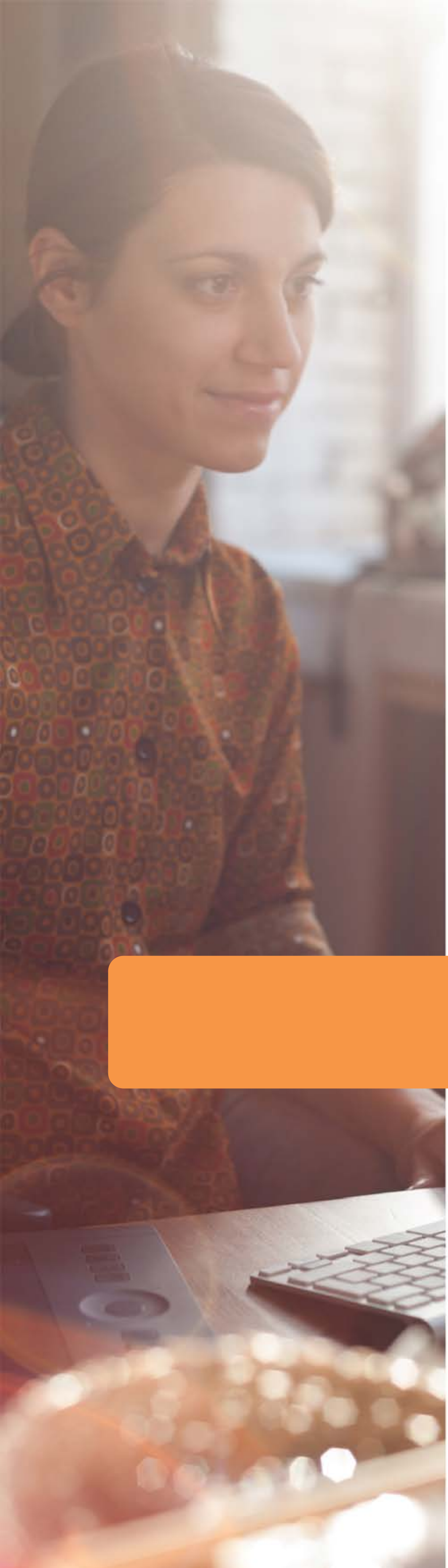


pioneer credit

Annual Report

for the year ended 30 June 2016

Pioneer Credit Limited ABN 44 103 003 505
Annual Report - 30 June 2016

Lodged with the ASX under Listing Rule 4.3A.

Contents

These financial statements are the consolidated financial statements of the Consolidated Entity consisting of Pioneer Credit Limited and its subsidiaries. The financial statements are presented in the Australian currency.

Pioneer Credit Limited is a Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Pioneer Credit Limited
Level 6, 108 St Georges Terrace
Perth WA 6000

A description of the nature of the Consolidated Entity's operations and its principal activities is included in the review of operations and activities on page 3 of the Annual Report and in the Directors' report on page 11 of the Annual Report, both of which are not part of these financial statements.

The financial statements were authorised for issue by the Directors on 19 August 2016. The Directors have the power to amend and reissue the financial statements.

Pioneer Credit Limited ABN 44 103 003 505
Appendix 4E
Preliminary Final Report
for the year ended 30 June 2016
(previous corresponding period 30 June 2015)

Results for announcement to the market

Key information	**30 June 2016 $'000**	**30 June 2015 $'000**	**Change $'000**	**%**
Revenue from ordinary activities	47,856	38,788	9,068	23%
Statutory net profit after taxation for the period attributable to members	9,450	7,441	2,009	27%
Operating profit after taxation *	9,450	7,808	1,642	21%

* Operating profit after taxation is a financial measure which is not prescribed by Australian Accounting Standards (AAS) and represents the profit under AAS adjusted for specific non-cash and significant items.

Dividends per ordinary share / distributions

	Amount per security (cents)	**Franked amount per security**	**Record date**	**Paid / Payable date**
Final 2015 ordinary	6.80	100%	30/09/2015	30/10/2015
Interim 2016 ordinary	3.60	100%	31/03/2016	29/04/2016
Final 2016 ordinary	6.20	100%	30/09/2016	31/10/2016

There is no provision for a final dividend in respect of the year ended 30 June 2016. Provisions for dividends to be paid by the Company are recognised in the Consolidated Balance Sheet as a liability and a reduction in retained earnings when the dividend has been declared.

A Dividend Reinvestment Plan (DRP) was in operation as from the final dividend for 2015 and applies for all subsequent dividends unless notice is given for its suspension or termination. Last date for receipt of an election notice for participation in the Final 2016 ordinary DRP is 3 October 2016.

Financial Statements

Full commentary on the figures presented above and on the results for the period and other significant information is provided in the 2016 Media Release, Results Presentation and Consolidated Financial Statements - 30 June 2016, released today.

Included in the Consolidated Financial Statements - 30 June 2016 released today are the following;

- Consolidated Statement of Comprehensive Income together with notes to the statement
- Consolidated Balance Sheet together with notes to the balance sheet
- Consolidated Statement of Changes in Equity, showing movements
- Consolidated Statement of Cash Flows together with notes to the statement

Key Ratios

Key information	30 June 2016 (cents)	30 June 2015 (cents)
Net tangible assets per fully paid ordinary share	127.42	115.69
Basic earnings per fully paid ordinary share	20.36	16.40

Entities over which control has been gained

- Pioneer Credit Limited acquired 100% of Switchmyloan Pty Limited on 2 March 2016.
- Pioneer Credit Limited established a new 100% owned subsidiary, Credit Place Pty Limited, on 9 June 2016.

Investment in associate

Pioneer Credit Limited has a 14.10% associate holding in Goldfields Money Limited (GMY) acquired during the last quarter of the financial year ended 30 June 2015. GMY is an ASX listed Authorised Deposit-taking Institution.

No audit dispute or qualification on the financial statements

The Consolidated Financial Statements at 30 June 2016 and accompanying notes for Pioneer Credit Limited have been audited and are not subject to any qualifications. The Independent Auditor's Report has been provided with the Statements released today.

Pioneer Credit Limited ABN 44 103 003 505
Annual Report
for the year ended 30 June 2016

Contents

Corporate Directory

Directors	Mr Michael Smith (Chairperson) Mr Keith John Mr Rob Bransby Mr Mark Dutton Ms Anne Templeman-Jones
Company Secretary	Ms Sue Symmons
Notice of annual general meeting	The annual general meeting of Pioneer Credit Limited will be held at 10am on Thursday 27 October 2016 at Level 8, Exchange Tower 2 The Esplanade Perth WA 6000
Principal registered office in Australia	Level 6 108 St Georges Terrace Perth WA 6000
Share registrar	Link Market Services Limited Level 4 152 St Georges Terrace Perth WA 6000 +61 1300 554 474
Auditor	PricewaterhouseCoopers Brookfield Place 125 St Georges Terrace Perth WA 6000 +61 8 9238 3000
Solicitors	K&L Gates Level 32 44 St Georges Terrace Perth WA 6000 +61 8 9216 0900
Bankers	BankWest 300 Murray Street Perth WA 6000 +61 8 9369 6952
Stock exchange listings	Pioneer Credit Limited shares are listed on the Australian Securities Exchange (ASX).
Website	www.pioneercredit.com.au

Review of operations and activities

Pioneer Credit Limited has achieved another year of strong growth in FY16.

In a year when our portfolio of customer accounts exceeded $1 billion for the first time and our customer base reached the significant milestone of 150,000 consumers, we are pleased to report a 23.4% growth in revenue and an increase in operating profit after taxation of 21%.

This outstanding result has been delivered through our strong commitment to customer service and our continued focus on acquiring Purchased Debt Portfolios (PDPs) where appropriate returns are achievable, rather than pursuing short-term outcomes.

Over the past 12 months we have extended and strengthened relationships with Australia's major banks and other financial institutions, made a strategic acquisition in preparation for the launch of a range of new products, expanded our executive team and strengthened the Company’s balance sheet.

Perhaps most importantly, our growth has been achieved with our exemplary compliance record reinforced, providing a real point of difference within a highly competitive sector.

In reviewing this report and the underlying Company strategy, it is vital to consider the Group’s ‘Leadership Principles’.

It is against these Leadership Principles that Key Performance Indicators in the business are tested for qualitative alignment and it is through the Leadership Principles that Pioneer has experienced its strong financial performance and exceptional brand growth.

Operating and financial review

The statutory net profit after taxation for the year ended 30 June 2016 was $9.45 million, up 27% on 2015 ($7.44 million). The operating profit after taxation was $9.45 million (2015 $7.81 million).

Operating profit after taxation is a financial measure which is not prescribed by Australian Accounting Standards (AAS) and represents the profit after taxation under AAS adjusted for specific non-cash and significant items.

The Directors consider operating profit after taxation to reflect the core earnings of the Group.

The following table summarises the key reconciling items between statutory profit after taxation and operating profit after taxation.

The operating profit after taxation information in the table has not been subject to any specific audit procedures by the Group's auditor and has been extracted from the notes referenced below from the accompanying financial statements for the year ended 30 June 2016, which have been subject to an audit; refer to page 99 for the auditor's opinion on the financial statements.

Key information	**Financial Statements Note**	**30 June 2016 $'000**	**30 June 2015 $'000**
Statutory profit after taxation attributable to the owners		9,450	7,441
Specific non-cash and significant items:			
Finalisation of indirect taxation, relating to prior years	3	-	355
Correction of income taxation relating to prior years	5	-	(8)
Finalisation of settlement of pre-IPO commercial claim	3	-	181
Tax effect:			
Tax effect on the adjustments outlined above that are deductible for income tax purposes	3	-	(161)
Operating profit after taxation		9,450	7,808

Key financial highlights for the year ended 30 June 2016

- Cash receipts of $61.87m (2015 $55.63m) up 11.22% on prior period equivalent
- Statutory net profit after taxation of $9.45m (2015 $7.44m) up 27.00% on prior period equivalent
- Operating profit after taxation of $9.45m (2015 $7.81m) up 21.03% on prior period equivalent
- Operating EBIT of $15.40m (2015 $12.08m) up 27.56% on prior period equivalent
- Operating EBIT margin of 32.22% (2015 31.21%) in line with expectations of increasing margins
- Underlying earnings per share of 19.14 cents up 11.21% on prior period equivalent
- Net tangible assets per share 127.42 cents up 10.14% on prior period equivalent

Debt Purchase

Pioneer continues to adopt a disciplined approach to its debt purchasing program. This resulted in fairly static purchasing during much of FY16 as the Company waited for the impact of what it regarded as overpaying by others in the market.

In periods of high pricing, such as those experienced over the past 12 months, debt purchasers are at risk of a higher likelihood of compliance and brand issues for themselves and their vendors as they seek to push consumers harder to repay. This has occurred in recent times with increased scrutiny of customer treatment and some regulatory and consumer driven litigation against purchasers, which has quickly refocussed financial institutions' risk appetite and seen them seek to increase their engagement with quality purchasers like Pioneer.

These changing market dynamics resulted in a softening of competition, and in the last quarter of FY16 Pioneer welcomed a number of new vendor partners. This included a Big 4 bank, an ASX listed investment bank and a number of large quality finance companies. The inclusion of these new vendor partners marked a milestone for Pioneer as it fulfilled a key objective of the Company's long term strategy to broaden its base of partners.

At the same time, as there has been a refocus by major financial institutions on quality, there has been increasingly strong engagement by quality vendors across both operational and corporate strategy and a preference for dealing with companies with strong and growing balance sheets. Pioneer believes it has a unique operational strategy which drives vendor engagement and customer loyalty, a corporate strategy which the vendors are supportive of and a balance sheet that has continued to grow very strongly in recent years.

These new vendors and the contracts awarded towards the end of FY16 will underpin Pioneer's growth in FY17.

Portfolio Liquidations and Financial Performance

The nature of Pioneer's business means that its core business growth comes from two primary areas:

1) its existing PDPs of over 150,000 customers representing over $1bn in face value of customer accounts; and
2) the new PDPs that the Company contracts to acquire each year.

As a result of the predictability of the performance of its existing portfolios, the Company has strong visibility of its expected financial performance, subject to its ability to invest cautiously through its portfolio purchasing program. This predictability is further enhanced by the focus on only acquiring the highest quality portfolios in Australia, with the significant majority of portfolios being acquired from Big 4 banks. Since its listing on the ASX, Pioneer has developed a range of initiatives which, as it reaches appropriate scale, are expected to contribute to the level of future portfolio liquidations.

These initiatives will take some years to play out, consistent with Pioneer's long-standing approach of working towards a complete understanding of the characteristics of the customer portfolios we purchase, and to ensure we manage and realise the appropriate value from those portfolios. In FY16 Pioneer invested in growing its analytical capabilities, and focussing that intelligence on maximising liquidations from customers with a lower expectation of payment such that they contribute more to profitability in the period. While typically, aged customer accounts require more operational effort and subsequently cost more to liquidate, because of our caution in carrying value they can have a meaningful contribution to profitability. This focus has resulted in stronger liquidations from aged portfolios and has contributed to the Company's net profit this year. This approach is aligned to our service model; by engaging with more customers we are able to broaden our relationships, provide options and flexibility to those in need and support customers on their journey to financial health.

In addition to the strategy of holding financial assets to manage value over the medium to long term, as outlined above, Pioneer Credit also seeks opportunities to sell financial assets, with a view to re-invest with a higher anticipated return.

Pioneer's operational strategy has been highly successful in FY16, ahead of expectations both in terms of gross liquidations and net contribution to revenue. This performance has also been at a time of significant progress with our new business offerings and in a period where some $2m (annualised) of expenses have been added into the corporate overhead largely in the development of our new financial product offerings.

Launch of Pioneer Credit Connect

During the past year Pioneer Credit formally launched its new growth entity, Pioneer Credit Connect (Connect). The foundation of the Connect business is to:

- extend the relationship with customers beyond the repayment of their initial account;
- provide customers with value based products and education to strengthen their financial health; and
- attract new customers to Pioneer Credit to expand our customer base.

The first product launched under the Connect brand was a mortgage offering, through 'Pioneer Broking', to enable existing Pioneer Credit customers and new customers access to consolidation loans and refinance opportunities for their home or other real estate assets.

This service provides the ability for Pioneer to keep 'line of sight' of its customers through to settlement of their loan and their account with Pioneer, as well as delivering on our promise to work with the customer to get their finances back on track.

As with all new developments at Pioneer, these new initiatives have been approached with discipline and caution. Following an initial trial phase of six months to the end of June 2016, we have now progressed to a full rollout of broking services to our customers.

To supplement the growth of this new business line, the Company extended this broking channel to new loans and customers outside of our existing business and in March 2016 Pioneer acquired a leading innovator in the online home loan and refinance space, switchmyloan.com.au (Switch).

Switch is a disrupter of traditional broking and holds introducer agreements to 20 financiers, including all Australian major banks. As an introducer, Switch is able to negotiate upfront terms with its panel of financiers and then provide those terms to its customers, generally at a significant saving. This model ties strongly into our commitment to delivering value to our customers and to improving their financial health.

Under its introducer model, Switch assesses a customer's credit characteristics and then matches them to different lenders with appropriate but competing offers before connecting the consumer through to the lender. Switch's core competencies are principally around digital innovation and an impressive presence on the on line market place.

We anticipate a contribution to the Company in FY17 from these exciting new offerings as we roll them out across our eligible customer base.

Collaboration with Goldfields Money

Pioneer Credit has a 14.1% equity interest in Goldfields Money Limited (Goldfields), an emerging ASX listed Authorised Deposit-taking Institution based in Western Australia. During FY16, following the appointment of a new Chief Executive Officer to Goldfields, Pioneer and Goldfields worked extensively to progress their partnership under their Memorandum of Understanding.

During the period, Pioneer commenced providing legal and conveyancing services to Goldfields, and Managing Director Keith John was appointed to the Board of Directors of Goldfields to represent Pioneer shareholders' investment and to contribute his financial services acumen to the growth of that business.

In addition to these developments through the period, Pioneer participated on a pro-rata basis in Goldfields' $2.12m capital raising.

Pioneer is continuing to work with Goldfields on the development of a number of financial products and the launch of Pioneer's first financial product, a personal loan, which is Pioneer and Goldfields' first collaboration.

Launch of new financial products

In June 2015 the Company announced its intention to launch a range of new financial products and has been working towards this initiative since then.

Originating financial products offers significant upside potential to Pioneer. In line with our cautious approach, Pioneer has invested significant resources in the analysis and measurement of risks that potentially arise from the introduction of these new products and the development of strategies to minimise that risk to the Company.

Through the development of the Company's strategies and following the appointment of Mr Tony Bird as the Company's inaugural Chief Risk Officer, a thorough review of all facets of the Company's new financial products strategy commenced. This resulted in the launch date of those products being extended to enable completion of that review.

Pioneer has now written its first personal loans under a white label agreement with its partner, Goldfields, and the launch of a white label credit card is nearing finalisation. It is anticipated that a trial of credit cards will be launched during FY17.

Telephony upgrade

Pioneer made a significant investment in infrastructure, with the replacement and upgrade of the Company's telephony system. A highly regarded industry-recognised platform was selected, capable of scaling from our existing requirements of ~360 people across countries and sites to one significantly larger.

This ~$1.2m investment provides additional stability to our core infrastructure, access to more sophisticated call distributions and improvements to the functionality of our call recording capabilities, both from a compliance perspective and for learning and development purposes.

The new telephony system also captures significantly more data on each phone call and will enable our analytics experts to commence analysis of this data to drive better targeting of contact times, customer telephony attributes driving outcomes and also newer technology, automated voice and text (SMS) capabilities which will lower our operational expenditure.

Exemplary Compliance Record

Pioneer continues to differentiate itself from its competitors through an unmatched compliance and brand protection program. To this day Pioneer remains the only debt purchaser of significance that has never had:

1) a negative customer determination from its External Dispute Resolution provider (the Credit and Investments Ombudsman);
2) to provide an enforceable undertaking to any regulator; and
3) reportable systemic issues from its practices.

This is a unique situation among the debt purchase industry, reflecting the high standards we expect from our staff in their approach to dealing with customers, as reinforced through our training programs. Our success in acquiring purchased debt portfolios at competitive price points demonstrates the growing recognition on the part of Australia's major banks and financial institutions of partnering with an organisation such as Pioneer, which has an exemplary compliance record and a genuine customer-oriented approach.

Australian financial institutions want to ensure they are working with partners who will provide appropriate treatment for their most vulnerable customers, and Pioneer continues to fulfil and exceed this requirement.

Leading the industry in customer service

Providing strong customer service continues to be at the core of our operational service model, and indeed everything Pioneer stands for. Our experienced and engaged staff are dedicated to delivering outstanding service and customised options to our valued customers.

