

Credit Corp Group Limited ABN 33 092 697 151
Interim financial statements
for the half-year ended 31 December 2014



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These interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, these statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2014 and any public announcements made by Credit Corp Group Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The directors submit the financial statements of Credit Corp Group Limited and controlled entities (the Consolidated Group) for the half-year ended 31 December 2014. Credit Corp Group Limited (the Company) is the parent entity of the Consolidated Group.

Directors

The name of the Company's directors who held office during the reporting period and until the date of this report are:

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

Review of operations

The consolidated group recorded Net Profit After Tax of \$20.1 million for the half-year which represents a 17 per cent increase over the prior corresponding period (pcp).

Basic earnings per share were 43.6 cents. An interim dividend of 22 cents per share has been declared.

Revenue for the half-year was \$93.7 million, an increase of 11 per cent on the pcp.

Purchased Debt Ledger (PDL) acquisitions over the period amounted to \$56.1 million, which was in line with the level of the second half of 2014.

Rounding of amounts

In accordance with Australian Securities and Investments Commission Class Order 98/100, the amounts in the Directors' report and the interim financial statements have been rounded to the nearest thousand dollars unless otherwise indicated.

Auditor's independence declaration

The auditor's independence declaration, as required under section 307C of the *Corporations Act 2001*, is set out on page 4.

This report is made in accordance with a resolution of the Board of Directors.



Donald McLay
Chairman



Robert Shaw
Director

Date: 29 January 2015

**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**

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I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2014 there have been no contraventions of:

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

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
SYDNEY NSW 2000



DAVID KENNEY
Partner

Date: 29 January 2015

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Consolidated financial statements

Consolidated statement of profit or loss for the half-year ended 31 December 2014

	Note	31 Dec 14 \$'000	31 Dec 13 \$'000
Revenue	2	93,717	84,139
Finance costs	3	(663)	(629)
Employee benefits expense		(39,378)	(37,765)
Depreciation and amortisation expense	3	(450)	(332)
Office facility expenses	3	(5,902)	(6,728)
Collection expenses		(5,483)	(5,194)
Other expenses		(12,908)	(8,823)
Profit before income tax expense		28,933	24,668
Income tax expense	4	(8,792)	(7,436)
Profit for the period		20,141	17,232
Profit attributable to owners of the Company		20,141	17,232

Earnings per share for profit attributable to owners of the Company

Basic earnings per share (cents per share)	43.6	37.4
Diluted earnings per share (cents per share)	43.6	37.4

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

Consolidated financial statements

Consolidated statement of other comprehensive income for the half-year ended 31 December 2014

	31 Dec 14 \$'000	31 Dec 13 \$'000
Profit for the period	20,141	17,232
Other comprehensive income		
Items that will be reclassified to profit or loss		
- Changes in the fair value of cash flow hedge	-	10
- Income tax effect	-	-
Other comprehensive income for the period, net of income tax	-	10
Total comprehensive income for the period	20,141	17,242
Total comprehensive income attributable to owners of the Company	20,141	17,242

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

Consolidated financial statements

Consolidated statement of financial position as at 31 December 2014

	31 Dec 14 \$'000	30 Jun 14 \$'000
Current assets		
Cash and cash equivalents	4,646	2,782
Trade and other receivables	27,981	21,561
Purchased debt ledgers	52,175	51,063
Other assets	2,143	1,475
Total current assets	86,945	76,881
Non-current assets		
Other receivables	28,773	26,374
Purchased debt ledgers	93,890	106,169
Property, plant and equipment	1,917	1,997
Deferred tax assets	13,501	14,297
Intangible assets	800	800
Total non-current assets	138,881	149,637
Total assets	225,826	226,518
Current liabilities		
Trade and other payables	7,714	9,953
Payables under contract of sale	2,314	2,168
Current tax liabilities	3,139	8,211
Provisions	3,325	3,007
Total current liabilities	16,492	23,339
Non-current liabilities		
Borrowings	32,782	38,497
Provisions	4,527	5,127
Total non-current liabilities	37,309	43,624
Total liabilities	53,801	66,963
Net assets	172,025	159,555
Equity		
Issued capital	48,697	47,109
Retained earnings	123,328	112,446
Total equity	172,025	159,555

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

Consolidated financial statements

Consolidated statement of changes in equity for the half-year ended 31 December 2014

