Credit Corp Group

2011
ANNUAL REPORT

highlights

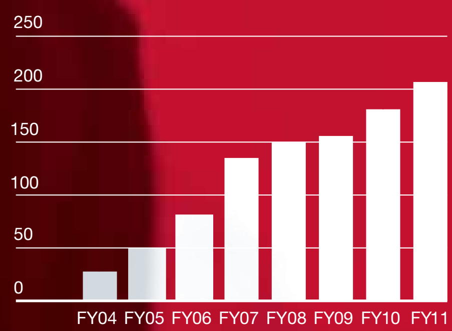
Credit Corp is a leading Australian debt buyer. We specialise in the acquisition and collection of purchased debt ledgers.

Notice of Annual General Meeting

The AGM will be held on Tuesday 8 November at the Grace Hotel, Level 1, Pinaroo rooms 3 and 4, 77 York Street, Sydney NSW 2000.

The meeting commences at 11:00am, with registration from 10:30am.

PDL collections and fee income ($m)



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55 per cent growth in Net Profit After Tax to $21.0 million

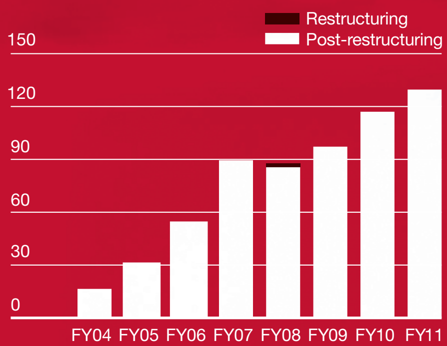
150 per cent increase in dividends for the year to 20 cents per share

42 per cent increase in Purchased Debt Ledger acquisitions to $92.6 million

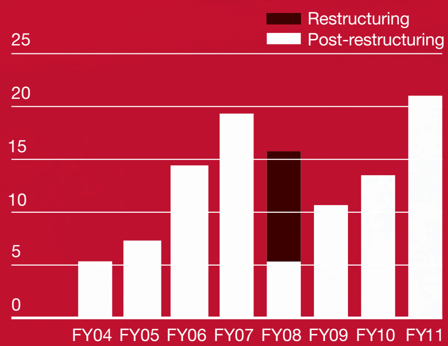
Entry into new purchasing segments

Successful operation of offshore collection facility

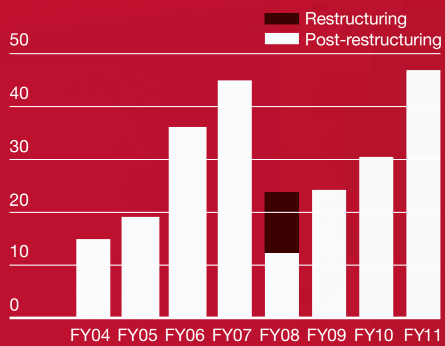
Adjusted EBITDA ($m) [1]



NPAT ($m)



EPS (basic) (c)



1) Adjusted EBITDA allows for add-back of amortisation netted against collections to determine revenue in accordance with accounting standard AASB 9.

chairman

In the 2011 financial year Credit Corp Group Limited applied its positive culture to achieve record profits and important strategic milestones.

It gives me great pleasure to provide my fourth report to shareholders as Chairman of Credit Corp. This is not simply because the company has achieved impressive growth and record earnings. What is more pleasing is the role that a very positive culture has played in delivering success in the 2011 financial year. It is this culture which I believe will underwrite continued success for the company as it expands.

The culture which has developed at Credit Corp involves a commitment to being disciplined, accountable and transparent. This is reflected at all levels of the organisation. For example, all significant decisions are supported by facts and their impact is tracked to ensure that projected outcomes are achieved. Every member of the Credit Corp team operates with agreed objectives and performance expectations. Relevant aspects of performance are measured and reviewed on cycles which range from a real-time basis through to six monthly reviews. Team members regularly assess their performance and any shortfall to expectations is openly and promptly recognised so that corrective measures can be put in place.

This approach to conducting business has created a very positive environment. Management and staff at Credit Corp strive to achieve measurable results. If expected results are not achieved there are never any excuses, just a set of next steps and a redoubling of diligence and energy in pursuit of outcomes. Even when everything is going well, management and the Board are always looking for the next set of improvements to sustain and enhance Credit Corp's competitive position.

