GROWTH WITH COMMUNITY

ANNUAL REPORT 2015

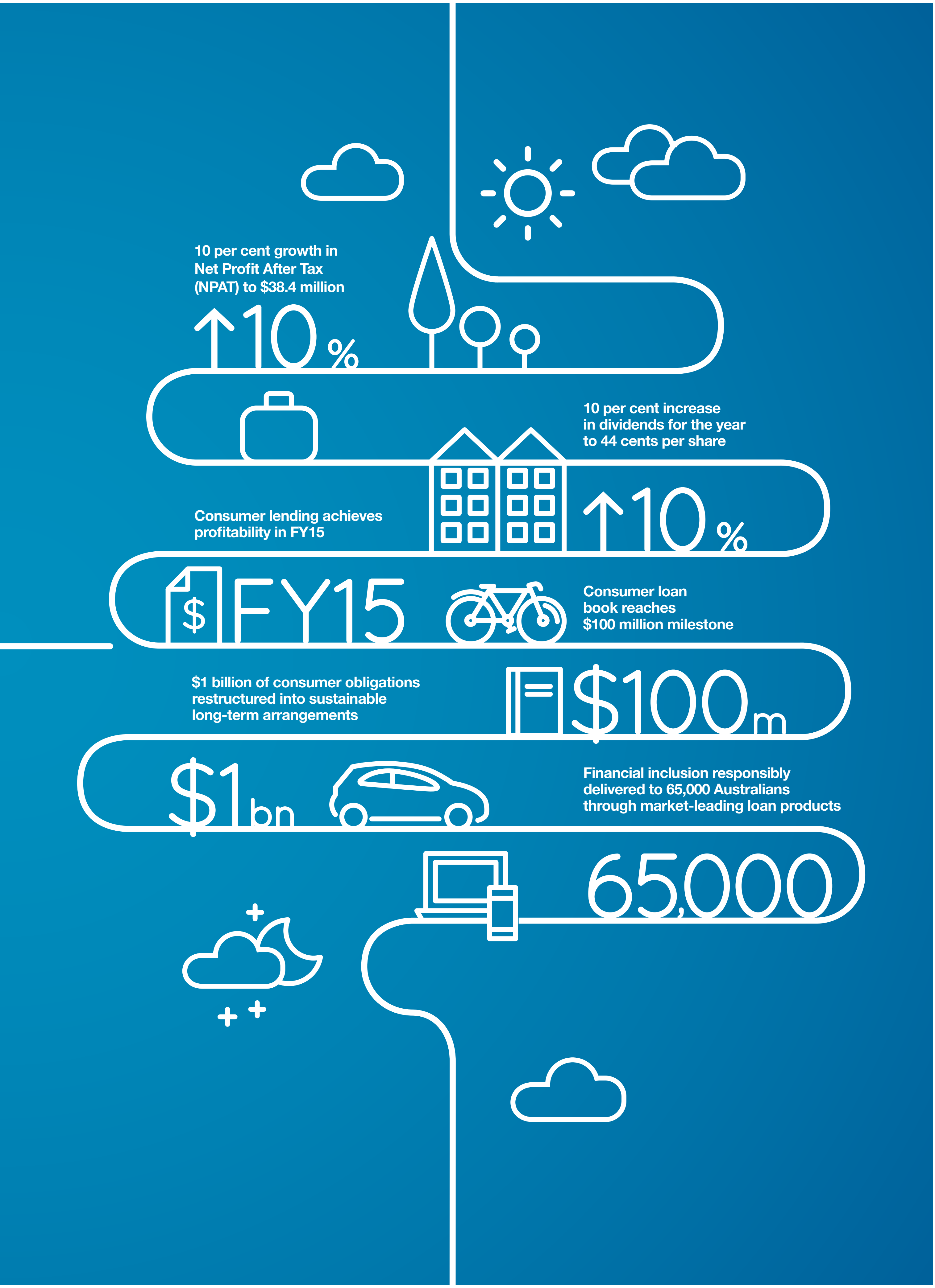
Credit Corp Group

GROWTH WITH COMMUNITY

GROWTH |*grəʊθ*|
The process of increasing in size.

COMMUNITY |*kəˈmjuːnɪti*|
The condition of sharing or having certain attitudes and interests in common.

Credit Corp Group Limited is Australia's largest provider of sustainable financial services operating in the credit impaired consumer segment.


10 per cent growth in Net Profit After Tax (NPAT) to $38.4 million
↑10%
10 per cent increase in dividends for the year to 44 cents per share
↑10%
Consumer lending achieves profitability in FY15
$
FY15
Consumer loan book reaches $100 million milestone
$100m
$1 billion of consumer obligations restructured into sustainable long-term arrangements
$1bn
Financial inclusion responsibly delivered to 65,000 Australians through market-leading loan products
65,000

CHAIRMAN'S REPORT

1,200

The company's key asset is its increasingly diverse group of more than 1,200 people who invest their personal energy to consistently exceed expectations

133,000

Sustainable ongoing repayment arrangements across 133,000 individual customer accounts

65,000

Credit Corp delivered financial inclusion to 65,000 Australians through our loan products by the end of FY15

The 2015 financial year has been significant for a number of reasons. Credit Corp celebrated its fifteenth year as a listed public company and was admitted to the elite Standard and Poor's ASX 200 as one of the top 200 companies on the Australian Securities Exchange.

More satisfying for the Board and management is that the company achieved the objective of becoming a leader in the sustainable promotion of financial inclusion through innovative financial hardship programs and lending products. Important milestones in providing solutions to consumers who would otherwise be facing increased levels of financial exclusion were reached. At the same time the company recorded its seventh successive year of strong earnings growth and solid returns. These achievements are encapsulated in the theme 'growth with community'.

The Board of Credit Corp believes that to consistently grow shareholder wealth in the long-term we must do more than focus on financial performance. Businesses exist within society and should deliver long-term benefits to the societies in which they operate in order to consistently produce returns for shareholders. In reviewing every plan or key decision over the last eight years, we have asked whether we are supplying products and services which are beneficial to the communities we serve. In monitoring performance we have looked for objective facts and data to determine whether these benefits are being realised. This is particularly important for Credit Corp because our business is all about providing solutions to consumers experiencing a degree of financial exclusion.

Financial exclusion is a significant issue in Australia, and it is not confined to the welfare-dependent. Many people are unable to access moderate amounts of credit from mainstream issuers to help them manage through unexpected expenses. Research indicates that approximately 40 per cent of Australians with annual incomes of $50,000 or more do not have access to a credit card and this statistic rises to almost 60 per cent for the population with annual incomes in the range of $25,000 up to $50,000.

Credit Corp is very supportive of laudable government and philanthropic initiatives to address financial exclusion. The reality, however, is that a relatively small proportion of the people that such schemes assist are employed and few of these have annual incomes of $25,000 or more.

In our core debt purchasing business we provide repayment solutions to consumers who, for various reasons, have found themselves in default of their credit obligations. We agree affordable repayment plans and work with our customers over several years to improve their credit standing as a pathway to financial inclusion. At the end of the 2015 financial year we had a portfolio of more than one billion dollars of defaulted consumer credit obligations restructured into sustainable ongoing repayment arrangements across 133,000 individual customer accounts.

Our lending business responsibly delivers sustainable loans to consumers with an impaired credit record. Credit Corp provides solutions to consumers who fall within the gap between people who qualify for credit from mainstream issuers and the vulnerable, and mostly welfare dependent, consumers to whom government and philanthropic services are rationed. All of Credit Corp's market-leading products are priced at fee and interest rates well below applicable legislated caps and represent a substantial discount to the market. By the end of the 2015 financial year we had responsibly delivered financial inclusion to 65,000 Australians through our loan products.

While delivering on its commitment to financial inclusion, in 2015 Credit Corp produced strong results for shareholders and a promising outlook for the future. Net Profit After Tax (NPAT) grew by 10 per cent to $38.4 million. The company maintained its Return on Equity (ROE) at a level above its required rate of return. This was achieved with a low level of bank debt and minimal financial risk for shareholders. The lending business transitioned to profitability during the year. The outlook for sustained performance is strong, with 20 per cent growth in the combined carrying value of purchased debt ledgers (PDLs) and consumer loans over the year.

It is Credit Corp's positive culture which has enabled us to successfully deliver on our theme of 'growth with community' in 2015. Credit Corp's culture reflects a commitment to discipline, accountability and transparency at all levels of the company. We operate with the discipline to follow through with our actions. We take accountability for performance and regularly measure ourselves against objective standards. We are open and transparent in all our dealings.

Credit Corp applies the same disciplined, accountable and transparent approach to ensuring that it is delivering social benefits as it does to achieving its financial objectives. Plans and aspirations can only be converted to reality through disciplined and accountable execution.

Across all of our operations we set standards of behaviour at levels significantly above minimum legal requirements. We have a strong compliance culture which is supported by an effective control framework to ensure that we adhere to the standards that we have set for ourselves. Targets are set and performance is monitored. We openly engage with consumer stakeholders and regulators for ongoing feedback and assistance. This includes a long-term partnership with Kildonan Uniting Care to promote respectful engagement with consumers and the proactive recognition and management of financial hardship.

In the context of our achievements in 2015 it is fitting to recognise the contribution to the company of the founding Calleia family. In particular I thank Simon Calleia, who was the company's managing director at the time of listing and continues to serve as a non-executive director.

I also thank my other fellow directors, our CEO Thomas Beregi and his management team for their disciplined leadership of Credit Corp as it delivers sustainable growth in shareholder value. The company's key asset is its increasingly diverse group of more than 1,200 people who invest their personal energy to consistently exceed expectations. On behalf of the Board and shareholders, I wish to thank all our employees for their ongoing contribution to the success of the company.

Donald McLay
Chairman

One of the key strengths of Credit Corp, which has enabled the company to achieve its seventh successive year of strong earnings growth and returns for shareholders, is our clarity of purpose.

With every initiative and every activity we are continually looking to clarify our objectives. We know that to consistently deliver long-term growth and increases in shareholder value we cannot simply assess decisions and performance from a financial perspective. We must deliver value to all our stakeholders.

In order to deliver value, Credit Corp must assume responsibility for contributing to the wider interests of the society within which it operates. Financial services have become a basic need in the modern market economy and Credit Corp plays an important role in working with a section of consumers who are suffering a degree of financial exclusion. Our objective in all interactions with our customers is to improve their situations and establish a pathway to mainstream financial inclusion.

Our commitment to promoting financial inclusion is summarised in the theme 'growth with community.' By consistently delivering positive outcomes for our customers we have developed a business which will generate and realise opportunities for long-term growth. 2015 was another year which demonstrated the merits of this sustainable approach.

SHAREHOLDER OUTCOMES

Credit Corp's shareholders are one of the company's most important stakeholder groups. As a whole, Credit Corp's shareholders are looking for the company to grow earnings by investing capital at an acceptable rate of return for a given level of operational and financial risk. Credit Corp has determined that an acceptable return for a business operating in our sector represents an annual Return on Equity (ROE) in the range of 16 to 18 per cent at a modest level of gearing.

In 2015, Credit Corp performed strongly for its shareholders. Net Profit after Tax (NPAT) grew by 10 per cent over the prior year to $38.4 million. At the same time there was substantial investment in future growth, with a near record outlay of $142.6 million for Purchased Debt Ledgers (PDLs) and record net funding of consumer loan receivables of $51.1 million. Our required rate of return was met for the year and, despite this record investment, the company's level of gearing remained modest.

The outlook for sustained financial performance is strong. The combined carrying value of the company's revenue-generating financial assets, PDLs and consumer loans, grew by 20 per cent over the year. Our core Australian and New Zealand debt purchasing business ended the year very positively, with a record-equalling outlay to acquire PDLs over the second half. The consumer lending business recorded its inaugural profit in 2015 and is on track for significant earnings growth, with the total loan book gross of provisions reaching $100 million at the end of the year.

In its fifteenth year as a listed public company Credit Corp was admitted to the Standard and Poor's ASX 200 index. Credit Corp is now one of the top 200 companies listed on the Australian Securities Exchange. For shareholders, this should mean an improved ability to trade larger volumes of the company's shares each day.

CUSTOMER OUTCOMES

Our customers are the consumers we interact with each day. In our core debt purchasing business we work with consumers who have, for various reasons, found themselves in default of their credit obligations. Our objective is to provide affordable repayment solutions to resolve our customers' financial difficulty as a pathway to increased financial inclusion.

Credit Corp values its customer relationships and has invested heavily in ensuring that all its consumer interactions are respectful and understanding. Across all our operations we set standards of behaviour at levels significantly above minimum legal requirements. Our respectful culture is supported by an effective control framework to ensure that we adhere to our high standards. We continually monitor customer interactions with a view to improving our customer experience. We also seek feedback from customers, consumer groups and regulators for continuous improvement.

Our record of achievement confirms our position as a leader in sustainable practice. At the end of the 2015 financial year we had a portfolio of more than one billion dollars of defaulted consumer credit obligations restructured into sustainable ongoing repayment arrangements across 133,000 individual customer accounts. Despite being the largest and longest-established debt purchaser in Australia, Credit Corp has never been the subject of a regulatory order or undertaking. Credit Corp has a very low rate of External Dispute Resolution (EDR) complaints, with only 1.2 complaints for each one million dollars collected and almost half of these complaints are unrelated to our conduct because they contest credit bureau listings placed by the original credit issuer. Credit Corp has never incurred a reportable EDR systemic issue and has never engaged an EDR provider in litigation.

Credit Corp's lending business focuses on responsibly delivering sustainable financial inclusion to consumers who are excluded from access to credit from mainstream issuers. Many of our customers are affected by an impaired credit record.

Credit Corp is disrupting this segment of the consumer lending market to the benefit of consumers. We responsibly deliver a highly-differentiated and affordable solution to consumers who might otherwise be users of unsustainable loans provided by competitors. Credit Corp does not offer 'payday' loans. We do not offer loans for terms of less than four months and the average term of a Credit Corp consumer loan is more than two years. Our fee and interest rates are a substantial discount to the market and are set well below legislated caps. Our rates are up to one half lower than any applicable cap.

$142.6m

Outlay of $142.6 million for Purchased Debt Ledgers (PDLs)

$51.1m

Net funding of consumer loan receivables of $51.1 million

$100m

Total loan book gross of provisions reaching $100 million at the end of the year

CEO'S REPORT

CHIEF EXECUTIVE OFFICER'S REPORT

Credit Corp is committed to delivering the lowest cost financial products to its customers. All our products are priced to deliver a 16 to 18 per cent ROE for our shareholders. This is the same modest rate of return targeted by mainstream credit issuers. We have implemented a purely on-line and call centre lending model supported by automated technology and offshoring to maximise efficiency. We leverage our existing infrastructure to marginally cost overhead to the lending business. All efficiency gains are returned to customers through lower pricing.

We apply comprehensive responsible lending practices. A thorough assessment of suitability is undertaken. Financial capacity is examined with the verification of income and expenses as well as comparisons to recognised cost of living benchmarks. Any inconsistencies are resolved by discussion with applicants and the receipt of further substantiation where appropriate.

Our lending approach has put us in a unique position. We have a significantly lower incidence of complaints per 100,000 loans than either of the credit card or personal loan averages reported by the EDR provider to mainstream credit issuers. Our lending business has never been the subject of an investigation by an EDR scheme or a regulator.

During the second half of 2015 we launched our new lending brand, Wallet Wizard. This merges lending for amounts of up to $5,000 over terms of up to three years into a single offering delivered through a fast, automated process. The product allows for the seamless graduation of consumers into lower cost finance. A national marketing campaign commenced in April 2015 featuring television and digital advertising. Consumers have responded positively to the new brand and have successfully avoided higher-cost and less sustainable products offered by competitors. More than 65,000 consumers have experienced sustainable financial inclusion as a consequence of Credit Corp's lending activity.

CLIENT OUTCOMES

In our core Australian and New Zealand debt buying business our clients are the major banks, finance companies, telecommunications and utility providers. These blue chip organisations are looking to maximise returns from their charged-off receivables and minimise overheads while enhancing their strong brand reputations.

In 2015, Credit Corp delivered superior outcomes for its clients. The Australian debt buying market is highly competitive, comprising a number of capable operators. Credit Corp has maintained an effective program of continuous improvement over several years. Improvements over this period have included disciplined measurement systems to promote performance through individual accountability, enhanced technology to improve effectiveness and efficiency, superior analysis to support accurate pricing and improved collection performance together with the successful implementation of a low cost off-shoring initiative to enhance competitiveness in the telecommunications and utilities sector. Despite strong competition, Credit Corp was able to leverage these improvements to maintain its purchasing in line with the record achieved in the prior year. During 2015, the company secured purchases from all the major sellers of charged-off receivables in the Australian and New Zealand market.

We continue to work hard to establish ourselves in the United States of America (US). Our respectful approach to collection and our compliance culture is proving very attractive to credit issuers. The impact of regulatory transition has adversely affected our ability to make profitable purchases in the US in the short-term. This situation is unlikely to change over the next 12 months. Resources are now being devoted to making our US operation more efficient. We remain confident that with continued operational improvement and a moderate improvement in purchasing conditions this business can be viable in the long term.

PEOPLE OUTCOMES

Credit Corp's business relies on the quality of the conversations we have with our customers and clients. As a consequence, our people are critical to delivering results for stakeholders.

We are committed to providing our people with the ability to succeed in their roles and develop their careers. Credit Corp provides internationally recognised in-house learning programs which not only develop skills which benefit the company but enhance individuals' long-term career prospects. As far as possible we set clear expectations, provide reward for results and offer diverse career opportunities.

In return, Credit Corp people operate with the discipline to follow through with actions and diligently adhere to proper procedure. They embrace accountability and take responsibility for measuring and improving their performance. Our people are transparent and open in all their dealings, whether these are with colleagues, clients or customers. It is Credit Corp's culture of discipline, accountability and transparency which enables the company to deliver on its commitment to 'growth with community'.

Credit Corp is an energetic company and thanks must go to all dedicated management and teams for their contribution to the achievements of the past year and the ongoing success of the company.

OUTLOOK

We have entered the 2016 financial year with considerable earnings momentum. Strong levels of investment combined with operational improvements during 2015 will mean a good start to the new financial year. These measures also put the company in a favourable position to deal with any increased competition over the course of the year.

We will continue to work hard to optimise our core debt purchasing business and grow our lending business. We will improve our US operation so that we are in the best position to participate in the upside available when market conditions improve. Above all, Credit Corp will continue to be guided by a desire to improve the situations of our customers by establishing pathways to mainstream financial inclusion.

Thomas Beregi
Chief Executive Officer

2015

SUSTAINABLE MODEL

Confirmed as the sustainable promoter of financial inclusion through market-leading financial hardship programs and lending products.

2014

GROWTH PLATFORM

Achievement of critical mass in consumer lending and continued focus on the core business provides a platform for accelerated revenue growth.

2013

ORGANIC TRANSFORMATION

Transformation from a mono-line Australian debt buyer into a diversified financial services operator with international growth potential.

2012

STRATEGIC EXPANSION

Operational excellence in the core Australian debt purchasing business was applied to expansion through global debt buying and Australian consumer lending.

2011

ANALYTICS AND FLEXIBILITY

Innovative in-house systems were combined with an offshore collection capability to transition Credit Corp to a more analytically-driven and flexible operating model.

2010

PROFITABLE GROWTH

Collection capacity expanded significantly while efficiency was maintained and clients enjoyed superior pricing outcomes.

2009

OPERATIONAL FOCUS

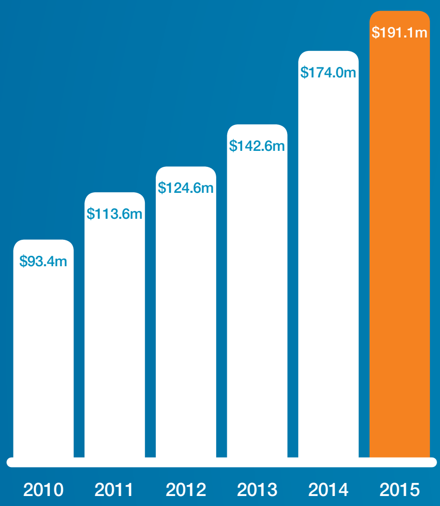
Critical operating metrics improved to the point where Credit Corp became one of the most efficient and effective collection operators of its type and size in the Australian market.

FINANCIAL RESULTS

Core Australian and New Zealand debt purchasing collections, revenues and earnings remained in line with the prior year. The lending business accounted for almost all of Credit Corp's revenue and earnings growth.

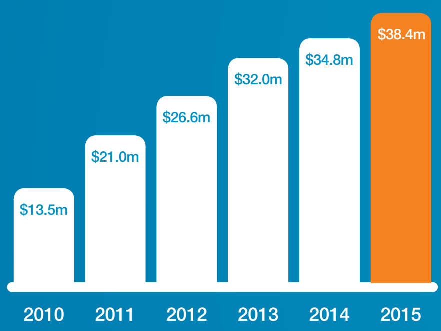
Net Profit after Tax (NPAT) grew by 10 per cent to $38.4 million.

