



Mortgage Choice Limited

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ABN: 57 009 161 979

Appendix 4D Preliminary Half Year Report 31 December 2015

Lodged with the ASX under Listing Rule 4.2A on 18 February 2016

Reporting Period

This report covers the half year period from 1 July 2015 to 31 December 2015. The previous corresponding period was the half year from 1 July 2014 to 31 December 2014.

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Results for announcement to market

Discussion and analysis of statutory results

Operational results

For the half-year to 31 December 2015, both Mortgage Choice's residential approvals and settlements have increased 4% and 9% respectively compared to the half-year to December 2014.

		6 mths to 31-Dec-14	6 mths to 31-Dec-15
Loans approved Growth	(\$m)	6,898	7,205
Loans settled Growth	(\$m)	5,736	6,226

The loan book balance continued to grow. At 31 December 2015, the balance was \$50.7 billion, including diversified loans. Mortgage Choice's residential loan book increased to \$50.2 billion a 4.5% increase on the 31 December 2014 balance of \$48.0 billion.

Financial results

The underlying revenue for the half-year to 31 December 2015 was higher than the prior comparative period due to commission revenue from higher settlements, increased revenue from diversified products and increased revenue from Financial Planning. The underlying result for the current period before tax, compared to the prior comparative period, was higher reflecting the increased revenue as well as continued investment in Financial Planning.

The following summarises the results of the Group for the six months to 31 December 2015 and the prior comparative period:

	6 months to 31-Dec-14	6 months to 31-Dec-15	% change Dec-14 – Dec 15
Financial Summary	\$000's	\$000's	
Total revenue from ordinary activities	97,029	102,310	5.4%
Total result before tax	14,363	15,573	8.4%
Profit from ordinary activities after tax attributable to members	9,972	10,749	7.8%
Net tangible asset backing per ordinary share	78.1 cents	77.5 cents	(0.8%)

Dividends

Details of dividends/distributions declared or paid during the twelve months ended 31 December 2015 are as follows:

Payment date	Type	Amount per security	Total dividend	Franked amount per security	Foreign sourced dividend amount per security
11 September 2015	Final	8.0 cents	\$9,945,000	8.0 cents	-
19 March 2015	Interim	7.5 cents	\$9,316,000	7.5 cents	-

Subsequent to 31 December 2015, a fully franked interim dividend of 8.0 cents was declared on 17 February 2016 and it is expected to be paid on 11 March 2016. The record date for determining entitlement to this dividend will be 25 February 2016.

Non IFRS Cash Results

The Company also presents its non IFRS cash results from ordinary activities of \$10,089,000, after tax which is a 12% increase on the previous corresponding period. Further discussion regarding the cash results can be found in the Company's Half Year Presentation.

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Mortgage Choice Limited ACN 009 161 979
Interim report
For the half-year ended 31 December 2015

Mortgage Choice Limited
Interim financial report for the half-year ended 31 December 2015

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by Mortgage Choice Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Mortgage Choice Limited

Directors' report

As at 31 December 2015

Your Directors present their report on the consolidated entity consisting of Mortgage Choice Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2015, referred to hereafter as "Mortgage Choice", "the Mortgage Choice Group" or "the Group".

Directors

The following persons were Directors of Mortgage Choice Limited during the whole of the half-year and up to the date of this report:

P D Ritchie
P G Higgins
R G Higgins
S C Jermyn
D E Ralston
S J Clancy

Principal activities

During the half-year, the principal activity of the Mortgage Choice Group was mortgage broking. This activity involves:

- the provision of assistance in determining the borrowing capacities of intending residential mortgage borrowers;
- the assessment, at the request of those borrowers, of a wide range of home loan products; and
- the submission of loan applications on behalf of intending borrowers.

