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MONEY3 CORPORATION LIMITED

(ABN: 63 117 296 143)

PRELIMINARY FINAL REPORT

30 June 2010

APPENDIX 4E

Head Office:
Unit 4, 60-70 Mahoneys Road
Thomastown VIC 3074

Registered Office:
Level 1, 48 High Street
Northcote VIC 3070

COMMENTARY ON PRELIMINARY RESULTS FOR THE YEAR ENDED JUNE 2010

On behalf of the Board of Directors of MONEY3 Corporation Ltd (Money3), it is our pleasure to present the Annual Report for end of financial year 2010 (FY 2010). In a year with so much uncertainty and contraction in the consumer market the Money3 Board is pleased to announce another successful year in our short history as a listed company.

FY 2010 marks a decade of Money3 operations, and we are proud to report total revenue has increased 22% from \$9.0M to \$11.0M. This increase is testament to our steady expansion and is the first year that we have reported revenue in excess of \$10M. We are confident revenue and profit will continue to grow in the years to come. We have worked tirelessly to improve branch revenue with a combination of direct marketing and promotions.

2010 Financial Highlights:

- ↑ Revenue has increased by 22% to \$11,000,772
- ↑ Earnings before interest and tax increased by 62% to \$3,114,739
- ↑ Earnings per share increased 94% to 6.8 cents
- ↑ Net Profit after tax increased 108% to \$2,150,223
- ↑ Dividends per share increased 24% to 4.1 cents
- ↓ Bad debts as a % of capital advanced decreased from 7.5% - 5.5%

In FY2009 our profit was significantly impacted by our bad and doubtful debt expense. As a result, improving bad and doubtful debt procedure became one of our key priorities. We are pleased to announce debt collection revenue has increased 100%. We have streamlined debt collection processes by sending bad debts straight to our collection's team at head office. In order to reduce the amount of bad debt occurring we have tightened up our lending criteria, resulting in a 2% decrease in bad debt as a percentage of capital advanced. The combination of these two initiatives has delivered a pleasing result.

We have successfully redirected our marketing spend by shifting focus from blanket campaigns to targeted strategies, such as promotions, SMS, email and direct mail. Our marketing strategies allow us to be in direct contact with our target market, increasing applications and profits. We are currently testing new promotions to be more aligned with our existing customer base.

Operational activities

Money3 is a flexible and innovative provider of short term loans. Our mission, 'Advancing People's Lives', see us achieving results every day. It may be for a customer that has borrowed \$50 for petrol to get to a job interview or \$5,000 to buy a second hand car to travel to work. Money3 provides credit to people who would not otherwise be able to take advantage of credit from mainstream lenders. Our key products are:

- Line of Credit
- Unsecured personal loans
- Cheque cashing
- International money transfer
- Secured personal loans
- Motor vehicle finance

There is considerable unmet demand for our products which will see continual growth for Money3 in the future.

In order to improve communication and efficiency for both staff and customers we embarked on a detailed assessment of our overall technology requirements. In conjunction with an experienced third party we have completed the assessment and we are now in the process of selecting a new loans management system that will provide a range of efficiencies. We expect to settle on a new operating system and have it fully implemented by fourth quarter FY2011.

CEO and CHAIRMANS REPORT (cont'd)

During FY2010, we are pleased to report we have hired experienced senior personnel in the areas of Credit Assessment, Collections, Area Management and Finance. The new staff brought with them a wealth of knowledge and expertise and we are seeing the benefits immediately across the organisation.

In the past year Money3 relocated its head office to Thomastown allowing Collections, Finance and the Loan Centre teams to work more efficiently. The head office has also improved staff morale as a result of working together in one location with full access to Senior Management. The extra space at Thomastown has allowed us to hire more staff as our work load increases, and gave us the opportunity to create a dedicated web centre to deal with the increasing volume of online applications.

Currently the Management of Money3 is working hard to address the impact the new Federal Credit Laws will have on our industry. Under sweeping changes to Regulation of Credit, ASIC now governs Consumer Credit and Australia now has consistent rules. This has opened up the opportunity for Money3 to provide its products in states in which it couldn't operate in previously. We believe this environment will be of an overall benefit to Money3. We are currently monitoring the effects that the legislative changes will have on the short-term money lending industry with an eye on several opportunities that will lead Money3 into future success.

Dividend

On the 31st August 2010, the Board of Money3 Corporation Limited declared a final dividend for the financial year ending 30 June 2010. The final dividend payable is 2.50 cents per share and brings the full year dividend to 4.10 cents per share fully franked.

Outlook

We continue to refine processes and products in order to meet customer demand. The environment in which we operate is constantly being impacted by legislative changes and we must be vigilant in meeting these challenges as they arise.

While the economic conditions remain tough in Australia we believe this creates many opportunities for Money3. We have hit the ground running in the new financial year, our motor vehicle finance experienced a record month in July, and we are confident in of excellent returns in FY2011.

In FY2011 we look forward to achieving another successful year including;

- Implementing our new IT system
- Rolling out new products
- Expansion of our distribution network

The dedication and valued efforts of Directors, Management and Staff are evidenced by the Company's impressive 2010 results. We take this opportunity to thank them for their collective efforts and would also like to thank our valued shareholders for your commitment.

APPENDIX 4E

Preliminary Final Report to the Australian Stock Exchange

Name of Entity	Money3 Corporation Limited
ABN	63 117 296 143
Year Ended	30 June 2010
Previous Corresponding Reporting Period	Year ended 30 June 2009

Results for Announcement to the Market

	\$	Percentage increase /(decrease) over previous corresponding period
Revenue from ordinary activities	\$11,000,772	22.0%
Profit from ordinary activities after tax attributable to members	\$2,150,223	108.0%
Net profit for the period attributable to members	\$2,150,223	108.0%
Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	2.5 cents	2.5 cents
Interim Dividend	1.6 cents	1.6 cents
Record date for determining entitlements to the dividends (if any)	15 October 2010	
Brief explanation of any of the figures reported above necessary to enable the figures to be understood:		
For an explanation of revenue and profit from continuing operations, see commentary on results included in the accompanying preliminary final report.		

Dividends

Date the dividend is payable	29 October 2010
Record date to determine entitlement to the dividend	15 October 2010
Amount per security	2.5 cents
Total dividend	\$792,709
Amount per security of foreign sourced dividend or distribution	N/A
Details of any dividend reinvestment plans in operation	YES
The last date for receipt of an election notice for participation in any dividend reinvestment plans	15 October 2010

NTA Backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security (cents per share)	31.9	26.7

Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	N/A
Date control gained	N/A
Profit / (loss) from ordinary activities after tax of the controlled entity since the date in the current period on which control was acquired.	N/A
Profit / (loss) from ordinary activities after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period.	N/A

Loss of Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	N/A
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Details of Associates and Joint Venture Entities

Name of Entity (or group of entities)	N/A
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Foreign Entities Accounting Framework

For foreign entities provide details of which accounting standards have been adopted (e.g. International Accounting Standards) N/A

Audit/Review Status

This report is based on accounts to which one of the following applies: (Tick one)	
The accounts have been audited	<input checked="" type="checkbox"/> The accounts are in the process of being audited
If the accounts are subject to audit dispute or qualification, a description of the dispute or qualification: N/A	

Attachments Forming Part of Appendix 4E

Attachment #	Details
1	Annual Financial Report for the Year Ended 30 June 2010
Signed By (Director/Company Secretary)	
Print Name	Kang Hong Tan
Date	31 August 2010

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MONEY3 CORPORATION LIMITED

ABN: 63 117 296 143

**Annual Financial Report
for the Year Ended 30 June 2010**

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Corporate Information

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

Company Directors

Bettina Evert BA LLB MAICD
Robert James Bryant
Kang Hong Tan ACA(UK) PNA(Aust)
Christopher James Baldwin CPA
Scott Joseph Baldwin B.Eng(Hons) MBA
Geoffrey Joseph Sam OAM, B.Comm MHA MA (Econ &
Soc Stud) FAICD FACHSE

Non Executive Chairman (from 28 February 2006)
Executive Director (from 25 November 2005)
Executive Director (from 25 November 2005)
Non Executive Director (from 25 November 2005)
Executive Director (from 13 January 2009)

Non Executive Director (from 24 August 2010)

Chief Executive Officer

Robert James Bryant (from 4 April 2008)

Company Secretary

Christopher James Baldwin

Head Office

Unit 4, 60-70 Mahoneys Road
Thomastown Victoria 3074
Telephone: (03) 9469 8200 Facsimile: 03 9460 8300

Registered Office

Level 1, 48 High Street
Northcote Victoria 3070

Solicitors

Fetter Gdanski Lawyers
Level 11, 555 Lonsdale Street
Melbourne Victoria 3000

Middletons

Level 25, Rialto South Tower
525 Collins Street
Melbourne Victoria 3000

Banker

National Australia Bank
Level 1, 381 Wyndham Street
Shepparton Victoria 3630

Westpac Banking Corporation
360 Collins Street
Melbourne Victoria 3000

Share Registry

Link Market Services Limited
Level 9, 333 Collins Street
Melbourne Victoria 3000

Auditors

PKF Chartered Accountants
Level 14,
140 William Street
Melbourne Victoria 3000

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CEO and CHAIRMANS REPORT

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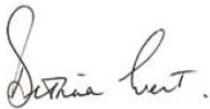
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Yours sincerely,



Bettina Evert
Chairman
31 August 2010



Robert Bryant
Chief Executive Officer
31 August 2010

Corporate Governance Statement

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

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

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

The Corporate Governance Statement that follows contains certain specific information and discloses the extent to which the Company has followed the guidelines during the 2009/10 year. Money3's Corporate Governance Statement is structured with reference to the ASX Corporate Governance Principles and Recommendations.

Principle 1 Lay solid foundations for management and oversight

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

The functions of the Board include:

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

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

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

Corporate Governance Statement (Cont'd)

Principle 2 Structure the Board to add value

The Board of Directors is structured to add long term value to Money3. The Board consists of three executive and three non-executive directors. The non-executive directors, being Ms Bettina Evert and Mr Christopher Baldwin, are regarded for corporate governance purposes as independent, notwithstanding the existence of certain relationships as listed in Box 2.1 of Principle 2 of Corporate Governance Principles and Recommendations.

Ms Bettina Evert is a consultant of Fetter Gdanski Pty Ltd which has in the past provided legal services to the Company and subsidiaries. Except for the IPO services, fees for each of the last three years have not exceeded \$10,000. Since listing on ASX, the Company's legal affairs are handled by Middletons.

Mr. Christopher Baldwin is a partner of Brown Baldwin which has in the past provided accounting, taxation and secretarial services to the Company and subsidiaries. Brown Baldwin continues to provide taxation and statutory secretarial services to the Group and annual fees for the 30 June 2010 financial year are \$14,416 (2009: \$16,886). Mr. Baldwin holds a significant number of securities in the Company but is not a substantial shareholder as defined in section 9 of the Corporations Act. Mr Baldwin is the uncle of Mr Scott Baldwin who is an executive director of the Company.

