

Pepper Australia Pty Limited

ACN: 094 317 665

Consolidated financial statements for the financial year ended
31 December 2014

Consolidated financial statements

Contents

	<i>Page number</i>
<i>Directors' report</i>	3-4
<i>Auditor's independence declaration</i>	5
<i>Independent auditor's report</i>	6-7
<i>Directors' declaration</i>	8
<i>Consolidated statement of profit or loss and other comprehensive income</i>	9
<i>Consolidated statement of financial position</i>	10
<i>Consolidated statement of changes in equity</i>	11
<i>Consolidated statement of cash flows</i>	12
<i>Notes to the consolidated financial statements</i>	13-63

Directors' report

For the year ended 31 December 2014

The directors of Pepper Australia Pty Limited (The Company) submit herewith the annual report of The Company and its controlled subsidiaries (The Group) for the financial year ended 31 December 2014. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names of the directors of the company during or since the end of the financial year are:

Matthew Burlage	
Michael Culhane	
Seumas Dawes	
David Holmes	Alternate director to Patrick Tuttle
Des O'Shea	Appointed 11 March 2014
Cameron Small	
Patrick Tuttle	
Melanie Willis	Appointed 19 September 2014

During the financial year there were 4,142 Pepper Australia Pty Limited share options (2013: nil) and 11,221 other controlled entities share options (2013: 10,876) granted to directors and senior executives of The Company and its controlled entities as part of their remuneration (note 28).

Principal activities

The Group's principal activities in the course of the financial year were the origination of residential mortgage loans, automotive and equipment lease receivables and the provision of management and loan portfolio administration services to various mortgage, lease receivable, personal loan and special purpose securitisation entities, including third party servicing activities, as well as acting as a commercial property advisor.

Review of operations

The Group had total comprehensive income for the year of \$40,133,245 (2013: \$33,568,434). The results of its operations are disclosed in the statement of comprehensive income.

Changes in state of affairs

During the year, as part of a consortium, The Group agreed to acquire an interest in a consumer finance business in Hong Kong and China from Standard Chartered Bank. This transaction will settle in the first half of 2015.

Subsequent events

Aside for the above, there has not been any other matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of The Group, the results of those operations, or the state of affairs of The Group in future financial years.

Directors' report (continued)
For the year ended 31 December 2014

Future developments

Disclosure of information regarding likely developments in the operations of The Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to The Group. Accordingly, this information has not been disclosed in this report.

Dividends

The Company paid a fully franked dividend of \$1,901,270 (2013: \$1,395,728) to the 'A' class shareholders during the financial year.

Indemnification of officers and auditors

During the financial year, The Company paid a premium in respect of a contract insuring the directors of The Company as named above, the company secretary, and all executive officers of the company against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

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

Statutory accounts

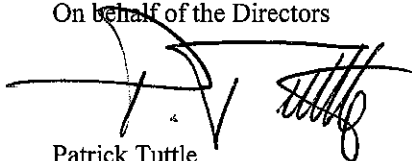
The consolidated accounts of The Company and its controlled entities are set out on pages 9 to 12 along with the separate accounts of The Company in Note 32 on pages 58 to 62. The accounting policies on pages 13 to 28 apply equally to both sets of accounts unless otherwise stated.

Auditor's independence declaration

The auditor's independence declaration is included on page 5 of the financial statements.

This directors' report is signed in accordance with a resolution of the directors made pursuant to s.298 (2) of the Corporations Act 2001.

On behalf of the Directors



Patrick Tuttle
Director



Cameron Small
Director

Sydney, 29 April, 2015

The Board of Directors
Pepper Australia Pty Limited
Level 9, 146 Arthur Street
NORTH SYDNEY
NSW 2060

29 April 2015

Dear Board Members

Pepper Australia Pty Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Pepper Australia Pty Limited.

As lead audit partner for the audit of the financial statements of Pepper Australia Pty Limited for the financial year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Graham Mott
Partner
Chartered Accountants

Independent Auditor's Report to the members of Pepper Australia Pty Limited

We have audited the accompanying financial report of Pepper Australia Pty Limited which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, 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 as set out on pages 7 to 63.

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 – Reduced Disclosure Requirements 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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 judgement, 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 of the financial report that gives a true and fair view, 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.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Pepper Australia Pty Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion, the financial report of Pepper Australia Pty Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of their performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Debita Janda Iskate

DELOITTE TOUCHE TOHMATSU

Graham Mott

Graham Mott
Partner

Chartered Accountants
Sydney, 29 April 2015

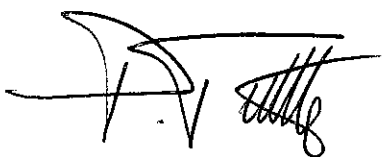
Pepper Australia Pty Limited
Directors' declaration

The directors declare that:

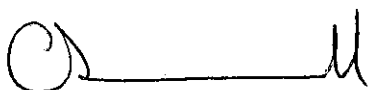
- (a) in the directors' opinion, there are reasonable grounds to believe that The Company and The Group will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of The Company and The Group.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



Patrick Tuttle
Director



Cameron Small
Director

Sydney, 29 April 2015

Consolidated financial statements
Consolidated statement of profit or loss and other comprehensive income

	Notes	Year ended 31 December 2014 \$	Year ended 31 December 2013 \$
Revenue	4	423,381,126	329,881,568
Gain on business combination		-	88,702
Employee benefits expenses		(110,951,990)	(58,359,301)
Depreciation and amortisation expenses	4	(5,265,711)	(2,568,688)
Borrowing costs	4	(189,860,079)	(181,653,097)
Other expenses from operations	4	(72,567,146)	(44,256,068)
Profit before tax		44,736,200	43,133,116
Income tax expenses	5	(6,738,581)	(14,582,855)
Profit after tax		37,997,619	28,550,261
Profit for the year attributable to:			
Owners of the company		38,103,015	28,786,622
Non-controlling interests	22	(105,396)	(236,361)
		37,997,619	28,550,261
Other comprehensive income/(loss), net of income tax that may be recycled to profit or loss:			
Currency translation reserve movements	21	2,573,744	4,973,143
Cash flow hedging reserve movements	21	(429,264)	-
Available for sale reserve movements	21	(45,030)	45,030
Equity settled employee benefits reserve movements	21	36,176	-
Total comprehensive income for the year		40,133,245	33,568,434
Total comprehensive income attributable to:			
Owners of the company		40,238,641	33,804,795
Non-controlling interests	22	(105,396)	(236,361)
		40,133,245	33,568,434

Consolidated financial statements
Consolidated statement of financial position

	Notes	As at 31 December 2014 \$	As at 31 December 2013 \$
Assets			
Cash and cash equivalents	26	462,444,870	396,824,956
Investment securities	7	70,897,026	136,293,207
Derivative financial assets	28	59,804,758	12,206,206
Receivables	8	164,000,130	37,007,170
Loans and advances	10	3,963,659,885	3,370,721,054
Deferred tax assets	5	7,128,284	5,236,804
Investments	11	55,136,154	53,183,964
Property, plant and equipment		9,092,504	8,627,424
Goodwill	12	23,820,616	22,870,791
Intangible assets	13	42,986,992	36,851,607
Other assets	9	8,737,386	3,341,671
Total assets		4,867,708,605	4,083,164,854
Liabilities			
Deposits	14	332,347,752	384,916,036
Trade and other payables	15	30,882,446	24,633,453
Current tax liabilities		7,125,090	3,581,287
Borrowings	16	4,182,049,698	3,428,655,280
Provisions	19	19,770,560	11,523,400
Deferred tax liabilities	5	2,289,304	9,971,758
Other liabilities	17	45,737,874	48,314,411
Total liabilities		4,620,202,724	3,911,595,625
Net assets		247,505,881	171,569,229
Equity			
Issued capital	20	143,517,218	102,107,101
Other equity instruments	21	(19,297,400)	(17,409,781)
Other reserves	21	7,117,623	5,018,173
Retained earnings		116,875,574	82,455,917
Total equity excluding non-controlling interests		248,213,015	172,171,410
Non-controlling interests	22	(707,134)	(602,181)
Total equity		247,505,881	171,569,229

Consolidated financial statements
Consolidated statement of changes in equity

	Issued capital	Business combinations under common control reserve	Equity settled employee benefits reserve	Treasury shares	Foreign currency translation reserve	Other reserves	Retained earnings	Attributable to owners of the parent	Non-controlling interests	Total equity
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 31 December 2012	27,672,479	-	995,758	-	-	-	55,065,023	83,733,260	(365,820)	83,367,440
Profit for the year	-	-	-	-	-	-	28,786,622	28,786,622	(236,361)	28,550,261
Available for sale investments	-	-	-	-	-	45,030	-	45,030	-	45,030
Currency translation movements	-	-	-	-	4,973,143	-	-	4,973,143	-	4,973,143
Total comprehensive income for the year	-	-	-	-	4,973,143	45,030	28,786,622	33,804,795	(236,361)	33,568,434
Contributions of equity, net of transaction costs	74,434,622	(18,652,978)	(535,193)	-	-	-	-	55,246,451	-	55,246,451
Dividend paid	-	-	-	-	-	-	(1,395,728)	(1,395,728)	-	(1,395,728)
Recognition of share based payments	-	-	782,632	-	-	-	-	782,632	-	782,632
Balance at 31 December 2013	102,107,101	(18,652,978)	1,243,197	-	4,973,143	45,030	82,455,917	172,171,410	(602,181)	171,569,229
Profit for the year	-	-	-	-	-	-	38,103,015	38,103,015	(105,396)	37,997,619
Available for sale investments	-	-	-	-	-	(45,030)	-	(45,030)	-	(45,030)
Currency translation movements	-	-	-	-	2,573,744	-	-	2,573,744	-	2,573,744
Cash flow hedges	-	-	-	-	-	(429,264)	-	(429,264)	-	(429,264)
Employee benefit movements	-	-	36,176	-	-	-	-	36,176	-	36,176
Total comprehensive income for the year	-	-	36,176	-	2,573,744	(474,294)	38,103,015	40,238,641	(105,396)	40,133,245
Contributions of equity, net of transaction costs	41,410,117	-	193,193	(2,733,894)	-	-	-	38,869,416	-	38,869,416
Dividend paid	-	-	-	-	-	-	(1,901,270)	(1,901,270)	-	(1,901,270)
Recognition of share based payments	-	-	616,906	-	-	-	-	616,906	-	616,906
Other movements	-	-	-	-	-	-	(1,782,088)	(1,782,088)	443	(1,781,645)
Balance at 31 December 2014	143,517,218	(18,652,978)	2,089,472	(2,733,894)	7,546,887	(429,264)	116,875,574	248,213,015	(707,134)	247,505,881

Notes to the financial statements are included on pages 13 to 63

Consolidated financial statements
Consolidated statement of cash flows

	Notes	Year ended 31 December 2014 \$	Year ended 31 December 2013 \$
<i>Cash flows from operating activities</i>			
Fee revenue / receipts from customers		148,576,691	88,369,560
Payments to suppliers and employees		(157,047,778)	(88,261,008)
Interest received		295,043,201	304,989,689
Interest and other costs of finance paid		(225,021,795)	(180,471,056)
Income taxes paid		(12,768,616)	(10,831,736)
Net cash from operating activities	26	48,781,703	113,795,449
<i>Cash flows from investing activities</i>			
Payments for property, plant and equipment		(5,665,946)	(2,416,699)
Payments for intangibles		(1,725,964)	(2,781,583)
Investment in equity		2,361,566	(2,071,602)
Amounts advanced to related parties		459,887	(339,418)
Payments for arrangement fees		(12,514,209)	(7,705,155)
(Payment) / repayment of notes		(7,211,954)	491,557
Repayment / (payment) for investment in securities		43,078,844	(75,065,599)
Loan collections		1,093,335,011	1,107,852,953
Broker assumption fee paid		(3,740,692)	(2,032,715)
Loans advanced		(1,532,167,560)	(971,845,908)
Net cash inflow from acquisition of subsidiaries		-	158,573,319
Net cash inflow from business combinations under common control		-	9,349,654
Purchase of loan portfolios		(241,697,984)	(252,320,204)
Net cash from investing activities		(665,489,001)	(40,311,400)
<i>Cash flows from financing activities</i>			
Proceeds from issue of capital		38,862,596	19,091,646
Proceeds from borrowings		3,217,472,220	2,112,942,379
Repayment of borrowings		(2,569,464,764)	(1,983,591,102)
Borrowing costs		(2,641,570)	(273,748)
Dividend paid		(1,901,270)	(1,395,728)
Net cash from financing activities		682,327,212	146,773,447
<i>Net increase in cash and cash equivalents</i>		65,619,914	220,257,496
<i>Cash and cash equivalents at the beginning of the financial year</i>		396,824,956	176,567,460
<i>Cash and cash equivalents at the end of the financial year</i>	26	462,444,870	396,824,956

Notes to the consolidated financial statements For the year ended 31 December 2014

Note 1 - Significant accounting policies

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards – Reduced Disclosure Requirements, and comply with other requirements of the law.

