

APPENDIX 4E

Cash Converters International Limited

ABN: 39 069 141 546

Financial year ended 30 June 2016

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				30 June 2016	30 June 2015
Revenues from operations					
- Continuing operations	up	5.6%	to	\$304,859,498	\$288,665,787
- Discontinued operations	down	13.6%	to	\$74,467,074	\$86,226,852
Profit/(loss) for the year before tax					
- Continuing operations	up	623.7%	to	\$27,896,550	\$3,854,509
- Discontinued operations	up	52.5%	to	(\$31,166,048)	(\$20,430,307)
Profit / (loss) after tax attributable to members					
- Continuing operations	up		to	\$20,088,216	(\$1,254,783)
- Discontinued operations	up	52.5%	to	(\$31,166,048)	(\$20,430,307)
Basic earnings / (loss) per share					
- Continuing operations				4.17 cents	(0.32 cents)
- Continuing and discontinued operations				(2.30 cents)	(4.69 cents)
Net tangible asset backing per ordinary shares				22.54 cents	23.84 cents
Weighted average number of shares (used as the denominator in calculating basic EPS)				482,214,271	458,052,281
Number of shares on issue at year end (used in NTA per share)				484,976,037	481,248,259

Dividend information	Amount per security	Franked Percentage
2016 Final Dividend (Available for DRP - Declared 30 August 2016)	1.00 cent	100%
2016 Interim Dividend – Paid 29 April 2016	2.00 cents	100%
2015 Final Dividend – no dividend paid	-	-
2015 Interim Dividend – Paid 31 March 2015	2.00 cents	100%

'This report should be read in conjunction with any announcements made in the period by the Company in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules'.

Dividends

The directors of the Company paid a fully franked interim dividend of 2.0 (two) cents per share on 29 April 2016. The directors of the Company recommend a final dividend of 1 (one) cent per share. The dividend will be 100% franked and will be paid on 28 October 2016 to those shareholders on the register at the close of business on 14 October 2016.

The Company's Dividend Reinvestment Plan (DRP) will apply to this dividend, providing shareholders with the option to reinvest all or part of the eligible dividend at a discount of 2.5% of the price established by the 5 day volume weighted average price (VWAP) up to and including the record date.

Net tangible assets per security

As at 30 June 2016 the net tangible assets per security were \$0.2254 (30 June 2015: \$0.2384).

Details over entities over which control has been gained or lost

Not applicable

Significant Events

In April 2016 the Company was served with a statement of claim lodged with the New South Wales Registry of the Federal Court of Australia by a Ms Kim McKenzie commencing a class action claim on behalf of borrowers resident in Queensland who took out cash advance loans during the period from 28 April 2010 to 30 June 2013. Since 1 July 2013, all Cash Converters lending has been undertaken in accordance with the national regulatory regime introduced by the Federal Government. These proceedings attack the brokerage fee system used for customers between 28 April 2010 and 30 June 2013. The brokerage fee system has not been used since 30 June 2013.

Events subsequent to 30 June 2016

Cash Converters has been co-operating with an investigation by ASIC into its compliance with the responsible lending provisions applicable to small amount credit contracts under the National Consumer Credit Protection Act 2009 (Cth).

Discussions between Cash Converters and ASIC as to the most appropriate resolution to the matter are continuing. Accordingly, the Company has booked a provision of \$12.5 million in respect of any potential compliance issues in its credit assessment processes.

Details of associates and joint venture entities

During the period, the Company held an investment in the New Zealand Cash Converters Master Franchisor. The Company holds a 25 per cent equity interest in all aspects of the New Zealand enterprise, including corporate stores, franchise contracts and financial services.

Audited accounts

This Appendix 4E has been prepared from accounts that are in the process of being audited.

