MORTGAGE CHOICE

Established 1992

Level 10, 100 Pacific Highway
North Sydney NSW 2060
P.O. Box 457
North Sydney NSW 2059
Phone: 02 8907 0444
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www.mortgagechoice.com.au

26 February 2014

The Manager
Company Announcements Office
Australian Securities Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

MORTGAGE CHOICE LIMITED – HALF YEARLY REPORT AND ACCOUNTS CORRECTION

Please find enclosed a **replacement** Half Yearly Report and Accounts in relation to the 31 December 2013 financial results.

The Appendix 4D incorrectly stated that the record date of the dividend declared was 3 March 2014. The correct record date is 7 March 2014.

Yours faithfully,
MORTGAGE CHOICE LIMITED

DAVID HOSKINS
COMPANY SECRETARY

Group Office
Level 10
100 Pacific Hwy
North Sydney NSW 2060
Telephone: 02 8907 0444
Facsimile: 02 9922 1258
www.mortgagechoice.com.au

Appendix 4D
Preliminary Half Year Report
31 December 2013

Lodged with the ASX under Listing Rule 4.2A on 26 February 2014

Reporting Period

This report covers the half year period from 1 July 2013 to 31 December 2013. The previous corresponding period was the half year from 1 July 2012 to 31 December 2012.

Results for announcement to market

Discussion and analysis of statutory results

Operational results

For the half-year to 31 December 2013, both Mortgage Choice's residential approvals and settlements (on a stand-alone basis excluding LoanKit) have increased 17% and 21% respectively compared to the prior six month period to 30 June 2013. By comparison to the half-year to December 2012, volumes have increased 22% for approvals and have increased 19% for settlements.

		6 mths to 30-Jun-12	6 mths to 31-Dec-12	6 mths to 30-Jun-13	6 mths to 31-Dec-13
Loans approved	($m)	5,038	5,093	5,281	6,191
Growth		-1%	1%	4%	17%
Loans settled	($m)	4,387	4,430	4,354	5,261
Growth		1%	1%	-2%	21%

The loan book balance continued to grow. At 31 December 2013, the balance was $46.4 billion, including diversified loans. Mortgage Choice's stand-alone (excluding LoanKit) residential loan book increased to $46.0 billion, a 2.3% increase on the 30 June 2013 balance of $45.0 billion and a 4.3% increase on the 31 December 2012 balance of $44.1 billion.

Financial results

The underlying revenue for the half-year to 31 December 2013 was higher than the previous two six months periods due to increased commission revenue from higher settlements, increased revenue from diversified products and increased revenue from Financial Planning and HelpMeChoose.com.au. The underlying result for the current period before tax, as compared to the previous two six months periods, has increased due to the strong increase in underlying revenue less an increase in operating expenses relating to the timing of advertising campaigns in the first half of the year.

During the period, the Group sold the LoanKit aggregation business to focus its resources on developing its other new initiatives of Mortgage Choice Financial Planning and HelpMeChoose.com.au.

At 30 June 2013, the Company performed a full actuarial review of the loan book and the assumptions used to estimate future trailing commission. At 31 December 2013, the Company reviewed actual results against those assumptions and determined that the level of "run off" incorporated in the model to calculate income from future trailing commissions approximated the run-off experienced over the period and no adjustment was required. Again at 30 June 2014, a full actuarial review will be completed and the assumptions used to estimate future trailing commission will be reviewed by management in full and any adjustments arising from that review will be booked at that time.

The following summarises the results of the Group for the six months to 31 December 2013 and the two prior periods:

Financial Summary	6 months to 31-Dec-12	6 months to 30-Jun-13	6 months to 31-Dec-13	% change Dec 12-Dec 13
	$000's	$000's	$000's	
Underlying revenue	73,719	75,797	87,429	18.6%
LoanKit revenue	468	667	329	
Gain on sale of LoanKit	-	-	1,665	
Adjustment to loan book assumptions	-	5,883	-	
Total revenue from ordinary activities	**74,187**	**82,347**	**89,423**	**20.5%**
Underlying result before tax	11,169	11,859	14,136	26.6%
LoanKit result before tax	(356)	(101)	(131)	
Gain on sale of LoanKit before tax	-	-	1,665	
Adjustment to loan book assumptions	-	4,325	-	
Total result before tax	**10,813**	**16,123**	**15,670**	**44.9%**
Profit from ordinary activities after tax attributable to members	**7,514**	**11,200**	**11,001**	**46.4%**
Net tangible asset backing per ordinary share	**74.9 cents**	**78.5 cents**	**81.0 cents**	**8.1%**

