money3

ANNUAL REPORT 2016

Contents

About Money3

Money3 is a national credit provider committed to servicing the needs of customers who cannot access funding from traditional lenders.

Money3 has a range of product offerings, brands and distribution channels to reach its customer base.

Products	Brands	Channels
Secured Automotive Loans	money3	Broker
Unsecured Personal Loans	CASH TRAIN	Branch
Cheque Cashing	PERSONAL FINANCE CO	Online

Products

Money3 offers a range of products to service the needs of its customer base:

- Secured automotive loans from $2,000 – $35,000 over periods up to 60 months
- Unsecured personal loans above $2,000 for terms greater than 12 months (larger amount longer term loans)
- Unsecured personal loans under $2,000 for terms under 12 months, known as Small Amount Credit Contracts (SACC's)
- Instant cheque cashing

Brands

Money3 has a range of brands that distribute its products, each of which has traditionally had a different distribution channel focus:

- Money3 – provides secured automotive loans, larger amount longer term loans and SACC loans through the Broker, Branch and Online distribution channels, along with instant cheque cashing in Branch
- Cash Train – provides SACC loans through the Online distribution channel, and will introduce a new larger amount longer term loan product in FY17
- Personal Finance Co – which commenced trading in 1933 and provides larger amount longer term loans and SACC loans. Whilst the branch network has been amalgamated with the Money3 branch network, Personal Finance Co still trades online through its website

Distribution Channels

Money3 goes to market via a number of different distribution channels that provide options and flexibility for its customers to access product offerings in the way that best suits them:

- The Broker channel receives secured automotive leads from over 150 accredited brokers throughout Australia
- The Branch network services customers who like to deal with someone face to face, or who require access to cash loans on the spot or instant cheque cashing
- The Online channel services customers who prefer to make applications at a time and place that suits them, and who are digitally savvy

FY16 Key Highlights

55.0%
increase in revenue from secured automotive loans

40.0%
overall increase in revenue, with all Divisions delivering revenue growth

44.7%
increase in EBITDA driven by strong performance in Broker and Online

44.4%
increase in NPAT to $20.1m, above guidance of $19m

Gross Loan Book increased
27.1% to $198.8m

Final dividend declared of 2.5 cents fully franked, taking full year dividend to
5.25 cents

Chairman & Managing Director's Report

On behalf of the board of directors of Money3 Corporation Limited (Money3), it is our pleasure to present the Annual Report for the financial year ended 30 June 2016 (FY16).

Ray Malone

Non-Executive Chairman
Money3 Corporation Limited
28 September 2016

Scott Baldwin

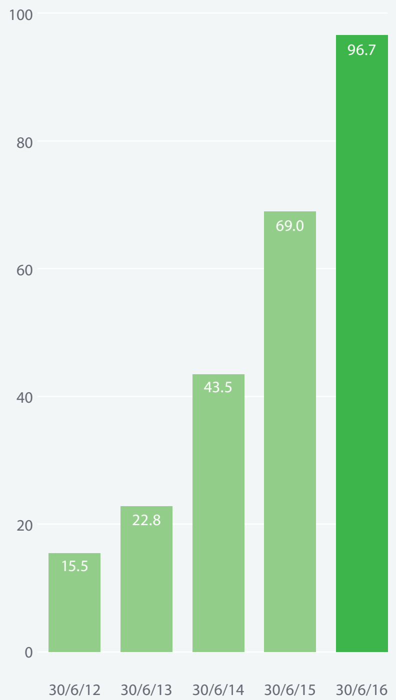
Managing Director
Money3 Corporation Limited
28 September 2016

We are delighted with the commitment our people show in serving our customers, which is demonstrated through our continued growth in FY16.

We continue to build a scalable diversified financial services company focusing on short and medium term loans, both secured and unsecured. We have a range of sustainable loan products that we offer to consumers who cannot access funding from traditional lenders.

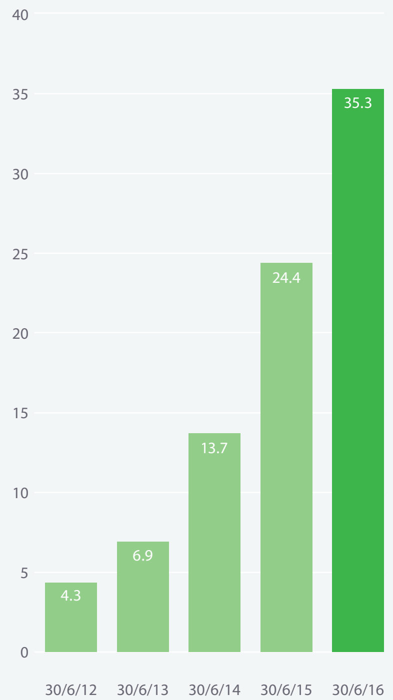
40%

FY16 Revenue ($m)



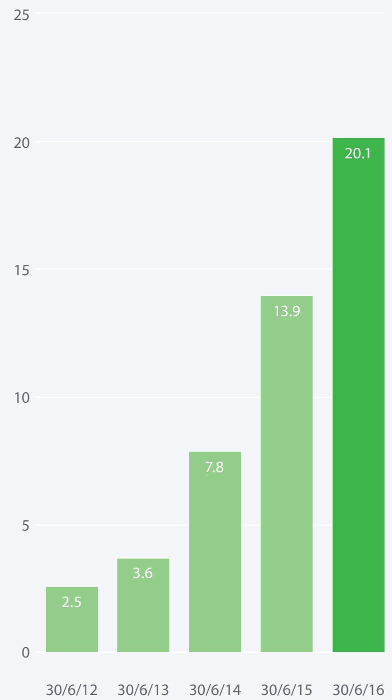
44.7%

FY16 EBITDA ($m)



44.4%

FY16 NPAT ($m)



Financial Results

We delivered another strong year of growth, and an outstanding financial result. Revenues were up 40.0% from $69.0 million to $96.7 million, with all divisions contributing to top line growth. Expenses growth of 37.4% was mainly due to the full year inclusion of the Cash Train operations. Strong growth with secured automotive loans plus the full year inclusion of Cash Train lead to an improvement in Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA"), increasing 44.7% to $35.3 million, up from $24.4 million, and NPAT increased 44.4% to $20.1 million, up from $13.9 million.

Within the Gross Loans Receivable, secured automotive loans have grown 42.1% to $151.8m and now represent 76.3% of the total Gross Loans Receivable, compared to 68.3% at the end of FY15, larger amount longer term unsecured loans represents 9.2% of total Gross Loans Receivable, compared to 14.7% at the end of FY15, and Small Amount Credit Contract ("SACC") loans represent 14.5% of total Gross Loans Receivable, compared to 17.0% at the end of FY15. We expect to see SACC's continue to decline as a percentage of the overall Gross Loans Receivable.

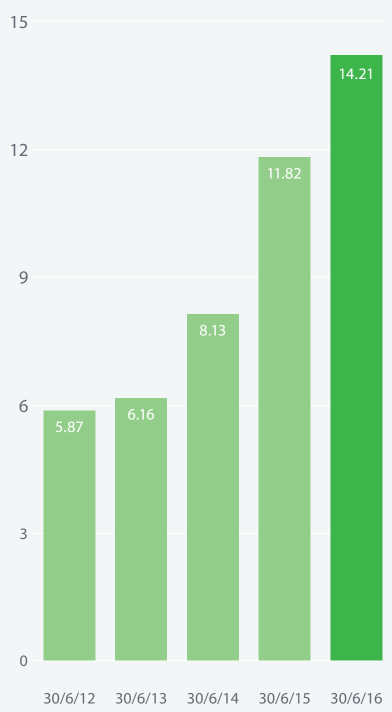
Regulations

The Federal Government "Review of the Small Amount Credit Contract Laws" was handed down in March 2016 and a total of 24 recommendations were made in respect of SACC's and consumer leasing.

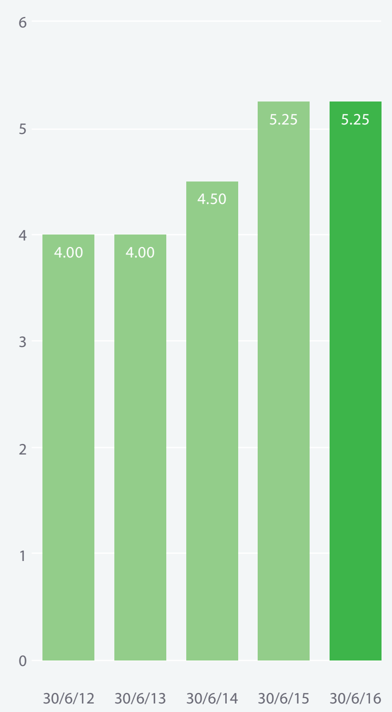
Money3 can adapt to the introduction of any of these recommendations should they be included in the National Consumer Credit Protection Act.

20.2%

FY16 EPS (Basic) (cents)



FY16 DPS (cents)



Gross Loan Book ($m)

Dividends

The Directors of the company have declared a final dividend of 2.5 cents per share fully franked, payable on the 28 October 2016 to those shareholders on the register at the close of business on the 7 October 2016. The final dividend payable of 2.5 cents per share brings the full year dividend to 5.25 cents per share fully franked.

Outlook

We will continue to drive further growth in the secured automotive loan book whilst diligently implementing cost savings that have been identified across the business. New product offerings of larger amount longer term loans will continue to be a focus throughout the business, which is aimed at diversifying the product mix being offered to customers through each of the distribution channels.

We are actively pursuing further debt funding facilities in order to enable all parts of the business to continue to grow market share.

The Directors are pleased to provide FY17 full year guidance for NPAT of $26 million.

Conclusion

On behalf of the Board of Money3, we would like to thank our staff and management for their outstanding customer service and commitment to our vision.

Finally, we would like to thank you, our shareholders, for your continued support as we execute the company's growth strategy. We are excited by the outlook for the business and look forward to continuing to grow shareholder value.

Financial Report

for the year ended 30 June 2016

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Corporate Governance Statement

The statement outlining Money3 Corporation Limited's corporate governance framework and practices in the form of a report against the Australian Securities Exchange Corporate Governance Principles and Recommendations, 3rd Edition is available on the Money3 website, www.money3.com.au, under Announcements in the Investors tab in accordance with listing rule 4.10.3. The Directors approved the 2016 Corporate Governance Statement on 28 September 2016.