The Directors believe it is not practical, nor cost-effective for Money3 to have a majority of persons "independent" on the Board. The Directors also believe they are open and transparent in disclosing their plans and financial results to shareholders. They believe the AGM provides a good opportunity for shareholders to evaluate their performance. Directors are subject to re-election every three years. The Board has a policy of operating a tight structure, but appoints external parties experienced in specific sectors from time to time to provide expert advice.

Principle 3 Promote ethical and responsible decision-making

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

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

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

The Board is also mindful that trading by Directors and other employees of the Company at certain times may not be in the best interests of the above commitment. Accordingly, the Board has established and promulgated to all Directors and employees a Company Code of Conduct to guide those officers in their responsibilities in respect of trading in the Company's and other companies' securities. Directors and employees are prohibited from dealing in Money3 between the end of accounting periods and one week after the release of results.

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

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

Corporate Governance Statement (Cont'd)

- The Company encourages individuals to join appropriate organisations and associations that can effectively represent their work interests.
- The Company will communicate the code of conduct to all its employees, contractors and agents.

Principle 4 Safeguard integrity in financial reporting

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

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

- reporting of financial information to users of financial reports, in particular the quality and reliability of such information;
- assessing the consistency of disclosures in the financial statements with other disclosures made by the Company to the financial markets, governmental and other public bodies;
- review and application of accounting policies;
- financial management;
- review of internal and external audit reports to ensure that where weaknesses in controls or procedures have been identified, appropriate and prompt remedial action is taken by management;
- evaluation of the Company's compliance and risk management structure and procedures, internal controls and ethical standards;
- review of business policies and practices;
- conduct of any investigation relating to financial matters, records or accounts, and to report those matters to the Board;
- protection of the Company's assets; and
- compliance with applicable laws, regulations, standards and best practice guidelines.

Declaration of the CEO and CFO

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

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

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

Principle 5 Make timely and balanced disclosure

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

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

- ensuring that the Company complies with continuous disclosure requirements;
- overseeing and co-ordinating disclosure of information to ASX, analysts, brokers, shareholders, the media and the public;
- educating directors and staff on the Company's disclosure policies and procedures and raising awareness of the principles underlying continuous disclosure;
- ensuring that the Chairman and the CEO are aware of all sensitive information that may be required by the ASX Listing Rules and the law to be publicly released through the ASX before disclosing it to any person, including analysts and others outside the Company;
- ensuring that all information released through the ASX is promptly made available to its bankers and other parties to whom it has a similar reporting responsibility;
- the further dissemination of information, after it has been released through the ASX, to investors and other interested parties;
- posting such information on the Company's website immediately after the ASX confirms that it has received such announcements; and

Corporate Governance Statement (Cont'd)

- reviewing all briefings and discussions with media representatives, analysts and major shareholders, to check whether any price sensitive information has been inadvertently disclosed. If so, to immediately announce the information through the ASX.

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

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

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

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

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

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

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

Principle 6 Respect the rights of shareholders

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

Principle 7 Recognise and manage risk

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

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

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

On a continuous basis the Board has charged the Committee with responsibility that:

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

Corporate Governance Statement (Cont'd)

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

Principle 8 Remunerate fairly and responsibly

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

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

- executive remuneration policy;
- the remuneration of executive director;
- the remuneration of persons reporting directly to the managing director, and as appropriate, other executive directors;
- the Company's recruitment, retention and termination policies and procedure;
- superannuation arrangements; and
- all equity based remuneration.

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

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

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

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

Directors' Report

The directors present the annual financial report on the consolidated entity, consisting of Money3 Corporation Limited and the entities it controlled at the end of, or during the year ended 30 June 2010. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS' DETAILS

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

Bettina Evert BA LLB MAICD - Chairman and Non-Executive Director (Appointed on 28 February 2006)
- **Member of the Audit and Remuneration Committee**

Bettina is a consultant of Fetter Gdanski Pty Ltd, a commercial law practice established in 1995 and has been either a director or a partner of that firm since 1997. She is highly experienced in commercial law and litigation. She was, prior to commencing at Fetter Gdanski, a senior solicitor on the work-out team after the collapse of the Tricontinental Bank in 1991 and worked as a senior solicitor at Telstra Corporation advising senior management in relation to corporate governance. Prior to joining Fetter Gdanski in 1996 Bettina was a director of Deloitte Touche Thomatsu. Bettina is currently Deputy Chair of the Law Institute of Victoria, Executive Committee, Litigation Section, the Chair of the Courts Practice Committee of the Law Institute of Victoria and a lay member of the CPA Australia Disciplinary Committee which hears professional disciplinary matters relating to members of CPA Australia.

Robert James Bryant - Chief Executive Officer (Appointed on 4 April 2008)
- **Executive Director (Appointed on 25 November 2005)**

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

Robert's responsibilities included steering the formation of the Company, management and governance, regulation and compliance, expansion and public and government relations.

Kang Hong Tan ACA (UK) PNA (Aust) - Chief Financial Officer (Appointed on 1 July 2006)
- **Executive Director (Appointed on 25 November 2005)**

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

Christopher James Baldwin CPA - Company Secretary and Non-Executive Director (Appointed on 25 November 2005)
- **Member of the Audit and Remuneration Committee**

Christopher commenced work in 1960 for a public accountant and has continued his accounting professional work in taxation, business and consultancy in Shepparton as a principal and currently heads the public accounting practice of Brown Baldwin in Shepparton and Melbourne. Christopher has extensive experience in business matters, including taxation and accounting.

Scott Joseph Baldwin B.Eng (Hons) MBA AAICD - Chief Operations Officer (Appointed on 25 April 2008)
- **Executive Director (Appointed on 13 January 2009)**

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

Directors' Report

Geoffrey Joseph Sam OAM, B.Comm MHA MA(Econ & Soc Stud) FAICD FACHSE - Non Executive Director (Appointed on 24 August 2010)

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

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

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the year were providing financial services specialising in the delivery of small cash loans, secured and unsecured personal loans, cheque cashing and international money transfer. There has been no significant change in nature of the principal activities during the financial year.

DIVIDENDS

The Company paid a fully franked interim dividend for the year ended 30 June 2010 of 1.6 cents per share on 30 April 2010.

The Company paid a fully franked final dividend for the year ended 30 June 2009 of 1.8 cents per share on 27 November 2009.

On 31 August 2010, the directors declared a fully franked final dividend of 2.5 cents per share to the holders of fully paid ordinary shares in respect of the financial year ended 30 June 2010, to be paid to shareholders on 29 October 2010. The dividend will be paid to shareholders on the Register of Members on 15 October 2010. This dividend has not been included as a liability in these financial statements.

RESULTS OF OPERATIONS

The consolidated net profit after tax for the year was \$2,150,223 (2009: \$1,033,926).

REVIEW OF OPERATIONS

Gross revenue continued to increase in the financial year ending June 2010. The seven new branches opened up last year continued to grow and provided a strong contribution to the outstanding result. Profit after tax increased by over 100% and bad debts as a percentage of capital lent decreased from 7.5% to 5.5%. The company also has declared a 2.5 cent fully franked dividend for the second half of the year. For more details of results please refer to the CEO and Chairman's report.

CHANGE IN THE STATE OF AFFAIRS

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

SUBSEQUENT EVENTS

Other than disclosed elsewhere in the financial statements of the Company, no other matter or circumstances has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the Company, the results or the state of affairs of the Company.

FURTHER DEVELOPMENTS

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

Directors' Report

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

SHARE OPTIONS

As at the date of this report, there were 3,000,000 unissued ordinary shares of Money3 Corporation Limited in respect of which there are options outstanding (2009: 2,000,000)

a) Share options granted to directors and the five most highly remunerated executives

1,000,000 share options were granted to directors during the current financial year. Details of share options granted during the year ended June 2010 are:

Director and executives	Number of options granted	Issuing entity	Number of ordinary shares
Mr Scott Baldwin	1,000,000	Money3 Corporation Limited	1,000,000

b) Share options on issue at year end

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

Issuing entity	Type	No. of shares under option	Exercise Price	Expiry Date
Money3 Corporation Ltd	Directors Options	2,000,000	\$1.20	30 June 2011
Money3 Corporation Ltd	Directors Options	200,000	\$0.50	31 December 2011
Money3 Corporation Ltd	Directors Options	200,000	\$0.60	31 December 2012
Money3 Corporation Ltd	Directors Options	200,000	\$0.70	31 December 2013
Money3 Corporation Ltd	Directors Options	200,000	\$0.85	31 December 2014
Money3 Corporation Ltd	Directors Options	200,000	\$1.00	31 December 2015

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

SHARES ISSUED AS A RESULT OF THE EXERCISE OF OPTIONS

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

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

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

Directors' Report

DIRECTORS' MEETING

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, there were 10 Board meetings, one Audit Committee and one Remuneration Committee meeting held. No meeting of the Nominations Committee was held during the year.

Director	Board meeting		Audit Committee		Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
Bettina Evert	10	10	1	1	1	1
Robert Bryant	10	10	-	-	-	-
Kang Hong Tan	10	10	-	-	-	-
Christopher Baldwin	10	10	1	1	1	1
Scott Baldwin	10	10	-	-	-	-

DIRECTOR'S SHAREHOLDING

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

Director	Ordinary Shares	Partly paid ordinary shares	Type of Options	Options over Ordinary Shares
Bettina Evert	5,911	-	-	-
Robert Bryant	8,812,448	-	Director	1,000,000
Kang Hong Tan	4,732,114	-	Director	1,000,000
Christopher Baldwin	818,519	-	-	-
Scott Baldwin	918,103	-	Director	1,000,000

REMUNERATION REPORT (Audited)

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

REMUNERATION PHILOSOPHY

The performance of the Company depends upon the quality of its directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives.

To that end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high caliber executives;
- Focus on creating sustained shareholder value;
- Significant portion of executive remuneration at risk, dependent upon meeting predetermined performance benchmarks; and
- Differentiation of individual rewards commensurate with contribution to overall results and according to individual accountability, performance and potential.

The Remuneration Committee is responsible for determining and reviewing compensation arrangements for the directors, chief executive officer (CEO) and the senior management team. The committee assesses the appropriateness of the nature and amount of remuneration of directors and senior managers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

REMUNERATION STRUCTURE

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

Directors' Report

REMUNERATION REPORT (Audited) (Cont'd)

NON-EXECUTIVE DIRECTOR REMUNERATION

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest caliber, whilst incurring a cost which is acceptable to shareholders.

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the non executive directors as agreed. The current approved aggregate remuneration is \$200,000.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The board considers any advice received from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

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

SENIOR MANAGEMENT AND EXECUTIVE DIRECTOR REMUNERATION

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

- Reward executives for company and individual performance against targets set by reference to appropriate benchmarks;
- Align the interests of executives with those of shareholders;
- Link reward with the strategic goals and performance of the company; and
- Ensure total remuneration is competitive by market standards.