In the 2011 financial year this positive culture was leveraged to deliver record profits and increased returns for shareholders. Net Profit After Tax (NPAT) grew by 55 per cent to $21.0 million. Dividends increased by 150 per cent to 20 cents per share for the year and the company's Return on Equity improved by five percentage points to 22 per cent. These impressive results were achieved without any increase in financial risk. Over the course of the year the company continued to repay bank debt, leaving it in a very strong position for continued growth.

The Credit Corp team also showed its ability to successfully execute on strategic growth initiatives.

Credit Corp entered new purchasing markets and segments in the 2011 financial year. During the year the company made its first purchases in New Zealand and made several purchases of telecommunications receivables. Credit Corp also secured its first insolvency acquisitions during the year. Consistent with the company's culture, an appropriate standard of diligence and planning was applied to this expansion. To date, these growth initiatives have been successful and further purchasing in these markets and segments is planned.

Credit Corp also applied its positive culture to the establishment of the company's first offshore collections facility. The new site located in Manila, the Philippines, commenced collection activity in November 2010 and grew to 80 full time equivalent staff by June 2011. Performance at this new site has exceeded expectations and the site was profitable in just its fifth month of operation.

The successful commencement of offshore operations is an important element of Credit Corp's growth plans. It provides the company with access to a large and economical workforce to facilitate expansion into new markets and services.

The Board regards the 2011 financial year as just the first phase in the achievement of Credit Corp's strategic growth ambitions. The company's core operations are very sound and are set-up to produce continued improvement. New markets and segments have been entered. A successful offshore facility has been established delivering the capability to enter additional geographies and business segments. Goals have been set for the year ahead which should see further growth and expansion.

I thank our hard-working Board and management for their focus, energy and diligence in achieving such impressive results and putting Credit Corp in a strong position to deliver continued growth. I look forward to reporting this ongoing success to you over the coming year.

Donald McLay
Chairman

ceo

During the 2011 financial year, Credit Corp leveraged past business initiatives and strong operating disciplines to accelerate earnings growth, while successfully implementing new initiatives to sustain performance.

Credit Corp has had a strong focus on improving its operational effectiveness and efficiency over several years. In the 2011 financial year these improvements accelerated revenue and earnings growth. Purchased Debt Ledger ('PDL') collections and fee income increased by 14 per cent over the prior year. This strong top-line performance translated into 55 per cent growth in Net Profit After Tax ('NPAT') to a record for the company of $21 million. This result exceeded expectations communicated to stakeholders at the commencement of the year and was supported by continued strength in the company's core operating metrics.

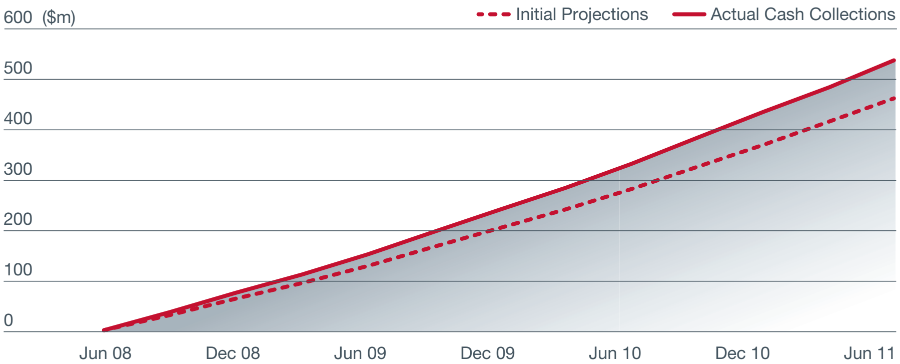
DISCIPLINED PURCHASING

Throughout the 2011 financial year Credit Corp applied its strong operating performance to consistently provide clients with competitive prices and increase PDL acquisitions by 42 per cent over the prior year to $92.6 million. A disciplined approach to PDL acquisitions was maintained, ensuring that all purchases met Credit Corp's required rates of return.

While strong operating performance has been critical to the company's success this has been converted into increased purchasing and earnings growth as a consequence of continued improvements in Credit Corp's ability to accurately forecast returns when making pricing decisions. During the 2011 year consistently high prices were offered to clients which were set to meet Credit Corp's minimum return criteria, without allowance for contingencies and error. The company's proven record of forecasting accuracy was demonstrated during the year.

