Interim Results, August 2013

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Highlights

- Earnings improve significantly with NPAT of $0.7m, ahead of guidance – up $2.2m on the previous corresponding period, reflecting good progress across all divisions.
- Strong results from the UK business with profit contribution up 35%.
- Heads of Terms signed with a large UK retailer opening up a partnership opportunity with significant potential – a new rental product in a new category will be trialled in October.
- Solid progress on new payment plan product, *Fido*, with $6.1m of new originations in H113.
- Key partnerships extended to the medium term: Dixons to 2017 and JB Hi-Fi to late 2015.
- Key agreements secured which are expected to build rental volumes in Australia – in H213 a version of *Infinity* will launch in JB Hi-Fi stores and a new distribution deal with Kogan will go live.
- Operating expenses down 15% on H112, including a 30% reduction in corporate overheads.
- Available cash assets of $5.4m at 30 June, no corporate debt and a renewed corporate facility.
- Outlook reaffirmed with both positive profit trajectory and volume growth expected to continue in each six month period through H213 and 2014.

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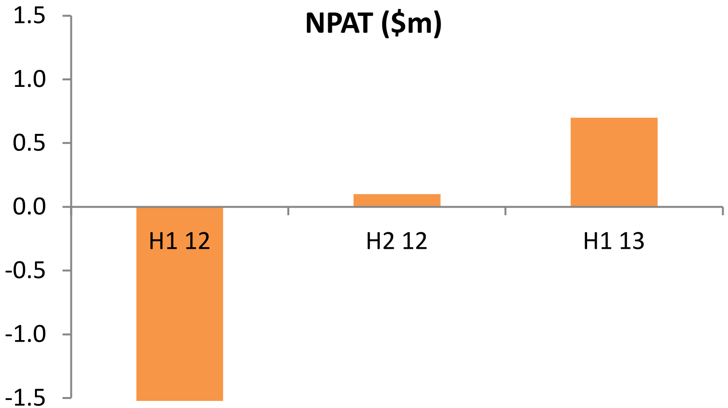
Financial Performance

Financial Performance

- NPAT of $0.7m is up $2.2m on H112 and ahead of guidance
- Continued positive trajectory in the UK with profit up 35%
  - New business volumes up 23% with good take-up of *Infinity*
  - Promising first six months from new *ThinkSmart Business Leasing* (“*TBL*”) product with volumes of $1.1m
  - UK earnings translated at an average rate of $1.53 : £1.00
- Australian business recorded a turnaround of $0.8m from H112 to post a loss of $0.9m; this reflects good progress following the loss of $4.3m in FY12
  - Solid progress from new *Fido* product with originations at $6.1m
  - *RentSmart* sales of $7.0m were down 28% and below expectations
- Corporate costs of $2.3m were 30% lower than the prior period
- Positive earnings trajectory is expected to continue throughout H213 and 2014



	H1 12	H1 13	%[1]
Net Operating Revenue ($)	18.1m	17.5m	-3%
Statutory NPAT ($)	-1.5m	0.7m	144%
EPS (c)	-1.1	0.4	136%

[1] % driven by numbers rounded to nearest thousands

Assets Under Management

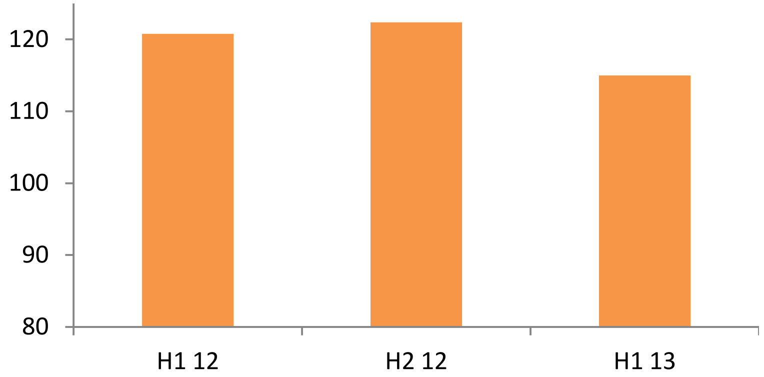
- Strong growth in active customer numbers (up 19%) and new originations (up 26%) due to continued growth in the UK and the build of *Fido* volumes in Australia

- Assets Under Management[1] reduced by 2% to $119m due mainly to the decline in Australian rental volumes