Directors' Report

The Board of Directors ("the Board") of Money3 Corporation Limited ("Money3" or "the Company") present the annual financial report on the consolidated entity, consisting of Money3 Corporation Limited and its subsidiaries ("the Group") for the year ended 30 June 2016. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Directors' Details

The following persons were Directors of the Company during the whole of the year, unless otherwise stated, and up to the date of this report:

Ray Malone

- Non-Executive Chairman (appointed on 29 January 2016)

Ray is currently CEO and Executive Chairman of AMA Group Limited ("AMA") and having delivered outstanding shareholder value at AMA over the last 7 years, brings this significant strategic experience and track record to Money3.

Other Current Directorships: Executive Chairman of AMA Group Limited since 19 March 2015 (Director since 23 January 2009).

Vaughan Webber B.Ec

- Non-Executive Director (Non-Executive Chairman until 29 January 2016, Non-Executive Director thereafter)
- Chairman of the Audit Committee

Vaughan is an experienced finance professional with a background in chartered accounting at a major international accounting firm and since 2000 in corporate finance servicing Australian capital markets. Vaughan has also developed extensive experience as a public company director.

Other Current Non-Executive Directorships: HUB24 Limited since 19 October 2012 and Anchor Resources Limited since 18 August 2011.

Kang Tan ACA (UK) FIPA (Aust)

- Non-Executive Director
- Member of the Remuneration Committee and Member of the Audit Committee

Kang has been a member of the Institute of Chartered Accountants in England and Wales since 1983 and a fellow of the Institute of Public Accountants in Australia since 1998. Kang spent ten years as an Accountant with La Trobe University Union. Before coming to Australia, in Malaysia Kang was the Group Financial Controller of Tanming Corporation Berhad for four years. Kang established his first small cash loan branch in Glenroy, Victoria in August 2000. Kang held an ownership interest in four of the Money3 trading companies prior to being acquired by Money3.

Other Current Non-Executive Directorships: Nil.

Leath Nicholson B.Ec (Hons) LLB (Hons) LLM (Commercial Law)

- Non-Executive Director (appointed on 29 January 2016)
- Chairman of the Remuneration Committee

Leath brings broad commercial and legal experience to Money3, specifically in the area of mergers and acquisitions and corporate governance. He has practised extensively in the consumer credit regulatory sector and has provided legal advice to Money3 in relation to both its corporate and consumer credit obligations since 2010. Leath was a Corporate Partner at a leading national law firm, gaining experience with a breadth of ASX listed entities, before co-founding Foster Nicholson Jones in 2008.

Other Current Non-Executive Directorships: AMA Group Limited since 23 December 2015.

Stuart Robertson B.Com ACA FFINSIA GAICD MBA

- Non-Executive Director (appointed on 29 January 2016)
- Member of the Audit Committee

Stuart's background includes broad experience in business advisory, investment banking, alternative investments and funds management, in addition to extensive experience in the consumer finance sector. Stuart currently provides consulting services focused on deal origination and structuring primarily in the unlisted market. Stuart has held senior roles at BT Funds Management, KBC Investments Limited and Zurich Financial Services in Australia, London and New York. He is a qualified Chartered Accountant, a Fellow of the Financial Services Institute of Australasia (FINSIA) and graduate of the Australian Institute of Company Directors. In addition he holds a Masters of Business Administration from the Macquarie Graduate School of Management.

Other Current Non-Executive Directorships: Ellerston Global Investments Limited since 24 July 2014 and Ellerston Asian Investments Limited since 25 June 2015.

Scott Baldwin B.Eng (Hons) MBA GAICD

- Managing Director (appointed Managing Director on 29 September 2015, appointed Director on 13 January 2009)
- Member of the Remuneration Committee (non-voting)

Joining Money3 in 2008 as the Chief Operating Officer, Scott brought a wealth of experience in sales, marketing and technology. Appointed to the Board in 2009, Scott established and led the growth of the secured vehicle financing division at Money3. Prior to joining Money3, Scott spent over a decade in a variety of senior roles with General Electric Healthcare, from Sales & Service across Asia to leading infrastructure projects and working on the Asian Mergers and Acquisitions team.

Other Current Directorships: Nil.

Former Directors' Details

Robert Bryant

- Managing Director (Resigned on 22 July 2015)

Before entering the financial services industry in May 2000, Robert was predominantly involved in agricultural related industries for over 25 years and then focussed on financial services in 2000 when Robert commenced a small cash loans franchise in Victoria.

Bettina Evert B.A LLB MAICD

- Non-Executive Director (Resigned on 29 January 2016)

Bettina is a partner of Holman Webb, a commercial and insurance law practice established over 60 years ago. She is highly experienced in commercial law and litigation. She was, prior to commencing at Holman Webb, a senior solicitor on the work-out team after the collapse of the Tricontinental Bank in 1991 and worked as a senior solicitor at Telstra Corporation advising senior management in relation to corporate governance.

Miles Hampton B.Ec (Hons), FCIS, FCPA, FAICD

- Non-Executive Director (Resigned on 27 January 2016)

Miles was managing director of ASX listed agribusiness Roberts Ltd for 20 years. Subsequent to his retirement from Roberts Ltd in 2006, Miles has been a director of a number of public and private companies, including Australian Pharmaceutical Industries Ltd, Forestry Tasmania, The Van Diemen's Land Company and Impact Fertilisers.

Company Secretary's Details

Jennifer Martin B.Acc ACA

- Chief Financial Officer (appointed on 7 December 2015) and Company Secretary (appointed on 29 January 2016)

Joining Money3 in December 2015 as Chief Financial Officer, Jenny is an experienced Chartered Accountant with over 17 years' experience with a demonstrated track record of success working with dynamic and growing businesses. Jenny has extensive public company experience, having held the position of Group Financial Controller at both Southern Cross Media Group Limited and SMS Management & Technology Limited and Company Secretary for various periods at Southern Cross Media Group Limited.

Principal Activities

The principal activities of the Group during the course of the financial year were the provision of financial services specialising in the delivery of secured and unsecured personal loans and cheque cashing.

There has been no significant change in the nature of the principal activities during the financial year.

Results of Operations

Money3 is pleased to announce its full year results for the year ended 30 June 2016 and confirms its record Net Profit After Tax ("NPAT") of $20.1 million exceeded its prior profit guidance of $19.0 million.

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

Group Results

Headline achievements for the Group include:

- 40.0% increase in Revenue to $96.7 million
- 44.7% increase in EBITDA to $35.3 million
- 44.4% increase in NPAT to $20.1 million
- 27.1% increase in Gross Loans Receivable to $198.8 million
- New $20 million debt facility (with a best endeavours commitment to increase to $30m if required) to fund growth in FY17
- Final FY16 dividend of 2.5 cents fully franked, taking full year dividend to 5.25 cents fully franked

In FY16, Money3 delivered an outstanding financial result. Revenues were up 40.0% from $69.0 million to $96.7 million, with all divisions contributing to top line growth. Expenses growth was mainly due to the full year impact of the Cash Train operations. Strong growth in the Broker and Online divisions lead to an improvement in Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA"), increasing 44.7% to $35.3 million, up from $24.4 million, and NPAT increased 44.4% to $20.1 million, up from $13.9 million.

Product Mix Continues to Diversify

Within the Gross Loans Receivable, secured automotive loans have grown 42.1% to $151.8m and now represent 76.3% of the total Gross Loans Receivable, compared to 68.3% at the end of FY15, larger amount longer term unsecured loans represent 9.2% of total Gross Loans Receivable, compared to 14.7% at the end of FY15, and Small Amount Credit Contract ("SACC") loans represent 14.5% of total Gross Loans Receivable, compared to 17.0% at the end of FY15. Money3 expects to see SACC's continue to decline as a percentage of the overall Gross Loans Receivable.

Secured automotive loans continue to provide the largest contribution to EBITDA, contributing 69.6% of EBITDA (pre-Corporate overhead) in FY16 compared to 63.7% in FY15. Money3 continues to drive organic growth in the provision of secured automotive loans predominantly through the Broker Division.

Larger amount, longer term personal loans continue to grow as a percentage of the total Gross Loans Receivable for the Branch Division, now representing over 50%. With the Cash Train business moving off its legacy software platform to be on the same loan management system as the other Money3 businesses, it will introduce larger amount, longer term loans to its product offering in FY17.

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

	30 Jun 16 $'000	30 Jun 15 $'000	% Change
Total revenue	96,661	69,035	40.0
EBITDA	35,281	24,373	44.7
NPAT	20,134	13,941	44.4
Gross loans receivable	**198,844**	**156,405**	**27.1**
Net loans receivable	**176,075**	**137,075**	**28.5**

Broker Division

The Broker Division of Money3 consists of secured asset (mainly automotive) financing between $2,000 and $35,000 over a period of up to 60 months. Money3 has over 150 accredited independent broker relationships across all states of Australia.

The Broker Division has continued to deliver exceptional revenue and EBITDA growth. Revenue for the year increased by 55.0% to $46.1 million, driven by a 22.5% increase in loans written during the year. This increase has come from a combination of further expansion of the number of brokers accredited throughout Australia, and the introduction of a new product offering in the last quarter of FY16 which resulted in an increase of over 20% in applications and settlements compared to the first three quarters of the year. The Gross Loans Receivable has increased to $151.8 million, up 42.1% from $106.9 million.

EBITDA (pre-corporate overhead allocation) has increased by 53.7% to $31.5 million, and as a percentage of revenue EBITDA also continues to improve, leveraging scale.

In the coming year the Broker Division will continue to strengthen its relationships with the external broker network and further expand its product offering.

Branch Division

The Branch Division consists of 55 physical branches located across all states of Australia. The Branch Division provides cash loans to customers up to $5,000, mainly on an unsecured basis. Money3 has been a significant consolidator of small operators in previous years, and is one of the largest finance providers in this sector.

It has been a year of consolidation for the Branch Division. Revenue grew 6.7% to $33.1 million, which is a pleasing result in a competitive, mature market. The Branch Division continues to diversify its product mix and as at 30 June 2016 the Gross Loans Receivable now comprises over 50% of larger amount longer term loans, with the balance of loans provided being SACC's.

Online Division

The Online Division, comprising Cash Train, Money3 and Personal Finance Co, provides cash loans to customers up to $5,000, mainly on an unsecured basis.

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

In the first full year of integration of the Cash Train business, the Online Division has seen a strong result. FY16 saw significant growth in the Online Division with the majority of growth coming out of the Cash Train business. The division delivered revenue growth of 109.7% and EBITDA growth of 236.1% (against a comparative of 7 months).