FY11 Financials	Versus prior year	Actual	Aug 10 Guidance
PDL collections and fee income	up 14% to	**$206.8m**	
Revenue	up 22% to	**$113.6m**	
Adjusted EBITDA [1]	up 11% to	**$129.8m**	$108 – 112m
NPAT	up 55% to	**$21.0m**	$16 – 18m
EPS (basic)	up 54% to	**46.9 cents**	30 – 40 cents

Cumulative collections (initial expectations versus actual) [2]



1) Adjusted EBITDA allows for add-back of amortisation netted against collections to determine revenue in accordance with accounting standard AASB 9.
2) For all PDL's held at June 2008, initial projections represent the forecast prepared as at June 2008.

This was achieved through increased confidence in the accuracy of forecasts as a consequence of continued improvement to Credit Corp's pre-purchase analysis and due diligence. During the year the company's high-performing analytics team was enhanced by additional team members, including the appointment of a Head of Analytics to the management team. The analytics function refined its models and frameworks over the course of the year and developed several new tools. Credit Corp has now reached the point where the analytics team plays a vital role in directing and monitoring collection activity with a view to ensuring that expected returns are achieved. This has not only improved operational effectiveness but has laid a pathway for further developments in forecasting accuracy.

OPERATIONAL STRENGTH

Credit Corp's results have confirmed the company's leading position as one of the most effective and efficient collection operators of its type and size in the Australian market.

During the 2011 financial year the company made further progress towards the goal of optimising collection effectiveness. Credit Corp believes that to achieve this goal, appropriate returns must be produced from PDLs over the entirety of their six year useful life. This means not only ensuring that early returns meet forecasts but that processes and controls are in place to deliver sufficient collections over later years.

	June 2011	June 2010	June 2009
Total Portfolio			
Face value	\$3.2bn	\$2.6bn	\$2.2bn
Number of accounts	413,000	302,000	284,000
Payment arrangements			
Face value	\$598m	\$476m	\$339m
Number of accounts	77,000	66,000	52,000
% of PDL collections	70%	68%	65%

Credit Corp maintained strong collections from the older component of its portfolio, with the proportion of total collections from PDLs acquired more than three years ago increasing from 31 per cent in the 2010 financial year to 33 per cent in the 2011 financial year.

Another key to optimising collection effectiveness is to ensure appropriate focus on creating and maintaining recurring payment arrangements. It is important to locate and enter into a constructive dialogue with as many customers as possible. When we operate effectively, a large proportion of the customers we speak to do not have the capacity to make lump sum repayments. In these instances we work with customers to repay the amounts outstanding over time through recurring payment arrangements. Once established, these arrangements must be actively managed to minimise the impact of delinquency. Over the year the face value of customer accounts on recurring payment arrangements grew by 26 per cent to \$598 million. This result not only demonstrates improvement in our effectiveness, but will also underwrite returns from Credit Corp's existing PDL portfolio well into the future.

Credit Corp also managed to improve collection efficiency over the prior year. This is notable in light of the significant expansion in the number of collection staff over the course of the year. Strong management and training processes helped deliver a three per cent improvement in full year average productivity to \$238 per direct collection staff hour.

STRATEGIC EXPANSION

During the year Credit Corp took the important step of expanding into new purchasing markets and segments. This has effectively increased the size of the total purchasing market which the company operates within.

During the year Credit Corp made its first significant purchases in New Zealand and made several purchases of telecommunications receivables. Credit Corp also secured its first insolvency portfolio acquisitions during the year. These purchases were secured after undertaking extensive pricing analysis, due diligence and operational planning processes. It is pleasing to report that the purchases made to date in these new areas are meeting required rates of return. As a consequence, the company is planning further purchases in these markets and segments while continuing to investigate other growth opportunities.

In accordance with the increase in purchasing Credit Corp expanded its collection capacity by 19 per cent to 615 full time equivalent debt purchase operations staff. The majority of this expansion was delivered by the establishment of the company's first offshore collections facility. The new site located in Manila, the Philippines, commenced collection activity in November 2010 and grew to 80 full time equivalent staff by June 2011.

Performance at this new site has exceeded expectations set in terms of collection effectiveness, collection efficiency and overall profitability. Additional office space has been secured and this site will continue to grow throughout the 2012 financial year.

The Manila site is an important part of the company's growth plans. It is already delivering strategic benefits by providing a readily scaleable and low cost collection platform for some of the new purchasing markets and segments recently entered by the company. The facility also provides Credit Corp with the flexibility to operate in other markets and provide additional services to existing clients.