Ralph Groom
Company Secretary
30 August 2016

Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2016

	2016	2015
	\$	\$
Continuing operations		
Franchise fee revenue	10,704,025	10,648,740
Financial services interest revenue	212,837,205	208,878,588
Sale of goods	74,161,465	63,449,932
Other revenues	7,156,803	5,688,527
Total revenue	304,859,498	288,665,787
Financial services cost of sales	(41,821,050)	(40,687,721)
Cost of goods sold	(40,038,650)	(35,082,317)
Other cost of sales	(4,693,335)	(4,865,047)
Total cost of sales	(86,553,035)	(80,635,085)
Gross profit	218,306,463	208,030,702
Administrative expenses	(78,694,256)	(70,470,594)
Advertising expenses	(8,334,287)	(6,901,835)
Occupancy expenses	(15,022,615)	(13,991,580)
Contract termination expense	-	(29,628,270)
Settlement expense	-	(23,000,000)
Other expenses	(76,543,360)	(51,185,523)
Finance costs	(9,659,027)	(9,072,074)
Share of net profit / (loss) of equity accounted investments	(2,156,368)	73,683
Profit before income tax	27,896,550	3,854,509
Income tax expense	(7,808,334)	(5,109,292)
Profit / (loss) for the year from continuing operations	20,088,216	(1,254,783)
Discontinued operations		
Loss for the year from discontinued operations	(31,166,048)	(20,430,307)
Loss for the year	(11,077,832)	(21,685,090)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of foreign operations	(3,552,202)	7,633,797
Other comprehensive (loss) / income for the year	(3,552,202)	7,633,797
Total comprehensive (loss) / income for the year	(14,630,034)	(14,051,293)
(Loss) attributable to:		
Owners of the Company	(11,077,832)	(21,483,718)
Non-controlling interest	-	(201,372)
	(11,077,832)	(21,685,090)
Total comprehensive (loss) attributable to:		
Owners of the Company	(14,630,034)	(13,849,921)
Non-controlling interest	-	(201,372)
	(14,630,034)	(14,051,293)
Earnings / (loss) per share		
<i>From continuing and discontinued operations</i>		
Basic (cents per share)	(2.30)	(4.69)
Diluted (cents per share)	(2.30)	(4.69)
<i>From continuing operations</i>		
Basic (cents per share)	4.17	(0.27)
Diluted (cents per share)	4.07	(0.27)

Consolidated statement of financial position
As at 30 June 2016

	2016	2015
	\$	\$
Current assets		
Cash and cash equivalents	73,608,681	52,378,665
Trade receivables	16,899,767	16,096,043
Personal loan receivables	101,315,301	131,886,047
Inventories	17,611,803	27,683,578
Other assets	9,767,192	11,936,995
Current tax receivable	7,921,193	3,600,310
	<u>227,123,937</u>	<u>243,581,638</u>
Assets classified as held for sale	7,448,377	-
Total current assets	<u>234,572,314</u>	<u>243,581,638</u>
Non-current assets		
Trade and other receivables	25,723,305	18,985,690
Plant and equipment	13,853,519	25,357,910
Deferred tax assets	13,075,235	10,875,338
Goodwill	107,008,562	111,408,026
Other intangible assets	24,034,253	24,706,855
Investments in associates	4,294,818	6,287,609
Total non-current assets	<u>187,989,692</u>	<u>197,621,428</u>
Total assets	<u>422,562,006</u>	<u>441,203,066</u>
Current liabilities		
Trade and other payables	19,821,259	26,449,716
Borrowings	70,023,203	60,705,129
Provisions	20,221,982	25,672,716
	<u>110,066,444</u>	<u>112,827,561</u>
Liabilities directly associated with assets classified as held for sale	7,881,106	-
Total current liabilities	<u>117,947,550</u>	<u>112,827,561</u>
Non-current liabilities		
Borrowings	63,960,904	66,436,795
Provisions	298,111	240,082
Total non-current liabilities	<u>64,259,015</u>	<u>66,676,877</u>
Total liabilities	<u>182,206,565</u>	<u>179,504,438</u>
Net assets	<u>240,355,441</u>	<u>261,698,628</u>
Equity		
Issued capital	207,539,821	205,399,340
Reserves	(4,849,608)	(2,080,407)
Retained earnings	37,664,179	58,378,646
Equity attributable to owners of the Company	<u>240,354,392</u>	<u>261,697,579</u>
Non-controlling interests	1,049	1,049
Total equity	<u>240,355,441</u>	<u>261,698,628</u>

*** Note on Current Borrowings**

Under the Company's securitisation facility, Senior Notes are issued that fund the eligible personal loan receivables originated by CCPF. These loan receivables generally have a maturity of less than twelve months and the notes are secured on those receivables. Collections received in relation to these receivables are used to repay the notes on a monthly basis as they are received and additional Senior Notes may be issued under the terms of the funding arrangement. The notes have been presented as a current liability because the Company does not have the unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Appendix 4E for the year ended 30 June 2016