	FY15	FY14	$ Change	% Change
Debt Purchasing	$155.1m	$154.6m	+$0.5m	
Lending	$36.0m	$19.4m	+$16.6m	
Total Revenue	**$191.1m**	**$174.0m**	**+$17.1m**	**+ 10% ↑**
Debt Purchasing	$56.0m	$55.5m	+$0.5m	
Lending	$1.4m	($3.5m)	+$4.9m	
NPBT Total	**$57.4m**	**$52.0m**	**+$5.4m**	**+ 10% ↑**
NPAT	**$38.4m**	**$34.8m**	**+$3.6m**	**+ 10% ↑**
EPS (basic)	**83.0cps**	**75.4cps**	**+7.6cps**	**+ 10% ↑**
Dividend	**44.0cps**	**40.0cps**	**+4.0cps**	**+ 10% ↑**



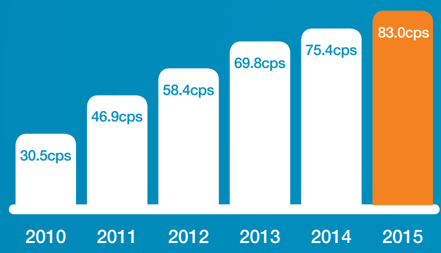
+$17.1m

TOTAL REVENUE



+$3.6m

NPAT



+7.6cps

EPS (BASIC)

REVIEW OF OPERATIONS

CAPITAL AND CASHFLOW

In 2015, Credit Corp invested all of its operating cash flows in making a near record level of Purchased Debt Ledger (PDL) acquisitions and originating consumer loans. The company increased its net bank debt to $58.5 million over the year. This level remains a modest 23.9 per cent of the carrying value of its PDL and consumer loan assets.

Credit Corp maintains a banking facility of $75 million which provides it with flexibility to fund short-term fluctuations in purchasing volumes without the need to dilute returns by holding large amounts of cash. The facility may also be applied to growth in consumer lending. In 2015, the company produced a Return on Equity (ROE) of over 20 per cent, which exceeded its required rate of return. This return was achieved with modest levels of gearing, representing a low level of financial risk for investors.

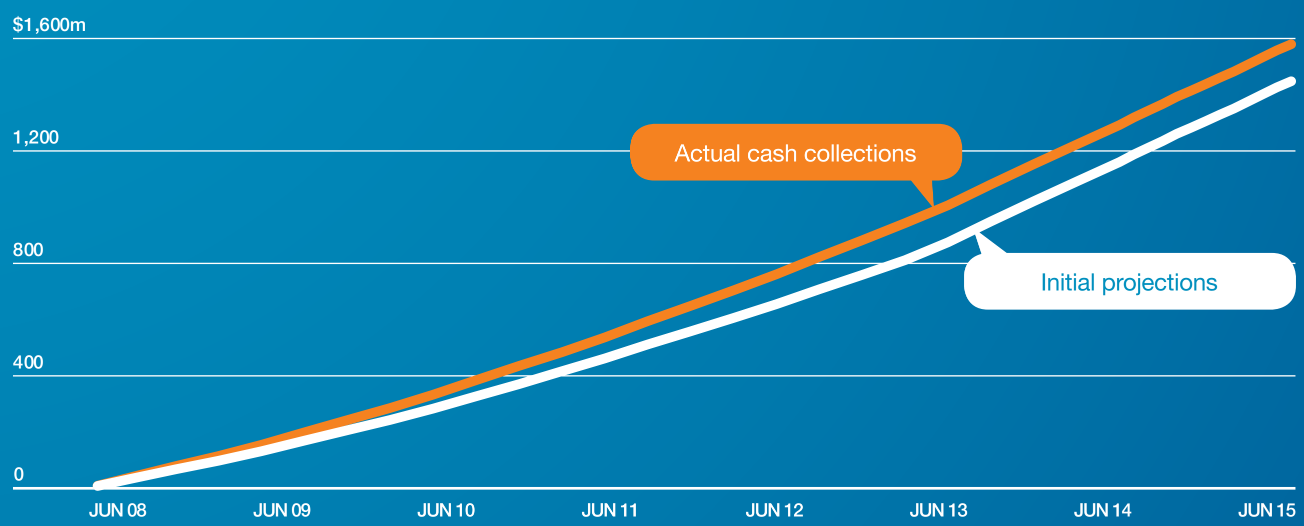
$ million	JUN 15	JUN 14	JUN 13
Pre-tax operating cash flow	215.6	200.5	173.6
Tax payments	(26.5)	(16.2)	(15.4)
PDL acquisitions, lending and capex	(191.3)	(197.3)	(148.5)
Net operating (free) cash flow	**(2.2)**	**(13.0)**	**9.7**
PDL and consumer loan carrying value	244.3	203.7	161.1
Net bank debt	58.5	35.7	4.9
Net debt / carrying value (%)	**23.9%**	**17.5%**	**3.0%**

DISCIPLINED PURCHASING

Strong second half purchasing secured a near record PDL acquisition outlay of $142.6 million. On average, purchases made in 2015 are meeting ingoing projections and are on track to achieve the company's required rate of return.

A moderation in price growth from late in the first half facilitated the successful renewal of expiring forward flow contracts along with additional volumes. PDL acquisitions were $87 million in the second half, compared with $56 million in the first half.

A solid pipeline of purchases has been secured for 2016.



CORE BUSINESS PERFORMANCE

The performance of the core Australian and New Zealand debt purchasing business in 2015 was supported by continued strength in key operational metrics.

Collection effectiveness is achieved when economic collections are maximised on each PDL. While the majority of collections are derived within the first two years subsequent to acquisition of a PDL, effectiveness is maximised when collections are sustained over the entire assumed six year collection life. In 2015, collections from PDLs held for more than two years increased by 26 per cent over the prior year, demonstrating strong collection effectiveness.

Effectiveness is supported by the creation and maintenance of recurring payment arrangements. Credit Corp works with customers to agree regular payments to repay outstanding amounts over time. Once in place, these arrangements require ongoing maintenance to minimise delinquency. The likelihood of complete repayment is significantly increased when an arrangement is established. The face value of accounts under arrangement increased by 15 per cent in 2015 to $1.04 billion.

To achieve an appropriate return, Credit Corp must also be efficient. Collection efficiency or productivity is measured in dollars collected per direct collection staff member hour. In 2015, collection staff productivity was in line with the prior year at $197 per hour.

PAYMENT ARRANGEMENTS

Total Portfolio	FY15	FY14	FY13
Face value	$4.9bn	$4.7bn	$4.0bn
Number of accounts	703,000	744,000	711,000
Payment arrangements			
Face value	$1,044m	$909m	$742m
Number of accounts	133,000	120,000	106,000
% of PDL collections	75%	73%	72%

AUSTRALIAN CONSUMER LENDING

The consumer lending business grew strongly and recorded its inaugural full year profit. The gross loan book reached the $100 million milestone with the introduction of the Wallet Wizard brand during the second half. Wallet Wizard is a unique and sustainable product offering loan amounts up to $5,000 supported by a fast on-line decision engine. The brand was launched in April 2015 with national television and digital advertising.

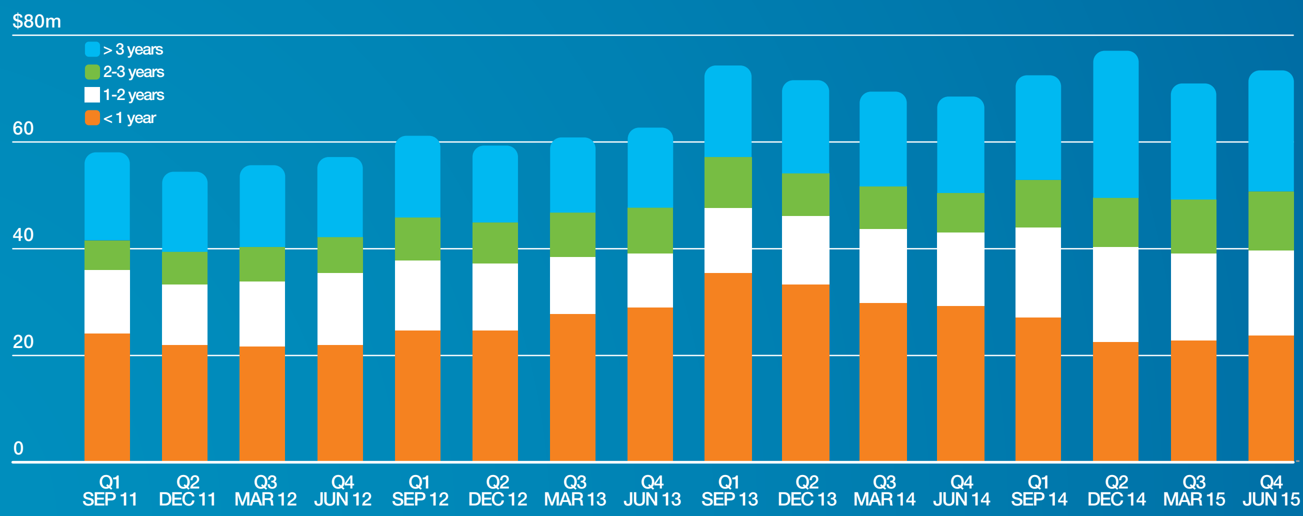
Credit Corp is the sustainable and responsible alternative in the credit impaired consumer lending segment. With a minimum term of 4 months, Credit Corp does not offer ‘payday’ loans. Total rates and fees are substantially below legislated caps. Credit Corp’s underwriting process involves a comprehensive financial capacity assessment, incorporating verification of income and expenses.

Credit Corp is disrupting this segment of consumer lending by introducing competition, on the basis of price and sustainable product features, to a market where the only differentiators have been ease of access and speed of disbursement.

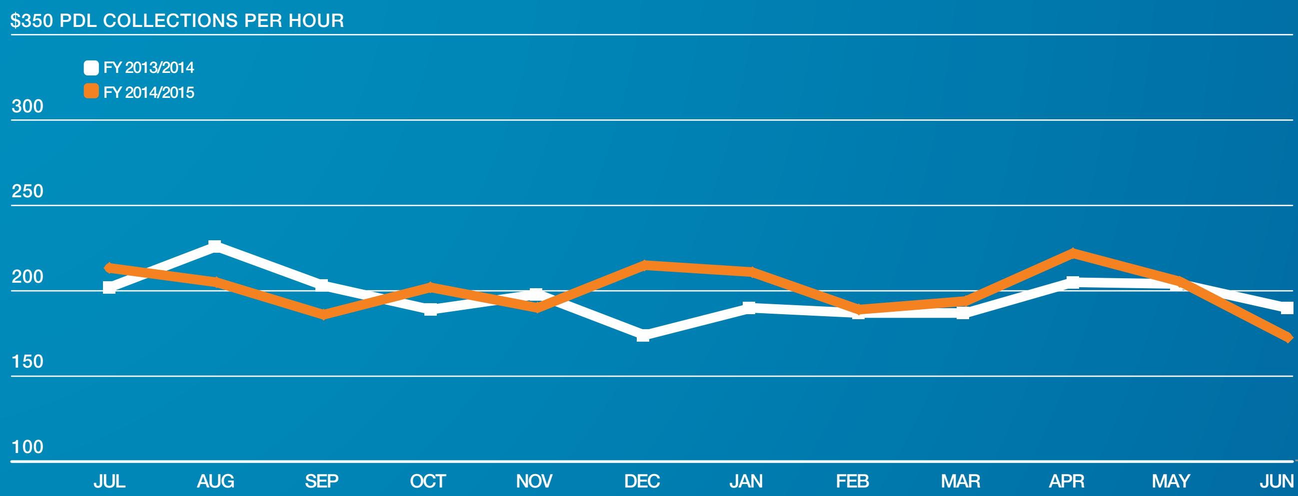
Wallet Wizard launched with national television and digital advertising

APR 15

PDL COLLECTIONS BY DATE OF PURCHASE



DEBT PURCHASE PRODUCTIVITY (DIRECT COLLECTION STAFF ONLY)



US OPERATIONS

Market conditions remain challenging, with limited supply of charged-off debts driving unfavourable pricing. This situation is now unlikely to change over the next 12 months.

Credit Corp's focus in the US is on operational improvement. Solid telephone outcomes are being achieved and recurring payment arrangements are growing in line with expectations. Resources are now being devoted to improving collection efficiency and results from the legal collection channel.

All Credit Corp loans have a minimum term of 4 months

DONALD MCLAY

Chairman
BCom, CA (NZ), ACIS, Ffin

Appointed as a Non-Executive Director in March 2008 and Chairman on 30 June 2008, Don has more than 35 years' experience within financial markets, investment banking and broad business services.

He has previously held executive roles at a number of local and overseas investment management and investment banking organisations, working in London, Singapore, Auckland and Sydney.

Currently Don is Chairman of Torres Industries Pty Limited, an unlisted group of companies engaged in transport, energy and non-bank financial services and infrastructure activities across eight countries. Don was appointed Chairman of Clime Investment Management Limited on 1 March 2015.

Don holds a Bachelor of Commerce degree, is a Chartered Accountant, a Chartered Secretary and a Senior Fellow of the Financial Services Institute of Australasia.

SIMON CALLEIA

Non-Executive Director
BCom, AASIA, SA Fin, MAICD

Appointed as a Non-Executive Director in April 2005 after stepping down from his executive role.

At the time of listing in 2000 and for the five years following, Simon held the position of Managing Director and oversaw the transition of Credit Corp from private ownership to a public company. Simon continues to make a valuable contribution to the company's development.

Simon is a successful active entrepreneur with businesses in both Australia and Europe.

Simon holds a Bachelor of Commerce degree, a Postgraduate Diploma in Applied Finance and Investment, is an Associate of the Financial Services Institute of Australia and a Member of the Australian Institute of Banking and Finance and the Australian Institute of Company Directors.

ERIC DODD

Non-Executive Director
BEc, FCA, FAICD

Appointed as a Non-Executive Director in July 2009, Eric has extensive experience in the insurance, finance and banking sectors. Eric previously held the position of Managing Director and CEO of MBF Australia Limited for a six year period and was appointed as Managing Director of the combined organisation when MBF merged with BUPA Australia in June 2008.

Eric is also a past Managing Director and CEO of NRMA Insurance Limited and held numerous senior positions within the financial services industry.

Currently Eric is Chairman of First American Title Insurance Company of Australia Pty Limited and Chairman of ICON Cancer Care Australia.

Eric holds a Bachelor of Economics degree, is a Fellow of the Institute of Chartered Accountants Australia and New Zealand and a Fellow of the Australian Institute of Company Directors.

BOARD OF DIRECTORS

LESLIE MARTIN

Non-Executive Director
BA, MBA, FAICD

Appointed as a Non-Executive Director in March 2014, Leslie brings 30 years' experience in commercial banking in a number of countries and is a specialist in payments and corporate cash management. She has been in the start-up phase of businesses with Chase Manhattan (now JP Morgan Chase) in New York and Hong Kong, arriving in Australia to establish the Chase presence when new bank licences were granted as part of de-regulation in the mid-80s. She joined Westpac in 1994 as a General Manager to establish its Transaction Banking capability and later led the Working Capital Services business at the Commonwealth Bank.

Currently Leslie is an independent Director of EFTPOS Payments Australia and a Director of IMA Asia, an independent economics advisory firm. She has held Board positions with subsidiaries of the Commonwealth Bank and a variety of payment industry bodies.

Leslie holds dual Australian / US citizenship and has a Bachelor of Arts degree, a Master of Business Administration degree and is a Fellow of the Australian Institute of Company Directors.

ROBERT SHAW

Non-Executive Director
BE, MBA, MPA, FAICD, JP

Appointed as a Non-Executive Director in March 2008, Rob has extensive experience in business management in both an executive and non-executive capacity. Rob has specialist skills in financial analysis, audit committees and corporate governance.

Currently Rob is a Non-Executive Director of Magontec Limited where he chairs the Finance, Audit and Compliance Committee and is a member of the Remuneration and Appointments Committee. Former Board roles include Insearch Limited and The Rugby Club Limited.

Rob holds a Bachelor of Industrial Engineering degree, a Master of Business Administration degree, a Master of Professional Accounting degree and is a Fellow of the Australian Institute of Company Directors as well as a Justice of the Peace.

RICHARD THOMAS

Non-Executive Director
FAICD

Appointed as a Non-Executive Director in September 2006, Richard brings over 40 years of management experience in banking, finance and related industry sectors to Credit Corp's Board.

Richard is a professional Company Director and has previously held senior executive roles including Group Executive, Australian Banking Services with Westpac Banking Corporation, Managing Director of AGC Limited and Executive Vice President of US-based Avco Financial Services.

Richard was Acting Chairman between 11 February and 30 June 2008 and is a Fellow of the Australian Institute of Company Directors.

The Board of Credit Corp believes that to consistently grow shareholder wealth in the long-term we must do more than focus on financial performance

OUR BUSINESS

Credit Corp is Australia's largest provider of sustainable financial services to the credit impaired consumer segment.

Our core business is debt buying, where we have in excess of $4.9 billion in outstanding consumer receivables. We purchase unsecured past due receivables including credit cards, personal loans, telecommunications and utility accounts. The debts acquired by Credit Corp are generally at least 180 days in arrears by the time they are purchased. This means that a customer has fallen behind their minimum payment requirement and the lender has attempted to obtain payments to bring the customer back to a current status or repay the balance outstanding without success. Most lenders work through a collection process using both their own resources and those of third party service providers over a period of at least six months and then consider selling the unpaid amounts to a debt buyer to realise an immediate return. Credit Corp's objective is to provide affordable repayment solutions to resolve our acquired customers' financial difficulty as a pathway to increased financial inclusion.

Credit Corp's lending business focuses on responsibly delivering sustainable financial inclusion to consumers who are excluded from access to credit from mainstream issuers. Many of our customers are affected by an impaired credit record. Credit Corp is disrupting this segment of the consumer lending market to the benefit of consumers. We responsibly deliver a highly-differentiated and affordable solution to consumers who might otherwise be users of unsustainable loans provided by competitors. Credit Corp does not offer 'payday' loans. We do not offer loans for terms of less than four months. The average term of a Credit Corp consumer loan is more than two years. Our fee and interest rates are a substantial discount to the market and are set well below legislated caps. Our rates are up to one half lower than any applicable cap.

WORKING WITH OUR CLIENTS TO DRIVE THE ECONOMY

Debt buying plays an important role in the economy. Debt sale is one of the most efficient means for dealing with credit arrears and serves to reduce the price of credit and promote its availability to a wide group of people.

Debt sale is a very cost-effective solution to credit arrears, relieving lenders of the time and expenses associated with the collection process. Credit Corp is a limited purpose business with low overheads. By focusing on lean operational execution we are able to achieve strong collection outcomes at low cost-to-income ratios.

Credit Corp passes these savings on to lenders in the form of the superior prices paid for debts, providing lenders with higher and more timely returns on credit arrears. These savings flow through to consumers in the form of lower lending charges, which increases lending volume and helps to maintain consumer demand and economic growth.

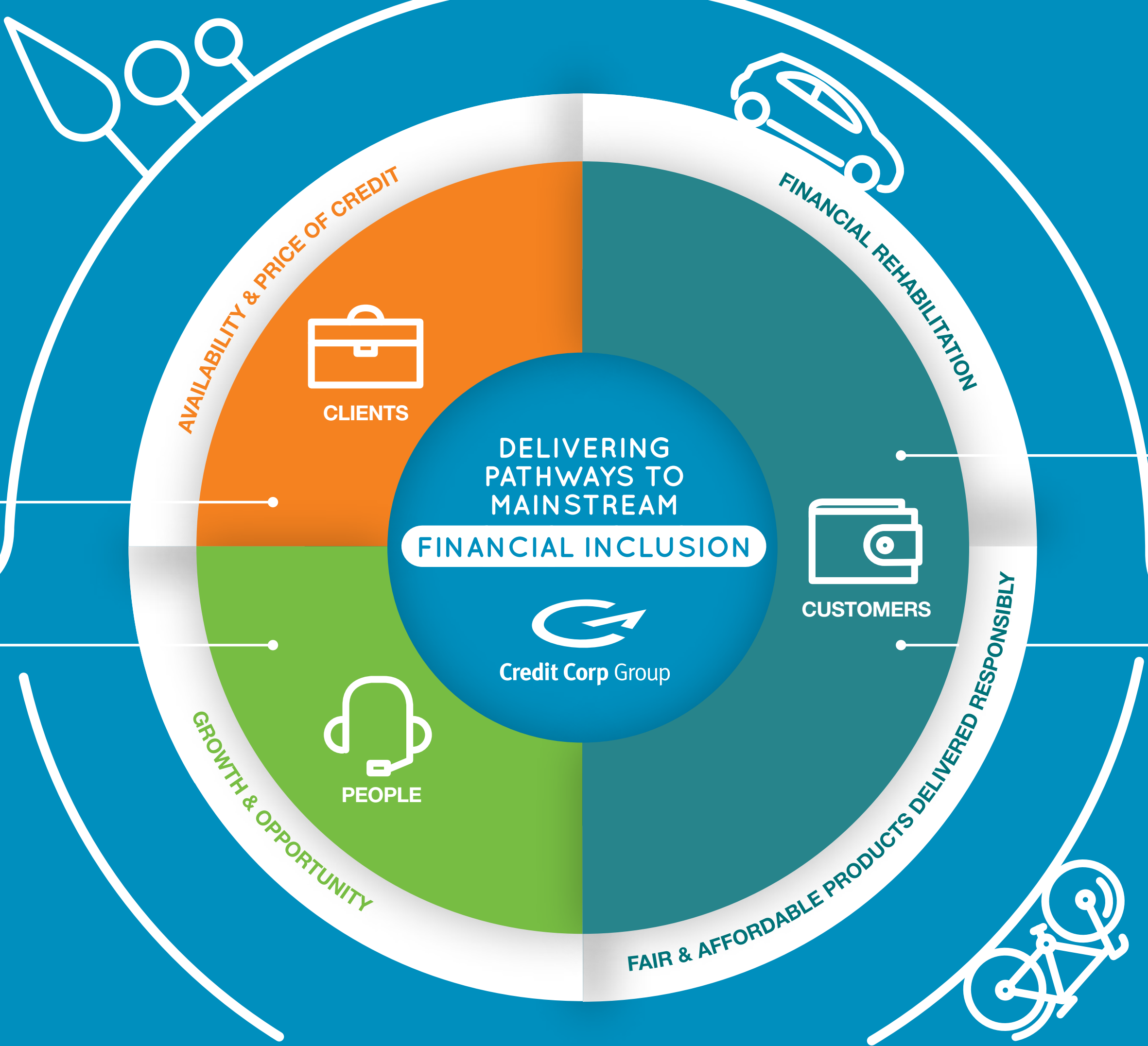
Credit Corp plays an important role in delivering certainty to its clients. The majority of debt sale is conducted through 'forward flow' agreements where the buyer agrees to acquire all debts which reach a specified stage of delinquency at a fixed percentage of the amount outstanding for periods up to 24 months ahead. These arrangements require a close working relationship between debt sellers and buyers, but can be beneficial to both parties. A forward flow agreement effectively provides a lender with a form of insurance over future credit losses, while providing the buyer with a guaranteed purchasing volume. This insurance enables the seller to continue to lend with enhanced confidence, even in times of economic uncertainty.

