APPENDIX 4D

Cash Converters International Limited
ABN: 39 069 141 546

Half-year ended 31 December 2016

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				31 Dec 2016 $	31 Dec 2015 $
Revenues from ordinary activities	down	7.8%	to	143,533,768	155,748,724
Profit from ordinary activities after tax attributable to members	down	43.5%	to	11,455,645	20,293,274
Net profit / (loss) for the period attributable to members	down	27.9%	to	11,455,645	15,887,238

	31 Dec 2016	31 Dec 2015
Earnings per share (EPS)		
From continuing operations		
Basic	2.35 cents	4.21 cents
Diluted	2.31 cents	4.13 cents
From continuing and discontinued operations		
Basic	2.35 cents	3.30 cents
Diluted	2.31 cents	3.24 cents
Net tangible asset backing per ordinary share	24.10 cents	29.58 cents
Weighted average number of shares (used as the denominator in calculating basic EPS)	487,651,877	481,587,577
Number of shares on issue at period end (used in NTA per share)	493,047,424	481,831,759

Dividend information	**Amount per security cents per share**	**Franked percentage**
2017 interim dividend – directors did not declare an interim dividend	-	-
2016 final dividend – paid 28 October 2016	1.00	100%
2016 interim dividend – paid 29 April 2016	2.00	100%
2015 final dividend – directors did not declare a final dividend	-	-

Record date for determining entitlements to interim dividend and participation in Dividend Reinvestment Plan	N/A
Payment date for interim dividend	N/A

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 Board have resolved not to pay an interim dividend. This decision is based on the desire by the Board to retain capital while the strategic transition of the business is executed and to ensure there is sufficient funding flexibility to grow new products.

Details over entities over which control has been gained or lost

During the period the Group did not gain or lose control of any entities.

Details of associates and joint venture entities

The Group holds a 25% equity interest in Cash Converters Master Franchise for New Zealand which generates income from corporate stores, franchise contracts, financial services and software. The Group's share of the profit of $188,815 is reflected in the financial result for the period (December 2015: loss of $366,378).

Audited accounts

Appendix 4D has been prepared in conjunction with the attached financial report.

Ralph Groom
Company Secretary
27 February 2017

Cash Converters International Limited

ABN 39 069 141 546

Half-Year Report

For the half-year ended 31 December 2016

The directors of Cash Converters International Limited (the Company) submit the following report of the Company for the half-year ended 31 December 2016. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The following persons held office as directors of the Company during or since the end of the half-year:

Mr Stuart Grimshaw	Non-Executive Chairman
Mr Peter Cumins	Executive Deputy Chairman
Mr Lachlan Given	Non-Executive Director
Mr Kevin Dundo	Non-Executive Director
Ms Ellen Comerford	Non-Executive Director (appointed 9 February 2017)
Ms Andrea Waters	Non-Executive Director (appointed 9 February 2017)
Mr Reginald Webb	Non-Executive Director (retired 14 February 2017)

Dividends

The directors of the Company paid a fully franked final dividend of one cent per share on 28 October 2016.

The Board have resolved not to pay an interim dividend. This decision is based on the desire by the Board to retain capital while the strategic transition of the business is executed and to ensure there is sufficient funding flexibility to grow new products, such as the Medium Amount Credit Contract (MACC) and the Green Light Auto Finance principal and loan products.

Review of operations

Financial results summary	**31 December 2016** **$**	**31 December 2015** **$**	**Variance** **%**
Revenue	143,533,768	155,748,724	-7.8%
EBITDA	25,702,388	37,671,476	-31.8%
Depreciation, amortisation and impairment	(3,790,960)	(3,581,636)	+5.8%
EBIT	21,911,428	34,089,840	-35.7%
Finance costs	(5,252,057)	(4,256,124)	+23.4%
Net profit before tax from continuing operations	16,659,371	29,833,716	-44.2%
Income tax expense	(5,203,796)	(9,540,442)	-45.5%
Net profit after tax from continuing operations	11,455,575	20,293,274	-43.5%
Loss from discontinued operations	-	(4,406,036)	
Profit for the period after tax	11,455,575	15,887,238	-27.9%

As previously advised to the market, Cash Converters International Limited (ASX: CCV) is currently focussed on continuing to meet the needs of our customers and maximising the value of our brand and franchise network while we execute the strategy announced to the market last year. The transition of the Company to one with a more balanced risk return profile has negatively impacted the Group's financial services operations in the small amount credit contract (SACC) market resulting in EBITDA profit for the period down 31.8% to $25.7 million on the previous corresponding period (pcp).

