ASX RELEASE 28 February 2013

Market Update
FY 2013 Half Year Results

Half-year results

Attached are the interim financial reports of Ask Funding Limited (ASX: AKF) for the six months ended 31 December 2012.

Key points of the result for the period include:

- Net profit after tax for the six months ended 31 December 2012 of $0.170 million, up from a loss of $0.109 million for the previous corresponding period
- Net interest and fee income decreased by 38% to $2.5 million from $4.0 million in the previous corresponding period as a result of decreases in both the average gross loan book and gross outstanding debt.
- Impairment expenses relating to loans and advances together with associated recovery expenses decreased to $1.4 million from $2.2 million in the previous corresponding period
- Expenses (excluding impairment and recovery costs) decreased by 47% to $1.0 million from $1.9 million in the previous corresponding period reflecting the reduction in the size of operations
- The gross loan book contracted by 47% to $26.9 million from $50.5 million at the end of the previous corresponding period and by 23% from $35.1 million at 30 June 2012
- Gross debt decreased by $20.2 million to $8.7 million from $28.9 million at the end of the previous corresponding period with all net cash inflows from operations and investing activities applied to the repayment of the Facility
- No interim dividend has been declared

Profit Reserve

A Profit Reserve of $1.01million was declared for the 2012 financial year and the current year profits of Ask Funding Limited are to be transferred to the Profit Reserve for the future payment of franked dividends.

The Profit Reserve is now $1.18 million. In addition, $2.8 million of retained earnings remain in ARC legal and will become available as this subsidiary is liquidated.

The Company continues to review the options available to ensure its franking credits are utilised to the maximum possible extent.

Dividends

The current target is to begin distributions in the form of fully franked dividends in the September quarter of the current calendar year.

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Post 31 March 2013 Arrangements – Ongoing Costs

In accordance with the shareholder approved run-off strategy the Company is implementing the following changes at 31 March 2013:

- Staff Redundancies – All remaining staff except the CEO are terminated by redundancy on 31 March 2013.
- Exiting the premises – The premises and car parks are to be exited on 31 March 2013.

As and from 31 March 2013 the arrangements to complete the rundown are:

- Finance outsource – the finance function is being outsourced to an Accounting Firm.
- Operations outsource – the Company has secured the services of Brian Gebauers on an outsourced arrangement to a business controlled by Brian Gebauers to assist with the run-down of the loan books. This has been determined to be the optimal way forward as it retains the corporate knowledge and provides consistency. Key elements are:
  - Contract runs through until 30 September 2014
  - Contract is for a fixed fee paid in monthly instalments in line with the reducing value of the loan book.
  - Total specified payments of $130,000 + GST through to September 2014 with provision for additional items as defined under pre-specified operational events.
  - Three months termination notice by either party.

Mr Templeton has offered that when his current contract expires on 31 December 2013 he will continue in his current role for a remuneration equivalent to the current non-executive director's fees to oversee the collection of the company's loan books.

The fixed costs going forward are expected to be:

- Mr Templeton's salary
- Directors Fees
- Audit Fees
- Computershare
- ASX listing fees
- Operations outsource
- Finance outsource
- Insurance
- NCCP Licence & Financial Ombudsman Service

The Company anticipates that by April 2013, the fixed costs as noted above will be ascertained with sufficient certainty as to allow the Company to provide these estimated costs to the market. The Company intends releasing this information in that month.

Directors Fees

Ken Rich has offered to accept a standard Directors fee for his services as and from 31 March 2013 and will continue to fulfil the role of Chairman for no additional charge.

Misha Collins has offered to continue to fulfil the role of Strategic and Shareholder Relations Officer for no additional charge.

Bank Facility

The Company achieved in-principle agreement with its financier, Bank of Western Australia Ltd (BankWest), on 14 December 2012 to vary the terms of its Senior Syndicated Facility Agreement in order to continue the orderly run off of the Loan Book and repayment of the Facility. This variation was finalised on 28 February 2013 and has extended the term of the Facility by amending its expiry date to 30 May 2013.