In a highly competitive market, our customer service model clearly differentiates us from our competitors and re-enforces our abilities to our key vendors. It is underpinned by our Leadership Principles, a well defined set of values that our people work and live by.

In FY16 Pioneer conducted a number of trial surveys to a sample of Pioneer customers. Many of the responses scored Pioneer a 9 or 10 out of 10, and customer comments included:

> *'They were approachable, they listened, they laid out my options clearly and with compassion. They were more than helpful.'*
>
> *'Pioneer have been very helpful and understanding of my circumstances and treated me with respect and dignity.'*
>
> *'Pioneer were literally the first ever business I have dealt with that put 'listening to me as a human being' before the standard 'urgent urgent urgent' fear-based methods of communicating and trying to arrange payments. It was a breath of fresh air. Thank you*.'

The survey also highlighted some opportunities for review which Pioneer has taken on board and will implement in the training and development of our staff.

As an extension to the introduction of customer surveys, Pioneer introduced the Net Promoter Score (NPS). NPS is a powerful tool to help measure, monitor and evaluate the relationship customers have with the organisation and how likely they would be to re-engage or recommend it.

NPS offers a quantitative method to score and analyse customer responses to the core questions selected. This allows Pioneer to identify customers who require further attention and gives us an opportunity to improve our relationship with them. Overall this will assist us to continually improve the customer experience, as well as recognise our customer service team for providing exceptional service reflected in positive feedback scores.

Since inception, Pioneer's Net Promoter Score has consistently exceeded +14, which is regarded as industry-leading and compares favourably to other companies in the financial services sector.

Refreshing our brand

Pioneer's strategy of growing a new consumer and offering a range of financial products to our best customers has led us to refresh our brand from our traditional corporate livery to one that is genuinely customer focussed.

Pioneer's 'brand essence' – which is the single most compelling thing we can say about the Pioneer brand that differentiates it from competitor brands, as perceived by the consumer – is TOGETHER. Together is at the core of our personality:

- We work *together* with our customers to help them get back on track financially;
- We recognise that every customer's situation is different and we work *together* with them to develop a plan unique to them;
- Through working *together* with our customers, sometimes over lengthy periods of time, we get to know our customers and establish an understanding and rapport;
- By reinforcing the essence of *together* with our customers, the relationship strengthens our brand equity and drives customer loyalty; and
- Pioneer's staff work *together* to assist each other achieve our corporate and personal goals.

Our new brand is very approachable and marketable and has been well received by our customers. This will take us through to the next phase of Pioneer's growth as we seek to develop new consumers.

People

The Company's growth has resulted in an expansion in our teams across all sectors of the business.

During the past year we welcomed Ms Sue Symmons as General Counsel and Company Secretary and Mr Tony Bird as Chief Risk Officer to the executive team. Sue and Tony both have extensive experience in their area of expertise and their appointments have strengthened the skills and experience of our Key Management Personnel.

As an organisation committed to strong and sustainable growth and to excellence, Pioneer continues to invest significantly in its people across all functions of its business. With more than 300 customer service team members across Australia and the Philippines (and 50 corporate and support staff based in Perth), the Company has customised a number of programs and initiatives for team members. These programs and initiatives include a 3 month induction program, a Certificate IV in Leadership and Management to grow inspirational leadership skills of existing leaders and to maximise performance, a Future Leaders Program to develop functional leadership skills for emerging Team Performance Coaches and Assistant Team Performance Coaches, a Certificate IV in Customer Engagement to develop our team's knowledge and confidence to take customer service to the next level and the Leadership Series to introduce leadership behaviours which are aligned to our Leadership Principles and to foster understanding of what it means to be a leader at Pioneer. Technical Competence workshops are also provided to every team member ensuring skills and abilities are constantly improved. This focus and investment in our customer service team has enabled Pioneer to attract and retain high-performing employees and provide them with high levels of job satisfaction with a corporate culture where engagement with our customers is consistently impressive.

Community Engagement

Pioneer continues to be very active in supporting the communities in which it operates, with members of our team also making significant contributions to their community in a range of ways.

National Hardship Register

Pioneer is a founding member of the National Hardship Register. The National Hardship Register is a joint initiative between the Australian Collectors and Debt Buyers Association Limited and members of the business sector, such as Pioneer, to address the serious issue of long-term and severe financial hardship experienced by vulnerable consumers.

The purpose of the Register is to protect those consumers who are experiencing severe financial hardship from unnecessary debt collection activity.

Pioneer Hearts

In FY16, Pioneer launched an exciting community-based volunteer program for its staff called Pioneer Hearts. Pioneer Hearts is a group of like-minded Pioneer staff who share a love for giving back to the community. Its first project in Manila saw the staff supporting a local under-privileged school supplying shoe boxes filled with fun and creative stationery for the kids to use and enjoy. During the year, among other initiatives, our Perth team provided services to the Ear Science Institute Australia to help support the local community hearing bus to reach communities in need.

Can4Cancer

Pioneer was a major sponsor in Can4Cancer's Tour de Cure, a three day cycling event which raises funds for cancer research. Financial support was provided as well as staff to support the event over several days.

Following our commitment to Tour de Cure, Pioneer ran an internal event in Perth to also help raise awareness and funds for cancer research, called 'Together Let's Keep the Wheels Turning'. 85% of our Perth staff participated by keeping 4 spin bikes in motion for 11 hours each, non stop. Partners to our business were also invited to take part in this cause and provided generous donations in their own right.

Toybox

In December 2015 Pioneer staff proudly supported hundreds of sick children at Princess Margaret Hospital by supplying gifts to be delivered by Santa on Christmas Day. 'Fill the Christmas Toybox' saw our team across Australia purchase special gift tags which generated donations to Toybox International, a charity dedicated to helping Australia's sick and disadvantaged children. The funds were used to purchase a range of toys for kids.

Pioneer also sponsored Toy Box International in their participation in the 2015 City to Surf.

Pioneer participated in The Shepherd Centre's 'Loud Shirt Day', raising money to help give the gift of sound and speech to deaf children and the Cancer Council's 'Australia's Biggest Morning Tea', raising funds for cancer research.

Capital Management

In April 2016 the Company successfully completed a capital raising to institutional and sophisticated investors of 3,415,031 Shares at $1.70 per Share, raising gross proceeds of $5.81m. The purpose of the funds raised was to accelerate the Company's growth through the acquisition of PDPs.

The Group paid a dividend for the first half of the financial year of 3.60 cents per share. A final dividend of 6.20 cents per share has been declared with a record date of 30 September 2016, to be paid on 31 October 2016.

A dividend reinvestment plan was adopted in 2015 and remains in place, allowing shareholders to continue to invest in the growth of the Group.

The Group aims to optimise its capital structure in a conservative manner. All facility covenants were met throughout the year. At 30 June 2016 the Group had a loan to portfolio asset value ratio of 45.61% compared to the covenant of 55%.

The undrawn limit on the senior debt facility was $12.95m and the overdraft facility was unused at 30 June 2016.

Continued increase in dividends

Reflecting the Company's continued growth and confidence in its future, Pioneer has declared a final dividend for FY16 of 6.20 cents per share fully franked, with a total fully franked dividend of 9.80 cents per share for FY16, up 14.62% on FY15's total dividend. The record date for the dividend is 30 September 2016 and the dividend will be paid to shareholders on 31 October 2016.

Pioneer's policy is to distribute dividends representing ~ 50% of profit after taxation to shareholders each year, subject to the Directors reviewing and approving such payment.

Our dividend policy has delivered growing returns to shareholders while maintaining the capacity and flexibility for the capital requirements of the business.

A Dividend Reinvestment Plan (DRP) was adopted in FY15 and remains in place, allowing shareholders to continue to invest in the growth of the Company. Full details of the DRP are available on the Pioneer website.

Outlook

The Company is pleased to provide guidance to the market for FY17 as follows:

Portfolio Investments	at least $50m
Profit after Taxation	at least $10.5m

Directors' report

Your Directors present their report on the Consolidated Entity consisting of Pioneer Credit Limited and the entities it controlled at the end of, or during, the year ended 30 June 2016. Throughout the report, the Consolidated Entity is referred to as the Group or the Company.

Directors

The following persons were Directors of Pioneer Credit Limited during the whole of the financial year and up to the date of this report:

Mr Michael Smith
Mr Keith John
Mr Rob Bransby
Mr Mark Dutton
Ms Anne Templeman-Jones

Principal activities

Pioneer Credit Limited (Pioneer) is an Australian financial services provider, specialising in acquiring and servicing unsecured retail debt portfolios, the sale of non-core portfolios, brokering and introducing credit products.

Pioneer began life as a financial services provider to people in financial difficulty. Today, with more than 150,000 customers Australia-wide, it continues to focus on helping people get their finances back on track and achieve their goals.

A key goal at Pioneer, as we work with our customers, is to see them achieve financial recovery and evolve as a 'new consumer'.

There was no significant change in the nature of the principal activities during the year, however during the period Pioneer has continued working towards the launch of a range of credit products for its customers.

Ultimately, Pioneer's aim is to help customers achieve amongst other financial goals, home ownership, using loans it will broker back through our valued banking partners.

Dividends

Dividends or distributions paid to members during the year were as follows:

Ordinary shares – Declared and paid during the year 2016	Total	Date of payment
Dividend on fully paid ordinary shares held at 30 September 2015	$3,085,431	30/10/2015
Dividend on fully paid ordinary shares held at 31 March 2016	$1,651,008	29/04/2016

Since the end of the financial year the Directors have declared the payment of a final dividend of 6.20 cents per fully paid ordinary share with a record date of 30 September 2016 to be paid on 31 October 2016.

Review of operations

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the Review of operations and activities on page 3 of this Annual Report.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

Events since the end of the financial year

No matter or circumstance has arisen since 30 June 2016 that has significantly affected the Group’s operations, results or state of affairs, or may do so in future years.

Environmental regulation

Pioneer Credit Limited is not affected by any significant environmental regulations in respect of its operations.

Information on Directors

Mr Michael Smith	**Non-Executive Chairperson**	
Experience and expertise	A highly experienced company director and executive, Michael was appointed Non-Executive Chairman of Pioneer Credit in February 2014. In addition to his role as Managing Director of strategic marketing consultancy firm Black House, Michael is Non-Executive Chairman of 7-Eleven Stores Pty Ltd, the Lionel Samson Sadleir Group and Starbucks Australia Advisory Board. Michael is also a Non-Executive Director of Creative Partnerships Australia. Michael is a fellow of the Australian Institute of Company Directors and holds a Doctor of Letters (Hon) from the University of Western Australia for his contribution to business and the arts. Michael’s previous roles include Deputy Chairman of Automotive Holdings Group Limited, Chairman of iiNet Limited, Synergy, Verve, Perth International Arts Festival, West Coast Eagles, Indian Pacific Limited and Scotch College.	
Listed Company Directorships including those held at any time in the previous 3 years	iiNet Limited	From 19 September 2007 to 7 September 2015
	Automotive Holdings Group Ltd	From 6 May 2010 to 20 November 2015
Special responsibilities	Chairman of the Board Chairman of Nomination Committee Chairman of Remuneration Committee Member of Audit and Risk Management Committee	
Interests in shares and options	Ordinary Shares Unlisted Options	332,002 300,000

Mr Keith John	**Managing Director**	
Experience and expertise	Mr John has over 25 years' experience in the financial services industry, both in Australia and in Asia, and is the founder of Pioneer Credit. He has received numerous awards, including being recognised as one of Western Australia's most exceptional young business leaders in the WA Business News '40 Under 40' Awards. Under his stewardship, Pioneer Credit was included in the BRW Fast 200 at number 26, an award which showcased Australia's fastest growing businesses (2006). Mr John has a strong interest in philanthropy and through his business and directorships supports numerous charitable organisations across Australia. An industry leader, Mr John serves on a number of industry bodies. In addition to his role as Managing Director of Pioneer Credit, Mr John is Director of Midbridge Investments Pty Ltd, a Non-Executive Director of ASX listed Goldfields Money Limited and a Non-Executive Director of Box International Pty Ltd, publisher of the leading Australian luxury magazine 'Box Magazine'.	
Listed Company Directorships including those held at any time in the previous 3 years	Goldfields Money Limited	From 27 May 2016
Special responsibilities	Managing Director	
Interests in shares and rights	Ordinary Shares Indeterminate Rights	8,454,571 150,000

Mr Rob Bransby	**Non-Executive Director**	
Experience and expertise	Mr Bransby was appointed a Non Executive Director of Pioneer Credit in February 2014. A highly experienced financial services executive, Mr Bransby is the CEO and Managing Director of Western Australia's largest private health insurer, HBF. Rob joined HBF in August 2005 following a successful career in banking, holding a number of senior positions during 25 years at National Australia Bank. In addition to serving on the Pioneer Credit Board, Mr Bransby is President of Private Healthcare Australia (PHA), Non-Executive Director of Synergy and the Australian Digital Health Agency and a Commissioner of the Insurance Commission of WA. In May 2016 Mr Bransby was appointed as a Non-Executive Director of the Commonwealth Bank of Australia Financial advice subsidiary companies, Commonwealth Financial Planning Limited, BW Financial Advice Limited, Count Financial Limited and Financial Wisdom Limited.	
Listed Company Directorships including those held at any time in the previous 3 years	Goldfields Money Limited	From 10 May 2012 to 16 September 2014 and from 20 February 2015 to 27 May 2016.
Special responsibilities	Member of Nomination Committee Member of Remuneration Committee	
Interests in shares	Ordinary Shares	58,432

Mr Mark Dutton	**Non-Executive Director**	
Experience and expertise	Mr Dutton has served as a Non-Executive Director of Pioneer Credit since May 2010. The founder and director of Banksia Capital, Mr Dutton was previously on the Board of Mineral Resources Limited, a partner at Navis Capital and a director at Foundation Capital and at BancBoston Capital. Prior to embarking on his private equity career, Mr Dutton worked in Audit and Corporate Finance at PricewaterhouseCoopers in the UK and Russia. Mr Dutton is a chartered accountant and a member of the Institute of Chartered Accountants of England & Wales. Mr Dutton also holds an MA in Management Studies and Natural Sciences from the University of Cambridge.	
Listed Company Directorships including those held at any time in the previous 3 years	Mineral Resources Limited	From 8 November 2007 to 20 November 2014
Special responsibilities	Member of Nomination Committee Member of Remuneration Committee Member of Audit and Risk Management Committee	
Interests in shares	Ordinary Shares	312,723

Ms Anne Templeman-Jones	**Non-Executive Director**	
Experience and expertise	Ms Templeman-Jones joined the Board in September 2014. Ms Templeman-Jones is a highly regarded professional Non-Executive Director who also serves on the boards of APN News & Media Limited, GUD Holdings Limited and Cuscal Limited, chairing the Audit and Risk Committees, Remuneration Committee and Risk Committees respectively. Ms Templeman-Jones is also the independent Chair of the Commonwealth Bank of Australia financial advice subsidiary companies, Commonwealth Financial Planning Limited, BW Financial Advice Limited, Count Financial Limited and Financial Wisdom Limited. A chartered accountant, Ms Templeman-Jones has a Bachelor of Commerce from UWA, an Executive MBA from AGSM and a Masters in Risk Management from the University of NSW. She is a Fellow of the Australian Institute of Company Directors and a member of the Australian Institute of Chartered Accountants. In a career spanning over 30 years, Ms Templeman-Jones has worked for a number of leading organisations including PwC, OCBC Bank (Bank of Singapore), ANZ and Westpac, where over a seven year period until 2013 she held the positions of Head of Private Bank in NSW and ACT, Head of Strategy and Risk for the Pacific Bank operations, Director Group Risk Reward and Director Strategy in Westpac's Institutional Bank.	
Listed Company Directorships including those held at any time in the previous 3 years	Cuscal Limited APN News & Media Limited GUD Holdings Limited	Since 20 March 2013 Since 4 June 2013 Since 1 August 2015
Special responsibilities	Chair of Audit and Risk Management Committee	
Interests in shares	Ordinary Shares	Nil

Meeting of Directors

The number of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2016, and the number of meetings attended by each Director were:

Name	Board Meetings		Committee Meetings					
			Audit and Risk		Remuneration		Nomination	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Mr Michael Smith	16	16	5	5	3	3	0	0
Mr Keith John*	16	16	*	*	*	*	*	*
Mr Rob Bransby	15	16	*	*	2	3	0	0
Mr Mark Dutton	15	16	5	5	3	3	0	0
Ms Anne Templeman-Jones	15	16	5	5	*	*	*	*

Held Number of meetings held during the year and during the time the Director held office or was a member of the committee
* Not a member of the relevant committee

Company Secretary

Ms Sue Symmons joined Pioneer Credit as General Counsel and Company Secretary, effective 1 October 2015. Ms Symmons has over 25 years' experience as a company secretary including positions with Heytesbury Pty Ltd and ASX listed Evans & Tate Limited, Automotive Holdings Group Limited and Helloworld Limited. Ms Symmons holds a Bachelor of Commerce from Curtin University and a Master of Business Law from the University of NSW and is a member of the Governance Institute of Australia and Australian Institute of Company Directors.

Prior to Sue's appointment, Mr Leslie Crockett held the position of Chief Financial Officer and Company Secretary. Mr Crockett joined Pioneer Credit in December 2012, was appointed Company Secretary in early 2013 and resigned as Company Secretary on 1 October 2015. Mr Crockett remains as Chief Financial Officer.

A chartered accountant, Leslie has experience working across a range of industries including financial services, property development, construction, retail and manufacturing covering jurisdictions in Europe, the United Kingdom, Africa, the USA and the Caribbean.

Prior to joining Pioneer Credit he was a divisional finance executive for an ASX100 listed group.

Leslie qualified as a chartered accountant with Deloitte, where he provided audit, consulting, financial advisory, risk management and tax services. He holds a Bachelor of Accounting from the University of South Africa and business qualifications from Melbourne Business School.

Remuneration report

This remuneration report explains the Board's approach to executive remuneration, performance and remuneration outcomes for Pioneer Credit and its Key Management Personnel (KMP) for the year ended 30 June 2016.

1. Overview

1.1. Key Management Personnel

KMP encompasses all directors as well as those executives who have specific responsibility for planning, directing and controlling material activities of the Company. In this report, 'senior executives' refers to the KMP excluding the Non-Executive Directors.

The information provided in this remuneration report has been audited as required by Section 308(3C) of the *Corporations Act 2001*.

