

Offer Document

Non-Renounceable Rights Issue-

Money3 Corporation Limited

Date: 22 February 2011

This offer is for non-renounceable pro rata offer of 1 share for every 3 shares held at an issue price of \$0.37 per share

Rights Issue Closing Date: 23 March 2011

**Fully underwritten by
Bell Potter Securities Limited ACN 006 390 772**

You should read this document to ascertain whether you are an Eligible Shareholder. This document contains important information and requires your immediate attention. You should read this document in its entirety together with the instructions on the accompanying Entitlement and Acceptance Form regarding your entitlement. If you have any questions about the offer contained in this document or any other matter, you should consult your stockbroker, accountant or other professional advisor.

Chairman's Letter

22 February 2011

Dear Shareholder

Money3 Corporation Limited – Rights Issue

On behalf of the Board of Money3 Corporation Limited (**Money3**), I am pleased to invite you to participate in a fully underwritten non- renounceable pro rate rights issue to subscribe for 1 new ordinary share in Money3 for every 3 existing Money3 shares at an issue price of \$0.37 cents per share (**Rights Issue**). You may subscribe for all or part of your rights entitlement determined as at 7.00pm on 24 February 2011. The Rights Issue is only open to shareholders whose registered address is in Australia or New Zealand.

The amount of additional capital being sought is \$3,943,828 (before expenses of the Rights Issue). Details of the Rights Issue are set out in the accompanying materials and you should read these in their entirety before deciding to participate.

Monies raised under the Rights Issue will be utilised as follows:

- to reduce the current bank overdraft
- repay various loans
- provide capital for further branch expansion
- provide capital for further loan centre expansion
- provide funding for potential acquisition opportunities

The Offer Document includes important information about the Rights Issue including:

- Key dates and details of the Rights Issue
- Instruction on how to apply for all or part of your entitlement
- Other important information
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Accompanying this Offer Document is a personalised Entitlement and Acceptance Form which sets out your rights entitlement which you must complete in order to apply for your entitlement. The instructions are on the Form and the information contained in this Offer Document.

On Behalf of the Board of Money3, I recommend the Rights Issue to you and thank you once again for your continued support during the last 12 months. The Board believes that the proceeds raised via the Rights Issue will position Money3 to deliver continued improvement in its operational and financial performance.

Yours faithfully

Geoff Sam
Chairman

IMPORTANT INFORMATION

About this document

This Offer Document is dated 22 February 2011 and is issued in accordance with Section 708AA of the Corporations Act. Section 708AA allows qualifying entities to make an offer of securities without the need to issue a prospectus. Accordingly this Offer Document is not a prospectus and does not contain all of the information that an investor may expect to see in a prospectus. This document has not been nor is it required to be lodged with the Australian Securities and Investments Commission.

This Offer Document is open only to persons residing in Australia and New Zealand.

Eligible Shareholders should read this Offer Document in its entirety. By signing the Eligibility and Acceptance Form or paying the Subscription Moneys you acknowledge that you have read and understood this Offer Document.

No representations

No person is authorised to give any information or to make any representation in connection with the Rights Issue which is not specifically contained in this Offer Document. This Offer Document does not constitute the provision of financial product advice.

Future Performance and Forward Looking Statements

Neither Money3 nor any other person warrants or guarantees the future performance of the New Shares or any investment made under this Office Document. Forward looking statements, opinions and estimates provided in the Offer Document are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

Forward looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied on as an indication or guarantee of future performance. They are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of Money3 and the Board, which could affect actual results, performance or achievements expressed or implied by forward looking statements in this Offer Document.

Dividend Participation Rights

New shares issued under the Rights Issue will not be eligible to participate in any dividend declared for the six ending December 2010. A separate announcement in relation to the Dividend and entitlement will be made with the half year announcement

SECTION 1 – DETAILS OF THE OFFER

1.1. Overview of the Offer

The Rights Issue is an offer of 10,658,994 Shares in the Company at its issue price of \$0.37 per share to raise \$3,943,828.

