eChoice Limited Annual Report 2015

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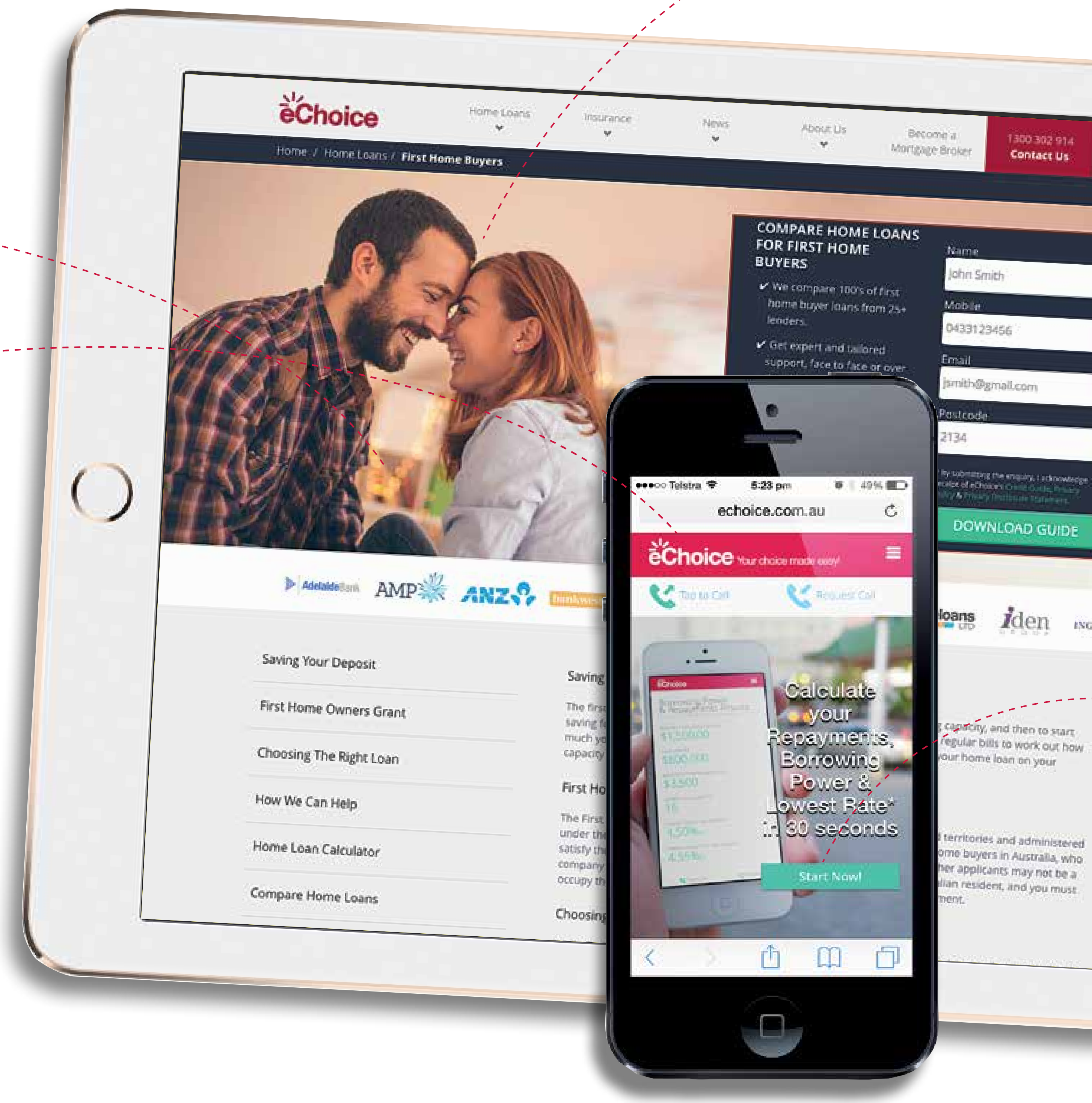

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Chairman's report

Dear Shareholder,

The 2015 financial year was a period of major transformation for eChoice, the result of which is to set the Company on the path towards sustainable and growing profitability.

During the year, the Board appointed Peter Andronicos as Managing Director and CEO, and augmented the Board's depth of skill and experience with the appointment of Tim Burton-Taylor and David Walker. In March 2015 the Company was renamed eChoice, to take advantage of our recognised and respected brand name.

In late 2014, eChoice implemented a new growth strategy focused on digital lead generation as well as mortgage aggregation. Our new strategy capitalises on eChoice's competitive advantage in technology, people and process to drive revenues, improve operating efficiency and grow shareholder returns. This technology is a well-developed example of what the federal government is seeking industry to adopt in its recent report entitled "Technology and Australia's Future-New Technologies and their role in Australia's security, cultural, democratic, social and economic systems".

As part of these changes, our executive management team was reinforced and expanded, bringing to the Company some of the most talented and experienced people in the industry.

eChoice successfully launched its Broker Academy, which educates new entrants to the industry, resulting in graduates who are comprehensively trained mortgage brokers and business ready, which aligns with our strategy. There were also important successes in the development of eChoice's lead generation business, including the re-signing of our online partnership with Fairfax and the launch of our first homebuyers web portal, Firsthomebuyers.com.au.

During the year, eChoice formed alliances with five leading financial services institutions to dramatically widen the suite of financial services available to our broker network and their clients and build towards a truly diversified service offering.

The Company's financial results for the year continued to reflect the legacy of business structures that were cleared away during the year, but also showed the early potential of the new strategy. We recorded revenue of $67.8 million and a cash operating EBITDA of $9.8 million for the year, which was in line with guidance.

To improve our underlying profitability the Company reduced total operating costs by $2.1 million p.a. and lowered net debt by $1.9 million. Underpinning our financial stability the Company negotiated the extension of its senior debt facility late in the financial year for a further two years.

eChoice's statutory net loss after tax of $21.1 million was chiefly due to the decision announced in August 2015 to reduce the value of intangibles on the balance sheet. This was primarily related to the legacy asset finance business and parts of the wholesale mortgage origination business. Excluding the impact of the impairment of intangibles, our statutory net loss was $1.0 million compared to a loss of $1.8 million for the prior year.

In a clear demonstration of the early progress we have made, revenue from lead generation, sales of ancillary products, and other sources increased 43.5% to $1.8 million on the prior year, including an increase in lead generation income of 23.1%. Additionally, the expansion of our broker network has also contributed to the Company experiencing some of the highest aggregation and direct settlement growth rates over the last 18 months.

Finally, I would like to acknowledge the efforts of our senior management team and our staff and business partners for their commitment and collaboration to reposition the operations of the Company in line with our new strategy. I would also like to thank the Company's former directors, Eric Dodd and Michael Hogg, for their significant contribution over many years.

These efforts have now positioned eChoice to aggressively grow our lead generation, aggregation and loans business and become a dominant player in online mortgages and allied financial services.

Gregory D. Pynt
Chairman

Corporate directory

30 June 2015

Directors	Gregory D. Pynt (Chairman) Peter Andronicos Anthony N. Wales David I. Walker Tim Burton-Taylor
Company secretary	Dustine Pang
Registered office	Level 9, 50 Bridge Street Sydney NSW 2000 Phone: 02 9240 8903
Principal place of business	Level 9, 50 Bridge Street Sydney NSW 2000
Share register	Computershare Investor Services Pty Limited Level 4, 60 Carrington Street Sydney NSW 2000 Phone: 1300 787 272
Auditor	Deloitte Touche Tohmatsu Grosvenor Place 225 George Street Sydney NSW 2000
Solicitors	Allion Legal 123 Pitt Street Sydney NSW 2000
Bankers	Commonwealth Bank of Australia 48 Martin Place Sydney NSW 2000
Stock exchange listing	eChoice Limited shares are listed on the Australian Securities Exchange (ASX code: ECO)
Website	www.echoice.com.au
Corporate governance statement	The corporate governance statement was approved at the same time as the Annual Report and can be found at http://investors.echoice.com.au/corporate-governance/

Directors' report

30 June 2015

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of eChoice Limited (ASX: ECO) (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2015. The company was formerly named Firstfolio Limited.

Directors

The following persons were directors of eChoice Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Gregory D. Pynt*	Chairman	Resigned 17 October 2014, re-appointed 27 March 2015
Peter Andronicos	Managing Director	Appointed 27 March 2015
Tim Burton-Taylor		Appointed 14 May 2015
Anthony N. Wales		
David Walker		Appointed 21 October 2014
Eric Dodd		Resigned 27 March 2015
Michael Hogg		Resigned 27 March 2015

* Gregory Pynt served as an executive director from 6 February 2014 to 17 October 2014.

Principal activities

During the financial year the continuing principal activities of the consolidated entity consisted of:

- retailing, wholesaling, management and aggregation of mortgages in the home loan financing segment; and
- mortgage origination and securitisation of mortgages.

In the second half of the financial year the consolidated entity altered its strategy, expanding its principal activities to include digital based lead generation and distribution in the home loan financing segment for itself and third parties.

Features of the financial year

eChoice Limited's full year 2015 (FY15) results reflect a year of transformation and renewal as the board of directors (the 'Board') supported the implementation of the consolidated entity's revised strategy to become the distributor of choice of financial products and services to brokers, clients and partners. The strategy capitalises on eChoice's competitive advantage in technology, people and process to drive revenues, improve operating efficiency and investor returns.

Key features of the FY15 results include:

- Revenue decreased 13.7% to $67.8 million
- Operating EBITDA[1] of $2.1 million, down $3.2 million on FY14
- Cash operating EBITDA[2] of $9.8 million, in line with guidance and down 12.7% on FY14
- Settlement volumes were similar to the prior year at $3.0 billion
- Net debt of $54.4 million at 30 June 2015, down $1.9 million over the prior year
- Loan book declined by 5.1% to $17.3 billion
- Reported net loss after tax excluding impairment charge $1.0 million, compared to $1.8 million loss in FY14
- Reported net loss after tax of $21.1 million, includes non cash impairment adjustments of $20.1 million and one-off restructuring and other non-recurring costs of $1.7 million

Application of the net present value ('NPV') methodology of accounting for trail commissions and expenses brings to account an "NPV net asset" that represents the net present value of future net trail commissions. During FY15, the movement of the NPV net asset had an adverse non-cash impact of $7.7 million (FY14: $5.9 million) after tax.

[1] Operating EBITDA represents operating Earnings Before Interest, Tax, Depreciation and Amortisation, and is adjusted for abnormal items including write-back for deferred consideration, share based payments, acquisition costs and restructuring costs.

[2] Cash operating EBITDA represents operating EBITDA adjusted for the movement in the NPV net asset.

Directors' report

30 June 2015

Review of operations

The Board supported the CEO and senior management in the development of a new strategy for the business that leverages market leading expertise in digital lead generation and distribution of mortgages and other financial products and services. This new strategy is based on the five pillars of People, Partners, Process, Product and Profit. The Board believes this strategy will build long term earnings; enable the consolidated entity to take advantage of growth opportunities as they arise; and address legacy, market perceived risks and uncertainties, which have previously impacted the business.

Significant progress in implementing the strategy was achieved in the second half of the financial year. In particular, the consolidated entity undertook a number of measures to restructure and simplify the business including: rebuilding the senior management team; changing the consolidated entity name to leverage the eChoice brand's 15 year history; and restructuring the business to improve efficiency.

The restructuring activities included the termination of outsourcing agreements, cessation of asset financing activities and broker sourced wholesale originations, and the resultant staff reductions. These decisions redirect resources to those business areas which align to eChoice's strategy and strengths, in addition to reducing operating expenses.

At the end of the financial year, the consolidated entity's operations were appropriately structured to achieve strategic objectives and were building momentum in the areas of the business, which the Board believes will ultimately drive revenue and profitability. These include:

- training future brokers – the third group of graduates from the Broker Academy have begun settling new loans;
- marketing – generating leads for brokers and other partners;
- sales and distribution – launching the lead management system;
- technology – industry leading systems that are improving and speeding up business for eChoice and its partners; and
- product and services – boosting sales and widening the range of ancillary products offered.

Partnerships

The extended contract with market leader Domain, announced in November 2014, has established the consolidated entity as a partner of choice in lead generation.

eChoice increased its lead generation income by 23.1% over the prior year, and is expected to grow this further following the launch of the new site Firsthomebuyers.com.au on 1 August 2015. Success in this area has led to the signing of exclusive agreements for lead generation services in the mortgage market, which are expected to contribute to future earnings.

Five new alliance partnerships enable the consolidated entity to expand the offering of financial services and products to the market.

Broker network

A key goal of the sales and distribution team is the expansion of the broker network through both recruitment of existing broker groups and the development of dedicated brokers through the eChoice Broker Academy. Since the Academy's launch in March 2015, 16 candidates have graduated from the Broker Academy program, with the skills and support structure to become dedicated eChoice Home Loan Managers that will contribute to results over the next financial year. Further programs are scheduled every six to eight weeks, with a minimum of five candidates per program.