List of KMP

Directors	
Mr Michael Smith	Independent Non-Executive Chairman
Mr Keith John	Non-Independent Executive Managing Director
Mr Rob Bransby	Independent Non-Executive Director
Mr Mark Dutton	Non-Independent Non-Executive Director
Ms Anne Templeman-Jones	Independent Non-Executive Director
Senior Executives	
Ms Lisa Stedman	Chief Operating Officer
Mr Leslie Crockett	Chief Financial Officer
Mr Tony Bird	Chief Risk Officer
Ms Sue Symmons	General Counsel and Company Secretary

1.2. Remuneration Policy and Link to Performance

In considering the Company's Remuneration Policy and its levels of remuneration for senior executives, the Remuneration Committee seeks to make recommendations which:

- motivate executive Directors and senior executives to ensure the long term sustainable growth of the Company within an appropriate control framework;
- demonstrates a clear correlation between senior executives' performance and remuneration;
- aligns the interests of key leadership with the long-term interests of the Company's shareholders; and
- prohibits executives from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

The Company is currently reviewing its executive remuneration framework, particularly in relation to its senior executives. The objective is to critically evaluate the executive incentive program to ensure that its structure:

- sufficiently motivates and incentivises senior executives;
- supports the retention of senior executives;
- continues to drive long term Shareholder value creation; and
- aligns broadly with the expectations of Shareholders, while at the same time not hindering the strategic objectives of the Company.

The Company will consult with remuneration consultants in early FY17 to assist them in achieving its objectives.

2. Remuneration Governance

2.1. Role of the Remuneration Committee

The Remuneration Committee is a committee of the Board. It is primarily responsible for providing recommendations to the Board on:

- remuneration packages for Directors and senior executives;
- incentive and equity-based remuneration plans for executive Directors and senior executives;
- appropriate performance hurdles and other key performance indicators (KPIs) to ensure remuneration is aligned to shareholder expectations; and
- the appropriateness of total payments proposed to Directors and senior executives.

The Corporate Governance Statement and the Remuneration Committee Charter provide further information on the role of this committee. These documents are available on the Company's website (www.pioneercredit.com.au).

The Committee's objective is to ensure that remuneration policies and structures are fair to both the Company and its employees and competitive in the marketplace such that the Company continues to be able to attract and retain quality individuals and so that those individuals are aligned with the long-term interests of the Company's shareholders.

The Committee reviews and determines remuneration policy and structure annually to ensure it remains aligned to business needs and meets our remuneration principles. From time to time, the committee also engages external remuneration consultants to assist with this review - see 2.2 below for further information.

In particular, the Board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain quality talent;
- aligned to the Company's strategic and business objectives;
- developed for creation of long term shareholder value;
- transparent and easily understood by all stakeholders; and
- acceptable to shareholders.

2.2. Use of remuneration consultants

To ensure the Remuneration Committee is fully informed when making remuneration decisions, the Remuneration Committee will periodically seek external remuneration advice.

As mentioned above, the Company will consult with remuneration consultants during FY17 to review its executive remuneration framework, particularly in relation to its KMP. Any such appointment will be made in accordance with the ASX Corporate Governance Principles and Recommendations and will be made free from undue influence from any members of KMP.

As reported in the FY15 Annual Report, it is the Company's intention to move all key executives from the 25th percentile to the 50th percentile on the basis that the executives continue to deliver at least appropriate value to the Company and that the Company continues to meet its financial and other goals. The Remuneration Committee continues to consider this intention when awarding remuneration increases to its key executives.

Fees paid to KMP remained unchanged during FY16. The Remuneration Committee will consider Chairman and Director fees following consultation with remuneration consultants in FY17.

2.3. Pioneer Credit's Securities Trading Policy

The Pioneer Credit Securities Trading Policy imposes trading restrictions on all Pioneer Credit employees who are considered to be in possession of 'inside information' and additional restrictions in the form of trading windows for executives and directors. Directors and members of the executive management team are prohibited from trading in Company shares, except in a 30 day period commencing 7 days after the release of the final and half yearly financial results and in a 30 day period commencing 7 days after the Annual General Meeting.

Pioneer Credit prohibits KMP from entering into contracts to hedge their exposure to any securities that may be awarded as part of their remuneration package.

3. Executive Remuneration

3.1. Executive Remuneration Model

The Board seeks to ensure its remuneration strategy supports and drives the achievement of Pioneer Credit's business strategy. Its aim is to ensure that remuneration outcomes are linked to the Company's performance and aligned with shareholder outcomes.

To ensure that executive remuneration is aligned to Company performance, a reasonable portion of the executives' target pay is 'at risk'. Executives receive their base salary and benefits structured as a total employment cost package.

The diagram below shows how the Remuneration Framework seeks to align remuneration outcomes with Pioneer Credit's vision, ultimately delivering sustainable long term wealth creation for shareholders.

<table>
<tr><td colspan="3">Pioneer Credit Vision: To be the leading customer service business in financial services that drives customer engagement and delivers shareholder satisfaction through high integrity, high service standards and core capabilities in customer relationship management and knowledge.</td></tr>
<tr><td rowspan="2">Remuneration Strategy</td><td>Retain key executive talent</td><td>Align executive reward with achievement of business vision.</td></tr>
<tr><td>Pioneer Credit continues to deliver strong performance through a consistent, committed and highly talented senior executive team.</td><td>KPIs are to be focussed on challenging financial and non-financial measures. Short term and long term components of remuneration that are 'at risk' and based on performance and outcomes.</td></tr>
</table>

<table>
<tr><td rowspan="3">Remuneration Framework</td><td>Fixed remuneration</td><td colspan="2">Variable 'at risk' remuneration</td></tr>
<tr><td></td><td>Short Term Incentive (STI)</td><td>Long Term Incentive (LTI)</td></tr>
<tr><td>To be set at no more than market median for similar organisations by reference to industry, market capitalisation, revenues, employees, geographies and roles using external benchmark data. Consideration is given to the employee's experience and skills.

Performance metrics - Nil</td><td>Balanced score card approach focusing on financial and non financial KPIs based on specific individual performance goals including:
• profit after tax;
• compliance/regulatory performance;
• project performance;
• peer and direct report performance; and
• assessment of Pioneer Credit's Leadership Principles.

Potential value – up to 25% of fixed remuneration.</td><td>The Company recognises the need to appropriately incentivise its executives through an LTI.</td></tr>
</table>

Retirement benefits are delivered under the *Superannuation Guarantee (Administration) Act 1992*.

3.2. Fixed Remuneration

Fixed remuneration is made up of base remuneration and superannuation. Base remuneration includes cash salary and any salary sacrificed items.

Base salary is reviewed at least annually or on promotion or where there is a significant change in role responsibilities and is benchmarked against the criteria outlined in the Remuneration Framework above.

There is no guaranteed base salary increase included in any executives' contracts.

No increase in fixed remuneration was awarded to senior executives for FY16 although the Company re-asserts its intention to move senior executives’ remuneration from the 25th percentile to the 50th percentile.

3.3. Short Term Incentive

The STI component of remuneration currently consists of a cash bonus that is focused on a balance scorecard approach, with financial and non financial measures focused on delivery of the critical business objectives of Pioneer Credit. The average amount awarded in STI for FY16 was 70%. See specific awards set out in the table on page 21.

3.3.1. About Pioneer Credit’s Short Term Incentive (STI)

Objective

The STI plan rewards executives for the achievement of objectives directly linked to Pioneer Credit’s business strategy that is focussed on growth and consolidation.

Participation

Participation in the STI plan is at the discretion of the Board.

STI opportunity

The maximum STI available to each executive is set at a level based on role, responsibilities and market data for the achievement of stretch targets against specific KPIs. The target STI opportunity for each senior executive is listed at 3.3.3 as an absolute dollar amount and as a percentage of the executive’s fixed base.

Performance Period

The performance period was 1 July 2015 to 30 June 2016.

Link between performance and reward

Each period KPIs are selected using a balanced scorecard approach of both financial and non financial measures of performance.

The KPIs are selected based on what needs to be achieved over the performance period to achieve the business strategy over the longer term, but varied to reflect individual executive roles and responsibilities.

The weighting of each KPI is set for each performance period based on the specific business targets to be focussed on.

Assessment of performance

The Board reviews and approves the performance assessment and STI payments for the Managing Director and all other senior executives.

Payment method

STI payments are delivered in cash.

3.3.2. STI KPIs and performance – full year 1 July 2015 to 30 June 2016

Feature	Description			
Max opportunity	Senior Executive: 25% of fixed remuneration			
Performance metrics	Key Performance Indicators are aligned to our strategic priorities of shareholder value, evaluation of financial performance on a total return basis, operational excellence, risk management and appropriate long term strategic goals			
	Metric	Weighting Range	Target	Rationale for selection
	Leadership and Growth Initiatives	20%	Board's assessment of leadership and strategy delivery	Long term strategic growth and building of a culture of excellence through the Leadership Principles
	Financial Performance evaluated on a total return basis	30-60%	Management of value, operating profit and customer payments performance	Sustainable management of value and delivery of optimal financial performance
	Project performance	10%	Achievement of milestones	Alignment to long term strategy.
	Risk and Compliance	10-20%	Regulatory compliance	Differentiation through compliance excellence and appropriate management of risk
Delivery of STI	The STI is payable on release of the audited financial year results			
Board discretion	The Board reserves the right to amend, vary or revoke the terms of any incentive plan from time to time, at its sole and absolute discretion			

3.3.3. 2016 STI remuneration outcomes

Executive	Target STI opportunity[1]	As a % of fixed remuneration	STI outcome	% achieved	% forfeited
KR John	$105,500	25%	$84,400	80%	20%
L Stedman	$73,000	25%	$51,100	70%	30%
LK Crockett	$70,000	25%	$56,000	80%	20%
T Bird	$65,000	25%	$30,042	70%	30%

[1] Target opportunity represents the full year target STI, outcome would be pro rata where relevant.

3.4. Long-term incentives

3.4.1. About Pioneer Credit's long term incentive

At the Annual General Meeting held on 29 October 2014, shareholders approved the Pioneer Credit Equity Incentive Plan (the 'Plan').

Objective

The Plan provides eligible participants with an incentive plan that recognises ongoing contribution to the achievement by the Company of its strategic goals, thereby encouraging the mutual interdependence of participants and the Company and to provide a means of attracting and retaining skilled and experienced employees.

Participation

Participation in the LTI Plan is at the discretion of the Board.

LTI opportunity

Subject to the achievement of performance conditions, participants may be entitled to be granted Performance Rights and / or Indeterminate Rights as approved by the Board.

Assessment of performance

The Board reviews and approves the performance assessment and LTI payments for the senior executives.

Payment method

LTI payments are delivered in Performance Rights which vest into Shares on the achievement of certain performance criteria or, Indeterminate Rights, where the Board, in their absolute and unfettered discretion, make a cash payment equivalent to the number of vested Indeterminate Rights multiplied by the then value of the Company's share price.

3.4.2. Long term incentive awards in place during the year

No long term incentive award was made for FY16. A LTI award was made under the Plan on 1 September 2015 for the FY15 year as follows:

<table>
<tr><th>Instrument</th><th colspan="3">Performance rights / indeterminate rights to acquire ordinary Pioneer shares[1].</th></tr>
<tr><td>Quantum</td><td colspan="3">The number of performance / indeterminate rights granted to participants was 450,000</td></tr>
<tr><td>Grant Date</td><td colspan="3">1 September 2015</td></tr>
<tr><td rowspan="2">Key performance measures</td><td colspan="2">Financial performance on a total return basis</td><td>50%</td></tr>
<tr><td colspan="2">Individual assessment against the Company's Leadership Principles</td><td>50%</td></tr>
<tr><td>Performance period</td><td colspan="3">FY15</td></tr>
<tr><td>Dividends</td><td colspan="3">No dividends or dividend equivalents are paid on performance rights / indeterminate rights</td></tr>
<tr><td rowspan="3">Fair Value, Grant date and Vesting period</td><td>$1.6009</td><td>1 July 2017</td><td>60%</td></tr>
<tr><td>$1.5155</td><td>1 July 2018</td><td>25%</td></tr>
<tr><td>$1.4347</td><td>1 July 2019</td><td>15%</td></tr>
</table>

[1] Indeterminate rights may be, at the Board's absolute and unfettered discretion, paid by making a cash payment equivalent to the number of vested Indeterminate Rights multiplied by the then value of the Company's Share price.

4. Non-executive director arrangements

Pioneer Credit's policy is to remunerate Non-Executive Directors at a fixed fee for time, commitment and responsibilities. Remuneration for Non-Executive Directors is not linked to individual performance.

On appointment to the Board all Non-Executive Directors enter into a Service Agreement with the Company in the form of a letter of appointment summarising the Board's policies and the appointment terms including remuneration relevant to the office of Director. A copy of the policy and procedure for selection and (re)appointment of Directors can be found on our Corporate Governance website.

4.1. Non-executive director remuneration for 2016

Name	Fixed remuneration $	Superannuation $	Total $
Mr Michael Smith	120,000	11,400	131,400
Mr Rob Bransby	70,000	6,650	76,650
Mr Mark Dutton	70,000	6,650	76,650
Ms Anne Templeman-Jones	70,000	6,650	76,650

A Non-Executive Director is not entitled to receive performance based remuneration. They may be entitled to fees or other amounts, as the Board determines, where they perform duties outside the scope of the ordinary duties of a Director. They may also be reimbursed for out of pocket expenses incurred.

No such payments were made during the reporting period.

Fees will be reviewed annually by the Remuneration Committee taking into account comparable roles and independently generated market data.

From time to time the Company may grant equity based incentives to Non-Executive Directors. The grant of an equity based incentive is designed to attract and retain suitably qualified Non-Executive Directors.

On his appointment on 7 February 2014, Mr Michael Smith was issued with 300,000 Unlisted Options, the terms and conditions of which are set out at 7.2 below. 50,000 of these Unlisted Options vested on 4 April 2016. Unexercised Options expire two years after vesting.

5. Statutory Remuneration Disclosures

The following table showing details of the remuneration expense recognised for KMP for the current and previous financial year has been measured in accordance with the requirements of accounting standards.

5.1. Statutory Remuneration Tables

Non-executive Directors								
Year	Fixed remuneration				Variable remuneration			Total
	Cash salary	Non-monetary benefits	Annual and long service leave	Post-employment benefits	Cash bonus	Post-employment benefits	Options	
Mr Michael Smith								
2016	120,923	-	-	11,488	-	-	29,031	161,442
2015	120,461	-	-	11,444	-	-	30,068	161,973
Mr Rob Bransby								
2016	70,539	-	-	6,701	-	-	-	77,240
2015	70,269	-	-	6,676	-	-	-	76,945
Mr Mark Dutton								
2016	70,539	-	-	6,701	-	-	-	77,240
2015	70,269	-	-	6,676	-	-	-	76,945
Ms Anne Templeman-Jones [1]								
2016	70,539	-	-	6,701	-	-	-	77,240
2015	54,115	-	-	5,141	-	-	-	59,256
Total								
2016	332,540	-	-	31,591	-	-	29,031	393,162
2015	315,114	-	-	29,937	-	-	30,068	375,119

Executive Director								
Year	Fixed remuneration				Variable remuneration			Total
	Cash salary	Non-monetary benefits	Annual and long service leave	Post-employment benefits	Cash bonus	Post-employment benefits	Rights	
Mr Keith John								
2016	425,246	10,920	13,484	37,516	84,400	8,018	89,243	668,827
2015	361,685	5,280	32,321	28,794	94,950	9,020	-	532,050

Other Key Management Personnel								
Year	**Fixed remuneration**				**Variable remuneration**			**Total**
	Cash salary	Non-monetary benefits	Annual and long service leave	Post-employment benefits	Cash bonus	Post-employment benefits	Rights	
Ms Lisa Stedman								
2016	290,877	10,920	8,564	27,326	51,100	4,855	89,243	482,885
2015	246,415	10,560	1,577	23,409	58,400	5,548	-	345,909
Mr Leslie Crockett								
2016	278,611	10,920	(624)	26,180	56,000	5,320	89,243	465,650
2015	265,846	5,280	6,312	25,255	63,000	5,985	-	371,678
Mr Tony Bird[2]								
2016	108,000	-	12,153	10,260	30,042	2,854	-	163,309
2015	-	-	-	-	-	-	-	-
Ms Sue Symmons[3]								
2016	152,248	-	8,520	14,469	-	-	-	175,237
2015	-	-	-	-	-	-	-	-
Total								
2016	1,254,982	32,760	42,097	115,751	221,542	21,047	267,729	1,955,908
2015	873,946	21,120	40,210	77,458	216,350	20,553	-	1,249,637

Total KMP remuneration expensed								
Year	**Fixed remuneration**				**Variable remuneration**			**Total**
	Cash salary	Non-monetary benefits	Annual and long service leave	Post-employment benefits	Cash bonus	Post-employment benefits	Options - Rights	
2016	1,587,522	32,760	42,097	147,342	221,542	21,047	296,760	2,349,070
2015	1,189,060	21,120	40,210	107,395	216,350	20,553	30,068	1,624,756

[1] Ms Anne Templeman-Jones was appointed a Director on 23 September 2014
[2] Mr Tony Bird commenced in Perth as a member of Key Management Personnel on 2 February 2016
[3] Ms Sue Symmons commenced in Perth as a member of Key Management Personnel effective 1 October 2015

There was no increase in the base salary for Non-Executive Directors or senior executives during the year.

5.2. Relative proportions of fixed vs variable remuneration expense

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense.

Name		Fixed remuneration	At risk – STI	At risk – LTI
Executive Director				
Mr Keith John	2016	73%	14%	13%
Other Key Management Personnel				
Ms Lisa Stedman	2016	70%	12%	18%
Mr Leslie Crockett	2016	68%	13%	19%
Mr Tony Bird	2016	80%	20%	-
Ms Sue Symmons	2016	100%	-	-

5.3. Performance based remuneration granted and forfeited during the year

The table below shows for each KMP how much of their STI cash bonus was awarded and how much was forfeited.

Name	Total opportunity $	Awarded %	Forfeited %
Mr Keith John	105,500	80%	20%
Ms Lisa Stedman	73,000	70%	30%
Mr Leslie Crockett	70,000	80%	20%
Mr Tony Bird	42,918[1]	70%	30%

[1] Represents the pro-rata opportunity from commencement date.

5.4. Contractual arrangements with executive KMP

The terms of employment for Company executives are formalised in individual service agreements. The Service Agreements specify remuneration, benefits and notice period. Participation in any STI or LTI plan as previously disclosed is subject to the Board's discretion. There are no benefits payable to any executive on termination. Significant provisions of each Service Agreement during FY16 are set out below.

Employee	Position	Salary	Term of agreement and notice period
Mr Keith John	Managing Director	$422,000 per annum plus superannuation	Continuing agreement with 12 months' notice by either party to the Employment Agreement
Ms Lisa Stedman	Chief Operating Officer	$292,000 per annum plus superannuation	Continuing agreement with 6 months' notice by either party to the Employment Agreement
Mr Leslie Crockett	Chief Financial Officer	$280,000 per annum plus superannuation	Continuing agreement with 6 months' notice by either party to the Employment Agreement
Mr Tony Bird	Chief Risk Officer	$260,000 per annum plus superannuation	Continuing agreement with 6 months' notice by either party to the Employment Agreement
Ms Sue Symmons	General Counsel and Company Secretary	$200,000 per annum plus superannuation	Continuing agreement with 3 months' notice by either party to the Employment Agreement

6. Equity instruments held by Key Management Personnel

The tables below show the number of:

- options over ordinary shares;
- performance rights / indeterminate rights; and
- shares

in the Company that were held during the financial year by KMP, including their close family members and entities related to them.