The financial statements above are the consolidated financial statements of The Company and its controlled entities. The financial statements of The Company are disclosed in Note 32 to the financial statements. For the purposes of preparing the financial statements, The Company and The Group are for-profit entities.

The financial statements for The Group and The Company were approved for issue by the directors on 29 April 2015.

Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for revaluation of certain assets and financial instruments that are measured at re-valued amounts or fair values, as explained in the accounting policies below. Historical cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Going concern

The financial statements have been prepared on the basis that The Company and The Group are going concerns.

The Group incorporates five settlement warehouse facilities which are due to be rolled over from time to time. The rollover period is between one to two years. The legal maturity of loans funded can be up to 40 years. It is expected that the current warehouse facilities will be rolled over for a further period.

Notes to the consolidated financial statements For the year ended 31 December 2014

Note 1 – Significant accounting policies (continued)

The Group also incorporates one prime mortgage, one specialist mortgage, and two lease receivable warehouse facilities pursuant to the relevant portfolios acquired from General Electric (GE), Anchorage Financial Services and Suncorp. The maturity dates of these facilities are between one to two years. It is expected that the GE related warehouse facility will be refinanced within 12 months via securitisation transactions or will be rolled over for a further period of time. It is also expected that the lease receivable warehouse facility will be rolled over for a further period of time.

If a warehouse facility or warehouse trust is not renewed or otherwise defaults and the related assets are liquidated, the primary impact on the Group would be the loss of future income streams from excess spread, being the difference between the mortgage rate and the cost of funds, fee income and write-off of any unamortised balance of deferred transaction costs on the loans. In addition, The Group has cash trapped in certain warehouses as collateral for the warehouse funders.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

(a) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of Pepper Australia Pty Limited as at 31 December 2014 and the results of all controlled entities for the year then ended.

The consolidated financial statements incorporate the financial statements of The Company and entities (including structured entities) controlled by The Company. Control is achieved when The Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When The Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not The Company's voting rights in an investee are sufficient to give it power, including:

- the size of The Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by The Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that The Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when The Company obtains control over the subsidiary and ceases when The Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date The Company gains control until the date when The Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of The Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of The Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Notes to the consolidated financial statements For the year ended 31 December 2014

Note 1 – Significant accounting policies (continued)

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with The Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses, changes in ownership interests and cash flows relating to transactions between members of The Group are eliminated in full on consolidation.

(b) Revenue recognition

Revenue arises in the course of ordinary activities of The Group and is measured at the fair value of the consideration received or receivable. It is recognised when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably.

Loans are originated without the intent to securitise them immediately or in the near term. These loans are measured on an amortised cost basis in the statement of financial position. This requires that, for all loan assets, revenue is recognised over the estimated actual (not contractual) life of the mortgage loan, taking into account all income and expenditure directly attributable to the loan, in the same way that all these factors would be taken into account in determining an investment return for a product. The rate at which revenue is recognised is referred to as the effective interest rate and is equivalent to the rate that effectively discounts estimated future cash flows throughout the estimated life to the net carrying value of the loan. The revenue stream includes interest income, mortgage risk fees received at loan settlement, loan premium income and early termination interest adjustments payable upon early redemption of a loan. Acquisition costs such as upfront broker commissions paid are also spread across the expected life of the loan. Similarly, introductory interest rate discounts are spread over the expected life of the loan rather than the discount period.

Trust manager and servicer fee revenue arises in the course of ordinary activities of the group and is measured at the fair value of the consideration received or receivable.

The accounting policies adopted for the major components of revenue are as follows:

Interest income

Interest income is recognised as it accrues using an effective interest rate, taking into account the effective yield of the financial asset as calculated by discounting the estimated future cash payments and receipts through the expected life of the financial asset or liability to the carrying amount of the financial asset or liability.

Application fees

These fees cover the cost of assessing and processing mortgage loan applications. To the extent that these fees represent a recovery of cost or a charge for services they are taken to income when charged.

Mortgage risk fees

These fees cover risk associated with the origination of specialist mortgage loans and are charged on settlement of a loan. Fees are brought to income over the estimated life of the loan on an effective yield basis as part of interest income.

Trust manager, promote fee and servicer fee income

Revenue is recognised as the services are provided and in line with amounts due and payable as set out in the relevant Trust Manager, Promote fee deeds and Servicer fee letters pertaining to each trust.

Advisory fee income

Advisory fee income is recognised and invoiced in the period in which it is earned.

Notes to the consolidated financial statements For the year ended 31 December 2014

Note 1 – Significant accounting policies (continued)

(c) Taxation

The Company and its wholly-owned Australian resident entities are eligible to consolidate for tax purposes under this legislation and have elected to be taxed as a single entity from 1 July 2003. The head entity within the tax-consolidated group for the purposes of the tax consolidation system is Pepper Australia Pty Limited.

Entities within the tax-consolidated group have entered into a tax-sharing agreement with the head entity. Under the terms of this agreement, Pepper Australia Pty Limited and each of the entities in the tax consolidated group have agreed to pay a tax equivalent payment to or from the head entity, based on the net accounting profit or loss of the entity and the current tax rate. Such amounts are reflected in amounts receivable from or payable to other entities in the tax consolidated group.

Income tax expense represents the sum of the tax currently payable and deferred tax based on the applicable income tax rate for each jurisdiction.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period in each applicable jurisdiction.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Notes to the consolidated financial statements For the year ended 31 December 2014

Note 1 – Significant accounting policies (continued)

(c) Taxation (continued)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

The company and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003. The head entity, Pepper Australia Pty Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, the company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group. Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group. Details about the tax funding agreement are disclosed in note 5. Any difference between the amounts assumed and the amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(d) Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars ('\$'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was measured. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), or exchange differences on transactions entered into in order to hedge certain foreign currency risks. These are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

Notes to the consolidated financial statements For the year ended 31 December 2014

Note 1 – Significant accounting policies (continued)

(d) Foreign currencies (continued)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

(e) Property, plant and equipment

Property, plant and equipment is stated at cost, which includes direct and incremental acquisition costs less accumulated depreciation and provisions for impairment, if required. Subsequent costs are capitalised if these result in an enhancement to the asset.

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The following estimated useful lives are used in the calculation of depreciation:

- Buildings 20 years
- Leasehold improvements 5 years
- Computer equipment 2.5 - 7 years
- Office furniture 3 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Notes to the consolidated financial statements For the year ended 31 December 2014

Note 1 – Significant accounting policies (continued)

(f) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(g) Financial assets and liabilities

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than financial assets classified at FVTPL.

Notes to the consolidated financial statements For the year ended 31 December 2014

Note 1 – Significant accounting policies (continued)

(g) Financial assets and liabilities (continued)

Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are carried at amortised cost using the effective interest rate method. They arise when the Group provides money directly to a debtor with no intention of selling the contract.

Debt securities acquired which are categorised as loans and receivables are initially recognised at fair value plus transaction costs. Subsequently, they are carried at amortised cost and interest income is recognised in the income statement using the effective interest rate method.

Receivables

Trade and other receivables are stated at their amortised cost less impairment losses. Trade and other receivables are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Financial assets at FVTPL

Financial assets are classified at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not a designated and effective hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk. All derivative instruments are held at fair value through profit or loss, except for derivatives held for risk management purposes in an effective hedge relationship (see cash flow hedge accounting below). This includes terms included in a contract or other financial asset or liability (the host), which, had it been a standalone contract, would have had met the definition of a derivative. These are separated from the host and accounted for in the same way as a derivative.

Notes to the consolidated financial statements For the year ended 31 December 2014

Note 1 – Significant accounting policies (continued)

AFS financial assets

The Group has investments in unlisted securities that are not traded in an active market but that are classified as AFS financial assets and stated at fair value (because the directors consider that fair value can be reliably measured). Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the AFS reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Deferred transaction costs

Transaction costs representing set up costs specific to the trusts are capitalised on the balance sheet as part of loans and advances. These costs are amortised to the income statement in line with the reduction in the underlying mortgage portfolio as part of the effective interest rate on the mortgage receivables. On a consolidated basis these costs are included as part of the amortised cost of the loans.

Transaction costs incurred by The Company, as manager of the mortgage program, in facilitating the trust structure programme are capitalised on the balance sheet of The Company as part of investments. These costs are amortised to the income statement in line with the anticipated life of the trusts using the effective interest method. The average expected life of the trusts is estimated to be 24-60 months. On a consolidated basis, these costs are included as part of the amortised cost of the loans and receivables.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Notes to the consolidated financial statements For the year ended 31 December 2014

Note 1 – Significant accounting policies (continued)

(g) Financial assets and liabilities (continued)

Derecognition of financial assets and liabilities (continued)

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Impairment of financial assets

At each balance sheet date, The Group assesses whether there is objective evidence that any financial asset or group of financial assets has been impaired as a result of one or more events occurring since they were initially recognised (a “loss event”) and whether that loss event (or events) has (have) an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant. The criteria used to assess objective evidence of credit risk include repossession of the mortgage or the existence of objective evidence of credit risk counterparty. If there is objective evidence that financial assets are impaired, an impairment is recognised for the difference between the carrying amount and the present value of estimated future recoverable cash flows, taking into account any guarantees.

Where there is no objective evidence that an impairment loss has been incurred on a financial instrument considered individually, be it significant or not, the Group includes that financial asset in a group of financial assets having similar characteristics in terms of credit risk and tests the whole group for impairment. The amount of impairment on a group of homogeneous assets is determined on the basis of historical loss data for assets with credit risk characteristics similar to those in the portfolio. Impairment losses are recognized in profit or loss and reflected in an allowance account against loans and advances or held to maturity investment securities.

If an event occurring after the impairment was recognized causes the amount of impairment loss to decrease then the decrease in impairment loss is reversed through profit or loss. Impairment losses on available for sale investment securities are recognized by reclassifying the losses accumulated in the available for sale fair value reserve in equity to profit or loss.