As a result of the establishment of the Academy Program, eChoice was awarded finalist for 'Best Career Development Programme' for the 2015 Australian Broking and Finance Awards, and a finalist for 'Training and Education Program of the Year' for the 2015 Australian Broking Awards.

A key strategic goal is to leverage the consolidated entity's unique technology platforms to provide broker partners with a complete borrower solution. The broader broker network is serviced by a new team of Business Development Managers, supported by a Broker Services team that includes mentoring. This enhanced capability is expected to significantly lift service levels and revenue generation through the broker network.

Directors' report
30 June 2015

Technology
eChoice's competitive advantage is underpinned by its innovative information technology products and services. This remains key to the success of the consolidated entity's strategic initiatives and long term growth. An industry survey by Mortgage Professional Australia Magazine ('MPA magazine') reported that eChoice brokers were the happiest with their information technology and client relationship manager ('IT and CRM') support. According to the survey, eChoice's members named IT and CRM support as one of the top three most important services the aggregator offered, and gave it a performance score of 4.6 out of 5.0[3].

This industry leading technology supports the three main areas of business development which are:
- the Domain and other portals for lead generation;
- the eChoice Concierge platform that services partners and brokers; and
- the FLeaTS Online platform, which is the customer and loan tracking system used by aggregation and direct brokers.

With the launch of Phase 2 on 28 August 2015, the eChoice FLeaTS platform will be completely digital, enabling brokers to access their customer loan data and submit new loan applications from any device at any time. The eChoice Concierge platform complements the eChoice lead generation technology by automating the making and tracking of calls for brokers and partners.

Over the next year, the consolidated entity will be providing to broker partners, increased support and training including marketing and IT training days, social media workshops and training for FLeaTS.

Reflecting the strong cooperation of the consolidated entity's technology and marketing teams, and industry recognition of key platforms, eChoice was awarded finalist for 'Best Broker Marketing Platform' at the 2015 Australian Broking Awards, and 'Most Effective Internet Presence' for the 2015 Australian Mortgage Awards.

Settlement volumes. Aggregation and direct settlement volumes were comparable to the prior year in a backdrop of strong Australian market settlement growth of 14.7%[4] in the 12 months to June 2015. This relative weakness follows a loss of operational focus in calendar 2014 while the consolidated entity was examining recapitalisation proposals.

Growth in direct volumes were offset by a slight reduction in aggregation volumes. Aggregation and direct represented 96.0% of mortgage settlements (FY14: 92.4%), with wholesale settlements and Firstfolio Capital representing the remaining 4.0%. Including wholesale settlements, total volumes decreased 3.5% over the prior year.

The decline in wholesale market volumes seen in recent years, contributed to management's decision during the second half of the year to cease broker sourced originations altogether. Wholesale volumes decreased 42.7% over the year, which was anticipated following the decision to refocus operations away from wholesale and toward aggregation and direct.

The benefits of the strategic realignment and reinvestment in the aggregation and direct business have yet to be reflected in annual settlement volumes. However, early signs have been promising with aggregation and direct settlements growing an average of 11.0% month on month since the company's change of name and implementation of strategic initiatives. While part of the growth is seasonal, it compares favourably to the prior comparative period, which delivered month on month growth of 5.8%.

Margins. Gross margin in FY15 decreased 21.9% to $19.0 million, with the gross margin percentage falling from 30.9% of revenue to 27.9% of revenue. Gross margin was impacted by the $7.7 million (FY14: $5.9 million) non-cash NPV movement for future net trail commissions.

The movement in the NPV net asset is driven by changes in the composition of the loan book, the rate of loan book run off, and the loan settlement mix. During FY15, established loan and settlement trends continued, with the mix of settlements trending towards lower margin aggregation and direct loans and settlements and away from higher margin wholesale settlements. In addition, the rate of run off in the wholesale book has increased from 22% per annum in FY14, to 25% per annum in FY15.

Loan book. Total housing credit outstanding[5] ('System') grew by 7.4% in the year to 30 June 2015, above the average for 5-year housing credit growth to June 2015 of 5.8% and the 6.1% growth recorded for the prior year. The rate remains below the ten-year average of 12.7%.

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[3] www.mpamagazine.com.au/sections/business-strategy/the-scores-are-in-how-is-your-aggregator-doing-199749.aspx
[4] ABS Table 11 Housing Finance Commitments to June 2015.
[5] RBA D02 Lending and Credit Aggregates to June 2015.

Directors' report

30 June 2015

The total loan book declined 5.1% over FY15 to $17.3 billion, due partly to the rapidly ageing wholesale book, but also to a small decrease in the aggregation book compared to the prior year. The loan book run off increased on the FY14 rate of 3.7%. Overall, the average seasoning[6] of loans increased from 54 months to 55 months during FY15.

Loan book composition reflects the change in origination mix from wholesale settlements to lower margin aggregation and direct settlements, which is in line with expectations following the implementation of strategic changes. At 30 June 2015, wholesale loans represented 16.0% (2014: 19.5%) of the book; aggregation and direct loans, 83.3% (2014: 79.6%); and Firstfolio Capital contributed the remaining 0.7% (2014: 0.9%).

Financial review

Revenue decreased by 13.7% to $67.8 million in FY15. Commission and fee revenue decreased to $51.0 million from $54.7 million in FY14. The decision to cease broker sourced wholesale originations resulted in a decline in wholesale settlements, reducing commission and fee revenue. A decrease in revenues from Firstfolio Capital's loans and advances to customers of $3.0 million also impacted to the result.

Other revenue increased 43.5% to $1.8 million on the prior year, reflecting early successes in the roll-out of new business strategies and partnerships. Lead generation sourced revenues account for 26.4% of other revenue, lease generated inertia income 41.4%, ancillary products 7.4%, with the balance reflecting the release of long standing legacy items from the statement of financial position. Lead generation revenues increased 23.1% over the prior year, with ancillary product sales revenue increasing more than nine-fold over FY14. Leasing inertia revenues are expected to decline over the next five years following the decision to cease new originations of asset financing products.

Operating costs. The consolidated entity's cost reduction program, implemented over the past three years, has delivered a $2.1 million reduction in total operating costs in FY15 ($16.8 million) over FY14 ($18.9 million). The costs targeted by the program are those associated with employment, contractors, professional fees and occupancy. Cost management initiatives launched late in FY15 in these expense categories, are expected to continue to deliver further benefits.

The cost savings were partly offset by a 4.6% increase in expenses for activities that are key to profit generation, including marketing and technology. The Group's IT platforms continue to lead the market in ingenuity, and are an important factor in the success of its business partnerships.

One off restructuring and non-recurring other costs of $1.7 million include those resulting from the change in strategy of the consolidated entity, in addition to costs associated with capital raising.

Reported EBITDA declined to a loss of $0.2 million from a profit of $2.7 million in FY14, reflecting a $1.0 million decrease in net interest margin earned by Firstfolio Capital; an increase in the negative NPV movement of $1.9 million over FY14; and other decreases in commission and fee margin of $3.0 million. These negatives were partly offset by an increase in other revenue of $0.6 million and cost savings of $2.4 million.

Operating EBITDA, which excludes one-offs, declined $3.2 million to $2.1 million. The operating EBITDA margin on revenue declined from 6.8% to 3.1%.

Net interest expense decreased by 7.0% to $4.0 million due to lower interest rates. During the financial year, the consolidated entity reported a $4.5 million tax benefit, compared to a benefit of $2.0 million in FY14.

The consolidated entity's result included an intangibles impairment charge of $19.8 million and impairment charges for other receivables of $0.3 million. These abnormal items are excluded from the calculation of operating EBITDA. An analysis of the impairment of intangibles, including goodwill and contract rights, is disclosed in note 13 to the financial statements. Testing for impairment in future periods may give rise to a reversal of the impairment of contract rights to a maximum of $4.6 million.

Net loss after tax was $21.1 million. Excluding impairment, net loss after tax was $1.0 million, compared to a loss of $1.8 million in FY14.

[6] Seasoning refers to the age of a loan at a specific date.

Directors' report

30 June 2015

Table 1

Statutory reporting result[1] $'000	Jun 15	Jun 14	Variance
Reported EBITDA	**(221)**	**2,679**	(2,900)
Restructuring/non-recurring costs	1,726	1,921	(195)
Share-based payments (non-cash)	224	9	215
Other non-operating costs	407	741	(334)
Operating EBITDA	**2,136**	**5,350**	(3,214)
Depreciation	(606)	(721)	115
Amortisation	(731)	(1,471)	740
Impairment	(20,085)	(2,343)	(17,742)
Net finance costs	(4,018)	(4,320)	302
Underlying profit before income tax	**(23,304)**	**(3,505)**	(19,799)
Reconciliation to NPAT			
Restructuring/non-recurring costs	(1,726)	(1,921)	195
Share-based payments (non-cash)	(224)	(9)	(215)
Other non-operating costs	(407)	(741)	334
Profit/(loss) before income tax	**(25,661)**	**(6,176)**	(19,485)
Income tax benefit/(expense)	4,529	2,038	2,491
Profit/(loss) after income tax	**(21,132)**	**(4,138)**	(16,994)
EPS (basic and diluted)	(2.73)	(0.53)	

(1) Based on the audited financial statements.

Statement of financial position

On 3 August 2015, the Board announced that following consideration of the strong progress the consolidated entity had made in implementing its new growth strategy, the consolidated entity would write down the carrying value of certain intangible assets, totalling approximately $19.8 million.

This adjustment has resulted in a statement of financial position that more closely reflects the assets and liabilities being actively employed by the consolidated entity for future wealth generation. The process applied in reassessing the level of intangible assets is detailed in note 13 of the financial statements.

The adjustment reflects the removal of historical business structures and strategies that are no longer being pursued by the consolidated entity following implementation of the new corporate strategy outlined at the shareholders' meeting in March 2015. These include the asset finance business and certain parts of the wholesale mortgage origination business.

On 24 June 2015, the consolidated entity agreed to extend the maturity of its debt facility with Welas Pty Limited ('Welas'), a director related entity, for a further two years to 7 July 2018. On completion of legal documentation, an extension fee of 0.5% of the loan balance outstanding at the date of completion, will be payable to Welas. The extension enhances funding certainty and corporate stability that supports the implementation of the growth strategy. Welas remains the sole senior debt provider to the consolidated entity in the amount of $58.4 million.

Following conclusion of the financial year, the consolidated entity and Westpac Banking Corporation ('Westpac') were in the process of finalising the terms for the renewal of the warehouse facility, which is also subject to finalisation of legal documentation.

Net debt at the reporting date was $54.4 million, compared to $56.3 million in the prior year. The consolidated entity intends to make senior debt facility repayments of at least $5 million per year, and to investigate other corporate options that will enable additional early debt repayments.

Directors' report

30 June 2015

Cash based accounting

The accounting policy for future trail income and expenses impacts the statutory results for each reporting period and is reflected in both the reporting of financial performance and the measure of net assets.

On an equivalent basis, cash operating EBITDA declined 12.7% over FY14. Operating EBITDA margin declined to 12.4%, from 12.8% in FY14. Underlying cash net loss after tax was $15.9 million (defined at point (2) in Table 2 below), compared to a profit $2.5 million in FY14. Excluding the impact of impairment charges would result in an underlying net profit before tax of $4.5 million (FY14: $4.7 million), being an increase of 5.7% on the prior year.

The performance of the consolidated entity is presented on a cash basis in the following table:

Table 2

Cash reporting result (1) $'000	Jun 15	Jun 14	Variance	Movement
Reported EBITDA	**7,450**	**8,563**	(1,113)	(13.0%)
Restructuring/non-recurring costs	1,726	1,921	(195)	
Share-based payments (non-cash)	224	9	215	
Other non-operating costs	407	741	(334)	
Operating EBITDA	**9,807**	**11,234**	(1,427)	(12.7%)
Depreciation	(606)	(721)	115	
Amortisation	(731)	(1,471)	740	
Impairment of intangibles	(20,085)	(2,343)	(17,742)	
Net finance costs	(4,018)	(4,320)	302	
Underlying profit before income tax (2)	**(15,633)**	**2,379**	(18,012)	
Reconciliation to NPAT				
Restructuring/non-recurring costs	(1,726)	(1,921)	195	
Share-based payments (non-cash)	(224)	(9)	(215)	
Other non-operating costs	(407)	(741)	334	
Profit before income tax	**(17,990)**	**(292)**	(17,698)	
Income tax benefit/(expense) (2)	(306)	89	(395)	
Profit after income tax	**(18,296)**	**(203)**	(18,093)	
EPS (basic & diluted)	(2.36)	(0.03)		

(1) Based on the audited financial statements.