Major highlights for the half-year include:

- The Company has made considerable progress on delivering the strategic changes, as outlined in the 2016 Annual Report, during the six months to 31 December 2016, including:
  - Successful entry into the MACC market. New product opportunities have been initiated with the launch in October 2016 of higher value loans, in-store and online, under the MACC regulations. The Company is now offering loans up to $5,000 for eligible customers, presenting a significant growth opportunity for 2H 2017 and beyond.
  - Company-wide focus on strengthening compliance and responsible lending systems, policies and procedures is well progressed. The proactive decision to comprehensively reposition the financial services operation resulted in an anticipated reduction to lending volumes for the six months to 31 December 2016. This repositioning will deliver an overall improvement in the quality of the loan book and enhance the return on assets through a focus on better quality customers.
  - Investment in the online channel continues to deliver pleasing results with Webshop retail sales up 36.5%, to $4.2 million, and online lending volumes exceeding in-store lending for the first time in January 2017 by $280k.
  - Ongoing improvement in the already high levels of customer service and satisfaction, with very positive results achieved through third-party customer survey, including 93% of customers agreeing that *"Cash Converters is a professional company to deal with"* and 92% agreeing that *"Cash Converters is a trusted and credible organisation"*.
  - Further streamlining of the Company's organisational structure through attracting talent and reducing overhead costs remains a key focus in the months ahead.
- With the anticipated reduction in lending volumes, revenue for the six months to 31 December 2016 of $143.5 million, was down 7.8% on the pcp.
- Net Profit After Tax (NPAT) of $11.5 million was also in line with expectations, however down 27.9% compared to prior corresponding period due to lower financial services revenue.
- Corporate head office costs have increased predominantly due to the Company's focus on improved regulation and compliance.
- The UK business has completed its transformation back to a master franchise, returning EBITDA for the six-month period of $1 million which was an improvement of $2.1 million over the prior period (pcp loss of $1.1 million).
- Retail and pawn broking continue to strengthen in the store network with revenue increases of 5.8% and 3.3% respectively; underlying the core value proposition for our customers centred around the Company's expansive shop front presence.

Franchise operations

The total number of franchised stores around the world now stands at 682 with 202 stores in the UK, 83 in Australia and 397 throughout the rest of the world. The EBITDA for the franchise operations was $4.3 million compared to $3.8 million for the corresponding period last year. The UK business delivered an EBITDA of $1.0 million and the Australian business $3.2 million.

The EBITDA from the international franchise business was $142k compared to $204k for the pcp.

Following the strategic review of the Group during the 2016 financial year, all corporate stores in the UK have either been sold to CCUK franchisees or closed. The UK business has been restructured and now operates solely as a master franchisor with 202 franchised stores. These changes have moved the UK business back into profit, delivering an EBITDA of $1.0 million compared to an EBITDA loss of $1.1 million for the pcp.

Financial services operations

Australia

A number of proactive changes have been made to lending practices to ensure the Company continually improves its regulatory and compliance processes as well as attract new customers to the Company to return the Company to the growth profile it has established over many years. These changes to the profile of the loan portfolio have resulted in the expected reduction in principal advanced during the six-month period and a decrease in the personal loan book in Australia by 25.6%, from $115.8 million as at 31 December 2015, to $86.2 million as at 31 December 2016.

These are the first steps in a broader reshaping of the financial services business, with a continued focus on compliance and responsible lending, while satisfying the cash needs of our customers. The reduction in lending volumes from April 2016 onwards have, as expected, been the main factors in the decline in revenue and profits across all financial services products and channels. EBITDA for personal loans decreased to $23.6 million, compared to $30.2 million for the corresponding period last year. The EBITDA for administration of the cash advance products is lower, at $5.0 million for the period (2015: $6.2 million).

In late calendar year 2016, the Company launched a new loan product under the MACC regulations. The MACC product is for a loan of $2,000 to $5,000 and does not exceed a two year period. These loans attract a lower a lower interest rate and hence are being marketed to potentially lower risk, higher income customers. The MACC market is a major growth opportunity for Cash Converters.

Total net principal written off during the six-month period ended 31 December 2016 for personal loans was $9.7 million compared to $7.6 million for the pcp, representing an increase of $2.1 million.

Whilst a decline in lending has been evident over the past six months, the bad debt written off is predominantly in relation to loans written before the changes to our lending rules came into effect. For the six months to December 2016, 69% of the value of bad debt written off related to loans written before April 2016 (when the first changes to the underwriting rules commenced.) We are confident that the changes to our collections practices and the improved lending rules being implemented will start to show improvement in bad debt experience in the second half of FY 2017 but more considerable savings into FY 2018.

United Kingdom

Following the decision last year to restructure the UK business, the personal loan book in the UK has gradually been run off. A total of £3.7 million was collected of the outstanding book during the half-year ended 31 December 2016. Collections activity will continue through the second half of the financial year whilst customers are still making payments, and it is expected any remaining balances will be transferred to third party collection agents by the end of the financial year.

Although cash advances are still offered by the UK franchise network, all revenue relating to the cash advance business is recorded within the franchise division since the revenue now totally relates to the franchisee network.

Company owned store network

The corporate store network in Australia produced an EBITDA of $6.7 million (2015: $10.5 million) down 36.4% on the pcp.

The corporate stores business experienced growth, on a like for like basis, in regard to retail sales and pawn broking interest, which were up 5.8% and 3.3% respectively, on the pcp. However, as a result of the lending approval criteria review, the personal loan and cash advance commissions received by the corporate stores, were down 32% and 19.7% respectively on the same pcp.

Green Light Auto Finance

The Carboodle business has been closed and a new Green Light Auto Finance (GLAF) business commenced. The new product being offered by GLAF is a more traditional principal and interest car loan product and is more readily accepted by the finance broker network, through which the business is being promoted. The new product has been offered since March 2016 with the loan book growing to $10.5 million as at 31 December 2016.