The executive remuneration program is designed to support the Company's reward philosophies and to underpin the Company's growth strategy. The program comprises the following components:

- Fixed remuneration component; and
- Variable remuneration component including short term incentive (STI) and long term incentive (LTI)

Fixed remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Senior managers are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

Variable remuneration – short term incentive (STI)

The objective of the STI program is to link the achievement of the Company's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential STI available is set at a level so as to provide sufficient incentive to the senior manager to achieve the operational targets and such that the cost to the Company is reasonable. On a quarterly basis, after consideration of performance against KPIs, the Board approves an overall performance rating for the Company. The individual performance of each executive is also rated and taken into account when determining the amount, if any, of the short term incentive pool allocated to each executive. The aggregate of annual STI payments available for executives across the Company are usually delivered in the form of a cash bonus. No cash bonuses were paid during the 2010 year (2009: nil).

Directors' Report

REMUNERATION REPORT (Audited) (Cont'd)

Variable remuneration - long term incentive (LTI)

The objective of the LTI plan is to reward senior managers in a manner, which aligns this element of remuneration with the creation of shareholder wealth. As such, LTI grants are only made to executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the Company's performance against relevant long term performance hurdles. LTI grants to executives are delivered in the form of options or shares. In the 2009/2010 financial year, 1,000,000 options were granted (2009: nil) to directors and executives. No issue of shares was made in 2010 (2009: nil) under the LTI plan.

CONTRACT OF EMPLOYMENT

All executives of the Company are employed under a letter of appointment with a minimum 6 month (or otherwise mutually agreed time period) notice period required to terminate the appointment. The letters of appointment do not contain specified option incentive entitlements.

RELATIONSHIP BETWEEN REMUNERATION POLICY AND COMPANY PERFORMANCE

Remuneration paid to key management personnel (KMP) has been set at a level to attract and retain appropriately skilled persons. All executive Directors and KMP receive a base salary, superannuation and fringe benefits. Performance based bonuses are not currently paid by the Group to Directors and KMP. Options issued to executive directors have been granted in consideration of their efforts in relation to the IPO and to drive continuing performance. As previously mentioned during the year 1,000,000 options were issued in the 2010 year (2009: nil).

In considering the consolidated entity's performance and benefits for shareholder wealth, the directors have regard to the indices in respect of the current financial year and the previous three financial years. The following table shows revenue, profits, dividends, share price, EPS and KMP remuneration at the end of each year since listing.

	19 October 2006 (Date of listing)	30 June 2007	30 June 2008	30 June 2009	30 June 2010
Revenue		6,264,045	7,500,731	9,013,813	11,000,772
Net Profit after tax		1,212,121	1,199,460	1,033,926	2,150,223
Closing share price (IPO price)	\$0.90	\$0.89	\$0.46	\$0.39	\$0.50
Price increase/(decrease) \$		\$(0.01)	(\$0.43)	(\$0.07)	\$0.11
Price increase/(decrease) %		(1%)	(48%)	(15%)	28%
Earnings per share		4.71	4.37	3.51	6.85
Dividend paid per share		3 cents	4.3 cents	3.3 cents	3.4 cents
Total key management personnel remuneration		\$526,589	\$644,900	\$592,179	\$571,350

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

DETAILS OF REMUNERATION

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

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

Directors' Report

REMUNERATION REPORT (Audited) (Cont'd)

The directors and KMP of the consolidated entity are the same as that of Money3 Corporation Limited. KMP are remunerated by the parent entity only. There are no other KMP other than those disclosed above.

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

	Short term employee benefits		Post employment benefits	Other long term benefits	Share based payments (options)	Total
	Salary & fees	Bonus	Superannuation			
	\$	\$	\$	\$	\$	\$
2010						
B. Evert	40,000	-	3,600	-	-	43,600
R. Bryant	110,000	-	9,000	-	25,466	144,466
Kang H. Tan	110,000	-	9,000	-	25,465	144,465
C. Baldwin	35,000	-	3,150	-	-	38,150
S. Baldwin	161,442	-	14,530	-	14,301	190,273
C Harris (ii)	9,538	-	858	-	-	10,396
Total	465,980	-	40,138	-	65,232	571,350
2009						
B. Evert	30,000	-	2,700	-	-	32,700
R. Bryant	97,212	-	7,849	-	83,334	188,395
Kang H. Tan	110,000	-	9,000	-	83,333	202,333
C. Baldwin	30,000	-	2,700	-	-	32,700
S. Baldwin(i)	125,643	-	10,408	-	-	136,051
Total	392,855	-	32,657	-	166,667	592,179

- (i) appointed on 13 January 2009
- (ii) appointed on 31 May 2010

Except for retirement benefits provided by the superannuation guarantee legislation, there are no retirement benefits for the Directors.

VALUE OF OPTIONS

The value of options is determined at grant date using the Binomial Option Pricing Model taking into account factors including exercise price, expected volatility and option life and is included in remuneration on a proportion basis from grant date to vesting date.

Value of options issued to directors and key management personnel

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

Directors	Options Granted Value at Grant Date	Options exercised Value at exercise date	Options lapsed Value at time of lapse	Total value of options, granted, exercised and lapsed	Percentage of total remuneration for the year that consists of options	Proportion of option remuneration Performance related	Non-Performance related
	\$	\$	\$	\$	%	%	%
2010							
R. Bryant	Nil	Nil	Nil	Nil	18	Nil	100
K. Tan	Nil	Nil	Nil	Nil	18	Nil	100
S Baldwin	44,740	Nil	Nil	Nil	8	Nil	100
2009							
R. Bryant	Nil	Nil	Nil	Nil	44	Nil	100
K. Tan	Nil	Nil	Nil	Nil	41	Nil	100

Directors' Report

REMUNERATION REPORT (Cont'd)

The options held to Mr Bryant and Mr Tan were granted during the 2007 financial year were not related to performance of the company as they were granted in consideration of efforts in relation to the IPO and as an incentive to drive the continuing performance of the Company. The total fair value of these options on grant date was \$500,000. The options vested in the 2009 financial year and expire on 30 June 2011.

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

As the options vest over time the cost is expensed in accordance with AASB2 over the vesting period. In the 2010 financial year the expense is \$65,232 (2009: \$166,667).

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

SHARE BASED COMPENSATION

Options

Options are granted under the Money3 Corporation Limited's Director and Employee Share Option Plan. Options are granted under the plan for no consideration. The board meets to determine eligibility for the granting of options, and to determine the quantity and terms of options that will be granted.

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

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

	Issue Date	Options Granted	Exercise Price	Expiry Date	Vesting Date	Maximum total value of issue yet to vest \$
Robert Bryant	1 July 2006	1,000,000	\$1.20	30 June 2011	19 October 2009	-
Kang Tan	1 July 2006	1,000,000	\$1.20	30 June 2011	19 October 2009	-
Scott Baldwin	27 Nov 2009	200,000	\$0.50	31 Dec 2011	31 Dec 2010	4,360
Scott Baldwin	27 Nov 2009	200,000	\$0.60	31 Dec 2012	31 Dec 2011	6,520
Scott Baldwin	27 Nov 2009	200,000	\$0.70	31 Dec 2013	31 Dec 2012	7,000
Scott Baldwin	27 Nov 2009	200,000	\$0.85	31 Dec 2014	31 Dec 2013	6,473
Scott Baldwin	27 Nov 2009	200,000	\$1.00	31 Dec 2015	31 Dec 2014	6,086

These options vest if an event occurs which gives rise to a change in control of the Company. 1,000,000 options were issued during the 30 June 2010 (2009: nil) financial year.

Share options carry no rights to dividends and no voting rights. In accordance with the terms of the share option schemes, options may be exercised at any time from the date on which they vest to the date of their expiry, subject to any additional specific requirements of the particular allocation.

End of Remuneration Report (Audited)

Directors' Report

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court for leave to bring proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of these proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

NON-AUDIT SERVICES

There were no non audit services provided by the auditor during the 2010 or 2009 financial years.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 20 of the financial report.

Signed in accordance with a resolution of the Directors

On behalf of the directors



Bettina Evert
Chairman
Melbourne,
Dated 31 August 2010

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Money3 Corporation Limited for the year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

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



D J Garvey
Partner
PKF

31 August 2010
Melbourne

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MONEY3 CORPORATION LIMITED**

Chartered Accountants
& Business Advisers

Report on the Financial Report

We have audited the accompanying financial report of Money3 Corporation Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income and statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of Money3 Corporation Limited (the consolidated entity). The consolidated entity comprises the entity and the entities it controlled at year end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with Australian Accounting Standards ensures that the financial report, comprising the financial statements and notes, complies 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. These Auditing 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 entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

- (a) the financial report of Money3 Corporation Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1

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Chartered Accountants
& Business Advisers

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 18 of the directors' report for the year ended 30 June 2010. 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.

Auditor's Opinion

In our opinion the Remuneration Report of Money3 Corporation Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Acts 2001*.

PKF

PKF

D J Garvey
Partner

31 August 2010
Melbourne

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Directors' Declaration

The directors of Money3 Corporation Limited declare that:

- (a) in the directors' opinion the financial statements and notes and the Remuneration report in the Directors Report set out on pages 14 to 18, are 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 2010 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as disclosed in Note 1(a); and
- (c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by Section 295A of the Corporations Act 2001 by the chief executive officer and chief financial officer for the financial year ended 30 June 2010.

Signed in accordance with a resolution of the directors

On behalf of the Directors



Bettina Evert
Chairman
Dated 31 August 2010

Statement of Comprehensive Income for the year ended 30 June 2010

	Notes	<u>Consolidated</u> 2010 \$	<u>Consolidated</u> 2009 \$
Revenue from continuing operations	2	11,000,772	9,013,813
Expenses from operating activities			
Administration		598,440	503,733
Employment	3	3,963,500	3,286,724
Advertising		289,737	405,005
Occupancy costs		994,167	727,004
Bad debts		1,216,450	1,417,093
Depreciation & amortisation	3	252,295	238,790
Loss on sale of fixed assets	3	8,959	88,273
Communication		175,385	156,967
Legal and professional		387,100	261,754
Finance Costs	3	110,801	103,727
Profit before income tax		3,003,938	1,824,743
Income tax expense	5	(853,715)	(790,817)
Profit for the period from continuing operations		2,150,223	1,033,926
Other comprehensive income:			
Other comprehensive income for the year net of tax		-	-
Profit attributable to members of Money3 Corporation Limited		2,150,223	1,033,926
Total comprehensive income attributable to members of Money3 Corporation Ltd		2,150,223	1,033,926
Earnings per share			
Basic earnings per share (cents)	6	6.85	3.51
Diluted earnings per share (cents)	6	6.44	3.51

The statement of comprehensive income is to be read in conjunction with the attached notes.