(2) Underlying cash net profit after income tax represents underlying profit before income tax offset by income tax expense or benefit.

The impact on the statement of profit or loss and other comprehensive income from changes in accounting, are reconciled below:

Table 3

Statement of profit or loss and other comprehensive income	Operating EBITDA		EBITDA		NPBT	
$'000	2015	2014	2015	2014	2015	2014
Cash basis	**9,807**	**11,234**	**7,450**	**8,563**	**(17,990)**	**(292)**
Net present value accounting						
Net movement in NPV asset and liability	(9,826)	(9,949)	(9,826)	(9,949)	(9,826)	(9,949)
Discount unwind on NPV asset and liability	2,155	4,065	2,155	4,065	2,155	4,065
Statutory basis	**2,136**	**5,350**	**(221)**	**2,679**	**(25,661)**	**(6,176)**

Directors' report

30 June 2015

Significant changes in the state of affairs

In March 2015 the company changed its name to eChoice Limited as part of the revised strategy to become the distributor of choice of financial products and services to brokers, clients and partners. The change of strategy has resulted in the consolidated entity focusing its assets and management resources in developing its digital based businesses and the cessation of certain historical business structures and strategies including the asset finance business and certain parts of the wholesale mortgage origination business.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Events after the reporting period

No matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect, the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

The residential loan market remains highly competitive in Australia. Recent action taken by the major four banks to control the volume of investment loans, and interest only loans, may impact settlement volumes. In this environment, the consolidated entity has focused its resources on the aggregation and direct loan businesses, being the area in which eChoice has a natural advantage. The strategic programs of the sales and distribution teams within the business have a point of difference to competitors and collectively provide the consolidated entity with the ability to efficiently recruit new brokers, in addition to training its own future generation of dedicated home loan consultants through the Broker Academy.

Importantly, the consolidated entity is making strides in the development of alternative revenue streams in the lead generation market, which leverage eChoice's intellectual property and its leading marketing and technology teams. These new business lines complement the existing mortgage business and will contribute significantly to future wealth generation.

The Board and Chief Executive Officer will continue to implement and refine the consolidated entity's strategies, with a focus on building long term wealth for the consolidated entity and all of its stakeholders.

Other information on likely developments in the operations of the consolidated entity and the expected results of operations has been included in this report.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Directors’ report

30 June 2015

Information on directors

Name:	Gregory D. Pynt
Title:	Non-Executive Chairman (appointed 27 March 2015) and Former Executive Director (resigned 17 October 2014)
Qualifications:	B. Com.(Hons), MBA
Experience and expertise:	Gregory has over 25 years' experience in general management and over 20 years' experience in investment banking and financial services and was involved in several significant equity capital markets transactions with Kleinwort Benson Australia, McIntosh Securities and Deutsche Bank.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Compliance Committee
Interests in shares:	None
Interests in options:	None

Name:	Peter Andronicos
Title:	Managing Director (appointed 27 March 2015)
Experience and expertise:	Peter joined the consolidated entity as General Manager in 2009 and was appointed CEO in 2014. He redeveloped the consolidated entity's strategy and digital presence and introduced leading mortgage broking services and technology to encourage the success of its broker network and has positioned eChoice as an industry leader and successful brand. Peter is a leader in the Australian clicks and mortar industry and has over 18 years’ experience with technology-focused brands in both local and international markets. He was the CEO and co-founder of OMG.com.au, one of the world’s largest generic industry domain name and web publishing networks, which was acquired by Fairfax Group in 2011 and his career also includes various leadership and senior management roles.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chief Executive Officer (appointed 23 October 2014)
Interests in shares:	15,000,000 ordinary shares
Interests in options:	35,000,000 options over ordinary shares

Name:	Anthony N. Wales
Title:	Non-Executive Director
Qualifications:	FCA, FCIS
Experience and expertise:	Tony was a Director of Computershare Limited from 1981 to 2010. He is a fellow of Chartered Accountants Australia and New Zealand.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Compliance Committee and Member of the Remuneration Committee
Interests in shares:	125,818,881 ordinary shares
Interests in options:	None

Name:	David I. Walker
Title:	Non-Executive Director (appointed 21 October 2014)
Qualifications:	BA/LLB (Hons), M.Tax, Diploma in Finance (SIA)
Experience and expertise:	David is a Principal of Allion Legal in Sydney. He has been a corporate and commercial lawyer for over 24 years.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	None
Interests in options:	None

Directors' report
30 June 2015

Name:	Tim Burton-Taylor
Title:	Non-Executive Director (appointed 14 May 2015)
Qualifications:	Management Certificate
Experience and expertise:	Tim has over 35 years' experience in the retail and services industries, which included establishing Hoed Mystery Shopping (now Hoed Research) in 1986, a pioneer in helping companies enhance the customer experience in the services industries. He was instrumental in the creation of the international industry organisation Mystery Shopping Providers Association ('MSPA') – Asia Pacific. Tim is a partner in Lin and Barrett Lingerie and is a past Chairman of ASX listed Hamilton James and Bruce Group Limited.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	6,348,103 ordinary shares
Interests in options:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary
Dustine Pang (member of CAANZ and fellow member of ICAEW) has over 20 years' experience in professional and financial services and held senior finance roles with the AIMS Financial Group, JP Morgan (formerly Ord Minnett Group Limited), BNP Paribas and Merrill Lynch HSBC. Dustine is a chartered accountant gaining his financial services audit experience with PwC and Deloitte.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2015, and the number of meetings attended by each director were:

	Full Board		Audit and Compliance	
	Attended	Held	Attended	Held
Gregory D. Pynt	12	12	1	1
Peter Andronicos	4	4	-	-
Anthony N. Wales	13	17	2	2
David I. Walker	9	9	1	1
Tim Burton-Taylor	3	3	-	-
Eric Dodd	12	12	2	2
Michael Hogg	11	13	2	2

Held: represents the number of meetings held during the time the director held office.

The Remuneration Committee did not hold separate meetings. Its function was carried out as part of the full Board meetings.

Remuneration report (audited)
The remuneration report, which has been audited, outlines the key management personnel ('KMP') remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

KMP are defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity. KMP other than the non-executive directors are classified as executives.

Directors' report

30 June 2015

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to KMP

Principles used to determine the nature and amount of remuneration
The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms with market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation;
- transparency; and
- capital management.

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity. The Board may use external remuneration consultants in structuring the remuneration (refer to the section 'Use of remuneration consultants' below).

Alignment to shareholders' interests:
- has economic profit as a core component of plan design;
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracts and retains high calibre executives.

Alignment to program participants' interests:
- rewards capability and experience;
- reflects competitive reward for contribution to growth in shareholder wealth; and
- provides a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are dealt with separately.

Non-executive directors' remuneration
Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may take the advice of independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

ASX listing rules require that the aggregate non-executive directors remuneration shall be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 26 November 2012, where the shareholders approved an aggregate remuneration of $500,000.

Executive remuneration
The consolidated entity aims to reward executives with a level and mix of remuneration based on their position and responsibility, which has both fixed and variable components.

Directors' report

30 June 2015

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits;
- short-term performance incentives;
- share-based payments; and
- other remuneration, such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remuneration.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional cost to the consolidated entity and provides additional value to the executive.

The Board considers factors such as the performance of the consolidated entity and the performance of the executive when determining short term incentives ('STI') payments. During the financial year ended 30 June 2015, certain executives received retention bonuses.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares and options are awarded to executives based on long-term performance and other criteria. These include increases in Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA') and growth of the consolidated entity's loan book. The Board is currently considering the performance criteria associated with options issued during the financial year ended 30 June 2015.

Consolidated entity performance and link to remuneration
The Board refers to the consolidated entity and executive performance when determining incentive payments. STI and LTI are based on measures outlined above.

The average annual (opening and closing) share price of the company for the current and preceding four financial years is $0.025. The average share price at the current and preceding three annual reporting dates was $0.012.

Dividends have not been paid over the current and preceding four years.

Use of remuneration consultants
During the financial year ended 30 June 2015, the consolidated entity did not use any remuneration consultants.

Voting and comments made at the company's 2014 Annual General Meeting ('AGM')
At the last AGM held on 28 November 2014, 83% of the shareholders voted to adopt the remuneration report for the year ended 30 June 2014. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
The KMP of the consolidated entity consisted of the directors of eChoice Limited and the following persons:
- Dustine Pang - Deputy Chief Executive Officer, Chief Financial Officer and Company Secretary
- Paul Liccione - General Manager Sales and Distribution (appointed 20 January 2015)
- Kon Shizas - General Manager Products and Services (appointed 20 January 2015)
- Linda Cooper - General Manager Human Resources
- Tim See - Conduit and Trust Manager

Directors' report

30 June 2015

2015	Short-term benefits Cash salary and fees $	Retention bonus $	Non-monetary $	Post-employment benefits Employee benefits $	Termination $	Share-based payments Equity-settled $	Total $
Non-Executive Directors:							
Gregory D. Pynt(1) (Chairman)	77,653	-	-	7,377	-	-	85,030
Anthony N. Wales	54,500	-	-	5,177	-	-	59,677
David I. Walker(3)	37,945	-	-	-	-	-	37,945
Tim Burton-Taylor(3)	6,126	-	-	582	-	-	6,708
Eric Dodd(4) (Former Chairman)	112,500	-	-	-	52,680	-	165,180
Michael Hogg(4)	39,510	-	-	-	26,340	-	65,850
Executive Directors:							
Peter Andronicos(2)	360,937	100,000	11,462	18,783	-	55,103	546,285
Other Key Management Personnel:							
Dustine Pang	319,821	150,000	-	18,783	-	45,685	534,289
Paul Liccione(3)	76,572	-	-	7,274	-	-	83,846
Kon Shizas(3)	76,572	-	-	7,274	-	-	83,846
Linda Cooper	173,750	50,000	-	16,506	-	49,747	290,003
Tim See	273,770	-	-	18,783	-	26,057	318,610
	1,609,656	300,000	11,462	100,539	79,020	176,592	2,277,269

(1) Remuneration consists of $59,739 as former non-executive director (1 July 2014 to 17 October 2014) and $17,914 as chairman (27 March 2015 to 30 June 2015).
(2) Includes remuneration as General Manager eChoice (1 July 2014 to 22 October 2014) and CEO (23 October 2014 to 30 June 2015).
(3) Remuneration from date of appointment as director or KMP.
(4) Remuneration to date of resignation as director and KMP.

Directors' report

30 June 2015

	Short-term benefits			Post-employment benefits		Share-based payments	
2014	Cash salary and fees $	Retention bonus $	Non-monetary $	Employee benefits $	Termination $	Equity-settled $	Total $
Non-Executive Directors:							
Eric Dodd (Chairman)	137,300	-	-	12,700	-	-	150,000
Michael Hogg	52,680	-	-	-	-	-	52,680
Anthony N. Wales	46,115	-	-	4,266	-	-	50,381
David Walker (Alternate Director)	16,000	-	-	-	-	-	16,000
Executive Directors:							
Gregory D. Pynt(1)	169,577	-	-	13,198	-	-	182,775
Other Key Management Personnel:							
Dustine Pang	300,000	150,000	-	17,775	-	6,335	474,110
Peter Andronicos	300,000	115,000	-	17,775	-	2,111	434,886
Linda Cooper	175,000	30,000	-	16,249	-	1,057	222,306
Tim See(2)	10,385	-	-	961	-	-	11,346
Ward Horsnell(3)	288,462	55,000	-	17,091	87,881	-	448,434
Mark Flack(4)	256,670	-	-	-	-	-	256,670
	1,752,189	350,000	-	100,015	87,881	9,503	2,299,588

(1) Remuneration consists of $48,500 in director's fees and $121,077 in respect of additional executive duties performed.
(2) Remuneration from date of appointment as KMP.
(3) Remuneration to date of resignation as KMP.
(4) Remuneration from date of appointment to date of resignation as KMP.

Further details of share-based payments are outlined in note 36 to the financial statements.

100% (2014: 100%) of the cash bonus was paid/payable during the financial year. No bonus was forfeited.

Directors' report

30 June 2015

Non-executive directors remuneration is 100% fixed. The proportion of remuneration linked to performance and the fixed proportion, for executive directors and other KMP are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2015	2014	2015	2014	2015	2014
Executive Directors:						
Peter Andronicos	72%	73%	18%	26%	10%	1%
Other Key Management Personnel:						
Dustine Pang	63%	67%	28%	32%	9%	1%
Paul Liccione	100%	-%	-%	-%	-%	-%
Kon Shizas	100%	-%	-%	-%	-%	-%
Linda Cooper	66%	86%	17%	13%	17%	1%
Tim See	92%	100%	-%	-%	8%	-%
Ward Horsnell	-%	88%	-%	12%	-%	-%
Mark Flack	-%	100%	-%	-%	-%	-%

Service agreements

Peter Andronicos was appointed Chief Executive Officer 23 October 2014, His remuneration details are as follows:

Name:	Peter Andronicos
Title:	Managing Director and Chief Executive Officer
Term of agreement:	3 years
Details:	Annual base salary of $400,000 plus superannuation. STI cash bonus of up to 50% of base salary. LTI consisting of a total of 35,000,000 options over the contract term, with a 1.0 cent strike price, which vest in three equal instalments, subject to continued employment at time of vesting and meeting certain KPIs as determined by the Board. The company retains the right to terminate the contract by giving six months' notice. Upon termination six months base salary and accrued entitlements are payable.