The Group provides credit advice and assistance on a broad range of loan products as well as other ancillary products. In addition for the last three years and a half years the Group has provided financial advice appropriate to the lifestyles of our clients covering life insurance, super and investment advice through the Group's financial planning side of the business. Mortgage Choice's subsidiary HelpMeChoose.com.au, which managed a comparison website providing comparisons for several categories of household expenses, ceased operating during the period.

Review of Operations

The report on the Mortgage Choice Group for the half-year ended 31 December 2015 is as follows:

Operational results

For the half-year to 31 December 2015, Mortgage Choice's residential approvals and settlements have increased 4% and 9% respectively compared to the six month period to 31 December 2014.

Mortgage Choice Limited

Directors' report

As at 31 December 2015

		6 mths to 31-Dec-14	6 mths to 31-Dec-15
Loans approved	(\$m)	6,898	7,205
Growth			4%
Loans settled	(\$m)	5,736	6,226
Growth			9%

The loan book balance continued to grow. At 31 December 2015, the balance was \$50.7 billion, including diversified loans. Mortgage Choice's residential loan book increased to \$50.2 billion, a 4.5% increase on the 31 December 2014 balance of \$48.0 billion.

Financial results

The underlying revenue for the half-year to 31 December 2015 was higher than the prior comparative period due to commission revenue from higher settlements, increased revenue from diversified products and increased revenue from Financial Planning. The underlying result for the current period before tax, compared to the prior comparative period, was higher reflecting the increased revenue as well as continued investment in Financial Planning.

The following summarises the results of the Group for the six months to 31 December 2015 and the prior comparative period:

	6 months to 31-Dec-14	6 months to 31-Dec-15
	\$000's	\$000's
<u>Financial Summary</u>		
Total Revenue	97,029	102,310
Growth		5%
Total result before tax	14,363	15,573
Growth		8%

Mortgage Choice Limited
Directors' report
As at 31 December 2015

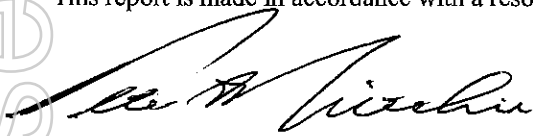
Auditor's independence declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

Rounding of amounts to the nearest thousand dollars

The company is of a kind referred to in Class order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

This report is made in accordance with a resolution of the Directors.



Peter Ritchie
Chairman

Sydney
17 February 2016

The Board of Directors
Mortgage Choice Limited
100 Pacific Highway
North Sydney NSW 2060

17 February 2016

Dear Board Members

Mortgage Choice Limited

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

As lead audit partner for the review of the financial statements of Mortgage Choice Limited for the half-year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Philip Hardy
Partner
Chartered Accountants

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Mortgage Choice Limited
Condensed consolidated statement of profit and loss
For the half-year ended 31 December 2015

	Note	Half-year ended	
		31 Dec 2015 \$'000	31 Dec 2014 \$'000
Continuing operations			
Revenue			
Origination commission	7	37,320	34,980
Trailing commission excluding discount unwind		42,988	39,574
Trailing commission discount unwind		10,255	11,296
Diversified products commission		3,688	3,432
Help Me Choose income excluding discount unwind		695	2,443
Help Me Choose income discount unwind		59	38
Financial Planning income		4,174	2,624
Franchise income		686	596
Interest		208	268
Other income		2,237	1,778
		102,310	97,029
Direct costs			
Origination commission	7	(27,100)	(25,828)
Trailing commission excluding discount unwind		(26,706)	(24,088)
Trailing commission discount unwind – finance costs		(6,205)	(6,839)
Diversified products commission		(2,847)	(2,655)
Help Me Choose direct costs		(297)	(777)
Financial Planning commission		(3,396)	(2,147)
		35,759	34,695
Gross profit			
Operating Expenses			
Sales		(8,632)	(9,148)
Technology		(3,183)	(2,535)
Marketing		(4,420)	(4,731)
Corporate		(3,951)	(3,918)
		15,573	14,363
Profit before income tax			
Income tax expense		(4,824)	(4,391)
Net profit attributable to the owners of Mortgage Choice Limited			
		10,749	9,972
		Cents	Cents
Earnings per share			
From continuing operations			
Basic earnings per share		8.6	8.0
Diluted earnings per share		8.6	8.0

The above condensed consolidated income statement should be read in conjunction with the accompanying notes.