Statement of Financial Position as at 30 June 2010

	Notes	Consolidated	
		2010	2009
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	9	2,275,755	1,175,708
Trade and other receivables	10	8,555,033	7,183,508
Other	11	1,741	4,088
Total current assets		10,832,529	8,363,304
Non current assets			
Trade and other receivables	10	832,914	878,303
Other	11	155,550	79,089
Property, plant & equipment	12	1,021,686	1,030,756
Intangibles	13	15,323,487	15,323,487
Deferred tax assets	5(d)	198,669	178,973
Total non current assets		17,532,306	17,490,608
Total assets		28,364,835	25,853,912
LIABILITIES			
Current liabilities			
Trade and other payables	14	883,933	568,923
Borrowings	16	1,219,404	608,513
Current tax payables	5(c)	410,317	246,957
Provisions	15	277,447	225,235
Total current liabilities		2,791,101	1,649,628
Non current liabilities			
Provisions	15	70,194	52,463
Borrowings	16	52,769	62,244
Total non current liabilities		122,963	114,707
Total liabilities		2,914,064	1,764,335
Net assets		25,450,771	24,089,577
EQUITY			
Issued capital	17	22,726,416	22,516,008
Share Option Reserve	18	514,301	449,069
Accumulated profit	4	2,210,054	1,124,500
Total equity		25,450,771	24,089,577

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

Statement of Changes in Equity for the year ended 30 June 2010

CONSOLIDATED

	Issued Capital	Accumulated Profit	Share Option Reserves	Total
	\$	\$	\$	\$
At 1 July 2008	21,144,955	1,379,948	282,402	22,807,305
Profit for the year	-	1,033,926	-	1,033,926
Issue of shares	1,371,053	-	-	1,371,053
Share option reserve	-	-	166,667	166,667
Dividend paid	-	(1,289,374)	-	(1,289,374)
Closing balance as at 30 June 2009	<u>22,516,008</u>	<u>1,124,500</u>	<u>449,069</u>	<u>24,089,577</u>
At 1 July 2009	22,516,008	1,124,500	449,069	24,089,577
Profit for the year	-	2,150,223	-	2,150,223
Issue of shares	210,408	-	-	210,408
Share option reserve	-	-	65,232	65,232
Dividend paid	-	(1,064,669)	-	(1,064,669)
Closing balance as at 30 June 2010	<u>22,726,416</u>	<u>2,210,054</u>	<u>514,301</u>	<u>25,450,771</u>

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

Statement of Cash Flows for the financial year ended 30 June 2010

	Notes	<u>Consolidated</u> <u>2010</u> <u>\$</u>	<u>Consolidated</u> <u>2009</u> <u>\$</u>
Cash flows from operating activities			
Net fees and charges from customers		9,659,377	8,750,415
Payments to suppliers and employees		(5,955,798)	(5,028,693)
Interest received		10,243	13,026
Interest paid		(110,801)	(103,727)
Income tax paid		(710,051)	(965,599)
Net cash provided by operating activities	19(b)	<u>2,892,970</u>	<u>2,665,422</u>
Cash flows from investing activities			
Payment for property, plant and equipment		(252,184)	(280,076)
Net funds advanced to customers for loans		(1,247,046)	(1,399,286)
Payments for purchase of business		(40,850)	-
Net cash used in investing activities		<u>(1,540,080)</u>	<u>(1,679,362)</u>
Cash flows from financing activities			
Proceeds from share issue		-	1,010,000
Repayment of hire purchase borrowings		(8,584)	(8,225)
(Repayments)/Proceeds of borrowings		610,000	(475,000)
Dividend paid		(854,261)	(928,327)
Net cash used in financing activities		<u>(252,845)</u>	<u>(401,552)</u>
Net increase in cash held		1,100,047	584,508
Cash and cash equivalents at the beginning of the year		1,175,708	591,200
Cash and cash equivalents at end of the year	19(a)	<u>2,275,755</u>	<u>1,175,708</u>

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

Notes to the financial statements

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Notes to the financial statements for the year ended 30 June 2010

Introduction

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

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

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

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

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

1. Summary of significant accounting policies

a) Basis of accounting

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

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements comply with International Financial Reporting Standards (IFRS).

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

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

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

b) New and revised accounting standards and interpretations

Adoption of new and revised standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) as of 1 July 2009 that are relevant to its operations and effective for the current annual reporting period. When the adoption of the Standard or Interpretation is deemed to have an impact on the financial statements or performance of the Group, its impact is described below:

Notes to the financial statements for the year ended 30 June 2010

1. Summary of significant accounting policies (Cont'd)

b) New and revised accounting standards and interpretations (Cont'd)

AASB 101 Presentation of Financial Statements

The revised Standard separates the owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present one statement.

AASB 8 Operating Segments

AASB 8 Operating Segments replaced AASB 114 Segment Reporting from 1 July 2009. AASB8 requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. Operating Segments are now reported in a manner that is consistent with the internal reporting provided to the chief operating officer. Group concluded that the operating segments determined in accordance with AASB 8 are the same as the business segments previously identified under AASB 114.

AASB 3 Business Combinations (revised 2008)

AASB 3 (revised) continues to apply the acquisition method to business combinations, but with some significant changes. Changes affect the valuation of non-controlling interest (previously "minority interest", the accounting for transaction costs, the initial recognition and subsequent measurement of contingent consideration and business combinations achieve in stages. These changes will impact the amount of goodwill recognised, the reported results in the period when an acquisition occurs and future reported results. The Group concluded that AASB 3 (revised) had no material impact on the financial statements or performance of the Group.

AASB 2008-7 Amendments to Australian Accounting Standards – Costs of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

The amendments delete the reference to the "cost method" making the distinction between pre and post acquisition profits no longer relevant. All dividends received are now recognised in the profit and loss rather than having to be split between a reduction in the investment and profit and loss. However the receipt of such dividends requires an entity to consider whether there is an indicator of impairment of the investment in that subsidiary. The receipt of dividends from subsidiaries during the half year ended did not impact the recoverability of the investment in the subsidiary. The adoption of these amendments did not have any impact on the financial position or the performance of the Group.

AASB 2009-2 Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments

The amendments to AASB 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Group has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-Settled Share based Payment Transactions [AASB 2] (effective from 1 January 2010)

The amendments made by the AASB to AASB 2 confirm that an entity receiving goods or services in a group share-based payment arrangement must recognise an expense for those goods or services regardless of which entity in the group settles the transaction or whether the transaction is settled in shares or cash. They also clarify how the group share-based payment arrangement should be measured, that is, whether it is measured as equity- or a cash-settled transaction. The group will apply these amendments retrospectively for the financial reporting period commencing on 1 July 2010. There will be no impact on the group's financial statements.

Notes to the financial statements for the year ended 30 June 2010

1. Summary of significant accounting policies (Cont'd)

b) New and revised accounting standards and interpretations (Cont'd)

AASB 123 Borrowing Costs (as revised in 2007) and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123

The principal change to AASB 123 was to eliminate the option to expense all borrowing costs when incurred. This change has had no impact on these financial statements because it has always been the Group's accounting policy to capitalise borrowing costs incurred on qualifying assets.

AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132] (effective from 1 February 2010)

In October 2009 the AASB issued an amendment to AASB 132 Financial Instruments: Presentation which addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment must be applied retrospectively in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The group will apply the amended standard from 1 July 2010. As the group has not made any such rights issues, the amendment will not have any effect on the group's financial statements.

Other than disclosed above, the accounting policies and methods of computation adopted in the preparation of the financial report are consistent with those of the previous financial year.

c) Parent entity financial information

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

i. *Investment in subsidiaries*

Investments in subsidiaries are accounted for at cost less accumulated impairment in the financial statements of Money3 Corporation Limited

d) Principles of consolidation

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

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

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

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

e) Critical accounting estimates, assumptions and judgements

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

Notes to the financial statements for the year ended 30 June 2010

1. Summary of significant accounting policies (Cont'd)

e) Critical accounting estimates, assumptions and judgements (Cont'd)

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

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

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

Investments in subsidiaries

The parent entity tests annually whether investments in subsidiaries have suffered any impairment in accordance with the accounting policy stated in Note 1(c). The Directors are of the opinion that there has been no impairment of investments in subsidiaries.

Goodwill

The consolidated entity tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 1(k). The Directors engaged an independent consultant to review the annual impairment testing and are of the opinion that there has been no impairment of goodwill. Refer to Note 13 for further details

Allowance for doubtful debts

The Company assesses impairment regularly. The allowance for doubtful debts represent management's estimate of the losses incurred in the loan book as at 30 June 2010 based on past experience and judgement. At 30 June 2010, the allowances for doubtful debts are \$663,739 (2009: \$479,207).

Share based payments

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

f) Cash and cash equivalents

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

g) Trade and other receivables

Trade receivables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest rate method, less an allowance for doubtful debts. Collectibility of trade receivables is reviewed on an ongoing basis, and an allowance for doubtful debts is recognised when there is objective evidence that the collection of the full amount is no longer probable. Bad debts are written off when identified. Receivables from related parties are recognised and carried at the nominal amount due.

Trade receivables are generally due for settlement within 30 days.

Notes to the financial statements for the year ended 30 June 2010

1. Summary of significant accounting policies (Cont'd)

h) Investments and other financial assets

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

Investments in subsidiaries are measured at cost in the company financial statements in Note 29.

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

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

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment, and are included in trade receivables (Note 10) in the Statement of Financial Position.

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

The consolidated entity does not have any fair value through the profit and loss, held-to-maturity or available for sales assets.

Impairment of financial assets

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

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

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

Notes to the financial statements for the year ended 30 June 2010

1. Summary of significant accounting policies (Cont'd)

i) Business combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the entity's share of the identifiable net assets acquired is recorded as goodwill (refer Note 1(j)). If the cost of acquisition is less than the entity's share of the fair value of the identifiable net assets of the business or subsidiary acquired, the difference is recognised directly in the statement of comprehensive income, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

j) Intangible assets

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

Goodwill

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

Software

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

k) Impairment of assets

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

Notes to the financial statements for the year ended 30 June 2010

1. Summary of significant accounting policies (Cont'd)

k) Impairment assets (Cont'd)

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

l) Acquisition of assets

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

m) Property, plant and equipment

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

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

The following rates are used in the calculation of depreciation:

Class of Fixed Asset	Depreciation Rate
Leasehold Improvements	20% to 30% or remaining life of the lease
Motor Vehicles	20% to 33.3%
Furniture, Equipment and Fittings	20% to 37.5%

Impairment

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

Disposals

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

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

n) Trade and other payables

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

Notes to the financial statements for the year ended 30 June 2010

1. Summary of significant accounting policies (Cont'd)

o) Goods and services tax (GST)

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

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

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

p) Provisions

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

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

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

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

q) Issued capital

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

r) Revenue recognition

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

Loan fees and charges

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

Notes to the financial statements for the year ended 30 June 2010

1. Summary of significant accounting policies (Cont'd)

r) Revenue recognition (Cont'd)

Interest

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

Dividends

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

Rendering of service

Revenue from the rendering of services such as cheque cashing and money transfer is recognised in the income statement when the service is performed and there are no unfulfilled service obligations that will restrict the entitlement to receive the sales consideration.

s) Employee benefits

Wages and salaries and annual leave

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

Long service leave

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

Superannuation

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

t) Income tax

Current tax

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

Deferred tax

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

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

Notes to the financial statements for the year ended 30 June 2010

1. Summary of significant accounting policies (Cont'd)

t) Income tax (Cont'd)

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

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

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

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

Current and deferred tax for the period

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

u) Leases

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

Finance leases

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

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

Operating leases

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

Notes to the financial statements for the year ended 30 June 2010

1. Summary of significant accounting policies (Cont'd)

v) Borrowings

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

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

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

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

w) Comparative figures

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

x) Share based payment arrangements

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

For equity settled share-based payments, goods or services received are measured directly at the fair value of the goods and services received provided this can be estimated reliably. If a reliable estimate cannot be made the value of the goods or services is determined indirectly by reference to the fair value of the equity instruments issued.