The EBITDA was a loss of $787k for the half-year compared to a loss of $1.1 million for the pcp. The loss from the discontinued operating lease business was $300k, with a loss of $486k from the new principal and interest loan business. GLAF is anticipating a stronger second half of FY 2017.

Australian regulatory environment – SACC Law Review

On 28 November 2016 the Minister for Revenue and Financial Services, the Hon Kelly O'Dwyer MP, issued a media release in response to the Final Report of the SACC Law Review advising that the government supports most of the recommendations, in part or in full, of the Final Report. Ms O'Dwyer stated "Implementation of these recommendations will ensure that vulnerable consumers are afforded appropriate levels of consumer protection while continuing to access SACCs and leases". The Company is supportive of this objective and is continuing discussions with the government around these recommendations.

ASIC

The Company has entered into an Enforceable Undertaking (EU) with ASIC. In accordance with the EU, the Company will 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 total amount of remediation is $10.8 million. The Company has also agreed related infringement notices in the amount of $1.35 million. The Company has been given a release by ASIC, and entry into the EU is without admission of wrongdoing.

The above amounts offset the provision made by the Company in the financial year ended 30 June 2016 in respect of these matters. The Company has paid the infringement notices but no remediation payments have yet been made. The amount previously set aside for remediation is now included in the statement of financial position as an "other payable" current liability.

Queensland class actions

On 31 July 2015 the Company was served with a statement of claim lodged with the New South Wales Registry of the Federal Court of Australia commencing a class action on behalf of borrowers resident in Queensland who took out personal loans from the Company's subsidiaries during the period from 30 July 2009 to 30 June 2013.

The proceeding relates to loans made only in Queensland, notwithstanding that the action has been commenced in New South Wales.

On 27 April 2016 the Company was served with a statement of claim lodged with the New South Wales Registry of the Federal Court of Australia commencing a class action on behalf of borrowers resident in Queensland who took out cash advance loans during the period from 28 April 2010 to 30 June 2013.

Both these proceedings relate to the brokerage fee charged to customers. The brokerage fee system has not been used since 30 June 2013.

These proceedings are being vigorously defended.

Subsequent Events

Please refer to Note 15 for the subsequent events note.

Auditor's independence declaration

The auditor's independence declaration is included on page 24 of the half-year financial report.

This directors' report is signed in accordance with a resolution of directors made pursuant to s306(3) of the Corporations Act 2001.

On behalf of the directors

Stuart Grimshaw
Chairman

Perth, Western Australia
27 February 2017

Condensed consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2016

	Notes	31 December 2016 $	31 December 2015 $
Continuing operations			
Franchise fee revenue		7,481,534	8,855,090
Financial services interest revenue	2	93,931,096	106,235,210
Sale of goods	2	39,738,945	37,448,308
Other revenues	2	2,382,193	3,210,116
Total revenue		143,533,768	155,748,724
Financial services cost of sales		(21,481,742)	(16,835,190)
Cost of goods sold		(21,322,727)	(20,643,026)
Other cost of sales		(2,073,755)	(2,753,765)
Total cost of sales		(44,878,224)	(40,231,981)
Gross profit		98,655,544	112,257,106
Administrative expenses	3	(37,550,545)	(40,001,801)
Advertising expenses		(6,163,248)	(7,628,881)
Occupancy expenses	3	(7,040,214)	(7,266,919)
Other expenses	3	(26,178,924)	(26,162,924)
Finance costs	3	(5,252,057)	(4,256,124)
Share of net profit / (loss) of equity accounted investments		188,815	(366,378)
Profit before income tax		16,659,371	29,833,716
Income tax expense		(5,203,796)	(9,540,442)
Profit for the period from continuing operations		11,455,575	20,293,274
Discontinued operations			
Loss for the period from discontinued operations	13	-	(4,406,036)
Profit for the period		11,455,575	15,887,238
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(1,141,017)	(330,084)
Other comprehensive (loss) / income for the period		(1,141,017)	(330,084)
Total comprehensive profit for the period		10,314,558	15,557,154
Profit attributable to:			
Owners of the Company		11,455,645	15,887,238
Non-controlling interest		(70)	-
		11,455,575	15,887,238
Total comprehensive profit attributable to:			
Owners of the Company		10,314,628	15,557,154
Non-controlling interest		(70)	-
		10,314,558	15,557,154
Earnings per share			
From continuing operations			
Basic (cents per share)		2.35	4.21
Diluted (cents per share)		2.31	4.13
From continuing and discontinued operations			
Basic (cents per share)		2.35	3.30
Diluted (cents per share)		2.31	3.24

The accompanying notes form an integral part of the condensed consolidated statement of profit or loss and other comprehensive income.