The remuneration of other KMP includes fixed remuneration consisting of base salary and superannuation as well as STI and LTI payments. STI for the other KMP is at the discretion of the Board with reference to the overall performance of the consolidated entity as well as the executive. LTI consists of share options as well as shares issued via a loan and held in FFF Remuneration Pty. Ltd until release conditions are met and the loan repaid. The details of LTI for each other KMP, where applicable, are in the 'Share-based compensation' section below.

Other KMP have employment agreements setting out the terms and conditions of their employment. The agreements are not of a fixed duration and include three months' notice period on the part of both the employee and the consolidated entity.

Share-based compensation

Issue of shares

There were no shares issued to directors and other KMP as part of compensation during the year ended 30 June 2015.

During the year no ordinary shares were issued to FFF Remuneration Pty. Ltd.

Senior Executive Share Scheme

The Senior Executive Share Scheme (the 'Scheme') was approved by the shareholders of the company in 2009.

The objectives of the Scheme are as follows:

(a) to provide an incentive to senior executives to lift the performance of the consolidated entity and maximise the price of the company's shares; and

(b) to assist in attracting and retaining senior executives.

Directors' report
30 June 2015

The Board may issue shares under the Scheme to any senior executive of the consolidated entity, including executive directors and non-executive directors.

Senior executives receive a limited recourse interest-free loan from the consolidated entity for the purchase price of the shares. Shares financed by the loan are held in trust for the senior executives. The requirement for repayment of the loan generally arises only at the time of selling the shares or upon the senior executive's employment or engagement with the consolidated entity ceases.

Senior executives are restricted from selling the shares in the first year following the issuance of the shares. After the first year, the shares progressively become unrestricted over a three year period, subject to that senior executive's continuous employment with the consolidated entity. The shares cannot be sold until certain performance hurdles have been met.

Options
The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other KMP in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
10/02/2015	23/10/2015	23/10/2019	$0.01	$0.008
10/02/2015	23/10/2016	23/10/2019	$0.01	$0.008
10/02/2015	23/10/2017	23/10/2019	$0.01	$0.008

Options granted carry no dividend or voting rights.

The number of options over ordinary shares granted to and vested by directors and other KMP as part of compensation during the year ended 30 June 2015 are set out below:

Name	Number of options granted during the year 2015	Number of options vested during the year 2015
Peter Andronicos	35,000,000	-
Dustine Pang	15,000,000	-

Details of options over ordinary shares granted, vested and lapsed for directors and other KMP as part of compensation during the year ended 30 June 2015 are set out below:

Name	Grant date	Vesting date	Number of options granted	Value of options granted $	Value of options vested $	Number of options lapsed	Value of options lapsed $
Peter Andronicos	10/02/2015	23/10/2015	11,666,667	93,744	-	-	-
Peter Andronicos	10/02/2015	23/10/2016	11,666,667	93,744	-	-	-
Peter Andronicos	10/02/2015	23/10/2017	11,666,666	93,744	-	-	-
Dustine Pang	10/02/2015	23/10/2015	5,000,000	40,716	-	-	-
Dustine Pang	10/02/2015	23/10/2016	5,000,000	40,716	-	-	-
Dustine Pang	10/02/2015	23/10/2017	5,000,000	40,716	-	-	-

A service condition applies for the first tranche of options with a vesting date of 23 October 2015, requiring continued service to that date. The options with a vesting date of 23 October 2016 and 23 October 2017 are subject to the executive's continued employment at the time of vesting and meeting certain KPIs as determined by the Board.

Directors' report

30 June 2015

Additional disclosures relating to KMP

In accordance with Class Order 14/632 issued by the Australian Securities and Investments Commission, relating to 'Key management personnel equity instrument disclosures', the following disclosures relates only to equity instruments in the company or its subsidiaries.

Shareholding

The number of shares in the company held during the financial year by each director and other members of KMP of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Peter Andronicos	4,000,000	-	15,000,000	(4,000,000)	15,000,000
Anthony N Wales	125,818,881	-	-	-	125,818,881
Tim Burton-Taylor	-	-	6,348,103	-	6,348,103
Michael Hogg	5,000,001	-	-	(5,000,001)	-
Dustine Pang	3,000,000	-	12,000,000	(3,000,000)	12,000,000
Linda Cooper	2,500,000	-	6,500,000	(2,500,000)	6,500,000
Tim See	-	-	2,500,000	-	2,500,000
	140,318,882	-	42,348,103	(14,500,001)	168,166,984

Shares issued to KMP during the financial year ended 30 June 2015, totalling 36,000,000 shares, are held in trust under the Senior Executive Share Scheme. Limited recourse interest free loans were provided to participants of the Scheme for the shares.

Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of KMP of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Peter Andronicos	-	35,000,000	-	-	35,000,000
Dustine Pang	3,000,000	15,000,000	-	-	18,000,000
	3,000,000	50,000,000	-	-	53,000,000

Loan from related party

The consolidated entity has a loan with its senior debt provider, Welas Pty Limited (an entity related to Anthony Wales) which at 30 June 2015 was owed $58,429,865. A loan establishment fee of $450,000 was paid to Welas Pty Limited. The interest expense for the financial year was $4,088,799 at an interest rate of BBSW + 4.5% per annum.

On 24 June 2015, the consolidated entity agreed to extend the maturity of the debt facility for a further two years to 7 July 2018. On completion of legal documentation, an extension fee of 0.5% of the loan balance outstanding at the date of completion, will be payable to Welas Pty Limited.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of eChoice Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
23/09/2010	09/08/2015	$0.08	3,000,000
10/02/2015	23/10/2019	$0.01	50,000,000
			53,000,000

Directors' report
30 June 2015

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options
There were no ordinary shares of eChoice Limited issued on the exercise of options during the year ended 30 June 2015 and up to the date of this report.

Indemnity and insurance of officers
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

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

Indemnity and insurance of auditor
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 27 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 27 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former partners of Deloitte Touche Tohmatsu
There are no officers of the company who are former partners of Deloitte Touche Tohmatsu.

Rounding of amounts
The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 follows this report.

Auditor
Deloitte Touche Tohmatsu continues in office in accordance with section 327 of the Corporations Act 2001.

Directors' report

30 June 2015

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Gregory D. Pynt
Chairman

25 August 2015
Sydney

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
eChoice Limited
Level 9, Bridge Street
Sydney, NSW 2000

25 August 2015

Dear Board Members

eChoice Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of eChoice Limited.

As lead audit partner for the audit of the financial statements of eChoice Limited for the financial year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) Any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Philip Hardy
Partner
Chartered Accountants

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2015

	Note	Consolidated 2015 $'000	Consolidated 2014 $'000
Revenue			
Commission and fee revenue		50,983	54,740
Interest on loans and advances to customers		9,617	12,603
Discount unwind on net present value trail income		5,408	9,968
Other revenue		1,841	1,283
		67,849	78,594
Commission and fee expense		(39,860)	(40,627)
Interest on warehouse and other funding		(5,780)	(7,802)
Discount unwind on net present value trail expense		(3,253)	(5,902)
		(48,893)	(54,331)
Gross margin		18,956	24,263
Other income	5	82	127
Expenses			
Advertising and promotion		(1,694)	(1,580)
Contractors and outsourcing		(800)	(1,140)
Depreciation and amortisation	6	(1,337)	(2,192)
Impairment of assets	6	(20,085)	(2,343)
Employee benefits		(9,045)	(10,689)
Finance costs	6	(4,100)	(4,447)
Insurance and compliance		(601)	(650)
IT and communications		(1,615)	(1,582)
Management and professional fees		(1,424)	(1,546)
Occupancy		(1,105)	(1,209)
Restructuring costs		(989)	-
Non-operating expenses	6	(1,368)	(2,671)
Other expenses		(536)	(517)
Loss before income tax benefit		(25,661)	(6,176)
Income tax benefit	7	4,529	2,038
Loss after income tax benefit for the year attributable to the owners of eChoice Limited	22	(21,132)	(4,138)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of eChoice Limited		(21,132)	(4,138)
		Cents	**Cents**
Basic earnings per share	35	(2.73)	(0.53)
Diluted earnings per share	35	(2.73)	(0.53)

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

Statement of financial position

As at 30 June 2015

	Note	Consolidated 2015 $'000	Consolidated 2014 $'000
Assets			
Cash and cash equivalents	8	7,324	10,217
Trade and other receivables	9	2,570	2,961
Loans and advances to customers	10	130,353	171,286
Net present value of trail commission income	11	129,364	142,438
Property, plant and equipment	12	491	891
Intangibles	13	20,049	40,567
Total assets		290,151	368,360
Liabilities			
Trade and other payables	14	3,610	5,813
Warehouse and other funding	15	127,017	172,062
Net present value of trail commission expense	16	80,637	86,039
Borrowings	17	58,309	58,154
Provisions	18	682	959
Deferred tax	19	4,875	9,404
Total liabilities		275,130	332,431
Net assets		15,021	35,929
Equity			
Issued capital	20	41,328	41,328
Reserves	21	1,141	917
Accumulated losses	22	(27,448)	(6,316)
Total equity		15,021	35,929

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

Statement of changes in equity
For the year ended 30 June 2015

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2013	41,328	907	(2,178)	40,057
Loss after income tax benefit for the year	-	-	(4,138)	(4,138)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(4,138)	(4,138)
Transactions with owners in their capacity as owners:				
Share-based payments (note 36)	-	10	-	10
Balance at 30 June 2014	41,328	917	(6,316)	35,929

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2014	41,328	917	(6,316)	35,929
Loss after income tax benefit for the year	-	-	(21,132)	(21,132)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(21,132)	(21,132)
Transactions with owners in their capacity as owners:				
Share-based payments (note 36)	-	224	-	224
Balance at 30 June 2015	41,328	1,141	(27,448)	15,021

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

Statement of cash flows

For the year ended 30 June 2015

	Note	Consolidated 2015 $'000	Consolidated 2014 $'000
Cash flows from operating activities			
Commissions and fees received		65,349	75,884
Commissions, salaries and other expenses paid		(62,230)	(68,603)
Interest received		173	127
Interest and other finance costs paid		(4,104)	(4,627)
Net warehouse interest		3,040	5,067
Net cash from operating activities	34	2,228	7,848
Cash flows from investing activities			
Payments for property, plant and equipment	12	(48)	(308)
Payments for intangibles	13	(173)	(358)
Repayment/(payment) of security deposits		(47)	4
Repayments of loans from borrowers		41,159	43,322
Net cash from investing activities		40,891	42,660
Cash flows from financing activities			
Proceeds from borrowings		673	34,458
Repayment of borrowings		-	(39,880)
Payment of deferred consideration		-	(83)
Repayment of warehouse facility (net)		(45,044)	(43,608)
Other financing costs		(1,641)	(743)
Net cash used in financing activities		(46,012)	(49,856)
Net increase/(decrease) in cash and cash equivalents		(2,893)	652
Cash and cash equivalents at the beginning of the financial year		10,217	9,565
Cash and cash equivalents at the end of the financial year	8	7,324	10,217

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

Notes to the financial statements

30 June 2015

Note 1. General information

The financial statements cover eChoice Limited as a consolidated entity consisting of eChoice Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is eChoice Limited's functional and presentation currency.

eChoice Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 9, 50 Bridge Street
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 August 2015. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations adopted are most relevant to the consolidated entity:
- AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities
- AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)
- Interpretation 21 Levies

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for certain items that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 31.

Notes to the financial statements

30 June 2015

Note 2. Significant accounting policies (continued)

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

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

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

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

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

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue and expense recognition
Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Commission and fee revenue
Revenue from origination of loans is comprised of commission paid at the time the loan is originated and a trailing commission which is paid over the life of the loan. Origination commissions received are recognised as revenue on settlement of the loan.

Revenue from trail commissions earned from lenders on the settlement of loans is recognised at fair value being the net present value ('NPV') of the future trail commissions to be received. Correspondingly, trail commission expense is recognised at fair value being the NPV of the future trail commissions to be paid and subsequently measured at amortised cost.

The NPV of the future trail commissions on managed loans, where the consolidated entity provides ongoing service during the life of the loan, is adjusted by the fair value of providing that ongoing service.

Commissions may be "clawed back" by lenders at a later date as per their individual policies. All other fees are recognised each month on a due and payable basis.

