | 27,847,698 | 29,426,823 |
| Total liabilities | | 45,615,794 | 35,614,613 |
| Net assets | | 122,727,726 | 81,095,598 |
| EQUITY | | | |
| Issued capital | 18 | 102,180,510 | 71,195,425 |
| Reserves | 19 | 2,791,311 | 187,064 |
| Retained earnings | 4 | 17,755,905 | 9,713,109 |
| Total equity | | 122,727,726 | 81,095,598 |

The statement of financial position is to be read in conjunction with the attached notes

Statement of Changes in Equity

for the year ended 30 June 2015

Consolidated

| | Issued Capital \$ | Retained Earnings \$ | Reserves \$ | Total \$ |
|---|----------------------|----------------------------|------------------|--------------------|
| At 1 July 2013 | 45,097,588 | 6,062,399 | 55,769 | 51,215,756 |
| Profit after income tax expense for the year | - | 7,831,643 | - | 7,831,643 |
| Other comprehensive loss for the year, net of tax | - | - | - | - |
| Total comprehensive income/(loss) for the year | - | 7,831,643 | - | 7,831,643 |
| Transactions with owners in their capacity as owners: | | | | |
| Issue of shares | 25,556,918 | - | - | 25,556,918 |
| Transaction costs arising for share issue | (996,209) | - | - | (996,209) |
| Deferred tax asset due to transaction costs arising for share issue | 298,863 | - | - | 298,863 |
| Employee share options -value of employees service | - | - | 131,295 | 131,295 |
| Options exercised | 140,000 | - | - | 140,000 |
| Dividend paid | 1,098,265* | (4,180,933) | - | (3,082,668) |
| Closing balance as at 30 June 2014 | 71,195,425 | 9,713,109 | 187,064 | 81,095,598 |
| At 1 July 2014 | 71,195,425 | 9,713,109 | 187,064 | 81,095,598 |
| Profit after income tax expense for the year | - | 13,940,615 | - | 13,940,615 |
| Other comprehensive income for the year, net of tax | - | - | - | - |
| Total comprehensive income for the year | - | 13,940,615 | - | 13,940,615 |
| Transactions with owners in their capacity as owners: | | | | |
| Issue of shares | 29,523,442 | - | - | 29,523,442 |
| Transaction costs arising for share issue | (753,755) | - | - | (753,755) |
| Deferred tax asset due to transaction costs arising for share issue | 226,127 | - | - | 226,127 |
| Employee share options -value of employees service | - | - | 249,247 | 249,247 |
| Options exercised | 170,000 | - | - | 170,000 |
| Bond Options Issued | - | - | 2,355,000 | 2,355,000 |
| Dividend paid | 1,819,271* | (5,897,819) | - | (4,078,548) |
| Closing balance as at 30 June 2015 | 102,180,510 | 17,755,905 | 2,791,311 | 122,727,726 |

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

The statement of changes in equity is to be read in conjunction with the attached notes.

Statement of Cash Flows

for the year ended 30 June 2015

| | Notes | Consolidated 2015 \$ | Consolidated 2014 \$ |
|---|-------|----------------------------|----------------------------|
| Cash flows from operating activities | | | |
| Net fees and charges from customers | | 58,866,744 | 37,308,163 |
| Net funds advanced to customers for loans | | (56,365,599) | (40,501,197) |
| Payments to suppliers and employees (GST Inclusive) | | (32,878,655) | (22,202,015) |
| Interest received | | 420,239 | 122,745 |
| Finance costs | | (2,637,092) | (1,638,018) |
| Income tax paid | | (5,698,905) | (2,023,441) |
| Net cash used in operating activities | 20(b) | (38,293,268) | (28,933,763) |
| Cash flows from investing activities | | | |
| Payment for property, plant and equipment | | (1,287,402) | (1,289,375) |
| Proceeds from disposal of property, plant and equipment | | 120,000 | 772,241 |
| Payments for purchase of business | 21 | (3,987,238) | - |
| Net cash used in investing activities | | (5,154,640) | (517,134) |
| Cash flows from financing activities | | | |
| Proceeds from share issue | | 28,792,617 | 24,700,709 |
| Proceeds from borrowings | | 10,972,982 | 30,624,000 |
| Repayment of borrowings | | (3,500,000) | (3,554,000) |
| Dividend paid | | (4,078,548) | (3,082,668) |
| Net cash provided by financing activities | | 32,187,051 | 48,688,041 |
| Net increase/(decrease) in cash held | | (11,260,857) | 19,237,144 |
| Cash and cash equivalents at the beginning of the year | | 23,679,063 | 4,441,919 |
| Cash and cash equivalents at end of the year | 20(a) | 12,418,206 | 23,679,063 |

The statement of cash flows is to be read in conjunction with the attached notes.

Notes to the financial statements

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Notes to the Financial Statements for the year ended 30 June 2015

Introduction

The financial report covers Money3 Corporation Limited ("Money3" or "Company") and its controlled entities. Money3 is a Company limited by shares whose shares are publicly traded on the Australian Securities Exchange ("ASX"). Money3 is incorporated and domiciled in Australia. The presentation currency and functional currency of the Group is Australian dollars and amounts are rounded to the nearest dollar.

Separate financial statements for Money3 Corporation Limited as an individual entity are no longer presented as the consequence of a change to the Corporations Act 2001, however, limited financial information for Money3 Corporation Limited as an individual entity is included in Note 30.

The principal activity of the Group during the financial year was to provide small cash loans in the form of line of credit and personal loans, car loans, cheque cashing, equipment and motor vehicle rental.

The financial report was authorised for issue by the Board of Directors of Money3 Corporation Limited at a directors meeting on the date shown on the Declaration by the Board of Directors attached to the Financial Statements.

1. Summary of significant accounting policies

a) Basis of accounting

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations and complies with other requirements of the law, as appropriate for profit oriented entities. The financial report comprises the consolidated financial statements of the group.

The financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on an accrual basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The financial statements have been prepared in accordance with Australian Accounting Standards, which are based on the Company continuing as a going concern which assumes the realisation of assets and the extinguishment of liabilities in the normal course of business and at the amounts stated in the financial report.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report. The accounting policies have been consistently applied and except where there is a change in accounting policy, are consistent with those of the previous year.

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. 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.

Notes to the Financial Statements for the year ended 30 June 2015 (continued)**1. Summary of significant accounting policies (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.

b) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2015. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

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.

Notes to the Financial Statements for the year ended 30 June 2015 (continued)**1. Summary of significant accounting policies (continued)****b) New Accounting Standards and Interpretations not yet mandatory or early adopted*****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.

c) Parent entity financial information

The financial information for the parent entity Money3 Corporation Limited, disclosed in note 30 has been prepared on the same basis as the consolidated financial statements.

d) Principles of consolidation***Principles of consolidation***

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Money3 Corporation Limited ('company' or 'parent entity') as at 30 June 2015 and the results of all subsidiaries for the year then ended. Money3 Corporation Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Notes to the Financial Statements for the year ended 30 June 2015 (continued)**1. Summary of significant accounting policies (continued)****d) Principles of consolidation (continued)**

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

e) Critical accounting estimates, assumptions and judgements

In the application of Australian Accounting Standards, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revisions affect both current and future periods.

Judgments made in the application of Australian Accounting Standards that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable in the relevant notes to the financial statements.

Judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements concern the estimated impairment of investments in subsidiaries in the parent entity, associated goodwill on consolidation of subsidiaries, allowance for doubtful debts and share based payments.

Goodwill

The consolidated entity tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 1(j). The Directors are of the opinion that there has been no impairment of goodwill. Refer to Note 13 for further details.

Allowance for doubtful debts

The Company assesses impairment regularly. The allowance for impairment losses represents management's estimate of the losses incurred in the loan book as at 30 June 2015 based on past experience and judgement. At 30 June 2015, the allowances for impairment losses were \$6,818,734 (2014: \$3,912,677).

Share based payments

Share based payments are accounting for at fair valued using the Black Scholes and in previous years Binomial model was used. See Note 8 for further discussion.

f) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

g) Loans and other receivables

Loans and other receivables are non-derivative financial assets, with fixed and determinable payments that are not quoted in an active market. Loans and other receivables are initially recognised at fair value, including direct transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Collectability of receivables are reviewed on an ongoing basis, and an allowance for impairment losses is recognised when there is objective evidence that the collection of the full amount is no longer probable. Bad debts are written off when identified.

Receivables from related parties are recognised and carried at the nominal amount due.

Loans and other receivables are due for settlement at various times in line with the terms of their contracts.

Notes to the Financial Statements for the year ended 30 June 2015 (continued)**1. Summary of significant accounting policies (continued)****h) Investments and other financial assets (continued)****h) Investments and other financial assets**

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either: i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Except for effective hedging instruments, derivatives are also categorised as fair value through profit or loss. Fair value movements are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

i) Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

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Notes to the Financial Statements for the year ended 30 June 2015 (continued)**1. Summary of significant accounting policies (continued)****i) Business combinations**

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

j) Intangible assets

All intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be measured reliably.

