Money3 Corporation Limited

ABN: 63 117 296 143

Appendix 4D [Rule 4.2A.3]

For the half year ended 31 December 2017

Results for Announcement to the Market (All comparisons to 31 December 2017)

Key Financial Information	$'000	up/down	% movement
Revenue from ordinary activities	60,360	Up	16.8%
Profit from ordinary activities after tax attributable to members	15,458	Up	12.2%
Net profit for the period attributable to members	15,458	Up	12.2%

Dividend Information	Amount per share cents	Franked amount per share cents	Tax rate for franking credit
Final 2017 dividend per share (paid 27 October 2017)	3.15	3.15	30%
Interim 2018 dividend per share (to be paid 21 May 2018)	4.5	4.5	30%

Interim 2018 Dividend Dates	
Ex-dividend date	27 February 2018
Record date	28 February 2018
Payment date	21 May 2018

The Company's Dividend Reinvestment Plan ("DRP") will apply in respect of the interim 2018 dividend.

	31 Dec 17	31 Dec 16
Net Tangible Assets Per Security	$1.07	$0.96

This report is based on the consolidated Financial Report for the half year ended 31 December 2017 which has been reviewed by BDO with the Independent Auditor's Report included in the Financial Report.

Half Year Report

31 December 2017

Contents

Directors' Report

The Board of Directors ("the Board") of Money3 Corporation Limited ("Money3" or "the Company") present the following financial report on the consolidated entity, consisting of Money3 Corporation Limited and its subsidiaries ("the Group") for the financial half year ended 31 December 2017. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Directors' Details

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

- Ray Malone (Chairman)
- Kang Tan
- Leath Nicholson
- Stuart Robertson
- Scott Baldwin

Principal Activities

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

There has been no significant change in the principal activities during the half year.

Results of Operations

Money3 is pleased to announce its half year results for the half year ended 31 December 2017 and confirms its record Net Profit After Tax ("NPAT") of $15.5 million. Based on half year performance Money3 has upgraded its full year profit guidance to $31 million.

Money3 continues to focus on building a profitable and scalable secured automotive lending business through medium term secured loans.

Money3 has a range of sustainable loan products that it offers to consumers who cannot access funding from traditional lenders and who want to move up the financial continuum to financial and social inclusion.

Group Results

Headline achievements for the Group include:

- 16.8% increase in Revenue to $60.4 million
- 17.5% increase in EBITDA to $27.5 million
- 12.2% increase in NPAT to $15.5 million
- 17.7% increase in Gross Loans Receivable to $292.8 million
- Finance facilities of $150 million approved, $50 million currently drawn
- Interim FY18 dividend of 4.5 cents fully franked

For the half year ended 31 December 2017, Money3 delivered an outstanding financial result. Revenues were up 16.8% from $51.7 million to $60.4 million, with all divisions contributing in line with strategic objectives. Ongoing focus on strategic initiatives has led to an improvement in Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA"), increasing for the period 17.5% to $27.5 million, up from $23.4 million, and NPAT increased 12.2% to $15.5 million, up from $13.8 million.

The Company has early adopted AASB 9 Financial Instruments which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. These changes have been applied retrospectively, comparative periods have not been restated, rather the differences in the carrying amounts of financial assets and liabilities resulting from this adoption are recognised in retained earnings at 1 July 2017. Accordingly, as at 1 July 2017 Retained Earnings has decreased by $6.4m (net of tax). The detailed impact on the results are detailed in Note 1 (d).

Product Mix Continues to Diversify

Within the Gross Loans Receivable, secured automotive loans have grown 22.1% against December 2016, to $232.0m and now represent 80.1% of the total Gross Loans Receivable, compared to 76.9% at 31 December 2016. Larger amount longer term unsecured loans represents 9.2% of total Gross Loans Receivable and Small Amount Credit Contract (SACC) loans represent 10.7% of total Gross Loans Receivable, Money3 expects to see SACC's continue to decline as a percentage of the overall Gross Loans Receivable.

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

	31 Dec 17 $'000	31 Dec 16 $'000	% Change
Total revenue	60,360	51,699	16.8
EBITDA	27,451	23,354	17.5
NPAT	15,458	13,773	12.2
Gross loans receivable	**292,753**	**247,054**	**18.5**
Net loans receivable	**256,035**	**217,190**	**17.9**

Strategic Update

Money3 continues to increase its market share of the secured automotive loans market which will see further growth in Money3's secured receivables and hence growing revenues and profitability over time. Coupled with the expenditure review program it is expected this segment of Money3 will continue to grow and dominate the financial metrics of the overall business.