The following table sets out an overview of the Rights Issue

Ratio	1 for 3
Issue Price	\$0.37
Total to be raised under offer	\$3,943,828
Total No of Shares to be issued	10,658,994
Total Shares on issue after completion of rights issue (fully subscribed basis)	42,635,977

As at the date of this Offer Document, the Company has 31,976,983 Shares on Issue.

1.2. Terms attaching to the Offer

This is a non-renounceable rights issue. As a non-renounceable rights issue you are not permitted to assign, sell or otherwise dispose of your rights under this Rights Issue to any other person. Accordingly, there will be no trading of rights on the ASX. Eligible Shareholders who do not take up their entitlement under the Rights Issue by the Closing Date, will lose their entitlement to participate in the Rights Issue and their Shares will form part of the Shortfall Shares.

The New Shares offered are fully paid ordinary shares that will rank parri passu with all other fully paid ordinary shares on issue.

1.3. Timetable

(a)	Announcement of Rights Issue	Tuesday 22 February 2011
(b)	Shares trade ex-entitlements	Thursday 24 February 2011
(c)	Record Date (EDST)	Wednesday 2 March 2011

(d)	Dispatch of Offer Document together with Entitlement & Acceptance Form	Tuesday 8 March 2011
(e)	Opening Date (EDST)	Tuesday 8 March 2011
(f)	Closing Date (EDST)	Wednesday 23 March 2011
(g)	Date for notifying ASX of any Shortfall	Monday 28 March 2011
(h)	Expected date for allotment of Share and dispatch of statements	Thursday 31 March 2011
(i)	Expected date for New Shares to commence trading on ASX	Friday 1 April 2011

1.4 Fully underwritten Offer

The Company has entered into underwriting agreement with Bell Potter Securities Limited (**Underwriter**) in relation to the Rights Issue. The key provisions of the underwriting agreement are set out in section 7.

1.5 Use of Funds

Capital raised under the Rights Issue will be used to strengthen the Company's balance sheet and fund ongoing expansion opportunities. Full details are set out in section 2.

SECTION 2 -EFFECT OF OFFER ON MONEY 3

Capital raised under the Rights issue will be used as follows:

- to reduce the current bank overdraft
- repay various loans
- provide capital for further branch expansion – it is the companies aim to have branches in all state and territories
- provide capital for further loan centre expansion – it will enable the company to expand its vehicle funding division as well as looking for other niche funding opportunities
- provide funding for potential acquisition opportunities – the company is always reviewing acquisitions opportunities and having capital available will enable to company to capitalise on these opportunities.

Money3 Corporation Limited
Statement of Financial Position

	As at Dec 2010	Rights Issue	Pro forma
Current Assets			
Cash and cash equivalents	1,045,174	2,654,789	3,699,964
Receivables	16,313,514		16,313,514
Deferred Revenue	(4,580,317)		(4,580,317)
Sundry Debtors	5,898		5,898
Total Current Assets	<u>12,784,269</u>		<u>15,439,059</u>
Non Current Assets			
Trade Debtors and Other Receivables	1,221,426		1,221,426
Deferred Revenue	(266,590)		(266,590)
Property, Plant and Equipment	1,045,781		1,045,781
Deferred Tax Assets	198,669		198,669
Investment/Goodwill	15,323,487		15,323,487
Total Non Current Assets	<u>17,522,773</u>		<u>17,522,773</u>
Total Assets	<u>30,307,042</u>		<u>32,961,832</u>
Current Liabilities			
Bank overdraft	752,409	(752,409) -	0
Trade and other payables	853,793		853,793
Borrowings	1,769,404	(300,000)	1,469,404
Current tax liabilities	543,628		543,628
Provisions	248,209		248,209
Total Current Liabilities	<u>4,167,443</u>		<u>3,115,034</u>
Non Current Liabilities			
Borrowings	47,857		47,857
Provisions	75,803		75,803
Total Non Current Liabilities	<u>123,660</u>		<u>123,660</u>
Total Liabilities	<u>4,291,104</u>		<u>3,238,695</u>
NET ASSETS	<u>26,015,939</u>		<u>29,723,137</u>
SHAREHOLDERS' EQUITY			
Contributed Equity	22,836,545	3,707,198	26,543,744
Option Reserve	522,781		522,781
Retained Profits	2,656,612		2,656,612
	<u>26,015,939</u>		<u>29,723,137</u>