Notes to the consolidated financial statements For the year ended 31 December 2014

Note 1 – Significant accounting policies (continued)

(h) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(i) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to a known amount of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

Cash in bank at the consolidated level includes the cash balances held in trusts that are controlled entities. The cash balance that is held in trusts can only be used in accordance with the provisions of their respective transaction documents.

**Notes to the consolidated financial statements
For the year ended 31 December 2014**

Note 1 – Significant accounting policies (continued)

(j) Intangible assets

Intangible assets acquired separately

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

(k) Interest-bearing liabilities

All borrowings are initially recognised at fair value of the consideration received less directly attributable transaction costs. Interest is accrued over the period it becomes due. After initial recognition, interest bearing borrowings are measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

(l) Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the profit and loss in the period in which they are incurred.

(m) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

**Notes to the consolidated financial statements
For the year ended 31 December 2014**

Note 1 – Significant accounting policies (continued)

(m) Provisions (continued)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with AASB 137 'Provisions, Contingent Liabilities and Contingent Assets' and the amount initially recognised less cumulative amortisation recognised in accordance with AASB 118 'Revenue'.

(n) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

(o) Share based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 28.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

The policy described above is applied to all equity-settled share-based payments that were granted after 7 November 2003 and vested after 1 January 2006. No amounts have been recognised in the financial statements in respect of other equity-settled share-based payments.

Notes to the consolidated financial statements For the year ended 31 December 2014

Note 1 – Significant accounting policies (continued)

(o) Share based payments (continued)

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

(p) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except for:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 'Income Taxes' and AASB 119 'Employee Benefits' respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 'Share-based Payment' at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Noncurrent Assets Held for Sale and Discontinued Operations' are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another standard.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139, or AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Notes to the consolidated financial statements For the year ended 31 December 2014

Note 1 – Significant accounting policies (continued)

(p) Business combinations (continued)

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

(q) Business combinations under common control

Business combinations under common control are accounted for in the consolidated financial statements utilising the 'predecessor values method' prospectively from the date that control is obtained. Assets and liabilities are recognised upon consolidation at their carrying amount in the consolidated financial statements of the ultimate parent entity, Pepper Australia Pty Limited. Any difference between the fair value of the consideration paid and the amounts at which the assets and liabilities are recorded is recognised directly in equity in the "business combinations under common control" reserve.

(r) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(s) Indirect taxes

Revenues, expenses and assets are recognised net of the amount of associated goods and services tax ('GST'), or its equivalent in other countries, unless the GST incurred is not recoverable from the taxation authority. 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 taxation authority is included within receivables or trade and other payables in the statement of financial position.

Notes to the consolidated financial statements For the year ended 31 December 2014

Note 1 – Significant accounting policies (continued)

(t) Debt and equity instruments

Issued financial instruments or their components are classified as liabilities if the contractual arrangement results in the Group having a present obligation to either deliver cash or another financial asset, or a variable number of equity shares, to the holder of the instrument, if this is not the case, the instrument is generally an equity instrument and the proceeds included in equity, net of transaction costs.

(u) Hedge accounting

During the period the Group held interest rate derivatives for risk management purposes in the Asset Finance business that meet the required documentation and hedge effectiveness criteria for cash flow hedge accounting.

For qualifying cash flow hedges, the fair value gain or loss associated with the effective portion of the cash flow hedge is recognised initially in other comprehensive income, and then recycled to the income statement in the periods when the hedged item will affect profit or loss. Any ineffective portion of the gain or loss on the hedging instrument is recognised in the income statement immediately. When a hedging instrument expires, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the hedged item is ultimately recognised in the income statement.

Note 2 – Application of new and revised accounting standards

New and revised accounting standards affecting amounts reported and/or disclosures in the financial statements

There have been a number of amendments to accounting standards made during the reporting period ended 31 December 2014. Some of the amendments applicable to the Group are outlined below.

Amendment to: AASB 136 Impairment of Assets

Reduces the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed and introduces an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

Amendments to: AASB 10 Consolidated Financial Statements, AASB 12 Disclosure of Interests in Other Entities and AASB 127 Separate Financial Statements

- Provides 'investment entities' an exemption from the consolidation of particular subsidiaries and instead requires that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with AASB 9 Financial Instruments or AASB 139 Financial Instruments: Recognition and Measurement.
- Requires additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries.
- Requires an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated).

The application of amendments to accounting standards made during the period does not have a material impact on the consolidated financial statements.

Notes to the consolidated financial statements
For the year ended 31 December 2014

Note 2 – Application of new and revised accounting standards (continued)

Future accounting developments

There are expected to be a number of changes to the Group's financial reporting after 2014 as a result of amended or new accounting standards that have been or will be issued by the AASB. The most relevant of these are as follows:

AASB 9 Financial instruments: effective for annual reporting periods beginning on or after 1 January 2018.

Replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and recognition of financial instruments from AASB 139.

The Group is assessing the potential impact on its consolidated financial statement resulting from the application of AASB 9. Given the nature of the Group's operations, this standard is expected to have a pervasive impact on the group's financial statements. In particular, calculation of impairment of financial instruments on an expected loss basis is expected to result in an increase in the overall level of impairment allowances.

AASB 15 Revenue from contracts with customers: effective for annual reporting periods beginning on or after 1 January 2017.

Replaces the existing revenue recognition guidance in AASB 18: Revenue and AASB 111: Construction Contracts. AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised.

The Group is assessing the potential impact on its consolidated financial statement resulting from the application of AASB 15.

Notes to the consolidated financial statements For the year ended 31 December 2014

Note 3 - Critical accounting judgements and key sources of estimation uncertainty

In the application of The Group's accounting policies, which are described in Note 1, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Critical judgements in applying The Company's accounting policies

The management is of the opinion that any instances of application of judgements, apart from those involving estimates (see (ii) below) are not expected to have a significant effect on the amounts recognised in the financial statements.

(ii) Key sources of estimation uncertainty

The management believes that, except as disclosed below, there are no key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available.

Fair value of assets

As part of the process of accounting for a business combination assets and liabilities are measured at fair value at the date of acquisition by taking the expected future cash flows generated by each asset and discounted. Inherent in that process management used a discount rate to reflect the inherent risk of the underlying assets.

Fair value of employee share options

As part of the process of accounting for employee share options the Group is required to measure the fair value of the options granted because it is not possible to reliably measure the fair value of the employee services rendered. The Group has used the Black Scholes valuation technique to estimate the fair value of the equity instruments issued to employees.

Notes to the consolidated financial statements For the year ended 31 December 2014

Note 3 – Critical accounting judgements and key sources of estimation uncertainty (continued)

Business valuation technique

Management has approved the development of in-house models which allow the group to value various trust structures and establish overall asset and business value. The variables used are based on historical performances of similar group structures, publically available comparative structures, data published by various rating agencies, advice provided on a case by case basis by the warehouse providers and management expectation of future performance of the business. Management is confident that the assumptions used in the models are appropriate for the purpose for which they were created.

Determination of impairment losses on investment in consolidated entities

Determining whether The Company's investment in a subsidiary is impaired requires an estimation of the fair value less cost to sell or the value in use of the investment in subsidiary. The fair value less cost to sell requires the company to estimate the fair value of the subsidiary or its underlying assets. Where there are no active markets for the assets, management has to exercise judgment in estimating the fair value of these assets. In addition, the value in use calculation requires the company to estimate the future cash flow expected from the investment in subsidiary or its cash-generating units as well as to estimate an appropriate discount rate in order to calculate the present value of the future cash flow. The Management is of the view that there is no impairment to be recognised in respect of the company's investments in subsidiaries. The carrying amounts of the investments in subsidiaries are disclosed on the face of the individual statement of financial position of the company Note 32.

Determination of impairment losses on loans and advances

The group reviews its loans and advances to assess impairment at least on an annual basis. In determining whether an impairment loss should be recorded in profit or loss, the group makes judgment as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a loan before the decrease can be identified within an individual loan. Such evidence may include payment defaults, increased historic loss rates and trends in the Australian specialist mortgage market and the Korean mortgage market. The carrying value of loans and advances is set out in Note 10.

Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

The carrying amount of goodwill at 31 December 2014 was \$23,820,616 (31 December 2013: \$22,870,791). No impairment loss was recognised during 2014 (2013: nil). Refer to note 13.

Intangible assets

Determining the estimated useful lives of intangible assets (such as those arising from servicing contract relationships) requires an analysis of circumstances and judgement. The assessment of whether an asset is exhibiting indicators of impairment as well as the calculation of impairment, which requires the estimate of future cash flows and fair values less costs to sell, also requires the preparation of cash flow forecasts and fair values for assets that may not be regularly bought and sold.

Notes to the consolidated financial statements
For the year ended 31 December 2014

Note 4 – Revenue and expenses

The profit from operations before income tax includes the following items of revenue and expense:

	Year ended 31 December 2014 \$	Year ended 31 December 2013 \$
(a) Revenue		
Interest revenue:		
- Interest from customers	259,576,481	252,061,990
- Interest from investments	11,117,606	6,095,602
- Bank interest	8,760,311	2,936,657
	279,454,398	261,094,249
Fee revenue:		
- Servicing fees	75,988,131	24,406,255
- Advisory fees	12,325,410	12,019,430
- Other fee revenue	37,253,727	28,174,256
	125,567,268	64,599,941
Total interest and fee revenue	405,021,666	325,694,190
Securities income	1,367,105	217,584
Net foreign exchange gains	1,226,449	3,963,141
Loan sale income	13,049,370	-
Gain on asset disposal	1,778,809	-
Other income	937,727	6,653
	423,381,126	329,881,568

Notes to the consolidated financial statements
For the year ended 31 December 2014

Note 4 – Revenue and expenses (continued)

	Year ended 31 December 2014 \$	Year ended 31 December 2013 \$
(b) Expenses		
Depreciation and amortisation expenses:		
Amortisation of intangibles	2,933,912	1,294,457
Depreciation of property, plant and equipment	2,331,799	1,274,231
	5,265,711	2,568,688
Borrowing costs:		
Interest - deposits	8,734,942	1,098,965
Coupon payments	53,649,382	33,525,255
Interest – Mortgage facility	120,235,900	142,207,422
Other interest expenses	7,239,855	4,821,455
	189,860,079	181,653,097
Other expenses from operations:		
Loan enforcement expenses	4,996,030	5,288,975
Loan losses	8,405,614	3,807,784
Rent	12,975,528	4,178,327
Consulting fees	5,214,305	4,725,768
Publications and advertising	3,462,376	2,004,654
Travel	3,486,802	2,227,991
Telephone	1,808,625	1,067,584
Legal fees	2,953,591	4,515,714
Licence fees	1,498,913	1,051,675
Computer, internet and information services	4,074,560	3,059,007
Insurance	2,417,039	623,756
Remuneration of auditors	1,777,871	1,176,863
Other professional services	1,728,030	906,073
Trustee expenses	1,569,732	1,218,447
Servicer fees	3,618,783	3,108,496
Foreign exchange losses	1,302,785	138,770
GST input tax losses	3,221,810	1,501,463
Printing, stationery and postage	1,975,294	932,376
Other expenses	6,079,458	2,722,345
Total other expenses from operations	72,567,146	44,256,068

Notes to the consolidated financial statements
For the year ended 31 December 2014