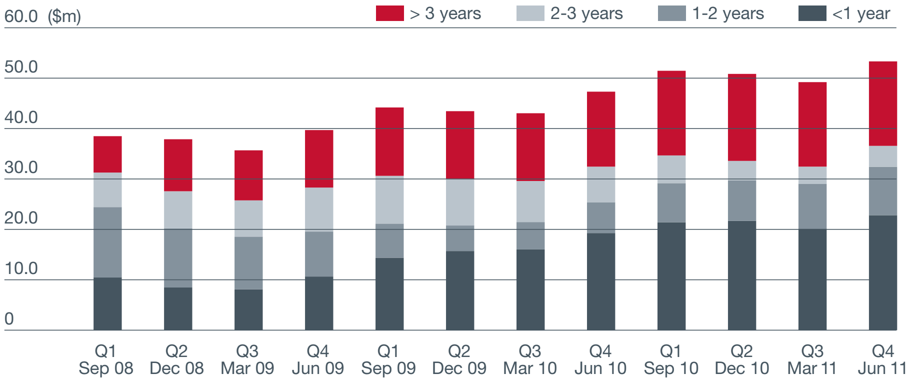
STRATEGIC IMPROVEMENT

Credit Corp rolled out its first major technology initiatives in three years. These new tools were implemented across the business over the last part of the 2011 financial year and are targeted to start delivering benefits during the 2012 financial year. They represent an important part of Credit Corp's transition to a more analytically-driven operating model.

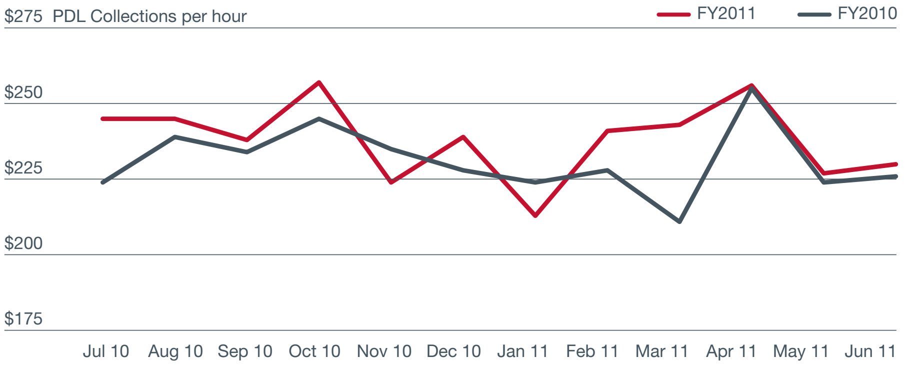
These innovative in-house systems both automate work flow management and guide collection staff through more complex and judgmental collection activities. It is expected that these initiatives will improve efficiency, allow supervisors to increase their focus on the quality of collection activity, accelerate staff proficiency and provide increased visibility of the quality and extent of portfolio treatment.

The implementation of these tools has been a major exercise in change management for Credit Corp. The company's disciplined approach has facilitated a successful rollout without any significant dislocation in operating results. Performance for the first few months of the 2012 financial year suggests that the new tools are starting to have a positive impact.

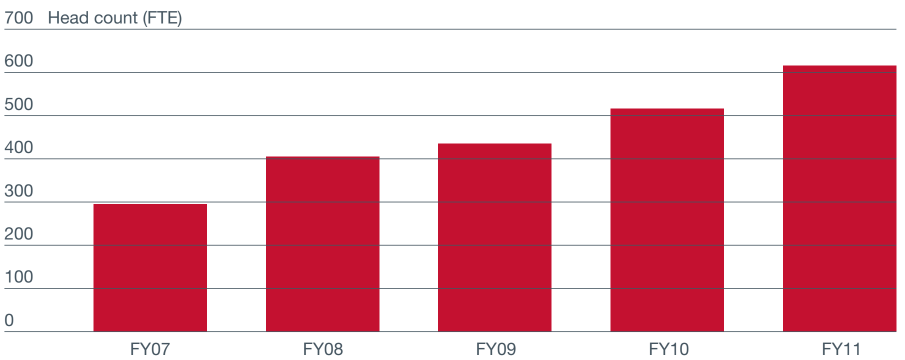
PDL collections by date of purchase



Debt purchase productivity (direct collection staff only)



Debt purchase operations capacity



STRENGTHENED RELATIONSHIPS

Credit Corp continued to work on nurturing long-term relationships with clients. Where the company's operational performance improved and this resulted in excess returns we have reinvested this improvement into our valued client relationships by increasing the prices paid for PDLs at contractual renewal points. Our objective is to maximise purchasing volumes at our required rate of return, rather than looking for one-off opportunities to purchase cheaply. This means delivering the benefits of operational improvement to our clients at each contractual renewal.