SECTION 3- COMPANY BACKGROUND

MONEY3 Corporation was established in November 2005 for the purpose of acquiring nine separate MONEY3 trading companies which were operating from various locations in metropolitan Melbourne and Geelong. Prior to consolidation, the MONEY3 trading companies traded independently under the name 'Money Plus' before becoming part of the MONEY3 Group. On 1 July 2006, all nine of the MONEY3 trading companies became wholly owned subsidiaries of MONEY3 Corporation and MONEY3 was subsequently listed on the Australian Stock Exchange in October 2006.

MONEY3 specialises in the delivery of small cash loans between \$100 and \$20,000 with a focus on fast approval. Other services include cheque cashing, Insurance and international money transfers.

Since inception, MONEY3 Corporation has expanded to 20 'ranches throughout Tasmania, Victoria and New South Wales. In addition to this branch network, Money 3 operates a Loan Centre specialising in secured loans for motor vehicles, boats, debt consolidation etc.

Revenue is generated from fees and charges including loan application fees, interests charges, credit fees, account keeping fees, cheque cashing fees and international money transfer fees.

One of the keys to MONEY3 successfully growing its customer base is its ability to process applications quickly and provide immediate access to cash to successful applicants, usually by way of the provision of a line of credit or personal loan. Tailored to a customer's situation on a case by case basis, loans are assessed on customer financial needs, timing and the ability of the customer to service the borrowings. Loans are processed on the same day of application (usually within an hour) with cash, EFT or cheque payment given on approval.

SECTION 4 –ELIGIBILITY AND ALLOTMENT POLICIES

4.1 Eligible Shareholders

Entitlement to participate in the Rights Issue is determined as at the Record Date. Only Shareholders with registered addresses in Australia or New Zealand are eligible to participate.

Eligible Shareholders wishing to accept their entitlement in part or in full should refer to Section 5 of this Offer Document for full instructions.

There is no obligation on Shareholders to participate in the Rights Issue.

4.2 Ineligible Shareholders

In accordance with ASX listing rule 7.7, Shareholders with registered addresses outside Australia or New Zealand at the Record Date are not eligible to participate in the Rights Issue as the Company believes that it is unreasonable to make the Rights Issue to these Shareholders having regard to the small number of such Shareholders, the small number and value of New Shares that would be offered to them and the cost of complying with the securities legislation in those foreign jurisdictions. Accordingly, the New Shares to which any ineligible Shareholders would be entitled will form part of the Shortfall.

4.3 Shortfall Shares

As the Rights Issue is fully underwritten, any Shortfall Shares will be offered to the Underwriter.

The Company is permitted to offer the Shortfall Shares to the Underwriter without the issue of a prospectus pursuant to ASIC Class Order 08/35.

The Company reserves the right to place any Shortfall to non related parties within three months of the Closing Date in accordance with the ASX Listing Rules.

4.4 Allotment and Allocation Policy

All Eligible Shareholders who accept their entitlements will be allotted their New Share Holdings or confirmation statements in relation to the New Shares will be despatched to Shareholders as soon as possible after allotment.

Holding statement will be issued through CHESS. Shareholders who are issuer sponsored will be sent a holding statement by the Share Registry. Holding statements will set out the number of New Shares allotted under the Offer Document and provide details of a Shareholder's Holder Identification Number (for CHESS) or Shareholder Reference Number (for issuer sponsored Shareholders). It is the responsibility of Shareholders to confirm the number of New Shares allotted to them prior to trading on ASX.

4.5 Application for Quotation of the New Shares

The Company has applied to ASX for official quotation of the New Shares to be issued under the Rights Issue. The fact that ASX may grant official quotation to the New Shares is not to be taken in any way as an indication by ASX as to the merits of the Company or the New Shares.

4.6 Director allocations

All Directors will be taking up 100% of their entitlement except for Rob Bryant and Kang Tan. Mr Bryant and Mr Tan currently own 38% of the issued capital of Money3.