- Broadening of the product mix evident in the material increase in reach
  - Significant repeat business opportunity, particularly from the *Infinity* product in the UK

- ATV up 5% due to reduced price deflation in the Australian electronics sector and the benefit of higher *Fido* volumes (ATV of $1,630 in H113)

Assets Under Management ($m)



	H1 12	H1 13	%
Assets Under Management[1] ($)	120.8m	118.7m	-2%
New Originations ($)	21.2m	26.8m	26%
Active Customers	88.3k	105.3k	19%
Average Transaction Value ($)	$1,080	$1,132	5%

[1] Assets Under Management represent the total rental and loan receivables in UK and Australia

Strong performance from the UK

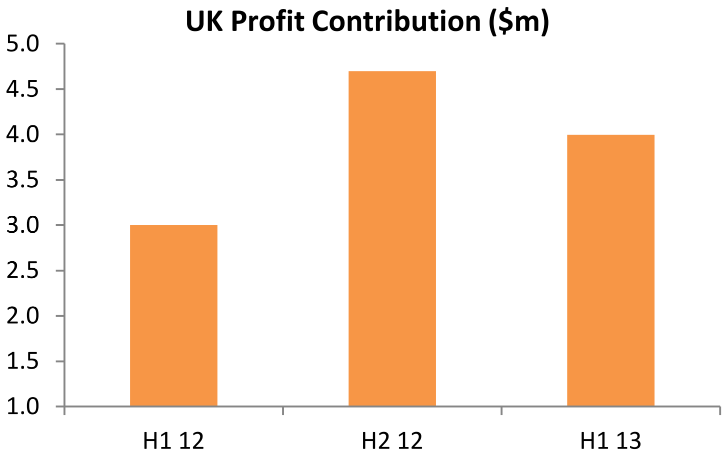
- Growth across all key metrics
  - Value of new originations up 23% on H112
  - Profit contribution up 35%
  - Cash generation up 29%

- UK seasonality is heavily weighted towards the Xmas selling period

- *Infinity* product (B2C), up 23%, continues to be the key driver of growth
  - Repeat sales beginning to contribute significantly to *Infinity* sales
  - Volumes continued to benefit from Dixon's improving market share

- Promising six months from new *TBL* product
  - New originations totalled $1.1m in H113 ($0.2m in FY12)
  - *TBL* is a B2B rental product which represents an initial and important step to diversify the sources of sales in the UK

- Continuing benefits from scalable model with operating costs reducing by 12% – savings will partially be invested in further improving the *Infinity* customer proposition



($)	H1 12	H1 13	%[2]
Segment Revenue	8.2m	9.5m	17%
Profit Contribution[1]	3.0m	4.0m	35%
Closing AUM	39.0m	50.7m	30%
New Originations	11.1m	13.6m	23%

1 Segment contribution before allocation of corporate overheads

2 % driven by numbers rounded to nearest thousands

Continued good momentum from *Infinity*

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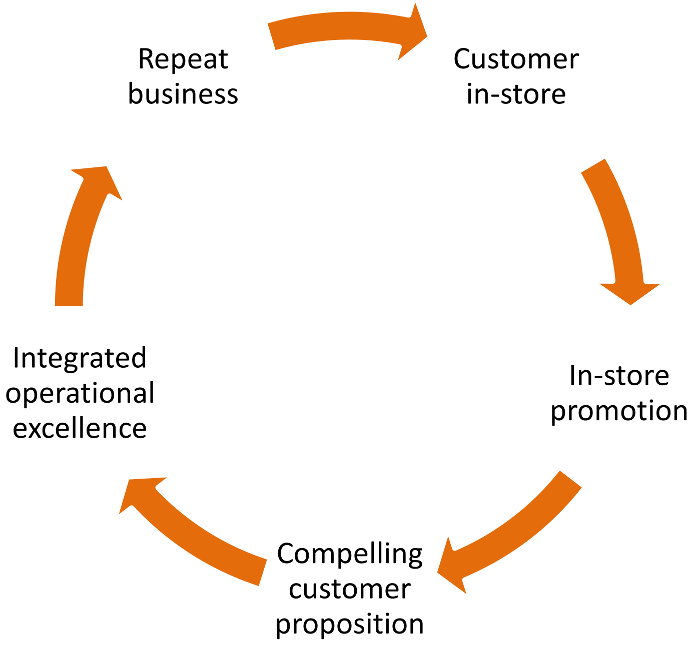
- Total active *Infinity* customers reached 42,000 at the end of June 13 having more than doubled in 12 months
- Sales from repeat customers continue to build and are expected to comprise around 15% of all *Infinity* sales in H213
  - Current experience is that around 30% of customers sign a repeat transaction at the end of the initial contract term
  - Cash-back offer for repeating customers is an important part of the customer proposition, not least for our retailer partner
- *Infinity* proposition was refreshed in May – this is expected to further increase sales with higher volumes likely to offset a modest margin reduction