Credit Corp is also committed to dealing fairly and openly with its clients. This means engaging in a regular dialogue on the returns being achieved to ensure that there are no surprises at contractual renewal points.

INCREASED SOCIAL RESPONSIBILITY

Credit Corp increased its commitment to compliance and fair dealing with its customers.

Credit Corp's objective is to treat customers with respect and adopt a flexible approach which matches individual circumstances. Once contact is established with a customer we commit ourselves to understanding their financial situation and structuring an appropriate repayment plan. Credit Corp presently has over 77,000 customers on ongoing payment arrangements.

During the 2011 financial year Credit Corp took several steps to further improve its performance in this area. These included a review of operational policies, additional training and increased monitoring. The extent of positive interaction with regulators and certain consumer advocacy groups was increased. These interactions are valuable in identifying areas for further improvement and we look forward to working with these groups into the future.

$ million	FY11	FY10	FY09	FY08 [1]
Adjusted EBITDA [2]	**129.8**	**117.2**	**97.4**	**87.3**
Operating cash flow	119.5	103.2	82.0	82.9
PDL acquisitions and capex	95.7	62.7	37.7	81.6
Free cash flow	**23.8**	**40.5**	**44.3**	**1.3**
PDL carrying value	147.0	147.6	170.2	203.1
Net bank debt	23.8	42.1	81.2	125.0
Net debt/carrying value (%)	**16.2**	**28.5**	**47.7**	**61.5**

STRONG BALANCE SHEET

Despite increased purchasing during the 2011 financial year Credit Corp's balance sheet continued to improve and remains as one of the strongest in its industry. Credit Corp generated free cash flow of $23.8 million and reduced net bank debt to only $23.8 million. A strong balance sheet means that Credit Corp can deliver on its commitment to provide clients with fair prices, regardless of any dislocation in credit markets or general economic uncertainty.

The company's secure capital structure also provides other benefits to stakeholders. Credit Corp can now deliver increased dividends to shareholders, while ensuring that it will always be in a position to meet client demands and look for opportunities to expand by deploying its disciplined business model across new markets and segments.

PERFORMANCE CULTURE

To simply measure the performance of Credit Corp in terms of specific improvement initiatives, operating metrics and financial outcomes would understate the importance of one of the key drivers of the company's recent success. The commitment and energy of the entire team has been critical to delivering business improvement. People at Credit Corp operate with the discipline to follow through with actions and diligently adhere to proper procedure. Everyone is accountable for achieving measurable outcomes which contribute to the company's success and we regularly assess ourselves against these outcomes.

We aim to be transparent and open in all our dealings, whether these are with our teams, colleagues, customers or clients. It is the way our people have embraced a culture of discipline, accountability and transparency which has put Credit Corp in its current position of strength.

Thanks must go to all our dedicated management and staff for their contribution to the achievements of the past year and the ongoing success of the company.

SOLID OUTLOOK

The outlook is for another year of solid profits in the 2012 financial year. There is recent market evidence that competitor pricing is now beyond the levels required to meet Credit Corp's minimum return criteria. If this continues Credit Corp will maintain its disciplined approach and may reduce purchasing in the domestic market in the short-term. The impact of a short-term reduction in purchasing will be offset by the positive contribution of very strong purchasing during the 2011 financial year. At the same time we will continue to develop opportunities for further growth in new markets and segments.

Thomas Beregi
Chief Executive Officer

1) Pre-restructuring costs.
2) Adjusted EBITDA is from continuing operations and allows for the add-back of amortisation netted against collections to determine revenue in accordance with accounting standard AASB 9.

BOARD OF DIRECTORS

DONALD MCLAY

Chairman

B Com, CA(NZ), ACIS, Ffin
Age: 61

Appointed as a Non-executive Director on 31 March 2008 and has been Chairman since 30 June 2008. He is a member of the Audit Committee and Remuneration Committee.