	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 period					
Profit for the period		-	-	20,141	20,141
Other comprehensive income					
Change in fair value of cash flow hedge, net of tax		-	-	-	-
Total comprehensive income for the period		-	-	20,141	20,141
Transactions with owners in their capacity as owners					
Shares issued net of transaction costs		1,588	-	-	1,588
Dividends paid or provided for	5	-	-	(9,259)	(9,259)
Total transactions with owners in their capacity as owners		1,588	-	(9,259)	(7,671)
Balance at 31 December 2014		48,697	-	123,328	172,025
Balance at 1 July 2013		45,068	(24)	94,748	139,792
Total comprehensive income for the period					
Profit for the period		-	-	17,232	17,232
Other comprehensive income					
Change in fair value of cash flow hedge, net of tax		-	10	-	10
Total comprehensive income for the period		-	10	17,232	17,242
Transactions with owners in their capacity as owners					
Shares issued net of transaction costs		2,040	-	-	2,040
Dividends paid or provided for	5	-	-	(7,841)	(7,841)
Total transactions with owners in their capacity as owners		2,040	-	(7,841)	(5,801)
Balance at 31 December 2013		47,108	(14)	104,139	151,233

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

Consolidated financial statements

Consolidated statement of cash flows for the half-year ended 31 December 2014

	Note	31 Dec 14 \$'000	31 Dec 13 \$'000
Cash flows from operating activities			
Receipts from customers and debtors		161,969	157,040
Payments to suppliers and employees		(57,829)	(54,889)
Interest received on bank deposits		64	44
Interest paid		(663)	(629)
Income tax paid		(13,067)	(10,666)
Cash flows from operating activities before changes in operating assets		90,474	90,900
Changes in operating assets arising from cash flow movements			
Net funding of other receivables		(16,220)	(17,511)
Acquisition of purchased debt ledgers		(55,997)	(87,095)
Changes in operating assets arising from cash flow movements		(72,217)	(104,606)
Net cash inflow / (outflow) from operating activities		18,257	(13,706)
Cash flows from investing activities			
Acquisition of plant and equipment		(370)	(977)
Net cash (outflow) from investing activities		(370)	(977)
Cash flows from financing activities			
Proceeds from borrowings		12,540	34,580
Repayment of borrowings		(19,304)	(12,075)
Dividends paid	5	(9,259)	(7,841)
Net cash (outflow) / inflow from financing activities		(16,023)	14,664
Net increase / (decrease) in cash and cash equivalents		1,864	(19)
Cash and cash equivalents at 1 July		2,782	4,630
Cash and cash equivalents at 31 December	7	4,646	4,611

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

Notes to the consolidated financial statements

These interim financial statements include the consolidated financial statements and notes of Credit Corp Group Limited and its subsidiaries (the Consolidated Group) for the six months ended 31 December 2014.

Credit Corp Group Limited is incorporated in Australia. The address of its registered office and principal place of business is Level 11, 10 Barrack Street, Sydney NSW 2000.

Note 1: Summary of significant accounting policies

A. Basis of preparation

a. Statement of compliance

These general purpose interim financial statements for the half-year reporting period ended 31 December 2014 have been prepared in accordance with Australian Accounting Standard AASB 134: Interim Financial Reporting and the *Corporations Act 2001*.

These interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, these statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2014 and any public announcements made by Credit Corp Group Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

b. Rounding of amounts

The Consolidated Group is of a kind referred to in Australian Securities and Investments Commission Class Order 98/100, relating to the rounding off of amounts in the financial statements for a financial year or half-year. Amounts in the Directors' report and the interim financial statements have been rounded to the nearest thousand dollars unless otherwise indicated.

c. Use of estimates and judgements

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

The significant judgements made by management in applying the Consolidated Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 June 2014.

B. Significant accounting policies

The accounting policies applied in these interim financial statements are applied consistently by the Consolidated Group in respect of the year ended 30 June 2014.

Notes to the consolidated financial statements

	31 Dec 14 \$'000	31 Dec 13 \$'000
Note 2: Revenue		
Interest revenue	92,295	82,792
Interest received	64	44
Other income	1,358	1,303
Total	93,717	84,139

Adjustments to the carrying amount of purchased debt ledgers as a result of changes in estimated cash flows were immaterial during the reporting period. These have been included in interest revenue above.

Note 3: Profit for the period

Arrived at after deducting expenses including:

Finance costs

Interest expense	(617)	(381)
Other finance charges	(46)	(248)
Total	(663)	(629)

Depreciation and amortisation expense

Property, plant and equipment	(371)	(260)
Computer software	(64)	(60)
Leasehold improvements	(15)	(12)
Total	(450)	(332)

Rental expense on operating leases

Operating lease rentals	(2,201)	(2,920)
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Note 4: Income tax expense

The Consolidated Group calculates the period income tax expense using the tax rate that would be applicable to expected total annual earnings.

