

Annual Report 2013





### ***Corporate Information***

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

### ***Company Directors***

Geoffrey Joseph Sam OAM, B.Comm MHA MA (Econ & Soc Stud) FAICD FACHSE  
Non Executive Chairman (from 24 August 2010)

Bettina Evert BA LLB MAICD  
Non Executive Director (from 28 February 2006)

Robert James Bryant  
Executive Director (from 25 November 2005)

Kang Hong Tan ACA(UK) FIPA (Aust)  
Non Executive Director (from 25 November 2005)

Christopher James Baldwin CPA  
Non Executive Director (from 25 November 2005)

Scott Joseph Baldwin B.Eng (Hons) MBA  
Executive Director (from 13 January 2009)

### ***Chief Executive Officer***

Robert James Bryant (from 4 April 2008)

### ***Company Secretary***

Craig Alan Harris (from 17 September 2010)

### ***Head Office***

Level 1, Graduate Road  
Bundoora Victoria 3083  
Telephone 03 9093 8255 Facsimile 03 9093 8227

### ***Registered Office***

Level 1, 48 High Street  
Northcote Victoria 3070

### ***Share Registry***

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

### ***Auditors***

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

### ***Solicitors***

Foster Nicholson Legal Pty Ltd  
Level 6, 406 Collins Street  
Melbourne Victoria 3000

### ***Bankers***

Westpac Banking Corporation  
360 Collins 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](http://www.money3.com.au)

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## CEO and Chairman's Report

On behalf of the board of directors of MONEY3 Corporation Ltd (Money3), it is our pleasure to present the Annual Report for end of financial year 2013(FY 2013).

Building on the strong first half Money3 has generated a full year profit after tax of \$3,647,867, an increase of 44.46% on the previous year.

This result is a product of our continued development of our customer base, both by acquisition and organic growth, as well as the introduction of new products that fit our customer base.

### 2013 Financial Highlights:

- **Net profit before tax up 44.4% to \$5.2M (2012: \$3.6M)**
- **EPS up 4.9% to 6.16 (2012: 5.87) cents per share**
- **Earned income up 47.0% to \$22.8M (2012:\$15.5)**
- **Branch written income up 40.6% to \$16.6M (2012:\$11.8M)**
- **Branch earned income up 26.0% to \$14.5M (2012:\$11.5M)**
- **Secured written income up 177.7% to \$15.0M (2012:\$5.4M)**
- **Secured earned income up 77.1% to \$6.5M (2012:\$3.5M)**
- **Raised \$15.9M in capital during the year**
- **Loan book increased by 88.8% to \$32.1M (2012:\$17.0M)**

#### Branch Network

The Branch network continued its growth with the expansion into the Sydney and Brisbane markets following the introduction of national regulations applying to consumer credit. Consumers in NSW particularly have benefited from the competition Money3 has provided in the small amount credit contracts and it appears the market place is growing.

Branch written income increased by 40.6% to \$16.6M, and earned income increased by 26% to 14.5M.

Money3 plans to continue its expansion into NSW and Queensland, these branch expansions are expected to generate positive earnings in FY14. Money3 currently has 39 branches.

#### Web Centre

Providing referrals to Branches and the Auto Division and managing its own Loan portfolio the Web Centre continues to grow. Integrated into the Loans Management system this division provides an extra front door to the business.

#### The Auto Division

The Auto Division of Money3 has continued the exceptional growth over the past 12 months with written sales up over 184% to \$16.5M and earned income up 102% to 8M.

The Auto Division is broken into 3 focused areas:

#### Secured Loan Centre

Secured lending commenced soon after Money3 listed in 2006 and has become two thirds of the Loan Book of Money3. As loans are paid back over a two to three year period the explosive growth in written income is locked away to be earned in the future. Loan size averages \$12,500 and is secured most commonly by a car.

### **Micro Motors**

This division providing loans on average of \$4,500 commenced in August 2012 and has provided over 500 loans by end of FY2013. With low bad debt levels this department fits well with branch customers purchasing a cheaper second hand vehicle.

### **Car Rentals**

The car rentals division allows customer to have access to a car even if they don't qualify for a car loan. Once a customer has proven themselves in this product Money3 can then offer the customer a loan to either purchase the rental car or a car of their choice.

### **Collections**

The success of Money3's business is contingent on how effective money is repaid by customers. In line with the growth of lending the implementation of the Loans management system and associated reporting was integral to this process. Focus is now on initial collections within each portfolio within each division as a result. It is pleasing to report that collections are within desirable parameters. It is prudent for Money3 to maintain bad debt levels at between 10% and 15% of revenue. We are currently in that range and provisioning accordingly.

### **Debt Funding**

The \$20 million credit facility from Westpac Banking Corporation (Westpac) is still undergoing Westpac internal process. While disappointed at the time taken to settle this facility Money3 is confident of a successful outcome.

As announced previously completion of the facility is subject to Westpac's conditions precedent and execution of all relevant legal documentation. Money3 will keep the market informed of any further developments.

As shareholders would expect other debt funding alternatives are also being considered.

### **Equity Funding**

Due to expanding demand in the secured loan division, capital raisings and a share purchase plan raised \$15.9 million for issuance of 27.7 million shares were conducted during the financial year. Support for this raising was strong and is a good indicator of how Money3 is regarded in the investment community.

It is anticipated that further equity raisings will be used in conjunction with debt funding.

### **Relocation of Head Office**

The relocation of Head Office to Bundoora in March 2013 has provided an excellent environment for the growing secured, web and collections divisions to operate. Being together with accounts and management ensures issues and opportunities are picked up quickly.

### **Regulations**

All consumer credit is now regulated federally under the National Consumer Credit Protection Act. Money3 is pleased to operate under one set of laws across the nation allowing consistency in both managing compliance and expansion.

Money3 is confident that the new regulations have provided certainty and opportunity in a relatively new and growing credit sector.

### **Dividends**

The Directors of the Company recommend that a final dividend of 2.25 cents per share is to be paid on the 28 October 2013 to those shareholders on the register at the close of business on the 11 October 2013.



## Outlook

With almost two months trading in FY2014 revenues from recently acquired branches has exceeded expectation and will contribute to the bottom line this year while existing branches are well ahead of July and August 2013 budget.

The secured lending divisions have seen written revenue increase significantly in July to August 2013 and we expect that growth to continue.

Money3 remains focused on providing sustainable credit products to the millions of Australians unable to access traditional credit products. It is estimated that 4.5 million Australians have less than one weeks wages in their bank accounts, 2.65 million are financially excluded and of them 54% are unable to source \$3,000 for an emergency. We understand these consumers and their needs and will remain focused on this niche. We now have certainty from the regulators, access to funding and committed well trained staff; we have the company well positioned to capitalise on expanding the operations via acquisitions and organic growth. The commitment of Directors, Management and Staff are evidenced by the Company's impressive results. We take this opportunity to thank them for their collective efforts and would also like to thank our valued shareholders for your support.

Yours sincerely



Geoff Sam OAM  
Chairman  
29 August 2013



Robert Bryant  
Chief Executive Officer  
29 August 2013

## Corporate Governance Statement

The Board of Directors (Board) of Money3 Corporation Limited (Money3) is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable. The Company is committed to implementing the highest standards of corporate governance.

The Board supports the core principles and best practice recommendations of the ASX Corporate Governance Council. However in view of the Company's size, full adoption of the recommendations is currently not practical. The Board will continue to work towards full adoption of the recommendations in line with growth and development of the Company. The corporate governance policies of the Company and departures from the recommendations are discussed below.

In setting its standards the Company has considered the 2<sup>nd</sup> edition of the ASX Corporate Governance Principles and Recommendations (Revised Recommendations). Whilst the Company continues to develop and improve its corporate governance processes and standards, the Board is pleased to advise that Money3's practices are largely consistent with the ASX guidelines.

The Corporate Governance Statement that follows contains certain specific information and discloses the extent to which the Company has followed the guidelines during the 2013 year. Money3's Corporate Governance Statement is structured with reference to the ASX Corporate Governance Principles and Recommendations.

### Principle 1: Lay solid foundations for management and oversight

Money3 has a Board Charter which establishes the functions reserved to the Board and to senior management. The Board is responsible for setting the strategic direction of the Company and for overseeing and monitoring its businesses and affairs. Directors are accountable to the shareholders for the Company's performance. The Board's overriding objective is to increase shareholder value within an appropriate framework that protects the rights and enhances the interests of all shareholders, whilst ensuring that the Company is properly managed.

The functions of the Board include:

- Setting overall financial goals for the Company;
- Approving strategies, objectives and plans for the Company's businesses to achieve these goals;
- Ensuring that business risks are identified and approving systems and controls to manage those risks and monitor compliance;
- Approving the Company's major HR policies and overseeing the development strategies for senior and high performing executives;
- Approving financial plans and annual budget;
- Monitoring financial results on an on-going basis;
- Monitoring executive management and business performance in the implementation and achievement of strategic and business objectives;
- Approving key management recommendations (such as major capital expenditure, acquisitions, divestments, restructuring and funding);
- Appointing and removing the Chief Executive Officer (CEO) and ratifying the appointment and removal of executives reporting directly to the CEO (senior executives);
- Reporting to shareholders on the Company's strategic direction and performance including constructive engagement in the development, execution and modification of the Company's strategies;
- Overseeing the management of occupational health and safety and environmental performance;
- Determining that satisfactory arrangements are in place for auditing the Company's financial affairs; and
- Meeting statutory and regulatory requirements and overseeing the way in which business risks and the assets of the Company are managed.

## Corporate Governance Statement (continued)

In carrying out its responsibilities and functions, the Board may delegate any of its powers to a Board committee, a Director, employee or other person. However, the Board acknowledges that it retains ultimate responsibility for the exercise of such powers under the *Corporations Act 2001* (Cth).

The Board has guidelines for its Directors to address potential conflicts of interest, including a requirement that they declare their interests as required by the Corporations Act and the ASX Listing Rules.

## Principle 2: Structure the Board to add value

The Board of Directors is structured to add long term value to Money3. The Board consists of two executive and four non-executive directors. The non-executive directors, being Ms Bettina Evert, Mr Kang Tan, Mr Geoffrey Sam and Mr Christopher Baldwin, are regarded for corporate governance purposes as independent, notwithstanding the existence of certain relationships identified in the ASX's Corporate Governance Principles and Recommendations. [Box 2.1 of Principle 2]

**Mr Geoffrey Sam** has over 30 years experience in the healthcare industry, and has held multiple hospital CEO positions in the public and private sectors.

**Ms Bettina Evert** is a partner of Holman Webb which has not provided legal services to the Company and subsidiaries. During the financial year ending 30 June 2013, the Company's legal affairs were handled by Foster Nicholson Legal Pty Ltd.

**Mr Kang Tan** held the position of Chief Financial Officer until the 17 September 2010. Mr Tan continues to provide consulting advice to the company in the area of accounting and IT. Mr Tan holds a significant number of securities in the Company and is classified as a substantial shareholder as defined in section 9 of the Corporations Act.

**Mr Christopher Baldwin** now consults to Brown Baldwin, in previous years he was a partner. Brown Baldwin continues to provide taxation and statutory secretarial services to the Group and annual fees for the 30 June 2012 financial year were \$16,430. Mr Baldwin holds a significant number of securities in the Company but is not a substantial shareholder as defined in section 9 of the Corporations Act. Mr Baldwin is the uncle of Mr Scott Baldwin who is an executive director of the Company.

The Directors also believe they are open and transparent in disclosing their plans and financial results to shareholders. They believe the AGM provides a good opportunity for shareholders to evaluate their performance. Directors are subject to re-election every three years. The Board has a policy of operating a tight structure, but appoints external parties experienced in specific sectors from time to time to provide expert advice.

## Principle 3: Promote ethical and responsible decision-making

As part of its commitment to recognising the legitimate interests of stakeholders, the Company has established certain Codes of Conduct to guide all employees, particularly Directors, the Chief Financial Officer (CFO) and other Senior Executives in respect of ethical behaviour expected by the Company. These Codes of Conduct as outlined below cover conflicts of interest, confidentiality, fair dealing, protection of assets, compliance with laws and regulations; whistle blowing, security trading and commitments to stakeholders.

The Board is committed to ensuring that the group's affairs are conducted in a judicious and ethical manner. Accordingly, the Board fully supports the spirit and letter of the law and the listing rules concerning adequate and reasonable disclosure of information relevant to the Company and its securities in line with contemporary continuous disclosure requirements.

### Corporate Governance Statement (continued)

Money3 is committed to providing an inclusive workplace and recognises the value individuals with diverse skills, values, backgrounds and experiences will bring to the company. At the core of the company's diversity policy is a commitment to equality and respect. Diversity is recognised and valuing the unique contribution people can make because of their individual background and different skills, experience and perspectives. People differ not just on the basis of race and gender, but also dimensions such as lifestyle, education, physical ability, age and family responsibility.

