

DirectMoney Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	DirectMoney Limited
ABN:	80 004 661 205
Reporting period:	For the year ended 30 June 2017
Previous period:	For the year ended 30 June 2016

2. Results for announcement to the market

Key information				\$A'000
Revenues from ordinary activities	down	6%	to	1,160
Loss from ordinary activities after tax attributable to members	down	38%	to	(5,432)
Loss for the year attributable to members	down	38%	to	(5,432)

Dividends paid and proposed

There were no dividends declared or paid in the reporting period.

3. Statement of Comprehensive Income

Refer Financial Statements below.

4. Statement of Financial Position

Refer Financial Statements below.

5. Statement of Changes in Equity

Refer Financial Statements below.

6. Statement of Cash Flows

Refer Financial Statements below.

7. Details of individual and total dividends and payment dates

There were no dividends declared or paid in the reporting period.

8. Details of dividend reinvestment plan

Not applicable.

9. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible asset backing per ordinary security	2.11	2.89

10. Control gained over / loss of entities having material effect

On 13 January 2017, DirectMoney Limited registered DirectMoney Services Pty Ltd, a 100% owned subsidiary of DirectMoney Limited.

11. Details of associates and joint venture entities

Not applicable.

12. Significant information

Refer to 'Commentary on results for the period' below.

13. For foreign entities, which set of accounting standards is used in compiling the report?

Not applicable.

14. Commentary on results for the period

The commentary on the results for the period is contained in the accompanying media release.

This report is based on accounts which are in the process of being audited.

15. Signed

Signed _____



May Ho
Company Secretary
Sydney

Date: 31 August 2017

DirectMoney Limited
Appendix 4E
Preliminary final report
Contents
For the year ended 30 June 2017

Contents	Page
Statement of profit or loss and other comprehensive income	2
Statement of financial position	3
Statement of changes in equity	4
Statement of cash flows	5
Notes to the financial statements	6

DirectMoney Limited
Appendix 4E
Preliminary final report

Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2017

	Note	Consolidated 2017 \$	2016 \$
Revenue	2	1,160,153	1,236,801
Other income	3	370,914	-
Expenses			
Employee benefits expense		(3,317,171)	(2,290,336)
Depreciation and amortisation expense		(12,124)	(2,782)
Listing expense	12	-	(2,708,757)
Other expenses		(2,500,204)	(3,593,871)
Finance costs		(72,713)	(75,649)
Share based payment expense	14	(1,060,528)	(1,319,894)
Loss before income tax	4	(5,431,673)	(8,754,488)
Income tax expense		-	-
Loss after income tax for the year		(5,431,673)	(8,754,488)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		-	(4,210)
Other comprehensive income for the year, net of tax		-	(4,210)
Total comprehensive income for the year		<u>(5,431,673)</u>	<u>(8,758,698)</u>
Loss for the year is attributable to:			
Owners of DirectMoney Limited		<u>(5,431,673)</u>	<u>(8,758,488)</u>
Total comprehensive income for the year is attributable to:			
Owners of DirectMoney Limited		<u>(5,431,673)</u>	<u>(8,758,698)</u>
		Cents	Cents
Basic earnings per share		(1.37)	(3.26)
Diluted earnings per share		(1.37)	(3.26)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