A major focus for Cash Train during the year has been to transition to the Money3 lending platform, which will enable Cash Train to offer a more expansive product offering. A larger amount longer term product will be introduced to Cash Train customers in FY17.

Financial Position

Money3 conducted a share placement of 3.5 million shares to sophisticated investors, raising $3.3 million at $0.95 per share in November 2015 and a fully underwritten non-renounceable 1 for 8 rights issue at $0.95 per share raising $15.2 million (net of transaction costs) in December 2015. The capital raising was secured in order to maintain momentum in growing the secured automotive receivables book.

A new $20.0 million debt facility (with a best endeavours commitment to increase to $30.0 million if required) was drawn down in June 2016. The previous securitised receivables facility was run down out of operating cash flow. Cash reserves at 30 June 2016 were $27.2 million, gross debt (excluding borrowing costs) was $50.0 million, and net debt (gross debt less cash) was $22.8 million, compared to 30 June 2015 where cash reserves were $12.4 million, gross debt was $37.5 million and net debt was $25.1 million. The business remains conservatively geared with gross debt (excluding borrowing costs)/EBITDA at 1.42 times at 30 June 2016 and it is expected that future growth of the receivables book will come from debt and not equity funding.

Strategic Update

Money3 will continue to drive further growth in the secured automotive loan book whilst diligently implementing cost savings that have been identified across the business.

New product offerings of larger amount longer term loans will continue to be a focus throughout the business, which is aimed at diversifying the product mix being offered to customers through each of the distribution channels.

Money3 is actively pursuing further debt funding facilities in order to enable all parts of the business to continue to grow market share.

2017 Outlook

The Directors of Money3 are pleased to provide FY17 full year guidance for NPAT of $26 million.

Dividends

Type	Cents per Share	Total Amount	Date of Payment
Final 2015 Ordinary	2.75	$3,565,212	23 October 2015
Interim 2016 Ordinary	2.75	$4,165,099	22 April 2016

Since the end of the financial year the Directors have declared the payment of a final 2016 ordinary dividend of 2.5 cents per fully paid share. Based on the current number of shares on issue, the dividend payment is expected to be $3.8 million. This dividend will be paid on 28 October 2016 by the Company. From FY17, the Board advises that the new dividend payout ratio guidance will be 30-50% of underlying NPAT in order to balance shareholder returns in the form of dividends versus capital growth through reinvestment of profit into the loan book.

Significant Changes in State of Affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group that occurred during the year under review.

Significant Matters Subsequent to the Reporting Date

No matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of Money3, the results or the state of affairs of the Company.

Likely Developments and Expected Results of Operations

Further information on likely developments relating to the operations of the Group in future years and the expected results of those operations have not been included in this report because the Directors of the Company believe it would be likely to result in unreasonable prejudice to the commercial interests of the Group.

Indemnification and Insurance of Directors and Officers

The Company has indemnified the Directors and Executives of the Company for costs incurred, in their capacity as a Director or Executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and Executives of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Non-Audit Services

There were no non-audit services provided by the auditor during the 2016 or 2015 financial years.

Environmental Regulation

The operations of the Group are not subject to any significant environmental regulations under Australian Commonwealth, State or Territory law. The Directors are not aware of any breaches of any environmental regulations.

Proceedings on behalf of the Company

No person has applied to the Court for leave to bring proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of these proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Share Options

As at the date of this report, there were 24,800,000 options to acquire ordinary shares of Money3 Corporation Limited (2015: 25,650,000). No share options were granted to Executives during the financial year.

Details of unissued ordinary shares in the Company under option at the date of this report are:

Issuing entity	Type	No. of shares under option	Exercise Price	Expiry Date
Money3 Corporation Ltd	Employee Options	1,550,000	$0.496056	30 September 2017
Money3 Corporation Ltd	Director Options	1,000,000	$0.496056	16 November 2017
Money3 Corporation Ltd	Employee Options	500,000	$0.996056	21 October 2018
Money3 Corporation Ltd	Director Options	3,000,000	$1.496056	30 November 2018
Money3 Corporation Ltd	Employee Options	1,000,000	$1.496056	30 November 2018
Money3 Corporation Ltd	Bond Options	15,000,000	$1.296056	16 May 2018
Money3 Corporation Ltd	Employee Options	500,000	$1.496056	20 October 2019
Money3 Corporation Ltd	Employee Options	2,250,000	$1.696056	14 April 2020

** On exercise, options convert into one ordinary share of Money3 Corporation Limited. The options carry neither rights to dividends nor voting rights.*

In respect of the non-renounceable rights issue that concluded on 18 December 2015, in accordance with Listing Rule 6.22.2, the exercise price of the Employee, Director and Bond options (ASX: MNYO) were reduced to the prices as shown above.

Shares Issued as a Result of the Exercise of Options

During the year, Scott Baldwin exercised 200,000 options converting to 200,000 ordinary shares at $1.00. In addition, two other employees exercised a total of 400,000 options converting to 400,000 ordinary shares at $0.50. There were 250,000 employee options forfeited during the year.

Meetings of Directors

The number of meetings of the Board and of other Committee meetings held during the year ended 30 June 2016 and the numbers of meetings attended by each Director were:

	Board		Audit Committee		Remuneration Committee	
Director	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Ray Malone	6	6	*	*	*	*
Vaughan Webber	21	21	3	3	1	1
Kang Tan	21	17	3	2	1	1
Leath Nicholson	6	6	*	*	–	–
Stuart Robertson	6	6	2	2	*	*
Scott Baldwin	21	21	*	*	0	0
Robert Bryant	0	0	*	*	*	*
Bettina Evert	14	14	1	1	1	1
Miles Hampton	14	14	1	1	1	1

** Not a member of the relevant committee during the year*

Remuneration Report

The information provided in this Remuneration Report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

Key Management Personnel Disclosed In This Report

The Key Management Personnel ("KMP") covered in this Remuneration Report are those people having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The table below outlines the KMP at any time during the financial year and unless otherwise indicated, were KMP for the entire year.

Name	Role
Non-Executive Directors ("NED")	
Ray Malone	Non-Executive Chairman (appointed 29 January 2016)
Vaughan Webber	Non-Executive Director (Non-Executive Chairman until 29 January 2016, Non-Executive Director thereafter)
Kang Tan	Non-Executive Director
Leath Nicholson	Non-Executive Director (appointed 29 January 2016)
Stuart Robertson	Non-Executive Director (appointed 29 January 2016)
Bettina Evert	Non-Executive Director (resigned 29 January 2016)
Miles Hampton	Non-Executive Director (resigned 27 January 2016)
Executive Directors	
Scott Baldwin	Managing Director (appointed 29 September 2015, Executive Director since 13 January 2009)
Robert Bryant	Managing Director (resigned 22 July 2016)
Executives	
Jennifer Martin	Chief Financial Officer (appointed 7 December 2015) and Company Secretary (appointed 29 January 2016)
Craig Harris	General Manager – Broker Division
Michael Rudd	General Manager – Branch and Online Divisions
Michael Kanizay	Chief Information Officer

Remuneration Philosophy

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives.

To that end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Focus on creating sustained shareholder value;
- Significant portion of executive remuneration at risk, dependent upon meeting predetermined performance benchmarks; and
- Differentiation of individual rewards commensurate with contribution to overall results and according to individual accountability, performance and potential.

The Remuneration Committee is responsible for determining and reviewing compensation arrangements for the Directors, Managing Director (MD) and the senior management team. The Committee assesses the appropriateness of the nature and amount of remuneration of Directors and senior managers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

Remuneration Report

continued

Remuneration Structure

In line with best practice corporate governance, the structure of NED, MD and senior management remuneration is separate and distinct.

NED Remuneration

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre.

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of NED's shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the NED as agreed. The current approved aggregate remuneration is $500,000 (2015: $400,000).

Senior Management and MD Remuneration

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities so as to:

- Reward Executives for company and individual performance against targets set by reference to appropriate benchmarks;
- Align the interests of executives with those of shareholders;
- Link reward with the strategic goals and performance of the company; and
- Ensure total remuneration is competitive by market standards.

The executive remuneration program is designed to support the Company's reward philosophies and to underpin the Company's growth strategy. The program comprises the following components:

- Fixed remuneration component; and
- Variable remuneration component including short term incentive ("STI") and long term incentive ("LTI").

Fixed Remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Senior managers are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles.

Variable Remuneration – STI

The objective of the STI program is to link the achievement of the Company's operational targets with the remuneration received by the Executives charged with meeting those targets. The total potential STI available is set at a level so as to provide sufficient incentive to the senior manager to achieve the operational targets and such that the cost to the Company is reasonable. The individual performance of each Executive is also rated and taken into account when determining the amount, if any, of the short term incentive pool allocated to each Executive. The aggregate of annual STI payments available for Executives across the Company are usually delivered in the form of a cash bonus.

Variable Remuneration – LTI

The objective of the LTI plan is to reward senior managers in a manner which aligns this element of remuneration with the creation of shareholder wealth. As such, LTI grants are only made to Executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the Company's performance against relevant long term performance hurdles. In the 2016 financial year, no options were granted (2015: 800,000) to the MD and Executives. At the previous AGM held on 30 November 2015, a new Employee Equity Plan ("EEP") was approved. The EEP replaces the old Employee Share Option Plan ("ESOP") which had been in place since 2012. The new plan allows for eligible participants to be invited to accept an offer of a performance right or option. The previous plan only provided for the offer of options. While no performance rights or options were granted to KMP during the year, an expense has been recognised for relevant Executive KMP to receive some form of LTI remuneration that will be determined at a later date. The exact amounts are listed in the Details of Remuneration table on the following page.

Contract of Employment

All Executives of the Company are employed under a letter of appointment. Various notice periods of up to 6 months are required to terminate the appointment. The MD and Chief Financial Officer ("CFO") letters of appointment contain specified LTI entitlements. Other executives letters of appointment do not contain specified LTI entitlements and are rolling with no fixed term. Key terms of these letters of appointment are outlined below:

Name	Type of agreement	Base salary including superannuation	STI (on target)	LTI (value)	Termination notice period
Scott Baldwin	Permanent	$375,000	$187,500	$187,500	6 months either party
Jennifer Martin	Permanent	$300,000	$90,000	$90,000	3 months either party
Craig Harris	Permanent	$264,990	$79,497	$79,497	3 months either party
Michael Rudd	Permanent	$210,000	$63,000	$63,000	1 month either party
Michael Kanizay	Permanent	$175,200	–	–	1 month either party

Relationship Between Remuneration Policy and Company Performance

Remuneration paid to KMP has been set at a level to attract and retain appropriately skilled persons. All Executive Directors and KMP receive a base salary, superannuation and fringe benefits.