Target return to shareholders

The company is now anticipating completion of the run-down by 31 December 2014. This is due to the collection of the loan books continuing to take longer than earlier plans. The disbursement funding loan book is ahead of projection, whilst the personal injury and family law loan books continue to suffer delays. The personal injury loans delays are largely due to delays in the legal system, whilst the family law delays are due to delays in the legal system in some cases, and the delays in realising property sales in the currently slow market.

The Company previously provided an estimated target for the return to shareholders of between 21 and 23 cents per share with this return estimated on the basis of an internally prepared financial forecast. The company confirms the forecast currently remains unchanged.

It is important to note that the targeted return to shareholders is based on internal modelling which have not been independently verified or audited and fundamental to this modelling are a large number of assumptions which may or may not prove to be correct.

It is also important to note that the targeted return to shareholders reflects the current expectations of the Company about future events. These expectations involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual events to differ materially from the expectations.

The Company cannot give assurance to shareholders that the future events which are the basis of the expectations will in fact occur. Accordingly the targeted return to shareholders should not be considered to be a proxy for the current per share value of the Company.

FOR FURTHER INFORMATION PLEASE CONTACT:

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Ask Funding Limited
ABN 22 094 503 385
ASX Half-year information - 31 December 2012

Lodged with the ASX under Listing Rule 4.2A.
This information should be read in conjunction with the
30 June 2012 Annual report

Contents

Ask Funding Limited
For the half-year ended 31 December 2012
(Previous corresponding period: Half-year ended 31 December 2011)

Results for announcement to the market
31 December 2012

		%		$000's
Revenue from ordinary activities (net interest and fee income) *(Appendix 4D item 2.1)*	down	36 %	to	2,528
Profit / (loss) from ordinary activities after tax attributable to members *(Appendix 4D item 2.2)*	up	255 %	to	170
Net profit / (loss) for the period attributable to members *(Appendix 4D item 2.3)*	up	255 %	to	170

Dividends / distributions *(Appendix 4D item 2.4)*	Amount per security Cents	Franked amount per security Cents
Final dividend *(Prior year)*	-	-
Interim dividend	-	-

Key Ratios	2012	2011
Basic earnings per share (cents)	0.26	(0.17)
Net tangible assets per share (cents)	20.3	20.7

Refer to the attached Interim Financial Report for the period ended 31 December 2012 including the Review of operations and the results of those operations contained within the Directors' Report for further explanations where applicable.

Directors' report

The directors present their report together with the consolidated interim financial report for the half-year ended 31 December 2012 and the review report thereon.

Directors
The following persons were directors of Ask Funding Limited during the half-year and up to the date of this report:

Mr Kenneth R Rich B Com, MBA, CMC
Chairperson since 1 July 2006 and Independent Non-Executive Director since 24 January 2005.

Mr Russell E Templeton LLB
Managing Director and Chief Executive Officer since 16 November 2004.

Mr Misha A Collins CFA
Independent Non-Executive Director since 11 October 2010.

Mr Gavin Partridge GAICD, M A Hons (Cantab)
Independent Non-Executive Director from 1 September 2009 until his resignation on 31 August 2012.

Review of operations

Overview of the consolidated entity

At the Company's Annual General Meeting on 29 November 2011 shareholders approved the orderly run-off and the closure of the Company's Loan Books to new loans. Since 31 January 2012 all of the Company's Loan books have been permanently closed to new loans.

Consistent with this run-off strategy, the Company has proceeded to collect the Loan Book receivables and substantially reduce operating costs with the view to repaying the BankWest facility and returning surplus funds to shareholders.