Mortgage Choice Limited
Condensed consolidated statement of comprehensive income
For the half-year ended 31 December 2015

Half-year ended
31 Dec 2015 31 Dec 2014
\$'000 \$'000

Profit for the half-year

10,749

9,972

Other comprehensive income

-

-

**Total comprehensive income attributable to
the owners of Mortgage Choice Limited**

10,749

9,972

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Mortgage Choice Limited
Condensed consolidated statement of financial position
As at 31 December 2015

	31 December	30 June
	2015	2015
	\$'000	\$'000
Note		
ASSETS		
Current assets		
Cash and cash equivalents	6,875	7,827
Trade and other receivables	100,511	100,399
Total current assets	107,386	108,226
Non-current assets		
Receivables	241,740	238,209
Property, plant and equipment	578	826
Intangible assets	6,532	7,148
Total non-current assets	248,850	246,183
Total assets	356,236	354,409
LIABILITIES		
Current liabilities		
Trade and other payables	66,350	69,931
Current tax liabilities	737	119
Provisions	1,020	1,305
Total current liabilities	68,107	71,355
Non-current liabilities		
Trade and other payables	146,067	142,895
Deferred tax liabilities	38,229	37,476
Provisions	797	771
Total non-current liabilities	185,093	181,142
Total liabilities	253,200	252,497
Net assets	103,036	101,912
EQUITY		
Contributed equity	6,804	5,780
Reserves	1,205	1,909
Retained profits	95,027	94,223
Total equity	103,036	101,912

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

Mortgage Choice Limited
Condensed consolidated statement of changes in equity
As at 31 December 2015

	Note	Contributed equity \$'000	Share based payments reserve \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 July 2014		4,604	2,210	95,517	102,331
Total comprehensive income for the half-year		-	-	9,972	9,972
Transactions with equity holders in their capacity as owners:					
Contributions of equity net of transaction costs		1,154	(1,154)	-	-
Dividends paid		-	-	(9,910)	(9,910)
Adjustment for provision for clawbacks	6	-	-	(924)	(924)
Employee performance shares – value of employee services		-	743	-	743
		<u>1,154</u>	<u>(411)</u>	<u>(10,834)</u>	<u>(10,091)</u>
Balance at 31 December 2014		5,758	1,799	94,655	102,212
Balance at 1 July 2015		5,780	1,909	94,223	101,912
Total comprehensive income for the half-year		-	-	10,749	10,749
Transactions with equity holders in their capacity as owners:					
Contributions of equity net of transaction costs		1,024	(1,024)	-	-
Dividends paid		-	-	(9,945)	(9,945)
Employee performance shares – value of employee services		-	320	-	320
		<u>1,024</u>	<u>(704)</u>	<u>(9,945)</u>	<u>(9,625)</u>
Balance at 31 December 2015		6,804	1,205	95,027	103,036

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

Mortgage Choice Limited
Condensed consolidated statement of cash flows
For the half-year ended 31 December 2015

	Half-year ended	
	31 Dec 2015	31 Dec 2014
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	108,351	99,332
Payments to suppliers and employees (inclusive of goods and services tax)	(95,772)	(88,263)
	12,579	11,069
Income taxes paid	(3,454)	(4,070)
Net cash inflow from operating activities	9,125	6,999
Cash flows from investing activities		
Payments for property, plant, equipment and intangibles	(340)	(3,538)
Interest received	208	268
Net cash (outflow) from investing activities	(132)	(3,270)
Cash flows from financing activities		
Dividends paid to company's shareholders	(9,945)	(9,910)
Net cash (outflow) from financing activities	(9,945)	(9,910)
Net decrease in cash and cash equivalents held	(952)	(6,181)
Cash and cash equivalents at the beginning of the half-year	7,827	12,445
Cash and cash equivalents at the end of the half-year	6,875	6,264