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the entity's share of the net identifiable assets of the acquired business at the date of acquisition. Goodwill is not amortised. Instead, goodwill is tested for impairment, annually or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

Customer lists

The customer list acquire in a business combination are amortised on a straight line basis over the period of their expected benefit, being their finite life of 5 years.

Software

Costs incurred in developing products or systems that will contribute to future periods through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project.

k) Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impaired loss is recognized for the amount by which the assets carrying amount may not be recoverable.

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Notes to the Financial Statements for the year ended 30 June 2015 (continued)**1. Summary of significant accounting policies (continued)****l) Acquisition of assets**

The cost method of accounting is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition. Acquisition related costs are expensed as incurred. Where shares are issued in an acquisition, the value of the shares is determined having reference to existing markets.

m) Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on property, plant and equipment and is calculated on a diminishing value basis over its estimated useful life net of estimated residual values. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period.

The following rates are used in the calculation of depreciation:

| Class of Fixed Asset | Depreciation Rate |
|-----------------------------------|---|
| Leasehold Improvements | 20% to 30% or remaining life of the lease |
| Motor Vehicles | 20% to 50% |
| Furniture, Equipment and Fittings | 20% to 37.5% |
| Rental Assets | 33% to 50% |

Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired. Impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Impairment losses are recognised in the Profit or Loss.

Disposals

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is disposed.

n) Trade and other payables

Trade and other payables are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

o) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST) except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense, or
- for receivables and payables which are recognised inclusive of GST, the net amount of GST recoverable from, or payable to the taxation authority is included as part of receivables or payables in the Statement of Financial Position. Receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified as an operating cash flow.

Notes to the Financial Statements for the year ended 30 June 2015 (continued)**1. Summary of significant accounting policies (continued)****p) Provisions**

Provisions are recognised when the economic entity has a present obligation (legal, equitable or constructive) as a result of a present or past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the discounted present value of those cash flows. As that discount is unwound it gives rise to interest expense in the Profit or Loss.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

q) Issued capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

r) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the economic entity and the revenue can be reliably measured.

Loan fees and charges

Revenue associated with loans such as application and credit fees are deferred and recognised over the life of the loans using the effective interest rate method over the loan period.

Interest income for financial institutions

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Dividends

Revenue is recognised when Money3 Corporation Limited has the right to receive the payment.

Cheque Cashing

Revenue is recognised in the Profit or Loss when the service is performed and there are no unfulfilled service obligations that will restrict the entitlement to receive the sales consideration.

Rental income

Rental income is recognised in the Profit or Loss as rent accrues on a daily basis in line with lease agreements. The company has a policy of ceasing to recognise income on operating leases when a rental payment is not made on time. Revenue will only recommence accruing when payments recommence.

Notes to the Financial Statements for the year ended 30 June 2015 (continued)**1. Summary of significant accounting policies (continued)****s) Employee benefits*****Wages and salaries and short term employee benefits***

The provision for employee benefits relates to liabilities for wages and salaries and annual leave expected to be settled within 12 months of the reporting date and is recognised in respect of employees' service up to the reporting date measured at the amounts expected to be paid when the liabilities are settled.

Long term employee benefits

The liability for long service leave and annual leave not expected to be settled within 12 months is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Superannuation

The amount charged to the Profit or Loss in respect of superannuation represents the contributions made by the consolidated entity to the employees' nominated superannuation funds.

t) Income tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base for those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that sufficient taxable amounts will be available against deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the assets and liabilities giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances they relate to are levied by the same taxation authority.

Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and the entity intends to settle its current tax assets and liabilities on a net basis.

Notes to the Financial Statements for the year ended 30 June 2015 (continued)**1. Summary of significant accounting policies (continued)****t) Income tax**

Current and deferred tax is recognised as an expense or income in the Statement of Profit or Loss and Other Comprehensive Income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill.

On 1 July 2010 Money3 Corporation Limited ('the head entity') and its wholly-owned Australian controlled entities formed a tax consolidated group under the tax consolidation regime. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the group allocation approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by subsidiaries to the head entity.

u) Leases

Leases under which the Company or its controlled entities assume substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

The Group as lessee**Operating leases**

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit or Loss and Other Comprehensive Income on a straight line basis over the term of the lease.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

v) Borrowings

Borrowings are initially measured at fair value, net of transaction costs. Borrowings are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 month after the reporting date.

Borrowing costs are recognised as an expense in the period in which they are incurred except borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale. In this case the borrowing costs are capitalised as part of the cost of such a qualifying asset.

Notes to the Financial Statements for the year ended 30 June 2015 (continued)**1. Summary of significant accounting policies (continued)****w) Derivative financial instruments**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

x) Share based payment arrangements

Goods or services received or acquired in a share-based payment transaction are recognised as an increase in equity if the goods or services were received in an equity-settled share based payment transaction or as a liability if the goods and services were acquired in a cash settled share-based payment transaction.

For equity settled share-based payments, goods or services received are measured directly at the fair value of the goods and services received provided this can be estimated reliably. If a reliable estimate cannot be made the value of the goods or services is determined indirectly by reference to the fair value of the equity instruments issued. The share option reserve is used to record the grant of share options to directors and senior employees. Amounts are transferred out of the reserve account into issued capital when the options are exercised or to retained earnings if the options lapse unexercised.

y) Earnings per share***Basic earnings per share***

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Where a net loss is made for the period, basic EPS and diluted EPS are the same, because, the inclusion of options in the earnings per share calculations does not result in further dilution.

z) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at reporting date.

aa) Comparative figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards.

Notes to the Financial Statements for the year ended 30 June 2015 (continued)

2. Revenue

| | Consolidated 2015 \$ | Consolidated 2014 \$ |
|---|----------------------------|----------------------------|
| Revenue from operating activities | | |
| Loan fees and charges | 67,849,590 | 40,680,231 |
| Cheque cashing fees | 996,088 | 949,870 |
| Rental income | 91,180 | 1,030,636 |
| Other | 77,117 | 724,226 |
| | <u>69,013,975</u> | <u>43,384,963</u> |
| Revenue from non-operating activities | | |
| Interest income from financial institutions | 420,239 | 122,745 |
| Total revenue from continuing operations | <u>69,434,214</u> | <u>43,507,708</u> |

3. Other items included in net profit from continuing operations

Profit before income tax has been determined after:

Other Income

| | | |
|--|--------|---|
| Profit on sale property, plant and equipment | 20,731 | - |
|--|--------|---|

Employee benefit expense

| | | |
|---------------------------------------|-------------------|-------------------|
| Salary and employee benefits expense | 15,925,587 | 11,360,661 |
| Share based payments | 249,247 | 131,295 |
| Defined contributed superannuation | 1,347,606 | 963,625 |
| Annual bonus provision | 1,500,000 | 850,000 |
| Payroll tax | 788,331 | 548,721 |
| Other employment costs | 1,444,188 | 1,096,628 |
| Total Employee benefit expense | <u>21,254,959</u> | <u>14,950,930</u> |

Depreciation and amortisation expense

| | | |
|--|----------------|------------------|
| Leasehold improvements | 289,441 | 217,920 |
| Motor vehicles | 12,074 | 16,209 |
| Furniture, equipment and fittings | 366,833 | 334,714 |
| Rental assets | - | 599,822 |
| Intangible Asset – Client list | 264,250 | - |
| Total depreciation and amortisation expense | <u>932,598</u> | <u>1,168,665</u> |

Other expenses

| | | |
|-----------------------------|------------------|------------------|
| Communication | 1,762,201 | 1,018,816 |
| Other expenses | 2,728,659 | 1,705,306 |
| Total other expenses | <u>4,490,860</u> | <u>2,724,122</u> |

Operating lease

| | | |
|-----------------------|-----------|-----------|
| Minimum rent payments | 2,783,758 | 2,423,745 |
|-----------------------|-----------|-----------|

Finance costs (a)

| | | |
|----------------------------------|------------------|----------------|
| Interest on loans and bonds | 2,973,512 | 510,518 |
| Amortisation of bond issue costs | 753,750 | 467,500 |
| Total finance costs | <u>3,727,262</u> | <u>978,018</u> |

(a) The weighted average interest rate on funds borrowed generally is 8.5% p.a. (2014: 11.6% p.a.)