There were no shares or options granted during the reporting period as compensation.

Option holdings

Name	Issued balance at the start of the year	Granted as compensation	Vested	Exercised	Balance at the end of the year	Vested and exercise-able	Unvested
Mr Michael Smith	300,000	-	50,000	-	300,000	50,000	250,000

Performance rights / indeterminate rights

Name	Balance at the start of the year	Other changes during the year	Balance at the end of the year	Held nominally
Executive Director				
Mr Keith John	-	+150,000	150,000	-
Other Key Management Personnel				
Ms Lisa Stedman	-	+150,000	150,000	-
Mr Leslie Crockett	-	+150,000	150,000	-
Mr Tony Bird	-	-	-	-
Ms Sue Symmons	-	-	-	-

Share holdings

Name	Balance at the start of the year	Other changes during the year	Balance at the end of the year	Held nominally
Non-Executive Directors				
Mr Michael Smith	62,500	+269,502	332,002	332,002
Mr Rob Bransby	35,000	+23,432	58,432	58,432
Mr Mark Dutton	306,483	+6,240	312,723	312,723
Ms Anne Templeman Jones	-	-	-	-
Executive Director				
Mr Keith John	8,213,216	+241,355	8,454,571	8,454,571
Other Key Management Personnel				
Ms Lisa Stedman	275,000	-205,000	70,000	-
Mr Leslie Crockett	163,984	-	163,984	13,984
Mr Tony Bird	-	+24,750	24,750	-
Ms Sue Symmons	-	-	-	-

7. Terms and conditions of share-based payment arrangements

7.1. Performance Rights and Indeterminate Rights

Pioneer Credit issued Performance Rights and Indeterminate Rights to senior executives on 1 September 2015 for the FY15 year. The sum of $267,729 (2015 $Nil) has been recognised in FY16 as a share based payment with respect to these rights.

The terms and conditions of the performance rights and indeterminate rights issued during FY16 are:

a) Performance Rights that vest to the extent permitted in accordance with the Plan Rules will be converted on a one-for-one basis within a reasonable period of time at nil cost to the participant. Indeterminate Rights that vest to the extent permitted in accordance with the Plan Rules may be, at the Board's absolute and unfettered discretion, paid by making a cash payment equivalent to the number of vested Indeterminate Rights multiplied by the then value of the Company's Share price.
b) The number of rights granted to any participant were determined by reference to achievement of both Target 1 and Target 2 (together the Performance Condition) as described below.

   Target 1 (50% of the Performance Condition):
   The financial performance of the Company for the 12 month financial period ended 30 June 2015 of a $6,600,000 operating profit after taxation as approved by the Board for release to the ASX (in the form of audited financial results).
   Target 2 (50% of the Performance Condition):
   Individual assessment against the Company's Leadership Principles. In respect of assessing an individual's performance, there is a binary determination in respect of each of the six principles (i.e. the Company's expectation has either been met or not been met).
   Assessment of the Managing Director's performance against the Leadership Principles will be reviewed by the Remuneration Committee and will be reported to the Board for its approval. Assessment of the Chief Financial Officer's and Chief Operating Officer's performance against the Leadership Principles will be reviewed by the Remuneration Committee or its delegate.
   Together, Target 1 and Target 2 comprise the total 'Performance Condition' and are co-dependent.
   - Target 1 acts as the 'first gate' in respect of the Award – i.e. Target 1 must be met prior to any Rights being granted.
   - Target 2 acts as the 'second gate' in respect of the FY2015 Managing Director's Award in that the Participant must also meet the Company's expectation on four or more of the Leadership Principles against which he is assessed prior to any Rights being granted.
   - Target 1 and Target 2 have an equal weighting as follows:
     - Achievement of Target 1 (and subject to meeting Target 2 conditions): 50% of the Total Available Rights will be granted.
     - Achievement of Target 2 (and subject to meeting Target 1 conditions): up to 50% of the Total Available Rights will be granted.
c) Rights will vest in accordance with the following schedule (each a 'Vesting Date'):
   - base Date plus 3 years whereby 60% Rights will vest;
   - base Date plus 4 years whereby 25% Rights will vest; and
   - base Date plus 5 years whereby 15% Rights will vest,

   where the Base Date is 1 July 2014 (collectively 'Vesting Conditions') and provided the Participant remains employed by the Group at a respective Vesting Date.

7.2. Unlisted Options

Pioneer Credit has 300,000 options on issue with respect to the 2014 grant to Mr Michael Smith. The sum of $29,031 (2015 $30,068) has been recognised as a share based payment with respect to these options.

The key terms and conditions of the Options are:

a) Each Option will entitle the Option holder to purchase one Share for the exercise price (refer clause e) below) subject to satisfaction of the vesting conditions (refer clause b) below).
b) The vesting conditions are as follows:
   i. 50,000 Options vest on the second anniversary of the Offer (now vested); and
   ii. 250,000 Options vest on the third anniversary of the Offer.
c) Options may be forfeited upon termination of Mr Smith's position as a Director of Pioneer Credit.
d) Unexercised Options will expire two years after vesting.
e) The exercise price of each Option is 20% greater than the Offer Price. The Offer Price is the price of the securities sold by Pioneer Credit in its Initial Public Offer. The price was $1.60 per share; the exercise price of each Option is $1.92.
f) The Option holder may not sell, assign, transfer or otherwise deal with, or grant a Security Interest over an Option except with the written consent of Pioneer Credit.
g) Vested Options that have not expired may be exercised by paying the exercise price (refer clause e) above) to or as directed by Pioneer Credit. Upon vesting the Options may not be exercised until the first business day following that time which the Fair Market Value of the underlying Share exceeds the exercise price.
h) The Board may declare that all or a specified number of any unvested Options which have not expired immediately vest if, in the opinion of the Board a Change of Control has occurred, or is likely to occur.
i) The Board may declare that all or a specified number of any unvested Options which have not expired immediately vest if in the opinion of the Board any person or corporation has a relevant interest (as defined in the *Corporations Act*) in more than 90% of the Shares.
j) The Board may in its absolute discretion declare the vesting of an Option during such period as the Board determines where:
   i. Pioneer Credit passes a resolution for the voluntary winding up of Pioneer Credit;
   ii. an order is made for the compulsory winding up of Pioneer Credit; or
   iii. Pioneer Credit passes a resolution in accordance with Listing Rule 11.2 to dispose of its main undertaking.
k) If there is any internal reconstruction, reorganisation or acquisition of Pioneer Credit which does not involve a significant change in the identity of the ultimate shareholders of Pioneer Credit, this clause applies to any Option which has not vested by the day the reconstruction takes effect. The Board may declare in its sole discretion whether and to what extent Options will vest.
l) In the event of any reorganisation (including consolidation, sub-division, reduction, return or cancellation) of the issued capital of Pioneer Credit, the rights attaching to the Options will be varied to comply with ASX Listing Rules.
m) An Option holder is not entitled to participate in any new issue of securities of Pioneer Credit as a result of holding the Options.
n) Subject to the terms of the Options and the ASX Listing Rules, the Board may at any time by written instrument, amend all or any of the provisions of terms of the Options.
o) Any amendment to the provisions of these terms must not materially reduce an Option Holder's rights before the date of the amendment, unless the amendment is introduced primarily:
   i. for the purpose of complying with or conforming to present or future State, Territory or Commonwealth legislation, the ASX Listing Rules or the constitution of Pioneer Credit; or
   ii. to correct any manifest error, or mistake.

Subject to these terms, any amendment made under this rule may be given retrospective effect as specified in the written instrument by which the amendment is made.

For the purposes of this section, the following terms have the meaning set out below:

Change of Control means:

a) in the case of a takeover bid (as defined in section 9 of the *Corporations Act*), an offer by a party who previously had voting power of less than 50% in Pioneer Credit obtains voting power of more than 50%;
b) a Court approves under section 411(4)(b) of the *Corporations Act*, a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of Pioneer Credit or its amalgamation with any other company or companies;
c) any person becomes bound or entitled to acquire shares in Pioneer Credit under:
    i. section 414 of the *Corporations Act* (compulsory acquisition following a scheme or contract);
    ii. Chapter 6A of the *Corporations Act* (compulsory acquisition of securities); or
    iii. a selective capital reduction is approved by shareholders of Pioneer Credit pursuant to section 256C(2) of the *Corporations Act* which results in a person who previously had voting power of less than 50% in Pioneer Credit obtaining voting power of more than 50%; or in any other case, a person obtains voting power in Pioneer Credit which the Board (which for the avoidance of doubt will comprise those Directors holding office immediately prior to the person acquiring that voting power) determines, acting in good faith and in accordance with their fiduciary duties, is sufficient to control the composition of the Board.

Fair Market Value means the last price at which the underlying Shares traded on the ASX during a regular trading session.

Security Interest means a mortgage, charge, pledge, lien or other encumbrance of any nature.

8. Loans given to Key Management Personnel

No loans were made to Key Management Personnel during the financial year.

9. Other transactions with Key Management Personnel

Leases entered into with related parties

The Managing Director, Mr Keith John is a beneficiary of The John Family Primary Investments Trust and the sole Director and Secretary of Avy Nominees Pty Limited, which is trustee of The John Family Primary Investments Trust (JFPIT).

JFPIT is the owner of three premises which are leased by the Company. The premises, the subject of the leases, are situated at 118 Royal Street, East Perth, 188 Bennett Street, East Perth and 190 Bennett Street, East Perth. The lease contracts are at arm’s length. For the year ended 30 June 2016 the total amount of $206,160 has been paid to JFPIT in respect of the leases.

The leases for 118 Royal Street, East Perth and 188 Bennett Street, East Perth expired on 31 December 2015 and were not renewed. The lease for 190 Bennett Street, East Perth expired on 31 December 2015 and was renewed at arm’s length terms.

Design consulting agreement

The Managing Director, Mr Keith John is a beneficiary of The John Family Building and Design Trust and the sole Director and Secretary of Avy Nominees Pty Limited, which is trustee of The John Family Building and Design Trust trading as Alana John Design (AJD).

The Company and AJD were parties to an agreement for design and project management services for the commercial fit-out of the Company’s office premises. Following completion of the fit-out of the Company’s premises the agreement with AJD was finalised on 31 July 2015.For the year ended 30 June 2016 the total amount of $16,902 has been paid for the services.

Shares under option

Unissued ordinary shares of Pioneer Credit Limited under option at the date of the report are as follows:

Name	Date options granted	Exercise price	Vesting date	Number under option
Mr Michael Smith	7 February 2014	$1.92	4 April 2016	50,000
Mr Michael Smith	7 February 2014	$1.92	4 April 2017	250,000

Unexercised Options expire two years after vesting.

Shares issued on the exercise of options

No shares were issued in the reporting period on the exercise of options.

Insurance of officers

During the financial year, Pioneer Credit Limited paid a premium of $45,167 (2015 $43,833) to insure the Directors and Secretaries of the Company and its Australian-based controlled entities.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Indemnity of auditors

Pioneer Credit Limited has agreed to indemnify its auditors, PricewaterhouseCoopers, to the extent permitted by law, against any claim by a third party arising from its breach of their audit engagement agreement. The indemnity stipulates that Pioneer Credit Limited will meet the full amount of any such liabilities including a reasonable amount of legal costs.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

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

The Board of Directors has considered the position and, in accordance with advice received from the Audit and Risk Management Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms.

	2016	**2015**
	$	**$**
Taxation services		
PricewaterhouseCoopers Australia		
International tax consulting	-	34,526
Tax compliance services	11,348	134,528
Total remuneration for taxation services	11,348	169,054
Other services		
PricewaterhouseCoopers Australia		
Compliance and accounting advice	67,092	-
International Network firms of PricewaterhouseCoopers Australia		
Payroll and registration services	7,022	2,137
Total remuneration for other services	74,114	2,137
Total remuneration for non-audit services	85,462	171,191

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 35.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191 relating to the ‘rounding off’ of amounts in the Directors’ report. Amounts in the Directors’ report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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

Keith John
Managing Director

Perth
19 August 2016

Auditor's Independence Declaration

As lead auditor for the audit of Pioneer Credit Limited for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

2. no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Pioneer Credit Limited and the entities it controlled during the period.

William P R Meston
Partner
PricewaterhouseCoopers

Perth
19 August 2016

PricewaterhouseCoopers, ABN 52 780 433 757
Brookfield Place, 125 St Georges Terrace, PERTH WA 6000, GPO Box D198, PERTH WA 6840
T: +61 8 9238 3000, F: +61 8 9238 3999, www.pwc.com.au

Corporate Governance Statement

Pioneer Credit Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance. Pioneer Credit Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2016 corporate governance statement is dated as at 30 June 2016 and reflects the corporate governance practices in place throughout the 2016 financial year. The 2016 corporate governance statement was approved by the board on 11 July 2016. A description of the Group's current corporate governance practices is set out in the Group's corporate governance statement which can be viewed at:
http://corporate.pioneercredit.com.au/investor-centre/corporate-governance/

Financial Statements

Pioneer Credit Limited ABN 44 103 003 505
Annual report - 30 June 2016

Contents

These financial statements are the consolidated financial statements of the Consolidated Entity consisting of Pioneer Credit Limited and its subsidiaries. A list of subsidiaries is included in note 13. The financial statements are presented in the Australian currency.

Pioneer Credit Limited is a Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Pioneer Credit Limited
Level 6, 108 St Georges Terrace
Perth WA 6000

The financial statements were authorised for issue by the Directors on 19 August 2016. The Directors have the power to amend and reissue the financial statements.

Consolidated statement of comprehensive income

	Note	2016 $'000	2015 $'000
Revenue from operations	2	**47,809**	38,697
Other income	2	**47**	91
		47,856	38,788
Employee expenses		**(21,191)**	(16,893)
Rental expenses		**(2,549)**	(2,059)
Information technology and communications		**(2,121)**	(1,772)
Direct expenses		**(1,703)**	(1,846)
Depreciation and amortisation	4	**(1,184)**	(938)
Professional expenses		**(1,120)**	(1,169)
Travel and entertainment		**(383)**	(469)
Other expenses		**(1,444)**	(1,425)
Finance expenses	4	**(2,412)**	(1,513)
Share of net (loss) / profit of associate accounted for using the equity method		**(22)**	8
Profit before income tax		**13,727**	10,712
Income tax expense	5	**(4,277)**	(3,271)
Profit from continuing operations		**9,450**	7,441
Total comprehensive income for the year		**9,450**	7,441
Total comprehensive income for the year is attributable to:			
Owners of Pioneer Credit Limited		**9,450**	7,441
Earnings per share for profit attributable to the ordinary equity holders of the Company:		**Cents**	Cents
Basic earnings per share	21(a)	**20.36**	16.40
Diluted earnings per share	21(b)	**20.08**	16.40

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

Consolidated balance sheet

	Note	2016 $'000	2015 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**4,894**	2,168
Trade and other receivables	6(a)	**1,225**	2,190
Other current assets	6(a)	**380**	411
Financial assets at fair value through profit or loss	6(b)	**51,379**	32,576
Total current assets		**57,878**	37,345
Non-current assets			
Investments accounted for using the equity method	14	**2,593**	2,321
Property, plant and equipment	7(a)	**4,115**	4,335
Deferred tax assets	7(b)	**1,163**	1,129
Intangible assets	7(c)	**1,847**	384
Other non-current assets		**80**	45
Financial assets at fair value through profit or loss	6(b)	**59,730**	49,346
Total non-current assets		**69,528**	57,560
Total assets		**127,406**	94,905
LIABILITIES			
Current liabilities			
Trade and other payables	6(c)	**3,414**	3,851
Borrowings	6(d)	**5,701**	11,874
Current tax liabilities		**917**	1,199
Accruals and other liabilities	6(c)	**2,576**	1,888
Total current liabilities		**12,608**	18,812
Non-current liabilities			
Borrowings	6(d)	**47,709**	20,999
Provisions and other liabilities	6(c) 7(d)	**2,332**	2,216
Total non-current liabilities		**50,041**	23,215
Total liabilities		**62,649**	42,027
Net assets		**64,757**	52,878
EQUITY			
Contributed equity		**52,091**	45,464
Other reserves	8(g)	**1,611**	1,073
Retained earnings	8(h)	**11,055**	6,341
Capital and reserves attributable to the owners of Pioneer Credit Limited		**64,757**	52,878
Total equity		**64,757**	52,878

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

	Note	Contributed equity $'000	Share Based Payment Reserve $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2015		45,464	1,073	6,341	52,878
Total comprehensive income for the year		-	-	9,450	9,450
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs	8(a)	5,567	-	-	5,567
Dividend reinvestment plan	8(a)	989	-	-	989
Treasury shares and share based payments	8(g)	-	538	-	538
Current tax and deferred tax through equity	5	71	-	-	71
Dividends declared and paid	12(b)	-	-	(4,736)	(4,736)
		6,627	538	(4,736)	2,429
Balance at 30 June 2016		52,091	1,611	11,055	64,757
Balance at 1 July 2014		45,464	1,037	1,101	47,602
Total comprehensive income for the year		-	-	7,441	7,441
Transactions with owners in their capacity as owners					
Treasury shares and share based payments		-	36	-	36
Dividends declared and paid		-	-	(2,201)	(2,201)
		-	36	(2,201)	(2,165)
Balance at 30 June 2015		45,464	1,073	6,341	52,878

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

Consolidated statement of cash flows

	Note	2016 $'000	2015 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**61,873**	55,629
Payments to suppliers and employees (inclusive of goods and services tax)		**(31,050)**	(24,949)
		30,823	30,680
Interest received	2	**47**	91
Interest paid	4	**(1,719)**	(919)
Net income taxation paid		**(4,520)**	(1,676)
Net cash inflow from operating activities	9	**24,631**	28,176
Cash flows from investing activities			
Payments for property, plant and equipment		**(412)**	(1,599)
Payments for intangible assets		**(354)**	(345)
Acquisitions of financial assets at fair value through profit or loss		**(41,903)**	(49,433)
Payment for investment in associate		**(293)**	(2,313)
Payment for subsidiary, net of cash acquired		**(150)**	-
Proceeds from the sale of property, plant and equipment		**5**	8
Net cash outflow from investing activities		**(43,107)**	(53,682)
Cash flows from financing activities			
Proceeds from issue of ordinary shares	8(a)	**5,805**	-
Transaction costs on issue of ordinary shares		**(238)**	-
Proceeds from borrowings		**30,221**	37,076
Repayment of borrowings		**(10,884)**	(11,665)
Dividends paid to Company's shareholders	12(b)	**(4,736)**	(2,201)
Proceeds from issue of ordinary shares under dividend reinvestment plan	8(a)	**989**	-
Treasury shares loan repayment	8(c)	**45**	6
Net cash inflow from financing activities		**21,202**	23,216
Net increase / (decrease) in cash and cash equivalents		**2,726**	(2,290)
Cash and cash equivalents at the beginning of the financial year		**2,168**	4,458
Cash and cash equivalents at the end of the year		**4,894**	2,168

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

Contents of the notes to the consolidated financial statements

How numbers are calculated

This section provides additional information about those individual line items in the financial statements that the Directors consider most relevant in the context of the operations of the entity, including:

- accounting policies that are relevant for an understanding of the items recognised in the financial statements. These cover situations where the accounting standards either allow a choice or do not deal with a particular type of transaction;
- analysis and sub-totals; and
- information about estimates and judgements made in relation to particular items.