The share option reserve is used to record the grant of share options to directors and senior employees. Amounts are transferred out of the reserve account into issued capital when the options are exercised.

y) Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

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

Notes to the financial statements for the year ended 30 June 2010

1. Summary of significant accounting policies (Cont'd)

z) Dividends

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

aa) Reclassification of operating cash flows

In the current financial year, the company has reclassified net funds advanced to customers from operating cash flows to investing cash flows as the company no longer considers the classification of Money3 Corporation Limited as a financial institution as appropriate. This has increased prior period operating cash flows from \$1,266,136 to \$2,665,422 and decreased investing activities cash flows from (\$280,076) to (\$1,679,362).

2. Revenue

	Consolidated 2010	Consolidated 2009
	\$	\$
Continuing operations:		
Revenue from operating activities		
Loan fees and charges	10,009,323	7,930,243
Cheque cashing fees	759,068	858,300
Other services	222,138	212,244
	<u>10,990,529</u>	<u>9,000,787</u>
Revenue from non-operating activities		
Interest income from financial institutions	10,243	13,026
Total revenue from continuing operations	<u>11,000,772</u>	<u>9,013,813</u>

3. Expenses included in net profit from continuing operations

Profit before income tax has been determined after:

<i>Employment:</i>		
Salary and employee benefits expense	3,138,063	2,514,785
Share based payment	65,232	166,667
Contributed superannuation	320,395	263,505
Other employment costs	439,810	341,767
Total Employment costs	<u>3,963,500</u>	<u>3,286,724</u>
<i>Depreciation and amortisation:</i>		
Leasehold improvements	75,075	83,855
Motor vehicles	28,759	33,549
Furniture, Equipment and Fittings	148,461	121,386
Total depreciation and amortisation	<u>252,295</u>	<u>238,790</u>

Notes to the financial statements for the year ended 30 June 2010

3. Expenses included in net profit from continuing operations (Cont'd)

	Consolidated 2010	Consolidated 2009
<i>Operating lease</i>	\$	\$
Rent	706,522	515,010
<i>Finance costs (a)</i>		
Interest on bank overdrafts and loans	104,118	96,685
Interest on obligations under finance lease	6,683	7,042
Total finance costs	110,801	103,727
Loss on disposal of assets	8,959	-

(a) The weighted average interest rate on funds borrowed generally is 11.1% p.a. (2009: 10.9%p.a.)

4. Accumulated profit

	Consolidated 2010	Consolidated 2009
	\$	\$
Accumulated profit at 1 July	1,124,500	1,379,948
Net profit	2,150,223	1,033,926
Dividend Paid	(1,064,669)	(1,289,374)
Accumulated profit at 30 June	2,210,054	1,124,500

5. Income tax

a) Income tax expense

Current tax expense	873,411	657,107
Deferred tax expense / (income) related to the origination and reversal of temporary differences in relation to deferred tax assets	(19,696)	133,710
Total tax expense / (income) in the income statement	853,715	790,817

Current tax expense is attributable to:

- Profit from continuing operations	853,715	790,817
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Deferred income tax (revenue)/expense included in income tax expense comprises:

- Decrease/(increase) in deferred tax assets	(19,696)	133,710
- (Decrease)/increase in deferred tax liabilities	-	-
	(19,696)	133,710

Notes to the financial statements for the year ended 30 June 2010

5. Income tax (Cont'd)

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

	Consolidated 2010 \$	Consolidated 2009 \$
Profit from continuing operations before income tax expense	3,003,938	1,824,743
Income tax calculated at 30% (2009: 30%)	901,181	547,423
Add/(less):		
Capital raising costs	(47,792)	(47,792)
Share based payments	19,750	50,000
Business tax break	-	(14,521)
Non deductible expenses	65,937	170,346
Unused tax losses (recognised)/not recognised as deferred tax assets	(85,361)	85,361
Income tax expense / (income)	853,715	790,817

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

c) Current tax liabilities

Income tax payable attributable to:

Entities in the consolidated group	410,317	246,957
	410,317	246,957

d) Deferred tax balances

Deferred tax assets comprises:

Capital raising costs	47,792	95,583
Provisions	150,877	83,390
	198,669	178,973

e) Tax losses

Unused tax losses for which no deferred tax assets has been recognised

	-	284,537
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Potential tax benefit @30%

	-	85,361
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All unused tax losses were incurred by Australian entities

Notes to the financial statements for the year ended 30 June 2010

6. Earnings per share

	Consolidated 2010 Cents	Consolidated 2009 Cents
a) Basic and diluted earnings per share		
Basic earnings per share (cents per share)	6.85	3.51
Diluted earnings per share (cents per share)	6.44	3.51
 b) The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:		
	\$	\$
Earnings used in basic and diluted earnings per share (net profit)	<u>2,150,223</u>	<u>1,033,926</u>
	Number	Number
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>31,385,986</u>	<u>29,454,570</u>
Weighted average number of ordinary and potential ordinary shares used in the calculation of diluted earnings per share as follows:		
Weighted average number of ordinary shares basic	31,385,986	29,454,570
Dilutive potential ordinary shares	<u>2,500,822</u>	<u>-</u>
Weighted average number of ordinary shares and potential ordinary shares used in calculation of diluted earnings per share	<u>33,966,808</u>	<u>29,454,570</u>

(i) Options:

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

Notes to the financial statements for the year ended 30 June 2010

7. Dividends

	2010 Cents per share	2010 \$	2009 Cents per share	2009 \$
Recognised amounts				
Fully paid ordinary shares				
Interim dividend fully franked at 30% tax rate	1.6	503,191	1.5	459,068
Unrecognised amounts				
Fully paid ordinary shares				
Final dividend fully franked at 30% tax rate	2.5	792,709	1.8	561,477

On 31 August 2010, the directors declared a fully franked final dividend of 2.5 cents per share to the holders of fully paid ordinary shares in respect of the financial year ended 30 June 2010, to be paid to shareholders on 29 October 2010. The dividend will be paid to shareholders on the Register of Members on 15 October 2010. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is \$792,709.

Dividend Franking Credits

	Consolidated 2010 \$	Consolidated 2009 \$
Franking credits available for subsequent financial years based on a tax rate of 30% (2009 – 30%) (i)	1,324,407	1,070,642
Impact on franking account balance of dividends not recognised (ii)	(339,732)	(240,633)
Income tax consequences of unrecognised dividends (ii)	-	-

- (i) The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
- franking credit that will arise from the payment of the amount of the provision for income tax;
 - franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
 - franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.
- (ii) Subsidiaries in the consolidated group have sufficient franking credits at 30 June 2010 to pay fully franked dividends to the parent entity thus enabling the parent entity to pay fully franked dividends to shareholders on 29 October 2010. The impact on the franking account of the dividend recommended by the directors since year end, but not recognised as liability at year end, will be a reduction in the franking account of \$339,732 (2009: \$240,633).

Notes to the financial statements for the year ended 30 June 2010

8. Share based payments

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

	2010 Number	2009 Number
Balance at 1 July	2,000,000	2,000,000
Granted during the financial period	1,000,000	-
Balance at the 30 June	3,000,000	2,000,000

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

The Company has issued a total of 3,000,000 options (2009: 2,000,000 options) to the Directors (or their nominees) ("Director Options").

	Issue Date	Options Granted	Exercise Price	Expiry Date	Vesting Date
Robert Bryant	1 July 2006	1,000,000	\$1.20	30 June 2011	19 October 2009
Kang Hong Tan	1 July 2006	1,000,000	\$1.20	30 June 2011	19 October 2009
Scott Baldwin	27 November 2009	200,000	\$0.50	31 December 2011	31 December 2010
Scott Baldwin	27 November 2009	200,000	\$0.60	31 December 2012	31 December 2011
Scott Baldwin	27 November 2009	200,000	\$0.70	31 December 2013	31 December 2012
Scott Baldwin	27 November 2009	200,000	\$0.85	31 December 2014	31 December 2013
Scott Baldwin	27 November 2009	200,000	\$1.00	31 December 2015	31 December 2014

Options on issue have the following conditions:-

- the options vest in full when an event occurs which give rise to a change in control of the Company.
- if the Company after having granted these options restructures its issued share capital, ASX Listing Rules will apply to the number of Shares issued to the option holder on exercise of an option.
- options will not be listed on ASX but application will be made for quotation of the shares resulting from the exercise of the options.
- on issue of the resulting shares, they will rank equally with ordinary shares on issue at that time.
- Share options carry no rights to dividends and no voting rights. In accordance with the terms of the share option schemes, options may be exercised at any time from the date on which they vest to the date of their expiry, subject to any additional specific requirements of the particular allocation

Consideration received on the exercise of options is recognised as contributed equity. During the financial year ended 30 June 2010 and 30 June 2009 no options were exercised.

The weighted average share price during the year was \$0.45 (2009: \$0.41)

Options

Options are granted under the Money3 Corporation Limited's Director and Employee Share Option Plan. Options are granted under the plan for no consideration. The board meets to determine eligibility for the granting of options, and to determine the quantity and terms of options that will be granted.

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

Options granted under the plan carry no dividend or voting rights

Notes to the financial statements for the year ended 30 June 2010

8. Share base payments (Cont'd)

The model inputs for options granted to Scott Baldwin during the year ended 30 June 2010 included:-

	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5
Exercise price	\$0.50	\$0.60	\$0.70	\$0.85	\$1.00
Grant date	27 November 2009				
Expiry date	31 December 2011	31 December 2012	31 December 2013	31 December 2014	31 December 2015
Share price at grant date	\$0.45	\$0.45	\$0.45	\$0.45	\$0.45
Expected volatility	40%	40%	40%	40%	40%
Expected dividend yield	7.33%	7.33%	7.33%	7.33%	7.33%
Risk free rate	4.290%	4.585%	4.8105	4.925%	5.000%

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

	2010 No of options	2010 Weighted average exercise price \$	2009 No of options	2009 Weighted average exercise price \$
Balance at beginning of year	2,000,000	1.20	2,000,000	1.20
Granted during the year	1,000,000	0.73	-	-
Forfeited during the year	-	-	-	-
Exercised during year	-	-	-	-
Expired during the year	-	-	-	-
Balance at end of year	3,000,000	1.04	2,000,000	1.20
Weighted average remaining contractual life	1.66 years		2.00 years	
Exercisable at the end of the financial year	1,000,000	0.73	2,000,000	1.20

9. Cash and cash equivalents

	Consolidated 2010 \$	Consolidated 2009 \$
Cash at bank in hand	2,275,755	1,175,708

10. Trade and other receivables

Trade receivables	10,051,686	8,541,018
Allowance for doubtful debts	(663,739)	(479,207)
	<u>9,387,947</u>	<u>8,061,811</u>
Current receivables	8,555,033	7,183,508
Non-current receivables	832,914	878,303
Total receivables	<u>9,387,947</u>	<u>8,061,811</u>

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

Notes to the financial statements for the year ended 30 June 2010

10. Trade and other receivables (Cont'd)

The following basis has been used to assess the doubtful debt required for trade receivables:

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

An allowance has been made for estimated irrecoverable trade receivable amounts arising from the past provision of services, determined by reference to past default experience. During the current financial year, the allowance for doubtful debts increased by \$184,532 (2009: increased by \$63,744) in the Group. These amounts relate mainly to customers experiencing financial hardships. This movement was recognised in the Statement of Comprehensive Income. During the year the Group's bad debt expense decreased by \$200,643 (2009: increased by \$591,559). The consolidated entity actively reviews debtors for their recoverability and these debts are expensed immediately when non recoverability is identified.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements. The Group does not hold any collateral as security over loans below \$5,000, and as such did not take possession of any collateral for loans in this category. Security is generally taken for loans above \$5,000. As at the balance date there has not been any repossession. The total fair value of securities held for certain trade receivables is impracticable to determine for accounting disclosure as is the fair value of any collateral sold or repledged. However, the security position against individual debtors is considered by management in their evaluation of the recoverable amount. Refer to Note 25(b) for more information on the credit risk policy of the Group.