Dividends

Details of dividends/distributions declared or paid during the twelve months ended 31 December 2013 are as follows:

Payment date	Type	Amount per security	Total dividend	Franked amount per security	Foreign sourced dividend amount per security
16 September 2013	Final	7.0 cents	$8,640,000	7.0 cents	-
19 March 2013	Interim	6.0 cents	$7,406,000	6.0 cents	-

Subsequent to 31 December 2013, a fully franked interim dividend of 7.5 cents was declared on 26 February 2014. This is a 25% increase on the interim dividend of 6.0 cents in the prior comparable period, and it is expected to be paid on 24 March 2014. The record date for determining entitlement to this dividend will be 7 March 2014.

Sale of Beagle Finance Pty Limited (LoanKit)

On 30 September 2013 Mortgage Choice sold 100% of the issued shares in Beagle Finance Pty Limited, owner of the LoanKit mortgage brokerage aggregation business. This business incurred a loss in the current period of $92,000 however the Group recognised a gain on sale of $1,344,000 after tax. In the previous corresponding period, this business incurred a loss of $249,000 after tax.

Non IFRS Cash Results

The Company also presents its non IFRS cash results from ordinary activities of $8,970,000, which are up 15% after tax on the previous corresponding period. This increase is due to increased commission revenue from higher settlements, increased revenue from diversified products and increased revenue from Financial Planning and HelpMeChoose.com.au. The after tax cash results including the gain on sale of LoanKit was 32% higher than the previous corresponding period.

Mortgage Choice Limited ACN 009 161 979
Interim report
For the half-year ended 31 December 2013

Mortgage Choice Limited
Interim financial report for the half-year ended 31 December 2013

Contents

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 2013 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*.

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 2013, 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 information and assistance on a broad range of loan products available from more than twenty five Australian lenders, and its activities are facilitated by comprehensive and sophisticated software developed by Mortgage Choice which is issued exclusively to Mortgage Choice brokers. These brokers are a national network of trained and accredited loan consultants, the majority of whom own franchises granted by the Mortgage Choice Group. Mortgage Choice is remunerated by the lenders whose products it distributes, and it is thus in a position to offer its service without cost to the borrower.

Review of Operations

The report on the Mortgage Choice Group for the half-year ended 31 December 2013 is as follows:

Operational results

For the half-year to 31 December 2013, both Mortgage Choice's residential approvals and settlements (on a stand-alone basis excluding LoanKit) have increased 17% and 21% respectively compared to the prior six month period to 30 June 2013. By comparison to the half-year to December 2012, volumes have increased 22% for approvals and have increased 19% for settlements.

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The loan book balance continued to grow. At 31 December 2013, the balance was $46.4 billion, including diversified loans. Mortgage Choice's stand-alone (excluding LoanKit) residential loan book increased to $46.0 billion, a 2.3% increase on the 30 June 2013 balance of $45.0 billion and a 4.3% increase on the 31 December 2012 balance of $44.1 billion.

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During the period, the Group sold the LoanKit aggregation business to focus its resources on developing its other new initiatives of Mortgage Choice Financial Planning and HelpMeChoose.com.au.

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LoanKit revenue	468	667	329
Gain on sale of LoanKit	-	-	1,665
Adjustment to loan book assumptions	-	5,883	-
Total Revenue	**74,187**	**82,347**	**89,423**
Full Year Ended 30 June 2013		156,534	
Underlying result before tax	11,169	11,899	14,136
LoanKit result before tax	(356)	(101)	(131)
Gain on sale of LoanKit before tax	-	-	1,665
Adjustment to loan book assumptions	-	4,325	-
Total result before tax	**10,813**	**16,123**	**15,670**
Full Year Ended 30 June 2013		26,936	

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
26 February 2014

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

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The Board of Directors
Mortgage Choice Limited
50 Bridge Street
Sydney NSW 2000

26 February 2014

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 2013, 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