Notes to the Financial Statements for the year ended 30 June 2015 (continued)

4. Retained Earnings

| | Consolidated 2015 \$ | Consolidated 2014 \$ |
|------------------------------|----------------------------|----------------------------|
| Retained earnings at 1 July | 9,713,109 | 6,062,399 |
| Net profit | 13,940,615 | 7,831,643 |
| Dividends Paid (note 7) | (5,897,819) | (4,180,933) |
| Retained earnings at 30 June | 17,755,905 | 9,713,109 |

5. Income Tax

a) Income tax expense recognised in the Statement of profit and loss and other comprehensive income

Current tax expense

| | | |
|---|-----------|-----------|
| Current tax expense in respect of current year | 6,949,468 | 4,239,231 |
| Adjustments recognised in current year in relation to the current tax of previous years | - | (306,105) |

Deferred tax

| | | |
|---|-----------|-----------|
| Deferred tax income related to the origination and reversal of temporary differences in relation to deferred tax assets | (754,849) | (803,296) |
| Total tax expense in the Statement of profit or loss and other comprehensive Income | 6,194,619 | 3,129,830 |

b) The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows

| | | |
|---|-------------------|-------------------|
| Profit from continuing operations before income tax expense | 20,135,234 | 10,961,473 |
| Income tax calculated at 30% (2014: 30%) | 6,040,570 | 3,288,441 |
| Add/(less) tax effect of: | | |
| Share based payments | 74,774 | 39,389 |
| Amortisation of customer contacts | 79,275 | - |
| Deductible finance costs | - | (121,932) |
| Other timing differences | - | 230,037 |
| | 6,194,619 | 3,435,935 |
| Over provision in prior years | - | (306,105) |
| Income tax expense | 6,194,619 | 3,129,830 |

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

c) Current tax liabilities

| | | |
|-------------------------------------|-----------|-----------|
| Income tax payable attributable to: | | |
| Entities in the consolidated group | 4,264,389 | 3,013,825 |
| | 4,264,389 | 3,013,825 |

Notes to the Financial Statements for the year ended 30 June 2015 (continued)

5. Income Tax (continued)

| d) Deferred tax balances | Consolidated 2015 \$ | Consolidated 2014 \$ |
|--|-------------------------------------|-------------------------------------|
| Deferred tax assets comprises: | | |
| Capital raising costs | 446,780 | 387,810 |
| Provisions and accruals | 2,460,154 | 1,538,148 |
| | <u>2,906,934</u> | <u>1,925,958</u> |
| Movements: | | |
| Opening balance | 1,925,958 | 823,799 |
| Credited to profit or loss | 754,849 | 803,296 |
| Credited to equity | 226,127 | 298,863 |
| Closing balance | <u>2,906,934</u> | <u>1,925,958</u> |
| e) Tax losses | | |
| Unused tax losses for which no deferred tax assets has been recognised | - | - |

6. Earnings per share

| | Consolidated 2015 Cents | Consolidated 2014 Cents |
|---|--|--|
| a) Basic and diluted earnings per share | | |
| Basic earnings per share (cents per share) | 11.82 | 8.13 |
| Diluted earnings per share (cents per share) | 9.91 | 7.65 |
| b) The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows: | | |
| Earnings used in basic and diluted earnings per share (net profit after tax) | <u>13,940,615</u> | <u>7,831,643</u> |
| | Number | Number |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | <u>117,967,909</u> | <u>96,328,124</u> |
| 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 | 117,967,909 | 96,328,124 |
| Dilutive potential ordinary shares | 22,701,781 | 6,080,959 |
| Weighted average number of ordinary shares and potential ordinary shares used in calculation of diluted earnings per share | <u>140,669,690</u> | <u>102,409,083</u> |

(i) Options

Options granted to employees are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share. Details relating to options are set out in note 8.

Notes to the Financial Statements for the year ended 30 June 2015 (continued)

7. Dividends

| | 2015 Cents per share | 2015 \$ | 2014 Cents per share | 2014 \$ |
|--|----------------------------|------------|----------------------------|------------|
| Recognised amounts | | | | |
| Fully paid ordinary shares | | | | |
| Final dividend fully franked at 30% tax rate | 2.5 | 2,688,221 | 2.25 | 2,079,410 |
| Interim dividend fully franked at 30% tax rate | 2.5 | 3,209,598 | 2 | 2,101,523 |
| Unrecognised amounts | | | | |
| Fully paid ordinary shares | | | | |
| Final dividend fully franked at 30% tax rate | 2.75 | 3,554,463 | 2.5 | 2,679,683 |

On 27 August 2015, the directors declared a fully franked final dividend of 2.75 cents per share to the holders of fully paid ordinary shares in respect of the financial year ended 30 June 2015, to be paid to shareholders on 23 October 2015. The dividend will be paid to shareholders on the Register of Members on 8 October 2015. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is \$3,554,463.

Franking Credits

| | Consolidated 2015 \$ | Consolidated 2014 \$ |
|---|----------------------------|----------------------------|
| Franking credits available for subsequent financial years based on a tax rate of 30% (2014 – 30%) (i) | 10,179,782 | 5,582,115 |
| Impact on franking account balance of dividends not recognised (ii) | (1,523,341) | (1,148,435) |

- (i) The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
- franking credit that will arise from the payment of the amount of the provision for income tax;
 - franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
 - franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.
- (ii) The consolidated group has been formed into a consolidated tax group therefore the franking credits have been consolidated to the parent entity to pay fully franked dividends to shareholders on 23 October 2015. The impact on the franking account of the dividend recommended by the directors since year end, but not recognised as liability at year end, will be a reduction in the franking account of \$1,523,341(2014: \$1,148,435).

8. Share based payments

Movement in the share options of the consolidated entity during the financial year are summarized below.

| | 2015 Number | 2014 Number |
|---------------------------------------|----------------|----------------|
| Balance at 1 July | 7,850,000 | 3,550,000 |
| Lapsed during the financial period | - | - |
| Exercised during the financial period | (200,000) | (200,000) |
| Granted during the financial period | 18,000,000 | 4,500,000 |
| Balance at 30 June | 25,650,000 | 7,850,000 |

No options were forfeited, or expired during the period.

The Company has a total of 4,200,000 options on issue (2014: 4,400,000 options) to the Directors (or their nominees) ("Director Options").

| | Issue Date | Options Granted | Exercise Price | Expiry Date | Vesting Date |
|---------------|------------------|-----------------|----------------|------------------|------------------|
| Scott Baldwin | 27 November 2009 | 200,000 | \$1.00 | 31 December 2015 | 31 December 2014 |
| Scott Baldwin | 16 November 2012 | 1,000,000 | \$0.50 | 16 November 2017 | 16 November 2015 |
| Scott Baldwin | 30 November 2013 | 1,000,000 | \$1.50 | 30 November 2018 | 30 November 2016 |
| Robert Bryant | 30 November 2013 | 2,000,000 | \$1.50 | 30 November 2018 | 30 November 2016 |

Notes to the Financial Statements for the year ended 30 June 2015 (continued)

8. Share based payments (continued)

Options on issue have the following conditions:-

- The options vest in full when an event occurs which give rise to a change in control of the Company.
- If the Company after having granted these options restructures its issued share capital, ASX Listing Rules will apply to the number of Shares issued to the option holder on exercise of an option.
- Employee and director options will not be listed on ASX but application will be made for quotation of the shares resulting from the exercise of the options.
- Options issued in relation to the bond issue are listed on the ASX under the ASX code MNYO.
- On issue of the resulting shares, they will rank equally with ordinary shares on issue at that time.
- Share options carry no rights to dividends and no voting rights. In accordance with the terms of the share option schemes, options may be exercised at any time from the date on which they vest to the date of their expiry, subject to any additional specific requirements of the particular allocation

Consideration received on the exercise of options is recognised as contributed equity. During the financial year ended 30 June 2015, 200,000 options were exercised (2014: 200,000).