Refer to Note 25 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables. Amount of past due but not impaired are follows:

	2010			2009		
	Gross \$	Allowance (i) \$	Net (ii) \$	Gross \$	Allowance (i) \$	Net (ii) \$
Consolidated						
The aging of the receivables is:						
1 to 3 months	860,252	(480,476)	379,776	720,717	(328,489)	392,228
3 to 6 months	273,049	(58,280)	214,769	379,563	(50,575)	328,988
More than 6 months	864,611	(124,983)	739,628	785,433	(100,143)	685,290
TOTAL	1,997,912	(663,739)	1,334,173	1,885,713	(479,207)	1,406,506

- (i) Past due and impaired
 (ii) Past due but not impaired

Given the nature of the loans and advances provided, a significant portion of debtors are expected to be slow in repayment. However, past experience demonstrates that these loans and advances net of allowance for doubtful debts will be collected. The Group does not hold any collateral in relation to these receivables.

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

	Consolidated 2010 \$	Consolidated 2009 \$
Opening balance	479,207	415,463
Additional provisions	663,739	479,207
Receivables written off as uncollectible	(344,847)	(152,681)
Unused amount reversed	(144,360)	(263,782)
Closing balance	663,739	479,207

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

Notes to the financial statements for the year ended 30 June 2010

11. Other assets

	Consolidated 2010 \$	Consolidated 2009 \$
<i>Current</i>		
Prepayments	1,741	4,088
	<u>1,741</u>	<u>4,088</u>
<i>Non-Current</i>		
Rental deposits	114,700	79,089
Other financial assets	40,850	-
	<u>155,550</u>	<u>79,089</u>

There were no past due and impaired other debtors.

12. Property, plant and equipment

Consolidated 2010	Motor vehicles on hire purchase \$	Motor vehicles \$	Leasehold Improvements \$	Furniture, Equipment and Fittings \$	Total \$
Gross carrying amount					
Balance at 1 July 2009	93,500	106,427	744,282	1,049,642	1,993,851
Additions	-	38,000	105,949	108,235	252,184
Disposals	-	-	(11,236)	-	(11,236)
Balance at 30 June 2010	<u>93,500</u>	<u>144,427</u>	<u>838,995</u>	<u>1,157,877</u>	<u>2,234,799</u>
Accumulated Depreciation					
Balance at 1 July 2009	21,486	53,654	381,969	505,986	963,095
Depreciation expense	14,403	14,356	75,075	148,461	252,295
Disposals	-	-	(2,277)	-	(2,277)
Balance at 30 June 2010	<u>35,889</u>	<u>68,010</u>	<u>454,767</u>	<u>654,447</u>	<u>1,213,113</u>
Net carrying amount					
As at 30 June 2010	<u>57,611</u>	<u>76,417</u>	<u>384,228</u>	<u>503,430</u>	<u>1,021,686</u>

**Notes to the financial statements
 for the year ended 30 June 2010**

12. Property, plant and equipment (Cont'd)

Consolidated 2009	Motor vehicles on hire purchase \$	Motor vehicles \$	Leasehold Improvements \$	Furniture, Equipment and Fittings \$	Total \$
Gross carrying amount					
Balance at 1 July 2008	93,500	146,162	569,505	944,343	1,753,510
Additions	-	-	61,451	218,625	280,076
Asset reclassification	-	-	113,326	(113,326)	-
Disposals	-	(39,735)	-	-	(39,735)
Balance at 30 June 2009	93,500	106,427	744,282	1,049,642	1,993,851
Accumulated Depreciation					
Balance at 1 July 2008	3,483	77,843	214,035	468,679	764,040
Depreciation expense	18,003	15,546	83,855	121,386	238,790
Depreciation on reclassified asset	-	-	84,079	(84,079)	-
Disposals	-	(39,735)	-	-	(39,735)
Balance at 30 June 2009	21,486	53,654	381,969	505,986	963,095
Net carrying amount					
As at 30 June 2009	72,014	52,773	362,313	543,656	1,030,756

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

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

Notes to the financial statements for the year ended 30 June 2010

13. Intangible assets

	Consolidated 2010 \$	Consolidated 2009 \$
Goodwill		
Money3 Branches and Loan Centre	15,323,487	15,323,487
Total Goodwill	<u>15,323,487</u>	<u>15,323,487</u>

Background

Goodwill is allocated for impairment testing purposes in the 2010 financial year to one cash generating unit (CGU), being the combined operations of the Money3 Trading Companies and the Loan Centre. The recoverable amount of the cash generating unit is based on a number of key assumptions as detailed below.

The recoverable amount of a CGU is identified based on value-in-use calculations which use cash flow projections based on financial budgets approved by management covering a five-year period,

Impairment tests and key assumptions used

As at 30 June 2010, the directors concluded that there is no impairment of goodwill (2009: \$nil).

The cash-generating unit provides financial services specialising in the delivery of small cash loans, personal loans, cheque cashing and international money transfer. The recoverable amount of the CGU is determined based on a value in use calculation which uses cash flow projections based on past experience, expectations for the future, utilizing both internal and external sources of data and relevant industry trends.

Cash flows

The value in use calculations use cash flow projections based on past operating results and budgets approved by the directors for the 30 June 2011 financial year extended over a further four year period, in total covering a five-year period. The 30 June 2011 financial year budget allows for a reduction in the level of bad debts expense, a growth in operating expenses of 12% and a 17% increase in revenue mainly arising from branch expansion and increased income from the loan centre in the 2011 year.

Growth rate

The growth rate applied to the cash flows for the four year period beyond the detailed budget prepared and approved by the directors for the 30 June 2011 financial year is between 3% and 10% (2009: 3 to 10%) based on the expected performance of individual branches and the loan centre. The terminal value growth rate used to extrapolate cash flows beyond the five year period is 2.5% (2009: 2.5%). The growth in cash flows is based on assumptions in total revenue growth over the period beyond the 30 June 2011 financial year of 2.5% to 5% (2009: 5%) and growth in cash outflows from operating expenses of 2.5% to 3.5% (2009 2.5% to 3.5%).

Notes to the financial statements for the year ended 30 June 2010

13. Intangible assets (Cont'd)

Discount rate

The discount rate applied to the cash flow projections is 18.54% (2009: 18.54%) pre tax. The discount rate is derived using the capital asset pricing model by estimating the company's weighted average cost of capital with appropriate adjustment for cost of equity, risk free rate of interest, market risk premium and the beta of GICS Class 17 – Diversified Financials sector.

Composition of CGUs

Since becoming one entity on 1 July 2006, the structure of Money3's operations at branch level have been changing and evolving towards one of focusing on customer service. Customers are now able to do business with Money3 from a branch nearest to them. This often means transferring and referring customers away from the original servicing branch.

The Company's Loan Centre was originally operated from Clayton and Glenroy. Since consolidating and transferring to Money3 Corporation Limited, Clayton and Glenroy have been significantly impacted. Revenue from customers referred to new or nearest branch and Loan Centre is not reflected in the originating branch.

The transfer of business away from branches has no impact to revenue on a consolidated level but has a significant impact for individual branches making up the CGUs.

All new branch operations and the Loan Centre have evolved out of the original 10 branches that make up the CGU. Tracking of which customer or the level of business transferred to another branch or the Loan Centre is difficult.

Consequently the Board of Directors of Money3 monitors goodwill based on the performance of the entire group, being the Loan Centre and the Company's branch network. This is the lowest level within the entity that the directors monitor goodwill. This is consistent with the Company's segment reporting.

Impairment testing on new CGU

The Board is of the opinion that there is no impairment to goodwill in the 2010 year.

Impact of possible changes in key assumptions

As at 30 June 2010, the recoverable amount of the goodwill of the CGU exceeded the carrying value of goodwill by \$5.7M. In assessing the impact of possible changes in key assumptions applied to test the carrying value of goodwill allocated to the CGU, if the pre-tax discount rate increased by 3.8% the cash flow growth rate decreased by 10.2%, when applied to the CGU, then the recoverable amount of the goodwill would be less than their carrying amounts. Management does not consider the CGU is particularly sensitive to changes in key assumptions or that a change in any of the other key assumptions is reasonably possible.

Notes to the financial statements for the year ended 30 June 2010

14. Trade and other payables

	Consolidated 2010	Consolidated 2009
	\$	\$
Trade and other payables	883,933	568,923
	<u>883,933</u>	<u>568,923</u>

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

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

15. Provisions

	Consolidated 2010	Consolidated 2009
	\$	\$
Current		
Employee benefits – current	277,447	225,235
Non-Current		
Employee benefits – non-current	70,194	52,463

16. Borrowings

	Consolidated 2010	Consolidated 2009
	\$	\$
Current		
Borrowings (related party, Note 28)	1,210,000	600,000
Hire Purchase liabilities	9,404	8,513
	<u>1,219,404</u>	<u>608,513</u>
Non-Current		
Hire Purchase liabilities	<u>52,769</u>	<u>62,244</u>

Notes to the financial statements for the year ended 30 June 2010

16. Borrowings (Cont'd)

Fair value disclosures

The fair value of current borrowings approximates their carrying amount as the impact of discounting is not significant.

Fair values of long term financial liabilities are based on cash flows discounted using fixed effective market interest rates available to the Group.

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

Bank loans

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

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

Financing facilities available

	Consolidated 2010 \$	Consolidated 2009 \$
Total facilities		
- Bank overdraft	-	500,000
- Bank loans and hire purchase facilities	100,000	100,000
	<u>100,000</u>	<u>600,000</u>
Facilities used at reporting date		
- Bank overdraft	-	-
- Bank loans and hire purchase facilities	62,173	70,757
	<u>62,173</u>	<u>70,757</u>
Facilities unused at reporting date		
- Bank overdraft	-	500,000
- Bank loans and hire purchase facilities	37,827	29,243
	<u>37,827</u>	<u>529,243</u>
Total facilities		
- Facilities used at reporting date	62,173	70,757
- Facilities unused at reporting date	37,827	529,243
	<u>100,000</u>	<u>600,000</u>

Bank overdraft

During the year the company repaid back the existing overdraft and is in the process of renegotiating a new facility with their new bankers.