DELOITTE TOUCHE TOHMATSU

Philip Hardy
Partner
Chartered Accountants

Mortgage Choice Limited
Consolidated statement of profit and loss
For the half-year ended 31 December 2013

	Note	Half-year 2013 $'000	2012 $'000 (restated)
Continuing operations			
Revenue			
Origination commission		**31,722**	26,025
Trailing commission excluding discount unwind		**35,898**	29,070
Trailing commission discount unwind		**12,064**	13,177
Diversified products commission		**2,805**	1,863
Help Me Choose income excluding discount unwind		**1,711**	1,570
Help Me Choose income discount unwind		**47**	26
Financial Planning income		**1,034**	8
Franchise income		**554**	555
Interest		**258**	279
Other income		**1,336**	1,146
		87,429	73,719
Direct costs			
Origination commission		**(23,084)**	(18,781)
Trailing commission excluding discount unwind		**(20,893)**	(16,807)
Trailing commission discount unwind – finance costs		**(7,227)**	(7,966)
Diversified products commission		**(2,202)**	(1,449)
Help Me Choose direct costs		**(668)**	(695)
Financial Planning commission		**(843)**	(6)
Gross profit		**32,512**	28,015
Operating Expenses			
Sales		**(7,110)**	(7,118)
Technology		**(2,814)**	(2,595)
Marketing		**(4,391)**	(3,567)
Finance		**(1,033)**	(1,012)
Corporate		**(3,028)**	(2,554)
Profit before income tax		**14,136**	11,169
Income tax expense		**(4,387)**	(3,406)
Profit for the period from continuing operations		**9,749**	7,763
Discontinued operation			
Profit/(loss) for the period from discontinued operation	3	**1,252**	(249)
Net profit attributable to the owners of Mortgage Choice Limited		**11,001**	7,514
		Cents	Cents
Earnings per share			
From continuing and discontinued operations			
Basic earnings per share		**8.9**	6.2
Diluted earnings per share		**8.9**	6.1
From continuing operations			
Basic earnings per share		**7.9**	6.4
Diluted earnings per share		**7.9**	6.3

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

Mortgage Choice Limited
Consolidated statement of comprehensive income
For the half-year ended 31 December 2013

	Half-year	
	2013 **$'000**	2012 $'000
Profit for the half-year	**11,001**	7,514
Other comprehensive income	**-**	-
Total comprehensive income attributable to the owners of Mortgage Choice Limited	**11,001**	7,514

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

Mortgage Choice Limited
Consolidated statement of financial position
As at 31 December 2013

	Note	**31 December 2013 $'000**	30 June 2013 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**10,928**	10,953
Trade and other receivables		**97,197**	95,310
Total current assets		**108,125**	106,263
Non-current assets			
Receivables		**231,171**	227,567
Property, plant and equipment		**818**	692
Intangible assets		**1,957**	2,287
Total non-current assets		**233,946**	230,546
Total assets		**342,071**	336,809
LIABILITIES			
Current liabilities			
Trade and other payables		**62,379**	63,118
Current tax liabilities		**2,111**	2,017
Provisions		**987**	993
Total current liabilities		**65,477**	66,128
Non-current liabilities			
Trade and other payables		**137,038**	134,938
Deferred tax liabilities		**36,758**	36,085
Provisions		**700**	526
Total non-current liabilities		**174,496**	171,549
Total liabilities		**239,973**	237,677
Net assets		**102,098**	99,132
EQUITY			
Contributed equity		**4,604**	4,018
Reserves		**1,491**	1,472
Retained profits		**96,003**	93,642
Total equity		**102,098**	99,132

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

Mortgage Choice Limited
Consolidated statement of changes in equity
As at 31 December 2013