The major components of income tax expense in the interim income statement at the end of the period are:

Income tax expense

Current income tax expense	(9,516)	(7,310)
Deferred income tax expense	796	(128)
(Underprovision) / overprovision in respect of prior periods	(72)	2
Total	(8,792)	(7,436)

Notes to the consolidated financial statements

	Cents per share \$	Total amount \$'000	Franked/ unfranked	Date of payment
Note 5: Dividends paid and proposed				
Half-year ended 31 December 2014				
Final 2014 ordinary	20.00	9,259	Franked	3 October 2014
Half-year ended 31 December 2013				
Final 2013 ordinary	17.00	7,841	Franked	4 October 2013
Franked dividends declared or paid during the period were franked at the tax rate of 30 per cent.				
After 31 December 2014 the following dividends were proposed by the directors. The dividends have not been provided for and there are no income tax consequences.				
Interim 2015 ordinary	22.00	10,185	Franked	6 March 2015

Note 6: Operating segments

A. Identification of reporting segments

The Consolidated Group has two main operations being Debt Ledger Purchasing and Consumer Lending. All operating segments and results are reviewed regularly by the chief operating decision maker, the Chief Executive Officer (CEO) of the Consolidated Group, who makes decisions about resources to be allocated to the segment and assesses its performance, and for which discrete financial information is available.

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:

Notes to the consolidated financial statements

Note 6: Operating segments (continued)

	Debt ledger purchasing \$'000	Consumer lending \$'000	Total for continuing operations \$'000
Half-year ended 31 December 2014			
Segment revenue			
External revenue	77,114	16,603	93,717
Segment result			
Segment profit	27,139	2,907	30,046
Finance costs			(663)
Depreciation and amortisation expense			(450)
Profit before income tax expense			28,933
Income tax expense			(8,792)
Profit for the period			20,141
Other information			
Acquisition of capital assets	340	30	370
Segment assets	156,112	56,213	212,325
Unallocated assets			13,501
Total assets			225,826
Segment liabilities	16,429	1,451	17,880
Unallocated liabilities			35,921
Total liabilities			53,801

Notes to the consolidated financial statements

Note 6: Operating segments (continued)

	Debt ledger purchasing \$'000	Consumer lending \$'000	Total for continuing operations \$'000
Half-year ended 31 December 2013			
Segment revenue			
External revenue	76,700	7,439	84,139
Segment result			
Segment profit	28,459	(2,830)	25,629
Finance costs			(629)
Depreciation and amortisation expense			(332)
Profit before income tax expense			24,668
Income tax expense			(7,436)
Profit for the period			17,232
Other information			
Acquisition of capital assets	920	57	977
Segment assets	169,425	27,015	196,440
Unallocated assets			10,898
Total assets			207,338
Segment liabilities	19,182	1,180	20,362
Unallocated liabilities			35,743
Total liabilities			56,105

B. Geographic segments

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

Notes to the consolidated financial statements

	31 Dec 14 \$'000	31 Dec 13 \$'000
Note 7: Cash and cash equivalents		
Cash and cash equivalents	4,646	4,611

Note 8: Cash flow information

Credit standby arrangements with banks

Facility limit	75,000	60,000
Bank guarantees	(1,140)	(1,190)
Cash drawn down	(32,782)	(32,958)
Unused loan facilities	41,078	25,852

Note 9: Issuances, repurchases and repayments of equity securities

In September 2014, the Company issued 164,525 ordinary shares to employees under the Company's Long-Term Incentive (LTI) Plan, at \$9.6528 per share.

In September 2013, the Company issued 29,460 and 169,523 ordinary shares to employees under the Company's Deferred Employee Share Plan (DESP) and LTI plan respectively, at \$10.256 per share.

Note 10: Events subsequent to reporting date

No matters or circumstances have arisen since 31 December 2014 which significantly affected or may significantly affect in future periods:

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

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 page 5 to 15 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 31 December 2014 and of its performance for the half-year ended on that date, and
 - b. comply with Australian Accounting Standard AASB 134: Interim Financial Reporting
- 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 declaration required by section 295 of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.



Donald McLay
Chairman



Robert Shaw
Director

Date: 29 January 2015

**CREDIT CORP GROUP LIMITED
ABN 33 092 697 151
AND CONTROLLED ENTITIES
INDEPENDENT AUDITOR'S REVIEW REPORT TO
THE MEMBERS OF CREDIT CORP GROUP LIMITED**

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Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Credit Corp Group Limited which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-year Financial Report

The directors of Credit Corp Group Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of an Interim and other Financial Reports Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of Credit Corp Group Limited's financial position as at 31 December 2014 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Credit Corp Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

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**CREDIT CORP GROUP LIMITED
ABN 33 092 697 151
AND CONTROLLED ENTITIES
INDEPENDENT AUDITOR'S REVIEW REPORT TO
THE MEMBERS OF CREDIT CORP GROUP LIMITED**

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Credit Corp Group Limited is not in accordance with the Corporations Act 2001, including:

- a. giving a true and fair view of Credit Corp Limited's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b. complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
SYDNEY NSW 2000



David Kenney
Partner

Date: 29 January 2015

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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Auditor

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