Note 5 - Taxation

	Year ended 31 December 2014 \$	Year ended 31 December 2013 \$
(a) Income tax recognised in profit or loss		
Current tax		
Current tax expense in respect of the current year	15,272,661	13,519,249
Adjustments recognised in the current year in relation to the current tax of prior years	(371,834)	51,991
	14,900,827	13,571,240
Deferred tax		
Deferred tax (credit)/expense recognised in the current year	(8,088,107)	1,057,683
Adjustments recognised in the current year in relation to the current tax of prior years	(74,139)	(46,068)
	(8,162,246)	1,011,615
Total income tax expense recognised in the current year relating to continuing operations	6,738,581	14,582,855
(b) The income tax expense for the year can be reconciled to the accounting profit as follows:		
<i>Profit before tax from continuing operations</i>	44,736,200	43,133,116
Income tax expense calculated at 30% (2013: 30%)	13,420,860	12,939,934
Effect of income that is exempt from taxation	(1,054,735)	(257,186)
Effect of expenses that are not deductible in determining taxable profit	1,166,277	2,231,403
Effect of different tax rates of subsidiaries operating in other jurisdictions	(462,273)	(337,219)
Realisation of tax assets relating to prior period losses	(5,885,576)	-
	7,184,553	14,576,932
Adjustments recognised in relation to the current income tax in prior year	(445,972)	5,923
Income tax expense recognised in profit or loss (relating to continuing operations)	6,738,581	14,582,855

The tax rate used for the 2014 and 2013 reconciliations above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

Notes to the consolidated financial statements
For the year ended 31 December 2014

Note 5 - Income tax (continued)

	Year ended 31 December 2014 \$	Year ended 31 December 2013 \$
(c) Income tax recognised in other comprehensive income		
Current tax	(455,343)	1,868,788
Deferred tax	9,619	-
Total income tax recognised in other comprehensive income	(445,724)	1,868,788
(d) Deferred tax balances		
Temporary differences		
Opening balance	(4,734,954)	(1,925,152)
Recognised in profit or loss	8,162,246	(1,011,615)
Net deferred tax debited directly to equity	1,411,688	(1,888,087)
Acquisitions	-	89,900
Closing balance	4,838,980	(4,734,954)
Breakdown of closing balance as follows:		
Employee expenses	1,418,919	868,777
Provision	527,083	633,808
Deal costs	(4,053,083)	(4,140,954)
Doubtful debts	1,834,215	1,735,223
Deferred revenue	(23,311)	(528,819)
Other financial assets	57,279	(328,612)
Intangible assets	(1,799,285)	(1,370,622)
Realisation of tax assets relating to prior period losses	5,885,576	-
Other	991,587	(1,603,755)
	4,838,980	(4,734,954)
(e) Deferred tax balances are presented in the statement of financial position as follows:		
Deferred tax assets	7,128,284	5,236,804
Deferred tax liabilities	(2,289,304)	(9,971,758)
	4,838,980	(4,734,954)

(f) Unrecognised deferred tax assets:

There are unused tax losses in the consolidated group, for which no deferred tax asset has been recognised as the measurement of any recognisable deferred tax asset is still highly uncertain and not reliably measurable.

**Notes to the consolidated financial statements
For the year ended 31 December 2014**

Note 6 – Key management personnel compensation

The aggregate compensation made to directors of The Company and The Group is set out below:

	Year ended 31 December 2014 \$	Year ended 31 December 2013 \$
Compensation to directors of The Company and The Group	4,890,855	3,083,748

Note 7 – Investment securities

	As at 31 December 2014 \$	As at 31 December 2013 \$
Trading Securities		
- Corporate bonds	86,389	51,006
Available for sale investment securities		
- Government bonds	11,065,468	57,916,019
- Corporate bonds	2,111,438	2,499,107
Held to maturity investment securities		
- Government bonds	57,633,731	75,827,075
Total investment securities	70,897,026	136,293,207

Note 8 – Receivables

	As at 31 December 2014 \$	As at 31 December 2013 \$
Goods and services tax receivable	382,015	951,332
Amounts receivable from related parties	3,665,926	495,781
Trail commission deed receivables	7,465,003	8,641,438
Trade receivables	19,645,399	13,276,641
Loans to directors	-	904,542
Other debtors ¹	132,841,787	12,737,436
Total receivables	164,000,130	37,007,170

Note

¹ – The 2014 other debtors balance includes a \$100,928,579 receivable due to a loan portfolio sale during December 2014 (2013: \$nil).

**Notes to the consolidated financial statements
For the year ended 31 December 2014**

Note 9 – Other assets

	As at 31 December 2014 \$	As at 31 December 2013 \$
Prepayments	6,869,142	2,328,708
Other	1,868,244	1,012,963
Total other assets	8,737,386	3,341,671

Note 10 – Loans and advances

	As at 31 December 2014 \$	As at 31 December 2013 \$
Loans and advances – customers	179,241,789	126,276,237
Loans and advances – securitised	2,161,624,140	1,650,238,641
Loans and advances – warehouses	1,622,793,956	1,594,206,176
	3,963,659,885	3,370,721,054

Provision analysis (included in the balance above):

Movement of specific impairment provision

Opening balance	4,123,406	2,646,622
Provided for during the year	7,275,381	5,858,756
Loan assets written-off, previously provided for	(2,612,209)	(4,277,006)
Losses reversed	-	(317,000)
Effect of currency translation differences	943,978	68,534
Amounts recovered during year	(617,852)	143,500
Closing balance	9,112,704	4,123,406

Movement of collective provision

Opening balance	1,495,837	1,375,046
Provided for / (released) during the year	1,130,233	120,791
Effect of currency translation differences	19,714	-
Closing balance	2,645,784	1,495,837

Note 11 – Other investments

	As at 31 December 2014 \$	As at 31 December 2013 \$
Investments classified as loans and receivables	31,354,752	32,849,851
Investments held at fair value through profit or loss	18,818,676	18,262,880
Other investments	4,962,726	2,071,233
Total other investments	55,136,154	53,183,964

Notes to the consolidated financial statements
For the year ended 31 December 2014

Note 12 – Goodwill

	As at 31 December 2014 \$	As at 31 December 2013 \$
Balance at beginning of year	22,870,791	7,703,041
Acquisitions through business combinations ¹	-	13,543,256
Effect of currency translation differences	949,825	1,624,494
Balance at end of year	23,820,616	22,870,791

Note 13 – Intangible assets

	Licence fee \$	Internally generated software \$	Mortgage servicing rights ¹ \$	Korean mutual banking registration \$	Total \$
Net book value at 31 December 2012	1,031,969	775,656	-	-	1,807,625
Costs capitalised during the year	229,177	1,991,109	-	-	2,220,286
Acquisitions through business combinations ¹	-	-	10,056,128	22,062,278	32,118,406
Amortisation expense	(488,918)	(605,543)	(199,996)	-	(1,294,457)
Effect of currency translation differences	-	(5,132)	546,420	1,458,459	1,999,747
Net book value at 31 December 2013	772,228	2,156,090	10,402,552	23,520,737	36,851,607
<i>Made up of:</i>					
Gross carrying amount	1,886,866	3,423,672	10,602,548	23,520,737	39,433,823
Accumulated amortisation	(1,114,638)	(1,267,582)	(199,996)	-	(2,582,216)
Net book value at 31 December 2013	772,228	2,156,090	10,402,552	23,520,737	36,851,607
Costs capitalised during the year	1,860,867	7,422,344	-	-	9,283,211
Disposals write offs	(373,721)	-	-	-	(373,721)
Amortisation expense	(626,620)	(1,098,253)	(1,209,039)	-	(2,933,912)
Effect of currency translation differences	66,405	154,224	(375,064)	314,242	159,807
Net book value at 31 December 2014	1,699,159	8,634,405	8,818,449	23,834,979	42,986,992
<i>Made up of:</i>					
Gross carrying amount	3,444,004	11,027,983	10,290,724	23,834,979	48,597,690
Accumulated amortisation	(1,744,845)	(2,393,578)	(1,472,275)	-	(5,610,698)
Net book value at 31 December 2014	1,699,159	8,634,405	8,818,449	23,834,979	42,986,992

The following useful lives are used in the calculation of amortization:

- Software costs - 2½ years
- Licence fee - 3 years
- Mortgage servicing rights - 10 years
- Korean Mutual Banking Registration – indefinite life

Mortgage servicing rights relate to servicing contracts held by the acquiree at the date of business combination. The rights are amortised over 10 years, being the expected life of a portfolio of UK mortgages.

The Korean Mutual Banking Registration is considered to have an indefinite useful life as it is expected to contribute future economic benefits to the group indefinitely through the right to operate as a Savings Bank established under the Mutual Savings Bank Act of the Republic of Korea (South Korea).

Note

1 – Goodwill in 2013 acquisitions through business combinations has been revised to exclude \$4,116,159 reclassified to mortgage servicing rights intangible assets. The balances (relating to the Oakwood Group in the United Kingdom) were revised <12 months of the acquisition date in accordance with AASB 3 - Business Combinations.

Notes to the consolidated financial statements
For the year ended 31 December 2014

Note 14 – Deposits

	As at 31 December 2014 \$	As at 31 December 2013 \$
Customer deposits	332,347,752	384,916,036
Total deposits	332,347,752	384,916,036

Note 15 – Trade and other payables

	As at 31 December 2014 \$	As at 31 December 2013 \$
Trade payables	15,964,737	3,093,588
Audit and other services	782,819	883,553
Accrued expenses	14,134,890	20,656,312
Total trade and other payables	30,882,446	24,633,453

Note 16 – Borrowings

	As at 31 December 2014 \$	As at 31 December 2013 \$
Warehouse facility - secured ¹	1,782,436,034	1,627,104,512
Notes payable ²	2,283,786,802	1,716,562,501
Subordinated debt ³	98,085,008	55,075,273
Accrued interest payable	8,021,237	5,933,474
Other Borrowings ⁴	9,720,617	23,979,520
Total borrowings	4,182,049,698	3,428,655,280

Notes

1 - Fully secured by the loans and advances and other cash collateral residing in the warehouse trusts (note 10), the current value of which is less than the value of the mortgage assets.

2 - Notes payable are secured only on the assets of each of the individual securitisation trusts.

3 - Subordinated note facility secured over certain assets of The Group.

4 - 2013 other borrowings included \$21,209,376 of loans transferred to the Korean regulator (Korea Asset Management Corporation) which did not meet the derecognition criteria under AASB 139 and as such were presented as secured liabilities (2014: \$nil).

Notes to the consolidated financial statements
For the year ended 31 December 2014

Note 17 – Other liabilities

	As at 31 December 2014 \$	As at 31 December 2013 \$
Unearned income	1,910,212	361,982
M Note interest payable	4,326,599	7,795,777
Future trail commission	13,164,679	16,905,371
Contingent consideration payable	3,558,242	3,847,474
Derivatives liabilities carried at fair value ¹	866,995	147,182
Other ²	21,911,147	19,256,625
Total other liabilities	45,737,874	48,314,411

Note 18 – Obligations under finance leases

The Group leased certain of its software under finance leases. The average lease term is 1.5 years (2013: 1 year). The Group has options to purchase the equipment for a nominal amount at the end of the lease terms. The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

	As at 31 December 2014 \$	As at 31 December 2013 \$
Finance lease liabilities:		
Not later than 1 year	139,261	13,660
Later than 1 year and not later than 5 years	228,136	27,320
Later than 5 years	-	-
Total lease liabilities	367,397	40,980

Notes

1 – Derivatives liabilities are interest rate swap agreements. For more information see note 28.