The total number of staff as at 30 June 2013 was 173 (2012: 133) of which 135 (2012: 107) are female, the Board comprises 6 members of which 1(2012 :1) is female, and management has 14(2012: 10) of which 6(2012: 4) are female.

Money3 has a formal Share Trading Policy, a Trading Charter in dealing in the company's securities in addition to complying with legislative and regulatory obligations, for example in regard to provision of credit and confidential information.

The Board is also mindful that trading by Directors and other employees of the Company at certain times may not be in the best interests of the above commitment. Accordingly, the Board has established and promulgated to all Directors and employees a Share Trading Policy to guide those officers in their responsibilities in respect of trading in the Company's and other companies' securities.

The Company's Code of Conduct consists of the following principles: -

1. The Company will conduct its business operations with full regard to and in compliance with all legal obligations.
2. The Company's employees, contractors and agents:
  - a. will strive to the utmost of their abilities to deliver quality services to meet our customers' needs and treat our customers with respect, courtesy and a caring attitude toward their business requirements;
  - b. will present themselves in a fit and tidy condition for work and be fully equipped to perform their work safely and competently;
  - c. will, when working for customers, adhere to all workplace and occupational health and safety requirements, work instructions and directives and will refrain from any irresponsible, negligent or unsafe actions or work;
  - d. are expected to work in a supportive and cooperative manner, and the Company will not condone any form of harassment of fellow workers. All cases of harassment will be promptly resolved through counselling and conciliation processes; and
  - e. will not knowingly reveal confidential information, trade secrets or information concerning intellectual property or practices, which could be injurious to our customers or our own business interests.
3. The Company encourages the reporting of unlawful/unethical behaviour by its directors, employees, contractors and agents and will actively promote ethical behaviour and protection for those who report violations in good faith.
4. The Company encourages individuals to join appropriate organisations and associations that can effectively represent their work interests.
5. The Company will communicate the code of conduct to all its employees, contractors and agents.

### Principle 4: Safeguard integrity in financial reporting

The Board has in place an Audit Committee which comprises a non-executive Director (Mr Geoffrey Sam) as Chairman and Ms Bettina Evert, Christopher Baldwin and Kang Tan as the other non-executive Directors.

The primary role of the Audit Committee is to monitor and review the effectiveness of the Company's control environment in the areas of operational risk, legal/regulatory compliance and financial reporting. It will advise and assist the Board to discharge its responsibility to exercise due care, diligence and skill in relation to:

1. Reporting of financial information to users of financial reports, in particular the quality and reliability of such information;

## Corporate Governance Statement (continued)

2. Assessing the consistency of disclosures in the financial statements with other disclosures made by the Company to the financial markets, governmental and other public bodies;
3. Review and application of accounting policies;
4. Financial management;
5. Review of internal and external audit reports to ensure that where weaknesses in controls or procedures have been identified, appropriate and prompt remedial action is taken by management;
6. Evaluation of the Company's compliance and risk management structure and procedures, internal controls and ethical standards;
7. Review of business policies and practices;
8. Conduct of any investigation relating to financial matters, records or accounts, and to report those matters to the Board;
9. Protection of the Company's assets; and
10. Compliance with applicable laws, regulations, standards and best practice guidelines.

## Declaration of the CEO and CFO

The CEO and CFO provide the Board with written confirmation that:

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

The Board has received the above declaration from the CEO and CFO for this year.

## Principle 5: Make timely and balanced disclosure

The Board is aware of its continuous disclosure obligations in respect of material information, and embraces the principle of providing access to that information to the widest audience.

To ensure that these principles are appropriately actioned, the Board has nominated the Company Secretary as having responsibility for:

- Ensuring that the Company complies with continuous disclosure requirements;
- Overseeing and co-ordinating disclosure of information to ASX, analysts, brokers, shareholders, the media and the public;
- Educating directors and staff on the Company's disclosure policies and procedures and raising awareness of the principles underlying continuous disclosure;
- Ensuring that the Chairman and the CEO are aware of all sensitive information that may be required by the ASX Listing Rules and the law to be publicly released through the ASX before disclosing it to any person, including analysts and others outside the Company;
- Ensuring that all information released through the ASX is promptly made available to its bankers and other parties to whom it has a similar reporting responsibility;
- The further dissemination of information, after it has been released through the ASX, to investors and other interested parties;
- Posting such information on the Company's website immediately after the ASX confirms that it has received such announcements; and
- Reviewing all briefings and discussions with media representatives, analysts and major shareholders, to check whether any price sensitive information has been inadvertently disclosed. If so, to immediately announce the information through the ASX.

### Corporate Governance Statement (continued)

To safeguard against inadvertent disclosure of price sensitive information, the Board has agreed to keep to a minimum the number of directors and staff authorised to speak on the Company's behalf. In order of precedence, the following combinations of officers have authority to speak on behalf of the Company without the prior approval of the Board:

- The Chairman and/or the Managing Director, separately, then
- The Chairman and a non-executive director, jointly, then
- Any two non-executive directors and the Managing Director, jointly (by majority), and then
- In extreme circumstances, any 2 directors, jointly.

These officers are also authorised to clarify information that the Company has released publicly through the ASX, but must avoid commenting on other price sensitive matters. All ASX announcements of a non procedural nature are approved by the Chairman before release.

The Company has determined that the Company Secretary must be made aware of any information disclosures in advance, including information to be presented at private briefings. This will minimise the risk of breaching the continuous disclosure requirements.

In accordance with the ASX Listing Rules, the Company immediately notifies the ASX of information:

1. Concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
2. That would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

Upon confirmation of receipt from the ASX, the Company posts all information disclosed in accordance with this policy on the Company's website in an area accessible by the public.

## Principle 6: Respect the rights of shareholders

Money3 recognises the importance of effective communications with shareholders and other parties. Shareholders also have other formal and informal rights provided by the Company's constitution, regulatory bodies and proper public company behaviour. These include their entitlement to financial statements, attendance and voting at shareholder meetings. The auditor is invited to attend the AGM and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report. Shareholder meetings are conducted in an open forum with wide discussion encouraged by the Chairman.

## Principle 7: Recognise and manage risk

The identification and effective management of risk, including calculated risk-taking is viewed as an essential part of the Company's approach to creating long-term shareholder value.

Money3 has an established lending policy and policies for the recognition, oversight and management of material business risks. These policies are reviewed on a regular basis for effectiveness and changing economic environment. Given the actual and potential volatility of the present global economic conditions, Money3 regards risk management as a very important issue. In this regard the Board has strengthened the Debt Recovery Department, placed greater management oversight on problem loans and in some cases engaged external professional debt collectors.

Management, through the CEO, is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system. Management reports to the Audit and Risk Committee on the Company's key risks and the extent to which it believes these risks are being monitored at each Committee meeting. The Audit and Risk Committee review and monitor management's risk management and internal compliance and control systems.

## Corporate Governance Statement (continued)

On a continuous basis the Board has charged the Audit and Risk Committee with responsibilities that:

- Clearly describe the respective roles of the Board, the Committee, Management and the internal audit function; and
- Prescribe the necessary elements of an effective risk management system, namely, oversight, risk profile, risk management, compliance and control, and assessment of system effectiveness.

The CEO and CFO in providing written confirmation to the Board in accordance with the requirements of Section 295A (2) of the Corporations Act 2001 must be satisfied that their certification is founded on a sound system of risk management and internal compliance and control, which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control systems are operating efficiently and effectively in all material respects.

## Principle 8: Remunerate fairly and responsibly

The Board is responsible for determining and reviewing compensation arrangements for the Directors themselves, the Non-Executive Chairman and the Senior Management team. Money3 has a Remuneration Committee which comprises a non-executive Director (Mr Kang Tan) as Chairman and Mr Christopher Baldwin and Ms Bettina Evert as the other non-executive Directors.

The primary purpose of the Remuneration Committee is to support and report to the Board in fulfilling their responsibilities to shareholders in relation to:

- Executive remuneration policy;
- The remuneration of executive directors;
- The remuneration of persons reporting directly to the managing director, and as appropriate, other executive directors;
- The Company's recruitment, retention and termination policies and procedures;
- Superannuation arrangements; and
- All equity based remuneration.

The performance of the Board, Committees, individual Directors and key executives is reviewed regularly against both measurable and qualitative indicators.

Performance appraisals are undertaken annually. The performance criteria against which the Board, key executives and committees will be assessed is aligned with key corporate governance needs as well as financial and non-financial objectives.

In relation to the payment of bonuses, options and other incentive payments to executives and other staff, discretion is exercised by the Board having regard to individual, team and Company performance relative to specific targets during the period.

The expected outcomes of the remuneration structure are to retain and motivate Directors and key executives, attract quality management and provide performance incentives which align performance and Company success in a manner that is market competitive, consistent with best practice and in the interests of shareholders. Details of the nature and amount of each element of remuneration, including both monetary and non-monetary components, for each Director and the (Non Director) Officers paid during the year can be found in the Directors' Report.

## Directors' Report

The directors present the annual financial report on the consolidated entity, consisting of Money3 Corporation Limited and the entities it controlled at the end of, or during the year ended 30 June 2013. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

### Directors' Details

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

#### **Geoffrey Joseph Sam OAM, B.Comm MHA MA(Econ & Soc Stud) FAICD FACHSE**

- Non Executive Chairman (Appointed on 24 August 2010)
- Member of the Audit Committee (Appointed on 22 June 2011)

Geoff has over 30 years experience in the healthcare industry, and has held multiple hospital CEO positions in the public and private sectors. Geoff is currently Executive Chairman of Care Australia Pty Ltd, a private hospital operator.

#### **Bettina Evert BA LLB MAICD**

- Non-Executive Director (Appointed on 28 February 2006)
- Member of the Audit and Remuneration Committees

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. Prior to joining Holman Webb, Bettina was a director of Deloitte Touche Thomatsu. Bettina is currently Deputy Chair of the Law Institute of Victoria, Executive Committee, Litigation Section, the Chair of the Courts Practice Committee of the Law Institute of Victoria and a lay member of the CPA Australia Disciplinary Committee which hears professional disciplinary matters relating to members of CPA Australia.

#### **Robert James Bryant**

- Chief Executive Officer (Appointed on 4 April 2008)
- Executive Director (Appointed on 25 November 2005)

Robert has been a company director since July 1995 and is the major shareholder in Money3. Before entering the financial services industry in May 2000 he was predominantly involved in agricultural related industries for over 25 years. The shift to financial services in 2000 saw Robert commence a small cash loans franchise in Victoria.

Robert's responsibilities include management and governance, regulation and compliance, expansion and public and government relations.

#### **Kang Hong Tan ACA (UK) FIPA (Aust)**

- Non-Executive Director (Appointed on 25 November 2005)
- Member of the Audit and Remuneration Committees (Appointed 22 June 2011)

Kang has been a member of the Institute of Chartered Accountants in England and Wales since 1983, and the National Institute of Accountants in Australia since 1998. Kang spent 10 years as an Accountant with La Trobe University Union and spent 7 years as an owner operator of a Pizza Haven franchise in Thornbury, Victoria. Before coming to Australia, Kang was the Group Financial Controller of Tanming Corporation Berhad for 4 years.



## Directors' Report (continued)

### Christopher James Baldwin CPA

- Non-Executive Director (Appointed on 25 November 2005)
- Member of the Audit and Remuneration Committees

Christopher commenced work in 1960 for a public accountant and had continued his accounting professional work in taxation, business and consultancy in Shepparton as a principal that headed the public accounting practice of Brown Baldwin in Shepparton and Melbourne. Christopher now consults to Brown Baldwin as he has extensive experience in business matters, including taxation and accounting.

### Scott Joseph Baldwin B.Eng(Hons) MBA MAAICD

- Chief Operations Officer (Appointed on 25 April 2008)
- Executive Director (Appointed on 13 January 2009)

Scott has a Masters of Business Administration, Graduate Diploma of Management and a Bachelor of Engineering (Hons). Scott has previously held a number of management positions with several public listed companies. His previous position was with General Electric as a Marketing Manager covering the Asia region.

None of the Company's Directors have held directorships in other listed companies during the past 3 years.

## Company Secretary's Details

### Craig Alan Harris CPA

- CFO and Company Secretary (appointed 17 September 2010)

Craig is a Certified Practising Accountant with over 20 years experience in both public and private companies. Craig previous role was as Company Secretary for Wentworth Holdings Ltd, a listed property management company.

## Principal activities

The principal activities of the consolidated entity during the year were providing financial services specialising in the delivery of small cash loans, secured and unsecured personal loans, cheque cashing, equipment and motor vehicle rental, and international money transfer. Although the company has discontinued the offering of international money transfer, there has been no significant change in nature of the principal activities during the financial year.

## Dividends

The Company paid a fully franked final dividend for the year ended 30 June 2012 of 2.25 cents per share on 26 October 2012.