CASH CONVERTERS INTERNATIONAL LIMITED AND CONTROLLED ENTITIES



Consolidated statement of changes in equity
For the year ended 30 June 2016

	Issued capital	Foreign currency translation reserve	Non-controlling interest acquisition reserve	Share-based payment reserve	Retained earnings	Attributable to owners of the parent	Non- controlling interest	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2014	156,679,067	3,062,875	(11,662,250)	2,096,186	98,025,142	248,201,020	(3,494,699)	244,706,321
Loss for the year	-	-	-	-	(21,483,718)	(21,483,718)	(201,372)	(21,685,090)
Exchange differences arising on translation of foreign operations	-	7,633,797	-	-	-	7,633,797	-	7,633,797
Total comprehensive income for the year	-	7,633,797	-	-	(21,483,718)	(13,849,921)	(201,372)	(14,051,293)
Issue of shares (net of costs)	43,837,794	-	-	-	-	43,837,794	-	43,837,794
Dividend reinvestment plan	4,515,708	-	-	-	-	4,515,708	-	4,515,708
Share-based payments	-	-	-	1,302,876	-	1,302,876	-	1,302,876
Shares issued on exercise of performance rights	366,771	-	-	(366,771)	-	-	-	-
Dividends paid	-	-	-	-	(18,162,778)	(18,162,778)	-	(18,162,778)
Acquisition of non-controlling interests	-	-	(4,147,120)	-	-	(4,147,120)	3,697,120	(450,000)
Balance at 30 June 2015	205,399,340	10,696,672	(15,809,370)	3,032,291	58,378,646	261,697,579	1,049	261,698,628
Profit for the year	-	-	-	-	(11,077,832)	(11,077,832)	-	(11,077,832)
Exchange differences arising on translation of foreign operations	-	(3,552,202)	-	-	-	(3,552,202)	-	(3,552,202)
Total comprehensive income for the year	-	(3,552,202)	-	-	(11,077,832)	(14,630,034)	-	(14,630,034)
Dividend reinvestment plan	1,571,904	-	-	-	-	1,571,904	-	1,571,904
Share-based payments	-	-	-	1,351,578	-	1,351,578	-	1,351,578
Shares issued on exercise of performance rights	568,577	-	-	(568,577)	-	-	-	-
Dividends paid	-	-	-	-	(9,636,635)	(9,636,635)	-	(9,636,635)
Balance at 30 June 2016	207,539,821	7,144,470	(15,809,370)	3,815,292	37,664,179	240,354,392	1,049	240,355,441

Consolidated statement of cash flows
For the year ended 30 June 2016

	2016	2015
	\$	\$
Cash flows from operating activities		
Receipts from customers	261,950,137	242,343,005
Payments to suppliers and employees	(253,666,373)	(256,073,351)
Payment for contract termination	-	(30,053,870)
Payment for settlement expense	(23,128,219)	-
Interest received	1,622,095	566,316
Interest received from personal loans	94,742,495	98,199,057
Net increase in personal loans advanced	(25,801,507)	(18,007,344)
Interest and costs of finance paid	(10,840,541)	(9,072,074)
Income tax paid	(14,709,711)	(15,065,927)
Net cash flows provided by operating activities	<u>30,168,376</u>	<u>12,835,812</u>
Cash flows from investing activities		
Net cash paid for acquisition of controlled entities	-	(13,458,891)
Acquisition of intangible asset	(3,425,869)	(2,602,088)
Purchase of plant and equipment	(5,377,792)	(7,979,308)
Proceeds on disposal of non-current assets	415,172	-
Instalment credit loans repaid by franchisees	92,082	254,710
Net cash flows used in investing activities	<u>(8,296,407)</u>	<u>(23,785,577)</u>
Cash flows from financing activities		
Dividends paid – members of parent entity	(8,064,732)	(13,647,070)
Proceeds from borrowings	77,815,811	24,558,206
Repayment of borrowings	(69,611,786)	(21,470,484)
Capital element of finance lease and hire purchase payment	(103,948)	(364,501)
Payment for change in ownership of a controlled entity	-	(450,000)
Proceeds from issue of shares	-	45,030,000
Share issue costs	-	(1,703,152)
Net cash flows provided by financing activities	<u>35,345</u>	<u>31,952,999</u>
Net increase in cash and cash equivalents	21,907,314	21,003,234
Cash and cash equivalents at the beginning of the year	52,378,665	26,843,072
Effects of exchange rate changes on the balance of cash held in foreign currencies	(677,298)	4,532,359
Cash and cash equivalents at the end of the year	<u>73,608,681</u>	<u>52,378,665</u>

DISCONTINUED OPERATIONS
(a) Analysis of loss for the year from discontinued operations

On 29 February 2016, the Company announced that its UK operation would return to its original role as a master franchisor and subsequently disposed of all the assets and liabilities of the majority of its corporate owned stores to franchisees, and ceased lending through its UK personal loan book. Assets disposed included plant and equipment, intangible assets (reacquired rights, trade names and customer relationships) and store inventory.

The results of the discontinued operations (UK retail and personal loan business) included in the loss for the year are set out below. The comparative loss and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current year.