	Contributed equity $'000	Share based payments reserve $'000	Retained earnings $'000	Total $'000
Balance at 1 July 2012	**1,558**	**1,260**	**90,801**	**93,619**
Total comprehensive income for the half-year	**-**	**-**	**7,514**	**7,514**
Transactions with equity holders in their capacity as owners:				
Contributions of equity net of transaction costs	2,460	(560)	-	1,900
Dividends paid	-	-	(8,467)	(8,467)
Employee performance shares – value of employee services	-	357	-	357
	2,460	(203)	(8,467)	(6,210)
Balance at 31 December 2012	**4,018**	**1,057**	**89,848**	**94,923**
Balance at 1 July 2013	**4,018**	**1,472**	**93,642**	**99,132**
Total comprehensive income for the half-year	**-**	**-**	**11,001**	**11,001**
Transactions with equity holders in their capacity as owners:				
Contributions of equity net of transaction costs	586	(586)	-	-
Dividends paid	-	-	(8,640)	(8,640)
Employee performance shares – value of employee services	-	605	-	605
	586	19	(8,640)	(8,035)
Balance at 31 December 2013	**4,604**	**1,491**	**96,003**	**102,098**

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

Mortgage Choice Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2013

	Half-year	
	2013	2012
	$'000	$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	**90,352**	83,103
Payments to suppliers and employees (inclusive of goods and services tax)	**(78,964)**	(73,325)
	11,388	9,778
Income taxes paid	**(3,901)**	(4,671)
Net cash inflow from operating activities	**7,487**	5,107
Cash flows from investing activities		
Payments for property, plant, equipment and intangibles	**(725)**	(942)
Proceeds from sale of LoanKit net of selling costs	**1,595**	-
Interest received	**258**	282
Net cash (outflow) from investing activities	**1,128**	(660)
Cash flows from financing activities		
Proceeds from issue of shares	**-**	1,900
Dividends paid to company's shareholders	**(8,640)**	(8,467)
Net cash (outflow) from financing activities	**(8,640)**	(6,567)
Net decrease in cash and cash equivalents held	**(25)**	(2,120)
Cash and cash equivalents at the beginning of the half-year	**10,953**	10,662
Cash and cash equivalents at the end of the half-year	**10,928**	8,542

The above 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 2013 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 2013 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.

Management have noted the following amendments to AASB standards that form part of our accounting policies:

- AASB 10 – The change in the definition of control to define it as power over an investee, exposure or rights to variable returns of the investee, and the ability to use its power over the investee to affect the investor's returns
- AASB 119 – "Annual leave benefits which are classified as other long-term employee benefits under the revised AASB 119 (i.e. where they are not expected to be wholly settled within 12 months) will need to be discounted allowing for expected salary levels in the future period when the leave is expected to be taken"

Management have considered these amendments to AASB 10 Consolidated Financial Statements, with respect to the definition of control, and AASB 119 Employee Benefits, with respect to amendments to annual leave entitlements and determined no material impact for Mortgage Choice.

All other 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.

1. Basis of preparation of half-year report (continued)

The significant assumptions used in the valuation are listed below:

	31 December 2013	31 December 2012
Weighted average loan life	4.0 years	4.1 years
Weighted average discount rate	8.0%	9.3%
Percentage of commissions received paid to franchisees (10 year average)	60%	60%

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 four reportable product segments, Mortgage Choice franchised mortgage broking (MOC), Help Me Choose health fund and mortgage comparison website (HMC), LoanKit aggregation mortgage broking (LoanKit) (discontinued) 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 half-year ended 31 December 2013 is as follows:

Product Segments

2013	**Total $'000**	**MOC $'000**	**HMC $'000**	**LoanKit $'000** (Discontinued)	**MCFP $'000**
Revenue (IFRS)	87,758	84,598	1,776	329	1,055
Gross Profit (IFRS)	32,841	31,191	1,108	329	213
Gross profit (cash)	30,994	29,397	1,055	329	213
Depreciation and amortisation	900	801	63	28	8
Income tax expense	4,348	4,618	(76)	(39)	(155)
NPAT (IFRS)	9,657	10,291	(177)	(92)	(365)
NPAT (cash)	8,970	9,620	(203)	(98)	(349)
NPAT (IFRS) including sale of Loankit	11,001	11,635	(177)	(92)	(365)
NPAT (cash) including sale of Loankit	10,314	10,964	(203)	(98)	(349)

2. Segment information (continued)

2012	Total $'000	MOC $'000	HMC $'000	LoanKit $'000	MCFP $'000
Revenue (IFRS)	74,187	72,112	1,599	468	8
Gross Profit (IFRS)	28,483	27,108	905	468	2
Gross profit (cash)	28,408	27,347	591	468	2
Depreciation and amortisation	845	712	77	56	-
Income tax expense	3,299	3,738	(100)	(107)	(232)
NPAT (IFRS)	7,514	8,537	(232)	(249)	(542)
NPAT (cash)	7,819	9,029	(449)	(232)	(529)