The Company paid a fully franked interim dividend for the year ended 30 June 2013 of 1.75 cents per share on 26 April 2013.

On 29 August 2013, the directors declared a fully franked final dividend of 2.25 cents per share to the holders of fully paid ordinary shares in respect of the financial year ended 30 June 2013, to be paid to shareholders on 28 October 2013. The dividend will be paid to shareholders on the Register of Members on 11 October 2013. This dividend has not been included as a liability in these financial statements.

## Directors' Report (continued)

### Results of operations

The consolidated net profit after tax for the year was \$3,647,867 (2012: \$2,525,840).

### Review of Operations

Revenue continued to increase with an increase of 47% in the financial year ended June 2013. Money3 has continued to expand and consolidate its business over the 12 months ended 30 June 2013. The Company opened 7 new stores, many as result of taking over sites from competitors.

The company has decided that offering international money transfer was not a product that complemented the company's other products and the transaction costs outweighed the benefits, this actually ceased during the year.

The company also has declared a 2.25 cent fully franked dividend for the second half of the year. For more details of results please refer to the CEO and Chairman's report.

### Change in the State of Affairs

There was no significant change in the state of affairs of Money3.

### Significant Matters Subsequent to the Reporting Date

No other matter or circumstances has arisen since the end of the financial year that has 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

Disclosure of information, in addition to that provided in this report, regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

### Environmental Regulation and Performance

The Company's operations are not regulated by any environmental regulation under a law of the Commonwealth or of a state or territory.

### Share Options

As at the date of this report, there were 3,550,000 unissued ordinary shares of Money3 Corporation Limited in respect of which there are options outstanding (2012: 800,000).

#### a) Share options granted to directors and executives

2,000,000 share options were granted to directors and executives during the current financial year.

#### b) Share options on issue at year end

Details of unissued ordinary shares in Money3 Corporation Limited under option at the date of this report are:

Issuing entity	Type	No. of shares under option	Exercise Price \$	Expiry Date
Money3 Corporation Ltd	Directors Options	200,000	0.70	31 December 2013
Money3 Corporation Ltd	Directors Options	200,000	0.85	31 December 2014
Money3 Corporation Ltd	Directors Options	200,000	1.00	31 December 2015
Money3 Corporation Ltd	Employee Options	1,950,000	0.50	30 September 2017
Money3 Corporation Ltd	Employee Options	1,000,000	0.50	16 November 2017

Each share option converts into one ordinary share of Money3 Corporation Limited on exercise. The options carry neither rights to dividends nor voting rights.

## Directors' Report (continued)

### Shares Issued as a Result of the Exercise of Options

No options have been exercised during or since the end of the year.

### Indemnification and Insurance of Directors and Officers

The Company has not during or since the end of the financial year,

- Indemnified or agreed to indemnify an officer or auditor of the Company or any related body corporate against a liability, including costs and expenses in successfully defending legal proceedings, as an officer or auditor.
- Paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings. The Company has not taken out any insurance during or since the end of the year in respect of any person who is or has been a director.

### Directors' Meeting

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, there were five Board meetings, two Audit Committees and one Remuneration Committee meeting held. No meeting of the Nominations Committee was held during the year.

Director	Board meeting		Audit Committee		Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
Geoffrey Sam	5	5	2	2	-	-
Bettina Evert	5	5	2	2	1	1
Robert Bryant	5	5	-	-	-	-
Kang Hong Tan	5	4	2	2	1	1
Christopher Baldwin	5	4	2	2	1	1
Scott Baldwin	5	5	-	-	-	-

### Directors' Shareholding

The following table sets out each director's relevant interest in shares or options in shares of the Company or a related body corporate as at the date of this report.

Director	Ordinary Shares	Partly paid ordinary shares	Type of Options	Options over Ordinary Shares
Geoffrey Sam	124,459	-	-	-
Bettina Evert	244,979	-	-	-
Robert Bryant	9,756,849	-	-	-
Kang Hong Tan	5,099,668	-	-	-
Christopher Baldwin	1,059,019	-	-	-
Scott Baldwin	1,841,106	-	Director/Employee	1,600,000

### Remuneration Report (Audited)

This report outlines the remuneration arrangements in place for directors and executives of Money3 Corporation Limited.

#### 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.

## Directors' Report (continued)

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, chief executive officer (CEO) 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 structure

In line with best practice corporate governance, the structure of non-executive director, executive director and senior manager remuneration is separate and distinct.

## Non-executive director 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, whilst incurring a cost which is acceptable to shareholders.

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the non executive directors as agreed. The current approved aggregate remuneration is \$300,000.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The board considers the fees paid to non-executive directors of comparable companies when undertaking the annual review process. No external consultants have been used.

Each director receives a fee for being a director of the Company.

## Senior management and executive director remuneration

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and 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)

## Directors' Report (continued)

### ***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. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

### ***Variable remuneration – short term incentive (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. On a quarterly basis, after consideration of performance against KPIs, the Board approves an overall performance rating for the Company. 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. Employees and executives participate in performance incentive program under which a budgeted Earnings Before Interest and Tax (EBIT) was established by the directors where the employees and executives are entitled to a share of the profit which exceeds this budget figure. Under the program cash bonuses of \$200,000 (2012: nil) have been earned and accrued at 30 June 2013 based on the 30 June 2013 result and will be paid after completion of the audit process.

### ***Variable remuneration - long term incentive (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. LTI grants to executives are delivered in the form of options or shares. In the 2013 financial year, 2,000,000 options were granted (2012: nil) to directors and executives. No issue of shares was made in 2013 (2012: nil) under the LTI plan.

## **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 as mutually agreed with no additional termination payments stipulated. The letters of appointment do not contain specified option incentive entitlements and are rolling with no fixed term.

## **Relationship between remuneration policy and company performance**

Remuneration paid to key management personnel (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. Performance based bonuses of nil (2012: nil) were paid by the Group to KMP during the year. During the year 2,000,000 options were issued (2012: nil) to KMP.

In considering the consolidated entity's performance and benefits for 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, EPS and KMP remuneration at the end of each year.

## Directors' Report (continued)

	30 June 2009	30 June 2010	30 June 2011	30 June 2012	30 June 2013
Revenue	9,013,813	11,000,772	13,513,713	15,494,893	22,787,126
Net Profit after tax	1,033,926	2,150,223	2,402,270	2,525,840	3,647,867
Closing share price	\$0.39	\$0.50	\$0.42	\$0.38	\$0.79
Price increase/(decrease) \$	(\$0.07)	\$0.11	(\$0.08)	(\$0.04)	\$0.41
Price increase/(decrease) %	(15%)	28%	(16%)	(10%)	108%
Earnings per share	3.51	6.85	7.11	5.87	6.16
Dividend paid per share	3.3 cents	3.4 cents	4.25 cents	4.00 cents	4.00 cents
Total key management personnel remuneration	\$592,179	\$571,350	\$831,782	\$815,394	\$784,025

The overall level of KMP's compensation takes into account the performance of the consolidated entity since listing on 19 October 2006. The level of compensation has not increased significantly since listing.

## Details of remuneration

The KMP of Money3 Corporation Limited includes the directors and the CFO of the entity as follows:

Mr Geoffrey Sam OAM	Non-Executive Chairman (from 24 August 2010)
Mr Robert Bryant	Executive Director (from 25 November 2005), CEO (from 1 July 2006 to 6 August 2007 and re-appointed from 4 April 2008)
Ms Bettina Evert	Non-Executive Director (from 28 February 2006)
Mr Christopher Baldwin	Non Executive Director (from 25 November 2005)
Mr Kang Hong Tan	Non-Executive Director (from 25 November 2005)
Mr Scott Joseph Baldwin	Executive Director and Chief Operations Officer (from 13 January 2009)
Mr Craig Harris	Company Secretary (from 17 September 2010) and CFO (from 31 May 2010)

There are no KMP other than those disclosed above.

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

	Short term employee benefits		Post employment benefits	Other long term benefits	Share based payments (options)	Total
	Salary & fees	Bonus	Superannuation			
	\$	\$	\$	\$	\$	\$
<b>2013</b>						
G. Sam	52,884	-	4,760	-	-	57,644
B. Evert	38,461	-	3,461	-	-	41,922
R. Bryant	140,700	-	11,250	-	-	151,950
Kang H. Tan	61,538	-	4,188	-	-	65,726
C. Baldwin	38,461	-	3,461	-	-	41,922
S. Baldwin	166,463	9,148*	25,050	-	20,277	220,938
C Harris	164,920	8,493*	14,843	-	15,667	203,923
Total	663,427	17,641*	67,013	-	35,944	784,025
<b>2012</b>						
G. Sam	55,000	-	4,950	-	-	59,950
B. Evert	40,000	-	3,600	-	-	43,600
R. Bryant	135,000	-	11,250	-	-	146,250
Kang H. Tan	62,020	-	4,682	-	-	66,702
C. Baldwin	40,000	-	3,600	-	-	43,600
S. Baldwin	171,262	-	15,750	-	8,920	195,932
C Harris	162,257	-	14,603	-	-	176,860
M Simonovski	75,688	-	6,812	-	-	82,500
Total	741,227	-	65,247	-	8,920	815,394

Except for retirement benefits provided by the superannuation guarantee legislation, there are no retirement benefits for the Directors. The proportion of S.Baldwin's remuneration that is linked to performance is 4.14% (2012: nil). The proportion of C.Harris's remuneration that is linked to performance is 4.16% (2012: nil). No other KMP remuneration linked to performance (2012: nil).

\* Bonus earned for the 2013 financial year, not yet paid.

## Directors' Report (continued)

### 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.

#### *Value of options issued to directors and key management personnel*

The following table discloses the value of options granted, exercised or lapsed during the year:

Directors	Value of options granted during the year \$	Value of options exercised during the year \$	Value of options lapsed during the year \$	Percentage of total remuneration for the year that consists of options %	Proportion of option remuneration	
					Performance related %	Non-Performance related
<b>2013</b>						
S Baldwin	47,000	Nil	9,780	9	Nil	100
C Harris	47,000	Nil	Nil	8	Nil	100
<b>2012</b>						
S Baldwin	Nil	Nil	10,980	5	Nil	100

Options granted during the 2013 financial year were not related to performance of the company as they were granted as an incentive to drive the continuing performance of the Company. The total fair value of these options on grant date was \$94,000.

Options granted during the 2010 financial year were not related to performance of the company as they were granted as an incentive to drive the continuing performance of the Company. These options were issued to Mr Baldwin during the 2010 financial year in five 200,000 option tranches. The total fair value of these options on grant date was \$44,740.

As the options vest over time the cost is expensed in accordance with AASB2 over the vesting period. In the 2013 financial year the expense is \$35,944 (2012: \$8,920).

Details on the determination of the fair value of options issued to the KMP are set out in note 8 to the financial statements.

### Share based compensation

#### *Options*

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 valuations of options are independently determined by independent experts using the Binomial option pricing model taking into account the terms and conditions upon which the instruments were granted.

The following table discloses terms and conditions of each grant of options provided as compensation.

	Issue Date	Options Granted	Exercise Price	Expiry Date	Vesting Date	Maximum total value of issue yet to vest \$
S Baldwin	27 Nov 2009	200,000	\$0.70	31 Dec 2013	31 Dec 2013	7,000
S Baldwin	27 Nov 2009	200,000	\$0.85	31 Dec 2014	31 Dec 2013	6,473
S Baldwin	27 Nov 2009	200,000	\$1.00	31 Dec 2015	31 Dec 2014	6,086
S Baldwin	16 Nov 2012	1,000,000	\$0.50	16 Nov 2017	16 Nov 2015	47,000
C Harris	30 Sep 2012	1,000,000	\$0.50	30 Sep 2017	30 Sep 2015	47,000

### Directors' Report (continued)

These options vest if an event occurs which gives rise to a change in control of the Company. 2,000,000 (2012: nil) options were issued during the 30 June 2013 financial year.

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.

At the company's 2012 Annual General Meeting Money3 Corporation Limited received more than 96.76% of "yes" votes on its remuneration report for the 2012 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

End of Remuneration Report (Audited)

### 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.

Non-Audit Services

There were no non audit services provided by the auditor during the 2013 or 2012 financial years.

### Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 19 of the financial report.

Signed in accordance with a resolution of the Directors

On behalf of the directors



Geoff Sam OAM  
Chairman  
Melbourne,  
Dated 29 August 2013



# Auditor's Independence Declaration



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## DECLARATION OF INDEPENDENCE BY RICHARD DEAN TO THE DIRECTORS OF MONEY3 CORPORATION LIMITED

As lead auditor of Money3 Corporation Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- 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.

A handwritten signature in black ink, appearing to read 'Richard Dean', written over a light blue horizontal line.

Richard Dean  
Partner

**BDO East Coast Partnership**  
Melbourne, 29 August 2013

# BDO Independent Auditors 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 consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the 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(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, 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 2013 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(a).