The weighted average share price during the year was \$1.32 (2014: \$0.98)

Options are granted under the Money3 Corporation Limited's Director and Employee Share Option Plan. Options are granted under the plan for no consideration. The board meets to determine eligibility for the granting of options, and to determine the quantity and terms of options that will be granted. The valuation of options is determined by an independent expert using the Black Scholes or Binomial option pricing models taking into account the terms and conditions upon which the instruments were granted. Options granted under the plan carry no dividend or voting rights. The expected price volatility is based on the historical volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

The model inputs for options on issue at 30 June 2015 included:

| | Director - Expire 31/12/2015 | Employee- Expire 30/09/2017 | Employee- Expire 16/11/2017 | Employee- Expire 21/10/2018 | Employee- Expire 30/11/2018 | Director- Expire 30/11/2018 | Employee- Expire 20/10/2019 | Bond Expire 16/5/2018 | Employee- Expire 14/04/2020 |
|------------------------------|------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------|-----------------------------------|
| Exercise price | \$1.00 | \$0.50 | \$0.50 | \$1.00 | \$1.50 | \$1.50 | \$1.50 | \$1.30 | \$1.70 |
| Grant date | 27/11/2009 | 30/09/2012 | 16/11/2012 | 21/10/2013 | 30/11/2013 | 30/11/2013 | 20/10/2014 | 21/7/2014 | 15/04/2015 |
| Expiry date | 31/12/2015 | 30/09/2017 | 16/11/2017 | 21/10/2018 | 30/11/2018 | 30/11/2018 | 20/10/2019 | 16/5/2018 | 14/04/2020 |
| Share price at grant date | \$0.45 | \$0.43 | \$0.43 | \$1.05 | \$1.00 | \$1.00 | \$1.20 | \$1.04 | \$1.52 |
| Expected volatility | 40% | 40% | 40% | 32% | 32% | 32% | 31% | 33% | 31% |
| Expected dividend yield | 7.33% | 9.50% | 9.50% | 4.25% | 4.25% | 4.25% | 4% | 4% | 3.5% |
| Risk free rate | 5.000% | 2.52% | 2.52% | 3.4% | 3.4% | 3.4% | 1.84% | 2.85% | 1.84% |

The following reconciles the outstanding share options granted under Option Plan at the beginning and end of the financial year.

| | 2015 | 2015 | 2014 | 2014 |
|--|---------------|--|---------------|--|
| | No of options | Weighted average exercise price \$ | No of options | Weighted average exercise price \$ |
| Balance at beginning of year | 7,850,000 | 1.06 | 3,550,000 | 0.56 |
| Granted during the year | 18,000,000 | 1.36 | 4,500,000 | 1.44 |
| Forfeited during the year | - | - | - | - |
| Exercised during year | (200,000) | 0.85 | (200,000) | 0.70 |
| Lapsed during year | - | - | - | - |
| Expired during the year | - | - | - | - |
| Balance at end of year | 25,650,000 | 1.27 | 7,850,000 | 1.06 |
| Weighted average remaining contractual life | 3.10 years | - | 3.82 years | - |
| Exercisable at the end of the financial year | 15,200,000 | 1.30 | 200,000 | 0.85 |

Notes to the Financial Statements for the year ended 30 June 2015 (continued)

9. Cash and cash equivalents

| | Consolidated 2015 \$ | Consolidated 2014 \$ |
|--|----------------------------|----------------------------|
| Cash at bank and in hand | 12,418,206 | 23,679,063 |
| <i>Reconciliation to cash and cash equivalents at the end of financial year</i> | | |
| The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows: | | |
| Cash and cash equivalents | 12,418,206 | 23,679,063 |
| Cash at bank and in hand | 12,418,206 | 23,679,063 |

The Group's exposure to interest rate risk is discussed in note 26. The maximum exposure to credit risk at the end of the financial year is the carrying amount of each class of cash and cash equivalents mentioned above.

10. Loans and other receivables

| | | |
|---------------------------------|-------------|-------------|
| Loans and other receivables | 137,074,593 | 77,119,126 |
| Allowance for impairment losses | (6,818,734) | (3,912,677) |
| | 130,255,859 | 73,206,449 |
| Current receivables | 88,547,170 | 47,027,290 |
| Non-current receivables | 41,708,689 | 26,179,159 |
| Total receivables | 130,255,859 | 73,206,449 |

Loans and other receivables have been aged according to their original due date in the below ageing analysis, including where repayment terms for certain long outstanding trade receivables have been renegotiated. The carrying value of loan receivables after allowance for impairment losses is considered a reasonable approximation of fair value.

The following basis has been used to assess the allowance for impairment losses required for loans:

- an individual account by account assessment based on past credit history;
- any prior knowledge of debtor insolvency or other credit risk; and
- working with client managers on weekly basis to assess past due items to determine recoverability.

An allowance has been made for estimated irrecoverable loans amounts arising from the past provision of services, determined by reference to past default experience. During the current financial year, the allowance for doubtful debts increased by \$2,906,057 (2014: increased by \$2,923,941) in the Group. These amounts relate mainly to customers experiencing financial hardships. This movement was recognised in the Profit or Loss. During the year the Group's bad debt expense increased by \$4,025,970 (2014: increased by \$3,669,286). The consolidated entity actively reviews loans receivable for their recoverability and these debts are expensed immediately when non recoverability is identified.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements. The Group does not hold any collateral as security over loans below \$5,000, and as such did not take possession of any collateral for loans in this category. Security is generally taken for loans above \$5,000 and is secured by collateral of approximately \$83,023,583 (2014: \$43,356,664). The total fair value of securities held for certain loans receivable is impracticable to determine for accounting disclosure as is the fair value of any collateral sold or repledged. However, the security position against individual debtors is considered by management in their evaluation of the recoverable amount.

Refer to Note 26 for more information on the risk management policy of the Group and the credit quality of the entity's loans and other receivables.

Notes to the Financial Statements for the year ended 30 June 2015 (continued)**10. Loans and other receivables (continued)**

The following table provides an analysis of past due receivables;

| Consolidated | 2015 | | | 2014 | | |
|--|---------------------|-------------------------|-------------------|---------------------|-------------------------|-------------------|
| | Gross \$ | Allowance \$ | Net \$ | Gross \$ | Allowance \$ | Net \$ |
| The ageing of the receivables past due is: | | | | | | |
| 1 to 3 months | 19,074,527 | (4,728,990) | 14,345,537 | 9,142,061 | (2,738,874) | 6,403,187 |
| 3 to 6 months | 4,524,699 | (1,133,452) | 3,391,247 | 2,612,017 | (782,535) | 1,829,482 |
| More than 6 months | 3,706,182 | (956,292) | 2,749,890 | 1,306,009 | (391,268) | 914,741 |
| Total | 27,305,408 | (6,818,734) | 20,486,674 | 13,060,087 | (3,912,677) | 9,147,410 |

A reconciliation of the movement in the provision for impairment of loans and other receivables is shown below:

| | Consolidated 2015 \$ | Consolidated 2014 \$ |
|--|-------------------------------------|-------------------------------------|
| Opening balance | 3,912,677 | 988,736 |
| Additional provisions | 10,147,231 | 6,121,261 |
| Receivables written off as uncollectible | (8,909,303) | (3,917,075) |
| Bad debts recovered | 1,668,129 | 719,755 |
| Closing balance | 6,818,734 | 3,912,677 |

The creation and release of provision for impaired receivables has been included in the profit and loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

11. Other assets**Current**

| | | |
|-------------|----------------|----------------|
| Prepayments | 298,172 | 131,199 |
| Other | 11,712 | 11,863 |
| | 309,884 | 143,062 |

Non-Current

| | | |
|-----------------|---------|---------|
| Rental deposits | 507,291 | 340,869 |
|-----------------|---------|---------|

There were no past due and impaired other debtors.

Notes to the Financial Statements for the year ended 30 June 2015 (continued)

12. Property, plant and equipment

| 2015 | Motor vehicles | Rental Assets | Leasehold Improvements | Furniture, Equipment and Fittings | Total |
|---------------------------------|----------------|----------------|------------------------|-----------------------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Gross carrying amount | | | | | |
| Balance at 1 July 2014 | 200,843 | 526,719 | 2,057,500 | 2,594,710 | 5,379,772 |
| Additions | - | - | 635,277 | 565,851 | 1,201,128 |
| Disposals | (70,927) | (104,753) | - | (936) | (176,616) |
| Balance at 30 June 2015 | 129,916 | 421,966 | 2,692,777 | 3,159,625 | 6,404,284 |
| Accumulated Depreciation | | | | | |
| Balance at 1 July 2014 | 129,640 | 526,719 | 1,028,939 | 1,643,151 | 3,328,449 |
| Depreciation expense | 12,074 | - | 289,441 | 366,833 | 668,348 |
| Disposals | (58,317) | (104,753) | - | (552) | (163,622) |
| Balance at 30 June 2015 | 83,397 | 421,966 | 1,318,380 | 2,009,432 | 3,833,175 |
| Net carrying amount | | | | | |
| As at 30 June 2015 | 46,519 | - | 1,374,397 | 1,150,193 | 2,571,109 |
| 2014 | | | | | |
| | Motor vehicles | Rental Assets | Leasehold Improvements | Furniture, Equipment and Fittings | Total |
| | \$ | \$ | \$ | \$ | \$ |
| Gross carrying amount | | | | | |
| Balance at 1 July 2013 | 237,927 | 2,563,717 | 1,393,855 | 2,342,175 | 6,537,674 |
| Additions | 30,286 | 342,909 | 663,645 | 252,535 | 1,289,375 |
| Disposals | (67,370) | (2,379,907) | - | - | (2,447,277) |
| Balance at 30 June 2014 | 200,843 | 526,719 | 2,057,500 | 2,594,710 | 5,379,772 |
| Accumulated Depreciation | | | | | |
| Balance at 1 July 2013 | 165,460 | 971,192 | 811,019 | 1,308,437 | 3,256,108 |
| Depreciation expense | 16,209 | 599,822 | 217,920 | 334,714 | 1,168,665 |
| Impairment of assets | - | 190,741 | - | - | 190,741 |
| Disposals | (52,029) | (1,235,036) | - | - | (1,287,065) |
| Balance at 30 June 2014 | 129,640 | 526,719 | 1,028,939 | 1,643,151 | 3,328,449 |
| Net carrying amount | | | | | |
| As at 30 June 2014 | 71,203 | - | 1,028,561 | 951,559 | 2,051,323 |

See accounting policy in Note 1(m), regarding useful life assumptions.