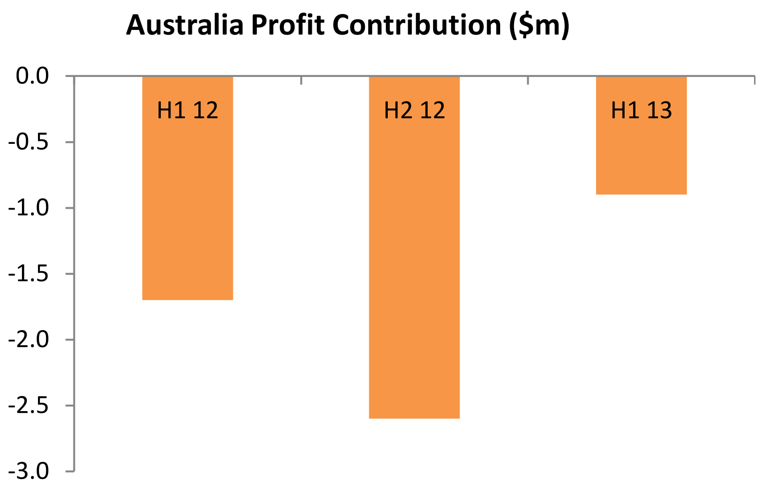
INFINITY™
TECHNOLOGY FOR LIFE



Infinity sales cycle

Improving result in Australia

- Important steps to return the Australian business to profit have been made in H113
  - Increased new originations due to a solid performance from *Fido*
  - Operating expenses reduced by $0.5m (9%)
- Comparison to prior year complicated by the transition to lease accounting which occurred during H112
- *RentSmart* volumes down by 28% on H112 and by 18% on H212 due to lower cost of computers and low attachment rate on tablets
  - More positive outlook for rental with a version of *Infinity* launching in JB Hi-Fi and Kogan offering a rental product from H213
- Improving financial performance is expected to continue due to:
  - Higher volumes, largely due to growth from *Fido*
  - Lower credit losses



($)	H1 12	H1 13	%
Segment Revenue	9.8m	7.9m	-19%
Profit Contribution[1]	-1.7m	-0.9m	47%
Closing AUM	81.8m	68.0m	-17%
New Originations	10.1m	13.2m	31%