### Report on the Remuneration Report

We have audited the Remuneration Report included on pages 13 to 18 of the directors' report for the year ended 30 June 2013. 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 2013 complies with section 300A of the *Corporations Act 2001*.

### BDO East Coast Partnership

Richard Dean  
Partner

Melbourne, 29 August 2013

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

## Directors' Declaration

The directors of Money3 Corporation Limited declare that:

1. in the directors' opinion the financial statements and notes and the Remuneration report in the Directors Report set out on pages 13 to 18, are in accordance with the Corporations Act 2001, including:
2. giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance, for the financial year ended on that date; and
3. complying with Australian Accounting Standards (including the Australian Accounting Interpretations), Corporations Regulations 2001 and other mandatory professional reporting requirements;
4. the financial report also complies with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as disclosed in Note 1(a); and
5. 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 chief executive officer and chief financial officer for the financial year ended 30 June 2013.

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

On behalf of the Directors



Geoff Sam OAM  
Chairman  
Dated 29 August 2013

# Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2013

	Notes	Consolidated 2013 \$	Consolidated 2012 \$
<b>Revenue from continuing operations</b>	2	<b>22,787,126</b>	<b>15,494,893</b>
<b>Other Income</b>	3	86,987	100,350
<b>Expenses from operating activities:</b>			
Employment	3	8,389,479	6,055,981
Advertising		575,464	637,620
Occupancy costs		2,199,421	1,409,533
Bad debts		2,451,975	1,525,728
Depreciation & amortisation	3	1,307,550	543,535
Communication		458,211	338,130
Legal and professional		829,357	520,642
Other		1,057,287	784,576
Finance Costs	3	358,058	166,736
Loss on sale of property, plant and equipment		18,837	-
<b>Profit before income tax from continuing operations</b>		<b>5,228,474</b>	<b>3,612,762</b>
Income tax expense	5	(1,580,607)	(1,086,922)
<b>Profit after income tax for the year from continuing operations</b>		<b>3,647,867</b>	<b>2,525,840</b>
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>		(258)	4,383
Exchange gain/(loss) on translation of foreign operation			
Other comprehensive income/(loss) for the year net of tax		(258)	4,383
<b>Total comprehensive income for the year net of tax</b>		<b>3,647,609</b>	<b>2,530,223</b>
<b>Profit attributable to:</b>			
<b>Owners of Money3 Corporation Limited</b>		<b>3,647,867</b>	<b>2,575,091</b>
<b>Non-controlling interest</b>		-	(49,251)
		<b>3,647,867</b>	<b>2,525,840</b>
<b>Total comprehensive income attributable to:</b>			
<b>Owners of Money3 Corporation Limited</b>		<b>3,647,609</b>	<b>2,579,474</b>
<b>Non-controlling interest</b>		-	(49,251)
		<b>3,647,609</b>	<b>2,530,223</b>
Earnings per share for the year attributable to the members of Money3 Corporation Limited			
Basic earnings per share (cents)	6	6.16	5.87
Diluted earnings per share (cents)	6	5.87	5.76

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 2013

	Notes	Consolidated 2013 \$	Consolidated 2012 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	4,564,100	1,256,406
Loans and other receivables	10	17,650,848	9,880,749
Other	11	816,715	430,011
<b>Total current assets</b>		<b>23,031,663</b>	<b>11,567,166</b>
<b>Non current assets</b>			
Loans and other receivables	10	14,510,052	7,127,634
Other	11	235,088	186,203
Property, plant & equipment	12	3,281,566	2,714,595
Intangibles	13	15,363,487	15,363,487
Deferred tax assets	5(d)	823,799	496,198
<b>Total non current assets</b>		<b>34,213,992</b>	<b>25,888,117</b>
<b>Total assets</b>		<b>57,245,655</b>	<b>37,455,283</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	14	1,207,901	1,105,409
Borrowings	16	3,052,181	1,590,469
Current tax payables	5(c)	1,104,140	791,027
Provisions	15	611,762	379,409
<b>Total current liabilities</b>		<b>5,975,984</b>	<b>3,866,314</b>
<b>Non current liabilities</b>			
Trade and other payables	14	-	82,500
Provisions	15	53,915	69,738
<b>Total non current liabilities</b>		<b>53,915</b>	<b>152,238</b>
<b>Total liabilities</b>		<b>6,029,899</b>	<b>4,018,552</b>
<b>Net assets</b>		<b>51,215,756</b>	<b>33,436,731</b>
<b>EQUITY</b>			
Issued capital	17	45,097,588	28,902,114
Reserves	18	55,769	26,463
Non-controlling interest		-	(66,190)
Retained earnings	4	6,062,399	4,574,344
<b>Total equity</b>		<b>51,215,756</b>	<b>33,436,731</b>

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 2013

## Consolidated

	Issued Capital \$	Retained Earnings \$	Reserves \$	Non-controlling interest \$	Total \$
At 1 July 2011	26,701,073	3,816,202	24,140	(16,939)	30,524,476
Profit after income tax expense for the year	-	2,575,091	-	(49,251)	2,525,840
Other comprehensive income for the year, net of tax	-	-	4,383	-	4,383
Total comprehensive income for the year	-	2,575,091	4,383	(49,251)	2,530,223
<b>Transactions with owners in their capacity as owners:</b>					
Issue of shares	2,013,002	-	-	-	2,013,002
Transaction costs arising for share issue	(117,679)	-	-	-	(117,679)
Deferred tax asset due to transaction costs arising for share issue	35,304	-	-	-	35,304
Employee share options -value of employees service	-	-	8,920	-	8,920
Transfer of lapsed options	-	10,980	(10,980)	-	-
Dividend paid	270,414*	(1,827,929)	-	-	(1,557,515)
<b>Closing balance as at 30 June 2012</b>	<b>28,902,114</b>	<b>4,574,344</b>	<b>26,463</b>	<b>(66,190)</b>	<b>33,436,731</b>
At 1 July 2012	28,902,114	4,574,344	26,463	(66,190)	33,436,731
Profit after income tax expense for the year	-	3,647,867	-	-	3,647,867
Other comprehensive income for the year, net of tax	-	-	(258)	-	(258)
Total comprehensive income for the year	-	3,647,867	(258)	-	3,647,609
<b>Transactions with owners in their capacity as owners:</b>					
Issue of shares	15,893,202	-	-	-	15,893,202
Transaction costs arising for share issue	(662,498)	-	-	-	(662,498)
Deferred tax asset due to transaction costs arising for share issue	198,749	-	-	-	198,749
Sale of controlled entity	-	-	-	66,190	66,190
Employee share options -value of employees service	-	-	39,344	-	39,344
Transfer of lapsed options	-	9,780	(9,780)	-	-
Dividend paid	766,021*	(2,169,592)	-	-	(1,403,571)
<b>Closing balance as at 30 June 2013</b>	<b>45,097,588</b>	<b>6,062,399</b>	<b>55,769</b>	<b>-</b>	<b>51,215,756</b>

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

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

# Statement of Cash Flows

for the year ended 30 June 2013

	Notes	Consolidated 2013 \$	Consolidated 2012 \$
<b>Cash flows from operating activities</b>			
Net fees and charges from customers		19,629,330	13,819,298
Payments to suppliers and employees		(14,753,148)	(10,242,851)
Interest received		41,683	91,643
Interest paid		(358,058)	(166,736)
Income tax paid		(1,396,346)	(1,155,741)
<b>Net cash provided by operating activities</b>	19(b)	<b>3,163,461</b>	<b>2,345,613</b>
<b>Cash flows from investing activities</b>			
Payment for property, plant and equipment		(2,058,338)	(1,580,691)
Proceeds from property, plant and equipment		136,582	-
Net funds advanced to customers for loans		(12,767,855)	(4,750,176)
Proceeds from purchase of business		-	98,662
Payments for purchase of business		(235,000)	(12,000)
<b>Net cash used in investing activities</b>		<b>(14,924,611)</b>	<b>(6,244,205)</b>
<b>Cash flows from financing activities</b>			
Proceeds from share issue		15,010,703	1,895,325
Repayment of hire purchase borrowings		(45,914)	(6,435)
Proceeds from borrowings		3,130,445	32,901
Repayment of borrowings		(1,745,000)	-
Dividend paid		(1,403,571)	(1,557,508)
<b>Net cash provided by financing activities</b>		<b>14,946,663</b>	<b>364,283</b>
<b>Net increase/(decrease) in cash held</b>		<b>3,185,513</b>	<b>(3,534,309)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>1,256,406</b>	<b>4,790,715</b>
<b>Cash and cash equivalents at end of the year</b>	19(a)	<b>4,441,919</b>	<b>1,256,406</b>

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

# Notes to the financial statements

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# Notes to the Financial Statements for the year ended 30 June 2013

## Introduction

The financial report covers Money3 Corporation Limited (“Money3” or “Company”) and its controlled entities. Money3 is a Company limited by shares whose shares are publicly traded on the Australian Securities Exchange (“ASX”). Money3 is incorporated and domiciled in Australia. Money3 Corporation Limited and its controlled entities (“Group”) were accounted for as a reverse acquisition on 1 July 2006. The presentation currency and functional currency of the Group is Australian dollars and amounts are rounded to the nearest dollar.

Separate financial statements for Money3 Corporation Limited as an individual entity are no longer presented as the consequence of a change to the Corporations Act 2001, however, limited financial information for Money3 Corporation Limited as an individual entity is included in Note 29.

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

The financial statements are presented in Australian dollars and amounts are rounded to the nearest dollar.

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

## 1. Summary of significant accounting policies

### a) Basis of accounting

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

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

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

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

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

## Notes to Financial Statements for the year ended 30 June 2013 (continued)

### 1. Summary of significant accounting policies (continued)

#### **New, revised or amending accounting standards and Interpretations adopted**

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity. Disclosures were impacted as follows:

#### *AASB 2011-9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income*

The consolidated entity has applied AASB 2011-9 amendments from 1 July 2012. The amendment requires grouping together of items within other comprehensive income on the basis of whether they will eventually be 'recycled' to the profit or loss (reclassification adjustments). The change provides clarity about the nature of items presented as other comprehensive income and the related tax presentation. The amendment also introduced the term 'Statement of profit or loss and other comprehensive income' clarifying that there are two discrete sections, the profit or loss section (or separate statement of profit or loss) and other comprehensive income section.

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2013. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

#### *AASB 9 Financial Instruments, 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and 2012-6 Amendments to Australian Accounting Standards arising from AASB 9*

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2015 and completes phase I of the IASB's project to replace IAS 39 (being the international equivalent to AASB 139 'Financial Instruments: Recognition and Measurement'). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The consolidated entity will adopt this standard from 1 July 2015 but the impact of its adoption is yet to be assessed by the consolidated entity.

**Notes to Financial Statements for the year ended 30 June 2013 (continued)****1. Summary of significant accounting policies (continued)****b) New Accounting Standards and Interpretations not yet mandatory or early adopted (continued)*****AASB 10 Consolidated Financial Statements***

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns (e.g. dividends, remuneration, returns that are not available to other interest holders including losses) from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights (e.g. voting rights, potential voting rights, rights to appoint key management, decision making rights, kick out rights) that give it the current ability to direct the activities that significantly affect the investee's returns (e.g. operating policies, capital decisions, appointment of key management). The consolidated entity will not only have to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes. The adoption of this standard from 1 July 2013 may have an impact where the consolidated entity has a holding of less than 50% in an entity, has de facto control, and is not currently consolidating that entity. The adoption of this standard from 1 July 2013 will not have a material impact on the consolidated entity.

***AASB 11 Joint Arrangements***

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard defines which entities qualify as joint ventures and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets will use equity accounting. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities will account for the assets, liabilities, revenues and expenses separately, using proportionate consolidation. The adoption of this standard from 1 July 2013 will not have a material impact on the consolidated entity.

***AASB 12 Disclosure of Interests in Other Entities***

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. It contains the entire disclosure requirement associated with other entities, being subsidiaries, associates and joint ventures. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'. The adoption of this standard from 1 July 2013 will significantly increase the amount of disclosures required to be given by the consolidated entity such as significant judgements and assumptions made in determining whether it has a controlling or non-controlling interest in another entity and the type of non-controlling interest and the nature and risks involved.

***AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13***

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and it provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach would be used to measure assets whereas liabilities would be based on transfer value. As the standard does not introduce any new requirements for the use of fair value, its impact on adoption by the consolidated entity from 1 July 2013 should be minimal, although there will be increased disclosures where fair value is used.

## Notes to Financial Statements for the year ended 30 June 2013 (continued)

### 1. Summary of significant accounting policies (continued)

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

##### ***AASB 127 Separate Financial Statements (Revised)***

##### ***AASB 128 Investments in Associates and Joint Ventures (Reissued)***

These standards are applicable to annual reporting periods beginning on or after 1 January 2013. They have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12. The adoption of these revised standards from 1 July 2013 will not have a material impact on the consolidated entity.