Credit Corp has exported its success in Australia to new clients in the United States of America (US). While our business in the US is relatively small, we have formed some good client relationships. Our approach is producing solid operational results despite adverse market conditions as a consequence of regulatory change and uncertainty. Our sustainable approach to collection activity is well suited to the transition taking place in the US and should put us in a strong position to work with more US issuers when purchasing conditions improve.

GROWTH WITH COMMUNITY

Debt buying plays an important role in the economy. Debt sale is one of the most efficient means for dealing with credit arrears and serves to reduce the price of credit and promote its availability to a wide group of people.

Credit Corp's objective is to provide affordable repayment solutions to resolve our acquired customers' financial difficulty as a pathway to increased financial inclusion.



Credit Corp's business relies on the quality of the conversations we have with our customers and clients. As a consequence, our people are critical to delivering results for stakeholders.

We are committed to providing our people with the ability to succeed in their roles and develop their careers. Credit Corp provides internationally recognised in-house learning programs which not only develop skills which benefit the company but enhance individuals' long-term career prospects.

Credit Corp is disrupting this segment of the consumer lending market to the benefit of consumers. We responsibly deliver a highly-differentiated and affordable solution to consumers who might otherwise be users of unsustainable loans provided by competitors.

MATTHEW ANGELL
Chief Operating Officer

TIM CULLEN
Chief Information Officer

MICHAEL EADIE
Chief Financial Officer

Our objective in all our interactions with our customers is to improve their situations and establish a pathway to mainstream financial inclusion.

EXECUTIVE LEADERSHIP TEAM

MATTHEW STOKES
Head of Collections

MICHAEL MIFSUD
Head of Analytics

TEGAN PEARSON
Head of Human Resources

CHRIS MIDLAM
Head of Business Services

Credit Corp regularly speaks at forums and conferences organised by consumer advocacy groups. These sessions are a great opportunity for feedback and input to our program of continuous improvement.

Credit Corp's business relies on the quality of the conversations we have with our customers and clients.

Our compliance record is strong and we maintain some of the latest technology in call recording and contact logging to monitor adherence.

We are committed to providing our people with the ability to succeed in their roles and develop their careers.

Credit Corp works constructively with hundreds of thousands of Australians experiencing financial hardship.

WORKING WITH OUR CUSTOMERS

The fact that we acquire debts permanently at a discount to the amount outstanding allows us to take a long-term and flexible approach to dealing with each customer's financial situation.

Our aim is to structure repayment plans which allow our customers to remain active in the community, while continuing to recognise their credit obligations. Once we establish contact with a new customer, we commit ourselves to working with them to understand their financial situation. Currently, Credit Corp has 133,000 accounts where our customers are experiencing various forms of hardship making regular payments on a fortnightly or weekly basis, with an average projected repayment duration of more than three years. More than two thirds of Credit Corp's collections are received pursuant to these long-term payment arrangements.

It is our experience that people in financial difficulty can be assisted most effectively through an open dialogue and a flexible repayment approach. Credit Corp only pursues remedies such as legal enforcement when a customer fails to enter into a constructive dialogue. We encourage our customers to reach a negotiated resolution and demonstrate an ability to comply with any resulting agreement. It is our view that this constructive approach supports customers in resolving their financial difficulty and provides a pathway to improved financial inclusion.

In our lending business we apply our unique knowledge of working with consumers with an impaired credit record to responsibly provide sustainable financial inclusion. We have proven that many people can overcome financial difficulty and comply with their credit obligations when they work with an understanding and flexible creditor. Despite this, such consumers are excluded from modest amounts of mainstream credit and the alternatives available are often unaffordable and unsustainable.

By adopting a responsible and sustainable approach to lending, Credit Corp is delivering a superior alternative to a market segment where choice is limited. All of Credit Corp's lending products are structured to meet, rather than exceed, Credit Corp's required rate of return. Our products are priced with market-leading fee and interest rates, which are often set at levels significantly lower than any applicable legislated caps which may apply. Consumers have responded positively to our approach and have successfully avoided higher-cost and less sustainable products offered by competitors. More than 65,000 consumers have experienced sustainable financial inclusion as a consequence of Credit Corp's lending activity.

We maintain a strong commitment to compliance and fair dealing with our customers. The consumer finance industry is heavily regulated and Credit Corp maintains an extensive compliance regime which conforms to all applicable laws and standards.

Our compliance record is strong and we maintain some of the latest technology in call recording and contact logging to monitor adherence. Credit Corp applies comprehensive responsible lending practices.

A thorough assessment of suitability is undertaken. Financial capacity is examined with the verification of income and expenses as well as comparisons to cost of living benchmarks. Any inconsistencies are resolved by discussion with applicants and the receipt of further substantiation where appropriate.

Customer grievances are resolved through our internal dispute resolution function and any customers who remain dissatisfied may escalate their dispute to an external dispute resolution scheme. We regularly review complaint statistics and use these to drive continuous improvement in our processes.

Credit Corp seeks to maintain positive relationships with regulators and consumer advocates by engaging openly and directly. Our principal regulator is the Australian Securities and Investments Commission (ASIC). We have regular meetings with ASIC where we discuss our compliance regime, complaint statistics and lending products. These sessions are a great opportunity for feedback and input to our program of continuous improvement.

We maintain programs of positive interaction with consumer advocacy groups. Credit Corp regularly speaks at forums and conferences organised by such groups and has worked directly with these groups to improve our interaction with consumers. We also maintain a single point of contact for all customers represented by recognised financial counsellors and consumer legal centres.

133,000 customer accounts on mutually agreed payment arrangements

133,000

Credit Corp provides internationally recognised in-house learning programs which not only develop skills that benefit the company but enhance individuals' long-term career prospects.

WORKING WITH OUR PEOPLE

Our approach is to provide our people with appropriate training, technology and support while recognising personal engagement as the key element which will ensure consistent, high-quality interactions.

Credit Corp believes that people are most engaged and will perform best when they are given responsibility for achieving measurable outcomes. We assign customer accounts to each of our people and assess their performance against targets calculated with regard to the accounts assigned to create a sense of ownership.

This ownership is tempered with accountability. Staff can track their progress against targets for amounts collected, milestones in the collection process and activity levels on a real-time basis. Our leaders regularly review the performance of their team members and are constantly providing feedback and assistance to give every person the opportunity to succeed.

Most people joining Credit Corp are in the early stages of developing a career in the services sector. We provide extensive training and supervision, both as part of the induction process and throughout each team member's career. Our approach delivers recognised qualifications and rapidly builds the personal confidence and attributes which lay the foundation for a continuing career in the services sector.

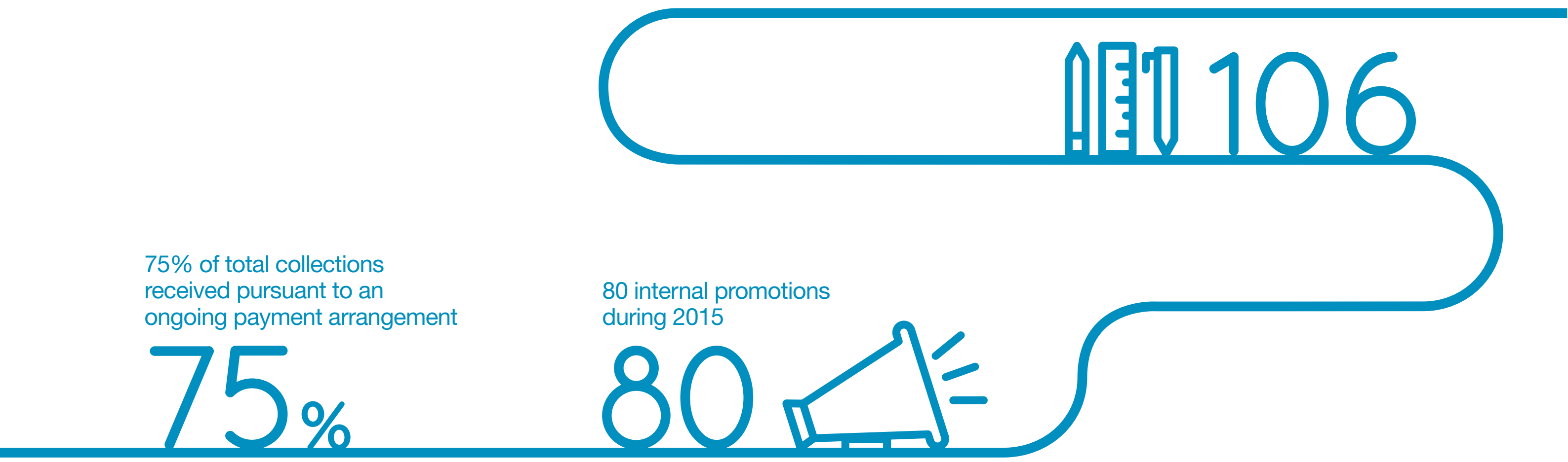
As part of working with our people, Credit Corp is committed to ongoing staff development and internal promotion. All of our operations management positions are filled internally. As our business expands, we are able to provide opportunities for our staff to work in leadership positions overseas in our operations in the US and the Philippines. Our consumer lending business has provided the opportunity for many staff to increase their exposure to the credit industry.

The leadership team of Credit Corp is an important element of the company's success. Our leaders are motivated to meet the expectations of all of our stakeholders and are committed to maintaining a positive culture of discipline, accountability and transparency. Each leader works to promote this culture through their own behaviours and through the expectations they set for their teams.

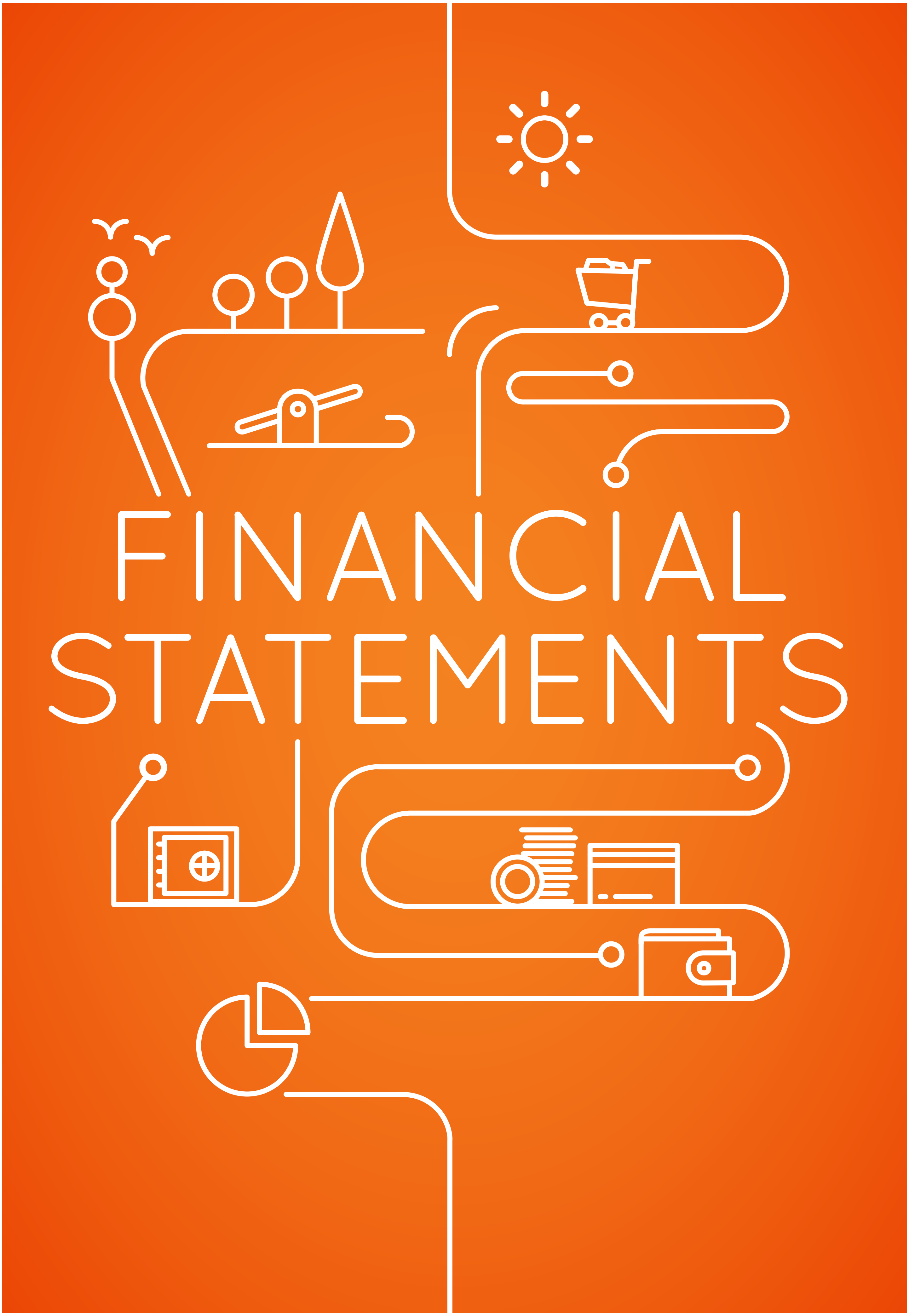
106 employees have undertaken recognised accredited training in 2015

75% of total collections received pursuant to an ongoing payment arrangement

80 internal promotions during 2015



FINANCIAL STATEMENTS



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This statement relates to the year under review.

Credit Corp Group Limited (the Company) maintains policies and practices to comply closely with the Corporate Governance Principles and Recommendations (3rd Edition) released by the ASX Corporate Governance Council.

CORPORATE GOVERNANCE OVERVIEW

The Board of Directors of the Company is responsible for the corporate governance of the Consolidated Group. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Credit Corp Group Limited Corporate Governance Statement is structured with reference to the ASX Corporate Governance Principles and Recommendations, which are summarised below.

PRINCIPLE ONE: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Board responsibilities

The Board's roles and responsibilities are formalised in the Board Charter, which is published on the Company's website. The Board reserves to itself all functions that are likely to have a material impact on the performance and reputation of the Company.

The following functions are reserved to the Board:

- providing leadership and setting the strategic objectives of the Company;
- appointing the Chairperson;
- appointing and where necessary replacing the Chief Executive Officer (CEO);
- approving the appointment and where necessary replacement of other senior executives;
- overseeing management's implementation of the Company's strategic objectives and its performance generally;
- overseeing the integrity of the Company's accounting and corporate reporting systems including external audit;
- overseeing the Company's process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- ensuring the Company has in place an appropriate risk management framework and setting the risk appetite within which the Board expects management to operate;
- approving the Company's remuneration framework;
- approving and monitoring the corporate governance of the Company; and
- approving and monitoring operating budgets, major capital expenditure and financial and other reporting.

Management responsibilities

The Delegation of Authority Policy detailing functions delegated to management is published on the Company's website. All matters not specifically reserved to the Board and necessary for the day-to-day operation of the Company are delegated to management.

The following functions are delegated to management:

- formulating, recommending and implementing the strategic direction of the Company;
- translating the approved strategic plan into operating budgets and performance objectives;
- managing the Company's human, physical and financial resources to achieve the Company's objectives;
- operating within the delegated authority limits set by the Board;
- assuming the day-to-day responsibility for the Company's conformance with relevant laws and regulations and its compliance framework and all other aspects of the day-to-day running of the Company;
- performing against established Key Performance Indicators (KPIs) to deliver the objectives of the Company;
- developing, implementing and managing the Company's risk management and internal compliance and control systems and operating within the risk appetite set by the Board;
- developing, implementing and updating policies and procedures;
- advising the Board promptly of any material matters impacting or potentially impacting the Company's operations;
- providing the Board with accurate, timely and clear information to enable the Board to perform its responsibilities; and
- keeping abreast of industry and economic trends in the Company's operating environment.

Appointment of new directors

The Board has the responsibility for the selection and nomination to shareholders of new or retiring directors. The Company's Appointment of Directors Policy is published on its website and sets out the Company's policy for the selection, appointment and re-election of directors.

Where a candidate is recommended by an independent executive search organisation, the Board will assess that candidate against a range of criteria including skills, experience, expertise, personal qualities and cultural fit with the Board and the Company. If these criteria are met and the Board appoints the candidate as a director, that director will confirm his or her appointment at the next Annual General Meeting (AGM).

New directors are provided with a formal letter of appointment which sets out the key terms and conditions of employment, including their duties and responsibilities and requirement to disclose interests affecting independence.

All directors currently serving on the Board have executed a formal letter of appointment.

Accountability of Company Secretary

The Company Secretary is accountable to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

Diversity report

The Company recognises the important contribution that people of various cultural backgrounds, ethnicity, experience, gender and age make to the Company. Diversity includes all characteristics that make individuals different from each other including characteristics such as religion, race, ethnicity, language, gender, sexual orientation, disability, age or any other area of potential difference.

The Company's diverse workforce is in fact a key to continued growth and improved operating performance. In particular, employees of diverse backgrounds and experience are able to provide exceptional customer service to our equally diverse customer base.

In order to attract and retain a diverse workforce to service our diverse customer base, the Company is committed to providing an environment where employees are treated with fairness and respect, and have equal access to development and promotion opportunities within the Company.

The Company has established a Diversity Policy, which outlines the Board's measurable objectives to achieve diversity. A summary of the policy is published on the Company's website.

Measurement of progress against these diversity objectives occurs annually by the Board.

The table below sets out these diversity objectives and the progress made towards achieving them in 2015. The Board will review these objectives in the 2016 financial year and report on progress being made towards their achievement.

Objectives	Progress in achieving objectives
Provide equal opportunities for candidates, regardless of their cultural, gender, or any other difference.	– Our assessment centre was redesigned with a primary goal to maximise objectivity in the decision making process. – The Company continues to assess and recruit candidates against a set of core competencies.
Retain and encourage a diverse workforce at all levels of the Company.	– The Company continues to reflect significant gender diversity including within management levels. The percentage of females in the Company is as follows: – Board 17% – Executive management 20% – Senior management 38% – Frontline management 56% – Company workforce 57% – Over the year a number of employees worked under flexible work arrangements to balance family and other commitments with their employment. There was a 25% increase in flexible work arrangements from 2014 to 2015.
Provide development opportunities for employees regardless of cultural, gender or any other differences.	– The Company provides nationally recognised accredited training to all eligible employees. – Leadership training was provided to all employees in management positions during the year. – Documented career pathways were implemented for frontline operators, to support their progression into supervisory roles.
Promote an inclusive culture where all employees are treated with respect and fairness.	– Each year the Company reiterates its zero tolerance policy towards any discrimination, bullying or victimisation of employees with clear escalation channels through which any concerns can be raised. – Annual online training promotes the Company's expectations and educates employees on their part in creating our culture. – The bi-annual employee engagement survey was conducted and this allows the Company to gather data on issues relating specifically to equality, respect and fairness and use this data to set measurable goals.
Ensure internal promotion decisions within the Company are merit-based in relation to each role.	– Recruitment procedures were implemented for recruitment into frontline supervisory and management positions to maximise objectivity in the decision making process. – This includes the introduction of a panel of senior management from HR and Operations to take part in the decision making process.