Other commission and fee revenue (other than mortgage services)
Revenue from the provision of services to customers is recognised upon delivery of the service to the customer.

Notes to the financial statements
30 June 2015

Note 2. Significant accounting policies (continued)

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
The release of contingent and deferred consideration arises from the revised management estimates of the deferred consideration liability and any decrease in the net present value of the liability is recognised as revenue.

Other income is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses, and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

eChoice Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'standalone' taxpayer approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own tax amounts, the head entity also recognises the 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 consolidated group has entered a tax funding agreement whereby each company in the group contributes to the income tax payable in proportion to their tax payable.

Presentation of assets and liabilities
The statement of financial position is presented on a liquidity basis which shows assets and liabilities in their order of liquidity.

Notes to the financial statements

30 June 2015

Note 2. Significant accounting policies (continued)

Cash and cash equivalents

Cash at bank and in hand
Cash at bank and in hand includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trust collection account
Trust collection account includes deposits held with financial institutions on trust and is not available for general use of the consolidated entity.

Restricted cash
Restricted cash is held as cash collateral reserve for the warehouse facility and is not available for general use of the consolidated entity.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance 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. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Investments and other financial assets
Investments and other financial assets are measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. For unlisted investments, the consolidated entity establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

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

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

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

The amount of the impairment allowance for financial assets carried at amortised cost 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. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Notes to the financial statements

30 June 2015

Note 2. Significant accounting policies (continued)

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Plant and equipment	three to ten years
Plant and equipment under lease	two to five years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Notes to the financial statements

30 June 2015

Note 2. Significant accounting policies (continued)

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Contract rights
Contract rights acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their useful life of ten years.

Software and websites
Significant costs associated with software and the development of the revenue generating aspects of the website, are deferred and amortised on a straight-line basis over the period of their expected benefit, being their useful life of between three and ten years.

Intellectual property
Costs in relation to intellectual property are capitalised as an asset. These costs are not subsequently amortised as they have an indefinite useful life. Intellectual property is tested annually for impairment.

Other intangibles
Other intangibles costs are capitalised as an asset. These costs are not subsequently amortised as they have an indefinite useful life, instead they are tested annually for impairment.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity 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 the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Notes to the financial statements

30 June 2015

Note 2. Significant accounting policies (continued)

Employee benefits

Short-term employee benefits
Employee benefits expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for employee benefits not expected to be settled within 12 months of the reporting date is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. 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 based on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Notes to the financial statements

30 June 2015

Note 2. Significant accounting policies (continued)

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of eChoice Limited, 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 financial year.

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

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts
The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Notes to the financial statements

30 June 2015

Note 2. Significant accounting policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted

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

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. The consolidated entity expects to adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 15 Revenue from Contracts with Customers

This standard is currently applicable to annual reporting periods beginning on or after 1 January 2017. Exposure Draft (ED 263) 'Effective Date of AASB 15' proposes to defer the application date by one year (1 January 2018). The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity expects to adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

Notes to the financial statements

30 June 2015

Note 2. Significant accounting policies (continued)

Other accounting standards issued are not considered to have a significant impact on the financial statements of the consolidated entity. These standards (and their operative dates) include:

- AASB 14 Regulatory Deferral Accounts (from 1 January 2016);
- AASB 2014-1 Amendments to Australian Accounting Standards (Part D from 1 January 2016 and Part E from 1 January 2018);
- AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations (from 1 January 2016);
- AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation (from 1 January 2016);
- AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 (from 1 January 2017);
- AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) (from 1 January 2018);
- AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) (from 1 January 2015);
- AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements (from 1 January 2016);
- AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (from 1 January 2016);
- AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle (from 1 January 2016);
- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 (from 1 January 2016);
- AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality (from 1 July 2015); and
- AASB 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent (from 1 July 2015).

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

Provision for impairment of loans and advances to customers
The consolidated entity follows industry practice to consider mortgages in default when they are more than three months overdue. Further, no provision is made for these overdue mortgages if there is sufficient security against loans and advances as well as insurance taken out to cover losses. This assessment requires a degree of judgement in the value of the security as well as the effectiveness of the insurance in covering losses. Judgement is applied in determining whether specific or collective provisions are required. The judgement is based on assessment of historic loss analysis, forecast performance on existing loan portfolios and arrears and default analysis.

Goodwill and other indefinite life intangible assets
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Analysis of the assumptions and judgements used, and the sensitivity of these assumptions are detailed in note 13.

Notes to the financial statements
30 June 2015

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The consolidated entity assesses impairment of non-financial assets, other than goodwill and other indefinite life intangible assets, at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax
The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Net present value of trail commission income and expense
The consolidated entity receives trail commission income and pays out trail commission expenses for the life of the settled loans. In determining the net present value ('NPV') of the trail commission income and trail commission expense, there are a number of assumptions and judgements used by management, of which two are considered key assumptions in determining the value of the NPV of the trail commission income asset and NPV of the trail commission expense liability. These are the discount rates and run off rates.

The discount rates applied are dependent on the financial year of settlement of the loan and consist of three elements: a risk free rate, a counterparty risk premium and model risk premium. Determining the appropriate rates for each of these elements requires a degree of judgement. The following discount rates were applied in calculating the NPV:

- Loans settled prior to 1 July 2011 - 7.45%
- Loans settled on or between 1 July 2011 and 30 June 2012 - 6.99%
- Loans settled on or between 1 July 2012 and 30 June 2013 - 5.62%
- Loans settled on or between 1 July 2013 and 30 June 2014 - 5.85%
- Loans settled on or between 1 July 2014 and 30 June 2015 - 5.03%

The impact on the statement of financial position of a change in discount rates for all vintages would be:
- A 10% increase in discount rates would decrease net assets by $834,000 (2014: $1,016,000). The net asset movement comprises a decrease in assets of $2,189,000 (2014: $2,549,000) and a decrease in liabilities of $1,355,000 (2014: $1,533,000).
- A 10% decrease in discount rates would increase net assets by $864,000 (2014: $1,053,000). The net asset movement comprises an increase in assets of $2,268,000 (2014: $2,643,000) and an increase in liabilities of $1,404,000 (2014: $1,590,000).

Run off rates indicate the rate at which the loan book is diminishing, and are affected by many variables including the age of particular loans and market conditions. Historical run off rates are used as a base to which adjustments may be applied to take into account current and expected market conditions. Management has adjusted run off rates to reflect recent experience in the calculation of the NPV asset or liability. The run off rate applied was a weighted average of 18.5% per annum (2014: 19% per annum).

Notes to the financial statements

30 June 2015

Note 3. Critical accounting judgements, estimates and assumptions (continued)

The impact on the statement of financial position of a change in run off rates would be:
- A 10% increase in the run off rates would decrease net assets by $3,762,000 (2014: $4,463,000). The net asset movement comprises a decrease in assets of $9,485,000 (2014: $10,664,000) and a decrease in liabilities of $5,723,000 (2014: $6,201,000).
- A 10% decrease in the run off rates would increase net assets by $4,195,000 (2014: $4,980,000). The net asset movement comprises an increase in assets of $10,523,000 (2014: $11,834,000) and an increase in liabilities of $6,328,000 (2014: $6,854,000).

The NPV of the future trail commissions on managed loans, where the consolidated entity provides ongoing service during the life of the loan, is adjusted by the fair value of providing that ongoing service. Servicing costs were reassessed at the 30 June 2015 reporting date and, based on actual costs, were the equivalent of 5 basis points ('bps'). The reduction of these costs over prior periods is a result of cost control, business restructuring and improvements in efficiency. For future reporting periods, management will apply servicing charges of 5.5 bps of the wholesale book which reflects actual costs plus a profit margin of 10% (prior periods: 9 bps).

Note 4. Operating segments

Identification of reportable operating segments
Internal reports that are reviewed and used by the Chief Operating Decision Makers ('CODM') in assessing the performance of the consolidated entity and in decision making regarding resource allocation, identify two operating segments. The consolidated entity's CODMs are the Chief Executive Officer, together with the Board of Directors.

The information reported to the CODM is on at least a monthly basis.

Reportable segments
The consolidated entity's reportable segments are distinguished by the nature of revenue generation and resourcing requirements and are:

Manufacturing	Covers the operations of Firstfolio Capital which comprise mortgage origination and the securitisation of mortgages through a bank funded warehouse.
Distribution	Encompasses all parts of the business relating to the sale of mortgages. This includes mortgages distributed in the aggregation, broking and wholesale arenas, and includes the distribution of ancillary products. The key operating objective of this segment is the distribution of mortgages to the Australian market.

Geographical information
The consolidated entity operates in a single geographical segment, with revenues derived from customers in Australia, and all non-current assets being held in Australia.

Major customers
The consolidated entity has a number of customers to which it provides products and services via six (2014: six) main banks in Australia. The combined revenue from these six (2014: six) main banks amounted to 75% (2014: 70%) of the external revenue.

Notes to the financial statements

30 June 2015

Note 4. Operating segments (continued)

Operating segment information

Consolidated - 2015	Manufacturing $'000	Distribution $'000	Intersegment eliminations/ unallocated $'000	Total $'000
Revenue				
Sales to external customers	10,802	57,047	-	67,849
Other revenue	-	-	82	82
Total revenue	10,802	57,047	82	67,931
Segment result	1,811	325	-	2,136
Depreciation and amortisation				(1,337)
Impairment of assets				(20,085)
Interest revenue				82
Finance costs				(4,100)
Non-operating expenses				(1,368)
Restructuring				(989)
Loss before income tax benefit				(25,661)
Income tax benefit				4,529
Loss after income tax benefit				(21,132)
Assets				
Segment assets	134,060	156,091	-	290,151
Total assets				290,151
Total assets includes:				
Acquisition of non-current assets	-	221	-	221
Liabilities				
Segment liabilities	127,970	83,294	-	211,264
Unallocated liabilities:				
Borrowings				58,309
Provisions				682
Tax related liabilities				4,875
Total liabilities				275,130

Notes to the financial statements

30 June 2015

Note 4. Operating segments (continued)

Consolidated - 2014	Manufacturing $'000	Distribution $'000	Intersegment eliminations/ unallocated $'000	Total $'000
Revenue				
Sales to external customers	13,461	65,133	-	78,594
Other revenue	-	-	127	127
Total revenue	13,461	65,133	127	78,721
Segment result	2,276	3,074	-	5,350
Depreciation and amortisation				(2,192)
Impairment of assets				(2,343)
Interest revenue				127
Finance costs				(4,447)
Non-operating expenses				(2,671)
Loss before income tax benefit				(6,176)
Income tax benefit				2,038
Loss after income tax benefit				(4,138)
Assets				
Segment assets	185,490	182,870	-	368,360
Total assets				368,360
Total assets includes:				
Acquisition of non-current assets	-	666	-	666
Liabilities				
Segment liabilities	172,062	91,852	-	263,914
Unallocated liabilities:				
Borrowings				58,154
Provisions				959
Tax related liabilities				9,404
Total liabilities				332,431

Note 5. Other income

	Consolidated 2015 $'000	Consolidated 2014 $'000
Other interest	82	127

Notes to the financial statements

30 June 2015

Note 6. Expenses

	Consolidated 2015 $'000	Consolidated 2014 $'000
Loss before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	338	372
Plant and equipment under lease	110	120
Total depreciation	448	492
Amortisation		
Contract rights	718	718
Software and websites	171	982
Total amortisation	889	1,700
Total depreciation and amortisation	1,337	2,192
Impairment		
Intangibles	19,802	2,343
Receivables	283	-
Total impairment	20,085	2,343
Finance costs		
Interest and finance charges paid/payable	4,100	4,447
Rental expense relating to operating leases		
Minimum lease payments	906	982
Superannuation expense		
Defined contribution superannuation expense	684	759
Non-operating expense		
Costs of abandoned equity transaction	629	1,921
Amortisation of loan establishment cost	407	741
Share-based payments	224	9
Lease termination and other	108	-
Total non-operating expense	1,368	2,671

Notes to the financial statements

30 June 2015

Note 7. Income tax benefit

	Consolidated 2015 $'000	Consolidated 2014 $'000
Income tax benefit		
Deferred tax - origination and reversal of temporary differences	(4,529)	(2,038)
Aggregate income tax benefit	(4,529)	(2,038)
Deferred tax included in income tax benefit comprises:		
Decrease in deferred tax liabilities (note 19)	(4,529)	(2,038)
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax benefit	(25,661)	(6,176)
Tax at the statutory tax rate of 30%	(7,698)	(1,853)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Impairment of assets	6,156	268
Non-deductible expenses	83	23
Sundry items	(593)	(476)
	(2,052)	(2,038)
Previously unrecognised carried forward tax losses and rights to future income brought to account in the current financial year	(2,477)	-
Income tax benefit	(4,529)	(2,038)

The consolidated entity makes an annual assessment of the recoverability of both recognised and unrecognised carried forward tax losses and rights to future income. In the current financial year, the consolidated entity has estimated in accordance with AASB 112 'Income taxes' that sufficient taxable profits are probable in the foreseeable future to utilise all recognised and unrecognised amounts (refer to note 19). Accordingly, previously unrecognised amounts have been brought to account in the current financial year.