Notes to the Financial Statements for the year ended 30 June 2015 (continued)

13. Intangible assets

| | Consolidated 2015 \$ | Consolidated 2014 \$ |
|-------------------------------|----------------------------|----------------------------|
| Goodwill allocated to: | | |
| Secured operations | 10,294,854 | 10,294,854 |
| Unsecured operations | 7,078,633 | 5,068,633 |
| | 17,373,487 | 15,363,487 |
| Customer contacts | 2,265,000 | - |
| Less Accumulated amortisation | (264,250) | - |
| | 2,000,750 | - |
| Total | 19,374,237 | 15,363,487 |

Reconciliations

Reconciliation of the fair values at the beginning and end of the current financial year are set out below:

| | Goodwill | Customer contacts | Total |
|------------------------------------|------------|-------------------|------------|
| Balance at 1 July 2013 | 15,363,487 | - | 15,363,487 |
| Balance at 30 June 2014 | 15,363,487 | - | 15,363,487 |
| Addition from business acquisition | 2,010,000 | 2,265,000 | 4,275,000 |
| Amortisation expense | - | (264,250) | (264,250) |
| Balance at 30 June 2015 | 17,353,487 | 2,000,750 | 19,374,237 |

Background

Goodwill is allocated for impairment testing purposes to two cash generating units (CGU's), being the secured operations and unsecured operations. The recoverable amount of the cash generating unit is based on a number of key assumptions as detailed below.

Due to the growth of the business the directors have reorganised the reporting structure and monitor operations on the basis of secured lending, unsecured lending. In accordance with the requirement of accounting standard AASB 136 Impairment of Assets the reallocation of goodwill between the new segments was based on a relative value approach.

Goodwill Impairment tests and key assumptions used

As at 30 June 2015, the directors have approved the 2016 Budget and the assumptions that it is based as reasonable taking into consideration the historic performance of the company. Therefore directors concluded that there is no impairment of goodwill (2014: \$nil).

The following are the key assumptions used in testing the recoverable value of goodwill:

a. Secured operations

Cash flows

The value in use calculations use cash flow projections based on past operating results and budgets approved by the directors for the 30 June 2016 financial year extended over a further four year period, in total covering a five-year period and a terminal value. The 30 June 2016 financial year budget allows a growth in operating expenses of 19% and an increase in revenue of 22%, which is supported by the increase in funding during the 2015 financial year.

Growth rate

The terminal value growth used to extrapolate cash flows beyond the five year period is 2.5%. Projected revenue growth beyond the one-year period has been extrapolated using a 4% per annum growth rate. Projected operating costs beyond the one-year period have been extrapolated using a 2.5% to 4% growth rate.

Notes to the Financial Statements for the year ended 30 June 2015 (continued)**13. Intangible assets (continued)****Impairment tests and key assumptions used (continued)****Discount rate**

The discount rate applied to the cash flow projections is 11% pre tax. The discount rate is derived using the capital asset pricing model by estimating the company's weighted average cost of capital with appropriate adjustment for cost of equity, risk free rate of interest, market risk premium and the beta of GICS Class 17 – Diversified Financials sector.

Based on the above, the recoverable amount of the secured operations division exceed the carrying amount by \$292,701,211.

b. Unsecured operations**Cash flows**

The value in use calculations use cash flow projections based on past operating results and budgets approved by the directors for the 30 June 2016 financial year extended over a further four year period, in total covering a five-year period and a terminal value. The 30 June 2016 financial year budget allows for a growth in operating expenses of 17% and an increase in revenue of 15%.

Growth rate

The terminal value growth used to extrapolate cash flows beyond the five year period is 2.5%. Projected revenue growth beyond the one-year period have been extrapolated using a steady 4% per annum growth rate. Projected operating costs beyond the one-year period have been extrapolated using a 2.5% to 4% growth rate.

Discount rate

The discount rate applied to the cash flow projections is 13% pre tax. The discount rate is derived using the capital asset pricing model by estimating the company's weighted average cost of capital with appropriate adjustment for cost of equity, risk free rate of interest, market risk premium and the beta of GICS Class 17 – Diversified Financials sector.

Based on the above, the recoverable amount of the unsecured operations division exceed the carrying amount by \$183,173,356.

c. 2015 assumptions

In 2014 the key assumptions used to calculate cash flows were a growth in operating expenses of 30% in 2015 and in the following years of 2.5% to 3.5%, increase of revenue of 39% in 2015 and in the following years of 2.5% to 5%.

Management believe that any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed the recoverable amount of the CGU's.

14. Trade and other payables

| | Consolidated 2015 \$ | Consolidated 2014 \$ |
|--------------------------|----------------------------|----------------------------|
| Current | | |
| Trade and other payables | 4,710,406 | 2,292,740 |

Trade creditors and other creditors are non-interest bearing liabilities. Trade creditor payments are processed once they have reached 30 days from the date of invoice for electronic funds transfer payments or cheque payment or 30 days from the end of the month of invoice for other payments. No interest is charged on trade payables.

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

Notes to the Financial Statements for the year ended 30 June 2015 (continued)

15. Provisions

Current

| | | |
|---------------------------------|------------------|----------------|
| Employee benefits – current (i) | 1,239,996 | 806,255 |
| Lease make good | 25,000 | 74,970 |
| | <u>1,264,996</u> | <u>881,225</u> |

Non-Current

| | | |
|---------------------------------|----------------|---------------|
| Employee benefits – non-current | <u>108,948</u> | <u>86,823</u> |
|---------------------------------|----------------|---------------|

- (i) The current provision for employee benefits includes accrued annual leave and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision of \$1,264,996 (2014: \$806,255) is presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations. However based on past experience, the group does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months. The current leave obligations expected to be settled after 12 months is \$108,948 (2014: \$86,823)

Lease make good

The provision represents the present value of the estimated costs to make good the premises leased by the consolidated entity at the end of the respective lease terms.

Movement in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

| | Consolidated 2015 \$ | Consolidated 2014 \$ |
|--------------------------------------|-------------------------------------|-------------------------------------|
| Lease make good | | |
| Carrying amount at start of the year | 74,970 | 100,000 |
| Additional provisions recognised | 25,000 | 74,970 |
| Amounts used | (35,970) | (58,620) |
| Amounts reversed | (39,000) | (41,380) |
| | <u>25,000</u> | <u>74,970</u> |

16. Derivative financial liabilities

Current

| | | |
|--------------------|---------------|----------|
| Interest rate swap | 55,323 | - |
| | <u>55,323</u> | <u>-</u> |

The interest rate swap was taken out to mitigate the interest rate risk associated the receivables funding facility. The interest rate swap expires on the 22/12/2017

Notes to the Financial Statements for the year ended 30 June 2015 (continued)

17. Borrowings

Current

| | | |
|-----------|-----------|---|
| Bank loan | 7,472,982 | - |
| | 7,472,982 | - |

Non Current

| | | |
|--|-------------|------------|
| Bonds | | |
| -Bonds face value | 30,000,000 | 30,000,000 |
| -Unamortised bond issue and option costs | (2,261,250) | (660,000) |
| | 27,738,750 | 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 \$3,015,000 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 \$26,985,000.

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.

Receivables funding

A \$20,000,000 securitised funding facility has been established using Money3 secured trade debtors that meet specific criteria. As at the 30 June \$18,794,280 of Money3 trade debtor's meet the specific criteria of the securitisation funding facility. 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 2014 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.

Notes to the Financial Statements for the year ended 30 June 2015 (continued)

16. Borrowings (continued)

Financing facilities available

| | Consolidated 2015 \$ | Consolidated 2014 \$ |
|--|----------------------------|----------------------------|
| Total facilities | | |
| - Bank overdraft | - | 1,000,000 |
| - Receivables funding facilities | 20,000,000 | - |
| | <u>20,000,000</u> | <u>1,000,000</u> |
| Facilities used at reporting date | | |
| - Bank overdraft | - | - |
| - Receivables funding facilities | 7,472,982 | - |
| | <u>7,472,982</u> | <u>-</u> |
| Facilities unused at reporting date | | |
| - Bank overdraft | - | 1,000,000 |
| - Receivables funding facilities | 12,527,018 | - |
| | <u>12,527,018</u> | <u>1,000,000</u> |
| Total facilities | | |
| - Facilities used at reporting date | 7,472,982 | - |
| - Facilities unused at reporting date | 12,527,018 | 1,000,000 |
| | <u>20,000,000</u> | <u>1,000,000</u> |

Assets pledged as security

| | | |
|---|-------------------|------------------|
| Non-current | | |
| Floating charge | | |
| - Receivables funding facilities | 18,794,280 | - |
| - Plant and equipment | 2,571,109 | 2,051,323 |
| Total assets pledged as security | <u>21,365,389</u> | <u>2,051,323</u> |

Under the arrangement of the 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.