Board's and Committees' performance reviews

The Board reviews its performance on a regular basis, including Board documentation and process and Committee performance. The Board uses surveys for the purpose of its internal Board and Committee performance reviews. Those reviews are to ensure that individual directors and the Board work effectively in meeting their responsibilities as described in the Board and Committee Charters. The Board conducted an internal review in 2015.

Executives' performance reviews

The performance of all key executives is reviewed annually against the company's performance and individual KPIs.

The performance review of the Chief Executive Office (CEO) is undertaken by the Chairman of the Board, reviewed by the Remuneration Committee and approved by the Board. The performance reviews of other executives are undertaken by the CEO and approved by the Remuneration Committee. Performance reviews for each executive were conducted in 2015.

PRINCIPLE TWO: STRUCTURE THE BOARD TO ADD VALUE

Nomination Committee

The full Board performs the role of Nomination Committee as, in its opinion, only minimal benefit will accrue to the Company from a separate committee.

Board composition

The term held by each director in office at the date of this report is as follows:

Name	Term in office	Independent
Mr Donald McLay (Chairman)	7.5 years	Independent
Mr Simon Calleia	15.5 years	Not independent
Mr Eric Dodd	6 years	Independent
Ms Leslie Martin	1.5 years	Independent
Mr Robert Shaw	7.5 years	Independent
Mr Richard Thomas	9 years	Independent

The Chairman of the Board is Mr Donald McLay, an independent director. The CEO of the Company, Mr Thomas Beregi, is not a director of the Company.

The Board regularly reviews the independence of each director and requires directors to promptly advise of any change in circumstances that may affect their independence as a director. Any change in circumstances that materially affects their independence as a director will be disclosed promptly. There are procedures in place, agreed by the Board, to enable directors to seek independent professional advice, in the carrying out of their duties, at the Company's expense.

During the 2015 financial year, the majority of the Board members are considered to be independent and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the unfettered exercise of their independent judgement.

Board skills

The Board considers that the directors bring professional skills, knowledge and experience as well as personal attributes which enable the Board to operate effectively and meet its responsibilities to the Company and stakeholders. The skills and experience of each director are detailed in the Directors' report.

Induction of new directors

New directors undergo an induction program which includes meetings with members of management, the Chairman of the Board and the Chairmen of each relevant committee to gain an insight into the Company's business, values and culture.

PRINCIPLE THREE: ACT ETHICALLY AND RESPONSIBLY

Code of Conduct

The Code of Conduct adopted by the Company is a key element of the Company's corporate governance framework and its purpose is to guide directors, executives and employees on the minimum standards of conduct expected of them in the performance of their duties, including their dealings with customers, clients, shareholders, employees and other stakeholders.

Compliance with the Code of Conduct is a condition of appointment as a director of, an employee of, or a contractor to, the Company.

The Company's Code of Conduct is published on the Company's website.

PRINCIPLE FOUR: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

Audit and Risk Committee

The Board has formed an Audit and Risk Committee and has delegated responsibility for establishing and maintaining a framework of internal control and ethical standards to this Committee as outlined in the Audit and Risk Committee Charter, which is published on the Company's website.

The Audit and Risk Committee operates under its charter to ensure that an effective internal control framework exists within the Company. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the mitigation of business risks, the maintenance of proper accounting records and the reliability of financial and operational information.

The Audit and Risk Committee also provides the Board with additional assurance regarding the reliability of financial information included in the financial reports. All members of the Audit and Risk Committee are independent Non-Executive Directors.

The members of the Audit and Risk Committee during the year were:

- Mr Robert Shaw (Chairman)
- Mr Richard Thomas
- Ms Leslie Martin
- Mr Donald McLay

The qualifications of the members and their attendance at meetings of the Audit and Risk Committee are disclosed in the Directors' report.

Financial statement approval

Prior to the approval of the Company's financial statements for each reporting period, the CEO and the Chief Financial Officer (CFO) gave the Board a declaration that, in their opinion:

- the financial records have been properly maintained;
- the financial statements complied with the accounting standards and gave a true and fair view; and
- the risk management and internal control systems are operating effectively.

The Audit and Risk Committee reviews the Company's interim and annual financial reports and makes recommendations to the Board on adopting financial statements. The Committee provides additional assurance to the Board with regard to the quality and reliability of financial information.

Annual General Meeting (AGM)

The AGM gives shareholders the opportunity to hear the CEO and Chairman provide updates on the Company's performance, ask questions and to express a view and vote on the various matters of Company business on the agenda.

Shareholders also have the opportunity to ask questions of the Company's external auditor at the meeting. The Company encourages shareholders to attend its AGM.

PRINCIPLE FIVE: MAKE TIMELY AND BALANCED DISCLOSURE

Continuous disclosure

The Company's Continuous Disclosure Policy, which is published on its website, is designed to ensure compliance with disclosure obligations under the ASX Listing Rules and to ensure accountability at senior executive level for that compliance.

This Policy also allows the Company to ensure shareholders and the market are fully informed of its strategy, performance and details of any information or events that could have a material impact on the value of the Company's shares.

The CEO and the Company Secretary, in consultation with the Board, are responsible for the review, authorisation and disclosure of information to the ASX and for overseeing and co-ordinating information disclosure to the ASX, shareholders, brokers, analysts, the media and the public.

PRINCIPLE SIX: RESPECT THE RIGHTS OF SECURITY HOLDERS

Communication with shareholders

The Company recognises the rights of its shareholders and other interested stakeholders to have access to balanced, understandable and timely information concerning the operations of the Company. The CEO and the Company Secretary are primarily responsible for ensuring communications with shareholders are delivered in accordance with the rights of shareholders and the Company's policy of continuous disclosure.

The communication strategy addresses these rights through:

- *Electronic facilities*

  The Company maintains a website that provides information on its services and its business in general as well as an investor relations section that contains information for shareholders of the Company. Company announcements are made on this website as well as the ASX website and there is a facility to lodge questions through the website.

- *Formal reporting to shareholders*

  Formal reporting to shareholders is conducted through the interim report for the six months ended 31 December and the annual report for the financial year ended 30 June. The Company also releases market updates summarising the Company's performance during each quarter of the financial year.

- *AGMs*

  The Company invites and encourages shareholders to attend and participate in these meetings.

- *Continuous Disclosure Policy*

  All material matters are disclosed to the ASX immediately, as required by the ASX Listing Rules and the Company's Continuous Disclosure Policy, which outlines the way in which the Company communicates with investors and the market.

In addition, shareholders may communicate with the share registry, Boardroom Pty Limited (Boardroom), electronically. The relevant contact details are disclosed in the Shareholder Information section of the annual report.

Shareholders who do not currently receive electronic communications from Boardroom may update their communication options via a secure, online service offered by Boardroom: www.investorserve.com.au.

The Company's Security Holder's Rights and Communication Strategy is published on its website.

PRINCIPLE SEVEN: RECOGNISE AND MANAGE RISK

Risk management

As mentioned in Principle Four, the Audit and Risk Committee provides oversight on the risk framework and aggregated risk profiles at the Consolidated Group level. Management has been given the responsibility for the establishment, implementation and maintenance of the system of risk management and internal control framework including measures of its effectiveness. The risk management system of the Company includes an accredited Quality Management System, a delegated authority framework and a system of internal and external customer dispute resolution. A limited internal audit function is performed as part of the accredited Quality Management System. The risk management system is monitored by the Company's compliance manager who reports his findings and recommended improvements to the Audit and Risk Committee.

This risk management system and internal control framework are considered appropriate for the Company, notwithstanding the absence of a full internal audit function.

The Company's Risk Management Policy is published on its website and was reviewed by the Audit and Risk Committee with a report provided to the Board during the 2015 financial year.

PRINCIPLE EIGHT: REMUNERATE FAIRLY AND RESPONSIBLY

Remuneration Committee

The Board has formed a Remuneration Committee to assist the Board in the design, implementation and monitoring of remuneration policies that meet the needs of the Company and enhance corporate and individual performance.

Its objective is to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating the directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Remuneration Committee links the nature and amount of directors' and key executives' emoluments to the Company's financial and operational performance. The expected outcomes of the remuneration structure are:

- retention and motivation of key executives;
- attraction of high quality personnel to the Company; and
- performance incentives that allow executives to share in the success of the Company.

The Remuneration Committee Charter, which sets out its role and responsibilities, and the Remuneration Policy are published on the Company's website.

The members of the Remuneration Committee during the year were:

- Mr Simon Calleia (Chairman)
- Mr Eric Dodd
- Mr Donald McLay

The amount of remuneration for all Key Management Personnel (KMP), the qualifications of the members of the Remuneration Committee and their attendance at meetings of the Remuneration Committee are disclosed in the remuneration section of the Directors' report.

Share Trading Policy

The Company's Share Trading Policy governs when its directors and employees may deal in Credit Corp shares and the process which must be followed in respect of such dealings.

The Company's directors and employees are not permitted to deal in Credit Corp shares during any Blackout or Closed Periods:

- Two months immediately preceding the preliminary announcement of the Company's annual results until the commencement of the next trading day after the release of the annual results;
- Two months immediately preceding the announcement of the Company's interim results until the commencement of the next trading day after the release of the interim results; and
- Any other periods that the Board determines, in its absolute discretion, to be a Blackout or Closed Period, including due to there being undisclosed price sensitive information.

At any time outside the Blackout or Closed Periods, directors or employees may trade in Credit Corp shares where:

- Directors, excluding the Chairman, and KMP obtain the prior written clearance of the Chairman;
- The Chairman obtains prior written clearance from the Chairman of the Audit and Risk Committee and in the event that person is not available, then the Chairman of the Remuneration Committee; and
- Other employees obtain prior written clearance from the compliance manager.

The Company's employees are only permitted to enter into margin loans secured against Credit Corp shares with the prior written approval of the Chairman. The Share Trading Policy is published on the Company's website.

NON-CONFORMANCE

All the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2015, except for the following:

1. Recommendation 2.1

   The Board assumes the role of a Nomination Committee as it believes minimal benefit will accrue to the Company through a separate committee.

2. Recommendation 8.1

   Recommendation 8.1 states that the Remuneration Committee should be chaired by an independent director. The Company's Remuneration Committee is chaired by Mr Simon Calleia. Mr Simon Calleia's independence is affected by his role as a former executive of the Company. It is not considered that his ability to perform the role of Remuneration Committee Chair is adversely affected by these circumstances because Mr Simon Calleia ceased to hold an executive position in April 2005, and the executives in place at that time are no longer employed by the Company.

WEBSITE DISCLOSURE

Further information relating to the Company's corporate governance practices and policies has been made publicly available on the Company's website at www.creditcorp.com.au/corporate/corporate-governance.

The directors present their report together with the financial report of the Company and its subsidiaries for the financial year ended 30 June 2015.

DIRECTORS

The directors of the Company at any time during the whole of the financial year and up to the date of this report are:

Mr Donald McLay	**Chairman, Director (Non-Executive) Age 65**
Qualifications	Bachelor of Commerce, Chartered Accountant, Chartered Secretary and Fellow of the Financial Services Institute of Australasia.
Experience and expertise	Appointed as a Non-Executive Director on 31 March 2008 and has been Chairman since 30 June 2008. Mr McLay has more than 35 years' experience in financial markets, investment banking and broad business services.
Directorship of listed entity	Clime Investment Management Limited from 1 March 2015.
Special responsibilities	Mr McLay is Chairman of the Board and is a member of the Remuneration and Audit and Risk committees.
Interest in shares and options	1,708,308 ordinary shares of Credit Corp Group Limited.

Mr Simon Calleia	**Director (Non-Executive) Age 47**
Qualifications	Bachelor of Commerce, Postgraduate Diploma in Applied Finance and Investment, Associate of Financial Services Institute of Australasia, member of the Australian Institute of Banking and Finance and Australian Institute of Company Directors.
Experience and expertise	Appointed as Managing Director in March 2000 and became a Non-Executive Director after he stepped down from his executive role in April 2005. Mr Calleia has extensive knowledge of the credit management industry. He also held various roles in the banking, finance and insurance sectors.
Special responsibilities	Mr Calleia is Chairman of the Remuneration Committee.
Interest in shares and options	612,152 ordinary shares of Credit Corp Group Limited.

Mr Eric Dodd	**Director (Non-Executive) Age 63**
Qualifications	Bachelor of Economics, Fellow of the Institute of Chartered Accountants Australia and New Zealand and Australian Institute of Company Directors.
Experience and expertise	Appointed as a Non-Executive Director on 1 July 2009. Mr Dodd has extensive experience in insurance, finance and banking.
Directorships of listed entities	Ambition Group Limited from 18 March 2013 to 20 January 2014, SFG Australia Limited (previously named Snowball Group Limited) from 2 July 2010 to 21 August 2014, and Echoice Limited (previously named Firstfolio Limited) from 2 April 2012 to 27 March 2015.
Special responsibilities	Mr Dodd is a member of the Remuneration Committee.
Interest in shares and options	5,000 ordinary shares of Credit Corp Group Limited.

Ms Leslie Martin	**Director (Non-Executive) Age 60**
Qualifications	Bachelor of Arts, Master of Business Administration and Fellow of the Australian Institute of Company Directors.
Experience and expertise	Appointed as a Non-Executive Director on 20 March 2014. Ms Martin has 30 years' experience in commercial banking in a number of countries and is a specialist in payments and corporate cash management.
Special responsibilities	Ms Martin is a member of the Audit and Risk Committee (from 17 November 2014).
Interest in shares and options	5,000 ordinary shares of Credit Corp Group Limited.

Mr Robert Shaw	Director (Non-Executive) Age 73
Qualifications	Bachelor of Industrial Engineering, Master of Business Administration, Master of Professional Accounting, Justice of the Peace and Fellow of the Australian Institute of Company Directors.
Experience and expertise	Appointed as a Non-Executive Director on 31 March 2008. Mr Shaw has extensive knowledge and experience in finance, financial analysis, audit committees and corporate governance.
Directorship of listed entity	Magontec Limited (previously named Advanced Magnesium Limited) since 4 March 2011.
Special responsibilities	Mr Shaw is Chairman of the Audit and Risk Committee.
Interest in shares and options	5,000 ordinary shares of Credit Corp Group Limited.

Mr Richard Thomas	Director (Non-Executive) Age 70
Qualifications	Fellow of the Australian Institute of Company Directors.
Experience and expertise	Appointed as a Non-Executive Director on 22 September 2006. He was Acting Chairman between 11 February 2008 and 30 June 2008. Mr Thomas has more than 40 years' experience in the banking and finance industry in Australia, New Zealand and the USA.
Special responsibilities	Mr Thomas is a member of the Audit and Risk Committee.
Interest in shares and options	9,984 ordinary shares of Credit Corp Group Limited.

COMPANY SECRETARIES

The following persons held the position of Company Secretary during or since the end of the financial year:

Mr Thomas Beregi	Company Secretary
Qualifications	Bachelor of Economics, Bachelor of Laws (Hons) and Certified Practising Accountant.
Experience and expertise	Mr Beregi joined the Company on 3 September 2007 in the role of Chief Financial Officer. He was subsequently appointed to his current position of Chief Executive Officer on 1 October 2008. Prior to joining the Company, he was the Chief Operating Officer of Jones Lang LaSalle Australia. Mr Beregi was appointed as a Company Secretary on 21 September 2007.

Mr Michael Eadie	Company Secretary
Qualifications	Bachelor of Accounting, Master of Applied Finance, Certified Practising Accountant and Fellow of the Financial Services Institute of Australasia.
Experience and expertise	Mr Eadie joined the Company on 4 May 2009 as Finance Manager and was subsequently appointed Chief Financial Officer on 19 November 2010. He has previously held senior finance roles within major financial services organisations, including Macquarie Bank Limited. Mr Eadie was appointed as a Company Secretary on 17 March 2011.

Mr Geoffrey Templeton	Company Secretary
Qualifications	Member of the Australian Institute of Credit Management, Australian Institute of Mercantile Agents, Australian Institute of Human Resources and Governance Institute of Australia.
Experience and expertise	Mr Templeton joined the Company in 1987 and has held roles in operations, administration, accounting, payroll and human resources. He is currently the Compliance Manager for the Company. Mr Templeton was appointed as a Company Secretary on 5 May 2000.

DIRECTORS' MEETINGS

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year were:

	Directors' meetings		Audit and Risk Committee		Remuneration Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr Donald McLay	11	11	5	5	2	2
Mr Simon Calleia	11	9	–	–	2	2
Mr Eric Dodd	11	10	–	–	2	2
Ms Leslie Martin	11	11	2	2	–	-
Mr Robert Shaw	11	11	5	5	–	-
Mr Richard Thomas	11	9	5	3	–	-

PRINCIPAL ACTIVITIES

The principal activities of the Company during the course of the financial year were debt purchase and collection as well as consumer lending.

There were no significant changes in the nature of the Company's activities during the financial year.

REVIEW OF THE OPERATIONS

Overview

Core domestic debt purchasing segment collections and revenues remained in line with the prior year. The lending business delivered Credit Corp's revenue and profit growth for the year.

The result was supported by continued strong core operating metrics. The total amount collected from Purchased Debt Ledgers (PDLs) acquired more than 2 years ago increased by 26 per cent over the prior year. The face value of accounts on recurring payment arrangements increased by 15 per cent over the period to $1.04 billion.

The consumer lending business was established as a key growth driver. The loan book grew from $63 million to $100 million during the period and the lending business transitioned to profitability.

Purchasing

Strong second half purchasing secured a near-record PDL acquisition outlay of $143 million. A moderation in price growth from late in the first half facilitated the successful renewal of expiring forward flow contracts along with additional volumes. PDL acquisitions were $87 million in the second half, compared with $56 million in the first half.

Consumer lending

The consumer lending business reached the $100 million loan book milestone with the introduction of the 'Wallet Wizard' brand during the second half. Wallet Wizard provides a unique offering with loan amounts up to $5,000 supported by a fast online decision engine. The brand was launched in April 2015 with national television and digital advertising.

Credit Corp is the sustainable and responsible alternative in the credit-impaired consumer lending segment. With a minimum term of 4 months Credit Corp does not offer payday loans. Total rates and fees are substantially below legislated caps. Credit Corp's underwriting process involves a comprehensive financial capacity assessment, incorporating verification of income and expenses.

Credit Corp is disrupting this segment of the consumer lending market by the introduction of price competition and sustainable product features. To date, 65,000 customers have experienced the benefits of this approach.

US operations

Market conditions remain challenging with limited supply of charged-off debts driving unfavourable pricing. This situation is now unlikely to change over the next 12 months.

Credit Corp's focus in the US is on operational improvement. Solid telephone collection outcomes are being achieved and recurring payment arrangements are growing in line with expectations. Resources are now being devoted to improving collection efficiency and results from the legal collection channel.

2016 outlook

Credit Corp is well-positioned to deliver another year of solid earnings growth. The core domestic debt purchasing segment will benefit from strong purchasing over the second half of 2015 together with a satisfactory pipeline of acquisitions for 2016. The consumer lending business is on track for further growth from its strong starting position.

Changes in state of affairs

During the financial year there were no significant changes in the state of affairs of the Company other than those referred to in the financial statements or notes thereto.

DIVIDENDS PAID OR RECOMMENDED

Dividends paid or declared by the Company to shareholders since the end of the previous financial year were:

Declared and paid during the year 2015	Cents per share	Total amount $'000	Date of payment
Interim 2015 ordinary	22.00	10,185	6 Mar 15
Final 2014 ordinary	20.00	9,259	3 Oct 14
Total		**19,444**	

Declared after end of year

After the balance date the following dividend was proposed by the directors:

Final 2015 ordinary	22.00	10,185	30 Oct 15

The financial effect of this dividend has not been brought to account in the consolidated financial statements for the year ended 30 June 2015 and will be recognised in the 2016 financial report.

EVENTS SUBSEQUENT TO REPORTING DATE

In the interval between the end of the financial year and the date of this report there has not been any item, transaction or event of a material and unusual nature that is likely, in the opinion of the directors of the Company, to significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

ENVIRONMENTAL REGULATIONS

The Consolidated Group's operations are minimally affected by environmental regulations.

INDEMNIFYING OFFICERS OR AUDITOR

The Company has provided indemnities to the current directors (as named above), the Company Secretaries (Mr Thomas Beregi, Mr Michael Eadie and Mr Geoffrey Templeton) and all executives of the Company against liabilities incurred as such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Consolidated Group against a liability incurred by an officer or auditor.

These indemnities were in place both during and after the end of the financial year.

These potential liabilities are insured with the premiums paid by the Company. The insurance contract prohibits disclosure of any details of the policy and the premium paid.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties.

Details of the amounts paid or payable to the auditor (Hall Chadwick) for non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with advice received from the Audit and Risk Committee, is satisfied that the provision of non-audit services is compatible with the general principles relating to auditor independence as set out in APES 110: Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board. The directors are satisfied that the provision of non-audit services disclosed below did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

– All non-audit services are reviewed and approved by the Audit and Risk Committee prior to commencement of the audit to ensure they do not impact the impartiality and objectivity of the auditor; and
– None of the services undermine the general principles relating to auditor independence as set out in APES 110: Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board.