In considering the Group's performance and creation of shareholder wealth, the Directors have regard to the indices in respect of the current financial year and the previous four financial years. The following table shows revenue, profits, dividends, share price, earnings per share ("EPS") and KMP remuneration at the end of each year.

Financial performance from continuing operations for the past five years is indicated by the following table:

	30 June 2016	30 June 2015	30 June 2014	30 June 2013	30 June 2012
Revenue ($'000)	96,661	69,035	43,508	22,787	15,495
NPAT ($'000)	20,134	13,941	7,832	3,648	2,526
Closing share price	$1.20	$1.14	$1.08	$0.79	$0.38
Price increase/(decrease) $	$0.06	$0.06	$0.29	$0.41	($0.04)
Price increase/(decrease) %	5%	6%	37%	108%	(10%)
Earnings per share	14.21 cents	11.82 cents	8.13 cents	6.16 cents	5.87 cents
Dividend paid per share	5.25 cents	5.25 cents	4.50 cents	4.00 cents	4.00 cents
Total KMP remuneration ($'000)	2,450	1,704	1,132	784	815

Details of Remuneration

The compensation of each member of the KMP of the Group is set out below:

	Short term employee benefits			Post-employment benefits	Long term benefits			
	Salary & Fees $	Bonus $	Annual Leave $	Super $	Long Service Leave $	Term-ination $	Share Based Payments $	Total $
2016								
NED's								
Ray Malone^	–	–	–	–	–	–	–	–
Vaughan Webber	81,667	–	–	7,758	–	–	–	89,425
Kang Tan	65,833	–	–	6,254	–	–	–	72,087
Leath Nicholson	29,167	–	–	2,771	–	–	–	31,938
Stuart Robertson	25,000	–	–	2,375	–	–	–	27,375
Bettina Evert	36,653	–	–	3,482	–	–	–	40,135
Miles Hampton	42,268	–	–	3,723	–	–	–	45,991
NED's Total	280,588	–	–	26,363	–	–	–	306,951
Scott Baldwin	331,819	150,000	44,606	24,592	27,821	–	91,083	669,921
Jennifer Martin	134,930	22,500	10,375	10,655	68	–	30,000	208,528
Craig Harris	225,585	63,598	20,263	29,403	10,221	–	89,283	438,353
Michael Rudd	186,619	50,400	16,304	21,918	453	–	62,718	338,412
Michael Kanizay	157,723	–	12,589	15,207	72	–	7,270	192,861
Robert Bryant	19,461	–	1,497	5,631	–	265,735	2,973	295,297
Executives Total	1,056,137	286,498	105,634	107,406	38,635	265,735	283,327	2,143,372
Total	**1,336,725**	**286,498**	**105,634**	**133,769**	**38,635**	**265,735**	**283,327**	**2,450,323**
2015								
NED's								
Vaughan Webber	70,000	–	–	6,650	–	–	–	76,650
Bettina Evert	50,000	–	–	4,750	–	–	–	54,750
Kang Tan	60,000	–	–	4,750	–	–	–	64,750
Miles Hampton	54,230	–	–	5,152	–	–	–	59,382
Chris Baldwin	16,923	–	–	1,565	–	–	–	18,488
NED's Total	251,153	–	–	22,867	–	–	–	274,020
Executives								
Robert Bryant	215,692	61,600	20,735	20,900	3,477	–	49,333	371,737
Scott Baldwin	186,036	55,616	20,928	17,575	6,301	–	41,009	327,465
Craig Harris	203,077	61,269	21,562	20,900	12,425	–	76,833	396,066
Michael Rudd	187,623	34,392	17,902	16,673	142	–	24,779	281,511
Michael Kanizay	44,960	–	3,458	3,737	21	–	1,514	53,690
Executives Total	837,388	212,877	84,585	79,785	22,366	–	193,468	1,430,469
Total	**1,088,541**	**212,877**	**84,585**	**102,652**	**22,366**	**–**	**193,468**	**1,704,489**

** A number of KMP did not hold their roles for the full financial year. Remuneration is only disclosed for the time they were KMP.*

^ Ray Malone agreed with the Company not to receive a salary for the 2016 year.

The following table shows for the Executive remuneration received in each of the years, the relevant percentages for fixed remuneration, STI and LTI:

	Fixed Remuneration		At risk –STI		At risk –LTI	
	2016	2015	2016	2015	2016	2015
Scott Baldwin	64%	70%	22%	17%	14%	13%
Jennifer Martin	75%	n/a	11%	n/a	14%	n/a
Craig Harris	65%	66%	15%	15%	20%	19%
Michael Rudd	66%	79%	15%	12%	19%	9%
Michael Kanizay	96%	97%	0%	0%	4%	3%

The following table outlines the percentage of target STI achieved (and forfeited) and the total STI awarded, for each Executive KMP for 2016:

	STI On Target Opportunity $	Achieved %	Forfeited %	STI Awarded $
Scott Baldwin	$187,500	80%	20%	$150,000
Jennifer Martin	$45,000	50%	50%	$22,500
Craig Harris	$79,497	80%	20%	$63,598
Michael Rudd	$63,000	80%	20%	$50,400
Michael Kanizay	–	–	–	–

Loans with KMP

There are currently no loans with KMP.

Value of Options

The value of options is determined at grant date using the Binomial Option Pricing Model taking into account factors including exercise price, expected volatility and option life and is included in remuneration on a proportion basis from grant date to vesting date. There were no options granted during the year.

As the options vest over time, the cost is expensed in accordance with AASB2 over the vesting period. In the 2016 financial year the expense for KMP was $283,327 (2015: $193,468).

During the year, Scott Baldwin exercised 200,000 options converting to 200,000 ordinary shares at $1.00.

Inputs into the determination of the fair value of options issued to the KMP are set out below:

	Employee-Expire 30/09/2017	Director-Expire 16/11/2017	Employee-Expire 21/10/2018	Employee-Expire 30/11/2018	Director-Expire 30/11/2018	Employee-Expire 20/10/2019	Employee-Expire 14/04/2020
Exercise price	$0.496056	$0.496056	$0.996056	$1.496056	$1.496056	$1.496056	$1.696056
Grant date	30/09/2012	16/11/2012	21/10/2013	30/11/2013	30/11/2013	20/10/2014	15/04/2015
Expiry date	30/09/2017	16/11/2017	21/10/2018	30/11/2018	30/11/2018	20/10/2019	14/04/2020
Share price at grant date	$0.43	$0.43	$1.05	$1.00	$1.00	$1.20	$1.52
Expected volatility	40%	40%	32%	32%	32%	31%	31%
Expected dividend yield	9.50%	9.50%	4.25%	4.25%	4.25%	3.5%	3.5%
Risk free rate	2.52%	2.52%	3.4%	3.4%	3.4%	1.84%	1.84%

Share Based Compensation

Options

Previously, options have been granted under the Company's Director and Employee Share Option Plan (ESOP) for no consideration. The Board determined the quantity and terms of options to be granted. From 2016, a new Employee Equity Plan (EEP) has replaced the ESOP which had been in place since 2012. The new plan allows for eligible participants to be invited to accept an offer of a performance right or option. The previous plan only provided for the offer of options.

The following table discloses terms and conditions of each grant of options provided as compensation, as well as details of options exercised during the year:

Name	Issue Date	Options Granted	Exercise Price	Expiry Date	Vesting Date	Value of options exercised during year $	Maximum total value of issue yet to vest $
Scott Baldwin	27 Nov 2009	200,000	$1.00	31 Dec 2015	31 Dec 2014	(7,100)	–
Scott Baldwin	16 Nov 2012	1,000,000	$0.496056	16 Nov 2017	16 Nov 2015	–	47,000
Craig Harris	30 Sep 2012	1,000,000	$0.496056	30 Sep 2017	30 Sep 2015	–	47,000
Craig Harris	21 Oct 2013	500,000	$0.996056	21 Oct 2018	21 Oct 2016	–	109,500
Robert Bryant*	30 Nov 2013	2,000,000	$1.496056	30 Nov 2018	30 Nov 2016	–	148,000
Craig Harris	30 Nov 2013	1,000,000	$1.496056	30 Nov 2018	30 Nov 2016	–	74,000
Scott Baldwin	30 Nov 2013	1,000,000	$1.496056	30 Nov 2018	30 Nov 2016	–	74,000
Michael Rudd	20 Oct 2014	500,000	$1.496056	20 Oct 2019	21 Oct 2017	–	87,000
Michael Rudd	15 April 2015	200,000	$1.696056	14 April 2020	14 April 2018	–	43,620
Michael Kanizay	15 April 2015	100,000	$1.696056	14 April 2020	14 April 2018	–	21,810

** Robert Bryant was permitted to keep all options on issue to him following the termination of his employment.*

The options will vest if an event occurs which gives rise to a change in control of the Company.

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 requirements of the particular allocation.

At the Company's 2015 Annual General Meeting, Money3 Corporation Limited received more than 85.42% of 'yes' votes on its Remuneration Report for the 2015 financial year.

KMP Equity Holdings

Details of KMP equity holdings of the Group, including their personally related parties are disclosed below. There were no shares granted during the reporting period as compensation.

Name	Balance at 1 July 2015	On exercise of options	Net change other*	Balance as at 30 June 2016
Ray Malone	–	–	4,468,054	4,468,054
Vaughan Webber	40,345	–	5,044	45,389
Kang Tan	5,169,067	–	215,523	5,384,590
Leath Nicholson	–	–	93,727	93,727
Stuart Robertson	–	–	112,313	112,313
Bettina Evert	262,356	–	(262,356)^	–
Miles Hampton	160,345	–	(160,345)^	–
Robert Bryant	9,417,221	–	(9,417,221)^	–
Scott Baldwin	2,354,324	200,000	283,071	2,837,395
Jennifer Martin	–	–	–	–
Craig Harris	266,457	–	115,491	381,948
Michael Rudd	200,652	–	307,224	507,876
Michael Kanizay	38,937	–	(13,220)	25,717
Total	**17,909,704**	**200,000**	**(4,252,695)**	**13,857,009**

** Net change other refers to the shares purchased, sold, or issued under the Dividend Reinvestment Plan ("DRP"). This amount may also include a Director or employee's initial shareholding prior to becoming KMP.*

^ Equity holdings not included as no longer KMP at balance date.