4.7 Withdrawal of Offer

The Directors reserves the right not to proceed with the Rights Issue at any time before the issue of the New Shares. If the Rights Issue does not proceed, the Company will

return all Application Monies without interest as soon as practicable after giving notice of its withdrawal.

4.8 Enquiries

Shareholders with questions on how to complete the Entitlement and Acceptance Form should contact the Share Registry on 03 9645 9908

SECTION 5-HOW TO ACCEPT THE OFFER

5.1 Entitlement and Acceptance Form

An Eligible Shareholder's entitlement will be set out in the Entitlement and Acceptance Form which sets out:

- the number of Shares held by them at the Record Date;
- the number of New Shares available to them under their entitlement; and
- the amount payable upon full acceptance of their entitlement.

Eligible Shareholders wishing to accept all or part of the Rights Issue must complete and lodge an original Entitlement and Acceptance form together with the Application Moneys with the Share Registry. Instructions for completion are included below and on the Entitlement and Acceptance Form.

5.2 Payments

You must send your completed Entitlement and Acceptance Form with a cheque in Australian dollars for the Application Monies, made payable to:

“Money 3 Corporation Limited [*]” and crossed “Not Negotiable”.

If a cheque for Application Monies is not honoured on its first presentation, the Directors reserve the right to reject the relevant Entitlement and Acceptance Form.

Completed Entitlement and Acceptance Forms and cheques must be lodged on or before 5.00 pm AEDT on the 18 March 2011(Closing Date) at the Company's share registry.

5.4 Partial Acceptance

Shareholders who wish to accept part only of their entitlement, should indicate on the accompanying Entitlement and Acceptance Form the number of New Shares they wish to accept and the appropriate Application Monies (calculated at \$0.37 per New Share

accepted). Shareholders must send the completed Entitlement and Acceptance Form with a cheque for the application monies to the Share Registry by the Closing Date per Section above. Eligible Shareholders who do not take up their full allocation will have their shareholding diluted.

5.3 **Non-Participation**

Shareholders are not obliged to take up their entitlement, either in full or in part. In such circumstances, Eligible Shareholders are not required to take any action. Eligible Shareholders who do not take up their full allocation will have their shareholding diluted.

5.4 **Shortfall Shares**

As the Rights Issue is fully underwritten, the Underwriter is required to apply for all Shortfall Shares in accordance with the Underwriting Agreement.

SECTION 6- RISK FACTORS

6.1 **Introduction**

In addition to the general risks attached to any investment in Share or other securities, there are a number of industry specific and wider market risks that may affect the future operating and financial performance of the Company and the value of Shares in the Company.

An Investment in the Company and Share offered under this Rights Issue carry no guarantee with respect to the payment of dividends, return of capital or market value of the Shares. If you are in doubt about investing in Shares, you should contact your stockbroker, financial planner, accountant, lawyer or other professional adviser prior to making any decision to subscribe for Share in the Company.

6.2 **Business Risks**

Operational: Operating risk may arise from Money3 credit assessment and debtor control processes. Although loan criteria for established products have been empirically tested and modified, there is a risk with new products that in their establishment phase, lending criteria may require revision to achieve minimal defaults. The Board has specially formed a Risk Committee which will ensure that loan criteria for all products are reviewed constantly with the aim of ensuring appropriateness and adequacy.

Recovery from Borrowers: The cost of recovery of a defaulting debt may sometimes be greater than the potential amount recoverable, and as such, will at times require loans to be written off as bad debts. This risk is particularly large for the small cash loans industry

(given the size of the loans and that they are generally unsecured), and high levels of bad debt could limit Money3's profitability and adversely impact on its financial position.