Basis of preparation of financial statements - orderly realisation of assets and settlement of liabilities

Given the orderly run-off and closure of the Company's Loan Books, the directors consider it appropriate to prepare the financial report for the period ended 31 December 2012 on an orderly realisation of assets and settlement of liabilities basis ("orderly realisation basis"). The Annual Report for the year ended 30 June 2012 was prepared under the orderly realisation basis.

In prior announcements of the Company, the anticipated date of finalisation of the realisation of assets and settlement of liabilities has been approximately 30 June 2014. As at 31 December 2012, the repayment of the outstanding Loan Book is approximately 6 months behind the original forecast levels. Consequently, the anticipated period of finalisation has been extended accordingly.

The Directors will continue to monitor the progress in realising the Group's Loan Book and are committed to continuing to operate the Group for the period of time required to realise the Group's assets in an orderly manner.

Loan book size and split by product

The gross loan book contracted by 47% to $26.9 million from $50.5 million at the end of the previous corresponding period. This decrease reflects the cessation of provision of advances on new or existing loans and the focus on collection of Loan Book receivables in accordance with the run-off strategy of the Company. The net loan book contracted by 47% to $22.1 million from $41.4 million at the end of the previous corresponding period.

Review of operations (continued)

The net loan book split by product and the underlying trend is highlighted in the following table:

	31 December 2012	30 June 2012	31 December 2011
Disbursement Funding	48%	52%	49%
Personal Injury	27%	25%	28%
Matrimonial	23%	20%	21%
Inheritance Funding	2%	3%	2%

The closure of all Loan Books to new loans has resulted in an accelerated contraction of the loan book with the revenue of the business declining over time in line with this contraction.

Impairment of loans and advances

Impairment and recovery costs of $1.4 million incurred during the period represent a decrease of 36% from the previous corresponding period of $2.2 million. This reduction is in line with the contraction of the Loan Books.

The nature of the Matrimonial and Inheritance Funding loan books, the underlying legal matters and security provided ,is such that it is difficult to group the loans on the basis of risk characteristics and overlay a general or collective provision having due regard to these risks. Accordingly impairment in respect of these loan books continues to be determined on an individual case by case basis after taking account of the likely time to settlement and potential further deterioration in asset pool values. The current period impairment in these loan books reflects the continued decline in the value of asset pools associated with the stagnant property market and increasing realisation or refinance periods. A further relevant factor is the inordinate delays being experienced by litigants in the Family Court of Australia. These delays have resulted in an increase in interest and fees payable on the loans advanced, this increase being well in excess of original forecasts. In some cases the total payable (being principal and accrued interest and fees) now exceeds the value of the underlying security and these loans have been impaired in recognition of this.

Impairment in the Personal Injury product during the period has increased from historical levels however is not inconsistent with the high gross return derived from the product and the non recourse (in certain circumstances) nature of this product. The collective provision for this product remains in place.

Impairment in the Disbursement Funding loan book has remained low and reflects only those interest and fees not recoverable under some law firm guarantees. The collective provision for this product remains in place.

Debt Facility

On 14 December 2012, the Company agreed with its financier, BankWest, to vary the terms of its Senior Syndicated Facility Agreement which was due to expire on 15 December 2012. This variation was finalised on 28 February 2013 and has extended the term of the Facility by amending its expiry date to 30 May 2013. The Facility requires regular monthly repayments based upon excess cash and prohibits new lending. Further details of the varied terms are set out in note 9 of the financial statements.

Staff

A redundancy program consistent with the orderly run-off and closure of the Company's Loan Books was implemented in the financial year ended 30 June 2011 and has continued in the current period. In the current period staff numbers decreased by 5 to 4.6 full time equivalent staff from 9.6 in the previous corresponding period.

Outlook

At the Company's Annual General Meeting on 29 November 2011 the shareholders approved the run-off and the closure of the Company's Loan Books to new loans. This closure was effected on 31January 2012 and accordingly the Company's future activities are limited to the servicing and amortising of its Loan Books with the sole objective of repaying monies owed to its financier, Bank of Western Australia Ltd (BankWest) and distributing all surplus funds to shareholders.