1. Segment information

For management purposes, the Group is organised into one main business segment, which is the provision of financial services, specialising in acquiring and servicing unsecured retail debt portfolios in Australia, the sale of non-core portfolios and brokering and introducing credit products. All of the Company's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole. The Company operated in one geographical segment being Australia. The Company does not have any major customers which comprise more than 10% of revenue.

The Company continues to monitor the appropriateness of segment reporting particularly with the introduction of a new subsidiary during the period under review. Segment reporting may be appropriate for future reporting periods.

2. Revenue from operations

	2016 $'000	2015 $'000
From continuing operations		
Liquidations of cash flows from purchased debt portfolios	60,411	55,233
Change in value of purchased debt portfolios	(13,103)	(16,702)
Net gain on financial assets – purchased debt portfolios	47,308	38,531
Services	501	166
	47,809	38,697

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities using the methods outlined below.

Customer payments, Debt purchase income, Sale of purchased debt portfolios

Net gains on financial assets are disclosed in the consolidated statement of comprehensive income as liquidations of cash flows from purchased debt portfolios net of any change in fair value of the portfolios. The Group recognises purchased debt portfolios as financial assets at fair value through profit or loss. Liquidations of cash flows on the sale of purchased debt portfolios is recognised to the extent that it is probable that the revenue benefits will flow to the Group and the revenue can be reliably measured.

The net gain on these assets is disclosed as revenue in the consolidated statement of comprehensive income.

Net gains or losses on financial assets measured at fair value are recognised as they accrue.

Services Income

Revenue from rendering services is recognised to the extent that it is probable that revenue benefits will flow to the Group and the revenue can be reliably measured.

Other income

	2016 $'000	2015 $'000
Interest income	47	91

Interest income is recognised using the effective interest method.

3. Individually significant items

The following prior year items were significant to the financial performance of the Group, and so are listed separately here. These specific costs have been included in profit before income tax.

	2016 $'000	2015 $'000
Commercial Claim		
Settlement and settlement provision	-	166
Legal costs	-	15
	-	181
Indirect Taxation		
Finalisation of prior periods indirect taxation position	-	169
Professional costs	-	186
	-	355

4. Other expense items

This note provides a breakdown of specific costs included in profit before income tax.

	2016 $'000	2015 $'000
Finance expenses		
Bank fees and borrowing expenses	687	594
Other interest expense	6	-
Interest and finance charges paid / payable for financial liabilities not at fair value through profit and loss	1,719	919
	2,412	1,513
Employee benefits expense		
Chairman's options	29	30
Share based payments	464	-
	493	30
Depreciation and amortisation		
Depreciation	979	816
Amortisation	205	122
	1,184	938

5. Income tax expense

This note provides an analysis of the Group's income tax expense, shows what amounts are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax position.

Income tax expense

	2016 $'000	2015 $'000
Current tax		
Current tax on profits for the year	4,359	3,327
Adjustments for current tax of prior periods	11	(8)
Deferred income tax	(93)	(48)
Total current tax expense	4,277	3,271
Income tax is attributable to:	13,727	10,712
Profit from continuing operations		
Deferred income tax (revenue) expense included in income tax expense comprises:		
(Decrease) increase direct to equity	(59)	(117)
(Increase) decrease in deferred tax assets	(34)	69
	(93)	(48)

Numerical reconciliation of income tax expense to prima facie tax payable

	2016 $'000	2015 $'000
Profit from continuing operations before income tax expense	13,727	10,712
Tax at the Australian tax rate of 30.0% (2015 30.0%)	4,118	3,214
Non-deductible entertainment costs	16	20
Non-deductible provision for fringe benefits tax	(10)	19
Non-deductible share based payments	148	12
(Over) under provision for prior year taxation	11	(8)
Share of net loss / (profits) of associate	7	(2)
Other non-deductibles and assessable income	(13)	16
Income tax expense	4,277	3,271

Amounts recognised directly in equity

	2016 $'000	2015 $'000
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:		
Current tax – credited directly to equity	130	117
Deferred tax – debited directly to equity	(59)	(117)
Net current and deferred tax –credited directly to equity	71	-

6. Financial assets and financial liabilities

This note provides information about the Group's financial instruments, including:

- an overview of all financial instruments held by the Group;
- specific information about each type of financial instrument;
- accounting policies; and
- information about determining the fair value of the instruments, including judgements and estimation uncertainty involved.

The Group holds the following financial instruments:

Financial assets

	Note	Assets at FVTPL $'000	Financial assets at amortised cost $'000	Total $'000
2016				
Cash and cash equivalents		-	4,894	4,894
Trade and other receivables *	6(a)	-	1,225	1,225
Financial assets at FVTPL	6(b)	111,109	-	111,109
		111,109	6,119	117,228
2015				
Cash and cash equivalents		-	2,168	2,168
Trade and other receivables *	6(a)	-	2,190	2,190
Financial assets at FVTPL	6(b)	81,922	-	81,922
		81,922	4,358	86,280

*excluding prepayments

Financial liabilities

	Note	Financial Liabilities $'000	Total $'000
2016			
Trade and other payables **	6(c)	3,414	3,414
Borrowings	6(d)	53,410	53,410
Accruals, provisions and other liabilities		2,809	2,809
		59,633	59,633
2015			
Trade and other payables **	6(c)	3,851	3,851
Borrowings	6(d)	32,873	32,873
Accruals, provisions and other liabilities		1,993	1,993
		38,717	38,717

**excluding non-financial liabilities

The Group's exposure to various risks associated with the financial instruments is discussed in note 11. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

6.a) Trade and other receivables

	2016			2015		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Trade receivables	1,163	-	1,163	1,247	-	1,247
Other receivables	62	-	62	943	-	943
Prepayments	380	80	460	411	45	456
	1,605	80	1,685	2,601	45	2,646

Classification as trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If recovery of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current. The Group's impairment and other accounting policies for trade and other receivables are outlined in notes 11(c) and 25(e) respectively.

Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group.

Fair value of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

Impairment and risk exposure

Information about the impairment of trade and other receivables, their credit quality and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 11(a) to 11(c).

None of the non-current receivables are impaired or past due but not impaired.

6.b) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include the following:

	2016 $'000	2015 $'000
Purchased debt portfolios		
Current	51,379	32,576
Non-current	59,730	49,346
	111,109	81,922

Movement on financial assets at fair value is as follows:

	2016 $'000	2015 $'000
Current and non-current		
At beginning of period	81,922	58,743
Additions for the period, net of recourse *	42,290	39,881
Liquidations of cash flows from purchased debt portfolios	(60,411)	(55,233)
Net gain on financial assets – purchased debt portfolios	47,308	38,531
	111,109	81,922

* Recourse relates to PDP accounts returned, at cost, to the vendor partners per the terms of the debt purchasing arrangement where the underlying account facility does not meet the contractual terms of the purchase arrangement.

i) Classification of financial assets at fair value through profit or loss

Pioneer Credit Limited classifies purchased debt portfolios (PDPs) at fair value through profit and loss (FVTPL) as per AASB 139 *Financial Instruments: Recognition and Measurement*, paragraph 9 part (b) (ii) because:

- at initial recognition Pioneer designates PDPs acquired as at fair value through profit or loss;
- Pioneer manages the PDPs and regularly evaluates their performance on a fair value basis in accordance with a documented risk management or investment strategy;
- Pioneer has information on that basis about the PDPs and provides the information internally to the Company's Key Management Personnel; and
- Pioneer reports this relevant information in the comprehensive disclosures provided.

The strategy is to provide an overall return on the Company's portfolio of investments, as opposed to any particular individual customer contract. The Company maintains a documented investment strategy for PDPs and under the Risk Management Policy the management and measurement of its PDPs is properly documented in its Risk Register.

The performance management emphasis of the Group is on a total return basis focusing on growth in its payment arrangement portfolios and the total return to the Group measured as operating profit after taxation. The evaluation of performance on a total return basis is clearly required by the documented and approved Key Performance Indicators under which the Group's performance is evaluated.

When management decisions are made with respect to an investment in the portfolios or the liquidation of cash flows, they are made from the point of view of the group of financial assets as a whole, as opposed to on an individual asset basis. Management reporting provides information on returns expressed in terms of overall portfolio return multiples on investment and internal rate of return. An important factor in the investment strategy is to manage a reasonable level of volatility of returns in expectation of overall long term value growth.

Purchased debt portfolios are initially recorded at acquisition cost, which on the basis of the transaction being at arm's length is considered to be fair value, and thereafter at fair value through profit or loss on the balance sheet, with transaction costs expensed as incurred. Fair value can be best evidenced as a quoted market price in an active market. As there is not a quoted market for PDPs and this is therefore not possible, fair value is based on the present value of expected future cash flows or other valuation techniques based on current market conditions. These valuation techniques derive from market observable inputs wherever possible and otherwise maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

Note 6(iv) below explains how the fair value of purchased debt portfolios is determined, including information regarding the key assumptions used.

The fair value gains or losses on financial assets are disclosed in the consolidated statement of comprehensive income as part of cash flows from purchased debt portfolios net of any change in value.

Purchased debt portfolios are included as non-current assets, except for the amount of the portfolio that is expected to be realised within 12 months of the balance sheet date, for which the present value is classified as a current asset.

ii) Amounts recognised in profit or loss

Changes in the fair value of financial assets at fair value through profit or loss are recorded as part of revenue.

iii) Risk exposure and fair value measurements

Information about the Group's exposure to price risk is provided in note 11. For information about the methods and assumptions used in determining fair value of purchased debt portfolios please refer to note 6(v) below.

iv) Fair value and fair value measurements

a) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
30 June 2016				
Financial assets				
Financial assets at FVTPL	-	-	111,109	111,109
30 June 2015				
Financial assets				
Financial assets at FVTPL	-	-	81,922	81,922

Level 1:

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period.

Level 2:

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3:

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

b) Transfers between levels

There were no transfers between levels in 2016 or 2015.

c) Valuation techniques used to derive fair values

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Level 3

If one or more of the significant inputs is not based on observable market data (unobservable inputs), the instrument is included in Level 3. Inputs are derived and extrapolated where possible from observable characteristics that market participants would take into account when pricing the asset at the measurement date. Assumptions used would be those that market participants would use when pricing, assuming that market participants act in their economic best interest. Inputs are calibrated against current market assumptions, historic transactions and economic models, where available. Unobservable inputs are those for which market data are not available, and that are developed using the best information available about the assumptions that market participants would use when pricing the asset, as can be the case for PDPs.

Model risk therefore arises due to the potential of key judgements impacting on the appropriateness of model outputs and reports used. Model risk is mitigated and controlled at its source through effective challenge and critical analysis by objective parties qualified and experienced in the line of business in which the model is used. In addition, consistent with recognised industry guidance, model validation intended to verify that models are performing as expected in line with their design objectives and business uses has been performed to help ensure the models are sound. Commensurate with model use, complexity and materiality, model validation by way of back testing, stability testing and sensitivity analysis were performed and the results, outcomes and actions validated the conceptual soundness of the models. Given that unobservable inputs are those where market data are not available, and the inherent limitations of historic information predicting future liquidations, additional model risk mitigation is achieved through appropriate cautious and reasonable downward calibration of the expected future cash flows.

Where the fair value of financial instruments that are not traded in an active market is determined using present value of expected future cash flows valuation techniques, these valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

The specific valuation technique used is a Discounted Cash Flow (DCF) which incorporates, at least, the following material variables:

• Expected liquidation rate	Expressed as a percentage of the face value over time.
• Face value	Of purchased debt portfolios.
• Cash flow liquidation period	The period over which cash flows liquidate.
• Discount rate	Factors in a risk free interest rate and appropriate credit adjustment for risks not built into the underlying expected cash flows.
• Cost	Acquisition cost of acquired PDPs.

d) Fair value measurements using significant unobservable inputs

Analysis of change in fair value for the year ended 30 June 2016

	2016 **$'000**
Actual versus forecast cash flow	8,733
Change in future forecast cash flows	38,575
	47,308

Changes in valuation techniques

Consistent with our long-standing approach of working towards a complete understanding of the characteristics of the customer portfolios we purchase, and to ensure we realise the appropriate value from those portfolios, the Group has continued the journey of portfolio sales within the secondary sale market for portfolios of accounts where we believe the value to be realised from a portfolio sale provides the greatest expected value to the Group.

The Group has progressed from the first portfolio sale in December 2014 to additional portfolio sales in the second half of the year ended June 2015 with sales previously disclosed in the first half of the year ending June 2016 continued in the second half of the financial year.

Pioneer engages experts in the financial services brokerage market to facilitate the sale process including, but not limited to, portfolio valuation, issuer approval, sales execution and post sales processes.

This progression and the learnings obtained from the sales processes concluded have improved the ability to derive and extrapolate valuation inputs where directly relevant, based on observable characteristics used by market participants, and where possible these observable inputs have been applied in the fair value model resulting in an improvement in the application of valuation techniques.

There were no significant changes made to the discounted cash flow valuation applied in the current and prior financial year. Consistent with previous reporting periods, Pioneer has continued to use a discounted cash flow valuation and has continued to improve the valuation process based on maximising the use of observable statistical evidence. This has included improvements in the use of characteristics analysis to ascertain the most informative predictive indicators and applying logistic regression statistics techniques to generate the key assumptions that determine the expected liquidation rate over time. Prior reporting period improvements in the valuation process have previously supported the cash flow liquidation period for customer accounts on payment arrangements to a maximum of ten years and this year's developments in the model have resulted in this capped period applying throughout.

Valuation inputs and relationship to fair value

The following table summarises the quantitative impact on those elements of the purchased debt portfolios that are sensitive to the significant unobservable inputs used in Level 3 fair value measurements:

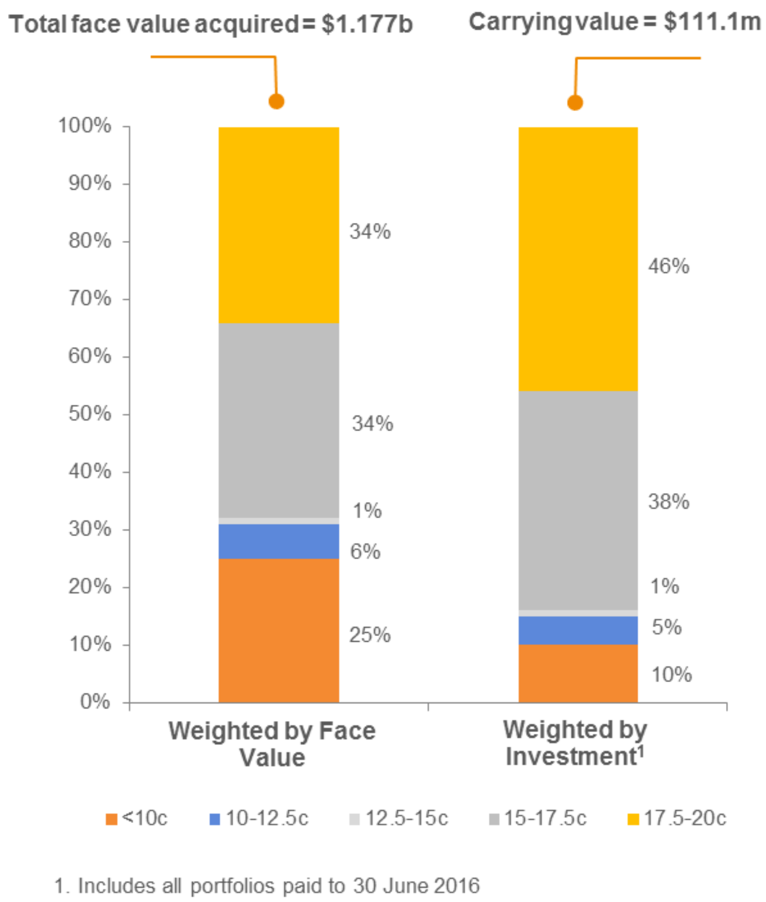
Description	Fair value $'000	Valuation technique	Unobservable inputs	Range of inputs	Relationship to Fair Value
Financial Assets at Fair Value Through Profit or Loss	$111,109	Discounted Cash Flow and Validation	Expected liquidation rate	1% change in liquidation rate	A reduction in liquidation rate by 1% results in a decrease in fair value on total estimated cash flows by $0.798m, an increase results in an increase in fair value on total estimated cash flows of $0.798m.
			Expected liquidation rate	3% change in liquidation rate	A reduction in liquidation rate by 3% results in a decrease in fair value on total estimated cash flows by $2.393m, an increase results in an increase in fair value on total estimated cash flows of $2.393m.
			Cash flow liquidation period	Impact of an eleven year liquidation period versus a ten year liquidation period	Results in an increase in fair value of $0.708m.
			Discount rate	Variance in risk-adjusted discount rate by 100 bps	The higher the risk-adjusted rate the lower the fair value. A reduction in rate by 100 bps results in an increase in fair value by $1.587m, an increase results in a decrease in fair value of $1.518m.
			Discount rate	Variance in risk-adjusted discount rate by 300 bps	The higher the risk-adjusted rate the lower the fair value. A reduction in rate by 300 bps results in an increase in fair value by $4.987m, an increase results in a decrease in fair value of $4.363m.

It is noted that the weighted average discount rate for originated customer accounts, substantially comprising credit cards and personal loans, has fluctuated within a range of 17.6% to 20.9% over the last three years, forming the basis of the above sensitivity range. In determining the weighted average discount rate, the key input is the current market rate for originated loans and advances with similar characteristics, for example credit card or personal loan rates, appropriately risk adjusted.

For subsequent measurement, under AASB 139 *Financial Instruments: Recognition and Measurement*, the other potential method for recognition and measurement is, if the prescribed definition is met, 'Loans and receivables' measured at amortised cost.