To mitigate these risks Money3 has in place both general and product specific lending criteria as well as the following security measures:

- a credit policy aimed at identifying high risk loans
- face to face interviews with all applicants
- 100 Point identification checks for all loan applicants
- Other checks / verification of income and employment and
- Place of residence checks

Theft and Fraud: In any cash business, there is real risk of theft or fraud, both internally (by employees) or externally (by customers). Money3 seeks to mitigate this risk and has adopted various security procedures over the last six years including:

- police checks of all staff and allocation of individual security identification numbers to staff for access to premises;
- regular rotation of area and branch managers;
- daily reconciliation of cash floats and bank statements;
- random internal audit of customer files;
- monitoring defaults, with action taken within seven days; and
- in store video surveillance

Continuing Capital Requirements: As a result of any of the potential risks outlined in this section, expansion plans or other considerations, Money3 may in the future require further capital investment for the operation of the business. There can be no surety of Money3 being able to raise such capital on terms favourable to the Company and a failure to do so may result in a decline in the business. If Money3 raises further capital in the future by issuing equity securities a resultant dilution in the shareholding of existing Shareholders may occur.

Profitability: Money3 future profitability will depend in part on management's ability to manage effectively its credit operation together with the expansion and growth of the business at all levels. The implementation of adequate infrastructure, cost management and policy is essential to ensure that the Money3 business model is able to adapt to both an increase or decrease in revenue. An ability to control the organisational impact and cost of expansion or the unpredicted slowing of revenue growth without a corresponding management of expenses could materially affect the profitability of Money3.

Technology: Money3 has and continues to invest in the development of computer systems and other information technology systems designed to maximised the efficiency of operations. If the systems are not adequately maintained, secured or updated, there may be a negative impact on the performance of Money3.

Insolvency: Two thirds of Money3's loans to customers are made on an unsecured basis and the Company could become insolvent if a significant percentage of its loan book is not repaid and recovery procedures prove inadequate to recoup funds.

Generally: There is the possibility that, for a wide range of reason, the Company's present strategies, plans, policies, intentions and expectations may not be able to be implemented.

6.3 **Competition**

The success of Money3 is dependent on its ability to operate competitively. Where aggressive pricing policies are employed by current or future competitors, Money3 may not be able to retain adequate market share or profit margins to remain profitable. It is possible that the larger lenders (such as banks) may choose to provide more short term loans in this market segment, however Money3 believes that its branch locations and cost structures will give it a competitive advantage to new entrants in this segment of the finance market.

6.4 **Market for Shares**

No assurance can be given that an active market will exist in the Shares or that the Shares will trade at or above the price set out in this Offer Document after the shares have been issued.

6.5 **Sharemarket Volatility**

Regardless of the performance of the Company, the day to day performance of the share market and general share market conditions may affect the Company and the price at which Shares trade on a share market such as the ASX. The share market has in the past and may in the future be affected by a number of matters including:

- economic conditions in general terms and in particular to the industry that a business operates in;
- interest rates;
- market confidence;
- supply and demand for money;
- general economic outlook; and
- changes in government policy

6.6 **Changes in Legislation**

The lending activities of Money3 are currently regulated by ASIC under the National Consumer Credit Protection Act (NCCP). If the requirements of the NCCP or any future legislative requirements are not met, Money3 could be subject to penalties which include

an in ability to recover its fees on loans if those do not comply with the requirements of the NCCP or other legislation.

Money3 may also be affected by changes in the NCCP and other specific State consumer legislation, the Corporations Act 2001 (Cth), the Trade Practices Act 1974 (Cth), taxation laws, other legislation or Australian Accounting Standards. Litigation may also be instigated by individuals in relation to claims relating to specific transactions or Money3 business practices generally.

Money3 has in place what the Directors believe to be thorough compliance practices and will continue to operate interactively with authorities. However, a change in regulatory environment could have a material adverse effect on the business operations and profitability on Money3.

6.7 Key Personnel

The company is reliant upon the skills of its executive and senior management team. The loss of key executives or staff or the inability to recruit and retain high calibre staff to manage future growth and maintain customer support to a high standard could adversely affect Money3.

There can be no assurance that the Company will be able to attract or retain sufficiently qualified personnel on a timely basis, employ key management personnel, or establish relationships with key intermediaries.

6.8 Future Performance

The Directors expect that the proceeds of the rights issue will provide sufficient capital resource to enable the Company to achieve its current business objectives. The Directors can give no assurances, however, that such objectives can be met without future financing or, if future financing is necessary, that it can be obtained on favourable terms.