Cash versus IFRS

	2013	**2012**	**% change**	**2013**	**2012**	**% change**
	Cash*			**IFRS*****		
	$000's	**$000's**		**$000's**	**$000's**	
Origination commission income	31,722	26,025	22%	31,722	26,025	22%
Trailing commission income**	43,942	43,400	1%	47,962	42,246	14%
	75,664	69,425	9%	79,684	68,271	17%
Origination commission paid	23,084	18,781	23%	23,084	18,781	23%
Trailing commission paid**	25,893	25,688	1%	28,120	24,773	14%
	48,977	44,469	10%	51,204	43,554	18%
Net core commissions	**26,687**	**24,956**	**7%**	**28,480**	**24,717**	**15%**
Diversified products net revenue	603	414	46%	603	414	46%
Help Me Choose, LoanKit and Financial planning net revenue	1,538	1,035	49%	1,591	1,349	18%
Other income	2,167	2,003	8%	2,167	2,003	8%
Gross Profit	**30,995**	**28,408**	**9%**	**32,841**	**28,483**	**15%**
Operating Expenses	18,231	17,312	5%	18,231	17,312	5%
Share based remuneration	-	-		605	358	69%
Net profit before tax	12,764	11,096	15%	14,005	10,813	30%
Net profit after tax	**8,970**	**7,819**	**15%**	**9,657**	**7,514**	**29%**
After tax gain on sale of LoanKit	1,344	-		1,344	-	
NPAT including gain on sale of LoanKit	**10,314**	**7,819**	**32%**	**11,001**	**7,514**	**46%**

* 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 consolidated statement of profit and loss.
*** IFRS income and expenses include trading results to 30 September 2013 in the discontinued operation (LoanKit). Refer note 3 for further details.

2. Segment information (continued)

The following provides additional detail to assist in reconciliation of the above table to the consolidated income statement:

	2013	2012	% change		2013	2012	% change
		Cash				IFRS	
	$000's	$000's			$000's	$000's	
Diversified products commission	2,805	1,863	51%		2,805	1,863	51%
Diversified products direct costs	2,202	1,449	52%		2,202	1,449	52%
Diversified products net income	**603**	**414**	**46%**		**603**	**414**	**46%**
Help Me Choose income*	1,705	1,283	33%		1,758	1,597	10%
Help Me Choose direct costs	668	695	(4%)		668	695	(4%)
Help Me Choose net income	1,037	588	76%		1,090	902	21%
Financial planning revenue	1,034	8	-		1,034	8	-
Financial planning direct costs	842	6	-		843	6	-
Financial planning net revenue	192	2	-		191	2	-
LoanKit service fees	310	445	(30%)		310	445	(30%)
HMC, LoanKit and Financial planning net revenue	**1,539**	**1,035**	**49%**		**1,591**	**1,349**	**18%**
Franchise income	554	555	(0%)		554	555	(0%)
Interest	258	282	(9%)		258	282	(9%)
Other Income	1,355	1,166	16%		1,355	1,166	16%
Other income	**2,167**	**2,003**	**8%**		**2,167**	**2,003**	**8%**

* 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.

2. Segment information (continued)

(ii) Net profit after tax

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

	2013 $000's	2012 $000's
Cash Net profit after tax	**10,314**	**7,819**
NPV future trails on new loans originated, net of payout	9,918	8,103
Less net cash from trail previously recognised under IFRS	(8,955)	(8,398)
NPV future trails on Help Me Choose policies written	184	220
Less net cash from trail previously recognised under IFRS	(146)	-
Plus gain on prepayment of trail liability	184	28
Plus reversal of amortisation of trail liability*	107	100
Less share based payments expense	(605)	(358)
Net IFRS after tax profit for the half-year	**11,001**	**7,514**

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

3. Discontinued operation

(i) Description

On 30 September 2013 Mortgage Choice sold 100% of the issued shares in Beagle Finance Pty Limited, owner of the LoanKit mortgage brokerage aggregation business, for cash consideration of $1,750,000 and contingent consideration of $100,000. The LoanKit division is reported in these financial statements as a discontinued operation.

