

ASX/MEDIA RELEASE**DIRECTMONEY LIMITED SECOND QUARTER FY 2016 UPDATE****Highlights:**

- **\$3.18 million of loan contracts settled in the second quarter, 127% increase on the first quarter.**
- **\$1.27 million loans settled in December 2015, the largest settlement month since listing.**
- **\$8.49 million current loans to 491 borrowers held as at 31 December 2015 in the loan warehouse and DirectMoney Personal Loan Fund combined.**
- **\$10.94 million loans written to 591 borrowers at weighted average rate of 13.2% since lending began in October 2014.**
- **\$0.52 million of cash received from principal and interest payment from loans held in the loan warehouse during the quarter.**
- **Excellent credit performance - no loans written in the quarter or the H1 FY 2016 period have payments > 30 days past due.**
- **224 accredited brokers as at 31 December 2015. Agreements in place with six major finance and mortgage broker aggregators representing approx. 4,500 individual brokers.**
- **Rollout of automated broker on-boarding and accreditation training management system.**

Sydney, 29th January 2016:

Marketplace lending company DirectMoney Limited (ASX: DM1) (DirectMoney) (the Company) is pleased to update shareholders on its operational performance for the quarter ended 31 December 2015 and first half 2016 FY.

DirectMoney listed on the Australian Securities Exchange on 13 July 2015 and is Australia's only ASX-listed fin-tech, marketplace lender. DirectMoney leverages technology to offer Australian consumers attractively priced, unsecured personal loans via a 100% online, internet-based loan management platform and a range of introducers and referrers. The Company seeks to secure a significant part of the ~\$100 billion market for unsecured consumer credit, capitalising on the increasing consumer acceptance of marketplace lending in Australia.

Another strong quarter of loan writing

During the quarter \$3.18 million of new loans were settled, a 127% increase on the prior quarter and reflective of the continuing strong uptake of DirectMoney's loan products. In the month of December 2015 \$1.27 million worth of new loans were settled.

As at 31 December 2015 DirectMoney held \$8.49 million of current loans in its loan warehouse and in the DirectMoney Personal Loan Fund. The value of all loans written by DirectMoney since October 2014 is \$10.94 million with a weighted average interest rate since commencement of lending of 13.2%. The company received \$0.36 million of principal and \$0.16 million of interest payments from loans held in the loan warehouse in Q2 FY 2016.

The DirectMoney loan warehouse is funded by equity and a non-recourse note which is backed by a \$1 million portfolio of loans.

Another strong quarter of operational progress

DirectMoney's Q2 FY 2016 performance was underpinned by notable operational achievements.

Technology

DirectMoney continued to invest in its proprietary technology platform to support scalable growth and high levels of satisfaction from our loan origination partners and direct customers.

DirectMoney is focused on streamlining processes for the broker channel and their customers. The Company will continue to invest in tools and integrations that enable brokers to fully manage loan applications and communications with DirectMoney in a consistent and efficient manner.

Loan origination channels

Broker Channel: DirectMoney wrote a significant percentage of its loans in Q2 via its accredited brokers. The number of accredited brokers will grow further in 2016 due to the signing of new Broker Agreements with Australian Financial Group (ASX: AFG), one of Australia's largest broker aggregators; United Financial Services, a subsidiary of McMillan Shakespeare, (ASX: MMS) and several smaller brokers and broker aggregators in Q2. These new relationships add to existing relationships with Finsure, Loan Market, Smartline and National Financial Choice. DirectMoney has access to 4,500+ brokers via its agreements with aggregators.

Direct Channel: DirectMoney continues to write loans from applications received directly via our website. DirectMoney invests in a range of multi-media marketing campaigns to support this channel.

Credit performance

DirectMoney continues to manage loan approvals according to strict credit criteria. DirectMoney is pleased to confirm that none of the \$4.58 million of loans written in H1 FY 2016 have late payments exceeding 30 days. During the period H1 FY 2016 DirectMoney wrote off a net amount of ~\$96,000 relating to loans originated prior to 30 June 2015.