Over the last 24 months several loss making branches have been consolidated without impacting Branch revenues. This has reduced Branch expenditure and exposure to Small Amount Credit Contracts. During the half year, this program has continued, closing a further three branches with further reviews underway.

Having secured a debt facility of $150m Money3 will continue to focus on growth in the secured loans business at the same time prudently managing costs in all parts of the business.

Dividends

The Directors have declared an interim dividend of 4.5 cents per share. The dividend will be paid on the 21 May 2018 to those shareholders on the register at the close of business on the 28 February 2018.

Significant Changes in State of Affairs

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

Significant Matters Subsequent to the Reporting Date

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

Directors Holdings of Shares

The aggregate number of Company fully paid shares held directly, indirectly or beneficially by Directors of the Company at the date of this report is 12,178,628 ordinary shares and 5,900,000 options (30 June 2017: 12,941,468 ordinary shares, 5,900,000 options).

Rounding of amounts

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

Auditor’s independence declaration

A copy of the auditor’s independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

Signed in accordance with a resolution of directors made pursuant to section 306(3) of the Corporations Act 2001.

On behalf of the directors,

Ray Malone
Chairman
Melbourne

19 February 2018

Auditor's Independence Declaration

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

As lead auditor for the review of Money3 Corporation Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

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

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

David Garvey
Partner

BDO East Coast Partnership

Melbourne, 19 February 2018

Independent Auditor's Report

BDO

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Money 3 Corporation Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Money 3 Corporation Limited (the Company) and its subsidiaries (the Group), which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year then ended, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent Auditor's Report (continued)

Independence

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

BDO East Coast Partnership

David Garvey
Partner

Melbourne, 19 February 2018

Directors' Declaration

In accordance with a resolution of the Directors of Money3 Corporation Limited, the Directors of the Company declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001, including:

    (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
    (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date.

2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Directors

Ray Malone
Chairman
Melbourne

Dated 19 February 2018

Statement of Profit or Loss and Other Comprehensive Income

for the half year ended 31 December 2017

	Note	Consolidated Six months ended 31 December 2017 $'000	Consolidated Six months ended 31 December 2016 $'000
Revenue from continuing operations	3	**60,360**	**51,699**
Expenses from operating activities:			
Bad debt expense (net of recoveries)		8,000	6,055
Movement in provision for doubtful debt expense		2,121	2,672
Bank fees and credit checks		1,307	1,265
Employee related expenses		15,738	11,763
Professional fees		1,303	999
Occupancy expenses		1,636	1,695
Technology expenses		1,236	1,152
Advertising expenses		1,328	2,429
Administration expenses		213	315
Loss on disposal of assets		27	-
Net finance costs		4,584	2,928
Depreciation and amortisation		439	502
Total Expenses		**37,932**	**31,775**
Profit before income tax from continuing operations		**22,428**	**19,924**
Income tax expense		(6,970)	(6,151)
Profit after income tax from continuing operations		**15,458**	**13,773**
Total comprehensive income net of tax		**15,458**	**13,773**
Profit attributable to:			
Owners of Money3 Corporation Limited		15,458	13,773
Total comprehensive income attributable to:			
Owners of Money3 Corporation Limited		15,458	13,773
Basic earnings per share (cents)	6	9.80	8.96
Diluted earnings per share (cents)	6	9.79	8.95

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 31 December 2017

	Note	Consolidated 31 December 2017 $'000	Consolidated Restated* 30 June 2017 $'000
ASSETS			
Current assets			
Cash and cash equivalents		10,936	21,106
Loans and other receivables	4	175,909	151,319
Other assets		1,176	460
Total current assets		**188,021**	**172,885**
Non-current assets			
Loans and other receivables	4	59,865	64,595
Other assets		438	438
Property, plant & equipment		2,053	2,222
Intangible assets		18,948	19,175
Deferred tax assets		7,284	6,679
Total non-current assets		**88,588**	**93,109**
Total assets		**276,609**	**265,994**
LIABILITIES			
Current liabilities			
Trade and other payables		7,095	5,799
Borrowings	8	29,949	29,572
Current tax payable		-	3,041
Provisions		1,852	1,766
Total current liabilities		**38,896**	**40,178**
Non-current liabilities			
Borrowings	8	47,389	49,939
Provisions		254	220
Total non-current liabilities		**47,643**	**50,159**
Total liabilities		**86,539**	**90,337**
Net assets		**190,070**	**175,657**
EQUITY			
Issued capital	7	129,031	125,761
Reserves		5,494	4,816
Retained earnings		55,545	45,080
Total equity		**190,070**	**175,657**

*See Note 1 for details regarding the restatement as a result of a change in accounting policy for early adoption of AASB 9.

