

APPENDIX 4E

Cash Converters International Limited

ABN: 39 069 141 546

Financial year ended 30 June 2017

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				30 June 2017 \$'000	30 June 2016 \$'000
Revenues from operations					
- Continuing operations	down	12.4%	to	271,473	309,995
- Discontinued operations	down		to	-	74,467
Net profit / (loss) for the year before tax					
- Continuing operations	down	9.5%	to	28,198	31,171
- Discontinued operations	up		to	-	(31,166)
Profit / (loss) from operations after tax attributable to members					
- Continuing operations	down	20.4%	to	20,618	25,894
- Discontinued operations	up		to	-	(31,166)
Basic earnings / (loss) per share					
- Continuing operations				4.21 cents	5.37 cents
- Continuing and discontinued operations				4.21 cents	(1.09 cents)
Net tangible asset backing per ordinary shares				25.73 cents	22.94 cents
Weighted average number of shares (used as the denominator in calculating basic EPS)				490,327,477	482,214,271
Number of shares on issue at year end (used in NTA per share)				493,047,424	484,976,037
Dividend information				Amount per security	Franked Percentage
2017 final dividend – no dividend declared				-	-
2017 interim dividend – no dividend paid				-	-
2016 final dividend – paid 28 October 2016				1.00 cent	100%
2016 interim dividend – paid 29 April 2016				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 did not pay an interim dividend and have not declared a final dividend.

Details of entities over which control has been gained or lost

Not applicable

Significant events

On 9 November 2016, the Company announced it had entered into an Enforceable Undertaking (EU) with ASIC, pursuant to which the Company agreed to remediate certain customers who applied for and were granted small amount credit contracts via the Cash Converters website in the period 1 July 2013 to 1 June 2016. The Company also agreed to pay related infringement notices in the amount of \$1.35 million. As at 30 June 2017 \$0.391 million for customer remediation remains outstanding, the balance having been paid during the year.

The EU is available to be viewed on a public register maintained by ASIC. The Company's program of work under the EU is progressing well and the Company expects the program to be completed by 31 December 2017.

Events subsequent to 30 June 2017

There have been no events subsequent to the year-end requiring disclosure in this report.

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% 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.

Brad Edwards
Company Secretary
22 August 2017

Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2017

	2017	2016
	\$'000	\$'000
Continuing operations		
Franchise fee revenue	15,444	16,603
Financial services interest revenue	174,590	212,338
Sale of goods	76,799	74,161
Other revenues	4,640	6,893
Total revenue	271,473	309,995
Financial services cost of sales	(49,841)	(63,876)
Cost of goods sold	(42,596)	(40,039)
Other cost of sales	(5,366)	(5,169)
Total cost of sales	(97,803)	(109,084)
Gross profit	173,670	200,911
Employee expenses	(75,754)	(74,036)
Administrative expenses	(8,302)	(8,853)
Advertising expenses	(10,844)	(12,626)
Occupancy expenses	(14,443)	(15,023)
Other expenses	(27,039)	(47,387)
Finance costs	(9,404)	(9,659)
Share of net profit / (loss) of equity accounted investments	314	(2,156)
Profit before income tax	28,198	31,171
Income tax expense	(7,580)	(5,277)
Profit for the year from continuing operations	20,618	25,894
Discontinued operations		
Loss for the year from discontinued operations	-	(31,166)
Profit / (loss) for the year	20,618	(5,272)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of foreign operations	(1,208)	(4,154)
Other comprehensive (loss) / income for the year	(1,208)	(4,154)
Total comprehensive income / (loss) for the year	19,410	(9,426)
Profit / (loss) attributable to:		
Owners of the Company	20,618	(5,272)
Non-controlling interest	-	-
	20,618	(5,272)
Total comprehensive income / (loss) attributable to:		
Owners of the Company	19,410	(9,426)
Non-controlling interest	-	-
	19,410	(9,426)
Earnings / (loss) per share		
<i>From continuing operations</i>		
Basic (cents per share)	4.21	5.37
Diluted (cents per share)	4.11	5.24
<i>From continuing and discontinued operations</i>		
Basic (cents per share)	4.21	(1.09)
Diluted (cents per share)	4.11	(1.09)