The difference between the carrying value under an amortised cost measurement approach and fair value is expected to be within the reasonably possible range if the discount rate were to be varied as described in the table above.

Historical aggregate debt purchases weighted by face value and investment:



v) Valuation Process

A key assumption in the valuation of the purchased debt portfolios is in determining the expected liquidation rate. Assumptions about the liquidation rate are based on originator and product characteristics, payment history, market conditions and management experience.

At the time of purchase, the price paid is generally determined by an open market tender process in which participants perform their own due diligence and determine the price they are willing to pay. Existing in-house knowledge of the portfolio under offer or similar equivalents is utilised along with a consideration of macro and micro economic factors assessed using the experience of senior management.

Subsequent to purchase, fair value adjustments are made in line with expected customer payment liquidations. An assessment of gross nominal future cash flow is made over periods capped to a maximum of ten years depending on the level of liquidation history and forecasting accuracy confidence based on observable evidence within a portfolio. Discount rates used to present value the gross nominal future cash flows incorporate a risk free rate and appropriate credit adjustment for risks not built into the underlying cash flows, noting that the cash flows to which the rates are applied are appropriately risk adjusted.

The valuation of PDPs requires estimation of:

a) the expected future cash flows;
b) the expected timing of receipt of those cash flows; and
c) the current discount rate.

Under amortised cost the valuation would in contrast to using the discount rate in c) instead utilise the original effective interest rate extrapolated at investment date (nominated by the purchaser) and this rate would not change over time. The estimation of cash flows and the estimation of their timing is broadly the same as used in the fair value measurement.

At the end of each reporting period, under amortised cost, an entity shall assess whether there is any objective evidence of impairment. If any such evidence exists, the entity shall determine the amount of any impairment loss. Similarly if expectations of future cash flows were to subsequently increase a gain would be recognised, up to the original amortised cost, calculated by discounting these incremental cash flows at the original effective interest rate.

Pioneer has adopted the fair value basis as it considers this more relevant to the users of the financial statements.

The main inputs used by the Group in measuring the fair value of financial instruments are derived and evaluated as follows:

- Expected liquidation rate — Product characteristics, payment and liquidation history and management experience with historic performance of comparable portfolios and market observable inputs considered to be directly relevant based on observable characteristics used by market participants in determining price.
- Face value — Determined at the date the PDP was acquired.
- Cash flow liquidation period — Up to ten years depending on liquidation history. Weighted average liquidation period is 2.8 years (2015 2.6 years) indicating that the majority of liquidation occurs in the earlier years.
- Discount rate — Incorporate a risk free rate and appropriate credit risk adjustment for risks not built into the underlying cash flows expected to be recovered. The weighted average discount rate used to calculate fair value is 20.1% (2015 20.9%) noting that further risk adjustment is not required as the cash flows to which the rates are applied are appropriately risk adjusted.
- Cost — Recently acquired PDPs may be valued at cost, where it is considered to approximate fair value.

Consistent with the manner in which the Group’s purchased debt portfolios are managed, performance is evaluated on a fair value basis. Separate validation of a discounted cash flow approach to fair value is also undertaken. The validation comprises a review of key elements contributing to movements in value including an analysis of the quantum, tenure and qualitative characteristics of the payment arrangements portfolio as well as an assessment of the performance of other key observable portfolio characteristics.

6.c) Trade and other payables

	2016 Current $'000	2016 Non-current $'000	2016 Total $'000	2015 Current $'000	2015 Non-current $'000	2015 Total $'000
Trade payables	3,414	-	3,414	3,851	-	3,851
Payroll tax & other statutory liabilities	196	-	196	195	-	195
Other payables	2,053	-	2,053	1,430	-	1,430
	5,663	-	5,663	5,476	-	5,476

See note 7(d) for detail on current provisions.

Risk exposure

Information about the Group's exposure to foreign exchange risk is provided in note 11.

Fair Value

The carrying amounts of trade payables and payroll tax and other statutory liabilities are assumed to be the same as their fair values, due to their short-term nature.

6.d) Borrowings

	2016 Current $'000	2016 Non-current $'000	2016 Total $'000	2015 Current $'000	2015 Non-current $'000	2015 Total $'000
Secured						
Bank loans	-	47,046	47,046	7,063	20,999	28,062
Lease liabilities	508	663	1,171	-	-	-
Other loans	5,129	-	5,129	4,741	-	4,741
	5,637	47,709	53,346	11,804	20,999	32,803
Unsecured						
Other loans	64	-	64	70	-	70
	5,701	47,709	53,410	11,874	20,999	32,873

Secured liabilities and assets pledged as security

Security over all the assets and undertakings of each of Pioneer Credit Limited, Pioneer Credit Solutions Pty Limited, Sphere Legal Pty Limited, Pioneer Credit (Philippines) Pty Limited, Pioneer Credit Connect Pty Ltd, Pioneer Credit Broking Services Pty Ltd and Switchmyloan Pty Ltd and unlimited cross guarantees and indemnities from each of these entities.

All property of the Group comprises the Group total assets of $127,406,000 (2015 $94,905,000).

See note 11(d) for details of the financing arrangements available to the Group to which the security relates.

Compliance with loan covenants

Pioneer Credit Limited has complied with the financial covenants of its borrowing facilities during the 2016 and 2015 reporting periods, see note 12(c) for details.

Fair Value

For the majority of the borrowings, the fair values are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

Risk exposure

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 11.

Finance lease

During FY16, Pioneer entered into a finance lease for various telephony software license applications with a carrying amount of $1.171m (2015 $Nil).

	2016 $'000	2015 $'000
Commitments in relation to the finance lease are payable as follows:		
Within one year	526	-
Later than one year but not later than two years	394	-
Later than two years	345	-
Minimum lease payments	1,265	-
Future finance charges	(94)	-
Total lease liabilities	1,171	-
The present value of finance lease liabilities is as follows:		
Within one year	508	-
Later than one year but not later than two years	361	-
Later than two years	302	-
Minimum lease payments	1,171	-

7. Non-financial assets and liabilities

This note provides information about the Group's non-financial assets and liabilities, including:

- specific information about each type of non-financial asset and non-financial liability;
- accounting policies; and
- information about determining the fair value of the assets and liabilities, including judgements and estimation uncertainty involved.

7.a) Property, plant and equipment

	Plant and equipment $'000	Furniture, fittings & equipment $'000	Machinery & vehicles $'000	Leasehold improvements $'000	Total $'000
At 1 July 2015					
Cost	1,766	249	-	3,889	5,904
Accumulated depreciation	(904)	(92)	-	(573)	(1,569)
Net book amount	862	157	-	3,316	4,335
Year ended 30 June 2016					
Opening net book amount	862	157	-	3,316	4,335
Additions	236	92	-	84	412
Make good provision	-	-	-	92	92
Depreciation charge	(427)	(71)	-	(481)	(979)
Disposals	(5)	-	-	-	(5)
Lease incentive	128	-	-	132	260
Closing net book amount	794	178	-	3,143	4,115
At 30 June 2016					
Cost	1,904	285	-	4,143	6,332
Accumulated depreciation	(1,110)	(107)	-	(1,000)	(2,217)
Net book amount	794	178	-	3,143	4,115
At 1 July 2014					
Cost	1,187	145	41	1,949	3,322
Accumulated depreciation	(510)	(38)	(30)	(207)	(785)
Net book amount	677	107	11	1,742	2,537
Year ended 30 June 2015					
Opening net book amount	677	107	11	1,742	2,537
Additions	579	104	-	916	1,599
Make good provision	-	-	-	189	189
Depreciation charge	(394)	(54)	(2)	(366)	(816)
Disposals	-	-	(9)	-	(9)
Lease incentive	-	-	-	835	835
Closing net book amount	862	157	-	3,316	4,335
At 30 June 2015					
Cost	1,766	249	-	3,889	5,904
Accumulated depreciation	(904)	(92)	-	(573)	(1,569)
Net book amount	862	157	-	3,316	4,335

Non-current assets pledged as security

Refer to note 6(d) for information on non-current assets pledged as security by the Group.

Depreciation methods and useful lives

Depreciation of property, plant and equipment is calculated using the diminishing balance method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives. Certain leasehold improvements and leased plant and equipment are depreciated on a straight line basis over the term of the lease.

Plant and equipment	15 - 66.7%
Furniture, fittings and equipment	15 - 50%
Machinery and vehicles	25%
Leasehold improvements	20 - 50%
Lease incentive	Over the term of the lease

See note 25(f) for the other accounting policies relevant to property, plant and equipment.

Lease incentive asset

The lease incentive received relates to leasehold improvements in general received as an incentive to take on rental operating leases and has been accounted for as such, with a corresponding liability recognised in Other Liabilities. The lease incentive liability will be released on a straight line basis over the lease term and reduce the rental expense on the consolidated statement of comprehensive income.

7.b) Deferred tax balances

Deferred tax assets

	2016 $'000	2015 $'000
The balance comprises temporary differences attributable to:		
Employee benefits (annual leave)	170	128
Retirement benefit obligations (superannuation payable)	60	43
	230	171
Other		
Other expenses (audit, accounting, payroll tax)	338	269
Share issue expenses	494	657
Other (formation costs, black hole costs)	109	43
Prepayments	(8)	(11)
	933	958
Net deferred tax assets	1,163	1,129

Movements

	Employee benefits $'000	Retirement Benefit Obligation $'000	Other $'000	Total $'000
At 1 July 2015	128	43	958	1,129
(Charged) / credited				
- To profit or loss	42	17	34	93
- Directly to equity	-	-	(59)	(59)
At 30 June 2016	170	60	933	1,163
At 1 July 2014	86	28	1,084	1,198
(Charged) / credited				
- To profit or loss	42	15	(9)	48
- Directly to equity	-	-	(117)	(117)
At 30 June 2015	128	43	958	1,129

7.c) Intangible assets

	Goodwill $'000	Software and licenses $'000	Total $'000
At 1 July 2015			
Cost	-	571	571
Accumulated depreciation	-	(187)	(187)
Net book amount	-	384	384
Year ended 30 June 2016			
Opening net book amount	-	384	384
Additions	140	1,528	1,668
Amortisation charge	-	(205)	(205)
Closing net book amount	140	1,707	1,847
At 30 June 2016			
Cost	140	2,099	2,239
Accumulated depreciation	-	(392)	(392)
Net book amount	140	1,707	1,847
At 1 July 2014			
Cost	-	226	226
Accumulated depreciation	-	(65)	(65)
Net book amount	-	161	161
Year ended 30 June 2015			
Opening net book amount	-	161	161
Additions	-	345	345
Amortisation charge	-	(122)	(122)
Closing net book amount	-	384	384
At 30 June 2015			
Cost	-	571	571
Accumulated depreciation	-	(187)	(187)
Net book amount	-	384	384

Amortisation methods and useful lives

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

Software and licenses	1-3 years

See note 25(g) for the other accounting policies relevant to intangible assets, and the Group's policy regarding impairments.

Finance lease

See note 6(d) for information on the finance lease with respect to software licences acquired.

Goodwill

Goodwill is attributable to the acquisition of Switchmyloan Pty Limited in March 2016.

See note 13 for additional information on subsidiaries.

7.d) Provisions

	2016 Current $'000	2016 Non-current $'000	2016 Total $'000	2015 Current $'000	2015 Non-current $'000	2015 Total $'000
Employee benefits	-	248	248	-	180	180
Lease make good	-	312	312	-	189	189
	-	560	560	-	369	369

Employee benefits - Long service leave

The liabilities for long service leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using rates published in the 'Group of 100 Discount Rate Report and Discount Curve'. Re-measurement as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the consolidated balance sheet if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

No employee of the Group will be eligible to take long service leave within the next 12 months.

Lease make good

Pioneer Credit Limited is required to restore the leased premises of 108 St Georges Terrace, Perth WA 6000, to their original condition at the end of the lease. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease or the useful life of the assets.

Movements in provisions

	Employee benefits $'000	Lease make good $'000	Commercial claim $'000	Total $'000
At 1 July 2015				
Carrying amount at start of year	180	189	-	369
Charged to profit or loss	68	31	-	99
Capitalised to balance sheet	-	92	-	92
At 30 June 2016	248	312	-	560
At 1 July 2014				
Carrying amount at start of year	84	-	279	363
Charged to profit or loss	96	-	166	262
Capitalised to balance sheet	-	189	-	189
Amounts used during the year	-	-	(445)	(445)
At 30 June 2015	180	189	-	369

8. Equity

8.a) Contributed equity

Share capital

	2016 Shares	2015 Shares	2016 $'000	2015 $'000
Ordinary shares – fully paid (Treasury shares see note 8(c))	48,971,621	44,973,990	52,091	45,464

Movements in ordinary share capital

Date		Number of shares	$'000
1 July 2015	**Opening balance**	44,973,990	45,464
	Capital raise, net of transaction costs	3,415,031	5,567
	Dividend reinvestment plan	582,600	989
	Current tax and deferred tax through equity	-	71
30 June 2016	**Closing balance**	48,971,621	52,091
1 July 2014	**Opening balance**	44,973,990	45,464
30 June 2015	**Closing balance**	44,973,990	45,464

8.b) Ordinary shares

All authorised ordinary shares have been issued.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

At a general meeting of shareholders; every shareholder entitled to vote may vote in person or by proxy, attorney or representative; on a show of hands every shareholder who is present in person or by proxy, attorney or representative has one vote; and on a poll every shareholder who is present in person or by proxy, attorney or representative has one vote for every share held, but, in respect of partly-paid shares, shall have a fraction of a vote for each partly-paid share.

Shares acquired under the Employee Share Scheme are held under a trading lock. Shares in the Employee Offer otherwise carry the same rights and entitlements of fully paid ordinary shares, including dividend and voting rights.

8.c) Treasury shares

Date		Number of shares	$'000
1 July 2015	**Opening balance**	400,000	1,030
	Receipt on treasury shares	-	45
30 June 2016	**Closing balance**	400,000	1,075
1 July 2014	**Opening balance**	400,000	1,024
	Receipt on treasury shares	-	6
30 June 2015	**Closing balance**	400,000	1,030

8.d) Employee share scheme

No new employee shares were issued during the period under review. See note 8(f) for the Equity Incentive Plan.

8.e) Options

Information relating to the Chairman's Options, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in note 19(a).

8.f) Equity Incentive Plan

At the Annual General Meeting on 29 October 2014, the Company approved an employee incentive plan whereby certain eligible employees would be granted performance rights. Each Right entitles the holder to acquire one fully paid Pioneer share for nil consideration, subject to vesting conditions being met.

The plan is intended not only to attract and reward but also retain participating employees. Therefore, a tenure based vesting condition was determined to be most appropriate.

The performance conditions surrounding these Rights were met on the 20 August 2015. 780,000 Rights were granted on 1 September 2015.

Rights granted will vest in accordance with the following schedule (each a 'Vesting Date'):

- 1 July 2017: 60% Rights will vest;
- 1 July 2018: 25% Rights will vest; and
- 1 July 2019: 15% Rights will vest,

provided the holder of the Rights remains employed by the Group at the respective Vesting Date.

The terms of each tranche of Rights are summarised in the table below.

	Tranche 1	Tranche 2	Tranche 3
Fair value at grant date	$1.6009	$1.5155	$1.4347
Grant date	1-Sep-15	1-Sep-15	1-Sep-15
Share price at grant date	$1.77	$1.77	$1.77
Expiration period (years)	1.83	2.83	3.83
Dividend yield	5.48%	5.48%	5.48%
Vesting date	1-Jul-17	1-Jul-18	1-Jul-19
Exercise price	Nil	Nil	Nil

8.g) Other reserves

The following table shows a breakdown of the balance sheet line item 'Other reserves' and the movements in these reserves during the period under review. A description of the nature and purpose of each reserve is provided below the table.

Share based payment reserve	**$'000**
At 1 July 2015	
Opening balance	1,073
Chairman's options	29
Share based payments	464
Treasury shares	45
At 30 June 2016	1,611
At 1 July 2014	
Opening balance	1,037
Chairman's options	30
Treasury shares	6
At 30 June 2015	1,073

Nature and purpose of other reserves share-based payments

The share based payments reserve is used to recognise:

- the grant date fair value of options and rights issued to employees but not exercised over the vesting period; and
- the grant date fair value of shares issued to employees over the vesting period.

8.h) Retained earnings

Movements in retained earnings were as follows:

	2016 $'000	**2015 $'000**
Balance 1 July	6,341	1,101
Net profit for the year	9,450	7,441
Dividends	(4,736)	(2,201)
Balance 30 June	11,055	6,341

9. Cash flow information

9.a) Reconciliation of profit after income tax to net cash inflow from operating activities

	Note	2016 $'000	2015 $'000
Profit for the period		9,450	7,441
Depreciation and amortisation	4	1,184	938
Non-cash employee benefits expense – share-based payments	19(d)	493	30
Net profit on sale of assets		(5)	(8)
Share of profit of associate accounted for using the equity method		22	(8)
Change in value of purchased debt portfolios	2	13,103	16,702
Change in operating assets and liabilities:			
Decrease (increase) in trade receivables		961	240
(Increase) decrease in deferred tax assets through profit or loss		(33)	(48)
(Decrease) increase in trade payables		(1,138)	2,125
(Decrease) increase in provision for income taxes payable		(210)	1,643
Increase (decrease) in accruals and other liabilities		804	(879)
Net cash flow inflow from operating activities		24,631	28,176

9.b) Non-cash investing and financing activities

	2016 $'000	2015 $'000
Make good provision	92	189
Lease incentive liability released	(280)	(159)
Lease incentive recognised	260	835
Finance lease	1,171	-

Risk

This section of the notes discusses the Group's exposure to various risks and shows how these could affect the Group's financial position and performance.

10. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Fair value measurement of financial instruments

The fair value of financial instruments that are not traded in a sufficiently active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions, including considering market conditions existing at the end of each reporting period. The Group uses its judgement and makes assumptions as to the allocation of purchased debt portfolios between current and non-current asset allocations. For details of the key assumptions used and the impact of changes to these assumptions see note 6(b).

Investment in associate

The Group's assessment is that the investment in Goldfields Money Limited represents an investment in associate, to be accounted for using the equity method of accounting, as the Group can demonstrate significant influence. The Group's assessment at the end of the reporting period is that there is no objective evidence that this equity-accounted investment is impaired.

Goldfields Money Limited is a publically traded entity and at the time of approval of this Annual Report, publically available information as at 30 June 2016 was not available on Goldfields Money Limited. Management has exercised judgement in determining the share of equity income from this associate. Selected information has been presented based on information readily available to the Group.

See note 14 for more information on the investment in associate.

Goodwill

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering at a minimum a three-year period. Cash flows beyond this period are extrapolated using cautious estimated growth rates.

11. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk; credit risk; and liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Group uses different methods to measure the different types of risk to which it is exposed.