It is anticipated that the return to shareholders will be made as funds in excess of operating requirements become available over the period subsequent to the repayment of the Senior Syndicated Finance Facility.

Review of financial performance and position

Consolidated operating profit / (loss) after tax

The consolidated results for the six months attributable to the members of the Company are:

	31 December 2012 $000	31 December 2011 $000
Revenue (net interest and fee income)	2,529	3,970
Expenses, excluding impairment and loan recovery expenses	(978)	(1,877)
Impairment of loans and advances	(1,135)	(2,099)
Reversal of impairment of receivable	10	-
Loan recovery expenses	(256)	(103)
Profit / (loss) before income tax	170	(109)
Income tax expense	-	-
Net profit / (loss) attributable to members	170	(109)

The net profit for the period is $0.2 million in comparison to the net loss of $0.01 million for the previous corresponding period. Earnings per share are a profit of 0.26 cents.

The profit for the period reflects the run-off strategy adopted by the Company. Operating expenses have decreased by 48%, whilst gross interest and fee earnings have decreased by 44%.

Profit from operations

The average gross loan book for the period reduced by 28% to $38.7 million from $53.4 million in the previous corresponding period. Gross interest earnings have decreased by 45% to $2.8 million reflecting the reduction in the gross loan book. Gross interest margins per product and fee income, which reflects account servicing and re assessment fees, have remained consistent with the previous corresponding period.

Gross interest and fee income will continue to reduce as the loan book contracts as a result of the orderly run-off of all loan books.

Interest expense decreased by 61% to $0.6 million reflecting the reduction in gross debt to $8.7 million from $28.9 million at the end of the previous corresponding period.

Expenses, excluding depreciation, amortisation and impairment, decreased by 38% to $1.2 million from $2.0 million in the previous corresponding period reflecting the continued reduction in the size of operations.

The impairment of loans and advances expense has decreased to $1.1 million from $2.1 million in the previous corresponding period. Impairment on specific loans has decreased by $4.0 million, the Personal Injury collective provision has decreased by $0.3 million and the Disbursement Funding collective provision has decreased by $0.1 million.

Financial position

Consolidated net assets have increased by 1.3% since 30 June 2012 to a total of $13.4 million. Net tangible assets are 20.3 cents per share.

At 31 December 2012 the Company's liabilities include gross borrowings of $8.7 million, trade payables of $0.3 million and employee entitlements of $0.3 million. The directors are satisfied that with the continued support of its financier the Company will have sufficient cash resources to settle its liabilities as and when they fall due.

No dividend has been paid or declared for the current period which is consistent with the previous corresponding period.

Cashflows

Consolidated cash inflows from operations for the period ended 31 December 2012 have increased to $1.9 million compared to $1.6 million in the previous corresponding period. The significant decrease in interest, supplier and employee payments has been partially offset by the decrease in interest and fees received.

The cash inflow from investing activities for the period of $6.6 million has increased compared to $6.1 million in the previous corresponding period reflecting the closure of all loan books.

The net cash inflows from both operations and investing activities have been applied solely to the repayment of borrowings and costs associated with the variation of the debt facility.

Lead auditor's independence declaration

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

This report is made in accordance with a resolution of directors.

Kenneth R Rich
Director

Brisbane, 28 February 2013

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Ask Funding Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2012, there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Stephen Board
Partner

