

ASX ANNOUNCEMENT

14 July 2017

Capitalised Computer Software Development Update

\$2.45 million Computer Software Development Costs to be written-off in FY17

No impact on 2017 Final Dividend

As announced on 11 May 2017 the board engaged an independent 'big four' accounting firm to conduct an independent forensic analysis of capitalised computer software development costs covering the period from 1 July 2010 to 31 March 2017.

Capitalised computer software development costs of \$2.45 million to be expensed

The board has determined that \$2.45 million in capitalised computer software development costs (including work in progress) incurred between 2010 and 2017 should be expensed in the 2017 financial year. This amount includes the amount of \$2 million set out in the announcement dated 11 May 2017 and also includes direct costs of the independent forensic analysis.

This decision is based on the board's and management's detailed enquiries including the analysis of transactional data relied upon to determine the amount of reported software development costs and to assess the estimated remaining useful life of computer software assets. Furthermore, management have taken into account future planned software redundancy and have conservatively estimated the future life of some software modules (by increasing the applicable amortisation expense) in anticipation of other software enhancements that are scheduled to be installed and in use by June 2018.

In expensing the above amount, the board believes that capitalised computer software development costs of \$20.2million (current written down value of \$16.4million, including work in progress) are appropriately documented, supported and reliably measured in accordance with relevant Accounting Standards.

Moreover, the board has considered and relied upon the findings of the independent forensic analysis report in determining the amount to be expensed and the amount that can be appropriately capitalised in the 30 June 2017 financial accounts.

A copy of this independent forensic analysis report will be provided to ASIC.

Final Dividend not affected by Computer Software write-down

The board is mindful of the benefit of fully franked dividends to our shareholders.

The final dividend will not be affected by the non-cash write-down of previously capitalised computer software development costs.

The audited year-end financial report and final dividend declaration is scheduled for release on 24 August 2017.

We look forward to presenting the June 2017 financial results in August and outlining the earnings growth initiatives currently being progressed.

ENDS

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Collection House Group - Overview



Debt collection and receivables management for third parties



Debt purchasing and recovery



Legal services including insolvency administration



Tailored debt collection services, specialising in Local Government



Nationally recognised training provider in financial services and leadership



Customer service outsourcing for third parties



Licensed specialist finance broker for the provision of credit



Provision of financial hardship services for third parties

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