1 Segment contribution before allocation of corporate overheads

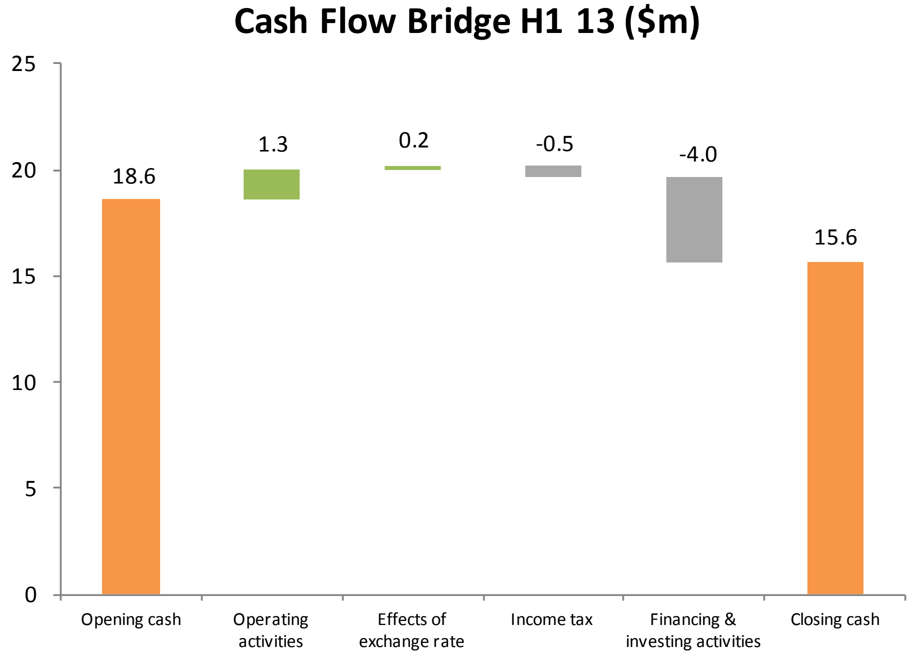
Balance sheet

- Balance sheet reflects the transition to securitisation in Australia
  - Lease receivables, before provision for losses, of $55.5m in respect of *RentSmart*
  - Loan receivables, before provision for losses, of $6.2m in respect of *Fido*
  - Restricted cash in funding structures of $10.3m
- Movement in lease receivables, cash and interest bearing liabilities reflects lower *RentSmart* volumes
- Increase in intangible assets is due to the growth in *Infinity* volumes and a higher balance sheet date exchange rate (up 6% from 31 December 2012 to $1.65 : £1.00)
- Available cash of $5.4m and no corporate borrowings
  - Corporate borrowings fully repaid in H212
  - Undrawn corporate facilities of $5.8m

Consolidated Balance Sheet ($000)	**30-Jun-13**	**31-Dec-12**	**Change %**
Cash and Cash Equivalents	15,639	18,568	-16%
Trade and other receivables	2,284	2,803	-19%
Loan & lease receivables	56,114	62,414	-10%
Goodwill and Intangibles	19,276	17,707	9%
Other Assets	14,544	13,453	8%
Total Assets	**107,857**	**114,945**	**-6%**
Trade and other payables	6,668	6,641	0%
Borrowings	0	0	n/a
Other interest bearing liabilities	44,258	54,363	19%
Other liabilities	7,017	5,920	-19%
Total Liabilities	**57,943**	**66,924**	**13%**
Total Equity	**49,914**	**48,021**	**4%**

Cash flow

- Closing cash of $15.6m includes cash held in funding arrangements of $10.3m and available cash of $5.4m
- Operating cash generation of $1.3m, excluding $0.5m of income tax payments
- Cash out flow from financing and investing activities is largely a function of a reducing *RentSmart* portfolio with principal repayments exceeding proceeds from note issuance
- Included in financing and investing activities is the transfer of a tranche of assets between the Australian funding arrangements – the effect of this on net assets was negligible as both cash and interest bearing liabilities reduced by $1.3m
- No dividend declared in respect of H113



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Well Placed for Growth

Strategy to build long term value

Strong and growing distribution channels

- Objective is to establish and then nurture relationships with major retailers in both territories
  - Relationships proven by recent renewals – Dixons to 2017 and JB Hi-Fi to 2015
  - Underpinned by some contractual exclusivity and strong goal alignment
  - Expansion of existing products into new categories is on-going – eg: *Fido* on phones in JB Hi-Fi
  - Further potential to launch new products with these key partners – eg: an *Infinity* for tablets in JB Hi-Fi

- Key priority is to acquire new retail partners to expand the distribution of our products
  - New *Fido* retailers across multiple product categories and services
  - Broaden rental partners to take advantage of new players
  - B2B product growth in the UK via broker network (*TBL*)

- New relationship in development with a major UK retailer which has transformational potential for the UK
  - Concept for new B2B product has been agreed in partnership with this retailer
  - Heads of terms have been signed, contract discussions are on-going and funding discussions commenced
  - Product to be trialled in H213 using existing infrastructure and capabilities
  - ASX announcement as and when the contract is executed

Product: Significant potential of *Fido*

- *Fido* originations of $6.1m with achievements including:
  - JB Hi-Fi using *Fido* tactically on computers and trialling a permanent offering on telephone handsets
  - Broadening the range of categories, including TeleChoice

- Solid *Fido* volume growth – medium term expectations unchanged with a strong pipeline for retailer acquisitions
  - Additional investment made in new, senior business development executives
  - Resources are now in place to achieve our goals for both the payment plan and rental products in Australia

- *Fido* portfolio continues to deliver across a range of important metrics:
  - Broad and expanding range of categories
  - Excellent loss experience
  - High repeat business potential

The smarter way to pay.
BY THINKSMART

***Fido*: Indicative Return on Investment**

	$
Funded value	2,000
Average term	18 months
Subordination from ThinkSmart	411
Gross contribution[1]	**171**
Return on Investment	**42%**