Brisbane
28 February 2013

	Notes	**31 December 2012 $**	31 December 2011 $
Interest income		**2,766,231**	4,985,016
Interest expense		**(628,909)**	(1,620,450)
Net interest income		**2,137,322**	3,364,566
Fee income		**390,600**	604,678
Other operating gains		**550**	740
Expenses			
Employee benefits expense		**(636,220)**	(1,096,358)
Depreciation and amortisation expense		**-**	(34,429)
Impairment of loans and advances	7	**(1,134,528)**	(2,098,781)
Loan recovery expenses		**(256,414)**	(103,194)
Marketing expenses		**-**	(4,739)
Occupancy expenses		**(63,032)**	(215,672)
IT expenses		**(35,959)**	(162,312)
General and administrative expenses		**(242,518)**	(363,720)
Reversal of impairment		**10,000**	-
Profit / (loss) before income tax		**169,801**	(109,221)
Income tax expense	6	**-**	-
Profit / (loss) for the half-year		**169,801**	(109,221)
		Cents	Cents
Profit / (Loss) per share			
Basic profit / (loss) per share		**0.26**	(0.17)
Diluted profit / (loss) per share		**0.26**	(0.17)

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

	Notes	**31 December 2012 $**	31 December 2011 $
Profit/(loss) for the half-year		**169,801**	(109,221)
Other comprehensive income for the half-year, net of tax		**-**	-
Total comprehensive income for the half-year		**169,801**	(109,221)

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

Consolidated	**Contributed equity $**	**Share-based payments reserve $**	**Profits reserve $**	**Retained earnings / (loss) $**	**Total equity $**
Balance at 1 July 2011	**18,595,828**	**215,308**	**-**	**(5,067,797)**	**13,743,339**
Profit / (loss)	-	-	-	(109,221)	(109,221)
Total comprehensive income for the half-year	**-**	**-**	**-**	**(109,221)**	**(109,221)**
Balance at 31 December 2011	**18,595,828**	**215,308**	**-**	**(5,177,018)**	**13,634,118**

Consolidated	**Contributed equity $**	**Share-based payments reserve $**	**Profits reserve $**	**Retained earnings / (loss) $**	**Total equity $**
Balance at 1 July 2012	**18,595,828**	**184,886**	**1,011,320**	**(6,600,296)**	**13,191,738**
Profit / (loss)	-	-	-	169,801	169,801
Transfer profit for half-year	-	-	169,801	(169,801)	-
Total comprehensive income for the half-year	**-**	**-**	**169,801**	**-**	**169,801**
Employee share options - expiry of options	-	(184,886)	-	184,886	-
Balance at 31 December 2012	**18,595,828**	**-**	**1,181,121**	**(6,415,410)**	**13,361,539**

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

	Notes	**31 December 2012 $**	30 June 2012 $
ASSETS			
Cash and cash equivalents		**422,948**	891,042
Net loans and advances	7	**22,122,449**	30,404,507
Other assets	8	**69,476**	67,795
Total assets		**22,614,873**	31,363,344
LIABILITIES			
Trade and other payables		**288,534**	336,437
Interest bearing loans and borrowings	9	**8,677,048**	17,566,754
Employee benefits		**287,752**	268,415
Total liabilities		**9,253,334**	18,171,606
Net assets		**13,361,539**	13,191,738
EQUITY			
Contributed equity		**18,595,828**	18,595,828
Reserves		**1,181,121**	1,196,206
Retained profits / (loss)		**(6,415,410)**	(6,600,296)
Total equity		**13,361,539**	13,191,738

The interim consolidated statement of financial position should be read in conjunction with the accompanying notes.

	Notes	**31 December 2012 $**	31 December 2011 $
Cash flows from operating activities			
Interest and fees received		**3,769,918**	4,642,338
Interest paid		**(559,783)**	(1,360,910)
Payments to suppliers and employees		**(1,317,947)**	(2,088,068)
		1,892,188	1,193,360
Income taxes refunded / (paid)		**-**	358,185
Net cash inflow from operating activities		**1,892,188**	1,551,545
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**550**	740
Proceeds from repayment of receivable		**10,000**	-
Net funds advanced to clients			
Loans advanced to clients		**-**	(4,406,129)
Loans repaid by clients		**6,551,168**	9,088,729
Release of restricted use bank deposits		**-**	1,433,681
Net cash inflow from investing activities		**6,561,718**	6,117,021
Cash flows from financing activities			
Repayment of borrowings		**(8,900,000)**	(7,100,000)
Payment of transaction costs		**(22,000)**	(112,391)
Net cash (outflow) from financing activities		**(8,922,000)**	(7,212,391)
Net increase (decrease) in cash and cash equivalents		**(468,094)**	456,175
Cash and cash equivalents at 1 July		**891,042**	1,051,348
Cash and cash equivalents at end of the half-year		**422,948**	1,507,523