DirectMoney Limited
Appendix 4E
Preliminary final report

Consolidated statement of financial position
As at 30 June 2017

	Note	Consolidated 2017 \$	2016 \$
Assets			
Current assets			
Cash and cash equivalents		3,479,300	1,264,795
Loan receivables	5	1,727,404	1,554,125
Trade and other receivables	6	67,727	110,555
Other assets	7	287,054	292,285
Total current assets		<u>5,561,485</u>	<u>3,221,760</u>
Non-current assets			
Loan receivables	5	4,711,974	6,047,018
Property, plant and equipment	8	65,516	4,547
Available-for-sale financial assets	9	500,000	500,000
Total non-current assets		<u>5,277,490</u>	<u>6,551,565</u>
Total assets		<u>10,838,975</u>	<u>9,773,325</u>
Liabilities			
Current liabilities			
Trade and other payables	10	783,918	782,851
Employee benefits	11	180,620	125,900
Convertible notes		672,000	1,000,000
Total current liabilities		<u>1,636,538</u>	<u>1,908,751</u>
Total liabilities		<u>1,636,538</u>	<u>1,908,751</u>
Net assets		<u>9,202,437</u>	<u>7,864,574</u>
Equity			
Issued capital	13	28,604,725	22,409,803
Reserves		1,394,508	819,894
Accumulated losses		(20,796,796)	(15,365,123)
Total equity		<u>9,202,437</u>	<u>7,864,574</u>

The above statement of financial position should be read in conjunction with the accompanying notes

DirectMoney Limited
Appendix 4E
Preliminary final report

Consolidated statement of changes in equity
For the year ended 30 June 2017

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2015	6,106,746	4,210	(6,610,635)	(499,679)
Loss after income tax expense for the year	-	-	(8,754,488)	(8,754,488)
Other comprehensive income for the year, net of tax	-	(4,210)	-	(4,210)
Total comprehensive income for the year	-	(4,210)	(8,754,488)	(8,758,698)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of share capital	16,303,057	-	-	16,303,057
Share based payments	-	819,894	-	819,894
Balance at 30 June 2016	<u>22,409,803</u>	<u>819,894</u>	<u>(15,365,123)</u>	<u>7,864,574</u>
Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2016	22,409,803	819,894	(15,365,123)	7,864,574
Loss after income tax expense for the year	-	-	(5,431,673)	(5,431,673)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(5,431,673)	(5,431,673)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of share capital	5,702,641	-	-	5,702,641
Costs of capital raising	(320,406)	-	-	(320,406)
Share based payments	812,687	574,614	-	1,387,301
Balance at 30 June 2017	<u>28,604,725</u>	<u>1,394,508</u>	<u>(20,796,796)</u>	<u>9,202,437</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

DirectMoney Limited
Appendix 4E
Preliminary final report

Consolidated statement of cash flows
For the year ended 30 June 2017

	Consolidated 2017 \$	2016 \$
Cash flows from operating activities		
Net of lending and repayments	(75,428)	(8,303,384)
Net proceeds from sale of loans	1,858,621	5,822,703
Payments to suppliers and employees	(4,951,501)	(6,115,949)
	<u>(3,168,308)</u>	<u>(8,596,630)</u>
Interest received	45,476	55,302
Management fees received	92,746	35,302
Interest and other finance costs paid	(74,598)	(158,835)
Proceeds from R&D tax grant	365,547	-
	<u>(2,739,137)</u>	<u>(8,664,861)</u>
Cash flows from investing activities		
Payments for investments	-	(500,000)
Payment for property, plant and equipment	(73,093)	-
	<u>(73,093)</u>	<u>(500,000)</u>
Cash flows from financing activities		
Proceeds from issue of shares	5,702,641	11,297,800
Costs of raising capital paid	(320,406)	-
Repayment of convertible notes	(328,000)	(1,000,000)
Transaction costs related to loans and borrowings	(27,500)	-
	<u>5,026,735</u>	<u>10,297,800</u>
Net increase in cash and cash equivalents	2,214,505	1,132,939
Cash and cash equivalents at the beginning of the financial year	<u>1,264,795</u>	<u>131,856</u>
Cash and cash equivalents at the end of the financial year	<u><u>3,479,300</u></u>	<u><u>1,264,795</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

DirectMoney Limited
Appendix 4E
Preliminary final report

Notes to the financial statements
For the year ended 30 June 2017

Note 1. Accounting policies

These financial statements for the year ended 30 June 2017 have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. DirectMoney Limited ("the Group") is a for-profit entity for the purpose of preparing the financial statements.