Options Over Ordinary Shares in the Company held by KMP

Name	Balance as at 1 July 2015	Options exercised	Net change other	Balance as at 30 June 2016	Total exercisable and vested	Total options unvested
Scott Baldwin	2,200,000	(200,000)	–	2,000,000	1,000,000	1,000,000
Jennifer Martin	–	–	–	–	–	–
Craig Harris	2,500,000	–	–	2,500,000	1,000,000	1,500,000
Michael Rudd	700,000	–	–	700,000	–	700,000
Michael Kanizay	100,000	–	–	100,000	–	100,000
Total	5,500,000	(200,000)	–	5,300,000	2,000,000	3,300,000

End of Remuneration Report (Audited)

Auditor's Independence Declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 23 of the financial report.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors

Ray Malone
Chairman
Melbourne

Dated 29 August 2016

Auditor's Independence Declaration

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

As lead auditor of Money3 Corporation Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

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

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

David Garvey
Partner

BDO East Coast Partnership

Melbourne, 29 August 2016

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the members of Money3 Corporation Limited

Report on the Financial Report

We have audited the accompanying financial report of Money3 Corporation Limited, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Stat*ements, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Opinion

In our opinion:

(a) the financial report of Money3 Corporation Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 21 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Money3 Corporation Limited for the year ended 30 June 2016 complies with section 300A of the Corporations Act 2001.

BDO East Coast Partnership

David Garvey
Partner

Melbourne, 29 August 2016

Directors' Declaration

The Directors of Money3 Corporation Limited declare that:

1. in the Directors' opinion the financial statements, accompanying notes and the Remuneration Report in the Directors' Report set out on pages 15 to 21, are in accordance with the *Corporations Act 2001*, including:
   (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance, for the financial year ended on that date; and
   (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), Corporations Regulations 2001 and other mandatory professional reporting requirements;
2. the financial report also complies with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as disclosed in Note 1; and
3. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* by the Managing Director and Chief Financial Officer for the financial year ended 30 June 2016.

Signed in accordance with a resolution of the Directors pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the Directors

Ray Malone
Chairman
Melbourne

Dated 29 August 2016

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2016

	Note	Consolidated 2016 $'000	Consolidated 2015 $'000
Revenue from continuing operations	3	96,661	69,035
Expenses from operating activities:			
Bad debt expense (net of recoveries)		12,927	7,241
Movement in provision for doubtful debt expense		4,864	2,906
Bank fees and credit checks		2,495	1,717
Employee related expenses		24,488	21,255
Professional fees		2,361	2,240
Occupancy expenses		4,756	3,654
Technology expenses		3,244	1,880
Advertising expenses		5,518	3,104
Administration expenses		727	663
Net finance costs		4,570	3,307
Depreciation and amortisation		1,315	933
Total Expenses		**67,265**	**48,900**
Profit before income tax from continuing operations		**29,396**	**20,135**
Income tax expense	4	(9,262)	(6,194)
Profit after income tax from continuing operations		**20,134**	**13,941**
Total comprehensive income net of tax		**20,134**	**13,941**
Profit attributable to:			
Owners of Money3 Corporation Limited		20,134	13,941
Total comprehensive income attributable to:			
Owners of Money3 Corporation Limited		20,134	13,941
Basic earnings per share (cents)	12	14.21	11.82
Diluted earnings per share (cents)	12	12.08	9.91

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 2016

	Note	Consolidated 2016 $'000	Consolidated 2015 $'000
ASSETS			
Current assets			
Cash and cash equivalents		27,183	12,418
Loans and other receivables	8	103,685	88,547
Other assets		196	310
Total current assets		**131,064**	**101,275**
Non-current assets			
Loans and other receivables	8	60,707	41,709
Other assets		526	507
Property, plant & equipment	5	2,006	2,571
Intangible assets	6	19,676	19,374
Deferred tax assets	4	4,389	2,907
Total non-current assets		**87,304**	**67,068**
Total assets		**218,368**	**168,343**
LIABILITIES			
Current liabilities			
Trade and other payables		5,182	4,711
Derivative financial liabilities		–	55
Borrowings	16	–	7,473
Current tax payable		6,107	4,264
Provisions	9	1,689	1,265
Total current liabilities		**12,978**	**17,768**
Non-current liabilities			
Borrowings	16	48,633	27,738
Provisions	9	240	109
Total non-current liabilities		**48,873**	**27,847**
Total liabilities		**61,851**	**45,615**
Net assets		**156,517**	**122,728**
EQUITY			
Issued capital	13	123,590	102,181
Reserves	14	2,769	2,791
Retained earnings		30,158	17,756
Total equity		**156,517**	**122,728**

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 2016

Consolidated

	Issued Capital $'000	Retained Earnings $'000	Reserves $'000	Total $'000
Total equity at 1 July 2014	**71,196**	**9,713**	**187**	**81,096**
Profit after income tax expense for the year	–	13,941	–	13,941
Total comprehensive income for the year	–	13,941	–	13,941
Transactions with owners in their capacity as owners				
Issue of shares	29,524	–	–	29,524
Transaction costs arising from share issue	(754)	–	–	(754)
Deferred tax asset due to transaction costs arising from share issue	226	–	–	226
Employee share options – value of employee's service	–	–	249	249
Options exercised	170	–	–	170
Bond Options Issued	–	–	2,355	2,355
Dividend paid	1,819*	(5,898)	–	(4,079)
Closing balance as at 30 June 2015	**102,181**	**17,756**	**2,791**	**122,728**
Total equity at 1 July 2015	**102,181**	**17,756**	**2,791**	**122,728**
Profit after income tax expense for the year	–	20,134	–	20,134
Total comprehensive income for the year	–	20,134	–	20,134
Transactions with owners in their capacity as owners				
Issue of shares	19,516	–	–	19,516
Transaction costs arising from share issue	(840)	–	–	(840)
Deferred tax asset due to transaction costs arising from share issue	238	–	–	238
Employee share options – value of employee's service	–	–	508	508
Options exercised	400	–	–	400
Tax effect of Bond Options issued	–	–	(530)	(530)
Dividend paid	2,095*	(7,732)	–	(5,637)
Closing balance as at 30 June 2016	**123,590**	**30,158**	**2,769**	**156,517**

** Shares issued to shareholders that elected to participate in the DRP.*

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 2016

	Note	Consolidated 2016 $'000	Consolidated 2015 $'000
Cash flows from operating activities			
Net fees and charges from customers		83,734	58,867
Net funds advanced to customers for loans		(38,999)	(55,866)
Payments to suppliers and employees (GST Inclusive)		(42,162)	(33,379)
Interest received		210	420
Finance costs		(3,740)	(2,636)
Income tax paid		(9,874)	(5,699)
Net cash used in operating activities	7	**(10,831)**	**(38,293)**
Cash flows from investing activities			
Payment for property, plant and equipment		(345)	(1,288)
Proceeds from disposal of property, plant and equipment		–	120
Payments for purchase of business		(27)	(3,987)
Net cash used in investing activities		**(372)**	**(5,155)**
Cash flows from financing activities			
Proceeds from share issue		19,078	28,793
Proceeds from borrowings		20,000	10,973
Repayment of borrowings		(7,473)	(3,500)
Dividends paid		(5,637)	(4,079)
Net cash provided by financing activities		**25,968**	**32,187**
Net increase/(decrease) in cash held		**14,765**	**(11,261)**
Cash and cash equivalents at the beginning of the year		12,418	23,679
Cash and cash equivalents at end of the year		**27,183**	**12,418**

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

Notes to the Financial Statements

for the year ended 30 June 2016

Introduction

The financial report covers Money3 Corporation Limited ("Money3" or "the Company") and its controlled entities ("the Group"). 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 thousand dollars, unless otherwise indicated.

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

1. Summary of Significant Accounting Policies

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. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

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.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Group as at 30 June 2016 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Company has control. The Company 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 Group. They are de-consolidated from the date that control ceases.

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

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 Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Rounding of amounts

The Group and the Company are of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Instrument to the nearest thousand dollars, unless otherwise indicated.

Notes to the Financial Statements

continued

1. Summary of Significant Accounting Policies (continued)

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.

Judgements and estimates which are material to the financial report are found in the following notes:

Note 3	Revenue	Page 33
Note 6	Intangible assets	Page 37
Note 8	Loans and other receivables	Page 39

Notes to the financial statements

The notes to the financial statements have been restructured to make the financial report more relevant and readable, with a focus on information that is material to the operations, financial position and performance of the Group. Additional information has also been included where it is important for understanding the Group's performance.

Notes relating to individual line items in the financial statements now include accounting policy information where it is considered relevant to an understanding of these items, as well as information about critical accounting estimates and judgements. Details of the impact of new accounting policies and all other accounting policy information are disclosed at the end of the financial report in note 23.

2. Segment Information

The Group has identified its operating segments on the basis of internal reports and components of Money3 that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performances.

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

Broker (previously Secured)

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

Branch (previously part of Unsecured)

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

Online (previously part of Unsecured)

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

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

Consolidated – 2016	Broker $'000	Branch $'000	Online $'000	Unallocated $'000	Total $'000
Segment revenue	46,099	33,121	17,309	132	96,661
EBITDA/Segment result	31,448	10,386	3,327	(9,880)	35,281
Depreciation and amortisation	(41)	(398)	(579)	(297)	(1,315)
Net finance costs	(4,167)	13	3	(419)	(4,570)
Profit before tax	**27,240**	**10,001**	**2,751**	**(10,596)**	**29,396**
Income tax expense	–	–	–	–	(9,262)
Profit after tax	**–**	**–**	**–**	**–**	**20,134**
Net loans receivable	139,062	25,781	11,230	2	176,075

Consolidated – 2015	Broker $'000	Branch $'000	Online $'000	Unallocated $'000	Total $'000
Segment revenue	29,734	31,051	8,253	(3)	69,035
EBITDA/Segment result	20,455	10,652	990	(7,722)	24,375
Depreciation and amortisation	(38)	(289)	(37)	(569)	(933)
Net finance costs	(3,721)	13	1	400	(3,307)
Profit before tax	**16,696**	**10,376**	**954**	**(7,891)**	**20,135**
Income tax expense	–	–	–	–	(6,194)
Profit after tax	**–**	**–**	**–**	**–**	**13,941**
Net loans receivable	98,284	27,916	10,875	–	137,075

3. Revenue

	Consolidated 2016 $'000	Consolidated 2015 $'000
Revenue from operating activities		
Loan fees and charges	95,478	67,850
Cheque cashing fees	878	996
Other	305	189
Total revenue from operating activities	**96,661**	**69,035**

3. Revenue (continued)

Key Estimate

The deferring of loan fees and charges assumes that the loan will be repaid in line with the repayments already received. This key estimate is regularly reviewed and it is unlikely any change in the estimate will have a material impact.