2 – Other liabilities include \$367,397 of finance lease liabilities (2013: \$40,980).

Notes to the consolidated financial statements
For the year ended 31 December 2014

Note 19 – Provisions

	Employee entitlements ¹	Borrower incentive ²	Other ³	Total
	\$	\$	\$	\$
Balance at 31 December 2012	2,543,477	183,188	1,960,085	4,686,750
Increase in provisions	3,379,948		12,006,255	15,386,203
Acquisitions through business combinations	233,749			233,749
Provisions utilised	(2,748,734)	(37,399)	(5,997,169)	(8,783,302)
Balance at 31 December 2013	3,408,440	145,789	7,969,171	11,523,400
Increase in provisions	5,395,203	-	24,482,176	29,877,379
Acquisitions through business combinations	-	-	-	-
Provisions utilised	(3,844,144)	-	(17,891,750)	(21,735,894)
Exchange differences	38,150	-	67,525	105,675
Balance at 31 December 2014	4,997,649	145,789	14,627,122	19,770,560
Expected timing for utilisation of provisions:				
Less than 12 months	2,533,887	145,789	7,969,171	10,648,847
Greater than 12 months	874,553	-	-	874,553
Balance at 31 December 2013	3,408,440	145,789	7,969,171	11,523,400
Less than 12 months	3,350,683	145,789	14,627,122	18,123,594
Greater than 12 months	1,646,966	-	-	1,646,966
Balance at 31 December 2014	4,997,649	145,789	14,627,122	19,770,560

Notes

1 – The provision for employee benefits represents annual leave and vested long service leave entitlements accrued. The increase in the carrying amount of the provision for the current year is a result of the increase in the number of employees, partly attributed to the businesses acquired during the year.

2 – The provision for borrower incentive relates to the provision of amounts payable on certain loans held. This provision is running down as the number of loans that have the incentive decreases.

3 – Other provisions include provision for bonuses and payroll tax.

**Notes to the consolidated financial statements
For the year ended 31 December 2014**

Note 20 – Issued Capital

	Number of shares	\$
<u>Fully paid ordinary shares</u>		
Balance at 31 December 2012	103,791	26,171,629
Issue of shares – capital injection	19,321	19,091,646
Issue of shares – group restructure	51,464	54,000,000
Balance at 31 December 2013	174,576	99,263,275
Issue of shares – capital injection	7,190	5,213,394
Issue of shares – group restructure	-	-
Balance at 31 December 2014	181,766	104,476,669
<u>Fully paid A class shares:</u>		
Balance at 31 December 2012	14,250	1,500,850
Issue of shares under company share option plan	13,225	1,342,976
Balance at 31 December 2013	27,475	2,843,826
Transfer to company share option plan	-	52,167
Balance at 31 December 2014	27,475	2,895,993
<u>Fully paid B class shares:</u>		
Balance at 31 December 2012	1	-
Share Split	2,459	-
Issue of shares	2,460	-
Balance at 31 December 2013	4,920	-
Share Split	-	-
Issue of shares	-	-
Balance at 31 December 2014	4,920	-
<u>G class redeemable convertible preference shares:</u>		
Balance at 31 December 2012	-	-
Balance at 31 December 2013	-	-
Issue of shares	20,642	36,144,556
Balance at 31 December 2014	20,642	36,144,556
Total share capital at 31 December 2013		102,107,101
Total share capital at 31 December 2014		143,517,218

Ordinary shares and fully paid A class shares carry one vote per share and carry the right to dividends. Fully paid B class shares carry no voting rights but do carry the right to dividends.

Class G redeemable convertible preference shares are entitled to receive a discretionary preference dividend before any dividends are declared to the ordinary shareholders. The class G shares shall be converted into ordinary shares on 1 March 2016 (the maturity date) or such earlier date determined by the Board. The holder of the G class shares at any time on or before the maturity date, at the election of The Company, may redeem any unconverted preference shares. In all other respects, each class G share ranks pari passu with ordinary shares.

During the year the company paid a fully franked dividend of \$1,901,270 (2013: \$1,395,728) to A class shareholders.

**Notes to the consolidated financial statements
For the year ended 31 December 2014**

Note 21 – Reserves and retained earnings

	31 December 2014 \$	31 December 2013 \$
Equity settled employee benefits reserve	2,089,472	1,243,197
Business combinations under common control reserve	(18,652,978)	(18,652,978)
Treasury shares	(2,733,894)	-
Total other equity	(19,297,400)	(17,409,781)
Currency translation reserve	7,546,887	4,973,143
Available for sale reserve	-	45,030
Cashflow hedging reserve	(429,264)	-
Total other reserves	7,117,623	5,018,173

Total other equity

	31 December 2014 \$	31 December 2013 \$
Equity settled employee benefits reserve:		
Balance at beginning of year	1,243,197	995,758
Arising on share based payments	869,632	782,632
Exercised during the year	-	(535,193)
Foreign exchange and other movements	(23,357)	-
Balance at end of year	2,089,472	1,243,197

The equity settled employee benefits reserve relates to share options granted by the Company to its employees under its employee share option plan. Further information about share-based payments to its employees is set out in note 27.

	31 December 2014 \$	31 December 2013 \$
Business combinations under common control reserve:		
Balance at beginning of year	(18,652,978)	-
Acquisition of entities under common control	-	(18,652,978)
Balance at end of year	(18,652,978)	(18,652,978)

Any difference between the cost of acquisition (the fair value of the consideration paid), and the amounts at which the acquired assets and liabilities are recorded for business combinations under common control (as detailed in the significant accounting policies note) have been recognised in the business combinations under common control reserve.

Treasury shares

During the period The Group has provided limited-recourse loans to its executives and senior employees enabling them to exercise previously issued options. In accordance with AASB 2 The Group has treated these as share options (Note 27) and Treasury Shares. The exercise date of the options is the date or dates the loans are repaid.

Retained earnings

During the year retained earnings increased due to \$38,103,015 profit after tax (2013: \$28,786,622) offset by \$1,901,270 dividends paid (2013: \$1,395,728) and a \$1,782,088 correction to prior year retained earnings (2013:\$nil) due to the revision of net assets acquired as part of the Oakwood acquisition in 2013 in accordance with AASB 3.

Notes to the consolidated financial statements
For the year ended 31 December 2014

Note 21 – Reserves and retained earnings (continued)

Total other reserves

	31 December 2014	31 December 2013
	\$	\$
Currency translation reserve:		
Balance at beginning of year	4,973,143	-
Exchange differences arising on the translation of foreign operations	2,573,744	4,973,143
Balance at end of year	7,546,887	4,973,143

The currency translation reserve represents the cumulative gains and losses on the retranslation of the Group's net investment in foreign operations, net of the effects of hedging.

	31 December 2014	31 December 2013
	\$	\$
Available for sale reserve:		
Balance at beginning of year	45,030	-
Net gains / (losses) arising on the revaluation of available for sale investments	-	64,329
Income tax on revaluation gains / losses	19,299	(19,299)
Amounts transferred to the income statement due to disposal	(64,329)	-
Balance at end of year	-	45,030

The available for sale reserve represents the cumulative gains and losses arising on the revaluation of available for sale financial assets that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

	31 December 2014	31 December 2013
	\$	\$
Cash flow hedge reserve:		
Balance at beginning of year	-	-
Gain/(loss) arising on changes in fair value	(429,264)	-
Balance at end of year	(429,264)	-

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or is included as a basis adjustment to the nonfinancial hedged item, consistent with the relevant accounting policy.

Note 22 – Non-controlling interests

	31 December 2014	31 December 2013
	\$	\$
Balance at beginning of year	(602,181)	(365,820)
Share of profit (loss) for year	(105,396)	(236,361)
Other movements	443	-
Balance at end of year	(707,134)	(602,181)

Notes to the consolidated financial statements
For the year ended 31 December 2014

Note 23 – Controlled entities and significant non-consolidated structured entities

The following controlled entities have been included in the consolidated financial statements:

Name Of Controlled Entity	Country Of incorporation / creation	Ownership	Ownership	Residual	Residual
		interest	interest	interest	interest
		2014	2013	2014	2013
		%	%	%	%
<i>Parent entity</i>					
Pepper Australia Pty Limited	Australia	100%	100%	-	-
<i>Controlled entities</i>					
Pepper Homeloans Pty Limited	Australia	100%	100%	-	-
Pepper Finance Corporation Limited	Australia	100%	100%	-	-
Pepper Capital Corporation Limited	Australia	100%	100%	-	-
Pepper Australia Investments Pty Ltd	Australia	100%	100%	-	-
Pepper Asset Management Pty Limited	Australia	100%	100%	-	-
Pepper Savings Bank Co. Limited	Korea	100%	100%	-	-
Pepper Property Group Pty Ltd	Australia	100%	100%	-	-
Pepper Property (VIC) Pty Ltd	Australia	100%	100%	-	-
Pepper Property (WA) Pty Ltd	Australia	100%	100%	-	-
Pepper Corporate Real Estate Pty Ltd	Australia	100%	100%	-	-
Pepper Property Advisory Pty Ltd	Australia	100%	100%	-	-
Pepper Property Funds Management WA Pty Ltd	Australia	100%	100%	-	-
Pepper Property Jackaroo Pty Limited	Australia	100%	100%	-	-
Pepper Property Group (Asia) Pte Limited	Singapore	100%	100%	-	-
Well Nigh Capital No. 1 Pty Limited	Australia	100%	100%	-	-
Pepper Asset Finance Pty Limited	Australia	100%	100%	-	-
Habenaro Asset Finance Pty Limited	Australia	100%	100%	-	-
Pepper ES Holdings Pty Limited	Australia	100%	100%	-	-
Morgij Holdings Pty Limited	Australia	51%	51%	-	-
Pepper Investment Management Holdings Limited	Australia	75%	75%	-	-
Pepper Investment Management Pty Limited	Australia	100%	100%	-	-
Pepper High Income Fund	Australia	43%	43%	-	-
Pepper Investment Grade Credit Fund	Australia	5%	0%	-	-
Pepper Europe Holdings Pty Limited	Australia	100%	100%	-	-
PSB Investment Holdings Pty Limited	Australia	100%	100%	-	-
Pepper SW 1 Pty Ltd	Australia	100%	100%	-	-
Pepper Netherlands Holding Corporate U.A.	The Netherlands	100%	100%	-	-
Pepper Asset Services S L	Spain	100%	100%	-	-
Vesta Asset Management S L	Spain	100%	100%	-	-
Pepper Finance Corporation SL	Spain	100%	100%	-	-
Pepper Spain Consumer Finance II	Spain	42%	0%	-	-
Pepper Finance (H62) Limited	Ireland	100%	100%	-	-
Pepper Finance Corporation (Ireland) Limited	Ireland	100%	100%	-	-
Pepper Europe (UK) Limited	UK	100%	100%	-	-
Pepper Europe Investments UK Limited	UK	100%	100%	-	-
PEICH Limited	Cayman Islands	100%	100%	-	-
Oakwood Spanish Holdings Limited	UK	100%	100%	-	-
Engage Credit Holdings Limited	UK	100%	100%	-	-
Pepper (UK) Limited	UK	100%	100%	-	-
Engage Credit Limited	UK	100%	100%	-	-

**Notes to the consolidated financial statements
For the year ended 31 December 2014**

Note 23 – Controlled entities and significant non-consolidated structured entities (continued)