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

Statement of Changes in Equity

for the half year ended 31 December 2017

Consolidated

		Issued Capital $'000	Retained Earnings $'000	Reserves $'000	Total $'000
Total equity at 1 July 2016		**123,590**	**30,158**	**2,769**	**156,517**
Profit after income tax expense for the year		-	13,773	-	13,773
Total comprehensive income for the year		-	13,773	-	13,773
Transactions with owners in their capacity as owners:					
Employee share options - value of employee's service		-	-	508	508
Options exercised		1,261	-	-	1,261
Dividend paid		-	(3,879)	-	(3,879)
Closing balance as at 31 December 2016		**124,851**	**40,052**	**3,277**	**168,180**
Total equity at 1 July 2017		**125,761**	**51,482**	**4,816**	**182,059**
Early adoption of accounting policy (net of tax)	1(d) *	-	(6,402)	-	(6,402)
Restated total equity at the beginning of the financial Year		**125,761**	**45,080**	**4,816**	**175,657**
Profit after income tax expense for the year		-	15,458	-	15,458
Total comprehensive income for the year		-	15,458	-	15,458
Transactions with owners in their capacity as owners:					
Bonus shares issued		527	-	-	527
Employee share options - value of employee's service		-	-	678	678
Options exercised		1,405	-	-	1,405
Dividend paid		**1,338	(4,993)	-	(3,655)
Closing balance as at 31 December 2017		**129,031**	**55,545**	**5,494**	**190,070**

*See Note 1 for details regarding the restatement as a result of a change in accounting policy for early adoption of AASB 9.

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

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

Statement of Cash Flows

for the six months ended 31 December 2017

	Consolidated Six months ended 31 December 2017 $'000	Consolidated Six months ended 31 December 2016 $'000
Cash flows from operating activities		
Net fees and charges from customers	58,581	52,739
Payments to suppliers and employees (GST Inclusive)	(21,145)	(22,642)
Interest received	94	137
Finance costs	(5,809)	(2,293)
Income tax paid	(11,063)	(8,618)
Net cash used in operating activities before changes in operating assets	20,658	19,323
Net funds advanced to customers for loans	(28,507)	(46,697)
Net cash used in operating activities	(7,849)	(27,374)
Cash flows from investing activities		
Payment for property, plant and equipment	(71)	(444)
Net cash used in investing activities	(71)	(444)
Cash flows from financing activities		
Proceeds from share issue	1,405	1,261
Proceeds from borrowings	50,000	11,026
Repayment of borrowings	(50,000)	-
Dividends paid (net of DRP)	(3,655)	(3,879)
Net cash (used in)/ provided by financing activities	(2,250)	8,408
Net decrease in cash held	**(10,170)**	**(19,410)**
Cash and cash equivalents at the beginning of the half year	21,106	27,183
Cash and cash equivalents at end of the half year	**10,936**	**7,773**

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

Notes to the Financial Statements for the half year ended 31 December 2017

Introduction

The interim financial report for the half year ended 31 December 2017 covers Money3 Corporation Limited ("Money3" or "the Company") and its controlled entities ("the Group"). Money3 is a company limited by shares whose shares are publicly traded on the Australian Securities Exchange (ASX). Money3 is incorporated and domiciled in Australia. The presentation currency and functional currency of the Group is Australian dollars and amounts are rounded to the nearest thousand dollars, unless otherwise indicated.

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

1. Summary of Significant Accounting Policies

(a) Basis of accounting

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2017 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for year ended 30 June 2017 and any public announcements made by Money3 Corporation Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new standards as set out below.

(b) Rounding of amounts

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

(c) 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.

(d) Early adoption of new standard adopted by the group

The Company has early adopted AASB 9 *Financial Instruments* issued in December 2014 with a date of initial application of 1 July 2017, which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with AASB 9 (7.2.15), comparative figures have not been restated. AASB 9 replaces the provisions of AASB 139.

(i) *Revenue Recognition*

On assessing the nature of the Company's contracts and the requirements of AASB 9, all fees on loan products are now considered to be integral to the loan and are recognised as revenue using the effective interest rate method under AASB 9. Prior to adoption of AASB 9, point in time fees such as arrears, default and variation fees were recognised as revenue when an underlying event occurred.

Other than the above there are no changes to the accounting policy for revenue recognition policies disclosed in the 30 June 2017 Annual Report.