Recognition and Measurement

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 revenue in relation to personal loans is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

Cheque Cashing Fees

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

4. Income Tax

	Consolidated 2016 $'000	Consolidated 2015 $'000
Income tax expense		
Current tax	11,717	6,949
Deferred tax	(1,482)	(755)
Deferred tax posted directly to equity and intangibles	(973)	–
	9,262	6,194
Reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	29,396	20,135
Tax at the Australian tax rate of 30%	8,819	6,040
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income		
Share based payments	152	75
Other (deductible expenses)/(non-assessable income)/non-deductible expenses	(4)	79
Adjustments recognised in the current year in relation to deferred tax of prior years	295	–
	9,262	**6,194**
Deferred tax balance comprises temporary differences attributable to:		
Provisions and accruals	4,609	2,587
Other	(220)	320
Net balance disclosed as deferred tax assets	**4,389**	**2,907**

Recognition and Measurement

Current 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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. 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.

Tax Consolidation

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.

5. Property, Plant and Equipment

Year ended 30 June 2016	Motor vehicles $'000	Rental Assets $'000	Leasehold Improvements $'000	Furniture, Equipment and Fittings $'000	Total $'000
Gross carrying amount					
Balance at 1 July 2015	130	422	2,692	3,160	6,404
Additions	–	–	249	107	356
Disposals	(38)	–	–	–	(38)
Balance at 30 June 2016	**92**	**422**	**2,941**	**3,267**	**6,722**
Accumulated depreciation					
Balance at 1 July 2015	84	422	1,318	2,009	3,833
Depreciation expense	7	–	432	470	909
Disposals	(26)	–	–	–	(26)
Balance at 30 June 2016	**65**	**422**	**1,750**	**2,479**	**4,716**
Net carrying amount at 30 June 2016	**27**	**–**	**1,191**	**788**	**2,006**

Year ended 30 June 2015	Motor vehicles $'000	Rental Assets $'000	Leasehold Improvements $'000	Furniture, Equipment and Fittings $'000	Total $'000
Gross carrying amount					
Balance at 1 July 2014	201	527	2,057	2,595	5,380
Additions	–	–	635	566	1,201
Disposals	(71)	(105)	–	(1)	(177)
Balance at 30 June 2015	**130**	**422**	**2,692**	**3,160**	**6,404**
Accumulated depreciation					
Balance at 1 July 2014	130	527	1,029	1,643	3,329
Depreciation expense	12	–	289	367	668
Disposals	(58)	(105)	–	(1)	(164)
Balance at 30 June 2015	**84**	**422**	**1,318**	**2,009**	**3,833**
Net carrying amount at 30 June 2015	**46**	**–**	**1,374**	**1,151**	**2,571**

Recognition and Measurement

Property, Plant and Equipment at Cost

Property, plant and equipment is recorded at cost less accumulated depreciation and cumulative impairment charges. Cost includes those costs directly attributable to bringing the assets into the location and working condition necessary for the asset to be capable of operating in the manner intended by management. Additions, renewals and improvements are capitalised, while maintenance and repairs are expensed.

The carrying values of property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation

Depreciation on assets is calculated on a diminishing value basis to write off the cost of the asset over its estimated useful life.

Estimates of remaining useful life are made on a regular basis for all assets, with annual reassessments for major items. The expected useful life of plant and equipment is as follows:

Leasehold improvements	2 – 10 years
Furniture, equipment and fittings	5 – 10 years

6. Intangible Assets

	Consolidated 2016 $'000	Consolidated 2015 $'000
Goodwill allocated to:		
Broker	10,295	10,295
Branch	5,068	5,068
Online	2,717	2,010
	18,080	**17,373**
Customer lists	2,265	2,265
Less accumulated amortisation	(669)	(264)
	1,596	**2,001**
Net carrying amount at end of year	**19,676**	**19,374**

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

	Goodwill $'000	Customer lists $'000	Total $'000
Balance at 1 July 2015	17,373	2,001	19,374
Addition from business acquisition	707*	–	707
Amortisation expense	–	(405)	(405)
Balance at 30 June 2016	**18,080**	**1,596**	**19,676**

** Stamp duty and tax effect on prior year Cash Train acquisition.*

6. Intangible Assets (continued)

Key Estimate and Judgement

Goodwill is tested annually as to whether it has suffered impairment. The recoverable amounts of Cash Generating Units ("CGU's") have been determined based on value in use calculations. These calculations require the use of assumptions.

Recognition and Measurement

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 lists acquired in the business combination are amortised on a straight line basis over the period of their expected benefit, being their estimated life of 5 years.

Impairment

Goodwill is allocated for impairment testing purposes to three CGU's, being Broker, Branch and Online operations. The recoverable amount of the CGU is based on a number of key assumptions as detailed below.

Goodwill Impairment Tests and Key Assumptions Used

The Group tests at least annually whether goodwill and intangible assets with indefinite useful lives have suffered any impairment, and when there is an indication of impairment. The tests incorporate assumptions regarding future events which may or may not occur, resulting in the need for future revisions of estimates. There are also judgements involved in determination of CGU's.

The recoverable amount of Broker, Branch and Online was determined based on a value in use discounted cash flow ("DCF") model. The value in use calculations use cash flow projections based on the 2017 financial budgets extended over the subsequent four year period ("Forecast Period") and applies a terminal value calculation using estimated growth rates approved by the Board for the business relevant to each CGU.

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

	Broker	Branch	Online
2017 Budget revenue growth	27%	2%	8%
2017 Budget expense growth/(reduction)	35%	(9%)	(2%)
Terminal value => 5 years	2.5%	2.5%	2.5%
Revenue growth rate > 1 year	5%	3%	10%
Expense growth rate > 1 year	3–5%	3–4%	3–10%
Pre-tax discount rate applied to cash flow	15.72%	14.70%	15.95%
Recoverable amount ($'000)	$203,024	$68,476	$19,518

The Directors concluded that, based on these assumptions, the recoverable amount exceeds the carrying amount and as such, there is no impairment of goodwill in the current year (2015: $nil).

2015 Assumptions

In 2015 the key assumptions used to calculate cash flows were a growth in operating expenses of 17–19% and an increase of revenue of 15–22%. In the following years, growth rates were between 2.5% to 4%.

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.

7. Reconciliation of Operating Profit after Income Tax to Net Cash Flows used in Operating Activities

	Consolidated 2016 $'000	Consolidated 2015 $'000
Net Profit after tax	20,134	13,941
Non-cash items:		
Depreciation and amortisation expense	1,315	933
Profit on sale of property, plant and equipment	–	(21)
Allowance for impairment losses	4,864	10,147
Amortisation of bond options	994	754
Share based payments	508	249
Changes in Movements in assets and liabilities:		
(Increase)/decrease in assets		
Loans and other receivables	(38,904)	(67,530)
Deferred tax assets	(2,455)	(755)
Increase/(decrease) in liabilities		
Trade and other payables	315	2,480
Current tax payable	1,843	1,251
Derivative financial liabilities	–	55
Provisions	555	203
Net cash used in operating activities	**(10,831)**	**(38,293)**

8. Loans and Other Receivables

	Consolidated 2016 $'000	Consolidated 2015 $'000
Current loans and other receivables	103,685	88,547
Non-current loans and other receivables	60,707	41,709
Total loans and other receivables	**164,392**	**130,256**
Gross loans and other receivables	198,844	156,405
Deferred revenue	(22,769)	(19,330)
Net loans and other receivables	**176,075**	**137,075**
Allowance for impairment losses	(11,683)	(6,819)
Total loans and other receivables	**164,392**	**130,256**

8. Loans and Other Receivables (continued)

Key Estimate

There is a key estimate that the recognition of income and the allowance for impairment will be in line with the repayment history of loans. These key estimates are regularly reviewed.

Recognition and Measurement

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.

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

Loans and other receivables have been aged according to their original due date in the below ageing analysis. The carrying value of loan receivables after allowance for impairment losses is considered a reasonable approximation of fair value.

Collectability of receivables is 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. 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 a 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 impairment losses increased by $4.9 million (2015: increased by $2.9 million) for 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 $5.7 million (2015: increased by $4.0 million). The Group 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 $122.2 million (2015: $83.0 million). 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 10 for more information on the risk management policy of the Group and the credit quality of the entity's loans and other receivables. The following table provides an analysis of past due receivables:

	2016			2015		
Consolidated	**Net $'000**	**Allowance $'000**	**Total $'000**	**Net $'000**	**Allowance $'000**	**Total $'000**
The ageing of the receivables past due is:						
Up to 1 month	116,078	(946)	115,132	109,769	–	109,769
1 to 3 months	29,653	(3,418)	26,235	19,075	(4,729)	14,346
3 to 6 months	18,752	(4,075)	14,677	4,525	(1,134)	3,391
More than 6 months	11,592	(3,244)	8,348	3,706	(956)	2,750
Total	**176,075**	**(11,683)**	**164,392**	**137,075**	**(6,819)**	**130,256**

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

	Consolidated 2016 $'000	Consolidated 2015 $'000
Opening balance	6,819	3,913
Additional provisions	17,791	10,147
Receivables written off as uncollectible	(12,927)	(7,241)
Closing balance	**11,683**	**6,819**

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

9. Provisions

	Consolidated 2016 $'000	Consolidated 2015 $'000
Current		
Employee benefits – current	1,320	1,240
Lease make good	369	25
	1,689	1,265
Non-Current		
Employee benefits – non-current	240	109
	240	109
Total Provisions	**1,929**	**1,374**

Recognition and Measurement

Provisions

Provisions are recognised when the Group has a present obligation (legal, equitable or constructive) as a result of a present or past event and 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 statement of profit or loss and other comprehensive income.

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.

9. Provisions (continued)

Recognition and Measurement (continued)

Wages and Salaries, Leave and Other Entitlements

Liabilities for unpaid salaries, salary related costs and provisions for annual leave are recorded in the statement of financial position at the salary rates which are expected to be paid when the liability is settled. Provisions for long service leave and other long-term benefits are recognised at the present value of expected future payments to be made. In determining this amount, consideration is given to expected future salary levels and employee service histories. Expected future payments are discounted to their net present value using Milliman corporate bond rates.