**Consolidated statement of financial position
As at 30 June 2017**

	2017	2016
	\$'000	\$'000
Current assets		
Cash and cash equivalents	80,571	73,609
Trade receivables	7,571	13,651
Loan receivables	87,933	102,419
Inventories	20,991	17,612
Prepayments	5,512	9,767
Current tax receivable	35	9,851
	<u>202,613</u>	<u>226,909</u>
Assets classified as held for sale	-	7,448
Total current assets	<u>202,613</u>	<u>234,357</u>
Non-current assets		
Trade and other receivables	23,480	25,766
Loan receivables	14,037	2,102
Plant and equipment	10,233	13,853
Deferred tax assets	9,879	13,075
Goodwill	107,009	107,009
Other intangible assets	26,987	24,034
Investments in associates	4,607	4,295
Total non-current assets	<u>196,232</u>	<u>190,134</u>
Total assets	<u>398,845</u>	<u>424,491</u>
Current liabilities		
Trade and other payables	21,288	19,821
Borrowings*	46,303	70,023
Provisions	7,064	22,427
Total current liabilities	<u>74,655</u>	<u>112,271</u>
Non-current liabilities		
Borrowings	60,934	63,961
Provisions	2,417	5,974
Total non-current liabilities	<u>63,351</u>	<u>69,935</u>
Total liabilities	<u>138,006</u>	<u>182,206</u>
Net assets	<u>260,839</u>	<u>242,285</u>
Equity		
Issued capital	210,203	207,540
Reserves	7,206	(8,726)
Retained earnings	43,430	43,471
Total equity	<u>260,839</u>	<u>242,285</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.

Consolidated statement of changes in equity

For the year ended 30 June 2017

	Issued capital	Foreign currency translation reserve	Non- controlling interest acquisition reserve	Share- based Payment reserve	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2015	205,399	10,697	(15,809)	3,032	58,379	261,698
Loss for the year	-	-	-	-	(5,272)	(5,272)
Exchange differences arising on translation of foreign operations	-	(4,154)	-	-	-	(4,154)
Total comprehensive income for year	-	(4,154)	-	-	(5,272)	(9,426)
Dividend reinvestment plan	1,572	-	-	-	-	1,572
Share-based payments	-	-	-	(1,923)	-	(1,923)
Shares issued on exercise of performance rights	569	-	-	(569)	-	-
Dividends paid	-	-	-	-	(9,636)	(9,636)
Balance at 30 June 2016	207,540	6,543	(15,809)	540	43,471	242,285
Profit for the year	-	-	-	-	20,618	20,618
Exchange differences arising on translation of foreign operations	-	(1,208)	-	-	-	(1,208)
Total comprehensive income for year	-	(1,208)	-	-	20,618	19,410
Dividend reinvestment plan	2,663	-	-	-	-	2,663
Share-based payments	-	-	-	1,331	-	1,331
Dividends paid	-	-	-	-	(4,850)	(4,850)
Transfer reserve balance to retained earnings	-	-	15,809	-	(15,809)	-
Balance at 30 June 2017	210,203	5,335	-	1,871	43,430	260,839