Notes to the financial statements for the year ended 30 June 2010

16. Borrowings (Cont'd)

Assets pledged as security

	Consolidated 2010	Consolidated 2009
Non-current	\$	\$
<i>Floating charge</i>		
- Plant and equipment	1,021,686	1,030,756
Total assets pledged as security	1,021,686	1,030,756

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

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

17. Issued capital

Issued Capital	Consolidated 2010	Consolidated 2009
	\$	\$
Fully paid ordinary shares	22,726,416	22,516,008
Total	22,726,416	22,516,008

(a) Movement in shares on issue

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

	Consolidated 2010		Consolidated 2009	
	Number of ordinary shares	Value \$	Number of ordinary shares	Value \$
Balance at the beginning of the financial year	31,193,180	22,516,008	27,676,856	21,144,955
Issued during the year:				
Issue of shares to sophisticated Investors at \$0.39 each	-	-	2,307,694	900,000
Issue of shares on DRP	515,194	210,408	933,630	361,053
Bonus payment to K. Miller by issue of shares at \$0.40 each	-	-	25,000	10,000
Repaid investor loan by issue of shares at \$0.40 each	-	-	250,000	100,000
Balance at end of financial year 30 June	31,708,374	22,726,416	31,193,180	22,516,008

Notes to the financial statements for the year ended 30 June 2010

17. Issued capital (Cont'd)

(b) Movements in share options

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

	2010 Number	2009 Number
Balance at 1 July	2,000,000	2,000,000
Granted during the financial period	1,000,000	-
Exercised during the financial period	-	-
Lapsed during the financial period	-	-
Balance at the end of the financial period	<u>3,000,000</u>	<u>2,000,000</u>

(c) Terms and conditions of issued capital

Ordinary shares

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

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

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

Options

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

18. Share option reserve

	Consolidated 2010 \$	Consolidated 2009 \$
Share option reserve		
Balance at 1 July	449,069	282,402
Charged to revenue for the year	65,232	166,667
Balance at 30 June	<u>514,301</u>	<u>449,069</u>

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

Notes to the financial statements for the year ended 30 June 2010

19. Statement of cash flows

(a) Reconciliation of cash

Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Consolidated 2010	Consolidated 2009
	\$	\$
Cash at bank and on hand	2,275,755	1,175,708

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

	Consolidated 2010	Consolidated 2009
	\$	\$
Net Profit after tax	2,150,223	1,033,926
Non cash items:		
Depreciation and amortisation expense	252,295	327,064
Loss on sale of fixed assets	8,959	-
Doubtful debts allowance	184,532	63,744
Share based payment	65,232	166,667
Changes in assets and liabilities:		
(Increase)/decrease in assets		
Other receivables	(296,888)	1,138,810
Deferred tax assets	(19,696)	133,710
Increase/(decrease) in liabilities		
Trade and other payables	315,010	40,827
Tax	163,360	(308,492)
Provisions for employee entitlements	69,943	69,166
Cash flows from operations	2,892,970	2,685,422

(c) Non cash financing and investment activities:

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

Notes to the financial statements for the year ended 30 June 2010

20. Business combinations

Other than the investment in the new Money3 Singapore office there were no business acquisitions during the year.

21. Subsequent event

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

22. Segment information

A segment is a component of the consolidated entity that engages in business activities to provide products or services within a particular economic environment. The consolidated entity operates in one business segment, being providing financial services specialising in the delivery of small cash loans, personal loans, cheque cashing and international money transfer. The board of directors assess the operating performance of the group based on management reports that are prepared on this basis. The group has established activities in one geographical area.

23. Contingent Liabilities

The Company has no contingent liabilities as at 30 June 2010 (2009: Nil).

24. Controlled entities

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

Controlled entities of Money3 Corporation Limited (parent entity)

Name	Country of Incorporation	Percentage of equity held by the consolidated entity		Acquisition Date	Investment	
		2010	2009		2010 \$	2009 \$
Money3 Ballarat Pty Ltd	Australia	100	100	1 November 2006	2	2
Money3 Dandenong Pty Ltd	Australia	100	100	1 November 2006	2	2
Money3 Franchising Pty Ltd	Australia	100	100	16 April 2007	2	2
Money3 Reservoir Pty Ltd	Australia	100	100	1 November 2006	2	2
Money3 Wodonga Pty Ltd	Australia	100	100	13 March 2008	2	2
Antein Pty Ltd (Glenroy)	Australia	100	100	1 July 2006	3,100,500	3,100,500
Bellavita Pty Ltd (Northcote)	Australia	100	100	1 July 2006	3,037,500	3,037,500
Hallowed Holdings Pty Ltd (Clayton)	Australia	100	100	1 July 2006	2,970,000	2,970,000
Kirney Pty Ltd (Coburg)	Australia	100	100	1 July 2006	483,750	483,750
Nexia Pty Ltd (Werribee)	Australia	100	100	1 July 2006	1,665,000	1,665,000
Pechino Pty Ltd (Frankston)	Australia	100	100	1 July 2006	1,687,500	1,687,500
Salday Pty Ltd (St Albans)	Australia	100	100	1 July 2006	483,750	483,750
Tannaster Pty Ltd (Moonee Ponds)	Australia	100	100	1 July 2006	2,898,000	2,898,000
Tristace Pty Ltd (Geelong)	Australia	100	100	1 July 2006	1,741,500	1,741,500
Total					18,067,510	18,067,510

All entities operated solely in their place of incorporation.

Notes to the financial statements for the year ended 30 June 2010

25. Financial instruments

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

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

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

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

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

Specific risks

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

Financial assets / liabilities used

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

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

Objectives, policies and processes

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

Capital risk management

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

The group overall strategy remains unchanged from 2009.

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

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

Notes to the financial statements for the year ended 30 June 2010

25. Financial instruments (Cont'd)

Gearing ratio

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

	Note	Consolidated 2010	Consolidated 2009
		\$	\$
Financial assets			
Debt (a)	16	(1,210,000)	(600,000)
Cash and cash equivalents	9	2,275,755	1,175,708
Net cash/(debt)		1,065,755	575,708
Equity	17	22,726,416	22,516,008
Net debt to equity ratio		5%	3%

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

(a) Market risk

(i) Foreign Currency Risk

Money3 Corporation Limited has no exposure to foreign currency risk.

(ii) Interest Rate Risk

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

Money3 Corporation Limited's borrowings which have a variable interest rate attached give rise to cash flow interest rate risk.

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

The sensitivity analysis below have been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

Notes to the financial statements for the year ended 30 June 2010

25. Financial instruments (cont'd)

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date. The company's current interest rate arrangements are as follows:-

	Consolidated	
	2010	2009
	Interest rate range	
	From - To	From - To
	%	%
Australian dollar interest rates		
<i>Financial assets</i>		
Cash and cash equivalents	1.5 -5%	1.5 – 5%
<i>Financial liabilities</i>		
Borrowings	10 – 13.0%	10 – 13.25%

A sensitivity of 1 per cent has been selected as this is considered reasonable given the current level of borrowings and represents management's assessment of the possible change in interest rates and historically is within a range of rate movements.

At 30 June 2010, if interest rates had moved, as illustrated in the table below, with all other variables held constant, pre tax profit and equity would have been affected as follows:

Interest Rate Sensitivity Analysis

	-1%		+1%	
	Profit	Equity	Profit	Equity
Consolidated				
30 June 2010				
Financial Assets				
Cash and cash equivalents	(3,152)	(2,206)	3,152	2,206
Financial Liabilities				
Borrowings	10,034	7,024	(10,034)	(7,024)
30 June 2009				
Financial Assets				
Cash and cash equivalents	(4,008)	(2,806)	4,008	2,806
Financial Liabilities				
Borrowings	9,324	6,527	(9,324)	(6,527)

Notes to the financial statements for the year ended 30 June 2010

25. Financial instruments (Cont'd)

(iii) Price Risk

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

(b) Credit risk

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

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

The consolidated entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics, given the number and diversity of debtors. Money3's core customers are financially challenged and generally have a bad credit history and are lacking in budgeting ability.

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

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

This strategy is consistent with the prior year.

(c) Liquidity risk analysis

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

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

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

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

Notes to the financial statements for the year ended 30 June 2010

25. Financial instruments (cont'd)

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

Maturity of financial liabilities

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

2010	Consolidated			Total
	< 1 year	1-5 years	> 5 years	
	\$	\$	\$	\$
Financial Liabilities:				
Borrowings	1,210,000	-	-	1,210,000
Trade and other payables	883,933	-	-	883,933
Lease Liabilities	9,404	52,769	-	62,173
Total Financial Liabilities	2,103,337	52,769	-	2,156,106
2009	Consolidated			Total
	< 1 year	1-5 years	> 5 years	
	\$	\$	\$	\$
Financial Liabilities:				
Borrowings	600,000	-	-	600,000
Trade and other payables	568,923	-	-	568,923
Lease Liabilities	8,513	62,244	-	70,757
Total Financial Liabilities	1,177,436	62,244	-	1,239,680

The above contractual maturities reflect the gross cash flows, which may differ to the carrying values of the liabilities at the balance date.

Also affecting liquidity are cash at bank and non interest bearing receivables and payables. Liquidity risk associated with these financial instruments is represented by the carrying amounts as shown above.

(d) Fair value estimation

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

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

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

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

Notes to the financial statements for the year ended 30 June 2010

26. Expenditure commitments

Operating leases

Operating leases relate to branch premises with lease terms of up to 5 years plus an option to extend a further 5 years. All operating leases contain market rent review clauses when an option to renew is exercised. Hire purchase commitments relate to the company's fleet of motor vehicles.