##### ***AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)***

This revised standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments make changes to the accounting for defined benefit plans and the definition of short-term benefits from 'due to' to 'expected to' be settled within 12 months. The later will require annual leave that is not expected to be wholly settled within 12 months to be discounted allowing for expected salary levels in the future period when the leave is expected to be taken. The adoption of the revised standard from 1 July 2013 will not have a material impact on the consolidated entity.

##### ***AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement***

These amendments are applicable to annual reporting periods beginning on or after 1 July 2013, with early adoption not permitted. They amend AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). The adoption of these amendments from 1 July 2014 will remove the duplication of information relating to individual KMP in the notes to the financial statements and the directors report. As the aggregate disclosures are still required by AASB 124 and during the transitional period the requirements may be included in the Corporations Act or other legislation, it is expected that the amendments will not have a material impact on the consolidated entity.

##### ***AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards***

The amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments make numerous consequential changes to a range of Australian Accounting Standards and Interpretations, following the issuance of AASB 10, AASB 11, AASB 12 and revised AASB 127 and AASB 128. The adoption of these amendments from 1 July 2013 will not have a material impact on the consolidated entity.

##### ***AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities***

The amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The disclosure requirements of AASB 7 'Financial Instruments: Disclosures' (and consequential amendments to AASB 132 'Financial Instruments: Presentation') have been enhanced to provide users of financial statements with information about netting arrangements, including rights of set-off related to an entity's financial instruments and the effects of such rights on its statement of financial position. The adoption of the amendments from 1 July 2013 will increase the disclosures by the consolidated entity.

**Notes to Financial Statements for the year ended 30 June 2013 (continued)**

**1. Summary of significant accounting policies (continued)**

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

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

The amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of "currently has a legally enforceable right of set-off"; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement. The adoption of the amendments from 1 July 2014 will not have a material impact on the consolidated entity.

***AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle***

The amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 (IFRS 1) 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 'Income Taxes'; and clarification of the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities. The adoption of the amendments from 1 July 2013 will not have a material impact on the consolidated entity.

***AASB 2012-9 Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039***

This amendment is applicable to annual reporting periods beginning on or after 1 January 2013. The amendment removes reference in AASB 1048 following the withdrawal of Interpretation 1039. The adoption of this amendment will not have a material impact on the consolidated entity.

***AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments***

These amendments are applicable to annual reporting periods beginning on or after 1 January 2013. They amend AASB 10 and related standards for the transition guidance relevant to the initial application of those standards. The amendments clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments. The adoption of these amendments will not have a material impact on the consolidated entity.

**c) Parent entity financial information**

The financial information for the parent entity Money3 Corporation Limited, disclosed in note 29 has been prepared on the same basis as the consolidated financial statements.

**d) Principles of consolidation**

The consolidated financial statements comprise the financial statements of the Company and the Group.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company using consistent accounting policies.

## Notes to Financial Statements for the year ended 30 June 2013 (continued)

### 1. Summary of significant accounting policies (continued)

#### d) Principles of consolidation (continued)

A controlled entity is an entity controlled by the Company. Control exists where the Company has the capacity to dominate the decision making in relation to the financial and operating policies of other entities so that the other entities operate with the Company to achieve the objectives of the Company.

The consolidated financial statements include the information and results of each subsidiary from the date on which the company obtains control and until such time as the company ceases to control such entity. In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits/losses arising within the consolidated entity are eliminated in full.

Non-controlling interests in the result and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity respectively.

#### e) Critical accounting estimates, assumptions and judgements

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

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

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

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

##### ***Goodwill***

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

##### ***Allowance for doubtful debts***

The Company assesses impairment regularly. The allowance for doubtful debts represents management's estimate of the losses incurred in the loan book as at 30 June 2013 based on past experience and judgement. At 30 June 2013, the allowances for doubtful debts were \$988,736 (2012: \$834,586).

##### ***Share based payments***

Share based payments are accounting for at fair valued using the Binomial model. See Note 8 for further discussion.

#### f) Cash and cash equivalents

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

## Notes to Financial Statements for the year ended 30 June 2013 (continued)

### 1. Summary of significant accounting policies (continued)

#### g) Loans and other receivables

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

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

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

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

#### h) Investments and other financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as fair value through profit or loss which are initially measured at fair value.

Investments in subsidiaries are measured at cost in the parent entity financial statements. Refer Note 29.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity investments', 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

#### *Impairment of financial assets*

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the original asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade or other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

## Notes to Financial Statements for the year ended 30 June 2013 (continued)

### 1. Summary of significant accounting policies (continued)

#### i) Business combinations

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

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

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

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

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

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

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

#### j) Intangible assets

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

##### ***Goodwill***

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



**Notes to Financial Statements for the year ended 30 June 2013 (continued)****1. Summary of significant accounting policies (continued)****j) Intangible assets (continued)****Software**

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

**k) Impairment of assets**

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

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

**l) Acquisition of assets**

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

**m) Property, plant and equipment**

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

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

The following rates are used in the calculation of depreciation:

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

## Notes to Financial Statements for the year ended 30 June 2013 (continued)

### 1. Summary of significant accounting policies (continued)

#### m) Property, plant and equipment (continued)

##### **Impairment**

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

##### **Disposals**

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

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

#### **n) Trade and other payables**

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

#### **o) Goods and services tax (GST)**

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

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

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

#### **p) Provisions**

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

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

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

## Notes to Financial Statements for the year ended 30 June 2013 (continued)

### 1. Summary of significant accounting policies (continued)

#### p) Provisions (continued)

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

#### q) Issued capital

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

#### r) Revenue recognition

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

##### *Loan fees and charges*

Revenue associated with loans such as application and credit fees are deferred and recognised over the life of the loans using the effective interest rate method (i.e. on a reducing balance basis) over the loan period.

##### *Interest*

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

##### *Dividends*

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

##### *Rendering of service*

Revenue from the rendering of services such as cheque cashing and money transfer is recognised in the Statement of Profit or Loss and Other Comprehensive Income when the service is performed and there are no unfulfilled service obligations that will restrict the entitlement to receive the sales consideration.

##### *Rental income*

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

#### s) Employee benefits

##### *Wages and salaries and annual leave*

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

## Notes to Financial Statements for the year ended 30 June 2013 (continued)

### 1. Summary of significant accounting policies (continued)

#### s) Employee benefits (continued)

##### *Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

##### *Superannuation*

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

#### **t) Income tax**

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

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

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

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

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

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

## Notes to Financial Statements for the year ended 30 June 2013 (continued)

### 1. Summary of significant accounting policies (continued)

#### t) Income tax (continued)

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

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

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

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

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

#### u) Leases

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

##### *The Group as lessee*

###### **Finance leases**

Finance leases, which transfer to the economic entity substantially all the risks and benefits incidental to ownership of the leased item, are recognised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments, with a corresponding liability included in current and non-current payables.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset. Finance lease payments are allocated between interest expense and reduction of lease liability over the term of the lease. The interest expense is determined by applying the interest rate implicit in the lease to the outstanding lease liability at the beginning of each lease payment period. Finance charges are charged directly against income. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

###### **Operating leases**

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

##### *The Group as lessor*

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

## Notes to Financial Statements for the year ended 30 June 2013 (continued)

### 1. Summary of significant accounting policies (continued)

#### v) Borrowings

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

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

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

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

#### w) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

#### x) Share based payment arrangements

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

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

#### y) Earnings per share

##### *Basic earnings per share*

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

##### *Diluted earnings per share*

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

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

Notes to Financial Statements for the year ended 30 June 2013 (continued)

1. Summary of significant accounting policies (continued)

z) Dividends

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

2. Revenue

	Notes	Consolidated 2013 \$	Consolidated 2012 \$
<b>Revenue from operating activities</b>			
Loan fees and charges		20,182,569	14,019,376
Cheque cashing fees		800,571	797,538
Rental services		1,525,896	404,393
Other		236,407	181,943
		22,745,443	15,403,250
<b>Revenue from non-operating activities</b>			
Interest income from financial institutions		41,683	91,643
<b>Total revenue from continuing operations</b>		22,787,126	15,494,893

3. Other items included in net profit from continuing operations

Profit before income tax has been determined after:

<b>Other Income</b>			
Discount on acquisition		-	100,350
Profit on sale of controlled entity	20	86,987	-
<b>Employment</b>			
Salary and employee benefits expense		6,904,705	5,132,993
Share based payments		39,344	8,920
Defined contributed superannuation		595,561	478,708
Other employment costs		849,869	435,360
Total Employment costs		8,389,479	6,055,981
<b>Depreciation and amortisation</b>			
Leasehold improvements		163,815	113,965
Motor vehicles		18,055	15,856
Furniture, equipment and fittings		288,982	225,647
Rental assets		836,698	188,067
Total depreciation and amortisation		1,307,550	543,535
<b>Operating lease</b>			
Minimum rent payments		1,347,328	968,172
<b>Finance costs (a)</b>			
Interest on bank overdrafts and loans		354,262	157,904
Interest on obligations under finance lease		3,796	8,832
Total finance costs		358,058	166,736

(a) The weighted average interest rate on funds borrowed generally is 11.7% p.a. (2012: 11.3% p.a.)

Notes to Financial Statements for the year ended 30 June 2013 (continued)

## 4. Retained Earnings

	Consolidated 2013 \$	Consolidated 2012 \$
Retained earnings at 1 July	4,574,344	3,816,202
Net profit	3,647,867	2,575,091
Dividends Paid (note 7)	(2,169,592)	(1,827,929)
Lapsed Options transferred from share option reserve	9,780	10,980
Retained earnings at 30 June	6,062,399	4,574,344

## 5. Income Tax

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

#### Current tax expense

Current tax expense in respect of current year	1,709,458	1,148,869
Adjustments recognised in current year in relation to the current tax of previous years	-	-
	1,709,458	1,148,869

#### Deferred tax

Deferred tax income related to the origination and reversal of temporary differences in relation to deferred tax assets	(128,851)	(61,947)
Total tax expense in the Statement of profit or loss and other comprehensive Income	1,580,607	1,086,922

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

Profit from continuing operations before income tax expense	5,228,474	3,612,762
Income tax calculated at 30% (2012: 30%)	1,568,542	1,083,829
Add/(less):		
Non assessable income	-	(30,105)
Share based payments	11,779	2,676
Non deductible expenses	286	-
Tax losses from other jurisdictions	-	30,522
	1,580,607	1,086,922
Under provision in prior years	-	-
Income tax expense	1,580,607	1,086,922

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

### c) Current tax liabilities

Income tax payable attributable to:		
Entities in the consolidated group	1,104,140	791,027
	1,104,140	791,027



Notes to Financial Statements for the year ended 30 June 2013 (continued)

5. Income tax (continued)

d) Deferred tax balances

	Consolidated 2013 \$	Consolidated 2012 \$
Deferred tax assets comprises:		
Capital raising costs	210,880	74,290
Provisions and accruals	612,919	421,908
	823,799	496,198
Movements:		
Opening balance	496,198	398,947
Credited to profit or loss	128,852	61,947
Credited to equity	198,749	35,304
Closing balance	823,799	496,198

e) Tax losses

Unused tax losses for which no deferred tax assets has been recognised	-	36,789
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All unused tax losses were incurred by Singaporean entity which was disposed of in the 2013 financial year.

6. Earnings per share

	Consolidated 2013 Cents	Consolidated 2012 Cents
<b>a) Basic and diluted earnings per share</b>		
Basic earnings per share (cents per share)	6.16	5.87
Diluted earnings per share (cents per share)	5.87	5.76
<b>b) The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:</b>		
Earnings used in basic and diluted earnings per share (net profit)	3,647,867	2,575,091
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares for the purpose of basic earnings per share	59,258,626	43,831,868
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	59,258,626	43,831,868
Dilutive potential ordinary shares	2,905,068	900,274
Weighted average number of ordinary shares and potential ordinary shares used in calculation of diluted earnings per share	62,163,694	44,732,142

(i) Options

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

## Notes to Financial Statements for the year ended 30 June 2013 (continued)

### 7. Dividends

	2013 Cents per share	2013 \$	2012 Cents per share	2012 \$
<b>Recognised amounts</b>				
Fully paid ordinary shares				
Final dividend fully franked at 30% tax rate	2.25	1,098,748	2.5	1,071,246
Interim dividend fully franked at 30% tax rate	1.75	1,070,844	1.75	756,683
<b>Unrecognised amounts</b>				
Fully paid ordinary shares				
Final dividend fully franked at 30% tax rate	2.25	1,760,005	2.25	1,098,747

On 29 August 2013, the directors declared a fully franked final dividend of 2.25 cents per share to the holders of fully paid ordinary shares in respect of the financial year ended 30 June 2013, to be paid to shareholders on 28 October 2013. The dividend will be paid to shareholders on the Register of Members on 11 October 2013. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is \$1,760,005.