10. 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 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

- Interest rate risk
- Credit risk
- Liquidity risk

Financial Assets/Liabilities Used

The principal categories of financial assets/liabilities used by the Group are:

- Loans and other receivables
- Cash at bank
- Borrowings
- Trade and other payables

Objectives, Policies and Processes

The risk management policies of the Company 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 the Company.

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 2015.

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.

Gearing Ratio

The Board 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.

	Note	Consolidated 2016 $'000	Consolidated 2015 $'000
Financial assets			
Debt (long term and short term borrowings)	16	(48,633)	(35,211)
Cash and cash equivalents		27,183	12,418
Net debt		**(21,450)**	**(22,793)**
Equity – issued capital	13	123,590	102,181
Debt to equity ratio		39.4%	34.5%

(a) Interest Rate Risk

The Group's exposure to market interest rates relates primarily to the Group'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 changes.

The Group does not have a significant interest rate risk as its long term borrowings are at a fixed rate.

(b) Credit Risk

Credit risk is managed on a Group basis. Credit risk arises from cash 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 Group. With the exception of its dealings with core customers, the Group 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 Group measures credit risk on a fair value basis.

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

The Group assesses credit risk by reference to historical information such as existing customers history and whether loans are secured or unsecured. At balance date, loans neither past due nor impaired are $116.1 million (2015: $109.8 million), with $98.0 million representing secured loans (2015: $75.2 million) and $18.1 million representing unsecured loans (2015: $27.7 million)

The Group 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 customers.

Management manages credit risk by adopting policies and procedures 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, 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.

10. Financial Instruments (continued)

(c) Liquidity Risk

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 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.

Liquidity risk includes the risk that the Group:

- 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, the strategy is to borrow long term and lend short term, and maintain adequate cash reserves.

Maturity of Financial Liabilities

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

	Consolidated			
2016	**< 1 year $'000**	**1–5 years $'000**	**> 5 years $'000**	**Total $'000**
Financial Liabilities:				
Borrowings	5,100	54,900	–	60,000
Trade and other payables	5,182	–	–	5,182
Total financial liabilities	**10,282**	**54,900**	**–**	**65,182**

	Consolidated			
2015	**< 1 year $'000**	**1–5 years $'000**	**> 5 years $'000**	**Total $'000**
Financial Liabilities:				
Borrowings	10,180	35,400	–	45,580
Derivative financial liabilities	60	–	–	60
Trade and other payables	4,711	–	–	4,711
Total financial liabilities	**14,951**	**35,400**	**–**	**50,351**

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

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.

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. 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. A decrease in interest rates by 0.5% affects the present value of the bonds by increasing their value by $444,672 which has not been taken to account.

11. Dividends

	2016 Cents per share	2016 $'000	2015 Cents per share	2015 $'000
Recognised amounts				
Fully paid ordinary shares				
Final dividend fully franked at 30% tax rate	2.75	3,565	2.5	2,688
Interim dividend fully franked at 30% tax rate	2.75	4,165	2.5	3,210
Unrecognised amounts				
Fully paid ordinary shares				
Final dividend fully franked at 30% tax rate	2.5	3,812	2.75	3,554

On 29 August 2016, the Directors declared a fully franked final dividend of 2.5 cents per share to the holders of fully paid ordinary shares in respect of the financial year ended 30 June 2016, to be paid to shareholders on 28 October 2016. The dividend will be paid to shareholders on the Register of Members on 7 October 2016. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is $3.8 million.

The Group has $12.6 million of franking credits at 30 June 2016 (2015: $6.1 million).

12. Earnings per share

	Consolidated 2016 Cents	Consolidated 2015 Cents
a) Basic and diluted earnings per share		
Basic earnings per share (cents per share)	14.21	11.82
Diluted earnings per share (cents per share)	12.08	9.91
b) The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:	**$'000**	**$'000**
Earnings used in basic and diluted earnings per share (NPAT)	20,134	13,941
	Number ('000)	**Number ('000)**
Weighted average number of ordinary shares for the purpose of basic earnings per share	141,639	117,968
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	141,639	117,968
Dilutive potential ordinary shares	25,076	22,702
Weighted average number of ordinary shares and potential ordinary shares used in calculation of diluted earnings per share	166,715	140,670

Recognition and Measurement

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.

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. Options granted to employees and bond holders 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.

13. Issued Capital

	Consolidated 2016 $'000	Consolidated 2015 $'000
Fully paid ordinary shares	123,590	102,181

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.

Movement in Shares on Issue

Movement in the shares on issue of the Company during the financial year are summarised below:

	Consolidated 2016		Consolidated 2015	
	Number of ordinary shares '000	**Value $'000**	**Number of ordinary shares '000**	**Value $'000**
Balance at the beginning of the financial year	129,253	102,181	107,187	71,196
Issued during the year:				
Issue of shares – private placement	3,500	3,325	13,793	20,000
Issue of shares – rights issue	16,829	15,987	–	–
Issue of shares – share purchase plan	–	–	6,466	9,377
Share issue costs	–	(840)	–	(754)
Share buy back	(14)	(17)	–	–
Deferred tax credit	–	238	–	226
Issue of shares – exercise of options	600	400	200	170
Issue of shares – employees share scheme	205	221	142	147
Issue of shares – DRP	2,110	2,095	1,465	1,819
Balance at end of the financial year	**152,483**	**123,590**	**129,253**	**102,181**

Recognition and Measurement

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.

14. Reserves

	Consolidated 2016 $'000	Consolidated 2015 $'000
Share option reserve		
Balance at the beginning of the financial year	2,791	187
Share based payments expensed for the year	508	249
Bond options issued	–	2,355
Tax effect of bond options issued	(530)	–
Balance at the end of the financial year	**2,769**	**2,791**

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

15. Share Based Payments

Movement in the share options of the Group during the financial year are summarised below:

	2016 Number of options	2016 Weighted average exercise price $	2015 Number of options	2015 Weighted average exercise price $
Balance at the beginning of the financial year	25,650,000	1.27	7,850,000	1.06
Granted during the financial period	–	–	18,000,000	1.36
Exercised during the financial period	(600,000)	0.67	(200,000)	0.85
Forfeited during the financial period	(250,000)	1.70	–	0.85
Balance at the end of the financial year	**24,800,000**	**1.28**	**25,650,000**	**1.27**
Weighted average remaining contractual life	2.12 years	–	3.10 years	–
Exercisable at the end of the financial year	17,550,000	1.18	15,200,000	1.30

Options on issue have the following conditions:

- The options vest in full when an event occurs which gives 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 the 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 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 2016, 600,000 options were exercised (2015: 200,000).

Recognition and Measurement

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 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.

16. Borrowings

	Consolidated 2016 $'000	Consolidated 2015 $'000
Current		
Receivables facility	–	7,473
	–	7,473
Non-current		
Bonds		
– Bonds face value	30,000	30,000
– Unamortised bond issue and option costs	(1,267)	(2,261)
Finance facility (net of unamortised costs)	19,900	–
	48,633	27,739
Total borrowings	**48,633**	**35,212**

Recognition and Measurement

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

Borrowing costs are expensed over the life of the facility to which they relate.

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 million have been recognised to be amortised over the life of the bonds, which in effect discounts the $30 million face value of the bonds to $27 million. 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.

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.

Receivables Facility

Until May 2016, Money3 had a receivables funding facility in place. The facility enabled secured loans receivable that met specific criteria to be sold into the securitised vehicle and enabled receivables to convert to cash quicker. Money3 retained an interest in each of the receivables. As the advance rate for each receivable was less than its face value, the full face value of the receivable remained on Money3's Statement of Financial Position and the amount advanced under the facility was recorded as a liability. The interest rate was based on a base rate plus a margin. The facility was terminated in May 2016 and has been repaid in full (30 June 2015: $7.5 million).

Finance Facility

On 31 May 2016, the Group entered into a $20 million finance facility. The facility agreement is for 2 years from the date of the initial advance, being 1 June 2016. The facility bears interest at a fixed rate of 12% payable monthly in arrears. The facility is subject to a first ranking General Security Agreement (fixed and floating charge) over all present and after acquired assets of the Group.

16. Borrowings (continued)

Recognition and Measurement (continued)

Bonds

On 14 May 2014 the first tranche of the bond issue was made for $15 million. The second tranche was issued on 30 June 2014 for $15 million. The bonds have a maturity of 4 years and an interest rate of 9% paid quarterly. There is a general security deed over all of 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 $1.296056 and can be exercised any time prior to maturity date.

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.

Financing Facilities Available

	Consolidated 2016 $'000	Consolidated 2015 $'000
Receivables facility	–	20,000
Finance facility	20,000	–
Used at balance date	(20,000)	(7,473)
Unused at balance date	**–**	**12,527**

Assets Pledged as Security

Under the terms of the financing facility, there is General Security Agreement (fixed and floating charge) over all present and after acquired assets of the Group. The carrying amounts of assets pledged as security for borrowings are:

	Consolidated 2016 $'000	Consolidated 2015 $'000
Current assets		
Floating charge		
– Cash and cash equivalents	27,183	–
– Receivables	103,685	–
Total current assets pledged as security	130,868	–
Non-current assets		
Floating charge		
– Securitised receivables	–	18,794
– Receivables	60,707	–
– Plant and equipment	2,006	2,571
– Intangible assets	19,676	–
Total non-current assets pledged as security	82,389	21,365
Total assets pledged as security	**213,257**	**21,365**

17. Controlled Entities

The consolidated financial statements incorporate the assets, liabilities and results of subsidiaries in accordance with the accounting policy described in Note 1. The key subsidiaries of the Company include, but are not limited to:

Name	Country of incorporation	Percentage of equity held by the consolidated entity 2016 %	2015 %	Acquisition date	Investment 2016 $'000	2015 $'000
Antein Pty Ltd (Glenroy)	Australia	100	100	1 July 2006	3,100	3,100
Bellavita Pty Ltd (Northcote)	Australia	100	100	1 July 2006	3,037	3,037
Hallowed Holdings Pty Ltd (Clayton)	Australia	100	100	1 July 2006	2,970	2,970
Kirney Pty Ltd (Coburg)	Australia	100	100	1 July 2006	484	484
Nexia Pty Ltd (Werribee)	Australia	100	100	1 July 2006	1,665	1,665
Pechino Pty Ltd (Frankston)	Australia	100	100	1 July 2006	1,688	1,688
Salday Pty Ltd (St Albans)	Australia	100	100	1 July 2006	484	484
Tannaster Pty Ltd (Moonee Ponds)	Australia	100	100	1 July 2006	2,898	2,898
Tristace Pty Ltd (Geelong)	Australia	100	100	1 July 2006	1,742	1,742
Total					**18,068**	**18,068**

18. Parent Entity Financial Information

(a) Summary Financial Information

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

	Company 2016 $'000	Company 2015 $'000
ASSETS		
Total current assets	22,949	10,633
Total non-current assets	164,786	131,662
Total assets	**187,735**	**142,295**
LIABILITIES		
Total current liabilities	11,688	8,769
Total non-current liabilities	48,144	27,009
Total liabilities	**59,832**	**35,778**
Net assets	**127,903**	**106,517**
EQUITY		
Issued capital	124,890	103,481
Share option reserves	2,769	2,791
Retained earnings	244	245
Total equity	**127,903**	**106,517**
Profit from continuing operations	4,140	5,287
Total comprehensive income	4,140	5,287

18. Parent Entity Financial Information (continued)

(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.