	Consolidated 2010 \$	Consolidated 2009 \$
Lease expenditure commitments		
<i>Operating leases (non-cancellable)</i>		
Minimum lease payments		
- not later than one year	551,938	688,957
- later than one year but not later than five years	1,124,463	687,794
Total minimum payments	<u>1,676,401</u>	<u>1,376,751</u>
Hire purchase		
Hire Purchase commitments		
- not later than one year	15,267	15,267
- later than one year but not later than five years	60,917	76,447
Total minimum payments	<u>76,184</u>	<u>91,714</u>
Hire purchase commitments relate to motor vehicle.		
Future finance charges	<u>14,011</u>	<u>20,957</u>
Recognised as liability	<u>62,173</u>	<u>70,757</u>
Representing lease liabilities		
Current (Note 16)	9,404	8,513
Non-Current(Note 16)	<u>52,769</u>	<u>62,244</u>
	<u>62,173</u>	<u>70,757</u>

Notes to the financial statements for the year ended 30 June 2010

27. Auditors remuneration

	Consolidated 2010 \$	Consolidated 2009 \$
Amounts received or due and receivable by the auditors for:		
Auditing or reviewing the financial reports of the entity and any other entity in the consolidated entity	137,560	93,763
Other services in relation to the entity and any other entity in the consolidated entity	-	-
Total remuneration of auditors	<u>137,560</u>	<u>93,763</u>

28. Related party disclosures

(a) *Parent and ultimate controlling entity*

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

(b) *Key management personnels' remuneration*

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

Short term employee benefits	465,980	392,855
Post employment benefits	40,138	32,657
Share based payments	65,232	166,667
Total	<u>571,350</u>	<u>592,179</u>

(c) *Equity interests in controlled entities*

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

(d) *Loan disclosures*

The Company has an unsecured interest bearing loan of \$100,000 (2009: \$100,000) from Mr Geoffrey Baldwin, the father of Mr Scott Baldwin (executive director) and brother of Mr Christopher Baldwin (non-executive director). The Company has an unsecured interest bearing loan of \$50,000 (2009: \$nil) from Brian Baldwin, the brother of Mr Scott Baldwin and nephew of Mr Christopher Baldwin. These loan transactions are made on normal commercial terms and conditions and at market rates. Interest is charged at a commercial rate, which is currently below the Company's overdraft rate (refer Note 28(g)).

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

Notes to the financial statements for the year ended 30 June 2010

28. Related party disclosures (Cont'd)

(e) Key management personnel equity holdings

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

	Balance at 1 July 2009	Granted as remuneration	On exercise of options	Net change other	Balance as at 30 June 2010
Robert Bryant	8,722,174	-	-	90,274	8,812,448
Kang Hong Tan	4,730,092	-	-	2,022	4,732,114
Christopher Baldwin	812,359	-	-	6,160	818,519
Scott Baldwin	827,810	-	-	90,293	918,103
Bettina Evert	3,584	-	-	2,327	5,911
Total	15,096,019	-	-	191,076	15,287,095

	Balance at 1 July 2008	Granted as remuneration	On exercise of options	Net change other	Balance as at 30 June 2009
Robert Bryant	8,224,517	-	-	497,657	8,722,174
Kang Hong Tan	4,713,147	-	-	16,945	4,730,092
Christopher Baldwin	806,875	-	-	5,484	812,359
Scott Baldwin	-	-	-	827,810	827,810
Bettina Evert	3,201	-	-	383	3,584
Total	13,747,740	-	-	1,348,279	15,096,019

Notes to the financial statements for the year ended 30 June 2010

28. Related party disclosures (Cont'd)

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

	Balance as at 1 July 2009	Received as remuneration	Options exercised	Net change other	Balance as at 30 June 2010	Total exercisable and vested	Total options vested	Total options unvested
Robert Bryant	1,000,000	-	-	-	1,000,000	-	1,000,000	-
Kang Hong Tan	1,000,000	-	-	-	1,000,000	-	1,000,000	-
Scott Baldwin	-	1,000,000	-	-	1,000,000	-	-	1,000,000
Total	2,000,000	1,000,000	-	-	3,000,000	-	2,000,000	1,000,000

	Balance as at 1 July 2008	Received as remuneration	Options exercised	Net change other	Balance as at 30 June 2009	Total exercisable and vested	Total options vested	Total options unvested
Robert Bryant	1,000,000	-	-	-	1,000,000	-	-	1,000,000
Kang Hong Tan	1,000,000	-	-	-	1,000,000	-	-	1,000,000
Total	2,000,000	-	-	-	2,000,000	-	-	2,000,000

(g) Other transactions with key management personnel

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

	Consolidated 2010 \$	Consolidated 2009 \$
Interest paid to Geoffrey Baldwin	12,000	8,877
Interest paid to Brian Baldwin	3,304	-
Accounting and taxation fees paid to Brown Baldwin Melbourne Pty Ltd (*)	14,416	16,886
	<u>29,720</u>	<u>25,763</u>

(*) Christopher Baldwin is a director of Brown Baldwin Melbourne Pty Ltd

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

Notes to the financial statements for the year ended 30 June 2010

28. Related party disclosures (Cont'd)

(h) Transactions with other related parties

Other related parties include:

- There are no other related party transactions

29. Parent entity financial information

(a) Summary financial information

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

Statement of Financial Position

	Notes	Company	
		2010	2009
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		1,197,348	442,268
Trade and other receivables		7,766,549	6,208,344
Other		1,741	15,790
Total current assets		8,965,638	6,666,402
Non current assets			
Trade and other receivables		328,916	874,456
Other		79,307	43,695
Property, plant & equipment		481,009	368,014
Deferred tax assets		188,169	178,973
Investment in Subsidiaries		18,067,510	18,067,510
Total non current assets		19,144,911	19,532,648
Total assets		28,110,549	26,199,050
LIABILITIES			
Current liabilities			
Trade and other payables		573,741	1,024,615
Borrowings		1,219,404	608,513
Current tax payables		364,933	-
Provisions		219,196	166,985
Total current liabilities		2,377,274	1,800,113
Non current liabilities			
Provisions		70,194	52,463
Borrowings		52,769	62,244
Total non current liabilities		122,963	114,707
Total liabilities		2,500,237	1,914,820
Net assets		25,610,312	24,284,230
EQUITY			
Issued capital		24,026,932	23,816,524
Share Option Reserve		514,301	449,069
Accumulated profit		1,069,079	18,637
Total equity		25,610,312	24,284,230

Notes to the financial statements for the year ended 30 June 2010

29. Parent entity financial information (Cont'd)

Statement of Financial Performance

	Notes	Company	
		2010	2009
		\$	\$
Revenue from continuing operations		6,813,664	6,227,925
Expenses from operating activities:			
Administration		304,159	196,138
Employment		2,478,835	3,269,449
Advertising		166,422	319,993
Occupancy costs		452,744	206,680
Bad debts		266,683	317,633
Depreciation & amortisation		89,233	65,535
Loss on sale of fixed assets		8,959	88,273
Communication		94,864	44,823
Legal and professional		367,832	245,745
Finance Costs		110,800	86,223
Profit before income tax		2,473,133	1,387,433
Income tax expense		(358,022)	(91,920)
Profit for the period from continuing operations		2,115,111	1,295,513

Summary of movements in retained profits

Retained earnings at the beginning of the financial year	18,637	12,498
Net profit for the year	2,115,111	1,295,513
Dividends paid	(1,064,669)	(1,289,374)
Retained earnings at the end of the financial year	1,069,079	18,637

(b) Guarantees entered into by the parent entity

The parent entity has not entered into guarantees for any of its subsidiaries.

(c) Contingent liabilities of the parent entity

The parent entity has no contingent liabilities at the time of the report.

(d) Contractual commitments by the parent entity

The parent entity has no contractual commitments at the time of the report.

Notes to the financial statements for the year ended 30 June 2010

A. ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange and not shown elsewhere in this report is as follows. The information is current as at 18 August 2010.

(a) Distribution of equity securities

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

Distribution of Shareholdings	Ordinary Shares		Unlisted Options	
	Number of Holders	Number of Shares	Number of Holders	Number of Options
100,001 and Over	32	26,346,458	3	3,000,000
10,001 to 100,000	114	3,763,366	-	-
5,001 to 10,000	93	663,767	-	-
1,001 to 5,000	319	931,533	-	-
1 to 1,000	8	3,250	-	-
Total	566	31,708,374	3	3,000,000

The number of shareholders holding less than a marketable parcel of shares are:

11	6,743	-	-
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(b) Twenty largest holders of quoted shares are:

Name of Holder	Listed Ordinary Shares	
	No. of Shares	% of Holding
1. Cranchi Pty Ltd	4,390,222	13.85%
2. Cranchi Pty Ltd <S Superannuation Fund>	4,197,726	13.24%
3. Platey Pty Ltd	3,445,000	10.86%
4. Belstock Pty Ltd	2,383,125	7.52%
5. Quickdou Pty Ltd	1,458,196	4.60%
6. Kang Hong Tan & Hwea Chong Tan <Tan Superannuation Fund A/c>	1,190,022	3.75%
7. Baldwin Brothers Investments Pty Ltd <Inspiration A/c>	827,810	2.61%
8. Jagen Nominees Pty Ltd	654,555	2.06%
9. Veritas Holdings Pty Ltd	622,250	1.96%
10. Balmoor Pty Ltd	561,625	1.77%
11. Coolgleam Pty Ltd	544,125	1.72%
12. Michael Neville & Siang Neville & Kris Yee (Michael Neville Family A/c)	524,080	1.65%
13. Matooka Pty Ltd <Mako Ac>	523,830	1.65%
14. Troy Bailey & Jennie Anne Opperman <Opperman Bailey S/F>>	512,821	1.62%
15. Ninth Nell Pty Ltd	496,273	1.57%
16. Ecrooam Pty Limited <Superannuation Fund A/c>	485,902	1.53%
17. Tal-Trans Pty Ltd	446,230	1.41%
18. Felsaero Pty Ltd	352,613	1.11%
19. Ardmona Gold Pty Ltd	308,125	0.97%
20. Mr Wayne Hosking & Miss Bernadette Williams <The Hosking Super Fund A/c>	288,075	0.91%
Top twenty shareholders	24,212,605	76.36%
Total issued capital	31,708,374	100.00%

Notes to the financial statements for the year ended 30 June 2010

(c) Substantial shareholders

The names of the substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	No. of Shares	% Held
Cranchi Pty Ltd	8,587,948	27.09%
Platey Pty Ltd	3,445,000	10.86%
Belstock Pty Ltd	2,383,125	7.52%

(d) Voting rights

The company only has ordinary shares on issue.

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

(e) Option holders information

The Company has issued (or may issue in the future) Options over unissued capital. The Company has a total of 3,000,000 (2009: 2,000,000) options on issue as follows:

Director Options

The Company has issued a total of 3,000,000 options (2009: 2,000,000 options) to the Directors (or their nominees) ("Director Options").

	Issue Date	Options Granted	Exercise Price	Expiry Date	Vesting Date
Robert Bryant	1 July 2006	1,000,000	\$1.20	30 June 2011	19 October 2009
Kang Hong Tan	1 July 2006	1,000,000	\$1.20	30 June 2011	19 October 2009
Scott Baldwin	27 November 2009	200,000	\$0.50	31 December 2011	31 December 2010
Scott Baldwin	27 November 2009	200,000	\$0.60	31 December 2012	31 December 2011
Scott Baldwin	27 November 2009	200,000	\$0.70	31 December 2013	31 December 2012
Scott Baldwin	27 November 2009	200,000	\$0.85	31 December 2014	31 December 2013
Scott Baldwin	27 November 2009	200,000	\$1.00	31 December 2015	31 December 2014

- the options vest in full when an event occurs which give rise to a change in control of the Company.
- if the Company after having granted these options restructure its issued share capital, ASX Listing Rules will apply to the number of Shares issued to the option holder on exercise of an option.
- options will not be listed on ASX but application will be made for quotation of the shares resulting from the exercise of the options.
- on issue of the resulting shares, they will rank equally with ordinary shares on issue at that time.

(f) On-market buy-back

There is no current on-market buy-back of the Company's securities