Condensed consolidated statement of financial position
As at 31 December 2016

	Notes	31 December 2016 $	30 June 2016 $
Current assets			
Cash and cash equivalents	6	84,762,326	73,608,681
Trade receivables		14,446,603	14,754,985
Personal loan receivables	7	84,453,237	101,315,301
Inventories		18,878,028	17,611,803
Prepayments		9,947,921	9,767,192
Current tax receivable		5,339,778	9,850,624
		217,827,893	226,908,586
Assets associated with discontinued operations	13	1,738,545	7,448,377
Total current assets		219,566,438	234,356,963
Non-current assets			
Trade and other receivables		32,043,781	27,868,087
Plant and equipment		12,073,969	13,853,519
Deferred tax assets		15,243,265	13,075,235
Goodwill	8	107,008,562	107,008,562
Other intangible assets		25,059,434	24,034,253
Investments in associates		4,524,504	4,294,818
Total non-current assets		195,953,515	190,134,474
Total assets		415,519,953	424,491,437
Current liabilities			
Trade and other payables	9	31,477,060	19,821,259
Borrowings	10	58,238,114	70,023,203
Provisions		8,066,140	22,426,476
Total current liabilities		97,781,314	112,270,938
Non-current liabilities			
Borrowings	10	62,183,881	63,960,904
Provisions		4,672,082	5,974,723
Total non-current liabilities		66,855,963	69,935,627
Total liabilities		164,637,277	182,206,565
Net assets		**250,882,676**	**242,284,872**
Equity			
Issued capital	11	210,203,379	207,539,821
Reserves		(9,397,440)	(8,725,929)
Retained earnings		50,075,856	43,470,029
Equity attributable to owners of the Company		250,881,795	242,283,921
Non-controlling interests		881	951
Total equity		**250,882,676**	**242,284,872**

The accompanying notes form an integral part of the condensed consolidated statement of financial position.

Condensed consolidated statement of changes in equity
For the half-year ended 31 December 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 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 period	-	-	-	-	15,887,238	15,887,238	-	15,887,238
Exchange differences arising on translation of foreign operations	-	(330,084)	-	-	-	(330,084)	-	(330,084)
Total comprehensive income for the period	-	(330,084)	-	-	15,887,238	15,557,154	-	15,557,154
Share-based payments	-	-	-	493,079	-	493,079	-	493,079
Shares issued on exercise of performance rights	568,577	-	-	(568,577)	-	-	-	-
Balance at 31 December 2015	**205,967,917**	**10,366,588**	**(15,809,370)**	**2,956,793**	**74,265,884**	**277,747,812**	**1,049**	**277,748,861**
Balance at 1 July 2016	**207,539,821**	**6,543,021**	**(15,809,370)**	**540,420**	**43,470,029**	**242,283,921**	**951**	**242,284,872**
Profit for the period	-	-	-	-	11,455,645	11,455,645	(70)	11,455,575
Exchange differences arising on translation of foreign operations	-	(1,141,017)	-	-	-	(1,141,017)	-	(1,141,017)
Total comprehensive income for the period	-	(1,141,017)	-	-	11,455,645	10,314,628	(70)	10,314,558
Dividend reinvestment plan	2,663,558	-	-	-	-	2,663,558	-	2,663,558
Share-based payments	-	-	-	469,506	-	469,506	-	469,506
Dividends paid	-	-	-	-	(4,849,818)	(4,849,818)	-	(4,849,818)
Balance at 31 December 2016	**210,203,379**	**5,402,004**	**(15,809,370)**	**1,009,926**	**50,075,856**	**250,881,795**	**881**	**250,882,676**

The accompanying notes form an integral part of the condensed consolidated statement of changes in equity.

Condensed consolidated statement of cash flows
For the half-year ended 31 December 2016

	Notes	31 December 2016 $	31 December 2015 $
Cash flows from operating activities			
Receipts from customers		98,045,298	141,827,677
Payments to suppliers and employees		(98,418,336)	(134,779,592)
Payment for settlement expense		-	(23,128,219)
Interest received		813,948	328,066
Interest received from personal loans		27,894,652	50,527,189
Net decrease / (increase) in personal loans advanced		8,739,206	(21,114,653)
Interest and costs of finance paid		(3,339,646)	(4,256,124)
Income tax paid		(3,024,022)	(2,371,824)
Net cash flows provided by operating activities		30,711,100	7,032,520
Cash flows from investing activities			
Acquisition of intangible assets		(2,184,640)	(2,914,403)
Purchase of plant and equipment		(948,275)	(3,087,424)
Proceeds on disposal of non-current assets		-	602
Instalment credit loans repaid by franchisees		51,105	43,082
Net cash flows used in investing activities		(3,081,810)	(5,958,143)
Cash flows from financing activities			
Dividends paid – members of parent entity		(2,186,260)	-
Proceeds from borrowings		34,750,000	1,398,024
Repayment of borrowings		(48,737,820)	(5,384,514)
Capital element of finance lease and hire purchase payment		(15,383)	(143,757)
Net cash flows used in financing activities		(16,189,463)	(4,130,247)
Net increase / (decrease) in cash and cash equivalents		11,439,827	(3,055,870)
Cash and cash equivalents at the beginning of the period		73,608,681	52,378,665
Effects of exchange rate changes on the balance of cash held in foreign currencies		(286,182)	(154,008)
Cash and cash equivalents at the end of the period	6	**84,762,326**	**49,168,787**

The accompanying notes form an integral part of the condensed consolidated statement of cash flows.

1. Significant accounting policies

(a) Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the financial year ended 30 June 2016, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Comparative information within the condensed consolidated statement of profit or loss and other comprehensive income has been reclassified for continuing operations to be comparable to current period presentation. Refer to Note 13 for further information in relation to discontinued operations.