Details of the amounts paid to Hall Chadwick for non-audit services provided during the year are set out below:

	$
Services other than statutory audit:	
Other services	
Taxation compliance services	8,250
Other services	7,700
Total	**15,950**

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2015 has been received and can be found on page 19 of the financial statements.

ROUNDING OFF

The Company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and Directors' report have been rounded to the nearest thousand dollars.

This remuneration report sets out remuneration information for Key Management Personnel (KMP), which includes directors and senior executives, for the year ended 30 June 2015 and is prepared in accordance with section 300A of the *Corporations Act 2001*.

A) THE BOARD AND REMUNERATION COMMITTEE'S ROLES IN REMUNERATION

The Board is responsible for the structure of directors' and senior executives' remuneration and maximising the effectiveness of remuneration in the creation of long-term shareholder value.

The Remuneration Committee is responsible for reviewing and developing remuneration policies and practices on behalf of the Board.

The Remuneration Committee makes recommendations to the Board in respect of:

- Recruitment, retention and termination policies and procedures for senior executives;
- Senior executive remuneration packages, including annual incentive and long-term incentive plans; and
- Director remuneration levels and framework.

The performance review of the Chief Executive Officer (CEO) is undertaken by the Chairman of the Board, reviewed by the Remuneration Committee and approved by the Board. The performance reviews of other executives are undertaken by the CEO and approved by the Remuneration Committee.

B) KMP

The remuneration report sets out the remuneration details for the Company's KMP who are listed below:

Directors

- Mr Donald McLay (Chairman)
- Mr Simon Calleia
- Mr Eric Dodd
- Ms Leslie Martin
- Mr Robert Shaw
- Mr Richard Thomas

Senior executives

- Mr Thomas Beregi (Chief Executive Officer)
- Mr Matthew Angell (Chief Operating Officer)
- Mr Michael Eadie (Chief Financial Officer)

C) SENIOR EXECUTIVE REMUNERATION

a) Remuneration policy

The Company's Remuneration Policy is designed to ensure that remuneration is aligned with the long-term success of the Company. Key elements of the remuneration structure that achieve this policy are:

- Senior executive fixed remuneration levels are in line with or below listed company benchmarks;
- No termination benefits are payable under employment contracts;
- A significant proportion of remuneration consists of a Short-Term Incentive (STI) and a Long-Term Incentive (LTI), which are both at risk; and
- Deferred vesting of LTI shares for sustained performance.

The remuneration structure is designed so that if the Company falls short of earnings and return targets in a given year, senior executives will receive only their fixed remuneration.

b) Contract details

All contracts with executives may be terminated by either party with agreed notice periods. Remuneration and other terms of employment are formalised in employment contracts. Details of these contracts are:

Name	Title	Term of agreement	Details
Mr Thomas Beregi	Chief Executive Officer (CEO)	Ongoing, 3 months' notice period	Annual base salary $450,000 plus superannuation reviewed annually by the Remuneration Committee. There is no termination benefit provided for under the contract of employment.
Mr Matthew Angell	Chief Operating Officer (COO)	Ongoing, 1 month notice period	Annual base salary $250,000 plus superannuation reviewed annually by the Remuneration Committee. There is no termination benefit provided for under the contract of employment.
Mr Michael Eadie	Chief Financial Officer (CFO)	Ongoing, 1 month notice period	Annual base salary $210,000 plus superannuation reviewed annually by the Remuneration Committee. There is no termination benefit provided for under the contract of employment.

c) Remuneration structure

Fixed	Variable	
Fixed remuneration	**STI**	**LTI**
– Base salary including superannuation and car parking; – Set with reference to market relativities, qualifications, skills, performance and experience; and – Set at moderate levels compared to listed company benchmarks.	– Annual cash payment; and – Eligibility for payment depends on the Company achieving its budgeted NPAT as well as achievement against individual objectives or Key Performance Indicators (KPIs). These include strategic KPIs aligned to milestones in the three-year Strategic Plan.	– The LTI is a pool of deferred vesting shares accrued if the three-year Strategic Plan target NPAT is exceeded in a given year, subject to operation of a clawback mechanism.

The performance-based STI and LTI components are described in more detail below.

i) STI structure

The KPIs required to be achieved to be eligible for an STI award are annual operational and financial targets set before the start of each year. Targets are set at levels to achieve shorter-term financial and operational objectives and are aligned with the Company's longer-term strategic goals.

The following table outlines the major features of the 2015 STI plan:

Features	Description
Funding of STI pool	The STI pool is funded if: – The Company achieves its budgeted NPBT before funding the STI; and – The Company complies with its banking covenants.
Minimum criteria required to be achieved before any payments are made	If the STI pool is funded, the proportion of each individual's targeted STI which is paid depends on: – Satisfactory performance against individual KPIs; and – Satisfactory performance against individual job accountabilities.
Maximum STI that can be earned	The maximum amount varies and the range is between 61 per cent and 100 per cent of the base salary. The amount is set at the start of the year by the Remuneration Committee and is approved by the Board.
KPIs	Individual KPIs are set annually; and – Subject to funding of the STI pool, the maximum STI is eligible to be paid when satisfactory performance against KPIs is achieved.
Role accountabilities	Individual performance against role accountabilities is also assessed; and – Subject to funding of the STI pool and achievement of KPIs, the maximum STI is eligible to be paid when satisfactory performance against role accountabilities is achieved.
Performance period	1 July 2014 to 30 June 2015
Approval	Post completion of the annual financial statement audit and performance review process the proportion of the targeted STI payable to each executive will be determined by the Remuneration Committee and approved by the Board in September 2015.
Payment timing	September 2015
Form of payment	Cash
Terminating executives	There is no mandatory STI entitlement where an executive's employment terminates prior to the payment date for the STI.

Performance of the Company against the 2015 STI NPAT hurdle is summarised as follows:

	Budget $'000	Actual $'000	Change %
NPAT	$37,846	$38,411	1%

The STI hurdle of a budgeted NPAT for 2015 of $37.8 million represented a 9 per cent increase on the NPAT achieved in 2014 of $34.8 million. The budget was exceeded by a further 1 per cent for an actual year-on-year growth in NPAT of 10 per cent.

As financial performance exceeded budget and banking covenants were complied with during 2015, the STI in respect of the 2015 year is eligible to be funded.

The remuneration report discloses the maximum STIs payable in respect of 2015. The actual STI payable to each executive will be a maximum of this amount and can reduce subject to the performance review process to occur in the first quarter of 2016. Each executive will be assessed on their individual performance against their KPIs and role accountabilities.

CEO'S KPIs

A summary of the CEO's KPIs for 2015 is as follows:

KPIs	Weighting
Company NPAT	30%
PDL acquisition targets	20%
Consumer Lending; business size and profitability metrics	25%
US debt buying operational capacity, client growth, productivity and compliance	15%
Progress of other strategic expansion initiatives	10%

The 2014 STI was paid during the 2015 financial year. No 2014 STIs were forfeited.

ii) LTI structure

The LTI aligns the interests of shareholders and executives by remunerating the achievement of long-term sustained earnings growth. The current Strategic Plan is for the period 2013 to 2015. A summary of the LTI structure is as follows:

- No LTI pool is created unless a Compound Annual Growth Rate (CAGR) in earnings of 11 per cent is achieved;
- In any individual year, after funding the initial $1 million of out-performance, 25 per cent of further out-performance accrues to the pool over three years to a maximum of $7.5 million;
- Payment is in the form of deferred vesting shares. Vesting occurs over a three-year period and is subject to the operation of a clawback mechanism; and
- Under-performance to the targeted earnings is clawed back against all unvested shares in the LTI pool. The clawback mechanism means that the performance period of the LTI is the entire three-year period of the Strategic Plan.

The detailed features of the LTI are listed below:

Features	Description
Minimum criteria required to be achieved before any payments are made	– Company NPAT needs to exceed the Strategic Plan target in a given year. This is subject to the clawback provision described below; – A minimum return on equity (ROE) of 15 per cent must be achieved; and – Satisfactory performance by an executive against their job accountabilities as assessed in the annual performance review process described in the STI section above.
Maximum LTI that can be earned	– The maximum LTI pool that can be created is $2.5 million per year on a cumulative basis such that the total cap over the 3 years is $7.5 million.
Calculation of LTI pool	– The first $1 million of any out-performance above the Strategic Plan hurdle expressed as Pre-LTI accrual Net Profit Before Tax (PLNPBT) in a given year accrues to the LTI pool. 25 per cent of subsequent out-performance accrues to the LTI pool. This is subject to the clawback provision described below.
Form of payment	– Once any funding of the LTI is approved by the Remuneration Committee and the Board in the September following each year-end, the LTI pool is converted into deferred vesting shares.
Dividends	– Dividends are payable on unvested shares subject to continued participation by executives in the LTI.

Features	Description
Allocation of LTI pool	– The proportionate LTI pool allocation to individual executives is determined at the start of each year by the Remuneration Committee and approved by the Board. Allocations reflect the degree of 'line of sight' of the role in the achievement of Company earnings and strategic objectives; and – The 2015 pool allocations to the senior executives as set by the Remuneration Committee at the start of the year are: – CEO 40 per cent – COO 22 per cent – CFO 11 per cent – The remaining 27 per cent of the pool is allocated to 7 other executives not considered KMP.
Clawback provision	– Under-performance in any year is clawed back on a dollar-for-dollar basis against any unvested LTI pool created in an earlier year or years. In addition, any under-performance against the benchmark PLNPBT in earlier years is carried forward and is deducted from any subsequent out-performance prior to the accrual of any LTI pool.
Vesting of shares	– The LTI pool created in each year vests evenly over a three-year period. For example, the 2015 LTI pool will vest with the following timing: – September 2015, 1/3 – September 2016, 1/3 – September 2017, 1/3
Performance period	– Assessed annually over a three-year period: – Year ended 30 June 2013 – Year ended 30 June 2014 – Year ended 30 June 2015
Terminating executives	– There is no mandatory LTI entitlement where an executive's employment terminates prior to the vesting date of an LTI benefit.

The PLNPBT benchmark established by the three-year Strategic Plan in respect of the 2015 financial year was $51.5 million, which represented NPAT of $36.0 million.

Over the three years of the LTI, the benchmark earnings each year represent a compound average growth rate (CAGR) of 11 per cent in NPAT. This level of earnings growth needed to be exceeded for an LTI pool to be created.

It is the view of the Remuneration Committee and the Board that an LTI hurdle based on exceeding a CAGR in NPAT of 11 per cent over a three-year period is a challenging objective for executives due to:

1) Constraints on the ability to grow the core Australian debt buying business of the Company.
   - The Company has the largest market share in its core business of domestic purchasing and collecting past due unsecured consumer receivables. Competition has intensified with recent equity raisings and favourable debt refinancings by competitors, increasing the capital available to the sector and resulting in higher prices and lower returns.
   - There is no structural growth in the supply of PDLs as a result of no real growth in unsecured consumer credit levels in Australia and static levels of delinquency over recent years.
   - A concentrated banking system results in only a few significant sellers of debt, which means that market share cannot be entrenched and competition between sellers is strongly promoted.
2) The need to continue to invest in new strategic initiatives to drive growth, given the constrained prospects for growth in the core business.
   - The two main strategic growth initiatives the Company has pursued in recent years are the development of a domestic consumer lending business focussed on providing lending products for credit-impaired consumers and geographic diversification with the development of a US debt buying and collection business. The US debt buying and collection business has recorded losses to date, however the consumer lending business has recorded a modest inaugural profit in the 2015 year.

The Remuneration Committee and the Board consider that the 15 per cent ROE hurdle and the LTI pool cap of $2.5 million per annum under the 2013 to 2015 LTI is appropriate. Management is tasked to maximise earnings growth subject to achievement of this rate of return and the conservative risk appetite and financial structure set by the Board.

The calculation of the LTI pool eligible to be funded in respect of the 2015 year is summarised below:

	Benchmark	Actual	Variance	LTI pool created
	$'000	$'000	$'000	$'000
NPAT	$36,024	$38,411		
PLNPBT	$51,500	$58,428	$6,928	
First $1 million of out-performance accrues to the LTI pool				$1,000
Out-performance over $1 million accrues 25 per cent to the LTI pool [25 per cent x ($6.93 million – $1 million)]				$1,482
Total				**$2,482**

The LTI pool of $2.48 million will be converted into deferred vesting shares in September 2015 subject to the approval of the Remuneration Committee and the Board. These shares will vest one-third in each of the 2016, 2017 and 2018 financial years, subject to ongoing tenure as a Company executive and continued performance.

There was an LTI program in place in respect of the 2009 to 2012 financial years, the details of which were previously disclosed. The final payments under this program in the form of cash and shares were paid and vested during the 2015 financial year.

The LTI program for 2016 and beyond is still under consideration by the Remuneration Committee and the Board. It is expected to be broadly consistent with the 2013 to 2015 LTI program.

Details of the vesting profile of the LTI awarded as remuneration to the three senior executives are:

LTI accrual in respect of the 2014 and 2015 financial years

	Proportion vesting during the 2016 financial year[A]				Proportion vesting in future financial years[A]			Current allocation (% of pool)	Minimum value	Maximum value
Year accrued	2013	2014	2015	$	2014	2015	$	%	$	$
Senior executives										
Mr Thomas Beregi	1/3	1/3	1/3	992,175	1/3	2/3	996,093	40.1%	–	1,988,268
Mr Matthew Angell	1/3	1/3	1/3	551,208	1/3	2/3	553,385	22.3%	–	1,104,593
Mr Michael Eadie	1/3	1/3	1/3	262,962	1/3	2/3	264,000	10.6%	–	526,962

A) The deferred vesting shares will vest equally in each of 2016, 2017 and 2018 financial years, subject to ongoing tenure as a Company executive and continued performance.

d) Remuneration outcomes

The Board believes the Company's remuneration structure, in particular the STI and LTI, have continued to ensure a significant proportion of remuneration is only payable as a result of the achievement of sustained earnings growth.

Details of the Company's performance, share price and dividends over the past five years are summarised in the table below:

	2015	2014	2013	2012	2011
Earnings					
Total revenue ($m)	**191,049**	173,998	142,577	124,590	113,636
NPAT ($m)	**38,411**	34,765	31,986	26,578	21,024
Change in NPAT (%)[A]	**10%**	16%	12%	26%	55%
5 year NPAT CAGR	**23%**				
Shareholder value					
Share price at the end of the year ($)	**12.17**	8.70	9.40	5.79	4.75
Change in share price ($)	**3.47**	(0.70)	3.61	1.04	2.08
Total dividends paid / declared per share (cents)	**44**	40	37	29	20
Return on equity	**23%**	23%	24%	23%	22%

A) Change in NPAT (%) refers to the movement in underlying NPAT.

D) DIRECTOR REMUNERATION

a) Remuneration Policy

The Company's Director Remuneration Policy is to provide fair remuneration that is sufficient to attract and retain directors with the experience, knowledge and skills to ensure the long-term success of the Company. Fees for directors are fixed and are not linked to the performance of the Company. This is to ensure the independence of the directors.

Remuneration levels of comparable companies are reviewed annually for benchmarking purposes and allowance is made for various factors including demands on time, the level of commitment required and any special responsibilities. An annual aggregate cap of $0.9 million was approved by the shareholders at the 2012 Annual General Meeting of the Company.

b) Contract details

The remuneration structure is set out below:

	2015 $	2014 $
Chairman	**190,000**	190,000
Director and Committee Chairman	**105,000**	105,000
Director and Committee member	**95,000**	95,000
Director	**85,000**	85,000

The above remuneration does not include the 9.5 per cent (2014: 9.25 per cent) statutory superannuation entitlement.

E) REMUNERATION TABLES AND DATA

The remuneration for each KMP of the Company during the year was:

		Short-term benefits				Post-employment benefits	Long-term benefits	Share-based payment			
		Salary and fees	Short-term incentive [A]	Non-monetary benefits	Total	Super-annuation	Long-term incentive [B]	Options	Total	Proportion of remuneration performance related	Value of options as proportion of remuneration
		$	$	$	$	$	$	$	$	%	%
Directors											
Mr Donald McLay											
Non-Executive Director	**2015**	**190,000**	**–**	**16,892**	**206,892**	**18,050**	**–**	**–**	**224,942**	**–**	**–**
Chairman	2014	190,000	–	14,294	204,294	17,575	–	–	221,869	–	–
Mr Simon Calleia											
Non-Executive Director	**2015**	**105,000**	**–**	**–**	**105,000**	**9,975**	**–**	**–**	**114,975**	**–**	**–**
	2014	105,000	–	–	105,000	9,713	–	–	114,713	–	–
Mr Eric Dodd											
Non-Executive Director	**2015**	**95,000**	**–**	**–**	**95,000**	**9,025**	**–**	**–**	**104,025**	**–**	**–**
	2014	95,000	–	–	95,000	8,788	–	–	103,788	–	–
Ms Leslie Martin											
Non-Executive Director (appointed	**2015**	**91,115**	**–**	**–**	**91,115**	**8,656**	**–**	**–**	**99,771**	**–**	**–**
20 March 2014)	2014	23,538	–	–	23,538	2,177	–	–	25,715	–	–
Mr Robert Shaw											
Non-Executive Director	**2015**	**105,000**	**–**	**–**	**105,000**	**9,975**	**–**	**–**	**114,975**	**–**	**–**
	2014	105,000	–	–	105,000	9,713	–	–	114,713	–	–
Mr Richard Thomas											
Non-Executive Director	**2015**	**95,000**	**–**	**–**	**95,000**	**9,025**	**–**	**–**	**104,025**	**–**	**–**
	2014	95,000	–	–	95,000	8,788	–	–	103,788	–	–

		Short-term benefits				Post-employment benefits	Long-term benefits	Share-based payment			
		Salary and fees	Short-term incentive [A]	Non-monetary benefits	Total	Super-annuation	Long-term incentive [B]	Options	Total	Proportion of remuneration performance related	Value of options as proportion of remuneration
		$	$	$	$	$	$	$	$	%	%
Senior executives											
Mr Thomas Beregi											
Chief Executive Officer	**2015**	**463,025**	**490,500**	**16,892**	**970,417**	**29,725**	**995,451**	**–**	**1,995,593**	**74**	**–**
Company Secretary	2014	468,325	490,500	14,294	973,119	23,300	997,379	–	1,993,798	75	–
Mr Matthew Angell											
Chief Operating Officer	**2015**	**250,000**	**272,500**	**16,892**	**539,392**	**23,750**	**553,028**	**–**	**1,116,170**	**74**	**–**
	2014	250,000	272,500	14,294	536,794	23,125	554,099	–	1,114,018	74	–
Mr Michael Eadie											
Chief Financial Officer	**2015**	**210,000**	**130,000**	**16,892**	**356,892**	**19,950**	**263,830**	**–**	**640,672**	**61**	**–**
Company Secretary	2014	210,000	100,000	14,294	324,294	19,425	264,341	–	608,060	60	–
Total remuneration	**2015**	**1,604,140**	**893,000**	**67,568**	**2,564,708**	**138,131**	**1,812,309**	**–**	**4,515,148**	**60**	**–**
	2014	1,541,863	863,000	57,176	2,462,039	122,604	1,815,819	–	4,400,462	61	–

A) The STI is disclosed on an accrual basis and has been accrued at 100 per cent of the maximum potential payment. Individual performance reviews will be conducted after the finalisation of the 2015 audited consolidated financial statements.

B) The LTI is disclosed on an accrual basis. It is payable in the form of deferred vesting shares.

The relative proportions of the elements of remuneration of KMP that are linked to performance:

	Fixed remuneration		Remuneration linked to performance	
	2015	2014	2015	2014
Directors				
Mr Donald McLay	**100%**	100%	**–**	–
Mr Simon Calleia	**100%**	100%	**–**	–
Mr Eric Dodd	**100%**	100%	**–**	–
Ms Leslie Martin	**100%**	100%	**–**	–
Mr Robert Shaw	**100%**	100%	**–**	–
Mr Richard Thomas	**100%**	100%	**–**	–
Senior executives				
Mr Thomas Beregi	**26%**	25%	**74%**	75%
Mr Matthew Angell	**26%**	26%	**74%**	74%
Mr Michael Eadie	**39%**	40%	**61%**	60%

F) KMP EQUITY HOLDINGS

a) Fully paid ordinary shares of Credit Corp Group Limited

The movements during 2015 in the number of ordinary shares in Credit Corp Group Limited held directly, indirectly or beneficially by each KMP, including their related parties are:

	Opening balance at 1 July 2014	Received on exercise of options	Changes during the year A	Closing balance at 30 June 2015
	Number	Number	Number	Number
Directors				
Mr Donald McLay	**2,207,308**	**–**	**(499,000)**	**1,708,308**
Mr Simon Calleia	**612,152**	**–**	**–**	**612,152**
Mr Eric Dodd	**5,000**	**–**	**–**	**5,000**
Ms Leslie Martin	**–**	**–**	**5,000**	**5,000**
Mr Robert Shaw	**5,000**	**–**	**–**	**5,000**
Mr Richard Thomas	**9,984**	**–**	**–**	**9,984**
	2,839,444	**–**	**(494,000)**	**2,345,444**
Senior executives				
Mr Thomas Beregi	**214,898**	**–**	**(44,790)**	**170,108**
Mr Matthew Angell	**10,000**	**–**	**(10,000)**	**–**
Mr Michael Eadie	**27,683**	**–**	**30,160**	**57,843**
	252,581	**–**	**(24,630)**	**227,951**
Total	**3,092,025**	**–**	**(518,630)**	**2,573,395**

A) Other changes include shares granted via participation in the Deferred Employee Share Plan (DESP) and LTI plan, and shares purchased or sold directly on the ASX.

b) Options and rights over equity instruments

No options were granted to KMP or the five highest paid officers as part of their remuneration during or since the end of the 2015 financial year.