Name Of Controlled Entity	Country Of incorporation / creation	Ownership	Ownership	Residual	Residual
		interest 2014 %	interest 2013 %	interest 2014 %	interest 2013 %
<i>Controlled entities (continued)</i>					
PEICH 2 Limited	Cayman Islands	100%	100%	-	-
Oakwood Designated Partner Limited	UK	100%	100%	-	-
OakGSL Limited	UK	100%	100%	-	-
Oakdm1 Limited	UK	100%	100%	-	-
Oakdm2 Limited	UK	100%	100%	-	-
Oakwood Global Finance LLP	UK	100%	100%	-	-
PEICH 3 Limited	Cayman Islands	100%	100%	-	-
Oakwood Capital Markets (UK) Limited	UK	100%	100%	-	-
Pepper (UK) Investment Management LLP	UK	100%	100%	-	-
Pepper Homeloans Limited	UK	100%	100%	100%	100%
Cayenne Funding Ltd	UK	0%	0%	100%	0%
Pepper New Zealand Limited	New Zealand	100%	100%	-	-
Pepper New Zealand (Beneficiary) Limited	New Zealand	100%	100%	-	-
Pepper New Zealand (Settlor) Limited	New Zealand	100%	100%	-	-
Pepper Mortgage Warehouse Trust 2009-2	Australia	-	-	100%	100%
Pepper Mortgage Warehouse Trust 2010-1	Australia	-	-	100%	100%
Pepper Mortgage Warehouse Trust 2010-2	Australia	-	-	100%	100%
Pepper Settlement Trust	Australia	-	-	100%	100%
The Collection Service Trust 1	Australia	-	-	100%	100%
First Permanent RMBS Trust 2006-1	Australia	-	-	100%	100%
Pepper Residential Securities Trust No. 8	Australia	-	-	100%	100%
Pepper Residential Securities Trust No. 9	Australia	-	-	100%	100%
Pepper Residential Securities Trust No. 10	Australia	-	-	100%	100%
Pepper Residential Securities Trust No. 11	Australia	-	-	100%	100%
Pepper Residential Securities Trust No. 12	Australia	-	-	100%	100%
Pepper Residential Securities Trust No. 13	Australia	-	-	100%	100%
Pepper NAB Prime Mortgage Warehouse Trust	Australia	-	-	100%	100%
Pepper NC Mortgage Warehouse Trust 2011-1	Australia	-	-	100%	100%
Pepper Prime 2012-1 Trust	Australia	-	-	100%	100%
Pepper Prime 2013-1 Trust	Australia	-	-	100%	100%
Pepper Commercial Loans Trust 2013-1	Australia	-	-	100%	100%
Pepper Prime Mortgage Origination Trust 2013-3	Australia	-	-	100%	100%
Pepper Asset Finance Warehouse Trust 2014-1	Australia	-	-	100%	100%
Pepper Mortgage Warehouse Trust 2014-2	Australia	-	-	100%	100%
Pepper Asset Finance Asset Trust 2014-1	Australia	-	-	100%	100%
Residential Non-conforming Funding Trust No.1	Australia	-	-	100%	100%
Pepper Prime Origination 2013-1	Australia	-	-	100%	100%
Pepper Mortgage Warehouse Trust 2014-3	Australia	-	-	100%	100%

Notes to the consolidated financial statements
For the year ended 31 December 2014

Note 23 – Controlled entities and significant non-consolidated structured entities (continued)

Significant non-consolidated structured entities

The Group has interests in a number of unconsolidated structured entities for which it performs servicing activities and receives a market based fee in return. These entities are financed by the issuance of notes and invest in portfolios of loans (commercial, residential mortgage and personal). The Group's interest in each entity is less than 5% of total issued notes for that entity.

Note 24 – Guarantees, contingent liabilities and contingent assets

- (a) The Group has a guarantee in place covering all the tenant's obligations under its office lease and car parking agreements for Levels 4, 9 and 10, 146 Arthur Street North Sydney. The amount of this guarantee at 31 December 2014 is \$764,680 (2013: \$437,476).
- (b) The Group has a guarantee in place covering all the tenant's obligations under its office lease and car parking agreements for Level 5, 18 Smith Street Parramatta. The amount of this guarantee at 31 December 2014 is \$63,798 (2013: \$310,783).
- (c) The Group has a guarantee in place covering all the tenant's obligations under its office lease for Level 4, 56 William Street Perth. The amount of this guarantee at 31 December 2014 is \$18,544 (2013: \$18,544).
- (d) The Group has a guarantee in place covering all the tenant's obligations under its office lease for Level 3, 707 Collins Street, Melbourne. The amount of this guarantee at 31 December 2014 is \$18,333 (2013: \$nil).
- (e) The Group has a guarantee in place covering all the tenant's obligations under its office lease in Madrid, Spain. The amount of this guarantee at 31 December 2014 is \$190,040 (2013: \$190,040).
- (f) The Group has a guarantee in place covering all the tenant's obligations under its office lease for Level 4, 2 Park Place, Dublin, Ireland. The amount of this guarantee at 31 December 2014 is \$176,835 (2013: \$176,835).
- (g) The Group has a guarantee in place covering all the tenant's obligations under its office lease for 4310 Atlantic Avenue, Shannon, County Clare, Ireland. The amount of this guarantee at 31 December 2014 is \$130,865 (2013: \$130,865).
- (h) The Group has a guarantee in place covering all the tenant's obligations under its office lease for part first floor, 23 Saville Row, London W1, England. The amount of the guarantee at 31 December 2014 is \$136,371 (2013: \$136,371).
- (i) The Group does not have any contingent assets.
- (j) The Group, as a member of an international consortium led by China Travel Financial Holdings Co., Limited as majority investor, together with York Capital Management Global Advisors LLC has entered into an agreement with Standard Chartered Bank Limited to purchase its consumer finance subsidiaries, PrimeCredit Limited and Shenzhen PrimeCredit Limited. The transaction has given rise to a commitment for The Group to purchase 12% of the shares in a newly formed entity if certain conditions including regulatory approvals be met.

Notes to the consolidated financial statements For the year ended 31 December 2014

Note 25 – Related parties transactions

A related party is a person or entity that is related to entity preparing its financial statements (the reporting entity). A person or a close member of that person's family is related to the reporting entity if that person:

- has control or joint control over the reporting entity;
- has significant influence over the reporting entity; or
- is a member of the key management personnel of the reporting entity.

An entity is related to the reporting entity if any of the following conditions applies:

- the entity and the reporting entity are members of the same group; or
- one entity is an associate or joint venture of the other entity; or
- both entities are joint ventures of the same third party; or
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity; or
- the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity; or
- the entity is controlled or jointly controlled by a related person; or
- a person who has control or joint control over the reporting entity has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(a) Equity interests in controlled entities

Details of the percentage of ordinary shares or units held in controlled entities are disclosed in note 24 to the financial statements.

(b) Key management personnel

Details of key management personnel compensation are disclosed in note 6 to the financial statements.

Loans to directors are disclosed in note 8 to the financial statements. These loans are interest free and are made in relation to share options exercised during the financial year.

**Notes to the consolidated financial statements
For the year ended 31 December 2014**

Note 25 – Related parties transactions (continued)

(c) Transactions within The Group

Transactions between The Company and its controlled entities also meet the definition of related party transactions. Where these are eliminated on consolidation, they are not disclosed in the Group's financial statements. Transactions between The Company and its controlled entities are included in its balance sheet and income statement shown in Note 32. A list of The Group's controlled entities is shown in Note 24.

Amounts receivable from or payable to entities in the group are disclosed in notes 8 and 15 to the financial statements. Amounts receivable from or payable to related parties are non-interest bearing. No guarantees have been given or received. No expense has been recognised in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties.

The Company received trust manager and servicer fees from related trusts. The Company also received residual distributions from the profits generated by related trusts. Additionally, The Company received interest payments in respect of issued notes held in related trusts.

The amounts received during the year from related parties are shown below:

	Fee revenue		Interest from investments	
For the year ended 31 December:	2014	2013	2014	2013
	\$	\$	\$	\$
Pepper NZ Mortgage Warehouse Trust 2011-1	13,058,228	1,843,613	2,647,109	251,707
Pepper NZ Mortgage Warehouse Trust 2011-2	2,390,558	5,809,157	231,691	315,268
Total	15,448,786	7,652,770	2,878,800	566,975

(d) Other related parties

A number of Director related entities invest in funds included within the Group. All such investments are transacted on an arms-length basis and in accordance with the relevant Fund's normal commercial terms and conditions.

**Notes to the consolidated financial statements
For the year ended 31 December 2014**

Note 26 – Notes to the statement of cash flow

	Year ended 31 December 2014 \$	Year ended 31 December 2013 \$
(a) Reconciliation of cash and cash equivalents		
Cash at the end of the year as shown in the cash flow statement is reconciled to the related items in the statement of financial position as follows:		
Cash on hand - companies	232,691,270	176,239,354
Cash on hand - trusts	229,753,600	220,585,602
Cash and cash equivalents	462,444,870	396,824,956

Cash retained in the trusts is not available for the operations of the business except where subject to conditions contained in the funding agreements and trust documentation. The majority of cash held by Pepper Savings Bank Co., Ltd in South Korea is required to meet regulatory requirements. Included in the cash on hand with companies is \$80,838,643 (2013:\$nil) held on escrow for the pending transaction referred to in Note 24 (j).

	Year ended 31 December 2014 \$	Year ended 31 December 2013 \$
(b) Reconciliation of profit for the year to net cash flows from operating activities		
Total comprehensive income for the year	40,133,245	33,568,434
Depreciation and amortisation expenses	5,265,711	2,538,688
Deferred tax asset movement	(1,891,480)	(1,052,039)
Deferred tax liability movement	(7,682,454)	4,066,489
Current tax liability movement	3,543,803	2,624,757
Bargain gain	-	(88,702)
Borrowing costs	-	273,748
Exchange differences on translation of foreign operations	(3,365,343)	(2,243,973)
Share based payments	810,099	782,632
<u>Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:</u>		
(Increase) / decrease in assets:		
Current receivables	(123,305,900)	2,609,900
Investment securities	25,682,682	(19,299)
Loans and advances	122,571,988	68,503,381
Other assets	(52,994,897)	(12,991,743)
Investments	6,047,948	3,227,710
Increase / (decrease) in liabilities:		
Current trade payables	6,150,491	13,962,741
Borrowings	27,702,968	90,925
Other creditors and accruals	(8,134,317)	(6,907,331)
Provisions	8,247,159	4,849,131
Total operating cash movements	48,781,703	113,795,449

Notes to the consolidated financial statements
For the year ended 31 December 2014

Note 27 – Share based payments

Employee share option plans

The Group has established various share option programs that entitle key management personnel to purchase shares in the Group entities. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. All options are to be settled by physical delivery of shares.