(b) Statement of compliance

The half-year financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

(c) Changes to accounting policies

The Group has adopted all of the new and revised Standards and Interpretations, including amendments to the existing standards issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period. The new and revised Standards adopted during the period do not have a significant impact on the measurement or disclosure of the Group.

2. Revenue

	31 December 2016 $	31 December 2015 $
Financial services interest revenue		
Personal loan interest	47,323,475	51,325,473
Loan establishment fees	15,803,251	18,628,829
Pawn broking fees	14,284,251	13,824,224
Financial services commission	14,915,384	20,067,129
Vehicle lease interest	864,957	1,442,797
Instalment credit loan interest	729,828	618,756
Other financial services revenue	9,950	328,002
	93,931,096	106,235,210
Sale of goods		
Retail sales	39,584,720	37,190,853
Vehicle trade sales	154,225	257,455
	39,738,945	37,448,308

2. Revenue (continued)

	31 December 2016 $	31 December 2015 $
Other revenue		
Bank interest	84,119	328,066
Other vehicle revenue	1,995,616	2,409,383
Other revenue	302,458	472,667
	2,382,193	3,210,116

3. Expenses

	31 December 2016 $	31 December 2015 $
Administrative expenses		
Employee benefits	34,045,247	36,177,699
Share-based payments	469,506	493,079
Superannuation expense	2,582,312	2,563,764
Motor vehicle and travel costs	453,480	767,259
	37,550,545	40,001,801
Occupancy expenses		
Rent	5,232,444	5,468,632
Outgoings	1,220,421	995,669
Other	587,349	802,618
	7,040,214	7,266,919
Other expenses		
Legal fees	2,594,038	1,164,499
Area agent fees / commission	6,955,310	7,571,783
Professional and registry costs	2,801,111	2,097,865
Auditing and accounting services	453,736	467,905
Communications expenses	1,078,260	1,430,074
Bank charges	1,315,571	1,846,252
Loss on write down of assets	-	6,362
Other expenses from ordinary activities	7,189,938	7,996,548
Depreciation	1,657,265	2,080,487
Amortisation	2,133,695	1,501,149
	26,178,924	26,162,924
Finance costs		
Interest	5,220,072	4,222,929
Finance lease charge	31,985	33,195
	5,252,057	4,256,124

4. Segment information

The Group's operating segments are organised and managed separately according to the nature of their operations. Each segment represents a strategic business unit that provides different services to different categories of customer. The managing director (chief operating decision maker) monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment. The consolidated entity's reportable segments under *AASB 8 Operating Segments* are therefore as follows:

Franchise operations
This involves the sale of franchises for the retail sale of second hand goods and the sale of master licenses for the development of franchises in countries around the world.

Store operations
This segment involves the retail sale of second hand goods, cash advance and pawn broking operations at corporate owned stores in Australia.

Financial services – personal loans
This segment comprises the Cash Converters Personal Finance personal loans business.

Financial services - administration
This segment comprises Mon-E, which is responsible for providing the internet platform and administration services for the Cash Converters network in Australia to offer small cash advance loans to customers.

Vehicle financing
This segment comprises Green Light Auto Group Pty Ltd, which provides motor vehicle finance since March 2016, and fully maintained vehicles through a lease product to customers for a term of up to 4 years (a product that the Group ceased to offer during the 2016 financial year).

The segmental profit analysis has been presented for both financial periods for continuing operations only. Refer to Note 13 for information related to the Group's discontinued operations.

The accounting policies of the reportable segments are the same as the consolidated entity's accounting policies. The following is an analysis of the consolidated entity's revenue and results by reportable operating segment for the periods under review.

Segment profit represents the profit earned by each segment without the allocation of central administration costs and directors' salaries, interest income and expense in relation to corporate facilities and tax expense. This is the measure reported to the managing director (chief operating decision maker) for the purpose of resource allocation and assessment of segment performance.

4. Segment information (continued)

	Franchise operations	Store operations	Financial services - administration	Financial services – personal loans	Vehicle financing	Corporate head office	Total
	$	$	$	$	$	$	$
Half-year ended 31 December 2016							
Interest revenue (i)	1,686,597	25,568,972	2,509,936	62,000,816	2,164,775	-	93,931,096
Other revenue	8,246,350	42,867,960	2,532,883	-	2,166,257	488,421	56,301,871
Gross revenue	9,932,947	68,436,932	5,042,819	62,000,816	4,331,032	488,421	150,232,967
Less inter-company sales	-	(3,910,281)	(2,532,883)	-	-	(340,154)	(6,783,318)
Segment revenue	9,932,947	64,526,651	2,509,936	62,000,816	4,331,032	148,267	143,449,649
External interest revenue (ii)	-	4,624	9	64,574	14,912	-	84,119
Total revenue	9,932,947	64,531,275	2,509,945	62,065,390	4,345,944	148,267	143,533,768
EBITDA (iii)	4,319,292	6,674,710	5,042,828	23,625,589	(786,552)	(13,173,479)	25,702,388
Less inter-company eliminations	40,107	(1,084,888)	(2,532,883)	3,920,317	(2,500)	(340,153)	-
Segment EBITDA	4,359,399	5,589,822	2,509,945	27,545,906	(789,052)	(13,513,632)	25,702,388
Depreciation and amortisation	(34,959)	(1,989,156)	-	(647,051)	(20,628)	(1,099,166)	(3,790,960)
EBIT	4,324,440	3,600,666	2,509,945	26,898,855	(809,680)	(14,612,798)	21,911,428
Interest expense	-	-	-	(2,583,131)	(251,745)	(2,417,181)	(5,252,057)
Profit / (loss) before tax from continuing operations	4,324,440	3,600,666	2,509,945	24,315,724	(1,061,425)	(17,029,979)	16,659,371