[1] Contribution excludes overhead costs and indirect marketing costs

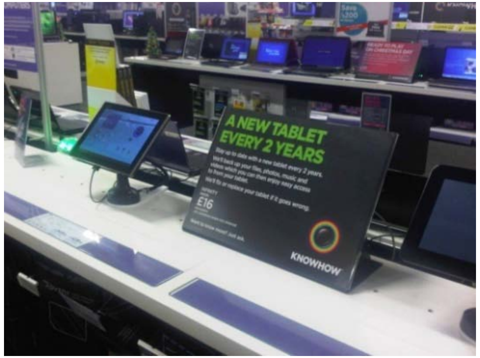
Product: Rebuilding Australian rental volumes

- Success of *Infinity* in the UK illustrates the potential of rental products when product, retailer and market forces combine
  - Continuing importance as a margin accretive attachment for retailers
  - JB Hi-Fi operating agreement extended to late 2015 in February

- **New product:** a version of *Infinity* will launch in Australia, through JB Hi-Fi, in September
  - *RentSmart* has a low attachment rate on tablets and so the majority of the volume will be incremental
  - Significant potential given the performance of *Infinity* in the UK

- **New partner:** important retailer diversification provided by the new agreement with Kogan
  - Rental product will be offered on multiple categories with Australia's largest online retailer
  - Product is expected to launch in September

- Key areas of focus for rental in Australia in H213 include increasing business development focus on the B2B rental market and promoting our e-sign capability with other online retailers

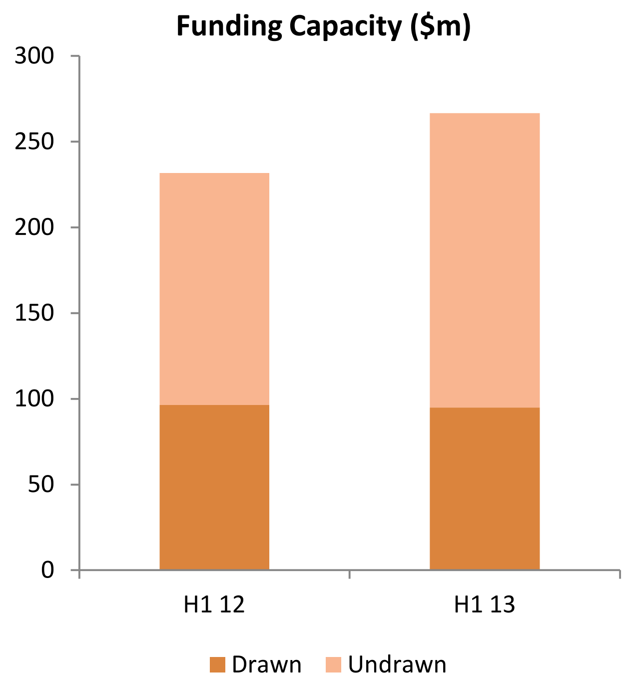


Processes and efficiency

- Patented QuickSmart technology and proprietary SmartCheck system enables credit approval in minutes, enabling high volumes of transactions to be processed quickly, accurately and efficiently
  - SmartCheck and ancillary underwriting systems facilitate the auto assessment of c70% of Australian customers
- E-sign technology now allows us to offer retailers paperless processing at point-of-sale, both online and in-store
  - E-sign provides innovation which will provide operational efficiencies for both the retailer and ThinkSmart
  - Our e-sign technology is market leading in Australia POS finance
- Good progress achieved on costs, with operating expenses across the Group down by $1.8m (15%) on H113
  - Benefits of the scalable business model evident in the UK's results with operating costs down by 12% despite operating income growth of 17%
  - Similar leverage exists in the Australian business