Details of the Groups risk exposure arising from borrowings are provided in Note 26.

Notes to the Financial Statements for the year ended 30 June 2015 (continued)

18. Issued capital

| | Consolidated 2015 \$ | Consolidated 2014 \$ |
|----------------------------|----------------------------|----------------------------|
| Fully paid ordinary shares | 102,180,209 | 71,195,425 |

(a) Movement in shares on issue

Movement in the shares on issue of the consolidated entity during the financial year are summarized below.

| | Consolidated 2015 | | Consolidated 2014 | |
|--|------------------------------|-------------|------------------------------|-------------|
| | Number of ordinary shares | Value \$ | Number of ordinary shares | Value \$ |
| Balance at the beginning of the financial year | 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 \$1.00 each | - | - | 12,000,000 | 12,000,000 |
| 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 shareholders under the Share Purchase Plan at \$1.45 each | 6,466,462 | 9,376,370 | - | - |
| Share issue costs | - | (753,755) | - | (996,209) |
| Deferred tax credit | - | 226,127 | - | 298,863 |
| Issue of shares due to exercise of options at \$0.70 each | - | - | 200,000 | 140,000 |
| Issue of shares due to exercise of options at \$0.85 each | 200,000 | 170,000 | - | - |
| Issue of shares to employees at \$1.00 each | - | - | 49,000 | 49,000 |
| Issue of shares to employees at \$1.04 each | 141,414 | 147,071 | - | - |
| Issue of shares on DRP | 1,464,895 | 1,818,969 | 1,100,546 | 1,098,265 |
| Balance at end of financial year 30 June | 129,253,203 | 102,180,209 | 107,187,327 | 71,195,425 |

(b) Movements in share options

Movement in the share options of the consolidated entity during the financial year are summarized below.

| | 2015 Number | 2014 Number |
|--|----------------|----------------|
| Balance at 1 July | 7,850,000 | 3,550,000 |
| Granted during the financial period | 18,000,000 | 4,500,000 |
| Exercised during the financial period | (200,000) | (200,000) |
| Lapsed during the financial period | - | - |
| Balance at the end of the financial period | 25,650,000 | 7,850,000 |

(c) Terms and conditions of issued capital

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

The company does not have limited authorised capital and issued shares have no par value.

Options

The company has 25,650,000 options on issue at the end of the financial year. The holders of the options are not permitted to exercise those options until after the vesting date.

Notes to the Financial Statements for the year ended 30 June 2015 (continued)

19. Reserves

| | Consolidated 2015 \$ | Consolidated 2014 \$ |
|---|----------------------------|----------------------------|
| Share option reserve | | |
| Balance at 1 July | 187,064 | 55,769 |
| Share based payments expensed for the year | 249,247 | 131,295 |
| Bond Options issued | 2,355,000 | |
| Lapsed options transferred to accumulated profits | - | - |
| Balance at 30 June | 2,791,311 | 187,064 |

The share option reserve is used to recognise the fair value of options issued to employees and bond holders but not exercised.

20. Statement of cash flows

(a) Reconciliation of cash

Cash at the end of the year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

| | | |
|--------------------------|------------|------------|
| Cash at bank and on hand | 12,418,206 | 23,679,063 |
| Bank overdraft | - | - |
| Cash at bank and on hand | 12,418,206 | 23,679,063 |

(b) Reconciliation of operating profit after income tax to net cash flows from operating activities

| | | |
|--|--------------|--------------|
| Net Profit after tax | 13,940,615 | 7,831,643 |
| Non cash items: | | |
| Depreciation and amortisation expense | 932,598 | 1,168,665 |
| Impairment of property, plant and equipment | - | 190,741 |
| Profit on sale of property, plant and equipment | (20,731) | 387,972 |
| Bad and doubtful debts allowance | 10,147,231 | 2,923,941 |
| Amortisation of cost of bonds | 753,750 | - |
| Interest capitalised | - | (660,000) |
| Share based payments | 249,247 | 131,295 |
| Changes in Movements in assets and liabilities: | | |
| (Increase)/decrease in assets | | |
| Trade and other receivables | (67,529,885) | (43,378,993) |
| Deferred tax assets | (754,849) | (1,102,159) |
| Increase/(decrease) in liabilities | | |
| Trade and other payables | 2,480,038 | 962,212 |
| Current tax payable | 1,250,564 | 2,208,548 |
| Derivative financial liabilities | 55,323 | |
| Provisions | 202,831 | 402,372 |
| Cash flows from operations | (38,293,268) | (28,933,763) |

(c) Non cash financing and investment activities:

There were no non cash financing and investing activities during the year.

Notes to the Financial Statements for the year ended 30 June 2015 (continued)

21. 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 \$6,410,504 of revenue from operations and generated a profits of \$903,928 before tax. The acquisition adds to Money3 Corporations Limited's web presence and complements the existing business. Goodwill of \$2,000,000 represents the expected synergies with other parts of the business and the increased web presence that Money3 Corporation Ltd will obtain. The other intangible assets – customer contacts have been valued at what is commonly paid for leads in the market by the number of customer contacts received, and will be amortised over 5 years. If the acquisition occurred on 1 July 2014, the full year contribution would have been revenues of \$10,800,000 and a profit before tax of \$1,340,000. The accounting for this acquisition has only been provisionally accounted for at 30 June 2015 as valuations for customer contact and the associated tax effect are yet to be finalised .

Details of the acquisition are as follows;

| | Consolidated |
|---|---------------------|
| | 2015 |
| | \$ |
| Employee Benefits | (203,065) |
| Creditors | (84,697) |
| Intangible assets – customer contacts | 2,265,000 |
| | <hr/> |
| Net assets acquired | 1,977,238 |
| Goodwill | 2,010,000 |
| | <hr/> |
| Acquisition date fair value of the total consideration transferred | 3,987,238 |
| | <hr/> |
| Representing: | |
| Cash paid or payable to vendor | 3,987,238 |
| | <hr/> |
| Cash used to acquire business, net of cash acquired: | |
| Acquisition- date fair value of the total consideration transferred | 3,987,238 |
| Net cash used | 3,987,238 |
| | <hr/> |

22. Significant matters subsequent to the reporting date

On 4 August 2015, Money3 Corporation Limited received notice from Westpac of their intent to cease their banking relationship with certain small consumer credit providers including Money3.

The Westpac securitisation facility is currently drawn down to approximately \$10 million. Westpac have committed to honour all existing contracts with Money3. The existing facility has a 12 month run off period after December 2015.

On 22 July 2015, Mr Robert Bryant retired as Managing Director and executive director and Mr Scott Baldwin was appointed as the acting Chief Executive Officer and Managing Director.

No other matters or circumstances has arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Company, the results or the state of affairs of the Company in future years.

Notes to the Financial Statements for the year ended 30 June 2015 (continued)**23. 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.

The performance of each segment is measured by the segment profit earned by each segment 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 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.

The unallocated liabilities include various corporate liabilities held at a corporate level that have not been allocated to the underlying segments.

Money3 Corporation Ltd only operates in Australia and therefore does not provide segment information of geographic location.