Notes to the Financial Statements for the half year ended 31 December 2017

(continued)

1. Summary of Significant Accounting Policies (continued)

(d) Early adoption of new standard adopted by the group (continued)

The nature and effects of the key changes to the Company's accounting policies resulting from its adoption of AASB 9 are summarised below.

(ii) *Impairment of financial assets*

AASB 9 replaces the "incurred loss" model in AASB 139 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under AASB 9, credit losses are recognised earlier than under AASB 139.

(iii) *Transition disclosures*

Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively, Comparative periods have not been restated, rather the differences in the carrying amounts of financial assets and liabilities resulting from the adoption of AASB 9 are recognised in retained earnings at 1 July 2017. Accordingly, the information presented for June 2017 is not comparable to the information presented for December 2017.

Retained Earnings (Impact of adopting AASB 9)

	As at 1 July 2017 $'000
Retained Earnings	
Balance under AASB 139	51,482
Reversing revenue previously recognised –Note 1 (d) (i))	(7,683)
Increase in provision for doubtful debts (expected credit losses) -Note 1 (d) (ii)	(1,463)
Related tax effect (recorded against current tax payable and deferred tax asset)	2,744
Restated balance in accordance with AASB 9	**45,080**

Notes to the Financial Statements for the half year ended 31 December 2017
(continued)

1. Summary of Significant Accounting Policies (continued)

Early adoption of new standard by the group (continued)

Adjustments made to Statement of Financial Position

	As at 1 July 2017 $'000	Impact of AASB 9 $'000	As at 1 July 2017 (Restated) $'000
ASSETS			
Current Assets			
Cash and cash equivalents	21,106	-	21,106
Loans and other receivables	157,702	(6,383)	151,319
Other assets	460	-	460
Total current assets	179,268	(6,383)	172,885
Non-current assets			
Loans and other receivables	67,358	(2,763)	64,595
Other assets	438	-	438
Property, plant & equipment	2,222	-	2,222
Intangible assets	19,175	-	19,175
Deferred tax asset	6,240	439	6,679
Total non-current asset	95,433	(2,324)	93,109
Total assets	274,701	(8,707)	265,994
LIBILITIES			
Current liabilities			
Trade and other payables	5,799	-	5,799
Borrowings	29,572	-	29,572
Current tax payable	5,346	(2,305)	3,041
Provisions	1,766	-	1,766
Total current liabilities	42,483	(2,305)	40,178
Non-current liabilities			
Borrowings	49,939	-	49,939
Provisions	220	-	220
Total non-current liabilities	50,159	-	50,159
Total liabilities	92,642	(2,305)	90,337
Net assets	182,059	(6,402)	175,657
EQUITY			
Issued capital	125,761	-	125,761
Reserves	4,816	-	4,816
Retained earnings	51,482	(6,402)	45,080
Total equity	182,059	(6,402)	175,657

Notes to the Financial Statements for the half year ended 31 December 2017
(continued)

2. Segment Information

The Group has identified its operating segments on the basis of internal reports and components of Money3 that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performances. Management has determined that the Group has three segments, being Broker, Branch and Online as outlined below:

Broker

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

Branch

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

Online

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

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

Consolidated Six months ended 31 December 2017	**Broker**	**Branch**	**Online**	**Unallocated**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Segment revenue	36,041	16,734	7,585	-	60,360
EBITDA / Segment result	22,373	5,389	3,093	(3,404)	27,451
Depreciation and amortisation	(5)	(73)	(228)	(133)	(439)
Net finance costs	-	-	-	(4,584)	(4,584)
Profit before tax	**22,368**	**5,316**	**2,865**	**(8,121)**	**22,428**
Income tax expense	-	-	-	-	(6,970)
Profit after tax	-	-	-	-	**15,458**
Net loans receivable	212,047	34,480	9,508	-	256,035

Consolidated Six months ended 31 December 2016	**Broker**	**Branch**	**Online**	**Unallocated**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Segment revenue	27,156	16,681	7,862	-	51,699
EBITDA / Segment result	17,097	7,084	760	(1,587)	23,354
Depreciation and amortisation	(93)	(148)	(214)	(47)	(502)
Net finance costs	1	4	2	(2,935)	(2,928)
Profit before tax	**17,005**	**6,940**	**548**	**(4,569)**	**19,924**
Income tax expense	-	-	-	-	(6,151)
Profit after tax	-	-	-	-	**13,773**
Net loans receivable	173,839	31,926	11,425	-	217,190

Notes to the Financial Statements for the half year ended 31 December 2017

(continued)