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

1. Basis of preparation of half-year report

This general purpose financial report for the interim half-year reporting period ended 31 December 2015 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by Mortgage Choice Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

All accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The Company receives trailing commissions from lenders over the life of the settled loans in its loan book based on outstanding balance. The Company also makes trailing commission payments to franchisees based on the outstanding loan book balance of the individual franchisees.

On initial recognition at settlement, trailing commission revenue and the related receivable are recognised at fair value being the net present value of the expected future trailing commissions to be received. An associated expense and payable to the franchisees are also recognised initially measured at fair value being the net present value of the expected future trailing commission payable to franchisees.

The fair value of trailing commissions receivable and the corresponding payable to franchisees is determined by using the discounted cash flow valuation technique. These calculations require the use of assumptions. The key assumptions underlying the fair value calculations of trailing commissions receivable and the corresponding payable to franchisees at balance date include the average loan life, discount rate and the percentage paid to franchisees.

The determination of the assumptions to be used in the valuation is made by Management based primarily on two factors: an annual assessment, with external actuaries, of the underlying loan portfolio including historical run-off rate analysis and consideration of current and future economic factors. These factors are complex and the determination of assumptions requires a high degree of judgement.

The significant assumptions used in the valuation are listed below:

	31 December 2015	31 December 2014
Weighted average loan life	3.8 years	4.0 years
Weighted average discount rate	6.5%	7.2%
Percentage of commissions received paid to franchisees (10 year average)	61%	61%

Subsequent to initial recognition and measurement, both the trailing commission receivable and payable are measured at amortised cost. The carrying amounts of the receivable and payable are adjusted to reflect actual and revised estimated cash flows by recalculating the net present value of estimated future cash flows at the original effective interest rate. Any resulting adjustment to the carrying value is recognised as income or expense in the income statement.

2. Segment information

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer that are used to make strategic and operating decisions.

The Chief Executive Officer considers the business from both a product and cash versus IFRS presentation of the results. Therefore the management has identified three reportable product segments, Mortgage Choice franchised mortgage broking (MOC), Help Me Choose health fund and mortgage comparison website (HMC) and Mortgage Choice Financial Planning (MCFP). The Group operates only in Australia.

(b) Information provided to the Chief Executive Officer

Information provided to the Chief Executive Officer for the purpose of making strategic and operating decisions for the half-year ended 31 December 2015 is as follows:

Product Segments

2015	Total \$'000	MOC \$'000	HMC \$'000	MCFP \$'000
Revenue (IFRS)	102,310	97,372	755	4,183
Gross Profit (IFRS)	35,759	34,514	458	787
Gross profit (cash)	34,359	32,728	844	787
OPEX (excl SBP)*	19,866	16,996	1,696	1,174
Depreciation and amortisation	833	733	67	33
Income tax expense	4,824	5,311	(365)	(122)
NPAT (IFRS)	10,749	11,884	(851)	(284)
NPAT (cash)	10,089	10,958	(603)	(266)
2014	Total \$'000	MOC \$'000	HMC \$'000	MCFP \$'000
Revenue (IFRS)	97,029	91,827	2,502	2,700
Gross Profit (IFRS)	34,695	32,417	1,725	553
Gross profit (cash)	32,205	30,093	1,559	553
OPEX (excl SBP)*	19,589	16,228	2,312	1,049
Depreciation and amortisation	605	509	63	33
Income tax expense	4,391	4,726	(181)	(154)
NPAT (IFRS)	9,972	10,753	(422)	(359)
NPAT (cash)	8,972	9,836	(522)	(342)