No options were outstanding at the date of this report.

Signed in accordance with a resolution of the Board of Directors.

Donald McLay
Chairman

Robert Shaw
Director

Date: 4 August 2015

HALL CHADWICK (NSW)
Chartered Accountants and Business Advisers

SYDNEY

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Australia

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CREDIT CORP GROUP LIMITED
ABN 33 092 697 151
AND CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF CREDIT CORP GROUP LIMITED
AND CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015 there have been no contraventions of:

i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
ii. any applicable code of professional conduct in relation to the audit.

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

David Kenney
Partner

Date: 4 August 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2015

	Note	2015 $'000	2014 $'000
Revenue	2	**191,049**	173,998
Finance costs		**(1,332)**	(1,548)
Employee benefits expense		**(80,784)**	(75,313)
Depreciation and amortisation expense		**(947)**	(730)
Office facility expenses		**(12,758)**	(12,395)
Collection expenses		**(10,679)**	(9,949)
Consumer loan loss provision expense		**(15,931)**	(14,480)
Marketing expenses		**(9,243)**	(3,195)
Other expenses		**(4,261)**	(6,649)
Profit before income tax expense		**55,114**	49,739
Income tax expense	3	**(16,703)**	(14,974)
Profit for the year		**38,411**	34,765
Earnings per share for profit attributable to owners of the Company			
Basic earnings per share (cents per share)	4	**83.0**	75.4
Diluted earnings per share (cents per share)	4	**83.0**	75.4

The above financial statements should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2015

	Note	2015 $'000	2014 $'000
Profit for the year		**38,411**	34,765
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Changes in the fair value of cash flow hedge	3	**–**	24
Income tax effect		**–**	–
Other comprehensive income for the year, net of income tax	3	**–**	24
Total comprehensive income for the year		**38,411**	34,789
Total comprehensive income attributable to owners of the Company		**38,411**	34,789

The above financial statements should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Note	2015 $'000	2014 $'000
Current assets			
Cash and cash equivalents	7	**6,301**	2,782
Trade and other receivables	8	**1,537**	1,454
Consumer loans receivables	9	**39,164**	20,107
Purchased debt ledgers	10	**65,720**	51,063
Other assets	11	**1,610**	1,475
Total current assets		**114,332**	76,881
Non-current assets			
Consumer loans receivables	9	**40,183**	26,374
Purchased debt ledgers	10	**99,207**	106,169
Property, plant and equipment	12	**1,874**	1,997
Deferred tax assets	13	**17,603**	14,297
Intangible assets	14	**800**	800
Total non-current assets		**159,667**	149,637
Total assets		**273,999**	226,518
Current liabilities			
Trade and other payables	15	**12,753**	9,953
Payables under contract of sale	15	**5,303**	2,168
Current tax liabilities	13	**1,743**	8,211
Provisions	16	**3,701**	3,007
Total current liabilities		**23,500**	23,339
Non-current liabilities			
Borrowings	17	**64,850**	38,497
Provisions	16	**5,539**	5,127
Total non-current liabilities		**70,389**	43,624
Total liabilities		**93,889**	66,963
Net assets		**180,110**	159,555
Equity			
Issued capital	19	**48,697**	47,109
Retained earnings		**131,413**	112,446
Total equity		**180,110**	159,555

The above financial statements should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

	Note	Issued capital $'000	Hedging reserve $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2014		**47,109**	**–**	**112,446**	**159,555**
Total comprehensive income for the year					
Profit for the year		**–**	**–**	**38,411**	**38,411**
Other comprehensive income					
Change in fair value of cash flow hedge, net of tax	3	**–**	**–**	**–**	**–**
Total comprehensive income for the year		**–**	**–**	**38,411**	**38,411**
Transactions with owners in their capacity as owners					
Shares issued net of transaction costs	19, 30B	**1,588**	**–**	**–**	**1,588**
Dividends paid or provided for	5	**–**	**–**	**(19,444)**	**(19,444)**
Transactions with owners in their capacity as owners		**1,588**	**–**	**(19,444)**	**(17,856)**
Balance at 30 June 2015		**48,697**	**–**	**131,413**	**180,110**
Balance at 1 July 2013		45,068	(24)	94,748	139,792
Total comprehensive income for the year					
Profit for the year		–	–	34,765	34,765
Other comprehensive income					
Change in fair value of cash flow hedge, net of tax	3	–	24	–	24
Total comprehensive income for the year		–	24	34,765	34,789
Transactions with owners in their capacity as owners					
Shares issued net of transaction costs	19, 30B	2,041	–	–	2,041
Dividends paid or provided for	5	–	–	(17,067)	(17,067)
Transactions with owners in their capacity as owners		2,041	–	(17,067)	(15,026)
Balance at 30 June 2014		47,109	–	112,446	159,555

The above financial statements should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2015

	Note	2015 $'000	2014 $'000
Cash flows from operating activities			
Receipts from customers and debtors		**326,290**	310,465
Payments to suppliers and employees		**(109,448)**	(108,501)
Interest received on bank deposits		**97**	81
Interest paid		**(1,332)**	(1,548)
Income tax paid		**(26,475)**	(16,164)
Cash flows from operating activities before changes in operating assets		**189,132**	184,333
Changes in operating assets arising from cash flow movements			
Net funding of consumer loans		**(51,063)**	(49,130)
Acquisition of purchased debt ledgers		**(139,446)**	(146,616)
Changes in operating assets arising from cash flow movements		**(190,509)**	(195,746)
Net cash (outflow) from operating activities	18	**(1,377)**	(11,413)
Cash flows from investing activities			
Acquisition of plant and equipment		**(864)**	(1,556)
Proceeds from sale of plant and equipment		**38**	–
Net cash (outflow) from investing activities		**(826)**	(1,556)
Cash flows from financing activities			
Proceeds from borrowings		**57,125**	49,578
Repayment of borrowings		**(31,959)**	(21,390)
Dividends paid	5	**(19,444)**	(17,067)
Net cash inflow from financing activities		**5,722**	11,121
Net increase / (decrease) in cash and cash equivalents		**3,519**	(1,848)
Cash and cash equivalents at 1 July		**2,782**	4,630
Cash and cash equivalents at 30 June	7	**6,301**	2,782

The above financial statements should be read in conjunction with the accompanying notes.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Reporting entity

These financial statements include the consolidated financial statements and notes of Credit Corp Group Limited and subsidiaries (the Consolidated Group).

Credit Corp Group Limited is incorporated in Australia. The address of its registered office and principal places of business are disclosed in Note 34: Company details.

The Consolidated Group is a for-profit entity and is primarily involved in operations within Debt Ledger Purchasing, Mercantile Collections and Consumer Lending.

The parent entity, Credit Corp Group Limited, has not prepared separate financial statements in this financial report as permitted by the *Corporations Act 2001*. The financial information for the parent entity is disclosed in Note 33 of the financial statements.

B) Basis of preparation

a) Statement of compliance

The consolidated financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors on 4 August 2015.

b) Basis of measurement

The consolidated financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Consolidated Group's functional currency.

d) Rounding of amounts

The Consolidated Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

e) Use of estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Consolidated Group.

Key estimates

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

i) Impairment of goodwill

The Consolidated Group performs an impairment test at least semi-annually in accordance with Significant Accounting Policy C(f)(ii). These calculations involve an estimation of the recoverable amount of the cash-generating units to which goodwill is allocated, incorporating a number of key estimates. Refer to Note 14 for more details.

ii) PDLs

PDLs are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, PDLs are measured at amortised cost using the effective interest method, less any impairment losses. Estimated remaining collections from PDLs are reforecast every six months and used in applying the effective interest method. Refer to Note 10 for more details.

iii) Provisions

The Consolidated Group utilises estimates of the probable outflow of economic benefits based on contractual or expected legal obligations as a result of past events in recognising restructuring and employee benefit provisions. Loan provisions are based on estimated life of loan loss rates derived from a static pool analysis of the performance of loan products. These estimates are updated at each reporting date. Refer to Note 8 and Note 16 for more details.

C) Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Consolidated Group.

a) Basis of consolidation

The Consolidated Group has control over a subsidiary when the Consolidated Group is exposed to, or has a right to, variable returns from its involvement with a subsidiary, and has the ability to use its power to affect those returns. Subsidiaries are consolidated from the date on which control is transferred to the Consolidated Group and are deconsolidated from the date that control ceases.

All inter-company balances and transactions, including unrealised income and expenses arising from intra-company transactions, are eliminated in preparing the consolidated financial statements.

A list of subsidiaries is contained in Note 22 to the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses, which results in consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination is accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain exceptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is re-measured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in recognition of goodwill or a gain from a bargain purchase.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in the profit or loss statement.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is re-measured each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the profit or loss statement.

c) Segment reporting

An operating segment is a component of the Consolidated Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions within the Consolidated Group. All operating segments and operating results are reviewed regularly by the Consolidated Group's CEO to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire tangible assets.

d) Foreign currency transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the profit or loss statement.

e) Property, plant and equipment

i) Property

Freehold land is currently measured at cost, less any recognised impairment loss. It is not depreciated.

ii) Plant and equipment

Plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Consolidated Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss statement during the financial period in which they are incurred.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

iii) Depreciation

The depreciable amount of all fixed assets, excluding freehold land, is recognised in the profit or loss statement and depreciated on a straight-line basis over the assets' estimated useful lives to the Consolidated Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of the lease terms and their estimated useful lives unless it is reasonably certain that the Consolidated Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

Class of fixed asset	Years
Leasehold improvements	period of the lease
Plant and equipment	2 to 5 years
Computer software	2.5 to 4 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

iv) Impairment

At each balance date, the Consolidated Group reviews the carrying values of its property, plant and equipment to determine whether there is any indication that those assets have been impaired. If any such indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss statement.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit or loss statement.

f) Intangible assets

i) Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities at date of acquisition.

Goodwill is calculated as the excess of the fair value of net identifiable assets at acquisition date over the sum of:

- The consideration transferred;
- Any non-controlling interest; and
- The acquisition date fair value of any previously held equity interest.

Goodwill is measured at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

ii) Impairment

Impairment testing is performed semi-annually for goodwill and intangible assets with indefinite lives. The recoverable amount is re-measured in each impairment test and any impairment loss is recognised when the carrying amount of an asset, or its cash-generating unit (CGU), exceeds its recoverable amount. Impairment losses are recognised in the profit or loss statement.

The recoverable amount of an asset or CGU is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash flows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in the profit or loss statement. Losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or group of CGUs), and then to reduce the carrying amount of the other assets in the CGU (or group of CGUs) on a pro rata basis. An impairment loss in respect of goodwill is not reversed.

g) Financial assets and liabilities

i) Non-derivative financial assets

Non-derivative financial assets mainly comprise cash and cash equivalents, trade and other receivables, consumer loans receivables and PDLs.

Such assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method, less impairment or expected loan losses.

Impairment

The Consolidated Group assesses the financial assets on a regular basis and ensures no financial assets are impaired or losses are incurred.

Impairment losses are reported in the profit or loss statement. When a subsequent change in estimated future cash flows causes the amount of impairment loss to reverse, the reversal in impairment loss is taken through the profit or loss statement to the extent of the initial impairment loss.

1) PDLs

All PDLs with similar credit risk characteristics are grouped and are collectively assessed for impairment. At 30 June 2015, no individually significant PDLs were impaired.

2) Consumer loans receivables

Impairment on consumer loans receivables are recognised based on an expected credit loss model. A lifetime expected loan loss provision is taken up at the time of loan settlement reflecting the nature of the credit risk.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ii) Non-derivative financial liabilities

Financial liabilities mainly comprise loans and borrowings. Such liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are recognised at amortised cost, comprising the original debt less principal payments and amortisation.

iii) Derivative financial instruments

The Consolidated Group designates certain derivatives as hedges of highly probable forecast transactions that could affect the profit or loss statement (cash flow hedge).

At the inception of the transaction, the relationship between hedging instruments and hedged items, as well as the Consolidated Group's risk management objective and strategy for undertaking various hedge transactions, is documented.

The Consolidated Group makes a documented assessment, both at the inception of the hedge relationship and on an ongoing basis, as to whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to hedged risk, and whether the actual results of each hedge are within a range of 80 to 125 per cent.

Derivatives are recognised initially at fair value and any attributable transaction costs are recognised in the profit or loss statement as incurred. Subsequent to initial recognition, derivatives are measured at fair value, which represents the estimated amount that the Consolidated Group would pay or receive to terminate the derivative financial instruments at the balance date, taking into account current interest rates.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in a hedging reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss statement.

Amounts accumulated in the hedge reserve in equity are reclassified to the profit or loss statement in the periods when the hedged item affects profit or loss. The gain or loss relating to the ineffective portion of interest rate swaps and options that hedge variable rate borrowings is recognised in the profit or loss statement within finance costs.

iv) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

h) Cash and cash equivalents

Cash and cash equivalents comprise bank deposits with maturities of less than three months and cash on hand that are subject to an insignificant risk of change in their fair value, and are used by the Consolidated Group in the management of its short-term commitments.

i) Borrowing costs

All borrowing costs are recognised in the profit or loss statement in the period in which they are incurred.

j) Employee benefits

i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave expected to be settled wholly within 12 months of the end of the period in which the employees render the related service, are recognised in respect of employees' services up to the end of the reporting period. These are measured at the amounts expected to be paid when the liabilities are settled, plus on-costs. The liability for accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

ii) Long-term obligations

The liability for long service leave and annual leave, which is not expected to be settled wholly within 12 months of the end of the period in which the employees render the related service, is recognised in the provision for employee benefits and measured at the present value of the expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Expected future payments are discounted using market yields on high quality corporate bonds at the end of the reporting period with terms to maturity and currency that match, as closely as possible, the estimated future payments.

k) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Consolidated Group are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are charged to profit or loss on a straight-line basis over the period of the leases.

l) Provisions

A provision is recognised if, as a result of a past event, the Consolidated Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

m) Revenue

The major components of revenue are recognised as follows:

Interest revenue from PDLs

Revenue from PDLs represents the component designated as interest income through the application of the effective interest method.

Interest and fee income from consumer lending

Interest income is recognised when payments are received and fees are recognised as income over the life of the loan.

n) Finance costs

Finance costs mainly comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the profit or loss statement using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o) Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in the profit or loss, except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

i) Current tax

Current tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities are therefore measured at the amounts expected to be paid to the relevant taxation authority.

ii) Deferred tax

Deferred tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year.

Deferred tax is on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax is recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the assets are realised or the liabilities are settled, based on tax rates enacted or substantively enacted at balance date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related assets or liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current and deferred tax expense is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

p) Tax consolidation

Credit Corp Group Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation legislation. The head entity, Credit Corp Group Limited, and its subsidiaries in the tax consolidated group account for their own current and deferred tax accounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

The Consolidated Group has entered a tax funding arrangement whereby each company in the Consolidated Group contributes to the income tax payable in proportion to their contribution to the Company's taxable income. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement is recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

q) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities that are recoverable from, or payable to, the ATO are presented as operating cash flows.

r) Earnings per share (EPS)

The Consolidated Group presents basic and diluted earnings per share data for its ordinary shares.

i) Basic EPS

Basic EPS is calculated by dividing the net profit attributable to equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

ii) Diluted EPS

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

s) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2015 reporting period. The Consolidated Group's assessment of the impact of these new standards and interpretations is set out below:

AASB 15: Revenue from contracts with customers

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of goods or services transfer to a customer – so the notion of control replaces the existing notion of risks and rewards.

This standard is effective for reporting periods commencing on or after 1 January 2017. A detailed review of the impact of AASB 15 on the Consolidated Group has yet to undertaken but it is unlikely to have a material impact on the financial statements.

	2015 $'000	2014 $'000
NOTE 2: REVENUE		
Interest revenue from purchased debt ledgers	**152,465**	151,864
Interest and fee income from consumer lending	**35,862**	19,104
Other interest received	**97**	81
Other income	**2,625**	2,949
Total	**191,049**	173,998

NOTE 3: INCOME TAX EXPENSE

The major components of income tax expense in the consolidated profit or loss statement at the end of the year are as follows:

A) Income tax expense

	2015 $'000	2014 $'000
Current tax	**(19,937)**	(18,503)
Deferred tax	**3,306**	3,527
(Underprovision) / overprovision in respect of prior years	**(72)**	2
Total	**(16,703)**	(14,974)

	Before tax $'000	Tax (expense) / benefit $'000	Net of tax $'000
B) Income tax recognised in other comprehensive income			
Year ended 30 June 2015			
Cash flow hedge	**–**	**–**	**–**
Year ended 30 June 2014			
Cash flow hedge	24	–	24

	2015 $'000	2014 $'000
C) NUMERICAL RECONCILIATION BETWEEN TAX EXPENSE AND PRE-TAX ACCOUNTING PROFIT		
Profit for the year	**55,114**	49,739
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2014: 30%)	**(16,534)**	(14,922)
Tax effect of amounts that are not deductible (taxable) in calculating taxable income:		
Other non-deductible items	**(97)**	(54)
	(16,631)	(14,976)
(Underprovision) / overprovision in respect of prior years	**(72)**	2
Income tax expense	**(16,703)**	(14,974)
The applicable weighted average effective tax rates are:	**30%**	30%

NOTE 4: EARNINGS PER SHARE

A) Basic EPS

The calculation of basic EPS at 30 June 2015 was based on the profit attributable to ordinary shareholders of $38.41 million (2014: $34.77 million) and a weighted average number of ordinary shares outstanding of 46.26 million (2014: 46.09 million), calculated as follows:

	2015 $'000	2014 $'000
(a) Profit attributable to ordinary shareholders (basic)		
Profit for the year	**38,411**	34,765

	2015 Number '000	2014 Number '000
(b) Weighted average number of ordinary shares (basic)		
Issued ordinary shares at 1 July	**46,132**	45,933
Effect of shares issued in September 2014	**128**	–
Effect of shares issued in September 2013	**–**	154
Weighted average number of ordinary shares at 30 June (basic)	**46,260**	46,087

NOTE 4: EARNINGS PER SHARE (CONTINUED)

B) Diluted EPS

There were no share options (2014: nil) at the balance date, hence the basic and diluted EPS are equal.

NOTE 5: DIVIDENDS PAID AND PROPOSED

The following dividends were declared and paid by the Company:

	Cents per share $	Total $'000	Franked / unfranked	Date of payment
Year ended 30 June 2015				
Interim 2015 ordinary	**22.00**	**10,185**	**Franked**	**6 Mar 15**
Final 2014 ordinary	**20.00**	**9,259**	**Franked**	**3 Oct 14**
Total		**19,444**		
Year ended 30 June 2014				
Interim 2014 ordinary	20.00	9,226	Franked	21 Mar 14
Final 2013 ordinary	17.00	7,841	Franked	4 Oct 13
Total		17,067		

After 30 June 2015 the following dividends were proposed by the directors. The dividends have not been provided for and there are no income tax consequences.

	Cents per share $	Total $'000	Franked / unfranked	Date of payment
Final 2015 ordinary	22.00	10,185	Franked	30 Oct 15

	2015 $'000	2014 $'000
Franking account		
Balance of franking account at year-end adjusted for franking credits arising from payment of provision for income tax and franking debits arising from payment of dividends	**79,121**	67,446
Subsequent to year-end, the franking account would be reduced by the proposed dividend	**(4,365)**	(3,954)
Total	**74,756**	63,492

NOTE 6: AUDITOR'S REMUNERATION

	2015 $	2014 $
Audit services		
Audit and review of financial reports	**170,000**	166,430
Services other than statutory audit		
Other services		
Taxation compliance services	**8,250**	16,434
Other services	**7,700**	22,000
Total	**185,950**	204,864

NOTE 7: CASH AND CASH EQUIVALENTS

	2015 $'000	2014 $'000
Cash and cash equivalents	**6,301**	2,782

The Consolidated Group's exposure to interest rate risk and a sensitivity analysis of financial assets and liabilities are disclosed in Note 31: Financial risk management.

	2015 $'000	2014 $'000
NOTE 8: TRADE AND OTHER RECEIVABLES		
Current		
Trade receivables	**949**	1,044
Less: Provision for impairment	**(25)**	(42)
	924	1,002
Other receivables	**719**	538
Less: Provision for impairment	**(106)**	(86)
	613	452
Total	**1,537**	1,454

Provision for impairment

A provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. These amounts have been included in other expenses.

Movement in the provision for impairment		
Opening balance	**(128)**	(441)
Charge for the year	**(3)**	–
Provisions reversed during the year	**–**	313
Closing balance	**(131)**	(128)

The following table details the Consolidated Group's trade receivables exposed to credit risk with an ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the Consolidated Group and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtor and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Consolidated Group.