Executive commentary

Commenting on the Company's second quarter performance, Executive Chairman Mr Stephen Porges said: "Second quarter performance was pleasing with loan settlement growth meeting internal estimates. The Company is on track to achieving its short-term target for loan volumes. We will continue to invest in our proprietary technology platform, our people, channel partners and brand to accelerate loan volumes in an efficient and creditworthy manner."

Chief Executive Officer Mr Peter Beaumont added: "DirectMoney is focussed on applying technology to take a growing share of the ~\$100b per annum market for unsecured consumer credit and efficiently market these loans to wholesale and retail loan investors. To achieve this objective we will continue to broaden and deepen our loan origination channels whilst cementing a variety of loan sale arrangements."

Update on sale of loans from the loan warehouse

DirectMoney highlighted at its November 2015 AGM that it was negotiating two term sheets regarding the sale of loans from the DirectMoney loan warehouse to third party financial institutions. These negotiations were continuing satisfactorily as at 31 December 2015. An announcement is expected to be made shortly.

Update on the DirectMoney Personal Loan Fund

As indicated at the November 2015 AGM, DirectMoney is working with the Responsible Entity, One Managed Investment Funds Limited (ACN 117 400 987, AFSL 297 042), to update and improve the Product Disclosure Statement (PDS) for the **DirectMoney Personal Loan Fund**, (ARSN 602 325 608). The PDS is expected to be re-released to investors shortly.

-ENDS-

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About DirectMoney

DirectMoney is a pioneer in the rapidly growing Australian marketplace lending industry. DirectMoney connects borrowers and investors by leveraging technology and partnerships. We offer competitive interest rates and terms on personal loans for borrowers and provide innovative structures for retail and institutional investors to invest in these loans. We strive to deliver Australians better financial choice and improved investment outcomes.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

DirectMoney Limited

ABN

80 004 661 205

Quarter ended ("current quarter")

31st December 2015

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 months) \$A'000
1.1	Receipts from customers (including loan repayments)	653	1,051
1.2	Payments for		
	(a) staff costs	-484	-857
	(b) advertising and marketing	-136	-348
	(c) research and development		
	(d) leased assets		
	(e) other working capital, legal & accounting	-539	-2,070
	(f) loans to customers	-3,074	-4,421
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	17	23
1.5	Interest and other costs of finance paid	-20	-31
1.6	Income taxes paid		
1.7	Other (Net GST and Payroll Tax)	50	77
Net operating cash flows		-3,533	-6,576

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	-3,533	-6,576
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets (loan sales to DirectMoney Fund and others)	100	612
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other (Investment in DirectMoney Loan Fund)	0	-500
Net investing cash flows	100	112
1.14 Total operating and investing cash flows	-3,433	-6,464
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	0	11,298
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings	0	-1,000
1.19 Dividends paid		
1.20 Other (Cash in Acquired Subsidiary)	0	132
1.21 Float brokerage	0	-655
Net financing cash flows	0	9,775
Net increase (decrease) in cash held		
1.21 Cash at beginning of quarter/year to date	6,747	3
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	3,314	3,314

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	77
1.25	Aggregate amount of loans to the parties included in item 1.11	

1.26 Explanation necessary for an understanding of the transactions

Directors fees

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	
3.2	Credit standby arrangements	

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	3,314	6,747
4.2	Deposits at call		
4.3	Bank overdraft		
4.4	Other (provide details)		
Total: cash at end of quarter (item 1.23)		3,314	6,747

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	
5.2	Place of incorporation or registration	
5.3	Consideration for acquisition or disposal	
5.4	Total net assets	
5.5	Nature of business	

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act **(except to the extent that information is not required because of note 2) or other standards acceptable to ASX.**
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 29/01/2016
 (Director/Company secretary)

Print name: May Ho

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.