19. Auditor's Remuneration

	Consolidated 2016 $	Consolidated 2015 $
Auditing or reviewing the financial reports	160,658	138,050
Taxation services	–	5,181
Total remuneration of auditors	**160,658**	**143,231**

20. 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) KMP Remuneration

The aggregate compensation of the KMP of the Group is set out below:

	Consolidated 2016 $	Consolidated 2015 $
Short term employee benefits	1,728,857	1,386,003
Post employment benefits	133,769	102,652
Long term benefits	38,635	22,366
Share based payments	283,327	193,468
Termination payments	265,735	–
Total	**2,450,323**	**1,704,489**

(c) Other Transactions with KMP or their Related Parties

Geoffrey Baldwin holds bonds from the Company to the value of $250,000 (2015: $250,000). Geoffrey is the father of Scott Baldwin. In 2015, 125,000 options were issued to Geoffrey Baldwin in relation to the previously mentioned bonds.

Brian Baldwin holds bonds from the Company to the value of $70,000 (2015: $50,000). Brian is the brother of Scott Baldwin. In 2015, 25,000 options were issued to Brian Baldwin in relation to the previously mentioned bonds.

Lynne Anderson holds bonds from the Company to the value of $50,000 (2015: $50,000). Lynne is the sister of Scott Baldwin. In 2015, 25,000 options were issued to Lynne Anderson 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 KMP or their personally related entities.

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

Interest paid to:	**Consolidated 2016 $**	**Consolidated 2015 $**
Geoffrey Baldwin	22,485	22,209
Brian Baldwin	4,497	4,442
Lynne Anderson	4,497	4,442
Total interest paid	**31,479**	**31,093**

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

Vaughan Webber was an employee of Wilson HTM with which Money3 has previously engaged to place equity during his tenure. Wilson HTM has been paid for services of $768,106 during the year (2015: $2,048,200).

Leath Nicholson is a director of Foster Nicholson Jones lawyers with which Money3 has engaged to perform legal services. Foster Nicholson Jones has been paid for services of $363,237 (2015: $549,768) during the year, of which $193,545 relates to payments made since his appointment as a Director of Money3 on 29 January 2016.

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

21. Leases

Operating Leases

Operating leases relate to head office in Melbourne, the Cash Train office in Perth and Branch premises throughout Australia, all of which have lease terms of up to 5 years. In some instances an unexercised option to extend for a further 5 years exists. All operating leases contain market rent review clauses when an option to renew is exercised. Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	Consolidated 2016 $'000	**Consolidated 2015 $'000**
Not later than one year	2,195	2,246
Later than one year but not later than five years	2,636	2,372
More than five years	–	–
Total minimum payments	**4,831**	**4,618**

21. Leases (continued)

Recognition and Measurement

The Group as Lessee

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.

22. Significant Matters Subsequent to the Reporting Date (continued)

No matters or circumstances have 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 Group in future years.

23. Other Accounting Policies

Defined Superannuation Benefits (continued)

All employees of the Group other than those that receive defined benefit entitlements receive defined contribution superannuation entitlements, for which the Group pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Group's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group's statement of financial position. The defined contribution plan expense for the year was $1,663,330 (2015: $1,347,606) and is included in employee expenses.

Trade Creditors

Trade and other payables are recognised when the Group 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.

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.

Impact of New Accounting Policies

The year-end financial statements have been prepared on a basis of accounting policies consistent with those applied in the 30 June 2015 Annual Report. The Group adopted certain accounting standards, amendments and interpretations during the financial year which did not result in changes in accounting policies nor an adjustment to the amounts recognised in the financial statements. They also do not significantly affect the disclosures in the notes to the financial statements.

Impact of Standards Issued but not yet Applied

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2016 reporting period and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below:

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by Group
AASB 9 Financial Instruments	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard.	The Group will have to change the loan provisioning methodology from the incurred loss model to the expected loss model. Management is currently assessing the impact of the new rules. At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessments of the impact over the next twelve months.	Must be applied for financial years commencing on or after 1 January 2018.
AASB 15 Revenue from contracts with customers	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (eg. 1 January 2018), without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.	The Group continues to assess the impact on the financial statements and at 30 June 2016 the changes are not expected to materially impact the Group. Management is currently assessing the impact of the new rules. At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessments of the impact over the next twelve months.	Mandatory for financial years commencing on or after 1 January 2018. Expected date of adoption by the Group: 1 July 2018.
AASB 16 Leases	AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.	The Group continues to assess the impact on the financial statements and at 30 June 2016 the changes are not expected to materially impact the Group.	Mandatory for financial years commencing on or after 1 January 2019.

ASX Additional Information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows. The information is current as at 31 August 2016.

(a) Distribution of equity securities

The number of shareholders, by size of holding, in each class of share are:

	Ordinary Shares		Unlisted Options		Listed Options	
Distribution of Shareholdings	**Number of Holders**	**Number of Shares**	**Number of Holders**	**Number of Options**	**Number of Holders**	**Number of Options**
100,001 and Over	139	120,173,324	11	8,700,000	12	13,720,957
10,001 to 100,000	810	26,333,647	11	1,100,000	28	1,069,200
5,001 to 10,000	395	2,972,044	-	-	21	201,000
1,001 to 5,000	953	2,723,721	-	-	4	7,843
1 to 1,000	510	279,968	-	-	1	1,000
Total	**2,807**	**152,482,704**	**22**	**9,800,000**	**66**	**15,000,000**
The number of shareholders holding less than a marketable parcel of shares are	162	9,867				

(b) Twenty largest holders of quoted shares are:

		Listed Ordinary Shares	
	Name of Holder	**Number of Shares**	**% of Holding**
1	Citicorp Nominees Pty Limited	17,987,922	11.80
2	UBS Nominees Pty Ltd	16,790,185	11.01
3	Hosking Financial Investments Pty Ltd	6,835,137	4.48
4	HSBC Custody Nominees (Australia) Limited	5,921,628	3.88
5	Jeremy And Lynette King Superannuation Pty Ltd	4,650,000	3.05
6	Silvan Bond Pty Ltd	4,468,054	2.93
7	J P Morgan Nominees Australia Limited	4,301,456	2.82
8	Rubi Holdings Pty Ltd	3,770,345	2.47
9	Bnp Paribas Noms Pty Ltd	3,528,664	2.31
10	Platey Pty Ltd	3,445,000	2.26
11	Belstock Pty Ltd	2,170,288	1.42
12	Mr Andrew John Hopkins	2,100,153	1.38
13	Cranchi Pty Ltd	1,740,345	1.14
14	Matooka Pty Ltd	1,674,442	1.10
15	Picton Cove Pty Ltd	1,496,644	0.98
16	Mr Kang Hong Tan & Mrs Hwea Chong Tan	1,390,000	0.91
17	Citicorp Nominees Pty Limited	1,239,976	0.81
18	Wallbay Pty Ltd	1,074,400	0.70
19	Thirty-Fifth Celebration Pty Ltd	1,034,774	0.68
20	Quickdou Pty Ltd	1,000,000	0.66
	Top twenty shareholders	**86,619,413**	**56.81**
	Total issued capital	**152,482,704**	**100**

(c) Substantial shareholders

The names of the substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	No. of Shares	% Held
Tiga Trading Pty Ltd & Associated entities	16,790,185	11.01%
Pie Funds Management Limited	11,144,094	7.31%
Roscange Pty Ltd	10,347,169	6.83%

(d) Voting rights

The company only has ordinary shares on issue.

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

(e) Option holders information

The Company has issued (or may issue in the future) Options over unissued capital. The Company has a total of 24,800,000 (2015: 25,650,000) options on issue as follows:

Director Options

The Company has issued nil options during the year (2015: nil) to the Directors (or their nominees) ("Director Options").

	Issue Date	Options Granted	Exercise Price	Expiry Date	Vesting Date
Scott Baldwin	16 November 2012	1,000,000	$0.496056	16 November 2017	16 November 2015
Scott Baldwin	30 November 2013	1,000,000	$1.496056	30 November 2018	30 November 2016

- The options vest in full when an event occurs which gives rise to a change in control of the Company.
- If the Company, after having granted these options, restructures its issued share capital, the number of options to which each option holder is entitled or the exercise price of the options must be reorganised in accordance with the ASX Listing Rules.
- Options will not be listed on ASX but application will be made for quotation of the shares resulting from the exercise of the options.
- On issue of the resulting shares, the shares will rank equally with ordinary shares on issue at that time.

(f) On-market buy-back

There is no current on-market buy-back of the Company's securities.

Corporate Information

Money3 Corporation Limited is a company incorporated and domiciled in Australia.

Company Directors

Ray Malone
Non-Executive Chairman

Vaughan Webber B.Ec
Non-Executive Director

Kang Tan ACA (UK) FIPA (Aust)
Non-Executive Director

Leath Nicholson B.Ec (Hons) LLB (Hons) LLM (Commercial Law)
Non-Executive Director

Stuart Robertson B.Com ACA FFINSIA GAICD MBA
Non-Executive Director

Scott Baldwin B.Eng (Hons) MBA GAICD
Managing Director

Company Secretary

Jennifer Martin CA

Head Office

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Share Registry

Link Market Services Limited
Level 1, 333 Collins Street
Melbourne Victoria 3000

Solicitors

Foster Nicholson Legal Pty Ltd
Level 7, 420 Collins Street
Melbourne Victoria 3000

Registered Office

Level 1, 48 High Street
Northcote Victoria 3070

Auditors

BDO East Coast Partnership
Level 14, 140 William Street
Melbourne Victoria 3000

Stock Exchange Listing

Money3 Corporation Limited shares are listed on the Australian Securities Exchange (ASX code MNY)
Website www.money3.com.au

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