Trade receivables that remain within initial trade terms are considered to be of high credit quality. At the balance date trade receivables of $0.16 million (2014: $0.30 million) were outside initial trade terms but not impaired. It is expected these past due amounts will be received.

	Gross amount	Past due and impaired	Past due but not impaired				Within initial trade terms
			< 30	31 – 60	61 – 90	> 90	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 30 June 2015							
Trade receivables	**949**	**25**	**38**	**108**	**18**	**–**	**760**
Year ended 30 June 2014							
Trade receivables	1,085	42	259	37	–	–	747

The Consolidated Group does not hold any financial assets with terms that have been renegotiated that would otherwise have been past due or impaired.

	2015 $'000	2014 $'000
NOTE 9: CONSUMER LOANS RECEIVABLES		
Current		
Consumer loans receivables	**48,736**	27,282
Less: Provision for expected loan losses	**(9,572)**	(7,175)
	39,164	20,107
Non-current		
Consumer loans receivables	**50,886**	35,800
Less: Provision for expected loan losses	**(10,703)**	(9,426)
	40,183	26,374
Total	**79,347**	46,481
Provision for expected loan losses		
Movement in the provision for expected loan losses		
Opening balance	**(16,601)**	(2,006)
Net movement for the year	**(3,674)**	(14,595)
Closing balance	**(20,275)**	(16,601)

Provision for expected loan losses are recognised based on life of loan loss rates derived from static pool analysis of the performance of loan products. These estimates are updated on an ongoing basis.

NOTE 10: PURCHASED DEBT LEDGERS

	2015 $'000	2014 $'000
Current	**65,720**	51,063
Non-current	**99,207**	106,169
Total	**164,927**	157,232

PDLs are measured at amortised cost using the effective interest method in accordance with *AASB 9: Financial Instruments*.

The effective interest rate is the implicit interest rate based on forecast collections determined in the period of acquisition of an individual PDL and equates to the Internal Rate of Return (IRR) of the forecast cash flows without any consideration of collection costs.

NOTE 11: OTHER ASSETS

	2015 $'000	2014 $'000
Prepayments	**1,328**	856
Inventory	**282**	619
Total	**1,610**	1,475

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

	2015 $'000	2014 $'000
Freehold land		
Cost	**5**	5
Plant and equipment		
Cost	**3,144**	2,542
Less: Accumulated depreciation	**(1,632)**	(876)
	1,512	1,666
Computer software		
Cost	**788**	587
Less: Accumulated amortisation	**(483)**	(343)
	305	244
Leasehold improvements		
Cost	**203**	203
Less: Accumulated amortisation	**(151)**	(121)
	52	82
Total	**1,869**	1,992
Total property, plant and equipment	**1,874**	1,997

NOTE 12: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land	Plant & equipment	Computer software	Leasehold improvement	Total
	$'000	$'000	$'000	$'000	$'000
A) Cost or valuation					
Year ended 30 June 2015					
Opening balance	**5**	**2,542**	**587**	**203**	**3,337**
Additions	**–**	**663**	**201**	**–**	**864**
Disposals	**–**	**(61)**	**–**	**–**	**(61)**
Closing balance	**5**	**3,144**	**788**	**203**	**4,140**
Year ended 30 June 2014					
Opening balance	5	1,243	375	158	1,781
Additions	–	1,299	212	45	1,556
Closing balance	5	2,542	587	203	3,337
B) Accumulated depreciation or amortisation					
Year ended 30 June 2015					
Opening balance	**–**	**(876)**	**(343)**	**(121)**	**(1,340)**
Depreciation / amortisation for the year	**–**	**(777)**	**(140)**	**(30)**	**(947)**
Disposals	**–**	**21**	**–**	**–**	**21**
Closing balance	**–**	**(1,632)**	**(483)**	**(151)**	**(2,266)**
Year ended 30 June 2014					
Opening balance	–	(296)	(220)	(94)	(610)
Depreciation / amortisation for the year	–	(580)	(123)	(27)	(730)
Closing balance	–	(876)	(343)	(121)	(1,340)
C) Carrying amounts					
At 1 July 2014	**5**	**1,666**	**244**	**82**	**1,997**
At 30 June 2015	**5**	**1,512**	**305**	**52**	**1,874**
At 1 July 2013	5	947	155	64	1,171
At 30 June 2014	5	1,666	244	82	1,997

	2015 $'000	2014 $'000
NOTE 13: TAX ASSETS AND LIABILITIES		
Non-current assets		
Deferred tax assets	**17,603**	14,297
Current liabilities		
Tax liabilities	**1,743**	8,211

	Assets		Liabilities		Net	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Deferred tax assets and liabilities are attributable to:						
Provision for employee benefits	**2,090**	1,722	**–**	–	**2,090**	1,722
Provision for restructuring	**404**	404	**–**	–	**404**	404
Provision for onerous contract	**278**	314	**–**	–	**278**	314
Provision for impairment of trade receivables	**8**	13	**–**	–	**8**	13
Provision for expected loan losses	**6,083**	4,980	**–**	–	**6,083**	4,980
Accruals on wages and bonuses	**1,143**	1,389	**–**	–	**1,143**	1,389
Accrual on employee share plan	**664**	884	**–**	–	**664**	884
Difference between accounting and tax depreciations	**415**	562	**–**	–	**415**	562
Other accruals not tax deductible until expense incurred	**6,518**	4,029	**–**	–	**6,518**	4,029
Net tax assets	**17,603**	14,297	**–**	–	**17,603**	14,297

	Opening balance $'000	Recognised in profit or loss $'000	Recognised in other comprehensive income $'000	Closing balance $'000
Movement in temporary differences during the year				
Year ended 30 June 2015				
Provision for employee benefits	**1,722**	**368**	**–**	**2,090**
Provision for restructuring	**404**	**–**	**–**	**404**
Provision for onerous contract	**314**	**(36)**	**–**	**278**
Provision for impairment of trade receivables	**13**	**(5)**	**–**	**8**
Provision for expected loan losses	**4,980**	**1,103**	**–**	**6,083**
Accruals on wages and bonuses	**1,389**	**(246)**	**–**	**1,143**
Accrual on employee share plan	**884**	**(220)**	**–**	**664**
Difference between accounting and tax depreciations	**562**	**(147)**	**–**	**415**
Other accruals not tax deductible until expense incurred	**4,029**	**2,489**	**–**	**6,518**
Total	**14,297**	**3,306**	**–**	**17,603**
Year ended 30 June 2014				
Provision for employee benefits	2,348	(626)	–	1,722
Provision for restructuring	1,080	(676)	–	404
Provision for onerous contract	–	314	–	314
Provision for impairment of trade receivables	23	(10)	–	13
Provision for expected loan losses	1,483	3,497	–	4,980
Accruals on wages and bonuses	1,554	(165)	–	1,389
Accrual on employee share plan	827	57	–	884
Difference between accounting and tax depreciations	695	(133)	–	562
Other accruals not tax deductible until expense incurred	2,760	1,269	–	4,029
Total	10,770	3,527	–	14,297

NOTE 14: INTANGIBLE ASSETS

	2015 $'000	2014 $'000
Goodwill is allocated to the Consolidated Group's cash-generating unit (CGU) identified according to operating segment.		
Cost	**1,456**	1,456
Accumulated impairment losses	**(656)**	(656)
Net carrying value	**800**	800
A) Cost		
Opening balance	**1,456**	1,456
Closing balance	**1,456**	1,456
B) Impairment losses		
Opening balance	**(656)**	(656)
Closing balance	**(656)**	(656)
C) Carrying amounts		
Opening balance	**800**	800
Closing balance	**800**	800

D) Impairment testing for cash-generating unit containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Consolidated Group's operating unit, which represents the lowest level within the Consolidated Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amount of goodwill allocated to the operating unit is:

	2015 $'000	2014 $'000
Mercantile Collections	**800**	800

E) KEY ASSUMPTIONS USED IN DISCOUNTED CASH FLOW PROJECTION

The following assumptions were used in the value-in-use calculations:

	2015 %	2014 %
Growth rate	**nil**	nil
Discount rate	**10**	10

Management has based the value-in-use calculations on a five-year projection for the operating unit. The discount rate is pre-tax and is adjusted to incorporate risks associated with the particular operating unit.

NOTE 15: TRADE AND OTHER PAYABLES

	2015 $'000	2014 $'000
Current		
Unsecured liabilities		
Trade payables	**1,332**	1,011
Sundry payables and accrued expenses	**11,421**	8,942
	12,753	9,953
Payables under contract of sale	**5,303**	2,168
Total	**18,056**	12,121

The Consolidated Group's exposure to liquidity risk related to trade and other payables is disclosed in Note 31: Financial risk management.

NOTE 16: PROVISIONS

	2015 $'000	2014 $'000
Current		
Employee benefits	**3,392**	2,745
Onerous contract	**309**	262
	3,701	3,007
Non-current		
Restructuring costs	**1,346**	1,346
Employee benefits	**3,574**	2,995
Onerous contract	**619**	786
	5,539	5,127
Total	**9,240**	8,134

	Restructuring costs $'000	Employee benefits $'000	Onerous contract $'000	Total $'000
Year ended 30 June 2015				
Opening balance	**1,346**	**5,740**	**1,048**	**8,134**
Additional provisions	**–**	**5,909**	**(120)**	**5,789**
Amounts used	**–**	**(4,683)**	**–**	**(4,683)**
Closing balance	**1,346**	**6,966**	**928**	**9,240**

Nature of provisions

Provisions include costs anticipated to be incurred by the Consolidated Group upon vacating current leased premises, accrued annual and long service leave as well as LTI.

NOTE 17: BORROWINGS

	2015 $'000	2014 $'000
Non-current		
Secured liabilities		
Bank loan	**64,850**	38,497

		2015			2014		
	Expiry	Facility limit $'000	Fair value $'000	Carrying amount $'000	Facility limit $'000	Fair value $'000	Carrying amount $'000
Secured bank loan	1 July 2017	**75,000**	**64,850**	**64,850**	75,000	38,497	38,497

The total facility is secured by a fixed and floating charge over the assets of a number of entities in the Consolidated Group.

The Consolidated Group entered into a new bank loan facility on 26 June 2014 with a total facility limit of $75 million expiring on 1 July 2017. In the ordinary course of business, borrowings under the facility are not required to be repaid within the next 12 months.

The facility requires compliance with various undertakings which include the minimum Tangible Net Worth (TNW) and maximum Loan to Valuation Ratio (LVR) requirements. The minimum TNW undertaking is set as the greater of $138.8 million and 85 per cent of the TNW at the end of the preceding financial year. The maximum LVR is 60 per cent of the carrying value of PDLs in the consolidated accounts and 60 per cent of the carrying value of eligible consumer loans.

All undertakings under the bank loan facilities, including the TNW and LVR requirements, were complied with.

	Note	2015 $'000	2014 $'000
NOTE 18: CASH FLOW INFORMATION			
A) Reconciliation of cash flow from operations with profit after income tax			
Cash flows from operating activities			
Profit for the year:		**38,411**	34,765
– Foreign currency revaluation		**(4)**	82
– Net loss on disposal of plant and equipment		**2**	–
– Depreciation		**947**	730
– Income tax expense	3	**16,703**	14,974
– Equity-settled share-based payment		**1,588**	2,041
– (Increase) in purchased debt ledgers		**(6,506)**	(9,333)
– (Increase) in consumer loans receivables		**(32,866)**	(32,650)
– (Increase) in trade and other receivables		**(83)**	467
– (Increase) in other assets		**(135)**	(779)
– Increase / (decrease) in trade and other payables		**2,800**	(747)
– Increase / (decrease) in payables under contract of sale		**3,135**	(1,406)
– Increase / (decrease) in provisions		**1,106**	(3,393)
		25,098	4,751
Income taxes (paid)		**(26,475)**	(16,164)
Net cash from operating activities		**(1,377)**	(11,413)
B) Reconciliation of cash			
Cash and cash equivalents	7	**6,301**	2,782
NOTE 19: ISSUED CAPITAL			
46.30 million (2014: 46.13 million) fully paid ordinary shares		**48,697**	47,109
Issued capital			
Opening balance		**47,109**	45,068
Shares issued during the year:			
– DESP	30	**–**	302
– LTI	30	**1,588**	1,739
Total		**48,697**	47,109

The Consolidated Group does not have a fixed authorised capital or par value for its issued shares. All issued shares are fully paid. Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares on issue.

		2015 Number '000	2014 Number '000
Fully paid ordinary shares			
On issue at 1 July		**46,132**	45,933
Shares issued during the year			
– Employee share scheme	30	**165**	199
On issue at 30 June		**46,297**	46,132

The Consolidated Group issued 164,525 ordinary shares to the employee share trust in respect of the LTI plan in September 2014. The objectives of this form of remuneration are to encourage the retention of executives and ensure their interests are aligned with those of the shareholders in the creation of long-term shareholder value.

NOTE 19: ISSUED CAPITAL (CONTINUED)

Employee share scheme

A) DESP

Under the plan, eligible employees were granted up to $1,000 worth of fully paid ordinary shares in Credit Corp Group Limited for no cash consideration. The market value of shares issued under the plan is measured as the weighted average market price during the five-day trading period prior to the grant date.

The participants must remain employed by Credit Corp Group Limited or its related companies for a further 12 months from the grant date before the shares vest subject to 'good leaver' provisions.

The plan was not offered to employees during the 2015 financial year.

B) LTI

A three-year Strategic Plan in respect of the 2013 to 2015 years was approved during the 2012 financial year. A proportion of any cumulative financial performance in excess of planned NPAT each year was accrued subject to qualifications as a long-term incentive.

In September 2014, 164,525 (2014: 169,523) fully paid ordinary shares were issued to the Employee Share Plan trust on behalf of the Consolidated Group's leadership group. Of these, 11,031 fully paid ordinary shares were vested in September 2014.

Refer to Note 30: Share-based payments for details of shares issued under the scheme.

NOTE 20: CAPITAL MANAGEMENT

The Board of Directors adopts a fundamental approach to capital management based on the following principles:

- Ensuring all capital is invested or reinvested to achieve the hurdle return on equity;
- Ensuring sufficient capital is available to sustain the operations of the Company;
- Modest gearing levels are maintained in line with relative business risk to provide headroom for growth; and
- Any excess cash that accumulates and is unable to be reinvested at the hurdle return is generally returned to shareholders.

The Consolidated Group's bank loan facility requires compliance with various undertakings. These are described in Note 17: Borrowings.

The composition of the capital of the Company and the gearing ratios for the years ended 30 June 2015 and 30 June 2014 are as follows:

	Note	2015 $'000	2014 $'000
Trade and other payables	15	**18,056**	12,121
Borrowings	17	**64,850**	38,497
Less: Cash and cash equivalents	7	**(6,301)**	(2,782)
Net debt		**76,605**	47,836
Total assets		**273,999**	226,518
Gearing ratio		**28%**	21%

NOTE 21: RESERVES

Hedging reserve

The hedging reserve records the effective portion of the cumulative net change in the fair value of interest rate swaps designated as cash flow hedging instruments.

NOTE 22: SUBSIDIARIES

	Country of incorporation	Percentage owned 2015	Percentage owned 2014
Interests in subsidiaries are:			
Alpha Credit Pty Limited	Australia	100	100
Alupka Holdings Pty Limited	Australia	100	100
Car Start Pty Limited	Australia	100	100
Certus Partners Pty Limited	Australia	100	100
Creditcorp BPC Pty Limited	Australia	100	100
Credit Corp Australia Pty Limited	Australia	100	100
Credit Corp Collections Pty Limited	Australia	100	100
Credit Corp Collections Agency Inc.	United States	100	100
Credit Corp Collections Agency US Holdings Inc.	United States	100	100
Credit Corp Collections US Holdings Inc.	United States	100	100
Credit Corp Employee Share Administration Pty Limited	Australia	100	100
Credit Corp Facilities Pty Limited	Australia	100	100
Credit Corp Financial Services Pty Limited	Australia	100	100
Credit Corp Financial Solutions Pty Limited [A]	Australia	100	–
Credit Corp Group US Collections GP	United States	100	100
Credit Corp Leasing Pty Limited [A]	Australia	100	–
Credit Corp Lending Pty Limited [A]	Australia	100	–
Credit Corp New Zealand Pty Limited	Australia	100	100
Credit Corp Queensland Pty Limited	Australia	100	100
Credit Corp Receivables Pty Limited	Australia	100	100
Credit Corp Recoveries Pty Limited	Australia	100	100
Credit Corp Services (NH) Pty Limited	Australia	100	100
Credit Corp Services Pty Limited	Australia	100	100
Credit Corp Services Malaysia Pty Limited	Australia	100	100
Credit Corp Services US Collections Inc.	United States	100	100
Credit Corp Services US Holdings Inc.	United States	100	100
Credit Corp Solutions Inc.	United States	100	100
Credit Corp US Collections Pty Limited	Australia	100	100
Credit Corp Western Australia Pty Limited	Australia	100	100
Credit Plan B Pty Limited	Australia	100	100
Malthiest Pty Limited	Australia	100	100
Personal Insolvency Management Pty Limited	Australia	100	100
Torbige Pty Limited	Australia	100	100

A) Incorporated during 2015.

NOTE 23: OPERATING SEGMENTS

A) Financial reporting by segments

The Consolidated Group has two main operations: Debt ledger purchasing and consumer lending. The chief decision maker, the CEO of the Company, reviews the operating segments results on an ongoing basis to assess performance and allocate resources.

The reportable segments are as follows:

a) Debt ledger purchasing

The business purchases consumer debts at a discount to their face value from credit providers with the objective of recovering amounts in excess of the purchase price over the collection life cycle of the receivables.

b) Consumer lending

The business offers various financial products to credit-impaired consumers.

Following is the information provided to the CEO:

	Debt ledger purchasing $'000	Consumer lending $'000	Total for continuing operations $'000
Year ended 30 June 2015			
Segment revenue			
External revenue	**155,040**	**36,009**	**191,049**
Segment result			
Segment profit	**55,992**	**1,401**	**57,393**
Finance costs			**(1,332)**
Depreciation and amortisation expense			**(947)**
Profit before income tax expense			**55,114**
Income tax expense			**(16,703)**
Profit after income tax expense			**38,411**
Other information			
Acquisition of capital assets	**687**	**177**	**864**
Segment assets	**177,049**	**79,347**	**256,396**
Unallocated assets			**17,603**
Total assets			**273,999**
Segment liabilities	**25,501**	**1,795**	**27,296**
Unallocated liabilities			**66,593**
Total liabilities			**93,889**
Year ended 30 June 2014			
Segment revenue			
External revenue	154,645	19,353	173,998
Segment result			
Segment profit	55,539	(3,522)	52,017
Finance costs			(1,548)
Depreciation and amortisation expense			(730)
Profit before income tax expense			49,739
Income tax expense			(14,974)
Profit after income tax expense			34,765
Other information			
Acquisition of capital assets	1,405	151	1,556
Segment assets	164,888	47,333	212,221
Unallocated assets			14,297
Total assets			226,518
Segment liabilities	20,255	–	20,255
Unallocated liabilities			46,708
Total liabilities			66,963

NOTE 23: OPERATING SEGMENTS (CONTINUED)

B) Geographical information

The Consolidated Group materially operates in one geographic segment, Australia.

NOTE 24: CONTINGENT LIABILITIES

The Company had contingent liabilities in respect of:

	2015 $'000	2014 $'000
Licensure bonds	**2,049**	1,490

Licensure bonds are issued in the normal course of business to the State Boards of Collection Agencies in the United States to guarantee collected funds are remitted to clients under contracts.

NOTE 25: LEASING COMMITMENTS

Operating lease commitments

Leases as lessee

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

	2015 $'000	2014 $'000
Payable		
Within one year	**4,381**	4,197
Between one and five years	**14,759**	4,188
Later than five years	**–**	–
Total	**19,140**	8,385

Operating leases are entered into to meet the business needs of entities of the Consolidated Group. Leases are primarily in respect of commercial premises and plant and equipment.

Lease rentals are determined in accordance with market conditions when leases are entered into.

NOTE 26: CAPITAL COMMITMENTS

	2015 $'000	2014 $'000
Within one year	**60,000**	36,000

The Consolidated Group is committed, through existing arrangements, to acquire PDLs that will become available in the coming months. The details of these arrangements are commercially confidential, however, the estimated investment is expected to be $60.0 million (2014: $36.0 million). These purchases will be funded by existing cash flows and bank facilities currently in place.

NOTE 27: SUBSEQUENT EVENTS

No matters or circumstances have arisen since 30 June 2015 that significantly affected or may significantly affect in future years:

- The operations of the Consolidated Group;
- The results of those operations; or
- The state of affairs of the Consolidated Group.

NOTE 28: KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate compensation made to directors and other members of KMP of the Consolidated Group is set out below:

	2015 $	2014 $
Short-term employee benefits	**2,564,708**	2,462,039
Post-employment benefits	**138,131**	122,604
Other long-term benefits	**1,812,309**	1,815,819
Total	**4,515,148**	4,400,462

NOTE 29: RELATED PARTY TRANSACTIONS

The immediate parent and ultimate controlling party of the Consolidated Group is Credit Corp Group Limited.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation.

There were no transactions between the KMP and the Consolidated Group other than as disclosed in Note 28: Key management personnel compensation and the Directors' report.