SECTION 7- MATERIAL TERMS OF UNDERWRITING AGREEMENT

This Rights Issue is fully underwritten (100%) by the Underwriter. The Underwriting Agreement contains a number of provisions which are customary of these type of arrangements and includes:

- The Company must give the Underwriter a notice of the Shortfall Shares 22 March 2011. Upon receipt of the notice, the Underwriter is obliged to apply for all residual Shortfall Shares subject to Money 3 Corporation being in compliance with its obligations under Underwriting Agreement

- The Underwriting Agreement contains a number of termination events upon the happening of which, the Underwriting Fee is payable to the Underwriter. The Underwriter will receive an underwriting fee of \$197,200. The fee is payable regardless of whether the underwriting is completed unless the failure is as a result of a default of the Underwriter
- The Underwriter will be entitled to have its out of pocket expense reimbursed by Money 3 including legal costs, usual travel, accountants costs, advertising and publicity costs and other out of pocket expenses for example, ASX listing fees
- The Underwriting Agreement is exclusive until 31 March 2011 or the completion of the Rights Issue
- Money 3 agrees to appoint the Underwriter as its agent to make offers under the Rights Issue.

SECTION 8 -OTHER INFORMATION

Dividend Participation Rights

New shares issued under the Rights Issue will not be eligible to participate in any dividend declared for the six ending December 2010. A separate announcement in relation to the Dividend and entitlement will be made with the half year announcement.

Privacy

As a Shareholder, Money3 and the Share Registry have already collected certain personal information from you. If you apply for New Shares, Money3 and the Share Registry may update your personal information or collect additional personal information. Such information will be used to assess your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration. Company, tax law and Anti-money laundering laws requires some of the information to be collected. If you do not provide the information requested, your application may not be able to be processed efficiently, if at all.

Money3 and the Share Registry may disclose your personal information for purposes related to your shareholding, to certain agents and service providers as authorised under the Privacy Act. Under the Privacy Act, you may request access to your personal information held by (or on behalf of) Money3 or the Share Registry. If Money3's or the Share Registry's record of your personal information is incorrect or out of date, it is important that you contact the Share Registry so that your records can be corrected.

Taxation

There may be tax implications associated with participating in the Rights Issue. You should consult your professional tax adviser in connection with the Rights Issue.

Publicly Listed Information

As Money 3 is a listed entity, it is required to meet the disclosure obligations in the Corporations Act and the ASX listing rules. Key recent disclosures include

- (a) 12 November 2010 AGM Results
- (b) 12 November 2010 AGM presentation
- (c) 31 August Preliminary Final Report and Annual report to Shareholders
- (d) 20 May 2010 NSW Legislative Changes and Trading Update

2. Defined Terms

The following definitions apply throughout this Offer Document:

- (a) **AEDST** means Australian Eastern Daylight Savings Time;
- (b) **Application Moneys** means the amount to be paid for each New Share subscribed for being \$0.37 per New Share;
- (c) **ASX** means ASX Limited ABN 98 008 624 691;
- (d) **CHESS** means ASX Clearing House Electronic Sub-register System;
- (e) **Closing Date** means Wednesday 23 March 2011
- (f) **Company** means Money 3 Corporation Limited;
- (g) **Director** means a director of the Company;
- (h) **Eligible Shareholder** means a Shareholder with a registered address in Australia or New Zealand;
- (i) **Listing Rules** means the Listing Rules of the ASX;
- (j) **New Shares** means Shares issued pursuant to the Offer (including where applicable, any Shortfall Shares)
- (k) **Rights Issue** means the non-renounceable pro rata offer of New Shares to Eligible Shareholders on the basis of one new share for every three existing shares held at an issue price of \$0.37 per Share;

- (l) **Record Date** means Wednesday 2 March 2011
- (m) **Share** means a fully paid ordinary share in the Company;
- (n) **Shareholder** means a holder of Shares in the Company;
- (o) **Share Registry** means Link Market Services Limited;
- (p) **Shortfall Shares** means any Shares offered to Eligible Shareholders which have not been validly accepted by the Closing Date;
- (q) **Underwriter** means Bell Potter Securities Limited ACN 006 390 772
- (r) **\$ or A\$** means Australian dollars. All amounts in this Offer Document are in Australian dollars unless stated.