The following Pepper Australia Pty Limited settled share-based payment arrangements were in existence as at 31 December 2014:

Option Series	Number	Grant date	Expiry date	Exercise price	Fair value at grant date
Tranche 2 – January 2011 ⁽¹⁾	125	20/01/2011	20/01/2020	-	\$41.25
Tranche 3 – January 2011 ⁽²⁾	4,245	20/01/2011	20/01/2020	-	\$52.11
Tranche 1 – August 2012 ⁽³⁾	1,363	31/08/2012	20/01/2020	\$719.48	\$56.31
Tranche 2 – August 2012 ⁽⁴⁾	1,362	31/08/2012	20/01/2020	\$719.48	\$145.20

The following share-based payment arrangements were in existence as at 31 December 2014 with other entities within The Group:

Option Series	Number	Grant date	Expiry date	Exercise price	Fair value at grant date
A Class – January 2013 ⁽⁵⁾	7,560	01/01/2013	31/12/2017	\$213.00	\$15.64
A3 Class – October 2013 ⁽⁵⁾	3,316	25/10/2013	31/12/2017	\$257.00	\$24.54
A2 Class – February 2014 ⁽⁵⁾	8,722	28/02/2014	31/12/2017	\$73.00	\$166.43
A4 Class – September 2014 ⁽⁶⁾	2,499	08/09/2014	31/08/2021	\$440.00	\$30.90

Notes

- 1 In accordance with the terms of the share-based arrangement, options issued in Tranche 2 – January 2011 will vest 18 months after the Grant Date should a Return on Investment performance hurdle of 20% be achieved.
- 2 In accordance with the terms of the share-based arrangement, options issued in Tranche 3 – January 2011 will vest 36 months after the Grant Date should a Return on Investment performance hurdle of 38% be achieved.
- 3 In accordance with the terms of the share-based arrangement, options issued in Tranche 1 – August 2012 will vest 12 months after the Grant Date should a Return on Investment performance hurdle of 20% be achieved.
- 4 In accordance with the terms of the share-based arrangement, options issued in Tranche 2 – August 2012 will vest 36 months after the Grant Date should a Return on Investment performance hurdle of 35% be achieved.
- 5 In accordance with the terms of the share-based arrangement, options issued in Tranches A, A3 and A2 will vest 60, 50 and 46 months after the Grant Date respectively should the employee remain employed by The Group at the time of vesting.
- 6 In accordance with the terms of the share-based arrangement, options issued in Tranche A4 will vest 40 months after the Grant Date, with 1/3 vesting on 1 October 2015, 1/3 on 1 October 2016, and 1/3 on 1 October 2017 should the employee remain employed The Group at the time of vesting.

**Notes to the consolidated financial statements
For the year ended 31 December 2014**

Note 27 – Share based payments (continued)

(b) Movements in shares options during the year

The following reconciles the Pepper Australia Pty Limited share options outstanding at the beginning and end of the year.

	Year ended 31 December 2014		Year ended 31 December 2013	
	Number of options	Weighted average exercise price \$	Number of Options	Weighted average exercise price \$
Beginning of the year	7,095	278.87	20,320	138.22
Granted during the year	4,142	343.31	-	-
Exercised during the year	-	-	(13,225)	61.08
End of the year	11,237	302.62	7,095	278.87

The following reconciles the other Group entities share options outstanding at the beginning and end of the year.

	Year ended 31 December 2014		Year ended 31 December 2013	
	Number of options	Weighted average exercise price \$	Number of Options ¹	Weighted average exercise price \$
Beginning of the year	10,876	226.42	-	-
Granted during the year	11,222	154.76	10,876	226.42
Forfeited during the year	(3,780)	213.00	-	-
Exercised during the year	-	-	-	-
End of the year	18,318	185.29	10,876	226.42

Note

1 – The options granted during 2013 for other Group entities were accounted for as share based payments in the 2014 financial period.

Notes to the consolidated financial statements
For the year ended 31 December 2014

Note 28 – Financial instruments, financial risks and capital risk management

	As at 31 December 2014 \$	As at 31 December 2013 \$
Financial assets		
Cash and bank balances	462,444,870	396,824,956
Securities	70,897,026	136,293,207
Derivative assets carried at fair value	59,804,758	12,206,206
Loans and advances	3,963,659,885	3,384,371,310
Receivables	164,000,130	37,007,170
Other investments	55,136,154	53,183,964
Total financial assets	4,775,942,823	4,019,886,813
Financial liabilities		
Deposits	332,347,752	384,916,036
Trade and other payables	30,882,446	24,633,453
Derivatives liabilities carried at fair value	866,995	147,182
Borrowings	4,182,049,698	3,428,655,280
Total financial liabilities	4,546,146,891	3,838,351,951

Financial risk management policies and objectives

The Group's activities expose it to a variety of financial risks, primarily credit risk, foreign exchange risk and liquidity risk. The Group's risk management programme focuses on understanding the drivers of financial markets and seeks to minimise the potential adverse effects on the financial performance of The Group. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by The Group's policies approved by the board of directors, which provide written principles on the use of financial derivatives. Compliance with policies and exposure limits is reviewed on a continuous basis.

(a) Capital risk management

The Group manages its capital to ensure that entities in The Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of The Group consists of debt, which includes borrowings disclosed in note 16, cash and cash equivalents and equity attributable to members of The Company, comprising of issued capital disclosed on note 20 and retained earnings.

(b) Market risk

The Group activities are not exposed to the market excluding interest rate risk and foreign exchange risk.

Notes to the consolidated financial statements
For the year ended 31 December 2014

Note 28 – Financial instruments, financial risks and capital risk management (continued)

(c) Interest rate risk

The Company and The Group are exposed to interest rate risk as some receivables are contracted at fixed interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings and by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt and the cash flow exposures on the issued variable rate debt.

The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the reporting period.

The fair value of interest rate swap contracts designated as cash flow hedges outstanding at the end of the reporting period is \$691,845 (2013: \$nil).

The Group has 2 interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts that are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings.

During the period, the ineffective portion of the cash flow hedge taken directly profit or loss was \$145,147 (2013: \$nil).

(d) Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Great British Pound, Euro, South Korean Won, and the United States Dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. It is the policy of the Group to enter into forward foreign exchange contracts to manage foreign exchange risk exposure arising from future commercial transactions using forward contracts where the foreign exchange risk is assessed as significant.

The fair value of derivative contracts outstanding at the end of the reporting period is shown in the table below:

Financial instruments	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s) and relationship to fair value	Significant unobservable input(s) and relationship to fair value
	31 December 2014 \$	31 December 2013 \$				
Interest rate swaps	(866,995)	(147,182)	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted using appropriate discount rates.	N/A	N/A
Foreign currency forward contracts	59,804,758	12,206,206	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted using appropriate discount rates.	N/A	N/A

Notes to the consolidated financial statements
For the year ended 31 December 2014

Note 29 – Financial instruments, financial risks and capital risk management (continued)

(e) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to The Group. The Group has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group measures credit risk on a fair value basis. The Group's exposure and credit rating of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group does not have any significant credit risk exposure to any single counterparty and/or any group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for impairment, represents The Group's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

The Group's exposure to mortgage loans is limited, as they are legally owned by the special purpose entities with no recourse to the group. Losses on mortgage loans are therefore limited to The Group's investments in notes in these trusts and the cash collateral retained in the trust.

(f) Liquidity risk management

Liquidity risk refers to the risk that the Group will encounter difficulty in meeting obligations associated with its funding commitments and financial liabilities as they fall due.

The majority of the Group's assets are funded through limited recourse warehouse facilities and term securitisation issues arranged through special purpose trusts. Warehouse facilities have initial tenors ranging from 1 to 3 years and are typically extended prior to maturity for a further period, usually 12 months. Term securitisation issues have optional call dates ranging from 3 to 5 years, with the term of the funding extending if the call is not exercised. Recourse for the warehouse funders and investors who buy bonds issued by the term securitisations is limited to the assets of the relevant special purpose trust to which the liability relates. The Group aims to have sufficient undrawn capacity in its warehouse facilities to ensure it can continue to fund new lending commitments at all times, which it manages by refinancing warehouse funding through the term securitisation markets on a regular, programmatic basis. The funding activities of the Australian business are managed by Group Treasury and overseen by the Group Asset and Liability Committee. The funding activities of the overseas businesses are managed locally, but overseen by Group Treasury and the Group Asset and Liability Committee.

The exception to the above is Pepper Savings Bank Co. Limited ("PSB") which principally funds itself through capital and retail deposits. The liquidity risk encountered by PSB is managed locally in accordance with policies prescribed by the local banking regulator, the Financial Supervisory Service ("FSS"). The key regulatory ratios that PSB complies with include the Liquidity Ratio and Liquidity Coverage Ratio, which require that PSB carries a portfolio of high quality liquid assets sufficient to cover liabilities that mature within 1 to 3 months. Compliance by Pepper Savings Bank with the regulatory requirements is overseen by the local Asset and Liability Committee, Group Treasury and Group Risk.

The Group's working capital requirements are managed by Group Treasury through an active global cash forecasting process which is updated daily. The Group has a 3 year committed debt facility maturing December 2017 which had \$16m of undrawn capacity at 31 December 2014 (2013: \$nil).

(g) Fair value of financial instruments

The fair value of financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

Notes to the consolidated financial statements
For the year ended 31 December 2014

Note 30 - Business combinations

There were no business acquisitions recorded during the financial year ended 31 December 2014.

Summary of 2013 acquisitions

Businesses acquired	Principal activity	Date of acquisition	Proportion of shares	Consideration
Oakwood Cayman Holdings 2 Ltd (with Oakwood Cayman Holdings Ltd and Oakwood Cayman Holdings 3 Ltd)	Loan servicing	10-Sep-13	100%	31,551,372
Evergreen Savings Bank Co., Ltd	Mutual savings bank	18-Oct-13	100%	13,392,556
Business of Han-ul Savings Bank Co., Ltd	Mutual savings bank	27-Dec-13	100%	521,088
Business of Celeris Servicios Financieros, EFC, S.A.	Loan servicing	28-Feb-13	100%	554,402
				46,019,418

Consideration transferred	Evergreen Savings Bank Co., Ltd (\$)	Business of Han-ul Savings Bank Co., Ltd (\$)	Oakwood Cayman Holdings 2 Limited (\$)	Business of Celeris Servicios Financieros, EFC, S.A. (\$)	Total (\$)
Cash	13,392,556	521,088	31,551,372	554,402	46,019,418
Assets acquired and liabilities assumed at the date of acquisition:					
Assets					
Cash and cash equivalents	49,270,069	152,550,175	2,772,493	-	204,592,737
Investment securities	24,520,965	36,642,314	-	-	61,163,279
Receivables	-	-	4,237,570	-	4,237,570
Other assets	11,825,721	7,087,927	4,733,919	-	23,647,567
Loans and advances	88,685,766	40,547,711	-	-	129,233,477
Property, plant and equipment	2,914,804	-	1,511,550	643,104	5,069,458
Intangible assets	21,541,190	521,088	10,056,128	-	32,118,406
	198,758,515	237,349,215	23,311,660	643,104	460,062,494
Liabilities					
Deposits	156,696,501	232,731,574	-	-	389,428,075
Other liabilities	28,669,458	4,096,553	3,712,616	-	36,478,627
Provisions	-	-	343,535	-	343,535
Deferred tax liabilities	-	-	1,247,393	-	1,247,393
	185,365,959	236,828,127	5,303,544	-	427,497,630
Net identifiable assets acquired	13,392,556	521,088	18,008,116	643,104	32,564,864
Goodwill arising on acquisition:					
Consideration transferred	13,392,556	521,088	31,551,372	554,402	46,019,418
Less: net identifiable assets acquired	13,392,556	521,088	18,008,116	643,104	32,564,864
Goodwill / (bargain gain) arising on acquisition	-	-	13,543,256	(88,702)	13,454,554

Notes to the consolidated financial statements
For the year ended 31 December 2014

Note 31 - Business combinations under common control

There were no business acquisitions recorded during the financial year ended 31 December 2014.