* Share based payments

2. Segment information (continued)

Cash versus IFRS

	2015	2014	%	2015	2014	%
	Cash*			IFRS		
	\$000's	\$000's	change	\$000's	\$000's	change
Origination commission income	37,320	34,980	7%	37,320	34,980	7%
Trailing commission income**	47,395	44,273	7%	53,243	50,870	5%
	84,715	79,253	7%	90,563	85,850	5%
Origination commission paid	27,100	25,828	5%	27,100	25,828	5%
Trailing commission paid**	28,849	26,654	8%	32,911	30,927	6%
	55,949	52,482	7%	60,011	56,755	6%
Net core commissions	28,766	26,771	7%	30,552	29,095	5%
Diversified products net revenue	841	777	8%	841	777	8%
Financial planning net revenue	778	477	63%	778	477	63%
Help Me Choose net revenue	843	1,538	(45%)	457	1,704	(73%)
Other income	3,131	2,642	19%	3,131	2,642	19%
Gross Profit	34,359	32,205	7%	35,759	34,695	3%
Operating Expenses	19,866	19,589	1%	19,866	19,589	1%
Share based remuneration	-	-		320	743	(57%)
Net profit before tax	14,493	12,616	15%	15,573	14,363	8%
Net profit after tax	10,089	8,972	12%	10,749	9,972	8%

* Cash excludes share based remuneration and the net present value of future trailing commissions receivable and payable.

** IFRS trailing commission income and trailing commission paid include discount unwind as itemised in the condensed consolidated statement of profit and loss.

2. Segment information (continued)

The following provides additional detail to assist in reconciliation of the above table to the condensed consolidated statement of profit and loss:

	2015	2014	%		2015	2014	%
	Cash				IFRS		
	\$000's	\$000's	change		\$000's	\$000's	change
Diversified products commission	3,688	3,432	7%		3,688	3,432	7%
Diversified products direct costs	2,847	2,655	7%		2,847	2,655	7%
Diversified products net income	841	777	8%		841	777	8%
Financial planning revenue	4,174	2,624	59%		4,174	2,624	59%
Financial planning direct costs	3,396	2,147	58%		3,396	2,147	58%
Financial planning net revenue	778	477	63%		778	477	63%
Help Me Choose income*	1,140	2,315	(51%)		754	2,481	(70%)
Help Me Choose direct costs	297	777	(62%)		297	777	(62%)
Help Me Choose net income	843	1,538	(45%)		457	1,704	(73%)
Financial planning and HMC net revenue	1,621	2,015	(20%)		1,235	2,181	(43%)
Franchise income	686	596	15%		686	596	15%
Interest	208	268	(22%)		208	268	(22%)
Other Income	2,237	1,778	26%		2,237	1,778	26%
Other income	3,131	2,642	19%		3,131	2,642	19%

* Help Me Choose cash income excludes the net present value of future trailing commissions' receivable on health policies written during the year.

(c) Other information

(i) Operating income

Operating income from the origination of a residential mortgage is comprised of commission paid at the time the loan is originated and a trailing commission which is paid over the life of the loan. Prior to the introduction of IFRS in 2006, trailing commission was recognised as income as it became due over the life of a loan. Under IFRS, the future trailing cash flows to be received over the life of a loan are estimated, discounted to present value and recognised at the time a loan settles. The Chief Executive Officer considers both methods in measuring the Group's performance.

(ii) Asset write-off in Help Me Choose

Following the close down of the Help Me Choose business in September 2015, the assets that were no longer in use were written off. The total value of the write-off was \$361,000, which related to software and plant and equipment.