These methods include sensitivity analysis in the case of interest rates, preparation and review of ageing analysis for credit risk and projected cash flow analysis across the portfolio to manage the risk associated with the purchased debt portfolio.

Risk management is the responsibility of Key Management Personnel. Policies under approval by the Board of Directors ensure that the total risk exposure of the Group is consistent with the Group strategy, is in line with Group covenants and is within the risk tolerance guidelines of the Group. To manage interest rate and credit risk arising from the investment in purchased debt portfolios, the Group undertakes pricing analysis at tender stage. Pricing is determined by a bidding process in a tender market place with each purchaser relying on their own analysis. Analysis by the Group includes consideration of information supplied under due diligence at tender stage, as well as macro and micro economic elements to which senior management experience and judgement is applied. In many cases there exists in-house knowledge of the performance of portfolios with similar characteristics and in other cases data analysis is restricted to the information supplied at due diligence. Purchased debt portfolios are subsequently managed and performance is evaluated on a fair value basis.

The Group periodically considers the need to make use of derivative financial instruments and hedging arrangements to manage interest rate risk. There are currently no such arrangements in place.

During the year under review, there has been no change to the Group’s exposure to the above risks or the manner in which these risks are managed and measured.

11.a) Summarised sensitivity analysis – interest rate risk

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

	Carrying amount $’000	-100 bps Profit $’000	+100 bps Profit $’000
At 30 June 2016			
Financial liabilities			
Borrowings	47,046	399	(399)
At 30 June 2015			
Financial liabilities			
Borrowings	28,210	199	(199)

Financial assets sensitive to interest rate risk comprise cash and cash equivalents only and their sensitivity to interest rate risk has not been included as the expense is not significant.

11.b) Market risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. This comprises:

Foreign exchange risk

The Group has no financial instruments exposed to foreign currencies and as such there is no risk associated with fluctuations in foreign exchange rates.

Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term loans and borrowings issued at variable interest rates. The Group's fixed rate borrowings and receivables are carried at amortised cost and not subject to interest rate risk.

As at the end of the reporting period the Group had the following variable rate loans and borrowings outstanding:

Instruments used by the Group

	30 June 2016 Weighted average interest rate %	Balance $'000	30 June 2015 Weighted average interest rate %	Balance $'000
Bank overdrafts and bank loans	4.28%	47,046	4.56%	28,210

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on profit or loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions. The simulation is done on a half yearly basis to verify that the maximum loss potential is within the limit given by management.

Price risk

The Group has no financial instruments exposed to market prices and as such there is no risk associated with fluctuations in market prices. Financial assets at fair value through profit and loss relate entirely to the purchased debt portfolio.

11.c) Credit risk

Credit risk arises from cash and cash equivalents, credit exposure to customers, including outstanding receivables and committed transactions.

Risk management

Credit risk is managed on a Group basis. For corporate customers, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by management. The compliance with credit limits by corporate customers is regularly monitored by management.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and / or regions.

The Group is also exposed to investment credit risk from the significant investment in purchased debt portfolios. Risk limits are set based on internal ratings in accordance with limits set by management. The compliance with investment credit limits on the purchased debt portfolios is regularly monitored by management.

Impaired trade receivables

At both 30 June 2016, and 30 June 2015, no current trade receivables of the Group were impaired, nor overdue.

11.d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the dynamic nature of the business, management maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow. Cash flow is forecast on a day-to-day basis to ensure that sufficient funds are available to meet requirements on the basis of expected cash flows. Liquidity risk is further managed through maintaining a reputable credit profile.

Financing arrangements

The Group had access to a Senior Debt Facility of $67,060,000 at the end of the financial year (2015 $54,060,000). The facility comprises a cash advance facility to fund the acquisition of purchased debt portfolios, a bank guarantee facility, an overdraft facility, a direct debit authority facility and a credit card facility.

The overdraft facility was unused at 30 June 2016 and the undrawn limit on the cash advance facility was $12,953,622 at 30 June 2015 (2015 $18,791,000). The facility is subject to the Group meeting a number of financial undertakings, all of which have been met to date. The facility will expire on 31 July 2017. Management has no reason to believe that the facility will not be renewed and / or extended beyond this date.

The Group is required to keep the finance provider fully informed of relevant details of the Group as they arise.

Maturities of financial liabilities

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

	Within 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Carrying amount $'000
At 30 June 2016				
Trade payables	3,414	-	-	3,414
Borrowings	7,732	47,611	345	53,410
Accruals, provisions and other liabilities	2,249	-	560	2,809
	13,395	47,611	905	59,633
At 30 June 2015				
Trade payables	3,851	-	-	3,851
Borrowings	13,002	7,935	14,558	32,873
Accruals, provisions and other liabilities	1,624	-	369	1,993
	18,477	7,935	14,927	38,717

12. Capital management

12.a) Risk management

The Group's objectives when managing capital are to:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- maintain an optimal capital structure to reduce the cost of capital.

12.b) Dividends

Ordinary shares

	2016 $'000	2015 $'000
2H FY15 dividend on fully paid ordinary shares held on 30 September 2015 of 6.80 cents per share paid on 30 October 2015 (2H FY14 3.10 cents per share)	3,085	1,407
1H FY16 dividend on fully paid ordinary shares held on 31 March 2016 of 3.60 cents per share paid on 29 April 2016 (1H FY15 1.75 cents per share)	1,651	794
	4,736	2,201

Dividends not recognised at the end of the reporting period

	2016 $'000	2015 $'000
Since year end the Directors have recommended the payment of a final dividend of 6.20 cents per fully paid ordinary share (2015 6.80 cents), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 31 October 2016 out of profits at 30 June 2016, but not recognised as a liability at year end is	3,071	3,085

Franking dividends

The franked portions of the final dividends recommended after 30 June 2016 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ended 30 June 2017.

	2016 $'000	2015 $'000
Franking credits available for subsequent reporting periods based on a tax rate of 30.0% (2015 30.0%)	5,005	2,408

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the year.

12.c) Capital risk management

Although the Group is not subject to any externally imposed regulatory requirement, it has adopted a conservative and proactive capital management strategy. The Group has taken a prudent approach to gearing with the significant sources of funding being supplied by shareholder equity and variable rate financier borrowings, as well as appropriate trade working capital arrangements. All major capital related initiatives require Board approval.

The Group is well funded at balance date and into the foreseeable future.

Management monitor key balance sheet ratios as part of the strategy as well as to demonstrate compliance with the financier covenant requirements. Three year rolling capital forecast analysis is regularly reviewed to assess the impact of growth and future opportunity on funding requirements with a focus on determining adequacy of short to medium term requirements.

Arrangements with the Group's financier are in place to ensure that there is sufficient undrawn credit available to meet reasonably unforeseen circumstances should they arise. Financing facilities are renegotiated on a regular basis to ensure that they are sufficient for the Group’s projected growth.

As far as possible, asset purchases are funded from operational cash flow, allowing undrawn balances to be maintained. Cash is monitored on a daily basis to ensure that immediate and short term requirements can be met. By maintaining a balance of undrawn funds, the Company reduces the risk of liquidity and going concern issues.

Details of financing facilities are set out in note 11(d).

Under the terms of the Senior Debt Facility, the Group is required to comply with financial covenants at all times, tested monthly.

The Group has met all covenant obligations of the financier at all times during the current and prior years.

Group Structure

This section provides information which will help users understand how the Group structure affects the financial position and performance of the Group as a whole.

13. Subsidiaries

Significant investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in note 25(b).

Name of entity		Country of incorporation	Class of shares	Equity holding 2016 %	Equity holding 2015 %
Pioneer Credit Solutions Pty Limited	1	Australia	Ordinary	100	100
Sphere Legal Pty Limited		Australia	Ordinary	100	100
Pioneer Credit (Philippines) Pty Limited		Australia	Ordinary	100	100
Pioneer Credit Connect Pty Limited	2	Australia	Ordinary	100	100
Pioneer Credit Broking Services Pty Limited		Australia	Ordinary	100	100
Switchmyloan Pty Limited	3	Australia	Ordinary	100	-
Credit Place Pty Limited	4	Australia	Ordinary	100	-
Pioneer Credit Acquisition Services (UK) Limited	5	United Kingdom	Ordinary	100	100

1 Rebranded from Pioneer Credit Acquisition Services Pty Limited
2 Rebranded from Pioneer Credit Financial Services Pty Limited
3 Switchmyloan Pty Limited was acquired on 2 March 2016
4 Credit Place Pty Limited was incorporated on 9 June 2016 and has not conducted any business since inception to the date of this report
5 Pioneer Credit Acquisition Services (UK) Limited is an entity incorporated in the United Kingdom and has not conducted any business since inception to the date of this report

The principal activities of the entities listed are consistent with those described for the Group in the Directors' Report, namely, specialising in acquiring and servicing unsecured retail debt portfolios and the brokering and introduction of credit products.

14. Associates

Investment in associate

Set out below is the investment in an associate of the Group as at 30 June 2016. The entity listed below has share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also the principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of business / country of incorporation	% of ownership interest 30 June 2016	% of ownership interest 30 June 2015	Nature of relationship	Measurement method
Goldfields Money Limited	Australia	14.10	14.13	Associate	Equity method

Goldfields Money Limited (GMY) is an ASX listed Authorised Deposit-taking Institution (ADI) and offers a variety of loan products including home, personal and commercial loans with various features to the public. GMY also offers a variety of savings and investments, including transaction and saving accounts and term deposits. Historically, GMY focused on providing financial services for individuals and businesses within the Goldfields region.

The Group acquired the holding during the last quarter of the 2015 financial year. At 30 June 2016, the Group's share of the quoted market value of GMY was $2.312m while the carrying value, inclusive of transaction costs and equity method accounting is $2.593m. In May 2016 Pioneer participated in the Goldfields Money Limited capital raising through an investment of $293,400.

The Australian Prudential Regulation Authority (APRA) imposes a 15% cap on any one's individual equity holding in an ADI. The Group's holding is near that limit. There are no restrictions on the Group's ability to dispose of its holding in GMY.

The Group acquired this associate holding as part of the strategic growth strategy of the Group.

The Group's assessment at the end of the reporting period is that there is no objective evidence that the equity-accounted investment is impaired.

There were no transactions with the associate during the financial year.

The Group is not aware of any contingent liabilities that may or may not exist within Goldfields Money at 30 June 2016.

Summarised financial information for the associate

Goldfields Money is a publically traded entity.

Summarised statement of financial position

	30 June 2016 $'000	30 June 2015 $'000
Total assets	156,580	158,984
Total liabilities	(139,712)	(144,077)
Net assets	16,868	14,907
Movement in net assets		
Opening net assets	14,907	14,838
(Loss) / Profit for the period	(95)	140
Capital raise	2,106	-
Equity raising costs	(50)	(71)
Other comprehensive income	-	-
Closing net assets	16,868	14,907
Group's share of net assets in %	14.10%	14.13%
Group's share of net assets in $	2,378	2,106

Summarised statement of comprehensive income

	30 June 2016 $'000	30 June 2015 $'000
Interest revenue	6,723	7,259
Interest expense	(3,613)	(4,319)
Non-interest revenue	508	404
Other expenses	(3,835)	(3,254)
Income tax benefit	122	50
(Loss) / Profit from continuing operations	(95)	140
Other comprehensive income	-	-
Total comprehensive income	(95)	140
Dividends received from associates	-	-

Summarised commitments

	30 June 2016 $'000	30 June 2015 $'000
Outstanding loan commitments	10,745	10,185
Outstanding overdraft commitments	657	449
Lease commitments		
Due not later than one year	47	53
Due later than one year and not later than five years	168	58
	215	111

Unrecognised items

This section of the notes provides information about items that are not recognised in the financial statements as they do not satisfy the recognition criteria.

15. Contingencies

The Directors are of the opinion that no contingent liabilities or contingent assets exist as at the date of this report.

16. Commitments

16.a) Non-cancellable operating leases

The Group leases various offices under non-cancellable operating leases expiring within eight years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

	2016 $'000	2015 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	2,031	2,025
Later than one year but not later than five years	8,727	8,340
Later than five years	4,734	7,053
	15,492	17,418

The agreement includes a lease incentive. The assets obtained by the Group have been recognised as Leasehold Improvements and are depreciated over the shorter of their useful life or the lease term. The lease incentive is presented as part of the lease liabilities and is reversed on a straight line basis over the lease term.

16.b) Service contract

The Group has a services contract ending in August 2016 which has an option to extend for a further three years. The Group has no reason to believe that the service contract will not be extended.

	2016 $'000	2015 $'000
Commitments for minimum service payments in relation to non-cancellable contracts are payable as follows:		
Within one year	324	1,551
Later than one year but not later than five years	-	204
	324	1,755

17. Events occurring after the reporting period

No matter or circumstance has occurred subsequent to year end 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 or economic entity in subsequent financial years.

Other information

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

18. Related party transactions

18.a) Parent entity

The Parent entity within the Group is Pioneer Credit Limited.

18.b) Subsidiaries

Interests in subsidiaries are set out in note 13.

18.c) Associates

Interests in associates are set out in note 14. In May 2016 Pioneer participated in the Goldfields Money Limited capital raising through an investment of $293,400.

18.d) Key Management Personnel

	2016 $	2015 $
Short-term employee benefits	1,841,824	1,426,530
Post-employment benefits	168,389	127,948
Long-term benefits	42,097	40,210
Share-based payments	296,760	30,068
	2,349,070	1,624,756

Detailed remuneration disclosures are provided in the Remuneration Report on pages 16 to 32.

18.e) Transactions with other related parties

The following transactions occurred with related parties:

	2016 $	2015 $
Rental expenses and other services		
Other related parties	223,062	490,917
Superannuation contributions		
Contributions to superannuation funds on behalf of Directors	77,125	67,751
Other transactions		
Remuneration paid to Directors of the ultimate Australian parent entity	960,460	801,817

18.f) Loans from related parties

There were no loans from or loan repayments to related parties in either 2016 and 2015.

18.g) Terms and conditions

See note 8(b) for general terms and conditions on ordinary shares.

19. Share-based payments

19.a) Chairman’s options

At both 30 June 2016, and 30 June 2015, the Company had the following share-based payment arrangement.

On 7 February 2014, the Company established a share option scheme that entitles the Chairman to purchase 300,000 shares (50,000 shares vest in April 2016 and 250,000 vest in April 2017) in the Company at an exercise price of $1.92. Under the scheme, each share option which vests converts to one ordinary share of Pioneer on payment of the exercise price.

Fair value of options granted – fair value at grant date

The fair value of the Chairman's share options has been measured using a binomial pricing model. Service conditions attached to the transactions were not taken into account in measuring grant date fair value.

	Tranche 1	**Tranche 2**
Fair value at grant date	$0.28	$0.31
Expected IPO price at grant date	$1.60	$1.60
Exercise price	$1.92	$1.92
Expected volatility (weighted-average)	35%	35%
Expected life (weighted-average)	4.22 years	5.22 years
Expected dividend yield	4.5%	4.5%
Risk-free interest rate (based on government bonds)	3.041%	3.266%

Expected volatility has been based on an evaluation of the historical volatility of the share price of similar entities, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

19.b) Management options

No management options were granted or vested during the financial year.

19.c) Employee Equity Incentive Plan

At the Annual General Meeting on 29 October 2014, the Company approved an employee incentive plan whereby certain eligible employees would be granted performance rights. Each Right entitles the holder to acquire one fully paid Pioneer share for nil consideration, subject to vesting conditions being met.

The performance conditions surrounding these Rights were met on the 20 August 2015. 780,000 Rights were granted on 1 September 2015.

See note 8.f) for more information.

19.d) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2016 $'000	2015 $'000
Chairman's options	29	30
Employee equity incentive plan	464	-
	493	30

20. Remuneration of auditors

During the year the following fees were paid or are payable for services provided by the auditor of the Parent entity, its related practices and non-related audit firms:

	2016 $	2015 $
PricewaterhouseCoopers Australia		
Audit and other assurance services		
Audit and review of financial statements	341,209	255,914
Total remuneration of PricewaterhouseCoopers Australia	341,209	255,914
Network firms of PricewaterhouseCoopers Australia		
Other services		
Other compliance and accounting advice	85,462	171,191
Total remuneration of Network firms of PricewaterhouseCoopers Australia	85,462	171,191
Non-PricewaterhouseCoopers Australia related audit firms		
Other services		
Other tax, compliance and accounting advice	113,940	117,179
Total remuneration of non-PricewaterhouseCoopers Australia related firms	113,940	117,179
	540,611	544,284

Amounts disclosed for auditor's remuneration are inclusive of GST that is not recoverable from the tax authority. See note 25 (n).

21. Earnings per share

21.a) Basic earnings per share

	2016 Cents	2015 Cents
From continuing operations attributable to the ordinary equity holders of the Company	20.36	16.40
Total basic earnings per share attributable to the ordinary equity holders of the Company	20.36	16.40

21.b) Diluted earnings per share

	2016 Cents	2015 Cents
From continuing operations attributable to the ordinary equity holders of the Company	20.08	16.40
Total diluted earnings per share attributable to the ordinary equity holders of the Company	20.08	16.40

21.c) Reconciliation of earnings used in calculating earnings per share

	2016 $'000	2015 $'000
Basic earnings per share		
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share:		
From continuing operations	9,450	7,441
Diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the Company		
Used in calculating diluted earnings per share	9,450	7,441

21.d) Weighted average number of shares used as the denominator

	2016 Number	2015 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	46,407,084	45,373,990
Weighted average number of ordinary and potential shares used as the denominator in calculating diluted earnings per share	47,054,953	45,373,990

22. Deed of cross guarantee

Pioneer Credit Limited, Pioneer Credit Solutions Pty Limited, Sphere Legal Pty Limited, Pioneer Credit (Philippines) Pty Limited, Pioneer Credit Connect Pty Limited, and Pioneer Credit Broking Services Pty Limited are parties to a deed of cross guarantee, entered into on 25 June 2015. Switchmyloan Pty Limited was joined to this deed of cross guarantee on 6 June 2016, under which each Company guarantees the debts of the others. By entering into the deed, these wholly-owned entities have been relieved from the requirement to prepare a financial report and Directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

The consolidated financial statements of Pioneer Credit Limited include the subsidiaries as set out in note 13 to these consolidated financial statements. Of these, Credit Place Pty Limited and Pioneer Credit Acquisition Services (UK) Limited are the only subsidiaries that are not party to the deed of cross guarantee. The Directors have determined that Credit Place Pty Limited and Pioneer Credit Acquisition Services (UK) Limited are not reporting entities. Neither entity has conducted any business since inception to the date of this report.

At 30 June 2016, Credit Place Pty Limited has total assets of $1.00 and generated no revenue. Costs incurred are insignificant and relate to establishing the entity.

At 30 June 2016, Pioneer Credit Acquisition Services (UK) Limited has total assets of $6.00 and generated no revenue. Costs incurred are insignificant and relate to regulatory reporting requirements in the United Kingdom.