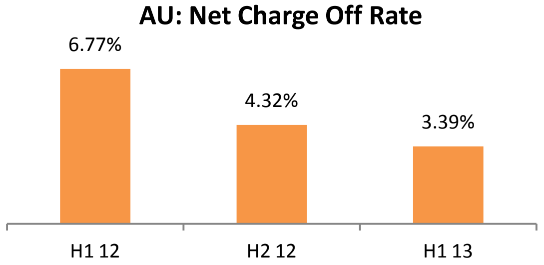
Funding in place to support growth

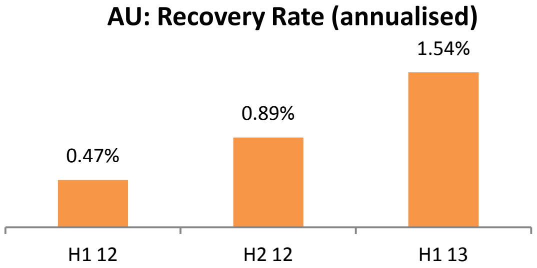
- Significant funding facilities in place which are sufficient to meet volume expectations in 2013 and 2014
  - Potential to reduce the size of the Australian facilities in H213 to reduce carrying costs
- Meaningful opportunity to improve the capital efficiency of the Australian facilities
  - Recent annual review successfully provided a reduction to both the subordination rate for *Fido* (by 6%) and cost of funds
  - Medium term opportunity remains significant given low *Fido* loss rates
- UK funding facility renewed and extended in June
  - Higher facility limit of £60m is expected to be sufficient for existing products until at least 2015
- Corporate facility of $5.0m has been extended and remains unutilised

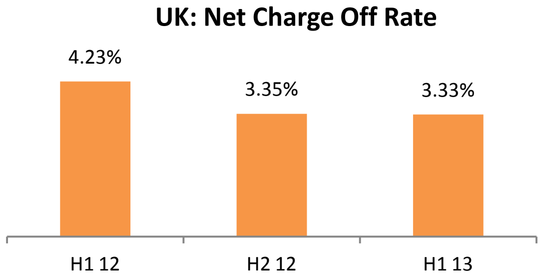


Asset quality: further improvements

- Credit performance continues to improve – over the last two years the level of arrears has reduced by over 40%
  - Returns from investments in people and processes made since H211
- As *Fido* volumes build the asset quality continues to be very promising
  - *Fido* charge-off rate after 18 months of operation is 45 basis points
  - *Fido* arrears are c70% lower than the consumer rental proposition
- Significant opportunity for earnings growth and capital efficiency in the medium term as the loss rates decline
  - Opportunity evidenced by the lower subordination rate and cost of funds agreed in recent annual review
- UK loss performance continues to be stable







Mid-year review

Priorities for 2013:

- Acquisition of new *Fido* retailers
- *RentSmart* product review
- Expand online distribution

- Maintain momentum in Dixons
- Expand distribution and categories
- Diversify sources of funding

Expand B2B businesses

Operational efficiency

Resource management

Progress update:

WIP Continues to be a key area of focus

✓ New product for tablets to launch in JB Hi-Fi in H213

✓ New retailer agreement with Kogan

✓ Sales volumes up 14% on H112

✓ New product sales (*ThinkSmart Business Leasing*) of $1.1m

WIP Discussions with new funders are on-going

✓ New product sales (*ThinkSmart Business Leasing*) of $1.1m

✓ Large opportunity in development with major UK retailer

✓ Operating expenses down by $1.8m (15%) from prior year

WIP On-going deployment of scarce resources to significant growth opportunities in both territories

Significant medium term growth potential

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Volume growth – UK	• Continued volume growth from Dixons, the UK's largest electronic retailer • New product and partnership with a major UK retailer
Payment plan volume growth – Australia	• On track to build a valuable position in the established and fast-growing Australian payment plan market
Rental diversification – Australia	• Product diversification: all incremental to current run-rate • Retailer diversification: all incremental to current run-rate
Scalable business model	• Investment in operational capability is largely complete • Volume growth can be accommodated with little or no additional investment

Summary and guidance

- Consistent strategy and goals: to build a leading international financial services business which provides innovative products at point-of-sale in partnership with multi-channel retailers
- Foundations for sustainable growth were established in 2012 and good progress has been achieved in H113 across a number of key areas, including:
  - Extension of key retailer relationships, including Dixons and JB Hi-Fi
  - Further increases in UK volumes (by 23%) and profitability (by 35%) from the prior year
  - New product and partner launches agreed for H213 and which will help enhance rental sales in Australia
  - Reduction of 15% in operating expenses, including a 30% reduction in corporate costs
- Clear priorities continue to be the expansion of our products and customer base – with key areas of focus in the short term being (i) the acquisition of new *Fido* retailers, and (ii) the finalisation and launch of the proposed product in partnership with a major UK retailer
- Outlook: positive profit trajectory and volume growth expected to continue in each six month period through H213 and 2014