4. Segment information (continued)

	Franchise operations	Store operations	Financial services - administration	Financial services – personal loans	Vehicle financing	Corporate head office	Total
	$	$	$	$	$	$	$
Half-year ended 31 December 2015							
Interest revenue (i)	2,252,418	27,944,654	3,399,613	71,195,728	1,442,797	-	106,235,210
Other revenue	12,376,372	42,366,170	2,854,941	-	2,696,832	1,221,705	61,516,020
Gross revenue	14,628,790	70,310,824	6,254,554	71,195,728	4,139,629	1,221,705	167,751,230
Less inter-company sales	(3,721,733)	(5,753,898)	(2,854,941)	-	-	-	(12,330,572)
Segment revenue	10,907,057	64,556,926	3,399,613	71,195,728	4,139,629	1,221,705	155,420,658
External interest revenue (ii)	-	52,220	475	262,408	2,022	10,941	328,066
Total revenue	10,907,057	64,609,146	3,400,088	71,458,136	4,141,651	1,232,646	155,748,724
Segment EBITDA (iii)	3,769,700	10,503,219	6,246,761	30,200,923	(1,147,779)	(11,901,347)	37,671,476
Depreciation and amortisation	(112,995)	(2,265,484)	(1,092)	(151,888)	(60,974)	(989,203)	(3,581,636)
EBIT	3,656,705	8,237,735	6,245,669	30,049,035	(1,208,753)	(12,890,550)	34,089,840
Interest expense	-	(1,234)	-	(1,465,961)	(371,546)	(2,417,383)	(4,256,124)
Profit / (loss) before tax from continuing operations	3,656,705	8,236,501	6,245,669	28,583,074	(1,580,299)	(15,307,933)	29,833,716

(i) Interest revenue comprises personal loan interest cash advance fee income, pawn broking interest from customers and commercial loan interest from third parties
(ii) External interest is interest received on bank deposits
(iii) EBITDA is earnings before interest, tax, depreciation, amortisation and impairment

4. Segment information (continued)

	31 December 2016 $	30 June 2016 $
Consolidated entity assets by reportable segment		
Franchise operations	38,152,821	39,991,908
Store operations	79,281,451	84,052,287
Financial services – administration	16,535,640	18,055,038
Financial services – personal loans	206,264,497	226,471,578
Vehicle financing	18,450,223	13,260,321
Total of all segments	358,684,632	381,831,132
Unallocated assets	55,096,776	35,211,928
Total segment assets	413,781,408	417,043,060
Assets relating to discontinued operations		
Unallocated	1,738,545	7,448,377
Consolidated total assets	415,519,953	424,491,437

Unallocated assets include various corporate assets including cash held at a corporate level that has not been allocated to the underlying segments.

	31 December 2016 $	30 June 2016 $
Consolidated entity liabilities by reportable segment		
Franchise operations	-	-
Store operations	7,392,227	7,636,321
Financial services – administration	11,703	47,026
Financial services – personal loans	74,113,367	87,559,011
Vehicle financing	7,053,953	10,291,270
Total of all segments	88,571,250	105,533,628
Unallocated liabilities	76,066,027	76,672,937
Consolidated total liabilities	164,637,277	182,206,565

Unallocated liabilities include consolidated entity borrowings not specifically allocated to the underlying segments.

5. Dividends

	31 December 2016		31 December 2015	
	Per share cents	Total $	Per share Cents	Total $
Recognised and paid amounts				
Final franked dividend	1.0	4,849,818	-	-
Proposed and unrecognised amounts				
Interim franked dividend	-	-	2.0	9,636,635

6. Cash and cash equivalents

	31 December 2016 $	30 June 2016 $
Cash on hand	3,182,764	2,831,149
Cash at bank	81,579,562	70,777,532
	84,762,326	73,608,681

7. Personal loan receivables

	31 December 2016 $	30 June 2016 $
Current		
Personal short term loans	121,256,314	139,526,313
Allowance for impairment losses	(25,648,867)	(26,301,848)
Deferred establishment fees	(11,154,210)	(11,909,164)
Total personal loan receivables	84,453,237	101,315,301

8. Goodwill

	31 December 2016 $	31 December 2015 $
Net carrying amount		
Balance at beginning of period	107,008,562	111,408,026
Impairment losses for the period	-	(1,353,851)
Foreign exchange movement	-	(75,885)
Balance at end of period	107,008,562	109,978,290

Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to the following cash-generating units or groups of cash-generating units:

- Financial services – administration (Mon-E)
- Financial services – personal loans (CCPF)
- Corporate stores (Australia)

The carrying amount of goodwill allocated to cash-generating units that are significant individually or in aggregate is as follows:

	31 December 2016 $	30 June 2016 $
Financial services – administration (Mon-E)	17,292,967	17,292,967
Financial services – personal loans (CCPF)	73,268,103	73,268,103
Corporate stores (Australia)	16,447,492	16,447,492
	107,008,562	107,008,562

Impairment testing

Half year ended 31 December 2016

An Impairment indicator assessment was performed at the CGU level at 31 December 2016, with actual performance for the period ended 31 December 2016 being equal to or greater than budget, which supported the recoverability of the assets associated with the CGUs at that date.