Summary of 2013 acquisitions

Businesses acquired:	Principal activity	Date of acquisition	Proportion of shares acquired	Consideration transferred (\$)
Pepper Capital Corporation Limited	Investment company	31-May-13	100%	2
Pepper Group (Singapore) Pte Limited	Holding company	10-Jul-13	100%	27,744,128
Pepper Europe Holdings Pty Limited	Holding company	10-Jul-13	100%	54,000,000
				81,744,130
Consideration transferred:	Pepper Capital Corporation Limited (\$)	Pepper Group (Singapore) Pte Limited (\$)	Pepper Europe Holdings Pty Limited (\$)	Total (\$)
Issued capital	2	27,744,128	54,000,000	81,744,130
Assets acquired and liabilities assumed at the date of acquisition:				
Assets				
Cash and cash equivalents	-	-	9,349,654	9,349,654
Receivables	-	-	5,429,705	5,429,705
Other assets	-	-	1,520,031	1,520,031
Investments	188,170	27,744,128	30,948,016	58,880,314
Property, plant and equipment	-	-	1,705,509	1,705,509
Deferred tax asset	-	1,417,915	-	1,417,915
Intangible assets	-	(7,066,168)	(238,057)	(7,304,225)
	188,170	22,095,875	48,714,858	70,998,903
Liabilities				
Trade and other payables	-	-	4,319,102	4,319,102
Deferred licence fees	-	(511,882)	-	(511,882)
Deferred income tax liability	-	(34,126)	-	(34,126)
Other liabilities	-	-	3,296,290	3,296,290
Provisions	-	(878,525)	2,552,509	1,673,984
Unearned income	-	(835,626)	9	(835,617)
	-	(2,260,159)	10,167,910	7,907,751
Net identifiable assets acquired	188,170	24,356,034	38,546,948	63,091,152
Business combination under common control reserve:				
Net identifiable assets acquired	188,170	24,356,034	38,546,948	63,091,152
Less: consideration transferred	2	27,744,128	54,000,000	81,744,130
Difference taken to business combination under common control reserve	188,168	(3,388,094)	(15,453,052)	(18,652,978)

**Notes to the consolidated financial statements
For the year ended 31 December 2014**

Note 32 – Parent entity information

Pepper Australia Pty Limited

Statement of profit or loss and other comprehensive income

	Parent Company	
	Year ended 31 December 2014 \$	Year ended 31 December 2013 \$
Revenue	102,852,840	90,474,532
Employee benefits expenses	(43,873,509)	(32,510,151)
Depreciation and amortisation expenses	(2,224,241)	(1,795,565)
Borrowing costs	(6,899,783)	(4,944,991)
Other expenses from operations	(13,662,597)	(13,924,576)
Profit before tax	36,192,710	37,299,249
Income tax expenses	(11,548,783)	(12,791,854)
Profit after tax	24,643,927	24,507,395
Profit for the year attributable to:		
Owners of the company	24,643,927	24,507,395
Non-controlling interests	-	-
	24,643,927	24,507,395
Other comprehensive income/(loss), net of income tax that may be recycled to profit or loss:		
Currency translation reserve movements	967,399	-
Total comprehensive income for the year	25,611,326	24,507,395
Total comprehensive income attributable to:		
Owners of the company	25,611,326	24,507,395
Non-controlling interests	-	-
	25,611,326	24,507,395

Notes to the consolidated financial statements
For the year ended 31 December 2014

Note 32 – Parent entity information (continued)

Pepper Australia Pty Limited

Balance sheet

	Parent Company	
	As at 31 December 2014 \$	As at 31 December 2013 \$
Assets		
Cash and cash equivalents	98,236,974	22,333,264
Receivables	123,546,979	97,695,192
Deferred tax assets	4,412,708	4,296,241
Investments	181,268,182	167,401,890
Property, plant and equipment	1,591,726	1,321,820
Intangible assets	3,511,734	2,395,236
Other assets	1,656,847	924,998
Total assets	414,225,150	296,368,641
Liabilities		
Trade and other payables	8,925,462	4,305,259
Current tax liabilities	7,327,420	2,247,157
Borrowings	100,475,516	55,075,273
Provisions	10,015,372	6,337,540
Deferred tax liabilities	4,978,857	6,730,112
Other liabilities	36,803,404	41,651,726
Total liabilities	168,526,031	116,347,067
Net assets	245,699,119	180,021,574
Equity		
Issued capital	143,517,218	102,107,101
Other equity instruments	1,800,569	1,243,197
Other reserves	967,399	-
Retained earnings	99,413,933	76,671,276
Total equity excluding non-controlling interests	245,699,119	180,021,574
Non-controlling interests	-	-
Total equity	245,699,119	180,021,574

**Notes to the consolidated financial statements
For the year ended 31 December 2014**

Note 32 – Parent entity information (continued)

**Pepper Australia Pty Limited
Statement of changes in equity**

	Parent Company							Total Equity
	Issued capital	Equity settled employee benefits reserve	Foreign currency translation reserve	Retained earnings	Attributable to owners of the parent	Non-controlling interests		
	\$	\$	\$	\$	\$	\$	\$	
Balance at 31 December 2012	27,672,479	995,758	-	53,559,609	82,227,846	-	82,227,846	
Profit for the year	-	-	-	24,507,395	24,507,395	-	24,507,395	
Total comprehensive income for the year	-	-	-	24,507,395	24,507,395	-	24,507,395	
Contributions of equity, net of transaction costs	74,434,622	(535,193)	-	-	73,899,429	-	73,899,429	
Dividend paid	-	-	-	(1,395,728)	(1,395,728)	-	(1,395,728)	
Recognition of share based payments	-	782,632	-	-	782,632	-	782,632	
Balance at 31 December 2013	102,107,101	1,243,197	-	76,671,276	180,021,574	-	180,021,574	
Profit for the year	-	-	-	24,643,927	24,643,927	-	24,643,927	
Currency translation movements	-	-	967,399	-	967,399	-	967,399	
Total comprehensive income for the year	-	-	967,399	24,643,927	25,611,326	-	25,611,326	
Contributions of equity, net of transaction costs	41,410,117	557,372	-	-	41,967,489	-	41,967,489	
Dividend paid	-	-	-	(1,901,270)	(1,901,270)	-	(1,901,270)	
Balance at 31 December 2014	143,517,218	1,800,569	967,399	99,413,933	245,699,119	-	245,699,119	

Notes to the consolidated financial statements
For the year ended 31 December 2014

Note 32 – Parent entity information (continued)

Pepper Australia Pty Limited
Statement of cash flows

	Notes	Parent Company	
		Year ended 31 December 2014 \$	Year ended 31 December 2013 \$
<i>Cash flows from operating activities</i>			
Fee revenue / receipts from customers		47,257,439	70,487,771
Payments to suppliers and employees		(63,012,917)	(45,862,306)
Interest received		67,674,980	26,930,520
Interest and other costs of finance paid		(6,729,489)	(4,675,719)
Income taxes paid		(8,807,792)	(11,138,548)
Net cash from operating activities	27	36,382,221	35,741,718
<i>Cash flows from investing activities</i>			
Payments for property, plant and equipment		(1,517,731)	(341,061)
Payments for intangibles		(2,457,957)	(1,677,954)
Investment in equity		560,845	(10,636,870)
Amounts advanced to related parties		(24,234,576)	(47,786,789)
Payments for arrangement fees		(7,588,443)	(6,945,625)
(Payment) / repayment of notes		(822,435)	(19,818,649)
Broker assumption fee paid		(3,740,692)	(2,032,715)
Loans advanced		(304,545)	(104,128)
Net cash from investing activities		(40,105,534)	(89,343,791)
<i>Cash flows from financing activities</i>			
Proceeds from issue of capital		38,862,596	19,091,646
Proceeds from borrowings		45,307,267	55,000,000
Repayment of borrowings		(2,641,570)	(14,608,197)
Borrowing costs		-	(273,748)
Dividend paid		(1,901,270)	(1,395,728)
Net cash from financing activities		79,627,023	57,813,973
Net increase in cash and cash equivalents		75,903,710	4,211,900
Cash and cash equivalents at the beginning of the financial year		22,333,264	18,121,364
Cash and cash equivalents at the end of the financial year	27	98,236,974	22,333,264

Notes to the consolidated financial statements
For the year ended 31 December 2014

Note 32 – Parent entity information (continued)

- (a) The Company has a guarantee in place covering all the tenant's obligations under its office lease and car parking agreements for Levels 4, 9 and 10, 146 Arthur Street North Sydney. The amount of this guarantee at 31 December 2014 is \$764,680 (2013: \$437,476).
- (b) The Company has a guarantee in place covering all the tenant's obligations under its office lease and car parking agreements for Level 5, 18 Smith Street Parramatta. The amount of this guarantee at 31 December 2014 is \$63,798 (2013: \$310,783).
- (c) The Company has a guarantee in place covering all the tenant's obligations under its office lease for Level 4, 56 William Street Perth. The amount of this guarantee at 31 December 2014 is \$18,544 (2013: \$18,544).
- (d) The Company has a guarantee in place covering all the tenant's obligations under its office lease for Level 3, 707 Collins Street, Melbourne. The amount of this guarantee at 31 December 2014 is \$18,333 (2013: \$nil).
- (e) The Company has a guarantee in place covering all the tenant's obligations under its office lease in Madrid, Spain. The amount of this guarantee at 31 December 2014 is \$190,040 (2013: \$190,040).
- (f) The Company has a guarantee in place covering all the tenant's obligations under its office lease for Level 4, 2 Park Place, Dublin, Ireland. The amount of this guarantee at 31 December 2014 is \$176,835 (2013: \$176,835).
- (g) The Company has a guarantee in place covering all the tenant's obligations under its office lease for 4310 Atlantic Avenue, Shannon, County Clare, Ireland. The amount of this guarantee at 31 December 2014 is \$130,865 (2013: \$130,865).
- (h) The Company has a guarantee in place covering all the tenant's obligations under its office lease for part first floor, 23 Saville Row, London W1, England. The amount of the guarantee at 31 December 2014 is \$136,371 (2013: \$136,371).
- (i) The Company does not have any contingent assets.
- (j) The Company, as a member of an international consortium led by China Travel Financial Holdings Co., Limited as majority investor, together with York Capital Management Global Advisors LLC has entered into an agreement with Standard Chartered Bank Limited to purchase its consumer finance subsidiaries, PrimeCredit Limited and Shenzhen PrimeCredit Limited. The transaction has given rise to a commitment for The Company to purchase 12% of the shares in a newly formed entity if certain conditions including regulatory approvals be met.
- (k) The Company does not have any contingent assets.
- (l) The Company does not have any commitments to acquire property, plant and equipment.

**Notes to the consolidated financial statements
For the year ended 31 December 2014**

Note 33 – Significant events

During the year, as part of a consortium, The Group agreed to acquire an interest in a consumer finance business in Hong Kong and China from Standard Chartered Bank (refer to note 24(j)). This transaction will settle in the first half of 2015.

Note 34 – Subsequent events

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of The Group, the results of those operations, or the state of affairs of The Group in future financial years.

Note 35 – Additional company information

Pepper Australia Pty Limited is a private company, incorporated in Australia and operating in Australia and internationally.

Registered office

Level 9, 146 Arthur Street
North Sydney NSW 2060
Tel: 1800 737 737

Principal place of business

Level 9, 146 Arthur Street
North Sydney NSW 2060
Tel: 1800 737 737