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

1 Reporting entity

Ask Funding Limited (the 'Company') is a company domiciled in Australia. The consolidated interim financial statements of the Company as at and for the six months ended 31 December 2012 comprises the Company and its subsidiaries (together referred to as the 'Group').

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2012 is available upon request from the Company's registered office at Level 3, 46 Edward Street, Brisbane or at www.askfunding.com.au.

2 Statement of compliance

These interim financial statements have been prepared in accordance with AASB 134 Interim Financial Reporting and Corporations Act 2001. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 30 June 2012.

(i) Basis of preparation - orderly realisation of assets and settlement of liabilities

The interim financial statements for the half-year ended 31 December 2012 have not been prepared on a going concern basis and have been prepared on an alternate basis of an orderly realisation of the Group's assets and settlement of its liabilities over the period required to achieve an orderly realisation of assets and settlement of liabilities ("orderly realisation basis").

In preparing the financial statements on an orderly realisation basis, the Directors have continued to apply the requirements of Australian Accounting Standards taking into account that the Company is not expected to continue as a going concern in the future. No additional provisions or liabilities have been recognised as a result of the orderly realisation as the Directors have not incurred any additional legal or contractual obligations.

At the Company's Annual General Meeting held on 29 November 2011, the shareholders voted in favour of the orderly run-off and the closure of the Company's Loan books to new loans. This run-off entails:

- The cessation of lending on all products. New lending on all products ceased in January 2012.
- Sell part or all of the Group's loan book.
- The recovery of all loans in accordance with the loan contracts and realisation of other assets in an orderly manner.
- The repayment of amounts owing to Bank of Western Australia Ltd ("BankWest") under the Senior Syndicated Facility.
- The settlement of all creditors and liabilities.
- The return of net proceeds to shareholders.

It is the view of the Director's that this run-off should be conducted in an orderly manner so as to maximise the return to shareholders.

The Senior Syndicated Facility has been varied in order to achieve an orderly run-off of the Company's loan book and the repayment of the facility. Refer to note 9 for details of this variation. It is necessary for the Group to comply with its obligations under this varied Agreement in order to achieve the run-off strategy and orderly realisation of assets and settlement of liabilities. If the Facility is not repaid by this date, it will be necessary for the Company to seek an extension and /or renegotiate this facility, or put other suitable financing arrangements in place. In the event that this does not occur, its assets may not be realised nor its liabilities settled at the amounts stated in the financial report.

The assets of the Group are predominantly represented by loans receivable relating to the Group's business of providing pre-settlement funding in relation to legal matters including personal injury, disbursement funding, matrimonial and inheritance. The realisation of these loans receivable in a run-off scenario may be achieved through:

- Sale of a portfolio of loans; and / or
- Repayment of loans by borrowers.

Given the nature of the loans receivable, the repayment of loans is generally dependent upon the resolution of the legal matters to which the loans relate and accordingly the repayment of loans may require an extended period of time.

2 Statement of compliance (continued)

An impairment charge has been included in the financial statements for the estimated difference between the face value of the loans receivable and the amount expected to be realised from the sale and / or repayment of these loans in accordance with the run-off strategy described above. The value of loans receivable will be regularly reviewed and adjustments made to the impairment charge as necessary.

Given the uncertainties involved in assessing asset carrying values on an orderly realisation basis, it is likely that there may be differences between the amounts at which assets are recorded in the financial statements at 31 December 2012 and the amounts that are actually realised, and such differences may be material.