Financial information relating to the discontinued operation for the year is set out below.

(ii) Financial performance and cash flow information

The financial performance and cash flow information presented are for the half years ended 31 December 2013 and 31 December 2012. This includes costs incurred by Mortgage Choice between 1 October 2013 and 31 December 2013.

	Half-year	
	2013 $'000	2012 $'000
Revenue	**310**	445
Interest	**-**	3
Other income	**19**	20
	329	468
Expenses	**460**	824
Loss before income tax	**(131)**	(356)
Income tax expense	**39**	107
Loss after tax of discontinued operation	**(92)**	(249)
Gain on sale of division before income tax	**1,665**	-
Income tax expense	**(321)**	-
Gain on sale of division after income tax	**1,344**	-
Profit/(loss) from discontinued operation	**1,252**	(249)

3. Discontinued operation (continued)

	Half-year	
	2013	2012
	$'000	$'000
Net cash inflow/(outflow) from operating activities	**(60)**	334
Net cash inflow from investing activities (2013 includes inflow of $1,750,000 from sale of the division)	**1,750**	-
Net increase/(decrease) in cash for discontinued operation	**1,690**	334

(iii) *Details of the sale of the division*

	2013	2012
	$'000	$'000
Consideration received or receivable:		
Cash	**1,750**	-
Fair value of contingent consideration	**100**	-
Total disposal consideration	**1,850**	-
Selling costs	**(155)**	-
Carrying amount of net assets sold	**(30)**	-
	1,665	
Income tax expense	**(321)**	-
	1,344	-

Contingent consideration of $100,000 is due on 31 March 2014 providing Mortgage Choice meets specified hand over requirements. At 31 December 2013, the fair value of the contingent consideration has been recognised as a receivable.

The carrying amounts of the assets and liabilities as at the date of sale (30 September 2013) were:

	30 September 2013
	$'000
Assets	
Cash and cash equivalents	**13**
Trade and other receivables	**6**
Intangible assets	**29**
Total assets	**48**
Liabilities	
Trade and other payables	**18**
Total Liabilities	**18**
Net assets	**30**

4. Financial Instruments

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the 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 2013		30 June 2013	
	Carrying amount $'000	**Fair value $'000**	Carrying amount $'000	Fair value $'000
Financial assets				
Future Trailing Commission Receivable - Current	**80,742**	**81,376**	80,014	87,286
Future Trailing Commission Receivable – Non current	**229,262**	**250,222**	225,918	246,519
Financial liabilities				
Future Trailing Commission Payable - Current	**46,954**	**48,256**	47,219	51,595
Future Trailing Commission Payable – Non current	**137,027**	**149,797**	134,909	147,398

5. Dividends

	Half-year	
	2013 $'000	2012 $'000
Ordinary shares		
Dividends provided for or paid during the half-year	**8,640**	8,467
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 7.5 cents per fully paid ordinary share (2012 – 6.0 cents), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 24 March 2014 out of retained profits at 31 December 2013, but not recognised as a liability at the end of the half-year, is	**9,284**	7,406

6. Equity securities issued

	2013 Shares	2012 Shares	**2013 $'000**	2012 $'000
Issues of ordinary shares during the half-year				
Shares issued under the Mortgage Choice Performance Share Plan	**461,112**	402,729	**585**	485
Shares issued under the Mortgage Choice Executive Performance Option Plan	**-**	2,500,000	**-**	1,975
	461,112	2,902,729	**585**	2,460

7. Contingent liabilities

The parent entity and consolidated entity had contingent liabilities at 31 December 2013 in respect of:

Guarantees
Australian and New Zealand (ANZ) bank guarantee of $772,375 (2012: $960,826).

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 2013, 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 2013 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 2013

In the Directors' opinion:

(a) the financial statements and notes set out on pages 7 to 19 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 2013 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
26 February 2014

Deloitte.

Deloitte Touche Tohmatsu
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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 statement of financial position as at 31 December 2013, and the statement of profit and loss, the statement of comprehensive income, the statement of cash flows and the 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.

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 2013 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.

Deloitte.

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 2013 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

DELOITTE TOUCHE TOHMATSU

Philip Hardy
Partner
Chartered Accountants
Sydney, 26 February 2014