2. Segment information (continued)

(iii) *Net profit after tax*

The cash net profit after tax reconciles to the reported profit after tax as follows:

	2015 \$000's	2014 \$000's
Cash Net profit after tax	10,089	8,972
NPV future trails on new loans originated, net of payout	11,229	10,494
Less net cash from trail previously recognised under IFRS	(10,024)	(8,936)
NPV future trails on Help Me Choose policies written	118	373
Less net cash from trail previously recognised under IFRS	(388)	(257)
Plus gain on prepayment of trail liability	-	-
Plus reversal of amortisation of trail liability*	45	69
Less share based payments expense	(320)	(743)
Net IFRS after tax profit for the half-year	10,749	9,972

* Under cash profit, the prepayment of trail liability is spread over the estimated life of the trail book portfolio.

3. Financial Instruments

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the condensed consolidated financial statements approximate their fair values with the exception of those listed in the following table. The carrying amount represents the net present value of trailing commissions receivable and payable recorded at fair value at the time of recognition and carried at amortised cost.

	31 December 2015		30 June 2015	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial assets				
Future Trailing Commission Receivable - Current	86,057	86,480	84,616	85,200
Future Trailing Commission Receivable – Non current	240,258	258,153	235,577	254,489
Financial liabilities				
Future Trailing Commission Payable - Current	51,850	52,436	50,808	51,098
Future Trailing Commission Payable – Non current	146,067	156,112	142,581	153,678

4. Dividends

	Half-year	
	2015 \$'000	2014 \$'000
Ordinary shares		
Dividends provided for or paid during the half-year	9,945	9,910
<hr/>		
Dividends not recognised at the end of the half-year		
In addition to the above dividends, since the end of the half-year the Directors have recommended the payment of an interim dividend of 8.0 cents per fully paid ordinary share (2014 – 7.5 cents), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 11 March 2016 out of retained profits at 31 December 2015, but not recognised as a liability at the end of the half-year, is	9,957	9,316
<hr/>		

5. Equity securities issued

	2015 Shares	2014 Shares	2015 \$'000	2014 \$'000
Issues of ordinary shares during the half-year				
Shares issued under the Mortgage Choice Performance Share Plan and Performance Rights Plan	538,670	862,961	1,024	1,154

6. Adjustment to retained earnings for the provision for clawbacks

There is a potential for origination commissions to be clawed back by lenders after loans have settled. This is now estimated and recognised at the time of settlement and a provision was created in the prior period for potential commission clawbacks as at 1 July 2014. The recognition of this provision resulted in a reduction of opening retained earnings for the 31 December 2014 half year of \$924,000 from \$95,517,000 to \$94,593,000.

Should commission be clawed back by lenders, a corresponding clawback will be deducted from franchisees and the adjustment to retained earnings is net of this deduction.

7. Contingent liabilities

The parent entity and consolidated entity had contingent liabilities at 31 December 2015 in respect of:

Guarantees

Australian and New Zealand (ANZ) bank guarantee of \$755,414 (2014: \$809,315).

Contingent claims

From time to time, disputes occur between the company and its franchisees in the normal course of operation, a number of which may be unresolved at any point in time. At 31 December 2015, there were no disputes or claims in progress that are expected to have a material financial impact on the company.

No material losses are anticipated in respect of any of the above contingent liabilities.

8. Events occurring after the balance sheet date

No matter or circumstance has arisen subsequent to 31 December 2015 that has significantly affected, or may significantly affect:


- (a) the company's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the company's state of affairs in future financial years.

Mortgage Choice Limited
Directors' declaration
31 December 2015

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 7 to 18 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Mortgage Choice Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Peter Ritchie
Chairman

Sydney
17 February 2016

Independent Auditor's Review Report to the Members of Mortgage Choice Limited

We have reviewed the accompanying half-year financial report of Mortgage Choice Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2015, the condensed consolidated statement of profit and loss, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half year as set out on pages 7 to 19.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Mortgage Choice Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Mortgage Choice Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Mortgage Choice Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Philip Hardy
Partner
Chartered Accountants
Sydney, 17 February 20116

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