Notes to the Financial Statements for the year ended 30 June 2015 (continued)

23. Segment information (continued)

| Consolidated – 2015 | Secured | Unsecured | Segment Total | Eliminations /Unallocated | Total |
|--|-------------------|-------------------|-------------------|------------------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Revenue | | | | | |
| Revenue from continuing operations | 29,704,458 | 39,232,399 | 68,936,857 | - | 68,936,857 |
| Interest revenue | 4,958 | 14,419 | 19,377 | 400,862 | 420,239 |
| Other revenue | 9,222 | 71,635 | 80,857 | (3,739) | 77,118 |
| Total Revenue | 29,718,638 | 39,318,453 | 69,037,091 | 397,123 | 69,434,214 |
| EBITDA | | | | | |
| | 20,455,340 | 11,643,232 | 32,098,572 | (7,723,717) | 24,374,855 |
| Depreciation, amortisation, and impairment | | | | | (932,598) |
| Finance costs | | | | | (3,727,262) |
| Interest revenue | | | | | 420,239 |
| Profit before income tax | | | | | 20,135,234 |
| Income Tax | | | | | (6,194,619) |
| Profit after income tax | | | | | 13,940,615 |
| Assets | | | | | |
| Segment assets | 104,072,939 | 51,998,223 | 156,071,161 | (2,601,722) | 153,469,440 |
| <i>Unallocated assets:</i> | | | | | |
| Cash and cash equivalents | | | | | 10,394,321 |
| Property, plant and equipment | | | | | 1,220,800 |
| Other receivables | | | | | 70,088 |
| Other assets | | | | | 129,761 |
| Prepayments | | | | | 152,176 |
| Deferred tax assets | | | | | 2,906,934 |
| Total assets | | | | | 168,343,520 |
| Liabilities | | | | | |
| Segment liabilities | 59,964,008 | 18,942,948 | 78,906,956 | (68,887,842) | 10,019,114 |
| <i>Unallocated assets:</i> | | | | | |
| Trade and other payables | | | | | 2,164,273 |
| Derivative financial liabilities | | | | | 55,323 |
| Current tax payables | | | | | 4,264,389 |
| Provisions | | | | | 1,373,945 |
| Borrowings | | | | | 27,738,750 |
| Total liabilities | | | | | 45,615,794 |

Notes to the Financial Statements for the year ended 30 June 2015 (continued)

23. Segment information (continued)

| Consolidated – 2014 | Secured | Unsecured | Segment Total | Eliminations /Unallocated | Total |
|--|-------------------|-------------------|-------------------|------------------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Revenue | | | | | |
| Revenue from continuing operations | 14,516,797 | 28,868,166 | 43,384,963 | - | 43,384,963 |
| Interest revenue | - | - | - | 122,745 | 122,745 |
| Other revenue | - | - | - | - | - |
| Total Revenue | 14,516,797 | 28,868,166 | 43,384,963 | 122,745 | 43,507,708 |
| EBITDA | 9,479,453 | 9,403,747 | 18,883,200 | (5,707,048) | 13,176,152 |
| Depreciation, amortisation, and impairment | | | | | (1,359,406) |
| Finance costs | | | | | (978,018) |
| Interest revenue | | | | | 122,745 |
| Profit before income tax | | | | | 10,961,473 |
| Income Tax | | | | | (3,129,830) |
| Profit after income tax | | | | | 7,831,643 |
| 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 |
| Total assets | | | | | 116,710,211 |
| 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 |
| Total liabilities | | | | | 35,614,613 |

Notes to the Financial Statements for the year ended 30 June 2015 (continued)

24. Contingent liabilities

The Company has no contingent liabilities as at 30 June 2015 (2014: Nil).

25. Controlled entities

The consolidated financial statements incorporate the assets and liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1 (d).

Controlled entities of Money3 Corporation Limited (parent entity)

| Name | Country of Incorporation | Percentage of equity held by the consolidated entity | | Acquisition Date | Investment | |
|--|--------------------------|--|------|------------------|-------------------|-------------------|
| | | 2015 | 2014 | | 2015 | 2014 |
| | | | | | \$ | \$ |
| Money3 Loans Pty Ltd (formerly Money3 Ballarat Pty Ltd) | Australia | 100 | 100 | 1 November 2006 | 2 | 2 |
| Money3 Services Pty Ltd (formerly Money3 Dandenong Pty Ltd) | Australia | 100 | 100 | 1 November 2006 | 2 | 2 |
| Money3 Franchising Pty Ltd | Australia | 100 | 100 | 16 April 2007 | 2 | 2 |
| Money3 Branches Pty Ltd (formerly Money3 Reservoir Pty Ltd) | Australia | 100 | 100 | 1 November 2006 | 2 | 2 |
| Money3 Wodonga Pty Ltd | Australia | 100 | 100 | 13 March 2008 | 2 | 2 |
| Antein Pty Ltd (Glenroy) | Australia | 100 | 100 | 1 July 2006 | 3,100,500 | 3,100,500 |
| Bellavita Pty Ltd (Northcote) | Australia | 100 | 100 | 1 July 2006 | 3,037,500 | 3,037,500 |
| Hallowed Holdings Pty Ltd (Clayton) | Australia | 100 | 100 | 1 July 2006 | 2,970,000 | 2,970,000 |
| Kirney Pty Ltd (Coburg) | Australia | 100 | 100 | 1 July 2006 | 483,750 | 483,750 |
| Nexia Pty Ltd (Werribee) | Australia | 100 | 100 | 1 July 2006 | 1,665,000 | 1,665,000 |
| Pechino Pty Ltd (Frankston) | Australia | 100 | 100 | 1 July 2006 | 1,687,500 | 1,687,500 |
| Salday Pty Ltd (St Albans) | Australia | 100 | 100 | 1 July 2006 | 483,750 | 483,750 |
| Tannaster Pty Ltd (Moonee Ponds) | Australia | 100 | 100 | 1 July 2006 | 2,898,000 | 2,898,000 |
| Tristace Pty Ltd (Geelong) | Australia | 100 | 100 | 1 July 2006 | 1,741,500 | 1,741,500 |
| M3 Auto Trust No1 | Australia | 100 | 100 | 28 November 2014 | - | - |
| Australian Car Leasing Pty Ltd | Australia | 100 | 100 | 3 May 2013 | 1 | 1 |
| Total | | | | | 18,067,511 | 18,067,511 |

All entities operated solely in their place of incorporation.

The Group does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed to are described below. There have been no changes to these risks since the previous financial year.

Notes to the Financial Statements for the year ended 30 June 2015 (continued)**26. Financial instruments**

The Group is exposed to a variety of financial risks through its use of financial instruments.

This note discloses the Group's objectives, policies and processes for managing and measuring these risks.

The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The Board of Directors ensures that the Group maintains a competent management structure capable of defining, analysing, measuring and reporting on the effective control of risk inherent in the Group's underlying financial activities and the instruments used to manage risk. Key financial risks including interest rate risk and credit risk are reviewed by management on a regular basis and are communicated to the board so that it can evaluate and impose its oversight responsibility. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Specific risks

- Market risk (including foreign currency risk, interest rate risk and price risk)
- Credit risk
- Liquidity risk

Financial assets / liabilities used

The principal categories of financial assets / liabilities used by Money3 Corporation Limited are:

- Loans and other receivables
- Cash at bank
- Borrowings
- Derivative financial liabilities
- Trade and other payables

Objectives, policies and processes

The risk management policies of Money3 Corporation Limited seek to mitigate the above risks and reduce volatility on the financial performance of the Group. Financial risk management is carried out centrally by the Finance Department of Money3 Corporation Limited.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The group overall strategy remains unchanged from 2014.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 17, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Notes 18,19 and 4 respectively. None of the Group's entities is subject to externally imposed capital requirements. 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.

Gearing ratio

The Group's Board of Directors reviews the capital structure on a semi-annual basis. As a part of this review the board considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the board the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

Notes to the Financial Statements for the year ended 30 June 2015 (continued)

26. Financial instruments (continued)

Capital risk management (continued)

| | Note | Consolidated 2015 \$ | Consolidated 2014 \$ |
|---------------------------|------|----------------------------|----------------------------|
| Financial assets | | | |
| Debt (a) | 17 | (35,211,732) | (29,340,000) |
| Cash and cash equivalents | 9 | 12,418,205 | 23,679,063 |
| Net cash/(debt) | | (22,793,527) | (5,660,937) |
| Equity – issued capital | 18 | 102,180,510 | 71,195,425 |
| Debt to equity ratio | | 34.5% | 41.2% |

(a) Debt is defined as long-term and short-term borrowings, as detailed in Note 17.

(a) Market risk**(i) Foreign currency risk**

Money3 Corporation Limited has no significant exposure to foreign currency risk.

(ii) Interest rate risk

The company's exposure to market interest rates relates primarily to the company's short term deposits held, deposits at call and borrowings. The interest income earned or paid on these balances can vary due to interest rate change.

Money3 Corporation Limited does not have a significant interest rate risk as its long term borrowing are at a fixed rate and interest rate risk on the short term borrowings has been minimised by the use of an interest rate swap .

(iii) Price risk

Price risk is the risk that future cashflows derived from financial instruments will be changed as a result of a market price movement, other than interest rates. The company and group are not exposed to any material price risk.

(b) Credit risk

Credit risk is managed on the Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to outstanding receivables, net of any allowance for impairment losses, as disclosed in the Statement of Financial Position and notes to the financial report.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. With the exception of its dealings with core customers, the consolidated entity has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The consolidated entity measures credit risk on a fair value basis.

Money3's core customers are financially challenged and generally have a bad credit history and are lacking in budgeting ability. Money3 obtains security on loans greater than \$5,000.

The company assesses credit risk by reference to historical information such as existing customers and whether loans are secured or unsecured. At balance date, loans neither past due or impaired are \$102,950,451 (2014:\$ 63,522,282), with \$75,239,156 representing secured loans (2014:\$ 43,591,938) and \$27,711,295 representing unsecured loans (2014:\$ 19,960,344)

The consolidated entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics, given the number and diversity of debtors.