23. Assets pledged as security

The carrying amount of assets pledged as security is disclosed in note 6(d).

24. Parent entity financial information

24.a) Summary financial information

The individual financial statements for the Parent entity show the following aggregate amounts:

	2016 $'000	2015 $'000
Balance sheet		
Current assets	402	1,205
Total assets	73,548	61,247
Current liabilities	5,781	6,711
Total liabilities	8,776	9,001
Shareholders' equity		
Issued capital	52,088	45,459
Share based payment reserve	1,611	1,073
Accumulated profits (losses)	11,073	5,714
	64,772	52,246
Profit (loss) for the year	10,095	8,968
Total comprehensive income	10,095	8,968

24.b) Guarantees entered into by the Parent entity

The Parent entity is bound under an unlimited commercial guarantee and indemnity as part of the Group, with security held over all property.

24.c) Contingent liabilities of the Parent entity

The Parent entity did not have any contingent liabilities as at 30 June 2016 or 30 June 2015.

24.d) Contractual commitments for the acquisition of property, plant or equipment

The Parent entity has no contractual commitments for the acquisition of property, plant or equipment at 30 June 2016 (2015 Nil) .The Parent entity entered into a finance lease during the financial year, see note 6(d).

25. Summary of significant accounting policies

This note provides a list of all significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Pioneer Credit Limited and its subsidiaries.

Contents of the summary of significant accounting policies

25.a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Pioneer Credit Limited is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

The consolidated financial statements of the Pioneer Credit Limited Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis of measurement

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

Functional and presentation currency

The consolidated financial statements are presented in Australian dollars, which is Pioneer Credit Limited's functional and presentation currency.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 10.

Changes to presentation

Certain classifications on the consolidated statement of comprehensive income, consolidated balance sheet and consolidated statement of cash flows have been reclassified. The Group believes that this will provide more relevant information to stakeholders as it is more in line with common practice in the industry the Group is operating in. The comparative information has been reclassified accordingly.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

i) *AASB 9 Financial Instruments*

Simplifies the model for classifying and recognising financial instruments and aligns hedge accounting more closely with common risk management practices. Changes in own credit risk in respect of liabilities designated at fair value through profit or loss shall now be presented within OCI; this change can be adopted early without adopting *AASB 9*. *AASB 9*'s new impairment model is a move away from *AASB 139*'s incurred credit loss approach to an expected credit loss model. Earlier recognition of impairment losses is likely to result and for entities with significant lending activities, an overhaul of related systems and processes will be needed.

The standard applies to annual reporting periods beginning on or after 1 January 2018.

The Group has not yet determined the impact, if any, of adopting *AASB 9* and the Group has not yet decided whether to early adopt any parts of *AASB 9*.

ii) *AASB 15 Revenue from Contracts with Customers*.

This will replace *AASB 118*, which covers contracts for goods and services, and *AASB 111*, which covers construction contracts.

AASB 15 will become mandatory for financial years commencing on or after 1 January 2018, but is available for early adoption.

The Group has not yet determined the impact, if any, of adopting *AASB 15* and the Group has not yet decided whether to early adopt any parts of *AASB 15*.

iii) *AASB 16 Leases*.

AASB 16 will primarily affect the accounting by lessees and will result in the recognition of almost all leases on the balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for almost all lease contracts. The accounting by lessors, however, will not significantly change. The changes under *AASB 16* are significant and will have a pervasive impact, particularly for lessees with operating leases.

AASB 16 applies to annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted for entities that apply *AASB 15* on or before the initial application of *AASB 16.*

The Group has not yet determined the impact, if any, of adopting *AASB 16* and the Group has not yet decided whether to early adopt any parts of *AASB 16*.

Other amendments to existing standards that are not yet effective are not expected to result in significant changes to the Group's accounting policies.

25.b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Pioneer Credit Limited (the ‘Company' or 'Parent entity') as at 30 June 2016 and the results of all subsidiaries for the year then ended. Pioneer Credit Limited and its subsidiaries together are referred to in this financial report as the Group or the Consolidated Entity.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations undertaken by the Group. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights or otherwise demonstrates significant influence. Investments in associates are accounted for using the equity method of accounting (described below), after initially being recognised at cost.

Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group’s share of the post-acquisition profits or losses, of the investee, in profit or loss, and the Group’s share of movements in other comprehensive income of the investee, in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group’s share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group’s interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group assesses at the end of each reporting period whether there is any objective evidence that the equity-accounted investment is impaired. Objective evidence of impairment for an investment in an equity instrument includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment. Where there is objective evidence based on observable data that there may be an impairment, the carrying amount of the equity-accounted investment is tested in accordance with the policy described in note 25(p).

25.c) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Pioneer Credit Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

25.d) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

25.e) Trade & other receivables

Trade receivables are recognised initially at fair value, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

25.f) Property, plant and equipment

All property, plant and equipment acquired are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The depreciation methods and periods used by the Group are disclosed in note 7(a).

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

25.g) Intangible assets

Software

Costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.

Amortisation methods and periods

Refer to note 7(c) for details about amortisation methods and periods used by the Group for intangible assets.

Goodwill

Goodwill is measured as described in note 7(c). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

25.h) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

25.i) Borrowings

All borrowings are initially recognised at fair value which is usually their principal amount, net of directly attributable transaction costs incurred. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method. Interest is recognised using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

25.j) Provisions

Provisions for legal claims and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as an interest expense.

25.k) Employee benefits

Short term obligations

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

Share-based payments – Chairman's Options

The grant date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date.

25.l) Contributed equity

Ordinary shares are classified as equity.

25.m) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

25.n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, 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 with other receivables or payables in the consolidated balance sheet.

Cash flows are presented on a gross basis.

25.o) Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

25.p) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

25.q) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 16). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Directors' declaration

In the Directors' opinion:

a) the financial statements and notes set out on pages 37 to 97 are in accordance with the *Corporations Act 2001*, including:

   i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
   ii) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

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

c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed Group identified in note 22 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 22.

Note 25(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of Directors.

Keith John
Managing Director

Perth
19 August 2016

Independent auditor's report

To the Members of Pioneer Credit Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Pioneer Credit Limited (the Company) and its subsidiaries (together, the Group) is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its financial performance for the year then ended, and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group's financial report comprises:

- the consolidated balance sheet as at 30 June 2016
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies, and
- the director's declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757
Brookfield Place, 125 St Georges Terrace, PERTH WA 6000, GPO Box D198, PERTH WA 6840
T: +61 8 9238 3000, F: +61 8 9238 3999, www.pwc.com.au

Our audit approach

Overview

Materiality

- For the purpose of our audit we used overall group materiality of $686,350, which represents 5% of profit before tax of the Group

Audit Scope

- We conducted an audit of the Group, which is comprised of Pioneer Credit Limited and its subsidiaries

Key audit matters

1. Accounting policy of recording purchased debt portfolios (PDPs) at fair value
2. Estimating the fair value of PDPs
3. Borrowings

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the financial report as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial report as a whole.

Overall group materiality	We determined overall group materiality to **be $686,350**. We applied this threshold in:
	• planning and performing the audit
	• evaluating the effect of:
	  - identified misstatements on the audit, and
	  - uncorrected misstatements, if any, on the financial report.
	• forming our opinion in the auditor's report.

How we determined it	5% of profit before tax of the Group
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the metric against which the performance of the Group is most commonly measured, and is a generally accepted benchmark. We selected 5% based on our professional judgement noting that it is also within the range of commonly accepted quantitative thresholds for audit purposes.

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial report. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the management structure of the Group, the Group's accounting processes and controls, and the industry in which the Group operates.

As described in the Directors' report, the Group is a financial services provider to customers across Australia, specialising in acquiring and servicing retail debt portfolios as well as broking and introducing retail credit products. The accounting processes are performed by a group finance function at the head office in Perth. We performed most of our audit procedures at the Group head office.

We ensured the audit team included the appropriate skills and competencies required for the audit. We also used specialists in tax and experts in actuarial and valuation of assets in the course of the audit.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. We have communicated the key audit matters to the Audit and Risk Management Committee, but they are not a comprehensive reflection of all matters that were identified by our audit and that were discussed with the Committee. In the following table we have described the key audit matters we identified and have included a summary of the principal audit procedures we performed to address those matters.

The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matters	*How our audit addressed the key audit matters*
1. Accounting policy of recording purchased debt portfolios (PDPs) at fair value As explained in note 6, Pioneer Credit Limited have a policy to account for PDPs at fair value, with movements in the fair value recognised in profit. There is industry divergence in accounting policies on PDPs. Some entities within the industry use an alternate accounting policy of recording the PDPs at amortised cost. The use of this accounting policy is a key audit matter due to the significant impact on profit and the relative size of the PDPs in comparison to the remaining items on the balance sheet.	Under Australian Accounting Standards, the policy is permitted if the Group manage their portfolio and evaluate performance on a fair value basis. We read Pioneer's documented risk management and investment strategy and Pioneer's internal management reporting to the Board on PDPs. We found the accounting policy choice was consistent with the Group's management of their portfolio and evaluation of performance.
2. Estimating the fair value of PDPs As explained in note 6(b) complexity arises in estimating the fair value of the PDPs due to: • the nature of unsecured retail debt portfolios, which have many factors impacting value, such as: how the debt was originated and by which financial institution; the quality and depth of information on the customer; how much time has elapsed since a payment was made against the account; amount due; the personal circumstances and character of the customer; the current and forecast economic environment; and the quality of the operational model and servicing platform • the lack of quoted market prices meaning there is a need to use alternative techniques, including sophisticated models, to estimate fair value. This process has a material impact on the profit and balance sheet and is inherently subjective, meaning it is a key audit matter.	As explained in note 6(b), the method for estimating fair value at 30 June 2016 was tailored for different components of the PDP asset. The three methods were: A. Statistical regression analysis and discounted cash flow modelling B. Comparable market rate analysis C. Cost Our audit procedures differed depending on the method used and are described below.
2A. Statistical regression analysis and discounted cash flow modelling This valuation approach is for PDPs where liquidation is expected to be through receipting cash from the original customers. The Group's process for these PDPs at 30 June 2016 was different to 30 June 2015 due to the use of new models. Pioneer engaged an external consultant in statistical regression and predictive analysis modelling to assist them in developing the models used for 30 June 2016. As explained in note 6(b), the models use regression analysis, designed to predict the timing and amount of future uncertain cash flows across PDPs based on analysis of historic data snapshots collected. The output from Pioneer's statistical regression analysis model is a series of estimated future	Our audit procedures, assisted by PwC actuarial and valuation experts, had a particular focus on: • *Model design* – whether the structure of the model is appropriate for determining the fair value of the PDPs • *Model inputs* – testing the accuracy and completeness of the information used within the model • *Evaluating model outputs* – assessing the estimated fair value of the PDPs with a view to corroborating model outputs. *Model design* We performed the following procedures, amongst others: • Compared Pioneer's model design to other models that predict cash flows across a range of industries

Key audit matters	*How our audit addressed the key audit matters*
monthly cash flows from groups of customers. These cash flows are adjusted for the Group's assessment of modelling risk and discounted to present value. Modelling risk is explained in note 6(b) to the financial report. It is significant to the Group due to the inherent uncertainty of predicting future cash flows based on limited historic information. The key judgements involved in estimating fair value under this method are the discount rate and the timing and amount of cash flows from customers.	• Considered if the model design appropriately included the factors that impact the amounts and timing of cash flows from customers • Reperformed the mathematical calculations • Considered the adequacy of the scope of work of the external consultant who assisted in the design of the model and whether the external consultant was appropriately qualified to perform the work. This combination of tests gave us sufficient evidence to enable us to rely on the model design for the purpose of our audit. *Model input* We performed the following procedures, amongst others: • Tested whether the assumptions and predictive factors within the model were consistent with historical experience and wider economic trends • Tested a sample of customer characteristics, such as days since last payment and personal information, within the model to source documentation • Assessed whether the discount rate used reflected the risks of the PDPs, including comparison of the discount rates used to externally available interest rates for similar products (personal loans, credit cards, etc) • Performed sensitivity analysis on assumptions and challenged management on the assumptions that had a significant impact on the valuations. Our testing did not find any significant exceptions. *Evaluating model output* These procedures were performed to evaluate the model output, subsequent to calibration. We performed the following procedures, amongst others: • Considered if the movement in fair value of the PDPs over a three year period was consistent with our knowledge of the business and industry • Considered if the fair value of the PDPs was consistent with historical cash collections achieved, particularly for PDPs that had been held for a relatively shorter period • Recalculated the fair value at 30 June 2016 using the superseded model used by Pioneer to calculate fair value at 30 June 2015. We analysed key differences to identify if there were other factors that should be taken into account for the 30 June 2016 model or process. The model remains sensitive to the inherent uncertainty of predicting future cash flows based on limited historical information.
2B. Comparable market rate analysis This valuation method is applicable for PDPs where the Group believe that the sale of portfolios may	We tested the consistency between a sample of PDPs valued on this basis and recent market transactions of PDPs in respect of:

Key audit matters	*How our audit addressed the key audit matters*
deliver more value than receipting cash from customers over time as indicated by the statistical regression analysis in 2A above. The fair value is the estimated sale price in the secondary market for these PDPs. The key judgements involved in estimating fair value under this method are considering if the PDPs held under this valuation method are comparable to recent secondary market transactions and estimating the price for PDPs in the secondary market.	• the estimated sales price • the underlying characteristics of the PDPs impacting fair value (typically information available on the customer). We found that the PDPs were value was consistent with this pricing information adjusted for additional risk as necessary. We considered whether the fair value appropriately reflected any recent significant changes in the secondary market. No exceptions were identified.
2C. Cost This valuation method is applicable for PDPs acquired within the three months prior to 30 June 2016. The basis for estimating fair value under this method is the assumption that the price paid for the PDP was fair value at the recent acquisition date. The key area of judgement is whether there has been any significant market or external changes in the period to 30 June 2016 that would impact fair value.	We agreed the carrying costs of a sample of PDPs that are held at cost through to underlying purchase contracts and tested that the sample PDPs had been purchased within the 3 month period before 30 June 2016 via a competitive tender process. No exceptions were identified. We also tested a sample of PDPs at cost to assess any cash liquidations or customer contact points made within the 3 month period before 30 June 2016. Significant cash receipts or customer contact points can indicate that cost is no longer an appropriate proxy for fair value as the fair value may have changed significantly since purchase. No such instances were noted in our sample for PDPs held at cost at 30 June 2016.
3. Borrowings The purchase of new PDPs is typically funded through a combination of available cash generated through operations, capital raising and borrowings from financial institutions. At 30 June 2016, Pioneer had a borrowing liability (current and non-current) of $53.4 million representing 85% of total liabilities. Borrowings as a percentage of the total PDP asset is 48% at 30 June 2016. The borrowings are under agreements with terms and conditions as detailed in note 6(d). Given the size of the borrowings balance and the importance of the capital structure for continued growth, the accounting for the Group's borrowings is considered a key audit matter.	We obtained confirmations from the Group's banks to confirm all significant borrowings, including amounts, tenure and conditions. We read the most up-to-date agreements between Pioneer and its financiers to understand the terms associated with the facilities and the amount of facility available for drawdown. Where debt is regarded as non-current, we tested whether the Group has the unconditional right to defer payment such that there were no repayments required within 12 months from the balance date.

Other information

The directors are responsible for the other information. The other information comprises the other information included in the Company's annual report for the year ended 30 June 2016, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit 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 Group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation; and

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report for the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the Remuneration Report included in pages 16 to 31 of the directors' report for the year ended 30 June 2016.

In our opinion, the Remuneration Report of Pioneer Credit Limited, for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

William P.R. Meston
Partner

Perth
19 August 2016

Shareholder information

The shareholder information set out below was applicable as at 8 August 2016.

Distribution of equity securities

a) Analysis of numbers of equity security holders by size of holding

Holding	Holders	Ordinary shares
1 – 1,000	346	186,562
1,001 – 5,000	334	909,046
5,001 – 10,000	188	1,511,966
10,001 – 100,000	334	9,967,098
100,001 and over	52	36,956,396
	1,254	49,531,068

There were zero holders of less than a marketable parcel of ordinary shares.

b) Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

	Ordinary shares	
Name	Number held	Percentage of issued shares
Avy Nominees Pty Limited	6,860,656	13.85%
Banksia Management Pty Limited	5,612,634	11.33%
BNP Paribas Nominees Pty Limited	3,022,231	6.10%
National Nominees Limited	2,364,779	4.77%
BC Fund II Pty Limited	2,033,915	4.11%
J P Morgan Nominees Australia Limited	1,778,565	3.59%
BNP Paribas Noms Pty Limited	1,450,000	2.93%
RBC Investor Services Australia Nominees Pty Limited	1,447,177	2.92%
HSBC Custody Nominees (Australia) Limited	957,348	1.93%
Midbridge Investments Pty Limited	924,030	1.87%
Niribi Pty Limited	630,935	1.27%
Sharlin Nominees Pty Limited	551,983	1.11%
Hoperidge Enterprises Pty Limited	545,000	1.10%
Coolah Holdings Pty Limited	500,000	1.01%
James Arthur Singh & Kristy Nicole Milward	453,943	0.92%
Carol Vines	450,574	0.91%
Escor Investments Pty Limited	412,500	0.83%
Citicorp Nominees Pty Limited	411,395	0.83%
Stephen James Lambert & Mrs Ruth Lynette Lambert & Mr Simon Lee Lambert	400,000	0.81%
Peter David Wade	318,722	0.64%

c) Unquoted equity securities

	Options	
Name	**Number held**	**Percentage of issued shares**
Michael Smith	300,000	100%

	Indeterminate rights	
Name	**Number held**	**Percentage of issued shares**
Mr Keith R John	150,000	100%

	Performance rights	
Name	**Number held**	**Number of holders**
Employee Incentive Plan	950,000	11

d) Substantial holders

Substantial holders in the Company are set out below:

Name	Number held	Percentage of issued shares
Mr Keith R John	8,454,571	17.07%
Banksia Capital	7,646,549	15.44%
Discovery Asset Management	4,469,408	9.02%
OC Funds Management	3,660,000	7.39%

Securities subject to voluntary escrow

Escrow ends	Class	Number of shares
1 May 2017	Ordinary shares	35,629
6 July 2018	Ordinary shares	68,617
6 July 2019	Ordinary shares	90,830

e) Voting rights

At a general meeting of shareholders; every shareholder entitled to vote may vote in person or by proxy, attorney or representative; on a show of hands every shareholder who is present in person or by proxy, attorney or representative has one vote; and on a poll every shareholder who is present in person or by proxy, attorney or representative has one vote for every share held, but, in respect of partly-paid shares, shall have a fraction of a vote for each partly-paid share.