The principal accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

Note 2. Revenue

	Consolidated	
	2017	2016
	\$	\$
Effective interest income on financial assets	859,725	1,036,341
Other revenue from financial assets	251,971	145,158
Interest on cash	10,179	24,290
Interest from investments	<u>38,278</u>	<u>31,012</u>
Revenue	<u>1,160,153</u>	<u>1,236,801</u>

Note 3. Other income

	Consolidated	
	2017	2016
	\$	\$
R&D tax offset	365,547	-
Rental income	<u>5,367</u>	<u>-</u>
Other income	<u>370,914</u>	<u>-</u>

Note 4. Expenses

	Consolidated	
	2017	2016
	\$	\$
Losses from ordinary activities before income tax includes the following other specific expenses:		
<i>Property lease costs</i>	<u>127,227</u>	<u>134,910</u>
<i>Superannuation expense</i>	<u>238,221</u>	<u>179,471</u>
<i>Marketing costs</i>	<u>640,523</u>	<u>514,010</u>
<i>Legal expenses</i>	<u>197,799</u>	<u>455,662</u>
<i>Write off of loan assets</i>		
Doubtful debts expense	32,028	87,803
Bad debt expense	278,871	146,898
Loss on sale of loan assets	<u>78,966</u>	<u>179,609</u>
	<u>389,865</u>	<u>414,310</u>

DirectMoney Limited
Appendix 4E
Preliminary final report

Notes to the financial statements
For the year ended 30 June 2017

Note 5. Loan receivables

	Consolidated	
	2017	2016
	\$	\$
<i>Current</i>		
Loan receivables	1,839,049	1,634,484
Less provision for impairment of receivables	<u>(111,645)</u>	<u>(80,359)</u>
	<u>1,727,404</u>	<u>1,554,125</u>
<i>Non-current</i>		
Loan receivables	4,911,654	6,245,956
Less provision for impairment of receivables	<u>(199,680)</u>	<u>(198,938)</u>
	<u>4,711,974</u>	<u>6,047,018</u>

Loan receivables comprise of personal loans between \$5,000 to \$35,000 with an interest range between 8.50% to 22.75%. The personal loans are repayable within the ranges of 3 to 5 years.

The fair value of the loan receivables is considered to approximate the carrying value.

Note 6. Trade and other receivables

	Consolidated	
	2017	2016
	\$	\$
<i>Current</i>		
Accrued interest on loan receivables	49,538	104,972
Accrued management fee income	-	5,583
Other accrued income	13,281	-
Trade debtors	<u>4,908</u>	<u>-</u>
	<u>67,727</u>	<u>110,555</u>

Note 7. Other assets

	Consolidated	
	2017	2016
	\$	\$
<i>Current</i>		
Prepayments	18,846	16,064
Deposits	26,333	18,267
Cash held in trust	<u>241,875</u>	<u>257,954</u>
	<u>287,054</u>	<u>292,285</u>

Note 8. Property, plant and equipment

	Consolidated	
	2017	2016
	\$	\$
Plant and equipment, at cost	81,924	8,831
Less: accumulated depreciation	<u>(16,408)</u>	<u>(4,284)</u>
	<u>65,516</u>	<u>4,547</u>

DirectMoney Limited
Appendix 4E
Preliminary final report

Notes to the financial statements
For the year ended 30 June 2017

Note 9. Available-for-sale financial assets

	Consolidated	
	2017	2016
	\$	\$
<i>Non-current</i>		
Investment in DirectMoney Personal Loan Fund	500,000	500,000

The group has invested \$500,000 into the DirectMoney Personal Loan Fund. The DirectMoney Personal Loan Fund is a registered managed investment scheme where investors' money is pooled and invested into unsecured personal loans acquired from DirectMoney Finance Pty Ltd. The investment is classified as available for sale in accordance with *AASB 139 Financial Instruments: Recognition and Measurement*.