NOTE 30: SHARE-BASED PAYMENTS

A) Employee share plans

i) DESP

The DESP is a non-transferable benefit provided by the Company to eligible employees of Credit Corp Group Limited and its related companies. Under the plan, eligible employees were granted up to $1,000 worth of fully paid ordinary shares in Credit Corp Group Limited for no cash consideration. The market value of shares issued under the plan was measured as the weighted average market price during the five-day trading period prior to the grant date.

Offers under the plan are at the discretion of the Company and the decision to provide shares in the DESP in future periods will be made by the Board.

Shares issued under the DESP do not vest until the completion of a further 12 months of service by the participating employee and are subsequently subject to the trading policy of Credit Corp Group Limited while the shareholder remains an employee. In all other respects, the shares rank equally with other fully paid ordinary shares on issue.

The plan was not offered to employees during the 2015 financial year.

ii) LTI

Please refer to the remuneration report for further details on the Company's LTI plan.

Details of shares issued under the DESP and LTI during the year ended 30 June 2015 are as follows:

	Issue date	Fair value $	Number of shares issued
LTI	**19 Sep 14**	**9.6528**	**164,525**

	2015 $'000	2014 $'000
B) Share-based payment transactions		
Shares granted during the year		
DESP	**–**	302
LTI	**1,588**	1,739
Total	**1,588**	2,041

NOTE 31: FINANCIAL RISK MANAGEMENT

The Consolidated Group's financial assets and liabilities consist mainly of PDLs, consumer loans receivables, deposits with banks, trade and other receivables, payables and borrowings.

Derivatives are used by the Consolidated Group for hedging purposes. The Consolidated Group does not engage in the trading of derivative instruments.

The main risks the Consolidated Group is exposed to through its financial instruments are market risk (including foreign currency risk and interest rate risk), liquidity risk and credit risk.

The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. They are managed and measured consistently year on year.

NOTE 31: FINANCIAL RISK MANAGEMENT (CONTINUED)

The Consolidated Group holds the following financial instruments:

	Note	2015 $'000	2014 $'000
Financial assets			
Cash and cash equivalents	7	**6,301**	2,782
Trade and other receivables	8	**1,537**	1,454
Consumer loans receivables	9	**79,347**	46,481
Purchased debt ledgers	10	**164,927**	157,232
Total		**252,112**	207,949
Financial liabilities			
Trade and other payables	15	**12,753**	9,953
Payables under contract of sale	15	**5,303**	2,168
Borrowings	17	**64,850**	38,497
Total		**82,906**	50,618

A) Market risk

a) Currency risk

Overseas operations expose the Consolidated Group to foreign exchange risk. This may result in the fair value of financial assets or liabilities fluctuating due to movements in foreign exchange rates of currencies in which the Consolidated Group holds overseas financial assets and liabilities.

Fluctuations in the United States dollar, New Zealand dollar and the Philippines peso relative to the Australian dollar may impact the Consolidated Group's financial results.

As at balance date, had the Australian dollar weakened or strengthened by 5 per cent against any or all of the above currencies, the impact on both profit for the year and equity would have been immaterial. This assumes all other variables remain constant.

b) Interest rate risk

The Consolidated Group is exposed to interest rate risk as it borrows funds at floating interest rates.

i) Profile

At balance date the interest rate profiles of the Consolidated Group's interest-bearing and non-interest-bearing financial instruments were:

		Fixed interest rate		Floating interest rate		Non-interest bearing		Total	
	Note	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Financial assets									
Cash and cash equivalents	7	**–**	–	**6,301**	2,782	**–**	–	**6,301**	2,782
Trade and other receivables	8	**–**	–	**–**	–	**1,537**	1,454	**1,537**	1,454
Consumer loans receivables	9	**79,347**	46,481	**–**	–	**–**	–	**79,347**	46,481
Purchased debt ledgers	10	**164,927**	157,232	**–**	–	**–**	–	**164,927**	157,232
Total		**244,274**	203,713	**6,301**	2,782	**1,537**	1,454	**252,112**	207,949
Financial liabilities									
Trade and other payables	15	**–**	–	**–**	–	**12,753**	9,953	**12,753**	9,953
Payables under contract of sale	15	**–**	–	**–**	–	**5,303**	2,168	**5,303**	2,168
Borrowings	17	**–**	–	**64,850**	38,497	**–**	–	**64,850**	38,497
Total		**–**	–	**64,850**	38,497	**18,056**	12,121	**82,906**	50,618

NOTE 31: FINANCIAL RISK MANAGEMENT (CONTINUED)

ii) Sensitivity analysis for variable rate instruments

A change of two percentage points in interest rates at balance date would have increased or decreased the Consolidated Group's equity and profit or loss by the amounts shown below. These sensitivities assume all other variables remain constant.

	2015 $'000	2014 $'000
Change in net profit after tax		
Increase in interest rates by two percentage points	**(908)**	(539)
Decrease in interest rates by two percentage points	**908**	539
Change in equity		
Increase in interest rates by two percentage points	**(908)**	(539)
Decrease in interest rates by two percentage points	**908**	539

B) Liquidity risk

Liquidity risk arises from the possibility that the Consolidated Group might encounter difficulties in settling its debts or otherwise meeting its obligations relating to financial liabilities. The Consolidated Group manages this risk through the following mechanisms:

- Preparing forward-looking cash flow analysis in relation to its operating, investing and financing activities;
- Monitoring undrawn credit facilities;
- Maintaining a reputable credit profile;
- Managing credit risk related to its financial assets;
- Investing surplus cash only with major financial institutions; and
- Comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The following tables reflect an undiscounted contractual maturity analysis for financial liabilities. The timing of cash flows represented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectation that banking facilities will be rolled forward.

		< 1 year		1 – 2 years		> 2 years		Total	
	Note	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Non-derivative financial liabilities									
Trade and other payables	15	**12,753**	9,953	**–**	–	**–**	–	**12,753**	9,953
Payables under contract of sale	15	**5,303**	2,168	**–**	–	**–**	–	**5,303**	2,168
Borrowings	17	**–**	–	**–**	–	**64,850**	38,497	**64,850**	38,497
Total		**18,056**	12,121	**–**	–	**64,850**	38,497	**82,906**	50,618

C) Credit risk

	Note	2015 $'000	2014 $'000
Exposure to credit risk			
The carrying amount of the Company's financial assets represents the maximum credit exposure.			
Cash and cash equivalents	7	**6,301**	2,782
Trade and other receivables	8	**1,537**	1,454
Consumer loans receivables	9	**79,347**	46,481
Purchased debt ledgers	10	**164,927**	157,232
Total		**252,112**	207,949

NOTE 31: FINANCIAL RISK MANAGEMENT (CONTINUED)

The Consolidated Group's maximum exposure to credit risk on the above financial assets at the balance date by geographic region was:

	2015 $'000	2014 $'000
AA-rated counterparties	**6,301**	2,782
Counterparties not rated	**245,811**	205,167
Total	**252,112**	207,949

The Consolidated Group's maximum exposure to credit risk on the above financial assets at the balance date by type of counterparty was:

– Government	**158**	78
– Banks	**6,827**	4,481
– Other	**245,127**	203,390
Total	**252,112**	207,949

D) Fair value versus carrying amounts

The fair value of the interest rate swap contract is determined using a mark-to-market valuation provided by the issuer of the swap, which is verified internally.

For all other assets and liabilities, the fair value approximates the carrying value.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Year ended 30 June 2015					
Consumer loans receivables	9	**–**	**–**	**79,347**	**79,347**
Purchased debt ledgers	10	**–**	**–**	**164,927**	**164,927**
Year ended 30 June 2014					
Consumer loans receivables	9	–	–	46,481	46,481
Purchased debt ledgers	10	–	–	157,232	157,232

NOTE 32: CROSS GUARANTEE

Pursuant to ASIC Class Order 98/1418 dated 13 August 1998, the wholly-owned subsidiaries listed below are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of Financial Statements and Directors' report.

It is a condition of the Class Order that the Company and each of the participating subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001*.

The subsidiaries subject to the Deed are:

- Alpha Credit Pty Limited
- Alupka Holdings Pty Limited
- Car Start Pty Limited
- Certus Partners Pty Limited (entered during the 2015 financial year)
- Credit Corp Australia Pty Limited
- Credit Corp Collections Pty Limited
- Credit Corp Employee Share Administration Pty Limited
- Credit Corp Facilities Pty Limited
- Credit Corp Financial Services Pty Limited (entered during the 2015 financial year)
- Credit Corp New Zealand Pty Limited (entered during the 2015 financial year)
- Credit Corp Queensland Pty Limited
- Credit Corp Receivables Pty Limited (entered during the 2015 financial year)
- Credit Corp Recoveries Pty Limited (entered during the 2015 financial year)
- Credit Corp Services Pty Limited
- Credit Corp Services (NH) Pty Limited
- Credit Corp Services Malaysia Pty Limited (entered during the 2015 financial year)
- Credit Corp US Collections Pty Limited
- Credit Corp Western Australia Pty Limited (entered during the 2015 financial year)
- Credit Plan B Pty Limited (entered during the 2015 financial year)
- Creditcorp BPC Pty Limited (entered during the 2015 financial year)
- Malthiest Pty Limited
- Personal Insolvency Management Pty Limited (entered during the 2015 financial year)
- Torbige Pty Limited

Set out below is the statement of profit or loss and the statement of financial position comprising the Company and its subsidiaries that are parties to the Deed, after eliminating all transactions between these parties, at balance date.

	2015 $'000	2014 $'000
A) Statement of profit or loss		
Revenue	**186,817**	147,590
Finance costs	**(1,332)**	(1,544)
Employee benefits expense	**(73,747)**	(56,924)
Depreciation and amortisation expense	**(748)**	(469)
Office facility expenses	**(11,374)**	(11,247)
Collection expenses	**(9,098)**	(6,631)
Consumer loan loss provision expense	**(15,931)**	–
Marketing expenses	**(9,243)**	–
Other expenses	**(4,413)**	(12,427)
Profit before income tax expense	**60,931**	58,348
Income tax expense	**(18,372)**	(17,636)
Profit for the year	**42,559**	40,712
B) Other comprehensive income		
Profit for the year	**42,559**	40,712
Items that will be reclassified subsequently to profit or loss		
Changes in the fair value of cash flow hedge	**–**	24
Income tax effect	**–**	–
Other comprehensive income for the year, net of income tax	**–**	24
Total comprehensive income for the year	**42,559**	40,736

NOTE 32: CROSS GUARANTEE (CONTINUED)

	2015 $'000	2014 $'000
C) Movements in retained earnings		
Opening balance	**65,809**	42,164
Dividends recognised during the year	**(19,444)**	(17,067)
Net profit attributable to parties in the Deed of Cross Guarantee	**42,559**	40,712
Closing balance	**88,924**	65,809
D) Statement of financial position		
Current assets		
Cash and cash equivalents	**5,760**	1,699
Trade and other receivables	**1,252**	36,262
Consumer loans receivables	**39,164**	–
Purchased debt ledgers	**65,489**	51,063
Other assets	**1,462**	772
Total current assets	**113,127**	89,796
Non-current assets		
Consumer loans receivables	**40,183**	–
Purchased debt ledgers	**91,712**	101,641
Property, plant and equipment	**1,497**	1,325
Deferred tax assets	**17,603**	14,298
Intangible assets	**800**	800
Total non-current assets	**151,795**	118,064
Total assets	**264,922**	207,860
Current liabilities		
Trade and other payables	**46,285**	38,154
Payables under contract of sale	**5,303**	2,168
Current tax liabilities	**1,743**	8,211
Provisions	**3,581**	2,785
Total current liabilities	**56,912**	51,318
Non-current liabilities		
Borrowings	**64,850**	38,497
Provisions	**5,539**	5,127
Total non-current liabilities	**70,389**	43,624
Total liabilities	**127,301**	94,942
Net assets	**137,621**	112,918
Equity		
Issued capital	**48,697**	47,109
Retained earnings	**88,924**	65,809
Total equity	**137,621**	112,918

NOTE 33: PARENT ENTITY INFORMATION

	2015 $'000	2014 $'000
A) Statement of comprehensive income		
Profit for the year	**40,277**	26,160
Other comprehensive income	**–**	24
Total comprehensive income for the year	**40,277**	26,184
B) Statement of financial position		
Assets		
Current assets	**102,388**	44,150
Non-current assets	**107,017**	116,553
Total assets	**209,405**	160,703
Liabilities		
Current liabilities	**21,964**	22,448
Non-current liabilities	**70,389**	43,624
Total liabilities	**92,353**	66,072
Net assets	**117,052**	94,631
Equity		
Issued capital	**48,697**	47,109
Retained earnings	**68,355**	47,522
Total equity	**117,052**	94,631

C) Contractual commitments

At balance date the parent entity has not entered into any material contractual agreements for the acquisition of property, plant or equipment other than as separately noted in the financial statements (2014: nil).

NOTE 34: COMPANY DETAILS

The registered office and principal place of business of the Consolidated Group is:

Level 11, 10 Barrack Street, Sydney NSW 2000, Australia
Telephone: +61 2 9347 3600
Fax: +61 2 9347 3650
Website: www.creditcorp.com.au

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Credit Corp Group Limited, the directors of the Company declare that:

A) The financial statements and notes, as set out on pages 20 to 49 are in accordance with the *Corporations Act 2001*, and:

   a) Give a true and fair view of the Consolidated Group's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

   b) Comply with Australian Accounting Standards, which, as stated in Accounting Policy Note 1 to the financial statements, constitute explicit and unreserved compliance with International Financial Reporting Standards.

B) 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.

C) The directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.

At the date of this declaration, the Company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the Deed of Cross Guarantee is such that each company party to the Deed guarantees to each creditor payment in full of any debt in accordance with the Deed of Cross Guarantee.

In the directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the ASIC Class Order applies, as detailed in Note 32 to the financial statements, will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject to by virtue of the Deed of Cross Guarantee.

Donald McLay
Chairman

Robert Shaw
Director

Date: 4 August 2015

HALL CHADWICK (NSW)

Chartered Accountants and Business Advisers

CREDIT CORP GROUP LIMITED
ABN 33 092 697 151
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CREDIT CORP GROUP LIMITED

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx : (612) 9263 2800

Report on the Financial Report

We have audited the accompanying financial report of Credit Corp Group Limited which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirement of the *Corporation Act 2001*.

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INDEPENDENT AUDITOR'S REPORT

HALL CHADWICK (NSW)

CREDIT CORP GROUP LIMITED
ABN 33 092 697 151
AND CONTROLLED ENTITIES

Auditor's Opinion

In our opinion:

a. the financial report of Credit Corp Group Limited is in accordance with the *Corporations Act 2001* including:

   i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the Corporations Regulations 2001;and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 32 to 39 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the remuneration report of Credit Corp Group Limited for the year ended 30 June 2015 complies with Section 300A of the *Corporations Act 2001*.

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

David Kenney
Partner

Date: 4 August 2015

FIVE-YEAR FINANCIAL SUMMARY

	2015 $'000	2014 $'000	2013 $'000	2012 $'000	2011 $'000
Income and expenditure					
Purchased debt ledgers collections	**288,186**	288,106	250,369	230,442	205,289
Less: Purchased debt ledgers amortisation	**(135,721)**	(136,242)	(119,451)	(108,439)	(93,127)
Interest revenue from purchased debt ledgers	**152,465**	151,864	130,918	122,003	112,162
Interest and fee income from consumer lending	**35,862**	19,104	4,954	750	–
Other revenue	**2,722**	3,030	6,705	1,837	1,474
Total revenue	**191,049**	173,998	142,577	124,590	113,636
NPAT	**38,411**	34,765	31,986	26,578	21,024
Financial position					
Current assets	**114,332**	76,881	64,060	60,689	59,121
Non-current assets	**158,867**	148,837	116,168	85,492	97,168
Intangible assets	**800**	800	800	800	800
Total assets	**273,999**	226,518	181,028	146,981	157,089
Current liabilities	**23,500**	23,339	25,229	17,926	48,187
Non-current liabilities	**70,389**	43,624	16,007	7,073	4,561
Total liabilities	**93,889**	66,963	41,236	24,999	52,748
Net assets	**180,110**	159,555	139,792	121,982	104,341
Borrowings	**64,850**	38,497	9,537	–	25,511
Shares on issue 000's	**46,297**	46,132	45,933	45,571	45,211
Cash flows					
From operating activities	**(1,377)**	(11,413)	10,420	38,739	24,940
From investing activities	**(826)**	(1,556)	(726)	(1,879)	(1,098)
From financing activities	**5,722**	11,121	(7,895)	(35,717)	(23,870)
Net increase / (decrease) in cash	**3,519**	(1,848)	1,799	1,143	(28)
Key statistics					
Earnings per share					
– Basic (cents)	**83.0**	75.4	69.8	58.4	46.9
– Diluted (cents)	**83.0**	75.4	69.8	58.4	46.9
Dividends per share (cents)	**44.0**	40.0	37.0	29.0	20.0
NPAT / revenue	**20%**	20%	22%	21%	19%
Return on equity	**23%**	23%	24%	23%	22%
NTA backing per share (cents)	**387.3**	344.1	302.6	265.9	229.0

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below:

Twenty largest shareholders as at 31 August 2015	Ordinary shares Number	%
HSBC Custody Nominees (Australia) Limited	6,779,402	14.64
J P Morgan Nominees Australia Limited	5,588,221	12.07
National Nominees Limited	5,167,079	11.16
Citicorp Nominees Pty Limited	3,056,833	6.60
BNP Paribas Nominees Pty Limited	2,087,850	4.51
Torres Industries Pty Limited	1,776,300	3.84
RBC Investor Services Australia Nominees Pty Limited	917,000	1.98
Dixson Trust Pty Limited	881,742	1.90
Slima Pty Limited	581,507	1.26
Brispot Nominees Pty Limited	479,153	1.03
Uptons Salvage Trading Pty Limited	282,441	0.61
Garrett Smythe Limited	272,829	0.59
UBS Wealth Management Australia Nominees Pty Limited	255,000	0.55
Darrell James Pty Limited	249,450	0.54
Australian Executor Trustees Limited	249,353	0.54
Bond Street Custodians Limited	233,215	0.50
Zero Nominees Pty Limited	164,898	0.36
Mr Frederick Benjamin Warmbrand	133,688	0.29
CS Fourth Nominees Pty Limited	133,000	0.29
Warbont Nominees Pty Limited	125,000	0.27
Total	**29,413,961**	**63.53**
Total ordinary shares as at 31 August 2015	**46,296,407**	**100.00**

SUBSTANTIAL SHAREHOLDERS

At 31 August 2015 the following shareholders were registered by the Company as a substantial holders, having declared a relevant interest in accordance with the Corporations Act 2001, in the voting shares below:

Holder	Ordinary shares	%	Date of notice
Denver Investments	3,530,180	7.63	16 Jul 2015
National Australia Bank Limited	2,318,275	5.01	27 Apr 2015
Georgia Division of Investment Services	2,351,062	5.08	17 May 2013

DETAILS OF ORDINARY SHAREHOLDINGS

Details of the spread of ordinary shareholdings at 31 August 2015 are:

Category	Number of shareholders	Number of shares	%
1 – 1,000	2,450	1,154,250	2.50
1,001 – 5,000	1,969	4,818,968	10.41
5,001 – 10,000	336	2,510,731	5.42
10,001 – 100,000	274	7,121,463	15.38
100,001 and over	26	30,690,995	66.29
Total	**5,055**	**46,296,407**	**100.00**

149 shareholders (representing 1,034 fully paid ordinary shares) held less than a marketable parcel.

SHAREHOLDER INFORMATION

OTHER INFORMATION

The shares of the Credit Corp Group Limited are listed on the Australian Securities Exchange under the trade symbol CCP, with Sydney being the home exchange.

The Company does not have a current on-market buy-back program.

DIVIDEND REINVESTMENT PLAN (DRP)

The dividend reinvestment plan is currently operating.

VOTING RIGHTS

Each person who is a voting equity security holder and who is present at a general meeting or by proxy, attorney or official representative is entitled:

- on a show of hands – to one vote; and
- on a poll – to one vote for each share held or represented.

If a shareholder is entitled to cast two or more votes at the general meeting, the shareholder may appoint no more than two proxies to attend and vote on the shareholder's behalf.

If a shareholder appoints two proxies, each proxy should be appointed to represent a specified proportion or number of the shareholder's votes.

OPTIONS

There are no voting rights attached to options.

UNQUOTED EQUITY SECURITIES

There are no options issued under the Credit Corp Group Limited EOP.

ENQUIRIES

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Website www.boardroomlimited.com.au

CORPORATE DIRECTORY

Credit Corp Group Limited
ABN 33 092 697 151

The shares of Credit Corp Group Limited are listed on the Australian Securities Exchange under the trade symbol CCP, with Sydney being the home exchange.

Directors
Mr Donald McLay
Mr Simon Calleia
Mr Eric Dodd
Ms Leslie Martin
Mr Robert Shaw
Mr Richard Thomas

Company secretaries
Mr Thomas Beregi
Mr Michael Eadie
Mr Geoffrey Templeton

Head office and registered office
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Credit Corp Group

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