Note 8. Cash and cash equivalents

	Consolidated 2015 $'000	Consolidated 2014 $'000
Cash at bank and in hand	4,281	2,459
Trust collection account	2,885	7,124
Restricted cash	158	634
	7,324	10,217
Amount expected to be recovered within 12 months	7,324	10,217

'Trust collection account' is held on trust and is not available for general use of the consolidated entity.

'Restricted cash' represents credit support for the warehouse facility which is held as a cash reserve and not available for general use of the consolidated entity. Restricted cash is separate to the other credit support provided to the warehouse facility described in note 15 in the form of over-collateralisation.

Notes to the financial statements

30 June 2015

Note 9. Trade and other receivables

	Consolidated	
	2015	2014
	$'000	$'000
Trade receivables	560	617
Other receivables	481	648
Less: Impairment of receivables	(283)	-
	198	648
Accrued revenue	1,051	986
Prepayments	295	291
Bonds and deposits	466	419
	2,570	2,961
Amount expected to be recovered within 12 months	2,207	2,629
Amount expected to be recovered after more than 12 months	363	332
	2,570	2,961

Impairment of receivables
The consolidated entity has recognised a loss of $283,000 (2014: $nil) in profit or loss in respect of impairment of trade and other receivables for the year ended 30 June 2015.

The ageing of the impaired receivables provided for above are as follows:

	Consolidated	
	2015	2014
	$'000	$'000
Over 12 months overdue	283	-

Past due but not impaired
There were no receivables that were past due but not impaired.

Note 10. Loans and advances to customers

	Consolidated	
	2015	2014
	$'000	$'000
Mortgage advances and interest receivable	130,372	171,528
Provision for mortgage advances and interest receivable	(19)	(242)
	130,353	171,286
Amount expected to be recovered within 12 months	38,585	50,315
Amount expected to be recovered after more than 12 months	91,768	120,971
	130,353	171,286

The consolidated entity has recognised an individually assessed provision for loss of $19,000 (2014: $242,000) in respect of mortgage loans. The loans are all subject to lender mortgage insurance and no collective provision is considered necessary on the portfolio in addition to the individually assessed provision.

Notes to the financial statements

30 June 2015

Note 10. Loans and advances to customers (continued)

Mortgage advances are used as security for warehouse facility and bond fund. Refer to note 15.

Note 11. Net present value of trail commission income

	Consolidated	
	2015 $'000	**2014 $'000**
Commissions receivable	129,364	142,438
Amount expected to be recovered within 12 months	28,160	30,294
Amount expected to be recovered after more than 12 months	101,204	112,144
	129,364	142,438

Note 12. Property, plant and equipment

	Consolidated	
	2015 $'000	**2014 $'000**
Plant and equipment - at cost	2,392	2,344
Less: Accumulated depreciation	(2,013)	(1,675)
	379	669
Plant and equipment under lease	562	562
Less: Accumulated depreciation	(450)	(340)
	112	222
	491	891
Amount expected to be recovered after more than 12 months	491	891

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Plant and equipment $'000	Plant under lease $'000	Total $'000
Balance at 1 July 2013	805	335	1,140
Additions	301	7	308
Transfers in/(out)	(65)	-	(65)
Depreciation expense	(372)	(120)	(492)
Balance at 30 June 2014	669	222	891
Additions	48	-	48
Depreciation expense	(338)	(110)	(448)
Balance at 30 June 2015	379	112	491

Property, plant and equipment secured under finance leases
Refer to note 29 for further information on property, plant and equipment secured under finance leases.

Notes to the financial statements

30 June 2015

Note 13. Intangibles

	Consolidated 2015 $'000	2014 $'000
Goodwill - at cost	16,087	16,087
Less: Impairment	(16,087)	(893)
	-	15,194
Contract rights - at cost	7,181	7,181
Less: Accumulated amortisation	(2,573)	(1,855)
Less: Impairment	(4,608)	-
	-	5,326
Software and websites - at cost	9,260	9,111
Less: Accumulated amortisation	(7,530)	(7,358)
Less: Impairment	(1,450)	(1,450)
	280	303
Intellectual property - at carrying value	19,190	19,190
Other intangibles - at cost	579	554
	20,049	40,567
Amount expected to be recovered after more than 12 months	20,049	40,567

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill $'000	Contract rights $'000	Software and websites $'000	Intellectual property $'000	Other intangibles $'000	Total $'000
Balance at 1 July 2013	16,087	6,044	2,397	19,190	469	44,187
Additions	-	-	273	-	85	358
Impairment of assets	(893)	-	(1,450)	-	-	(2,343)
Transfers in/(out)	-	-	65	-	-	65
Amortisation expense	-	(718)	(982)	-	-	(1,700)
Balance at 30 June 2014	15,194	5,326	303	19,190	554	40,567
Additions	-	-	148	-	25	173
Impairment of assets	(15,194)	(4,608)	-	-	-	(19,802)
Amortisation expense	-	(718)	(171)	-	-	(889)
Balance at 30 June 2015	-	-	280	19,190	579	20,049

Impairment tests for goodwill and indefinite life intangibles
Goodwill and indefinite life intangibles acquired through business combinations have been allocated to the following cash generating units ('CGUs'):

(a) 'Distribution' – encompassing all parts of the business relating to the sale of mortgages ('CGU 1'); and
(b) 'Manufacturing' – encompassing the operations of Firstfolio Capital ('FFC') which comprise mortgage origination and securitisation through a bank funded warehouse ('CGU 2').

Notes to the financial statements

30 June 2015

Note 13. Intangibles (continued)

The net carrying values of these assets, as at the reporting date is are as follows:

	Consolidated	
	2015 $'000	2014 $'000
Distribution - CGU 1	19,769	34,938

At 30 June 2015, the recoverable amount of the consolidated entity's indefinite life intangibles was determined as follows for each CGU.

CGU 1 Distribution
The recoverable amount was determined by a value in use calculation, using a discounted cash flow model. The model is based on a ten year projection period approved by management, together with a terminal value

The key assumptions used for the value in use calculations:

Overall approach
Revenue projections are based on detailed plans and projects for the year ending 30 June 2016, relying on observed results for the year ended 30 June 2015. The projections are extrapolated in future years based on knowledge and assumptions around the growth in revenue, determined using statistical market data, and the level of expense required to support it.

Loan settlements
The cash flow projections are influenced by the loan settlement forecast, which takes account of historical loan settlement volumes. An annual growth rate of 7% was assumed for settlements for future years, reflecting applied strategies and historical market performance.

Trail income
The settlement volumes noted above influence the future trail income estimates in association with loan products settled in the period. Trail income estimates are based on trail margins earned on the current loan book.

Loan discharge rates
Discharges rates of loans experienced over the preceding 12 months have been used. Newly settled loans are expected to have a lower discharge rate early in their lives with the rate increasing over time.

Overhead expenses
Overhead expenses have been projected in line with the current business structure and future growth expectations.

Discount rate
The discount rate applied to cash flow projections is 15.15% pre-tax. Discount rates applied reflect management's estimate of the time value of money and the Group's weighted average cost of capital, the risk free rate and the volatility of the share price relative to market movements.

Results:
Based on the above, an impairment charge $15,194,000 has been applied, as the carrying amount of goodwill for the distribution CGU 1 exceeded its recoverable amount.

Notes to the financial statements

30 June 2015

Note 13. Intangibles (continued)

Sensitivity:
Management have made judgements and estimates in respect of impairment testing of goodwill and other intangible assets. Should these judgements and estimates not occur, the resulting carrying amounts of goodwill and intangibles may decrease. The sensitivities are as follows:

(a) A decrease in total settlement volumes of 1.0% would result in a further impairment of $348,000, with all other assumptions remaining constant.
(b) A decrease in total revenue of 1.0% would result in a further impairment of $617,000, with all other assumptions remaining constant.
(c) A decrease in non-mortgage related income of 3.0% would result in a further impairment of $63,000, with all other assumptions remaining constant.
(d) An increase in total expenses of 1.0% would result in a further impairment of $405,000, with all other assumptions remaining constant.
(e) An increase in the discount rate of 2.0% would result in a further impairment of $486,000, with all other assumptions remaining constant.

CGU 2 Manufacturing
The remaining intangible asset of CGU 2 is finite life contract rights with an amortised value of $4,608,000 at 30 June 2015. The impairment test methodology was used to assess the recoverable amount of the intangible asset of contract rights.

The recoverable amount was determined by a value in use calculation, using a discounted cash flow model. The model is based on a three year projection period.

The key assumptions used for the value in use calculations:

Overall approach
The CGU's ability to originate loans is dependent on the warehouse funding line provided by the Westpac Banking Corporation ('Westpac'). The facility was renewed on 21 November 2014 and was extended until 24 August 2015.

Notwithstanding the renewal of the facility, management has adopted a conservative position and not factored new originations into the impairment model. This approach was adopted due to the immaterial historical settlement data which did not provide observable settlement growth rates for CGU 2.

The consolidated entity at its next reporting date will conduct an impairment assessment, which may result in a reversal of an impairment loss not related to goodwill.

Trail income
Trail income estimates are based on trail margins earned on the current loan book.

Loan discharge rates
Discharges rates of loans experienced over the preceding 12 months have been used.

Overhead expenses
Overhead expenses have been projected in line with the current business structure.

Discount rate
The discount rate applied to cash flow projections is 12.67% pre-tax. Discount rates applied reflect management's estimate of the time value of money and the group's weighted average cost of capital, the risk free rate and the volatility of the share price relative to market movements.

Results
Based on the above, an impairment charge $4,608,000 has been applied, as the carrying amount of contract rights for the manufacturing CGU 2 exceeded its recoverable amount.

Sensitivity:
Management have made judgements and estimates in respect of impairment testing of goodwill and other intangible assets. The full value of intangibles directly attributable to CGU 2 have been impaired.

Notes to the financial statements

30 June 2015

Note 14. Trade and other payables

	Consolidated	
	2015 $'000	2014 $'000
Trade payables	356	616
Commission accrued	897	1,027
Other payables and accruals	2,357	4,170
	3,610	5,813
Amount expected to be settled within 12 months	3,610	5,813

Refer to note 24 for further information on financial instruments.

Note 15. Warehouse and other funding

	Consolidated	
	2015 $'000	2014 $'000
Warehouse facility	107,817	147,012
Bond fund notes	19,200	25,050
	127,017	172,062
Amount expected to be settled within 12 months	127,017	172,062

The warehouse facility and bond fund notes are secured by the assets of the warehouse facility and bond fund (Westpac Warehouse Trust No. 2 and Calibre Fund No. 1). In addition, the warehouse facility is supported by a restricted cash collateral reserve, refer note 8, and a fixed and floating charge over the assets of Firstfolio Capital Pty Ltd and Firstfolio Capital Management Pty Ltd and $5,730,000 (2014: $5,000,000) is invested in the warehouse as an overcollateralisation of the warehouse notes.

Note 16. Net present value of trail commission expense

	Consolidated	
	2015 $'000	2014 $'000
Commissions payable	80,637	86,039
Amount expected to be settled within 12 months	17,209	18,137
Amount expected to be settled after more than 12 months	63,428	67,902
	80,637	86,039

Notes to the financial statements

30 June 2015

Note 17. Borrowings

	Consolidated 2015 $'000	Consolidated 2014 $'000
Loans from director related entity	58,430	58,430
Facility transaction costs	(350)	(575)
Lease liability	229	299
	58,309	58,154
Amount expected to be settled within 12 months	73	69
Amount expected to be settled after more than 12 months	58,236	58,085
	58,309	58,154

Refer to note 24 for further information on financial instruments.

Total secured liabilities
The total secured liabilities are as follows:

	Consolidated 2015 $'000	Consolidated 2014 $'000
Loans from director related entity	58,430	58,430
Lease liability	229	299
	58,659	58,729

Assets pledged as security
The loan from director related entity is secured by a fixed and floating charge over the assets of the consolidated entity, excluding the assets of Firstfolio Capital Pty Ltd and Firstfolio Capital Management Pty Ltd, Westpac Warehouse Trust No 2 and the Calibre Fund No. 1.

The lease liabilities are effectively secured as the rights to the leased assets, recognised in the statement of financial position, revert to the lessor in the event of default.