Notes to the Financial Statements for the year ended 30 June 2015 (continued)**26. Financial instruments (continued)****Capital risk management (continued)****(b) Credit risk analysis (continued)**

The management of Money3 manages credit risk by adopting the procedures and policies which:

- Assess each application on the borrower's capacity to service the loan;
- Match repayment dates to borrowers pay dates and pay cycles;
- Lend for short term;
- Where possible, obtain security on loans greater than \$5,000;
- Require repayment of loans by direct debit or pay deductions or during settlements;
- Implement prompt follow up when a repayment is missed;
- Have the ability to adjust repayments when customers face further financial difficulties; and
- Align debt collection processes with the Consumer Credit Code.

This strategy is consistent with the prior year.

(c) Liquidity risk analysis

Liquidity risk is the risk that the company will not be able to pay their debts as and when they fall due. The company has borrowings and finance lease liability; and the directors ensure that the cash on hand is sufficient to meet the commitments of the company and group at all times.

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. This strategy is consistent with the prior year.

Liquidity risk includes the risk that, as a result of our operational liquidity requirements Money3:

- will not have sufficient funds to settle a transaction on the due date;
- will be forced to sell financial assets at a value which is less than what they are worth; and
- may be unable to settle or recover a financial asset at all.

To help reduce these risks, where possible Money3's strategy is to borrow long term and lend short term, maintain an overdraft facility and adequate cash reserves. The ratio of current borrowings to Current Debtors is considered to be low.

Maturity of financial liabilities

The Group holds the following financial instruments. Amounts presented below represent the future undiscounted principal and interest cash flows.

| 2015 | Consolidated | | | Total \$ |
|----------------------------------|----------------|-----------------|-----------------|-------------|
| | < 1 year \$ | 1-5 years \$ | > 5 years \$ | |
| Financial Liabilities: | | | | |
| Borrowings | 10,180,379 | 35,400,000 | - | 45,580,379 |
| Derivative financial liabilities | 60,232 | - | - | 60,232 |
| Trade and other payables | 4,710,406 | - | - | 4,710,406 |
| Total Financial Liabilities | 14,951,017 | 35,400,000 | - | 50,351,017 |

| 2014 | Consolidated | | | Total \$ |
|-----------------------------|----------------|-----------------|-----------------|-------------|
| | < 1 year \$ | 1-5 years \$ | > 5 years \$ | |
| Financial Liabilities: | | | | |
| Borrowings | 2,700,000 | 38,107,397 | - | 40,807,397 |
| Trade and other payables | 2,292,740 | - | - | 2,292,740 |
| Total Financial Liabilities | 4,992,740 | 38,107,397 | - | 43,100,137 |

The above contractual maturities reflect the gross cash flows, which may differ to the carrying values of the liabilities at the reporting date.

Notes to the Financial Statements for the year ended 30 June 2015 (continued)**26. Financial instruments (continued)****Maturity of financial liabilities (continued)**

Also affecting liquidity are cash at bank and non interest bearing receivables and payables. Liquidity risk associated with these financial instruments is represented by the carrying amounts as shown above.

d) Fair value estimation

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their net fair values.

The net fair values of financial assets and financial liabilities are determined as follows:

- the net fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the net fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow theory.

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The decrease in interest rates by 0.5% effects the present value of the bonds by increasing their value by \$491,339 which has not been taken to account.

27. Leases**Operating leases**

Operating leases relate to branch premises which have lease terms of up to 5 years with in some instances an unexercised option to extend for a further 5 years. All operating leases contain market rent review clauses when an option to renew is exercised.

| | Consolidated 2015 \$ | Consolidated 2014 \$ |
|---|-------------------------------------|-------------------------------------|
| Lease expenditure commitments | | |
| Operating leases (non-cancellable) | | |
| Minimum lease payments | | |
| - not later than one year | 2,246,602 | 2,353,933 |
| - later than one year but not later than five years | 2,371,893 | 2,694,802 |
| - more than five years | - | - |
| Total minimum payments | 4,618,495 | 5,048,735 |

Leases as lessor

The consolidated entity leases out its rental assets under operating leases. The future minimum lease payments under non-cancellable operating leases are as follows:

| | | |
|---|--------|---------|
| Minimum lease payments receivable | | |
| - not later than one year | 11,211 | 109,519 |
| - later than one year but not later than five years | 8,640 | 40,893 |
| Total minimum payments receivable | 19,851 | 150,412 |

Notes to the Financial Statements for the year ended 30 June 2015 (continued)**28. Auditors remuneration**

| Amounts received or due and receivable by the auditors for: | Consolidated 2015 \$ | Consolidated 2014 \$ |
|---|----------------------------|----------------------------|
| Auditing or reviewing the financial reports | 138,050 | 134,695 |
| Taxation services | 5,181 | - |
| Total remuneration of auditors | 143,231 | 134,695 |

29. Related party disclosures**(a) Parent and ultimate controlling entity**

The parent and ultimate controlling entity is Money3 Corporation Limited which is incorporated and domiciled in Australia.

(b) Key management personnel's remuneration

The aggregate compensation of the key management personnel of the Group is set out below:

| | | |
|------------------------------|-----------|-----------|
| Short term employee benefits | 1,402,981 | 919,998 |
| Post employment benefits | 102,652 | 68,997 |
| Long term benefits | 22,366 | 26,958 |
| Share based payments | 193,468 | 116,412 |
| Total | 1,721,467 | 1,132,365 |

(c) Equity interests in controlled entities

Details of the percentage of ordinary shares held in controlled entities are disclosed in Note 25 to the financial statements.

(d) Loan disclosures

Mr Geoffrey Baldwin holds bonds from the Company to the value of \$250,000 (2014: \$250,000) Mr Baldwin is the father of Mr Scott Baldwin (executive director). During the year, 125,000 options were issued to Mr Geoffrey Baldwin in relation to the previously mentioned bonds.

Mr Brian Baldwin holds bonds from the Company to the value of \$50,000 (2014: \$50,000), the brother of Mr Scott Baldwin. During the year, 25,000 options were issued to Mr Brian Baldwin in relation to the previously mentioned bonds.

These bonds are made on normal commercial terms and conditions and at market rates. Interest is charged at a commercial rate of 9%.

There are no loans made by the disclosing entity or any of its subsidiaries to any key management personnel, including their personally related entities.

Notes to the Financial Statements for the year ended 30 June 2015 (continued)**29. Related party disclosures (continued)****(e) Other transactions with key management personnel or their related entities**

The financial statements include the following items of expenses that resulted from transactions other than compensation or equity holdings with key management personnel or their related entities:

| Interest paid to: | Consolidated 2015 \$ | Consolidated 2014 \$ |
|-----------------------|----------------------------|----------------------------|
| Geoffrey Baldwin | 22,209 | 23,928 |
| Brian Baldwin | 4,442 | 5,260 |
| Simon Baldwin | - | 11,014 |
| G&V Livestock Pty Ltd | - | 1,299 |
| Robert Bryant | - | 518 |
| | 26,651 | 42,019 |

Transactions between the consolidated entity and these parties are conducted on normal commercial terms.

(f) Transactions with other related parties

Vaughan Webber is an employee of Wilson HTM with which Money3 has engaged to place equity. Wilson HTM has been paid for services of \$686,169 (2014: \$2,048,200).

Marian Harris was an employee of Money3 until January 2015 and is also the wife of Mr Craig Harris.

All transactions with related parties are at arm's length on normal commercial terms and conditions and at market rates.

There are no other related party transactions

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Notes to the Financial Statements for the year ended 30 June 2015 (continued)

30. Parent entity financial information

a) Summary financial information

The financial position and results of Money3 Corporation Ltd, the parent entity, are as follows:

Statement of financial position

| | Company 2015 \$ | Company 2014 \$ |
|----------------------------------|-----------------------|-----------------------|
| Total current assets | 10,632,849 | 22,348,343 |
| Total assets | 142,295,212 | 108,950,862 |
| Total current liabilities | 8,768,998 | 5,986,242 |
| Total liabilities | 385,778,410 | 35,413,065 |
| Net assets | 106,516,802 | 73,537,797 |
| EQUITY | | |
| Issued capital | 103,481,026 | 72,495,941 |
| Share option reserves | 2,791,311 | 187,064 |
| Retained earnings | 244,465 | 854,792 |
| Total equity | 106,516,802 | 73,537,797 |

Statement of profit or loss and other comprehensive income

| | | |
|--|-----------|-----------|
| Profit for the period from continuing operations | 5,287,492 | 2,527,882 |
| Total comprehensive income | 5,287,492 | 2,527,882 |

b) Guarantees entered into by the parent entity

The parent entity has not entered into guarantees for any of its subsidiaries.

c) Contingent liabilities of the parent entity

The parent entity has no contingent liabilities at the time of the report.

d) Contractual commitments by the parent entity

The parent entity has no contractual commitments at the time of the report.