### Dividend Franking Credits

	Consolidated 2013 \$	Consolidated 2012 \$
Franking credits available for subsequent financial years based on a tax rate of 30% (2012 – 30%) (i)	2,985,935	2,986,226
Impact on franking account balance of dividends not recognised (ii)	(754,288)	(470,892)

- (i) The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
- franking credit that will arise from the payment of the amount of the provision for income tax;
  - franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
  - franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.
- (ii) The consolidated group has been formed into a consolidated tax group therefore the franking credits have been consolidated to the parent entity to pay fully franked dividends to shareholders on 26 October 2013. The impact on the franking account of the dividend recommended by the directors since year end, but not recognised as liability at year end, will be a reduction in the franking account of \$754,288 (2012: \$470,892).

### 8. Share based payments

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

	2013 Number	2012 Number
Balance at 1 July	800,000	1,000,000
Lapsed during the financial period	(200,000)	(200,000)
Granted during the financial period	2,950,000	-
Balance at 30 June	3,550,000	800,000

No options were exercised, forfeited, or expired during the period.

Notes to Financial Statements for the year ended 30 June 2013 (continued)

8. Share based payments (continued)

The Company has a total of 1,600,000 options on issue (2012: 800,000 options) to the Directors (or their nominees) ("Director Options").

	Issue Date	Options Granted	Exercise Price	Expiry Date	Vesting Date
Scott Baldwin	27 November 2009	200,000	\$0.70	31 December 2013	31 December 2012
Scott Baldwin	27 November 2009	200,000	\$0.85	31 December 2014	31 December 2013
Scott Baldwin	27 November 2009	200,000	\$1.00	31 December 2015	31 December 2014
Scott Baldwin	30 September 2012	1,000,000	\$0.50	30 September 2017	30 September 2015

Options on issue have the following conditions:-

- The options vest in full when an event occurs which give rise to a change in control of the Company.
- If the Company after having granted these options restructures its issued share capital, ASX Listing Rules will apply to the number of Shares issued to the option holder on exercise of an option.
- 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, 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 2013 and 30 June 2012 no options were exercised.

The weighted average share price during the year was \$0.56 (2012: \$0.39)

## Options

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 independent experts using the Binomial option pricing model taking into account the terms and conditions upon which the instruments were granted.

Options granted under the plan carry no dividend or voting rights

The expected price volatility is based on the historical volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

The model inputs for options on issue at 30 June 2013 included:-

	Director - Expire 31/12/13	Director - Expire 31/12/14	Director - Expire 31/12/15	Employee
Exercise price	\$0.70	\$0.85	\$1.00	\$0.50
Grant date	27 November 2009	27 November 2009	27 November 2009	16 November 2012
Expiry date	31 December 2013	31 December 2014	31 December 2015	16 November 2017
Share price at grant date	\$0.45	\$0.45	\$0.45	\$0.43
Expected volatility	40%	40%	40%	40%
Expected dividend yield	7.33%	7.33%	7.33%	9.50%
Risk free rate	4.8105	4.925%	5.000%	2.52%

## Notes to Financial Statements for the year ended 30 June 2013 (continued)

### 8. Share based payments (continued)

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

	2013	2013	2012	2012
	No of options	Weighted average exercise price \$	No of options	Weighted average exercise price \$
Balance at beginning of year	800,000	0.79	1,000,000	0.73
Granted during the year	2,950,000	-	-	-
Forfeited during the year	-	-	-	-
Exercised during year	-	-	-	-
Lapsed during year	(200,000)	0.60	(200,000)	0.50
Expired during the year	-	-	-	-
Balance at end of year	3,550,000	0.56	800,000	0.79
Weighted average remaining contractual life	3.07 years		1.3 years	
Exercisable at the end of the financial year	200,000	0.70	200,000	0.60

### 9. Cash and cash equivalents

	Consolidated 2013 \$	Consolidated 2012 \$
Cash at bank and in hand	4,564,100	1,256,406
<i>Reconciliation to cash and cash equivalents at the end of financial year</i>		
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:		
Cash and cash equivalents	4,564,100	1,256,406
Bank overdraft (note 16)	(122,181)	-
Cash at bank and in hand	4,441,919	1,256,406

The Group's exposure to interest rate risk is discussed in note 25. The maximum exposure to credit risk at the end of the financial year is the carrying amount of each class of cash and cash equivalents mentioned above.

Notes to Financial Statements for the year ended 30 June 2013 (continued)

10. Loans and other receivables

	Consolidated 2013 \$	Consolidated 2012 \$
Loans and other receivables	33,149,636	17,842,969
Allowance for doubtful debts	(988,736)	(834,586)
	32,160,900	17,008,383
Current receivables	17,650,848	9,880,749
Non-current receivables	14,510,052	7,127,634
Total receivables	32,160,900	17,008,383

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

The following basis has been used to assess the allowance for doubtful debts required for loans:

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

An allowance has been made for estimated irrecoverable loans amounts arising from the past provision of services, determined by reference to past default experience. During the current financial year, the allowance for doubtful debts increased by \$ 154,150 (2012: increased by \$137,462) in the Group. These amounts relate mainly to customers experiencing financial hardships. This movement was recognised in the Statement of Profit or Loss and Other Comprehensive Income. During the year the Group's bad debt expense increased by \$926,247 (2012: decreased by \$335,624). The consolidated entity actively reviews debtors 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 \$20,372,501 (2012: \$8,016,569). The total fair value of securities held for certain trade receivables 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 25 for more information on the risk management policy of the Group and the credit quality of the entity's loans and other receivables.

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

Opening balance	834,586	697,124
Additional provisions	2,451,975	1,525,728
Receivables written off as uncollectible	(2,718,607)	(2,133,576)
Bad debts recovered	420,782	368,407
Closing balance	988,736	834,586

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

Notes to Financial Statements for the year ended 30 June 2013 (continued)

11. Other assets

	Consolidated 2013 \$	Consolidated 2012 \$
<b>Current</b>		
Prepayments	187,751	245,280
Accrued Income	466,909	144,942
Refundable facility fee	150,000	-
Other	12,055	39,789
	816,715	430,011
<b>Non-Current</b>		
Rental deposits	235,088	186,203

There were no past due and impaired other debtors.

12. Property, plant and equipment

2013	Motor vehicles \$	Rental Assets \$	Leasehold Improvements \$	Furniture, Equipment and Fittings \$	Total \$
<b>Gross carrying amount</b>					
Balance at 1 July 2012	237,927	1,124,010	1,185,732	2,181,227	4,728,896
Additions	-	1,636,409	236,575	185,354	2,058,338
Disposals	-	(196,702)	(28,452)	(24,406)	(249,560)
<b>Balance at 30 June 2013</b>	237,927	2,563,717	1,393,855	2,342,175	6,537,674
<b>Accumulated Depreciation</b>					
Balance at 1 July 2012	147,405	188,067	656,734	1,022,095	2,014,301
Depreciation expense	18,055	836,698	163,815	288,982	1,307,550
Disposals	-	(53,573)	(9,530)	(2,640)	(65,743)
<b>Balance at 30 June 2013</b>	165,460	971,192	811,019	1,308,437	3,256,108
<b>Net carrying amount</b>					
As at 30 June 2013	72,467	1,592,525	582,836	1,033,738	3,281,566

2012	Motor vehicles on hire purchase \$	Motor vehicles \$	Rental Assets \$	Leasehold Improvements \$	Furniture, Equipment and Fittings \$	Total \$
<b>Gross carrying amount</b>						
Balance at 1 July 2011	93,500	144,427	-	884,458	2,025,820	3,148,205
Additions	-	-	1,124,010	301,274	155,407	1,580,691
<b>Balance at 30 June 2012</b>	93,500	144,427	1,124,010	1,185,732	2,181,227	4,728,896
<b>Accumulated Depreciation</b>						
Balance at 1 July 2011	47,411	84,138	-	542,769	796,448	1,470,766
Depreciation expense	9,218	6,638	188,067	113,965	225,647	543,535
<b>Balance at 30 June 2012</b>	56,629	90,776	188,067	656,734	1,022,095	2,014,301
<b>Net carrying amount</b>						
As at 30 June 2012	36,871	53,651	935,943	528,998	1,159,132	2,714,595

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

Assets and assets under hire purchase contracts are pledged as security for the related and hire purchase liabilities.

Notes to Financial Statements for the year ended 30 June 2013 (continued)

**13. Intangible assets**

	Consolidated 2013 \$	Consolidated 2012 \$
Goodwill allocated to:		
Secured operations	10,294,854	n/a
Unsecured operations	5,068,633	n/a
Total (in 2012 only 1 CGU was recognised)	15,363,487	15,363,487

**Background**

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

Due to the growth of the business the directors have reorganised the reporting structure and monitor operations on the basis of secured lending, unsecured lending and rental operations (not a material segment). In accordance with the requirement of accounting standard AASB 136 Impairment of Assets the reallocation of goodwill between the new segments was based on a relative value approach.

**Impairment tests and key assumptions used**

As at 30 June 2013, the directors concluded that there is no impairment of goodwill (2012: \$nil).

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

**a. Secured operations**

*Cash flows*

The value in use calculations use cash flow projections based on past operating results and budgets approved by the directors for the 30 June 2014 financial year extended over a further four year period, in total covering a five-year period and a terminal value. The 30 June 2014 financial year budget allows a growth in operating expenses of 110% and an increase in revenue of 88%.

*Growth rate*

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

*Discount rate*

The discount rate applied to the cash flow projections is 18.54% pre tax. The discount rate is derived using the capital asset pricing model by estimating the company's weighted average cost of capital with appropriate adjustment for cost of equity, risk free rate of interest, market risk premium and the beta of GICS Class 17 – Diversified Financials sector.

**b. Unsecured operations**

*Cash flows*

The value in use calculations use cash flow projections based on past operating results and budgets approved by the directors for the 30 June 2014 financial year extended over a further four year period, in total covering a five-year period and a terminal value. The 30 June 2014 financial year budget allows for a growth in operating expenses of 17% and an increase in revenue of 15%.

## Notes to Financial Statements for the year ended 30 June 2013 (continued)

### 13. Intangible assets (continued)

#### **Growth rate**

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

#### **Discount rate**

The discount rate applied to the cash flow projections is 18.54% pre tax. The discount rate is derived using the capital asset pricing model by estimating the company's weighted average cost of capital with appropriate adjustment for cost of equity, risk free rate of interest, market risk premium and the beta of GICS Class 17 – Diversified Financials sector.

#### **c.2012 assumptions**

In 2012 the key assumptions used to calculate cash flows were a growth in operating expenses of 26% in 2013 and in the following years of 2.5% to 3.5%, increase of revenue of 34% in 2013 and in the following years of 2.5% to 5%.

#### **Impact of possible changes in key assumptions**

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

### 14. Trade and other payables

	<b>Consolidated 2013 \$</b>	<b>Consolidated 2012 \$</b>
<b>Current</b>		
Trade and other payables	1,207,901	1,105,409
<b>Non-Current</b>		
Trade and other payables	-	82,500

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

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



Notes to Financial Statements for the year ended 30 June 2013 (continued)

## 15. Provisions

	Consolidated 2013 \$	Consolidated 2012 \$
<b>Current</b>		
Employee benefits – current (i)	511,762	379,409
Lease make good	100,000	-
	611,762	379,409
<b>Non-Current</b>		
Employee benefits – non-current	53,915	69,738

(i) The current provision for employee benefits includes accrued annual leave and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision of \$511,762 (2012: \$379,409) is presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations. However based on past experience, the group does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months. The current leave obligations expected to be settled after 12 months is \$131,374, (2012: \$108,050)

## 16. Borrowings

<b>Current</b>		
Bank overdraft	122,181	-
-Borrowings		
-Related parties (Note 28)	355,000	150,000
-Others	2,575,000	1,394,555
	2,930,000	1,544,555
Hire Purchase liabilities	-	45,914
	3,052,181	1,590,469

### 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.

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

### Bank loans

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

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

Notes to Financial Statements for the year ended 30 June 2013 (continued)

16. Borrowings (continued)

**Other borrowings**

Other borrowings are funds at call repayable in 90 days at an fixed interest rate of 12% to 12.5%.