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated 2015 $'000	Consolidated 2014 $'000
Total facilities		
Loans from director related entity	58,430	58,430
Used at the reporting date		
Loans from director related entity	58,430	58,430
Unused at the reporting date		
Loans from director related entity	-	-

The $58,430,000 loan facility provided by director related entity, Welas Pty Ltd, has interest charged at BBSW + 4.5%. On 24 June 2015, the consolidated entity agreed to extend the maturity of the debt facility for a further two years to 7 July 2018. On completion of legal documentation, an extension fee of 0.5% of the loan balance outstanding at the date of completion, will be payable to Welas Pty Limited.

Notes to the financial statements
30 June 2015

Note 18. Provisions

	Consolidated 2015 $'000	Consolidated 2014 $'000
Employee benefits	654	882
Deferred lease incentives	28	51
Lease make good	-	26
	682	959
Amount expected to be settled within 12 months	469	572
Amount expected to be settled after more than 12 months	213	387
	682	959

Deferred lease incentives
The provision represents operating lease incentives received. The incentives are allocated to profit or loss in such a manner that the rent expense is recognised on a straight-line basis over the lease term.

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

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

Consolidated - 2015	Deferred lease incentives $'000	Lease make good $'000
Carrying amount at the start of the year	51	26
Amounts used	(23)	-
Unused amounts reversed	-	(26)
Carrying amount at the end of the year	28	-

Notes to the financial statements

30 June 2015

Note 19. Deferred tax

	Consolidated 2015 $'000	2014 $'000
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	(93)	(247)
Tax losses	(6,510)	(5,973)
Employee benefits	(213)	(323)
Accrued expenses	(717)	(627)
Rights to future income	(1,712)	(221)
Net present value of trail commissions (net)	14,620	16,922
Other	(500)	(127)
Deferred tax liability	4,875	9,404
Amount expected to be settled after more than 12 months	4,875	9,404
Movements:		
Opening balance	9,404	11,442
Charged to profit or loss (note 7)	(4,529)	(2,038)
Closing balance	4,875	9,404

The deferred tax asset on carried forward unused tax losses are assessed as recoverable as the consolidated entity has sufficient taxable temporary differences which will result in taxable amounts against which the unused tax losses can be utilised.

The full value of the deferred tax asset on rights to future income has been recognised at the reporting date, following management's assessment of the consolidated entity's ability to generate future taxable profits.

Management's assessment of the recoverability of the deferred tax assets on carried forward losses and rights to future income was based on analysis of profit projections over the next ten years, using forecasts that were derived from the cashflows of CGU 1 in the impairment testing of intangibles (refer to note 13), and accounting for fees and commissions receivable. The results of the analysis demonstrated that the consolidated entity based on current projections, would generate enough taxable income to recover its deferred tax assets over the next seven years. Further, the consolidated entity has generated enough taxable income over the last three years to require the utilisation of carried forward tax losses.

Note 20. Equity - issued capital

	Consolidated 2015 Shares	2014 Shares	2015 $'000	2014 $'000
Ordinary shares - fully paid	773,886,809	773,886,809	41,328	41,328

The number of shares above excludes shares issued to FFF Remuneration Pty. Ltd linked to limited recourse interest-free loans.

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Notes to the financial statements
30 June 2015

Note 20. Equity - issued capital (continued)

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment.

The capital risk management policy remains unchanged from the 2014 Annual Report.

Note 21. Equity - reserves

	Consolidated	
	2015 $'000	2014 $'000
Capital profits reserve	25	25
Equity-settled benefits reserve	1,116	892
	1,141	917

Capital profits reserve
The reserve is used to quarantine capital profits from accumulated losses.

Equity-settled benefits reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

The shares issued to FFF Remuneration Pty. Ltd were in relation to the Senior Executive Share Scheme (the Scheme). These shares are linked to limited recourse interest-free loans and as a result the amounts receivable and the related contributed equity are not recognised in the financial statements. When, or if, these loans are repaid to the consolidated entity, the shares will be transferred to the participants and the amounts repaid will be recognised in contributed equity. Refer to note 36 for further information on the Scheme.

There were 53,000,000 (2014: 7,850,000) unissued ordinary shares of eChoice Limited under option as at 30 June 2015.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Capital profits $'000	Equity-settled benefits $'000	Total $'000
Balance at 1 July 2013	25	882	907
Share-based payments	-	10	10
Balance at 30 June 2014	25	892	917
Share-based payments	-	224	224
Balance at 30 June 2015	25	1,116	1,141

Notes to the financial statements

30 June 2015

Note 22. Equity - accumulated losses

	Consolidated	
	2015	2014
	$'000	$'000
Accumulated losses at the beginning of the financial year	(6,316)	(2,178)
Loss after income tax benefit for the year	(21,132)	(4,138)
Accumulated losses at the end of the financial year	(27,448)	(6,316)

Note 23. Equity - dividends

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Franking credits

	Consolidated	
	2015	2014
	$'000	$'000
Franking credits available for subsequent financial years based on a tax rate of 30%	8,167	8,167

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 24. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('Finance') under policies approved by the Board of Directors. Finance identifies and evaluates financial risks within the consolidated entity.

Market risk

Foreign currency risk
The consolidated entity is not exposed to foreign currency risk.

Price risk
The consolidated entity is exposed to price risk on revenue from lenders' commission rates and on payments through broker commission rates, and delivery rate on wholesale affects net interest margin.

Interest rate risk
The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the consolidated entity to interest rate risk. Borrowings issued at fixed rates expose the consolidated entity to fair value interest rate risk. The consolidated entity, where necessary, enters into interest rate swaps to hedge against interest rate risk.

Notes to the financial statements

30 June 2015

Note 24. Financial instruments (continued)

For the consolidated entity the interest bearing loans outstanding total $185,447,000 (2014: $230,492,000) and loans and advances to customers totalling $130,353,000 (2014: $171,286,000) that are subject to variable interest rates. An official change in interest rates of 100 basis points (2014: 100 basis points) would have an effect on profit of $551,000 (2014: $592,000) per annum. In the next 12 months expected minimum principal repayments of $144,299,000 (2014: $190,268,000) are due, of which $107,817,000 (2014: $147,012,000) represents the warehouse facility that is required to be rolled over.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Due to the nature of the industry in which the consolidated entity operates, it does have a recognised concentration of credit risk in relation to trade and other receivables, having entered into transactions with six (2014: six) main banks with high monthly account balances.

The consolidated entity's trade and other receivables from these six main banks as at 30 June 2015 amounted to $325,000 (2014: $446,000) i.e. approximately 13% (2014: 15%) of the total trade and other receivables balance.

The ageing of loans and advances to customers are as follows:

	Consolidated	
	2015 $'000	2014 $'000
0 to 1 month overdue	127,773	167,909
1 to 2 months overdue	1,587	1,150
2 to 3 months overdue	-	592
More than 3 months overdue	993	1,635
Total loans and advances to customers	130,353	171,286

Loans and advances are individually assessed, and impairment loss is recognised in regard to mortgage loans where the mortgage balance exceeds total expected recoveries including claims under mortgage insurance policies. Instances where claims may not be paid by the mortgage insurer include shortfalls that constitute the fees and charges component of a mortgage balance (rather than principal or interest), cases involving fraud, fair wear and tear, misrepresentation or cases involving certain administrative errors. The consolidated entity has recognised individually assessed provisions for impairment at 30 June 2015 of $19,000 (2014: $242,000) in relation to expected un-claimable mortgage shortfalls. No collective provision is considered necessary on the portfolio in addition to the individually assessed provision.

The ratings of loans and receivables split by rating of the mortgage insurer are as follows:

	Consolidated	
	2015 $'000	2014 $'000
Rated AA - (Standard and Poors)	130,353	171,286

Liquidity risk
The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Notes to the financial statements

30 June 2015

Note 24. Financial instruments (continued)

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2015	Interest rate at reporting date %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-%	356	-	-	-	356
Other payables	-%	2,357	-	-	-	2,357
Net present value trail commission payable	-%	17,209	14,342	28,462	20,624	80,637
Interest-bearing - variable						
Loans from director related entity (1)	6.59%	3,851	3,851	58,430	-	66,132
Warehouse notes (2)	3.43%	108,426	-	-	-	108,426
Bond fund notes (2)	3.17%	19,361	-	-	-	19,361
Interest-bearing - fixed rate						
Lease liability	7.55%	79	158	-	-	237
Total non-derivatives		151,639	18,351	86,892	20,624	277,506

Consolidated - 2014	Interest rate at reporting date %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-%	616	-	-	-	616
Other payables	-%	4,170	-	-	-	4,170
Net present value trail commission payable	-%	18,137	15,469	29,917	22,516	86,039
Interest-bearing - variable						
Loans from director related entity (1)	7.17%	4,152	4,152	58,430	-	66,734
Warehouse notes (2)	4.24%	148,108	-	-	-	148,108
Bond fund notes (2)	3.71%	25,592	-	-	-	25,592
Interest-bearing - fixed rate						
Lease liability	1.00%	79	238	-	-	317
Total non-derivatives		200,854	19,859	88,347	22,516	331,576

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Notes to the financial statements

30 June 2015

Note 24. Financial instruments (continued)

(1) The loan from director related entity of $58,430,000 is due and payable on 7 July 2018. The consolidated entity expects to meet its obligations from operating cash flows, proceeds of maturing financial assets and future refinancing activities.

(2) The consolidated entity has a warehouse funding line of $107,800,000 with Westpac Banking Corporation ('Westpac'). The Westpac funding line is a revolving facility for the warehouse notes. The consolidated entity and Westpac are in the process of finalising the terms for the renewal of the facility. The consolidated entity engages and discusses the on-going performance of the loan pool in the normal course of business, as well as likely future utilisation, maturity and potential terms for a renewal at the expiry of the facility. If the warehouse facility is not renewed and the mortgages are not sold, this would give rise to a default. Consequently, this could result in a higher margin and all principal, interest and fee collections on mortgages funded through the warehouse after payment of security trustee, servicer and manager expenses being returned to the warehouse facility provider in order to accelerate repayment of the facility. If this were to occur the cash flow available to the consolidated entity from excess spread would be deferred until the facility is repaid in full.

Note 25. Fair value measurement

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Note 26. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2015 $	2014 $
Short-term employee benefits	1,921,118	2,102,189
Post-employment benefits	100,539	100,015
Termination benefits	79,020	87,881
Share-based payments	176,592	9,503
	2,277,269	2,299,588

Note 27. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the company:

	Consolidated	
	2015 $	2014 $
Audit services - Deloitte Touche Tohmatsu		
Audit or review of the financial statements	278,250	296,069
Other services - Deloitte Touche Tohmatsu		
Taxation compliance services	60,900	104,526
Actuarial and consulting advice	117,370	71,250
	178,270	175,776
	456,520	471,845

Notes to the financial statements

30 June 2015

Note 28. Contingent liabilities

	Consolidated 2015 $'000	Consolidated 2014 $'000
Bank guarantees	457	382

The bank guarantees are for lease premises.

Note 29. Commitments

	Consolidated 2015 $'000	Consolidated 2014 $'000
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	548	984
One to five years	69	932
	617	1,916
Lease commitments - finance		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	79	79
One to five years	158	238
Total commitment	237	317
Less: Future finance charges	(8)	(18)
Net commitment recognised as liabilities	229	299
Representing:		
Lease liability (note 17)	229	299

Operating lease commitments includes contracted amounts for various offices and plant and equipment under non-cancellable operating leases expiring within one to three years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The consolidated entity has provided lease guarantees as detailed in note 28.

Finance lease commitments includes contracted amounts for various plant and equipment with a written down value of $112,000 (2014: $222,000) under finance leases expiring within one to three years. Under the terms of the leases, the consolidated entity has the option to acquire the leased assets for predetermined residual values on the expiry of the leases.

Note 30. Related party transactions

Parent entity
eChoice Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 32.

Key management personnel
Disclosures relating to key management personnel are set out in note 26 and the remuneration report in the directors' report.

Notes to the financial statements

30 June 2015

Note 30. Related party transactions (continued)

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated 2015 $	Consolidated 2014 $
Other transactions:		
Interest paid on loan from Welas Pty Limited (an entity related to the director Anthony Wales)	4,088,799	1,970,039
Loan establishment fee paid to Welas Pty Limited	450,000	-

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated 2015 $	Consolidated 2014 $
Non-current borrowings:		
Loan from Welas Pty Limited	58,429,865	58,429,865

Interest is charged at BBSW + 4.5%. On 24 June 2015, the consolidated entity agreed to extend the maturity of the debt facility for a further two years to 7 July 2018. On completion of legal documentation, an extension fee of 0.5% of the loan balance outstanding at the date of completion, will be payable to Welas Pty Limited.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 31. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2015 $'000	Parent 2014 $'000
Profit after income tax	832	3,357
Total comprehensive income	832	3,357

Notes to the financial statements
30 June 2015

Note 31. Parent entity information (continued)

Statement of financial position

	Parent	
	2015 $'000	2014 $'000
Total current assets	4,243	2,458
Total assets	110,284	108,815
Total current liabilities	1,609	2,238
Total liabilities	100,177	99,764
Equity		
Issued capital	41,328	41,328
Capital profits reserve	25	25
Equity-settled benefits reserve	1,116	892
Accumulated losses	(32,362)	(33,194)
Total equity	10,107	9,051

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity has provided bank guarantees of $322,000 for lease premises (2014: $322,000).