These consolidated interim financial statements were approved by the Board of Directors on 28 February 2013.

3 Estimates

The preparation of consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2012.

4 Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial report as at and for the year ended 30 June 2012.

5 Operating segments

For management purposes, Ask Funding Limited operates under one reportable segment based on the operations of the Group being entirely performed in the business segment of consumer finance predominately within Australasia.

No operating segments have been aggregated to form the above reportable operating segment.

Management monitors the operating results of the reporting segment for purposes of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

As the Group has only one reportable segment, the profit for the segment includes all income and expense items for the Group for the half-year and the assets of the segment include all of the Group's assets at balance date.

6 Income tax expense

(a) Numerical reconciliation between income tax expense / (benefit) and pre-tax net profit

Profit / (Loss) before tax	**169,801**	(109,221)
Tax at the Australian tax rate of 30%	**50,940**	(32,766)
Tax effect of amounts which are not deductible/(assessable) in calculating taxable income:		
Non-deductible expenses	**23**	145
Derecognition of deferred tax assets	**951**	265,255
Tax losses not previously recognised	**(51,914)**	(232,634)
Income tax expense	**-**	-

(b) Deferred tax asset not brought to account

Unused tax losses for which no deferred tax asset has been recognised	**10,775,253**	6,005,654
Deductible temporary differences	**6,353,122**	10,959,193
	17,128,375	16,964,847
Potential tax benefit @ 30%	**5,138,513**	5,089,454

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

7 Net loans and advances

	31 December 2012 $	30 June 2012 $
Net loans and advances		
Family Law	**7,877,168**	8,970,692
Disbursement Funding	**10,728,996**	16,092,701
Personal Injury	**8,036,437**	9,769,556
Other	**285,029**	279,992
Provision for impairment	**(4,805,181)**	(4,708,434)
	22,122,449	30,404,507

Provision for impairment

The movement in the provision for impairment in respect of loans and advances during the period is as follows:

	31 December 2012 $	30 June 2012 $
Specific provision		
Opening balance	**3,953,942**	7,660,643
Charge to operating profit	**1,164,019**	4,096,377
Write-offs	**(874,701)**	(7,803,078)
Closing balance	**4,243,260**	3,953,942
Collective provision		
Opening balance	**754,492**	784,785
Charge to operating profit	**(29,491)**	419,160
Write-offs	**(163,080)**	(449,453)
Closing balance	**561,921**	754,492
Closing balance	**4,805,181**	4,708,434

8 Other assets

	31 December 2012 $	30 June 2012 $
Deposits	**9,978**	9,978
Prepayments	**59,498**	57,817
	69,476	67,795

9 Interest-bearing loans and borrowings

	31 December 2012 $	30 June 2012 $
Secured		
Commercial advance facility	**8,700,000**	17,600,000
Transaction costs	**(45,295)**	(162,667)
Accrued interest	**22,343**	129,421
	8,677,048	17,566,754

These financial liabilities are measured at amortised cost.

The following information is provided in respect of the contractual terms of the Company's and Group's interest-bearing loans and borrowings.

(a) Financing arrangements

	31 December 2012 $	30 June 2012 $
Commercial advance facility	**8,700,000**	17,600,000
Used at balance date	**8,700,000**	17,600,000
Unused at balance date	**-**	-

On 14 December 2012, the Company agreed, subject to final documentation, to vary the terms of its Senior Syndicated Facility Agreement in order to achieve an orderly run-off of the Company's Loan Book and repayment of the Facility. The key terms and conditions of the variation finalised on 28 February 2013 are:

- Expiry date amended from 15 December 2012 to 30 May 2013 with full repayment achieved by scheduled monthly repayments based on cash in excess of operating requirements.
- Significant variances over a continuous 3 month period from either scheduled monthly repayments or operating expenses may constitute a Review Event under the varied Facility.
- No amounts repaid can be redrawn.
- Suspension of dividend or capital distributions.
- Suspension of lending on all products.
- The pricing under the varied Facility is at a margin (inclusive of line fees) of 470 bps (30 June 2012: 335 bps) above the base rate being either the applicable BBSW (Australian Bank Bill Swap Rate) or the BBSY (Australian Bank Bill Swap Bid Rate).