As disclosed in note 3.5 to the 30 June 2016 annual financial statements, both the financial services – administration (Mon-E) and personal loans (CCPF) businesses operate in a regulated industry. Any future changes to applicable legislation may have a significant impact on the Group's operations, and returns generated, in a positive or negative manner.

8. Goodwill (continued)

The impairment testing for these businesses as completed at 30 June 2016, was based on management's expectation of future performance, taking into account applicable legislative requirements at the date of the impairment testing, being 30 June 2016.

As disclosed in note 3.5 of the 30 June 2016 annual financial statements, significant assumptions were made surrounding loan volumes and bad debt rates as a result of changes to the Group's credit assessment processes arising from the regulatory review discussed in note 3.8 to the 30 June 2016 annual financial statements, as well as amendments to the Group's loan products.

As at 31 December 2016, the Group is still introducing the expected changes to its credit assessment processes, with further changes expected to be made in the second half of the year ending 30 June 2017.

Sensitivity disclosures related to the recoverability of CCPF were included in note 3.5 to the 30 June 2016 annual financial statements. This sensitivity analysis remains applicable given the various changes that are continuing to be made to the Group's entities credit assessment processes.

Half year ended 31 December 2015

An impairment trigger was identified in relation to the performance of the UK Corporate Stores as a result of the continued challenging environment that they operated in at the time, and their consequent behind plan financial performance during the period.

As a result the UK Corporate Stores were tested for impairment as at 31 December 2015 using value in use calculations, resulting in an impairment charge of $2,247,551, with $1,353,851, $777,399 and $116,302 allocated to goodwill, other intangible assets and plant and equipment respectively, which related to specific stores within the UK Corporate Store network.

9. Trade and other payables

As disclosed in the Company's annual financial report for the financial year ended 30 June 2016, the Company recognised a provision of $12.5 million at 30 June 2016 in respect of potential compliance issues in its credit assessment processes, based on Cash Converters' best estimate of the likely outcome of discussions with ASIC at the date of the 2016 financial report. On 9 November 2016 the Company announced that it had entered into an enforceable undertaking (EU) with ASIC, whereby the Company would pay $10.8 million in remediation to certain customers, and infringement notices totalling $1.35 million. At the time at which the Company entered into the EU, the Company transferred its remaining provision balance of $11.15 million to an other payables balance, given the certainty of the liability.

10. Borrowings

		31 December 2016 $	30 June 2016 $
Current			
Securitisation facility	(i)	55,861,662	67,047,088
Loans – vehicle finance	(ii)	2,282,971	2,944,723
Hire purchase and lease liabilities		93,481	31,392
		58,238,114	70,023,203
Non-current			
Loans – vehicle finance	(ii)	2,605,604	4,431,672
Bonds	(iii)	59,578,277	59,451,760
Hire purchase and lease liabilities		-	77,472
		62,183,881	63,960,904

(i) The securitisation facility represents a liability owed by CCPF Receivables Trust No 1, a consolidated subsidiary established as part of the borrowing arrangement with the Fortress Investment Group. This liability is secured against eligible personal loan receivables originated by CCPF, which have been assigned to the Trust and generally have a maturity of less than twelve months. Collections from Trust receivables are used to pay interest of the securitisation facility, with the remainder remitted to CCPF on a monthly basis. The facility has been presented as a current liability because the Trust does not have the unconditional right to defer settlement of the liability for at least twelve months after the reporting period. In the ordinary course of business the consolidated entity currently expects to utilise this facility until at least 15 March 2019.

(ii) Loans – Vehicle Finance represents a vehicle leasing facility with Fleet Partners for the provision of fully maintained vehicles for the use of Green Light Auto's customers. The underlying financing from Fleet Partners is repayable in line with the contractual repayments from the customer and is therefore repayable over the underlying vehicle lease term.

(iii) Represents a September 2013 issue of $60 million of senior unsecured 7.95% notes which mature in September 2018 with FIIG Securities Limited. Direct borrowing costs have been capitalised and offset against the liability.

11. Issued capital

	31 December 2016 Number	31 December 2015 Number	31 December 2016 $	31 December 2015 $
Balance at beginning of half-year	484,976,037	481,248,259	207,539,821	205,399,340
Issued during half-year				
Dividend reinvestment plan	8,071,387	-	2,663,558	-
Shares issued on exercise of performance rights	-	583,500	-	568,577
Balance at end of half-year	493,047,424	481,831,759	210,203,379	205,967,917

12. Financial instruments

The fair value of the Group's financial assets and liabilities are determined on the following basis:

Financial assets and financial liabilities that are measured at fair value on a recurring basis

Subsequent to initial recognition, at fair value financial instruments are grouped into Levels 1 to 3 based on the degree to which the fair value is observable. Levels are defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 31 December 2016 and 31 December 2015 the Group had no material financial assets and liabilities that are measured on a recurring basis at fair value.