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2015 and 30 June 2014.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for the purchase of property, plant and equipment at as 30 June 2015 and 30 June 2014.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Notes to the financial statements

30 June 2015

Note 32. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2015 %	Ownership interest 2014 %
Apple Loans Pty Ltd	Australia	100.00%	100.00%
Aptura Developments Pty Ltd	Australia	100.00%	100.00%
Bloom Platform Pty. Ltd.	Australia	100.00%	100.00%
Bricks and Mortar Securities Pty Ltd	Australia	100.00%	100.00%
Club Financial Services Holdings Pty Ltd	Australia	100.00%	100.00%
Club Financial Services Pty Ltd	Australia	100.00%	100.00%
eChoice.com.au Pty Ltd *	Australia	100.00%	100.00%
eChoice Home Loans Pty Ltd	Australia	100.00%	100.00%
eChoice Insurance Services Pty Ltd	Australia	100.00%	100.00%
eChoice Services Pty Ltd **	Australia	100.00%	100.00%
ELS Management Pty Ltd	Australia	100.00%	100.00%
Equipment Leasing Solutions Pty Ltd	Australia	100.00%	100.00%
FFF Remuneration Pty. Ltd	Australia	100.00%	100.00%
First Chartered Capital Card Services Pty Ltd	Australia	100.00%	100.00%
First Chartered Capital Corporation Pty Ltd	Australia	100.00%	100.00%
First Chartered Capital Financial Services Pty Ltd	Australia	100.00%	100.00%
First Chartered Capital Operations Pty Ltd	Australia	100.00%	100.00%
First Chartered Capital Services Pty Ltd	Australia	100.00%	100.00%
Firstfolio Capital Pty Ltd	Australia	100.00%	100.00%
Firstfolio Capital Management Pty Ltd	Australia	100.00%	100.00%
Firstfolio Property Sales Network Pty Ltd	Australia	100.00%	100.00%
Firstfolio One Pty. Ltd	Australia	100.00%	100.00%
Folio Financial Services Pty Ltd	Australia	100.00%	100.00%
Folio Loan Services Pty Ltd ***	Australia	100.00%	100.00%
Folio Loans Australia Pty Ltd	Australia	100.00%	100.00%
Folio Mortgage & Finance Pty Ltd	Australia	100.00%	100.00%
Folio Wholesale Pty Ltd	Australia	100.00%	100.00%
Folio Franchising Pty Ltd	Australia	100.00%	100.00%
Folio Leasing Pty Ltd	Australia	100.00%	100.00%
Linkloan Services Pty Limited	Australia	100.00%	100.00%
Probitas Group Pty Ltd	Australia	100.00%	100.00%
Xplore Capital Pty Ltd	Australia	100.00%	100.00%

* change of name from eChoice Pty Ltd
** change of name from Firstfolio Services Pty Ltd
*** change of name from Folio Loan Services Australia Pty Ltd

The consolidated entity has also consolidated its 100% interest in The Club Financial Services Unit Trust, Club Financial Services Holdings Unit Trust, National Finance Club Unit Trust as well as the residual interest of Calibre Fund No. 1 and Firstfolio Capital Westpac Warehouse Trust No. 2.

Note 33. Events after the reporting period

No matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Notes to the financial statements

30 June 2015

Note 34. Reconciliation of loss after income tax to net cash from operating activities

	Consolidated 2015 $'000	Consolidated 2014 $'000
Loss after income tax benefit for the year	(21,132)	(4,138)
Adjustments for:		
Depreciation and amortisation	1,337	2,192
Impairment of non-current assets	20,085	2,343
Share-based payments	224	9
Write back of contingent and deferred consideration	-	1,251
Change in operating assets and liabilities:		
Decrease in trade and other receivables	13,581	8,138
Decrease/(increase) in prepayments	(4)	1,130
Decrease in trade and other payables	(5,662)	(1,274)
Decrease in derivative liabilities	-	(180)
Decrease in deferred tax liabilities	(4,529)	(2,038)
Increase/(decrease) in employee benefits	(228)	57
Increase/(decrease) in other provisions	(1,444)	358
Net cash from operating activities	2,228	7,848

Note 35. Earnings per share

	Consolidated 2015 $'000	Consolidated 2014 $'000
Loss after income tax attributable to the owners of eChoice Limited	(21,132)	(4,138)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	773,886,809	773,886,809
Weighted average number of ordinary shares used in calculating diluted earnings per share	773,886,809	773,886,809
	Cents	**Cents**
Basic earnings per share	(2.73)	(0.53)
Diluted earnings per share	(2.73)	(0.53)

Options have been excluded from the diluted earnings per share as they are anti-dilutive.

Note 36. Share-based payments

Senior Executive Share Scheme
The Senior Executive Share Scheme (the Scheme) was approved by the shareholders in 2009.

During the financial year nil (2014: nil) shares were issued to FFF Remuneration Pty. Ltd, a subsidiary that acts as trustee and holds the shares in trust for the Scheme.

The objectives of the Scheme are as follows:
(a) to provide an incentive to senior executives of the consolidated entity to lift the performance of the consolidated entity and maximise the price of the company's shares; and
(b) to assist in attracting and retaining senior executives.

Notes to the financial statements

30 June 2015

Note 36. Share-based payments (continued)

The Board may issue shares under the Scheme to any senior executive of the consolidated entity, including executive directors and non-executive directors.

Senior executives receive limited recourse interest-free loan from the consolidated entity for the purchase price of the shares. Shares financed by the loan are held in trust for the senior executives. The requirement for repayment of the loan generally arises only at the time of selling the shares or upon the senior executive's employment or engagement with the consolidated entity ceases.

The shares cannot be sold until certain performance hurdles have been met. Each share issue is linked to performance hurdles, which consist of various operating Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA') targets.

At 30 June 2015 FFF Remuneration Pty. Ltd held 45,250,000 (2014: 45,250,000) shares in trust under the Scheme, on behalf of various key management personnel. At 30 June 2015 limited recourse interest-free loans totalling $606,000 (2014: $500,000) were provided to participants of the Scheme for these shares.

For the year ended 30 June 2015 a share-based payment expense of $129,000 (2014: $10,000) has been recognised in relation to the Scheme.

Options

For the year ended 30 June 2015 a share-based payment expense of $95,000 (2014: $nil) has been recognised in relation to options.

Set out below are summaries of shares and options granted under the plans:

2015

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
18/08/2009	17/08/2014	$0.03	2,000,000	-	-	(2,000,000)	-
04/03/2010	03/03/2015	$0.06	3,000,000	-	-	(3,000,000)	-
31/10/2010	30/10/2015	$0.06	4,500,000	-	-	(4,500,000)	-
16/08/2010	16/08/2014	$0.07	2,400,000	-	-	(2,400,000)	-
23/09/2010	09/08/2015	$0.08	3,000,000	-	-	-	3,000,000
12/07/2011	12/07/2014	$0.05	100,000	-	-	(100,000)	-
30/11/2011	30/11/2014	$0.04	1,400,000	-	-	(1,400,000)	-
31/03/2012	31/05/2015	$0.03	950,000	-	-	(950,000)	-
10/02/2015	23/10/2019	$0.01	-	50,000,000	-	-	50,000,000
			17,350,000	50,000,000	-	(14,350,000)	53,000,000

2014

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
18/08/2009	17/08/2014	$0.03	8,000,000	-	-	(6,000,000)	2,000,000
04/03/2010	03/03/2015	$0.06	3,000,000	-	-	-	3,000,000
31/10/2010	30/10/2015	$0.06	4,500,000	-	-	-	4,500,000
14/12/2011	12/12/2016	$0.04	3,750,000	-	-	(3,750,000)	-
31/03/2012	30/03/2017	$0.03	3,000,000	-	-	(3,000,000)	-
16/08/2010	16/08/2014	$0.07	3,400,000	-	-	(1,000,000)	2,400,000
23/09/2010	09/08/2015	$0.08	3,000,000	-	-	-	3,000,000
24/05/2011	24/05/2014	$0.60	500,000	-	-	(500,000)	-
12/07/2011	12/07/2014	$0.05	100,000	-	-	-	100,000
30/11/2011	30/11/2014	$0.04	3,400,000	-	-	(2,000,000)	1,400,000
31/03/2012	31/05/2015	$0.03	950,000	-	-	-	950,000
			33,600,000	-	-	(16,250,000)	17,350,000

Notes to the financial statements

30 June 2015

Note 36. Share-based payments (continued)

Grant date - Performance criteria under the share plan
18/08/2009 - Operating EBITDA for any 13 month period is $12 million or greater and total book is $16 billion or greater
04/03/2010 - Operating EBITDA for any 13 month period is $12 million or greater
31/10/2010 - Operating EBITDA for any 12 month period is $17.5 million or greater
31/03/2012 - Operating EBITDA for any 12 month period is $19 million or greater
10/02/2015 - Performance criteria applicable to second and third tranches (33,333,333 options in total) are yet to be set

In addition to the above, nil (2014: 35,750,000) shares in the Senior Executive Share Scheme remain unallocated and are held in the warehouse.

The weighted average share price during the financial year was $0.014 (2014: $0.018).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 4.07 years (2014: 0.63 years).

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
10/02/2015	23/10/2019	$0.01	$0.01	92.20%	-%	2.08%	$0.008

Directors' declaration

30 June 2015

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and
- 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.

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

On behalf of the directors

Gregory D. Pynt
Chairman

25 August 2015
Sydney

Deloitte.

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Independent Auditor's Report to the Members of eChoice Limited

Report on the Financial Report

We have audited the accompanying financial report of eChoice Limited, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, 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 as set out on pages 22 to 63.

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 2, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the consolidated 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 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.

Deloitte.

Auditor's Independence Declaration

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 eChoice 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 eChoice 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 2015 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 consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 18 of the directors' report for the year ended 30 June 2015. 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 eChoice Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Philip Hardy
Partner
Chartered Accountants
Sydney, 25 August 2015

Shareholder information

30 June 2015

The shareholder information set out below was applicable as at 24 August 2015.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of holders of options over ordinary shares
1 to 1,000	274	-
1,001 to 5,000	398	-
5,001 to 10,000	112	-
10,001 to 100,000	426	-
100,001 and over	365	2
	1,575	2
Holding less than a marketable parcel	1,055	-

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	145,913,108	18.85
SOMERS LIMITED	62,019,411	8.01
FFF REMUNERATION PTY LTD (FF SENIOR EXEC S/PLAN A/C)	50,250,000	6.49
NBT PTY LIMITED (ASTOR SUPER FUND A/C)	37,190,394	4.81
MR JOHN BARLOW	36,000,000	4.65
RESIMAC LIMITED	30,806,743	3.98
MR MARK KEVIN FLACK	13,000,000	1.68
MRS FELICITY CLINTON HARTIGAN + MR HUGH CLINTON HARTIGAN (HARTIGAN SUPER FUND A/C)	12,774,852	1.65
MR MARK KEVIN FLACK	12,036,774	1.56
JESTAR PTY LIMITED (VAGG FAMILY SUPER FUND A/C)	10,850,000	1.40
NPN INVESTMENTS PTY LTD (AYIAZONI A/C)	10,134,000	1.31
BELL POTTER NOMINEES LTD (BB NOMINEES A/C)	10,000,000	1.29
MR RONALD LANGLEY + MRS RHONDA LANGLEY	9,527,739	1.23
GANT SUPER PTY LTD (QUAY SUPER FUND A/C)	9,246,001	1.19
G J P INVESTMENTS PTY LTD (THE LANGHAM A/C)	8,700,000	1.12
THE TRUST COMPANY (SUPERANNUATION) LTD (GPMSF2-BAL GROWTH A/C)	8,500,000	1.10
KATDAN INVESTMENTS PTY LTD (SUPER FUND A/C)	8,148,617	1.05
CITICORP NOMINEES PTY LIMITED	8,104,780	1.05
MR WILSON EDUARDO FERNANDEZ	7,698,013	0.99
WILLFISH INVESTMENTS PTY LTD (FISHER FAMILY A/C)	6,090,429	0.79
	496,990,861	64.20

Shareholder information

30 June 2015

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares	53,000,000	2

Substantial holders
Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
WELAS PTY LIMITED	125,818,881	16.26
SOMERS LIMITED	112,972,946	14.60
FFF REMUNERATION PTY LTD (FF SENIOR EXEC S/PLAN A/C)	50,250,000	6.49
NICHOLAS BURTON TAYLOR	39,245,696	5.07

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

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