3. Revenue

	Consolidated Six months ended 31 December 2017 $'000	Consolidated Six months ended 31 December 2016 $'000
Revenue from operating activities		
Loan fees and charges	60,037	51,305
Cheque cashing fees	323	394
Total revenue from operating activities	**60,360**	**51,699**

4. Loans and Other Receivables

	Consolidated 31 December 2017 $'000	Consolidated Restated 30 June 2017 $'000
Current loans and other receivables	175,909	151,319
Non-current loans and other receivables	59,865	64,596
Total loans and other receivables	**235,774**	**215,915**
Gross loans and other receivables	292,753	273,188
Deferred revenue	(36,718)	(39,134)
Net loans and other receivables	**256,035**	**234,054**
Expected credit losses	(20,261)	(18,140)
Total loans and other receivables	**235,774**	**215,914**

Key Estimate

Expected credit losses are based on the probability of default (PD) and loss given default (LGD) of the loan portfolio. These key estimates are regularly reviewed.

Recognition and Measurement

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

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

5. Dividends

	2017 Cents per share	2017 $'000	2016 Cents per share	2016 $'000
The dividends were paid as follows:				
Final dividend paid for the year ended 30 June – fully franked at 30% tax rate	3.15	4,993	2.75	3,879

Notes to the Financial Statements for the half year ended 31 December 2017

(continued)

6. Earnings per share

	Consolidated Six months ended 31 December 2017 Cents	Consolidated Six months ended 31 December 2016 Cents
a) Basic and diluted earnings per share		
Basic earnings per share (cents per share)	9.80	8.96
Diluted earnings per share (cents per share)	9.79	8.95
b) The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:		
	$'000	**$'000**
Earnings used in basic and diluted earnings per share (NPAT)	15,458	13,773
	Number ('000)	**Number ('000)**
Weighted average number of ordinary shares for basic earnings per share	157,715	153,799
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	157,715	153,799
Dilutive potential ordinary shares	173	107
Weighted average number of ordinary shares and potential ordinary shares used in calculation of diluted earnings per share	157,888	153,906

7. Issued Capital

	Consolidated 31 December 2017		Consolidated Restated 30 June 2017	
	Number of ordinary shares '000	**Value $'000**	**Number of ordinary shares '000**	**Value $'000**
Balance at the beginning of the period	155,889	125,761	152,483	123,590
Issued during the period:				
Bonus shares issued	380	527	-	-
Share issue costs	-	-	-	(3)
Issue of shares – exercise of options	1,086	1,405	60	77
Issue of shares – employees share scheme	1,518	-	2,730	1,265
Issue of shares – DRP	874	1,338	616	832
Balance at end of the financial year	**159,747**	**129,031**	**155,889**	**125,761**

Notes to the Financial Statements for the half year ended 31 December 2017

(continued)

8. Borrowings

	Consolidated 31 December 2017 $'000	Consolidated Restated 30 June 2017 $'000
Current		
Bonds		
-Bonds face value	30,000	30,000
-Unamortised bond issue and option costs	(51)	(428)
	29,949	29,572
Non-current		
Finance facility (net of unamortised costs)	47,389	49,939
	47,389	49,939
Total borrowings	**77,338**	**79,511**

Recognition and Measurement

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

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

Fair Value Disclosures

Fair values of Bonds are based on cash flows discounted using fixed effective market interest rates available to the Group. Finance costs of $3 million were recognised at the inception of the bonds and are being amortised over the life of the bonds. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

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

Finance Facility

On 1 December 2017, the Group entered into a $150 million finance facility. The facility agreement is for 3 years from the date of the initial advance, being 15 December 2017. The facility is subject to a first ranking General Security Agreement (fixed and floating charge) over all present and after acquired assets of the Group, however has the ability for the assets of the Branch and Online Divisions to be released.

Bonds

On 14 May 2014, the first tranche of the bond issue was made for $15 million. The second tranche was issued on 30 June 2014 for $15 million. The bonds have a maturity of 4 years and an interest rate of 9% paid quarterly. The bonds are secured by a second ranking general security deed over all the Company's assets. The initial subscribers under the bond issue received 50 options for every $100 invested. The exercise price of the options is $1.296056 and can be exercised any time prior to maturity date.

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

The bonds will be repaid in May 2018 utilising the second draw down of $50m from the finance facility.

Notes to the Financial Statements for the half year ended 31 December 2017
(continued)

8. Borrowings (continued)

Financing Facilities Available

	Consolidated 31 December 2017 $'000	Consolidated Restated 30 June 2017 $'000
Finance facility	150,000	50,000
Used at balance date	(50,000)	(50,000)
Unused at balance date	**100,000**	-

9. Significant Matters Subsequent to the Reporting Date

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