**Financing facilities available**

	Consolidated 2013 \$	Consolidated 2012 \$
<b>Total facilities</b>		
- Bank overdraft	1,000,000	1,000,000
- Bank loans and hire purchase facilities	-	100,000
	1,000,000	1,100,000
<b>Facilities used at reporting date</b>		
- Bank overdraft	122,181	-
- Bank loans and hire purchase facilities	-	45,914
	122,181	45,914
<b>Facilities unused at reporting date</b>		
- Bank overdraft	877,819	1,000,000
- Bank loans and hire purchase facilities	-	54,086
	877,819	1,054,086
<b>Total facilities</b>		
- Facilities used at reporting date	122,181	45,914
- Facilities unused at reporting date	877,819	1,054,086
	1,000,000	1,100,000

**Assets pledged as security**

**Non-current**

Floating charge

- Plant and equipment

**Total assets pledged as security**

3,281,566	2,714,595
3,281,566	2,714,595

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

Details of the Groups risk exposure arising from borrowings are provided in Note 25.

Notes to Financial Statements for the year ended 30 June 2013 (continued)

17. Issued capital

	Consolidated 2013 \$	Consolidated 2012 \$
Fully paid ordinary shares	45,097,588	28,902,114

(a) Movement in shares on issue

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

	Consolidated 2013		Consolidated 2012	
	Number of ordinary shares	Value \$	Number of ordinary shares	Value \$
Balance at the beginning of the financial year	48,833,201	28,902,114	42,849,811	26,701,073
Issued during the year:				
Issue of shares to public at \$0.40 each	11,800,000	4,720,000	-	-
Issue of shares to public at \$0.38 each	-	-	5,263,158	2,000,000
Issue of shares to public at \$0.70 each	10,000,000	7,000,000	-	-
Issue of shares to shareholders under the Share Purchase Plan at \$0.70 each	5,941,712	4,159,100	-	-
Share issue costs	-	(662,498)	-	(117,679)
Deferred tax credit	-	198,749	-	35,304
Issue of shares to employees at \$0.405 each	-	-	2,469	1,000
Issue of shares to employees at \$0.38 each	-	-	31,584	12,002
Issue of shares to employees at \$0.68 each	20,888	14,102	-	-
Issue of shares on DRP	1,626,631	766,021	686,179	270,414
Balance at end of financial year 30 June	78,222,432	45,097,588	48,833,201	28,902,114

(b) Movements in share options

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

	2013 Number	2012 Number
Balance at 1 July	800,000	1,000,000
Granted during the financial period	2,950,000	-
Exercised during the financial period	-	-
Lapsed during the financial period	(200,000)	(200,000)
Balance at the end of the financial period	3,550,000	800,000

(c) Terms and conditions of issued capital

**Ordinary shares**

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

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

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

**Options**

The company has 3,550,000 options on issue. The holders of the options are not permitted to exercise those options until after the vesting date.

Notes to Financial Statements for the year ended 30 June 2013 (continued)

## 18. Reserves

	Consolidated 2013 \$	Consolidated 2012 \$
<b>Share option reserve</b>		
Balance at 1 July	26,205	28,265
Charged to expense for the year	39,344	8,920
Lapsed options transferred to accumulated profits	(9,780)	(10,980)
Balance at 30 June	55,769	26,205
<b>Foreign exchange reserve</b>		
Balance at 1 July	258	(4,125)
Charged to profit and loss for the year	(258)	4,383
Balance at 30 June	-	258
Total Reserves	55,769	26,463

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

The foreign exchange reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars.

## 19. Statement of cash flows

### (a) Reconciliation of cash

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

Cash at bank and on hand	4,564,100	1,256,406
Bank overdraft	(122,181)	-
Cash at bank and on hand	4,441,919	1,256,406

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

Net Profit after tax	3,647,867	2,525,840
<b>Non cash items:</b>		
Depreciation and amortisation expense	1,307,550	543,535
Discount on acquisition	-	(100,350)
Profit on sale of controlled entity	(86,987)	-
Loss on sale of property, plant and equipment	18,837	
Bad and doubtful debts allowance	154,150	137,462
Foreign exchange difference	(258)	4,383
Share based payments	259,344	8,920
<b>Changes in Movements in assets and liabilities:</b>		
(Increase)/decrease in assets		
Trade and other receivables	(2,426,465)	(612,205)
Deferred tax assets	(327,601)	(61,948)
Increase/(decrease) in liabilities		
Trade and other payables	87,383	(163,595)
Current tax payable	313,112	(6,871)
Provisions	216,529	70,442
Cash flows from operations	3,163,461	2,345,613

Notes to Financial Statements for the year ended 30 June 2013 (continued)

19. Statement of cash flows (continued)

**(c) Non cash financing and investment activities:**

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

**20. Business combinations**

The company has not acquired any business in the period.

The company divested its shares in Money3 Singapore Pte Ltd on 1 July 2012 for net proceeds of \$16,866.

Details of the disposal are as follows;

	<b>Consolidated 2013 \$</b>
Net fair value of net liabilities at date of disposal	(135,103)
Minority Interest & reserves at date of disposal	64,982
Acquisition-date fair value of the total consideration transferred	(70,121)
Net amount receivable	16,866
Profit on disposal of controlled entity	86,987

**21. Significant matters subsequent to the reporting date**

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

**22. Segment information**

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

**Secured operations**

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

**Unsecured operations**

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

Segment profit earned by each segment without the allocation of central administration costs and directors' salaries, interest income and expense in relation to corporate facilities, bad debt collection and tax expense. This is the measure reported to the chief executive officer for the purpose of resource allocation and assessment of segment performance.

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

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

Notes to Financial Statements for the year ended 30 June 2013 (continued)

22. Segment information (continued)

<b>Consolidated - 2013</b>	<b>Secured</b>	<b>Unsecured</b>	<b>Eliminations /Unallocated</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Revenue</b>				
Revenue from continuing operations	6,207,998	16,537,445	-	22,745,443
Interest revenue			41,683	41,683
Other revenue			86,987	86,987
<b>Total Revenue</b>	<b>6,207,998</b>	<b>16,537,445</b>	<b>128,670</b>	<b>22,874,113</b>
<b>EBITDA</b>				
Depreciation and amortisation				(1,307,550)
Finance costs				(358,058)
Interest revenue				41,683
<b>Profit before income tax</b>				<b>5,228,474</b>
Income Tax				(1,580,607)
<b>Profit after income tax</b>				<b>3,647,867</b>
<b>Assets</b>				
Segment assets	33,068,643	20,955,667	(2,335,481)	51,688,829
<i>Unallocated assets:</i>				
Cash and cash equivalents				3,393,843
Property, plant and equipment				990,890
Other receivables				37,503
Other assets				310,791
Deferred tax assets				823,799
<b>Total assets</b>				<b>57,245,655</b>
<b>Liabilities</b>				
Segment liabilities	16,869,686	8,855,166	(25,448,992)	275,860
<i>Unallocated assets:</i>				
Trade and other payables				932,041
Current tax payables				1,104,140
Provisions				665,677
Borrowings				3,052,181
<b>Total liabilities</b>				<b>6,029,899</b>

Notes to Financial Statements for the year ended 30 June 2013 (continued)

22. Segment information (continued)

Consolidated - 2012	Secured	Unsecured	Eliminations /Unallocated	Total
	\$	\$	\$	\$
<b>Revenue</b>				
Revenue from continuing operations	3,522,858	12,188,357	(307,965)	15,403,250
Interest revenue			91,643	91,643
Other revenue			100,350	100,350
<b>Total Revenue</b>	<b>3,522,858</b>	<b>12,188,357</b>	<b>(115,972)</b>	<b>15,595,243</b>
<b>EBITDA</b>				
EBITDA	2,180,670	4,490,122	(2,439,402)	4,231,390
Depreciation and amortisation				(543,535)
Finance costs				(166,736)
Interest revenue				91,643
<b>Profit before income tax</b>				<b>3,612,762</b>
Income Tax				(1,086,922)
<b>Profit after income tax</b>				<b>2,525,840</b>
<b>Assets</b>				
Segment assets	10,550,074	10,522,186	(930,725)	20,141,535
<i>Unallocated assets:</i>				
Cash and cash equivalents				252,675
Property, plant and equipment				1,021,161
Goodwill				15,363,487
Other receivables				6,420
Other assets				173,807
Deferred tax assets				496,198
<b>Total assets</b>				<b>37,455,283</b>
<b>Liabilities</b>				
Segment liabilities	8,369,335	3,222,260	(11,134,388)	457,208
<i>Unallocated assets:</i>				
Trade and other payables				730,701
Current tax payables				791,027
Provisions				449,147
Borrowings				1,590,469
<b>Total liabilities</b>				<b>4,018,552</b>

Notes to Financial Statements for the year ended 30 June 2013 (continued)

## 23. Contingent liabilities

The Company has no contingent liabilities as at 30 June 2013 (2012: Nil).

## 24. Controlled entities

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

Controlled entities of Money3 Corporation Limited (parent entity)

Name	Country of Incorporation	Percentage of equity held by the consolidated entity		Acquisition Date	Investment	
		2013	2012		2013	2012
					\$	\$
Money3 Loans Pty Ltd (formerly Money3 Ballarat Pty Ltd)	Australia	100	100	1 November 2006	2	2
Money3 Services Pty Ltd (formerly Money3 Dandenong Pty Ltd)	Australia	100	100	1 November 2006	2	2
Money3 Franchising Pty Ltd	Australia	100	100	16 April 2007	2	2
Money3 Branches Pty Ltd (formerly Money3 Reservoir Pty Ltd)	Australia	100	100	1 November 2006	2	2
Money3 Wodonga Pty Ltd	Australia	100	100	13 March 2008	2	2
Antein Pty Ltd (Glenroy)	Australia	100	100	1 July 2006	3,100,500	3,100,500
Bellavita Pty Ltd (Northcote)	Australia	100	100	1 July 2006	3,037,500	3,037,500
Hallowed Holdings Pty Ltd (Clayton)	Australia	100	100	1 July 2006	2,970,000	2,970,000
Kirney Pty Ltd (Coburg)	Australia	100	100	1 July 2006	483,750	483,750
Nexia Pty Ltd (Werribee)	Australia	100	100	1 July 2006	1,665,000	1,665,000
Pechino Pty Ltd (Frankston)	Australia	100	100	1 July 2006	1,687,500	1,687,500
Salday Pty Ltd (St Albans)	Australia	100	100	1 July 2006	483,750	483,750
Tannaster Pty Ltd (Moonee Ponds)	Australia	100	100	1 July 2006	2,898,000	2,898,000
Tristace Pty Ltd (Geelong)	Australia	100	100	1 July 2006	1,741,500	1,741,500
Money3 Singapore Pte Ltd	Singapore	-	51	1 July 2010	-(i)	40,850
<b>Total</b>					<b>18,067,510</b>	<b>18,108,360</b>

All entities operated solely in their place of incorporation.

(i) The company divested its shares in Money3 Singapore Pte Ltd on 1 July 2012.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described below. There have been no changes to these risks since the previous financial year.



## Notes to Financial Statements for the year ended 30 June 2013 (continued)

### 25. Financial instruments

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

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

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

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

#### Specific risks

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

#### Financial assets / liabilities used

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

- Trade receivables
- Cash at bank
- Bank borrowings
- Trade and other payables

#### Objectives, policies and processes

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

#### Capital risk management

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

The group overall strategy remains unchanged from 2012.

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

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 16, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Notes 17,18 and 4 respectively. None of the Group's entities is subject to externally imposed capital requirements. Under the arrangement of the hire purchase and bank borrowing facilities, all property, plant and equipment of the Group has been pledged as security. The holder of the security does not have the right to sell or re-pledge the assets.

**Notes to Financial Statements for the year ended 30 June 2013 (continued)**

**25. Financial instruments (continued)**

***Gearing ratio***

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

	Note	Consolidated 2013 \$	Consolidated 2012 \$
<b>Financial assets</b>			
Debt (a)	16	(3,052,181)	(1,590,469)
Cash and cash equivalents	9	4,564,100	1,256,406
Net cash/(debt)		1,511,919	(334,063)
Equity	17	45,097,588	28,902,114
Debt to equity ratio		6.7%	5.5%

(a) Debt is defined as long-term and short-term borrowings, as detailed in Note 16.

**(a) Market risk**

***(i) Foreign currency risk***

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

***(ii) Interest rate risk***

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

Money3 Corporation Limited does not have a significant interest rate risk as its borrowing level is low. Interest rate risk is minimised by having a mixture of fixed and floating interest rate loan facilities.

***(iii) Price risk***

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

**(b) Credit risk**

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

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

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

Notes to Financial Statements for the year ended 30 June 2013 (continued)

25. Financial instruments (continued)

(b) Credit risk (continued)

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

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

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

This strategy is consistent with the prior year.