Financial assets and financial liabilities that are not measured at fair value on a recurring basis (but where fair value disclosures are required)

At 31 December 2016 and 31 December 2015, the carrying amount of financial assets and financial liabilities for the Group is considered to approximate their fair values.

13. Discontinued operations

(a) Description

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, with the remainder closed, and ceased lending through its UK personal loan book in May 2016. Assets disposed included plant and equipment, intangible assets (reacquired rights, trade names and customer relationships) and store inventory.

(b) Financial performance and cash flow information

The results of the discontinued operations (UK retail and personal loan business) included in the loss for the prior period are set out below. The comparative condensed consolidated statement of profit or loss and other comprehensive income and cash flows has been re-presented to be consistent with the discontinued operations classification in the current period.

	31 December 2016 $	**31 December 2015 $**
Revenue	-	46,147,761
Expenses	-	(48,306,246)
Impairment of non-current assets	-	(2,247,551)
Loss before income tax	-	(4,406,036)
Income tax expense	-	-
Loss after income tax of discontinued operations	-	(4,406,036)

13. Discontinued operations (continued)

Net cash flows from discontinued operations

	31 December 2016 $	31 December 2015 $
Net cash inflows / (outflows) from operating activities	6,245,125	(1,134,320)
Net cash inflows from investing activities	-	-
Net cash inflows from financing activities	-	-
Net cash inflows / (outflows) from discontinued operations	6,245,125	(1,134,320)

(c) Assets associated with discontinued operations

The following assets were reclassified as associated with discontinued operations as at 31 December 2016:

	31 December 2016 $	30 June 2016 $
Assets associated with discontinued operations		
Personal loan receivables	1,738,545	7,448,377

14. Contingent liabilities

In the course of its normal business the consolidated entity occasionally receives claims and writs for damages and other matters arising from its operations. Where, in the opinion of the directors it is deemed appropriate, a specific provision is made, otherwise the directors deem such matters are either without merit or of such kind or involve such amounts that would not have a material adverse effect on the operating results or financial position of the economic entity if disposed of unfavourably.

On 31 July 2015 the Company was served with a statement of claim lodged with the New South Wales Registry of the Federal Court of Australia commencing a class action on behalf of borrowers resident in Queensland who took out personal loans from the Company's subsidiaries during the period from 30 July 2009 to 30 June 2013.

On 27 April 2016 the Company was served with a statement of claim lodged with the New South Wales Registry of the Federal Court of Australia commencing a class action on behalf of borrowers resident in Queensland who took out cash advance loans during the period from 28 April 2010 to 30 June 2013.

Both these proceedings relate to the brokerage fee system used for customers between 30 July 2009 and 30 June 2013. Since 1 July 2013 all lending by the Company has been undertaken in accordance with the national regulatory regime introduced by the Federal Government.

The actions are being vigorously defended and the potential financial impact of either class action noted above cannot be reliably estimated at this time given the early stage of proceedings.

The directors are not aware of any other material contingent liabilities in existence as at 31 December 2016 requiring disclosure in the financial statements.

15. Subsequent events

On 18 January 2017 the Company announced that Mr Peter Cumins would move from the Chief Executive Officer and Managing Director role, to the role of Executive Deputy Chairman, with primary responsibility for driving potential growth of the international franchising business. The Company also announced that Mr Mark Reid would move from the role of CEO Australia to the role of Chief Executive Officer, assuming full responsibility and accountability for all of the operations of the Cash Converters Group.

On 9 February 2017 the Company appointed Ms Ellen Comerford and Ms Andrea Waters as directors of the Company. Mr Reg Webb retired as a director of the Company on 14 February 2017.

Other than the above, there has not been any matter or circumstance other than that referred to in the financial statements or notes thereto, that has arisen since the end of the half-year, that has significantly affected or may significantly affect the operations of the Group.

Directors' declaration

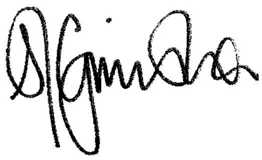
The directors declare that:

a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s303(5) of the Corporations Act 2001.

On behalf of the directors



Stuart Grimshaw
Chairman

Perth, Western Australia
27 February 2017

Deloitte.

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The Board of Directors
Cash Converters International Limited
Level 18 Citibank House
37 St Georges Terrace
Perth WA 6000

27 February 2017

Dear Directors

Cash Converters International 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 Cash Converters International Limited.

As lead audit partner for the review of the financial statements of Cash Converters International Limited for the half year ended 31 December 2016, 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

David Newman
Partner
Chartered Accountants

Deloitte Touche Tohmatsu
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Independent Auditor's Review Report to the members of Cash Converters International Limited

We have reviewed the accompanying half-year financial report of Cash Converters International Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2016, and the condensed consolidated statement of profit or loss and other 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 23.

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 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 Cash Converters International Limited's financial position as at 31 December 2016 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 Cash Converters International 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 Cash Converters International 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 Cash Converters International 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 2016 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

David Newman
Partner
Chartered Accountants
Perth, 27 February 2017