Valuation Techniques and Inputs Used to Measure Level 2 Fair Values

Description	Fair Value at 2017		
	\$000	Valuation Technique(s)	Inputs Used
<i>Financial assets</i>			
Investment in DirectMoney Personal Loan Fund (Fund)	500	Market approach using monthly valuation reports provided by Fund's Investment Manager and Fund's Administrator.	Monthly valuation report provided by Fund's Investment Manager and Fund's Administrator.

There were no changes during the period in the valuation techniques used by the Group to determine Level 2 fair values.

Note 10. Trade and other payables

	Consolidated	
	2017	2016
	\$	\$
<i>Current</i>		
Trade payables	232,057	100,716
Sundry payables	204,297	368,979
Accrued expenses	279,806	261,187
Superannuation payable	67,758	51,969
	<u>783,918</u>	<u>782,851</u>

Note 11. Employee benefits

	Consolidated	
	2017	2016
	\$	\$
<i>Current</i>		
Provision for annual leave	180,620	125,900

Notes to the financial statements
For the year ended 30 June 2017

Note 12. Acquisition accounting

There were no listing expenses during the year ended 30 June 2017.

In the prior year ended 30 June 2016, DirectMoney Limited completed its acquisition of 100% of the issued capital of DirectMoney Finance Pty Ltd ("DMF") as part of a reverse acquisition.

The value of the transaction was as follows:

	3 Jul 2015
	\$
Assets and liabilities acquired	
Cash and cash equivalents	2,857
Other current assets	17,806
Trade and other payables	(729,332)
	<u>(708,669)</u>
Fair value of notional shares that DMF issued to effect the transaction	2,000,088
Listing expense	<u>2,708,757</u>

The fair value of the shares was assessed on the basis of the fair value of the net assets acquired and DirectMoney Limited's listing status.

Note 13. Issued capital

	Consolidated	
	2017	2016
	\$	\$
(a) Issued and paid up capital		
Ordinary shares fully paid	28,925,131	22,409,803
Costs of raising capital	(320,406)	-
	<u>28,604,725</u>	<u>22,409,803</u>

Ordinary shares participate in dividends and the proceeds on winding up the Company. At shareholder meetings, each ordinary share is entitled to one vote when a poll is called. Otherwise, each shareholder has one vote on show of hands.

	2017		2016	
	Number of	\$	Number of	\$
	shares		shares	
(b) Reconciliation of issued and paid-up capital				
Opening balance as at 1 July	271,954,175	22,409,803	271,843,978	6,106,746
DirectMoney Finance Pty Ltd shares issued prior to acquisition	-	-	62,203,896	2,505,169
Reversal of existing shares on acquisition	-	-	(334,047,874)	-
Existing DirectMoney Limited shares on issue	-	-	10,000,443	-
Issue of DirectMoney Limited shares on acquisition of DirectMoney Finance Pty Ltd	-	-	199,609,932	2,000,088
Issue of DirectMoney Limited shares post acquisition	-	-	62,343,800	11,797,800
Issue of shares from Rights issue	135,777,153	5,702,641	-	-
Costs of raising capital	-	(320,406)	-	-
Issue of shares as payment of funder fees	27,155,099	741,334		
Issue of shares to CEO as part of short term incentive	2,038,657	71,353		
Closing Balance as at 30 June	<u>436,925,084</u>	<u>28,604,725</u>	<u>271,954,175</u>	<u>22,409,803</u>

Notes to the financial statements
For the year ended 30 June 2017

Note 14. Share based payments

The share based payment expense of \$1,060,528 consists of:

- Performance rights expense of \$166,068 accrued up to 30 June 2017; and
- Funder fee expense totalling \$894,460 paid and accrued during the year in relation to an agreement entered into between the Company and Macquarie Bank Limited on 19 February 2016.