(c) Liquidity risk analysis

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

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

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

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

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

Maturity of financial liabilities

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

2013	Consolidated			Total \$
	< 1 year \$	1-5 years \$	> 5 years \$	
Financial Liabilities:				
Borrowings	3,126,212	-	-	3,126,212
Trade and other payables	1,207,901	-	-	1,207,901
Lease Liabilities	-	-	-	-
Total Financial Liabilities	4,334,113	-	-	4,334,113

## Notes to Financial Statements for the year ended 30 June 2013 (continued)

### 25. Financial instruments (continued)

#### (c) Liquidity risk analysis (continued)

#### Maturity of financial liabilities (continued)

2012	Consolidated			Total \$
	< 1 year \$	1-5 years \$	> 5 years \$	
Financial Liabilities:				
Borrowings	1,590,892	-	-	1,590,892
Trade and other payables	1,105,409	82,500	-	1,187,909
Lease Liabilities	49,710	-	-	49,710
Total Financial Liabilities	2,746,011	82,500	-	2,828,511

The above contractual maturities reflect the 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.

#### d) Fair value estimation

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

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

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

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

## 26. Leases

### Operating leases

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

Hire purchase commitments relate to the company's fleet of motor vehicles.

	Consolidated 2013 \$	Consolidated 2012 \$
<b>Lease expenditure commitments</b>		
Operating leases (non-cancellable)		
Minimum lease payments		
- not later than one year	1,459,059	1,079,345
- later than one year but not later than five years	2,629,978	2,341,644
- more than five years	-	19,186
Total minimum payments	4,089,037	3,440,175

Notes to Financial Statements for the year ended 30 June 2013 (continued)

26. Leases (continued)

Operating leases (continued)

	Consolidated 2013 \$	Consolidated 2012 \$
<b>Hire purchase</b>		
Hire Purchase commitments		
- not later than one year	-	47,186
- later than one year but not later than five years	-	-
Total minimum payments	-	47,186
Hire purchase commitments relate to motor vehicle.		
Future finance charges	-	(1,272)
Recognised as liability	-	45,914
Representing lease liabilities		
Current (Note 16)	-	45,914
Non-Current(Note 16)	-	-
	-	45,914

**Leases as lessor**

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

Minimum lease payments		
- not later than one year	1,896,453	1,351,925
- later than one year but not later than five years	860,295	1,163,440
Total minimum payments	2,756,748	2,515,365

**27. Auditors remuneration**

Amounts received or due and receivable by the auditors for:

Auditing or reviewing the financial reports	119,839	103,500
Other services	-	-
Total remuneration of auditors	119,839	103,500

**28. Related party disclosures**

**(a) Parent and ultimate controlling entity**

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

**(b) Key management personnels' remuneration**

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

Short term employee benefits	681,068	741,227
Post employment benefits	67,013	65,247
Share based payments	35,944	8,920
Total	784,025	815,394

Notes to Financial Statements for the year ended 30 June 2013 (continued)

28. Related party disclosures (continued)

(c) Equity interests in controlled entities

Details of the percentage of ordinary shares held in controlled entities are disclosed in Note 24 to the financial statements.

(d) Loan disclosures

The Company has an unsecured interest bearing loan of \$155,000 (2012: \$100,000) from Mr Geoffrey Baldwin, the father of Mr Scott Baldwin (executive director) and brother of Mr Christopher Baldwin (non-executive director). The Company has an unsecured interest bearing loan of \$50,000 (2012: \$50,000) from Brian Baldwin, the brother of Mr Scott Baldwin and nephew of Mr Christopher Baldwin. The Company has an unsecured interest bearing loan of \$50,000 (2012: nil) from Graeme Baldwin, the uncle of Mr Scott Baldwin and brother of Mr Christopher Baldwin. The Company has an unsecured interest bearing loan of \$100,000 (2012: nil) from Simon Baldwin, the cousin of Mr Scott Baldwin and nephew of Mr Christopher Baldwin. The Company has an unsecured interest bearing loan of \$155,000 (2012: nil) from G&V Livestock Pty Ltd, the proprietor is the uncle of Mr Scott Baldwin (executive director) and brother of Mr Christopher Baldwin (non-executive director). The Company had an unsecured interest bearing loan of \$600,000 (2012: nil) from Mr Robert Bryant (executive director). The Company had an unsecured interest bearing loan of \$500,000 (2012: nil) from Mr Kang Tan (non-executive director). The Company had an unsecured interest bearing loan of \$350,000 (2012: nil) from Mr Geoffrey Sam (chairman and non-executive director). The Company had an unsecured interest bearing loan of \$200,000 (2012: nil) from Mrs Vanessa Baldwin, wife of Mr Scott Baldwin (executive director).

These loan transactions are made on normal commercial terms and conditions and at market rates. Interest is charged at a commercial rate. Refer note 28(g)

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

(e) Key management personnel equity holdings

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

	Balance at 1 July 2012	Granted as remuneration	On exercise of options	Net change other	Balance as at 30 June 2013
Geoffrey Sam	286,949	-	-	(162,490)	124,459
Robert Bryant	9,102,648	-	-	654,201	9,756,849
Kang Hong Tan	5,013,952	-	-	85,716	5,099,668
Christopher Baldwin	1,033,002	-	-	26,017	1,059,019
Scott Baldwin	1,608,784	-	-	232,322	1,841,106
Bettina Evert	155,964	-	-	89,015	244,979
<b>Total</b>	<b>17,201,299</b>	<b>-</b>	<b>-</b>	<b>924,781</b>	<b>18,126,080</b>

	Balance at 1 July 2011	Granted as remuneration	On exercise of options	Net change other	Balance as at 30 June 2012
Geoffrey Sam	256,000	-	-	30,949	286,949
Robert Bryant	9,082,648	-	-	20,000	9,102,648
Kang Hong Tan	5,011,320	-	-	2,632	5,013,952
Christopher Baldwin	1,023,943	-	-	9,059	1,033,002
Scott Baldwin	1,525,599	-	-	83,185	1,608,784
Bettina Evert	146,135	-	-	9,829	155,964
<b>Total</b>	<b>17,045,645</b>	<b>-</b>	<b>-</b>	<b>155,654</b>	<b>17,201,299</b>

Notes to Financial Statements for the year ended 30 June 2013 (continued)

28. Related party disclosures (continued)

(f) Options holdings over ordinary shares in Money3 Corporation Limited held during the financial year by each director of Money3 Corporation Limited and key management personnel of the consolidated entity, including their personally related parties are set out below.

	Balance as at 1 July 2012	Received as remuneration	Options exercised	Net change other	Balance as at 30 June 2013	Total exercisable and vested	Total options vested	Total options unvested
S Baldwin	800,000	1,000,000	-	(200,000)	1,600,000	-	-	1,600,000
C Harris	-	1,000,000	-	-	1,000,000	-	-	1,000,000
<b>Total</b>	800,000	2,000,000	-	(200,000)	2,600,000	-	-	2,600,000

	Balance as at 1 July 2011	Received as remuneration	Options exercised	Net change other	Balance as at 30 June 2012	Total exercisable and vested	Total options vested	Total options unvested
Scott Baldwin	1,000,000	-	-	(200,000)	800,000	-	-	800,000
<b>Total</b>	1,000,000	-	-	(200,000)	800,000	-	-	800,000

(g) Other transactions with key management personnel or their related entities

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

	Consolidated 2013 \$	Consolidated 2012 \$
Interest paid to Geoffrey Baldwin	12,019	12,019
Interest paid to Brian Baldwin	6,010	6,010
Interest paid to Simon Baldwin	8,770	-
Interest paid to G&V Livestock Pty Ltd	3,992	-
Interest paid to Kang Tan	7,934	-
Interest paid to Geoff Sam	29,167	-
Interest paid to Robert Bryant	11,475	-
Interest paid to Vanessa Baldwin	13,665	-
Accounting and taxation fees paid to Brown Baldwin Melbourne Pty Ltd (*)	-	16,430
	93,032	34,459

(\*) Christopher Baldwin was a director of Brown Baldwin Melbourne Pty Ltd in prior years.

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

(h) Transactions with other related parties

There are no other related party transactions

Notes to Financial Statements for the year ended 30 June 2013 (continued)

## 29 Parent entity financial information

### a) Summary financial information

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

#### *Statement of financial position*

	Company 2013 \$	Company 2012 \$
<b>Total current assets</b>	<b>3,919,762</b>	<b>5,831,339</b>
<b>Total assets</b>	<b>54,372,702</b>	<b>33,816,484</b>
<b>Total current liabilities</b>	<b>5,357,071</b>	<b>2,043,963</b>
<b>Total liabilities</b>	<b>5,410,986</b>	<b>2,248,528</b>
<b>Net assets</b>	<b>48,961,716</b>	<b>31,567,957</b>
<b>EQUITY</b>		
Issued capital	46,398,104	30,202,630
Share option reserves	55,769	26,285
Retained earnings	2,507,843	1,339,042
<b>Total equity</b>	<b>48,961,716</b>	<b>31,567,957</b>

#### *Statement of profit or loss and other comprehensive income*

	Company 2013 \$	Company 2012 \$
Profit for the period from continuing operations	3,328,613	86,968
Total comprehensive income	3,328,613	86,968

### 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.



Notes to Financial Statements for the year ended 30 June 2013 (continued)

## A. ASX Additional Information

Additional information required by the Australian Stock Exchange and not shown elsewhere in this report is as follows. The information is current as at 22 August 2013.

### (a) Distribution of equity securities

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

Distribution of Shareholdings	Ordinary Shares		Unlisted Options	
	Number of Holders	Number of Shares	Number of Holders	Number of Options
100,001 and Over	82	61,017,785	6	3,400,000
10,001 to 100,000	442	14,464,154	2	150,000
5,001 to 10,000	187	1,390,667	-	-
1,001 to 5,000	427	1,295,373	-	-
1 to 1,000	98	54,453	-	-
<b>Total</b>	<b>1,236</b>	<b>78,222,432</b>	<b>8</b>	<b>3,550,000</b>

The number of shareholders holding less than a marketable parcel of shares are	33	3,320
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### (b) Twenty largest holders of quoted shares are:

Name of Holder	Listed Ordinary Shares	
	No. of Shares	% of Holding
1. Rocsange Pty Ltd <S Superannuation Fund A/C>	7,440,535	9.51%
2. Hosking Financial Investments Pty Ltd <Hosking Investment A/C>	6,414,735	8.20%
3. Aust Executor Trustees Sa Ltd <Tea Custodians Limited>	5,453,358	6.97%
4. Picton Cove Pty Ltd	4,061,057	5.19%
5. Platey Pty Ltd	3,631,429	4.64%
6. Rubi Holdings Pty Ltd <John Rubino S/F A/C>	2,652,921	3.39%
7. Rbc Investor Services Australia Nominees Pty Limited <Bkcust A/C>	2,578,676	3.30%
8. Belstock Pty Ltd	2,545,288	3.25%
9. Cranchi Pty Ltd	2,000,000	2.56%
10. Matooka Pty Ltd <Mako A/C>	1,799,680	2.30%
11. Baldwin Brothers Investments Pty Ltd <Inspiration A/C>	1,463,533	1.87%
12. Ubs Nominees Pty Ltd	1,375,571	1.76%
13. Mr Kang Hong Tan & Mrs Hwea Chong Tan <Tan Superannuation Fund A/C>	1,316,749	1.68%
14. Quickdou Pty Ltd	1,000,000	1.28%
15. Dorran Pty Ltd	1,000,000	1.28%
16. Ninth Nell Pty Ltd	892,048	1.14%
17. Bnp Paribas Noms Pty Ltd <Drp>	757,143	0.97%
18. Balmoor Pty Limited	728,256	0.93%
19. Mr Wayne Hosking & Miss Bernadette Williams <The Hosking Super Fund A/C>	715,301	0.91%
20. Redbrook Nominees Pty Ltd	534,390	0.68%
<b>Top twenty shareholders</b>	<b>48,360,670</b>	<b>61.82%</b>
<b>Total issued capital</b>	<b>78,222,432</b>	<b>100.00%</b>

## Notes to Financial Statements for the year ended 30 June 2013 (continued)

### A. ASX Additional Information (continued)

#### (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
Rocsange Pty Ltd	7,440,535	9.93%
Hosking Financial Investments Pty Ltd	7,130,036	9.12%
Pie Fund Management	5,453,358	6.97%
Picton Cove Pty Ltd	4,061,057	5.19%

#### (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 2,950,000 (2012: 800,000) options on issue as follows:

##### Director Options

The Company has issued 1,600,000 options during the year (2012: nil options) to the Directors (or their nominees) ("Director Options").

	Issue Date	Options Granted	Exercise Price	Expiry Date	Vesting Date
Scott Baldwin	27 November 2009	200,000	\$0.70	31 December 2013	31 December 2012
Scott Baldwin	27 November 2009	200,000	\$0.85	31 December 2014	31 December 2013
Scott Baldwin	27 November 2009	200,000	\$1.00	31 December 2015	31 December 2014
Scott Baldwin	30 September 2012	1,000,000	\$0.50	30 September 2017	30 September 2015

- The options vest in full when an event occurs which give rise to a change in control of the Company.
- If the Company after having granted these options restructure its issued share capital, ASX Listing Rules will apply to the number of Shares issued to the option holder on exercise of an option.
- 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, they 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.