Consolidated statement of cash flows

For the year ended 30 June 2017

	2017	2016
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	196,661	261,950
Payments to suppliers and employees	(193,578)	(253,761)
Payment for settlement expense	(12,152)	(23,128)
Interest received	1,797	1,622
Interest received from personal loans	50,463	94,743
Net decrease / (increase) in personal loans advanced	4,487	(25,801)
Interest and costs of finance paid	(9,404)	(10,841)
Income tax refunded / (paid)	5,260	(14,710)
Net cash flows provided by operating activities	<u>43,534</u>	<u>30,074</u>
Cash flows from investing activities		
Acquisition of intangible assets	(6,272)	(3,426)
Purchase of plant and equipment	(1,149)	(5,283)
Proceeds on disposal of non-current assets	-	415
Instalment credit loans repaid by franchisees	1,020	92
Net cash flows used in investing activities	<u>(6,401)</u>	<u>(8,202)</u>
Cash flows from financing activities		
Dividends paid	(2,186)	(8,065)
Proceeds from borrowings	57,500	77,816
Repayment of borrowings	(85,098)	(69,612)
Capital element of finance lease and hire purchase payment	(32)	(104)
Net cash flows (used in) / provided by financing activities	<u>(29,816)</u>	<u>35</u>
Net increase in cash and cash equivalents	7,317	21,907
Cash and cash equivalents at the beginning of the year	73,609	52,379
Effects of exchange rate changes on the balance of cash held in foreign currencies	(355)	(677)
Cash and cash equivalents at the end of the year	<u><u>80,571</u></u>	<u><u>73,609</u></u>

Segment results

	Franchise operations	Store operations	Personal finance	Vehicle leasing	Corporate head office	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2017						
Interest revenue (i)	2,898	56,511	121,652	5,604	-	186,665
Other revenue	17,983	75,222	-	3,777	-	96,982
Gross revenue	20,881	131,733	121,652	9,381	-	283,647
Less inter-company sales	(682)	(7,524)	(4,558)	-	-	(12,764)
Segment revenue	20,199	124,209	117,094	9,381	-	270,883
External interest revenue (ii)	-	13	97	12	468	590
Total revenue	20,199	124,222	117,191	9,393	468	271,473
EBITDA (iii)	11,172	12,318	54,014	(401)	(31,378)	45,725
Less inter-company eliminations	(682)	5,231	(4,542)	(7)	-	-
Segment EBITDA	10,490	17,549	49,472	(408)	(31,378)	45,725
Depreciation and amortisation	(149)	(3,859)	(1,116)	(69)	(2,930)	(8,123)
EBIT	10,341	13,690	48,356	(477)	(34,308)	37,602
Interest expense	-	-	(4,154)	(415)	(4,835)	(9,404)
Profit / (loss) before tax from continuing operations	10,341	13,690	44,202	(892)	(39,143)	28,198
Year ended 30 June 2016						
Interest revenue (i)	2,053	67,170	158,416	2,743	-	230,382
Other revenue	24,977	73,197	2	5,398	14	103,588
Gross revenue	27,030	140,367	158,418	8,141	14	333,970
Less inter-company sales	(6,441)	(11,132)	(6,995)	-	-	(24,568)
Segment revenue	20,589	129,235	151,423	8,141	14	309,402
External interest revenue (ii)	-	77	474	5	37	593
Total revenue	20,589	129,312	151,897	8,146	51	309,995
EBITDA (iii) (iv)	7,271	17,420	65,537	(4,599)	(37,932)	47,697
Less inter-company eliminations	(346)	6,121	321	-	(6,096)	-
Segment EBITDA	6,925	23,541	65,858	(4,599)	(44,028)	47,697
Depreciation and amortisation	(235)	(3,936)	(302)	(133)	(2,261)	(6,867)
EBIT	6,690	19,605	65,556	(4,732)	(46,289)	40,830
Interest expense	-	(1)	(4,116)	(508)	(5,034)	(9,659)
Profit / (loss) before tax from continuing operations	6,690	19,604	61,440	(5,240)	(51,323)	31,171

- (i) Interest Revenue comprises of personal loan interest, cash advance fee income, pawn broking interest from customers and commercial loan interest from third parties
- (ii) External interest revenue is interest received on bank deposits
- (iii) EBITDA is earnings before interest, tax, depreciation, amortisation and impairment
- (iv) Includes ASIC compliance settlement provision of \$12.500 million in corporate head office