10 Capital and reserves

(a) Share capital

	31 December 2012 Shares	30 June 2012 Shares
Ordinary shares on issue	**65,955,515**	65,955,515

Effective 1 July 1998, the Company Law Review Act abolished the concept of par value shares and the concept of authorised capital. Accordingly, the Company does not have authorised capital or par value in respect of its issued shares.

10 Capital and reserves (continued)

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

(b) Dividend reinvestment plan

The company has established a Dividend Reinvestment Plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash.

The Directors have determined that the Company's Dividend Reinvestment Plan is suspended until further notice.

11 Other related party transactions

(a) Key management personnel compensation

Key management personnel receive compensation in the form of short-term employee benefits, post-employment benefits and share-based payments (Note 12).

(b) Other transactions with key management personnel or entities related to them

There have been no significant changes to the nature and amounts of related party transactions disclosed at 30 June 2012.

12 Share-based payments

In 2008 the Group established an Executive Option Scheme that entitles executives, including executive directors, to purchase shares in the entity. The terms and conditions of the Executive Option Scheme are disclosed in the consolidated financial report as at and for the year ended 30 June 2012.

On 23 November 2012, all options granted under the Ask Funding Limited Executive Option Scheme, expired.

There have been no further options granted to Executives during the six months ended 31 December 2012 (2011: nil).

13 Contingencies

The directors of the Company are not aware of any material contingent liabilities that exist in respect of either the Company or any of its controlled entities.

14 Events occurring after the balance sheet date

On 28 February 2013, a variation to the terms of the Company's Senior Syndicated Facility Agreement was finalised. For further details of the variation of this facility refer to note 9.

There have been no other events subsequent to balance date which would have a material effect on the Group's financial statements at 31 December 2012.

In the opinion of the directors of Ask Funding Limited ("the Company") :

(a) the financial statements and notes set out on pages 7 to 17 are in accordance with the *Corporations Act 2001,* including:

    (i) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting, and the *Corporations Regulations 2001*; and

    (ii) giving a true and fair view of the Group's financial position as at 31 December 2012 and of its performance for the six month period ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Kenneth R Rich
Director

Brisbane
28 February 2013

KPMG

Independent auditor's review report to the members of Ask Funding Limited

Report on the financial report

We have reviewed the accompanying half-year financial report of Ask Funding Limited (the company), which comprises the interim consolidated statement of financial position as at 31 December 2012, interim consolidated income statement, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the half-year ended on that date, notes 1 to 14 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that 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 Group's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Ask Funding 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

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 Ask Funding Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material uncertainty regarding basis of preparation and carrying value of assets

Without modifying our opinion, we draw attention to note 2(i) to the half-year financial report which indicates that the financial report of the Group for the half year ended 31 December 2012 has not been prepared on a going concern basis, and has been prepared on an alternate basis of an orderly realisation whereby the Group will realise its assets and settle its liabilities over the period required to achieve an orderly realisation of assets and settlement of liabilities. The directors of the company have indicated that this strategy is dependent upon the Group complying with its financing agreements and / or negotiating further loan variations or extensions.

These factors, along with other matters set out in note 2(i), indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Group to realise its assets and settle its liabilities in an orderly manner and the amounts stated in the financial report.

Given the uncertainties involved in assessing asset carrying values on an orderly realisation basis, it is likely that there may be differences between the amounts at which the assets are recorded in the financial statements at 31 December 2012 and the amounts that are actually realised, and such differences may be material.

KPMG

KPMG

SBoard

Stephen Board
Partner

Brisbane
28 February 2013