	2016	2015
	\$	\$
<i>Loss for the year from discontinued operations</i>		
Revenue	74,467,074	86,226,852
Expenses	(90,067,711)	(99,069,843)
Impairment of non-current assets	(2,247,551)	(7,587,315)
Loss on disposal of non-current assets	(13,317,860)	-
Loss before tax	(31,166,048)	(20,430,306)
Attributable income tax expense	-	-
Loss for the year from discontinued operations (attributable to owners of the Company)	<u>(31,166,048)</u>	<u>(20,430,306)</u>
<i>Cash flows from discontinued operations</i>		
Net cash outflows from operating activities	(6,050,046)	(1,447,932)
Net cash outflows from investing activities	415,172	2,164,337
Net cash outflows from financing activities	(13,521)	(137,940)
Net cash outflows	<u>(5,648,395)</u>	<u>578,465</u>

(b) Assets classified as held for sale

The following assets have been classified as held for sale in relation to the group's UK discontinued operations:

Personal loan receivables	<u>7,448,377</u>	-
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The following liabilities are directly associated with assets classified as held for sale:

Provision for onerous lease contracts	<u>7,881,106</u>	-
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Appendix 4E for the year ended 30 June 2016



CASH CONVERTERS INTERNATIONAL LIMITED AND CONTROLLED ENTITIES

SEGMENT RESULTS

	Franchise operations \$	Store operations \$	Financial services - administration \$	Financial services – personal loans \$	Vehicle leasing \$	Corporate head office \$	Total \$
Year ended 30 June 2016							
Interest revenue (i)	2,052,596	56,487,718	7,251,619	144,169,742	2,875,530	-	212,837,205
Other revenue	20,179,777	83,878,785	6,995,085	1,510	5,265,775	777,746	117,098,678
Gross revenue	22,232,373	140,366,503	14,246,704	144,171,252	8,141,305	777,746	329,935,883
Less inter-company sales	(7,542,681)	(11,131,675)	(6,995,085)	-	-	-	(25,669,441)
Segment revenue	14,689,692	129,234,828	7,251,619	144,171,252	8,141,305	777,746	304,266,442
External interest revenue (ii)	-	77,170	825	472,973	5,063	37,025	593,056
Total revenue	14,689,692	129,311,998	7,252,444	144,644,225	8,146,368	814,771	304,859,498
EBITDA (iii)	6,692,609	17,419,605	8,135,335	57,402,016	(4,580,596)	(40,442,933)	44,626,036
Less inter-company eliminations	(1,447,477)	6,121,071	(899,432)	1,220,114	-	(4,994,276)	-
Segment EBITDA (iii)	5,245,132	23,540,676	7,235,903	58,622,130	(4,580,596)	(45,437,209)	44,626,036
Depreciation and amortization	(476,923)	(3,935,312)	(6,937)	(295,550)	(150,951)	(2,204,786)	(7,070,459)
EBIT	4,768,209	19,605,364	7,228,966	58,326,580	(4,731,547)	(47,641,995)	37,555,577
Interest expense	-	(1,235)	-	(4,115,158)	(508,378)	(5,034,256)	(9,659,027)
Profit / (loss) before tax	4,768,209	19,604,129	7,228,966	54,211,422	(5,239,925)	(52,676,251)	27,896,550
Year ended 30 June 2015							
Interest revenue (i)	1,602,770	57,483,574	9,061,999	137,955,246	3,348,503	-	209,452,092
Other revenue	17,348,462	72,503,195	5,664,795	-	5,366,709	3,086,836	103,969,997
Gross revenue	18,951,232	129,986,769	14,726,794	137,955,246	8,715,212	3,086,836	313,422,089
Less inter-company sales	(6,724,478)	(11,985,028)	(5,664,795)	-	-	(948,317)	(25,322,618)
Segment revenue	12,226,754	118,001,741	9,061,999	137,955,246	8,715,212	2,138,519	288,099,471
External interest revenue (ii)	-	81,405	2,162	396,971	15,973	69,805	566,316
Total revenue	12,226,754	118,083,146	9,064,161	138,352,217	8,731,185	2,208,324	288,665,787
EBITDA (iii)	5,965,054	19,705,552	8,262,594	30,002,676	(2,687,167)	(41,422,107)	19,826,602
Less inter-company eliminations	(958,083)	5,664,795	101,600	-	-	(4,808,312)	-
Segment EBITDA (iii)	5,006,971	25,370,347	8,364,194	30,002,676	(2,687,167)	(46,230,419)	19,826,602
Depreciation and amortization	(247,279)	(4,548,904)	(2,894)	(317,042)	(151,492)	(1,632,408)	(6,900,019)
EBIT	4,759,692	20,821,443	8,361,300	29,685,634	(2,838,659)	(47,862,827)	12,926,583
Interest expense	-	(11,029)	-	(3,214,558)	(843,634)	(5,002,853)	(9,072,074)
Profit / (loss) before tax	4,759,692	20,810,414	8,361,300	26,471,076	(3,682,293)	(52,865,680)	3,854,509

(i) Interest Revenue comprises of personal loan interest, cash advance fee income, pawn broking interest from customers and commercial loan interest from 3rd parties

(ii) External interest revenue is interest received on bank deposits

(iii) EBITDA is Earnings before interest, tax, depreciation, amortisation and impairment