Donald has more than 35 years experience in financial markets, investment banking and broad business services. He has previously held executive roles at a number of local and overseas investment management and investment banking organisations, working in London, Singapore, Auckland and Sydney. He is currently Chairman of Torres Industries Pty Ltd, an unlisted public investment group engaged in shipping, aviation, non-bank financial services and infrastructure activities across eight countries.

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

SIMON CALLEIA

Non-Executive Director

BCom, AASIA, SA Fin, MAICD
Age: 42

At the time of listing in 2000 and for the five years following Simon held the position of Managing Director and oversaw the transformation of Credit Corp from private ownership to a public company. Simon was appointed a Non-executive Director of Credit Corp after stepping down from his executive role in April 2005 and continues to make a valuable contribution to the company's development.

ERIC DODD

Non-Executive Director

BEc, FCA, FAICD
Age: 59

Eric joined the Credit Corp Board in July 2009 and has extensive experience in insurance, finance and banking. He held the position of Managing Director and CEO of MBF Australia Limited for six years and was appointed as Managing Director of the combined organisation when MBF merged with BUPA Australia in June 2008. Eric is also a past Managing Director of NRMA Insurance Limited. Prior to NRMA he held senior executive positions within the financial services industry.

Eric is currently Chairman of the Snowball Financial Services Group, Chairman of First American Title Insurance Australia and a Director of Clean Up Australia.

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

RICHARD THOMAS

Non-Executive Director

FAICD
Age: 66

Appointed Non-executive Director in September 2006, Richard brings 40 years' management and governance experience in banking, finance and related sectors to Credit Corp's Board. A professional Company Director, Richard has previously held senior executive roles including Group Executive, Australian Banking Services with Westpac Banking Corporation, Managing Director of AGC Limited and Executive Vice President of US-based Avco Financial Services. Richard was Acting Chairman between 11 February and 30 June 2008.

ROBERT SHAW

Non-Executive Director

BE, MBA, MPA, FAICD, JP
Age: 69

Robert has extensive experience in business management in both an Executive and Non-executive capacity. He has specialist skills in financial analysis, audit committees and corporate governance. Currently he is a Non-executive Director of Advanced Magnesium Limited where he chairs the Remuneration Committee. Former Board roles include Insearch Limited, The Rugby Club Limited, the CityPrint Group of Companies and The Kwik Kopy Owners Association Limited where he retired as Chairman in April 2011.

Robert holds a Bachelor of Industrial Engineering degree, a Master of Business Administration degree and a Master of Professional Accounting degree.

about us

1 Michael Eadie – Chief Financial Officer
2 Tegan Pearson – Human Resources Manager
3 Matthew Angell – Chief Operating Officer
4 Matthew Stokes – National Operations Manager
5 Kristina White – Head of Business Services
6 Michael Mifsud – Head of Analytics

The success of our business is determined by the quality of the conversations between our staff and our customers each day.

OUR BUSINESS

Credit Corp Group Limited is Australia's largest debt buyer with in excess of $3.2 billion in outstanding receivables. We purchase unsecured past-due credit card, personal loan and other credit from major banks, regional banks and finance companies. We also purchase past due receivables from telecommunications operators. The debts acquired by Credit Corp are generally at least 180 days in arrears by the time they are purchased. This means that a customer has fallen behind their minimum payment requirement and the creditor has attempted to obtain payments to either bring the customer back to a current status or repay the balance outstanding without success. Most lenders work through a collection process using both their own resources and those of third party service providers over a period of six months and then consider selling unpaid debts to companies such as Credit Corp to realise an immediate return.

OUR PLACE IN THE ECONOMY

Debt purchasers, such as Credit Corp, play an important role in the economy. Debt sale is one of the most efficient means for dealing with credit arrears and serves to reduce the price of credit and promote its availability to a wide group in society.

Debt sale is an extremely cost-effective solution to credit arrears, relieving lenders of the time and expenses associated with the collection process. Credit Corp is a single purpose business with limited overheads. By focusing on a specific activity we are able to achieve superior collection outcomes at low cost-to-income ratios. We pass a significant component of these savings on to creditors in the form of the superior prices we pay, providing creditors with higher and more timely returns on credit arrears. These savings flow through to consumers in the form of lower lending margins and prices, which help to maintain consumer demand and support economic growth.

Debt sale also facilitates the creation of credit by improving the capital adequacy of lenders. Credit arrears significantly impair the pool of capital a lender has available for lending. By selling debts to Credit Corp, lenders are able to relieve their balance sheets of these impaired assets and realise an immediate cash inflow which can be advanced back into the economy.

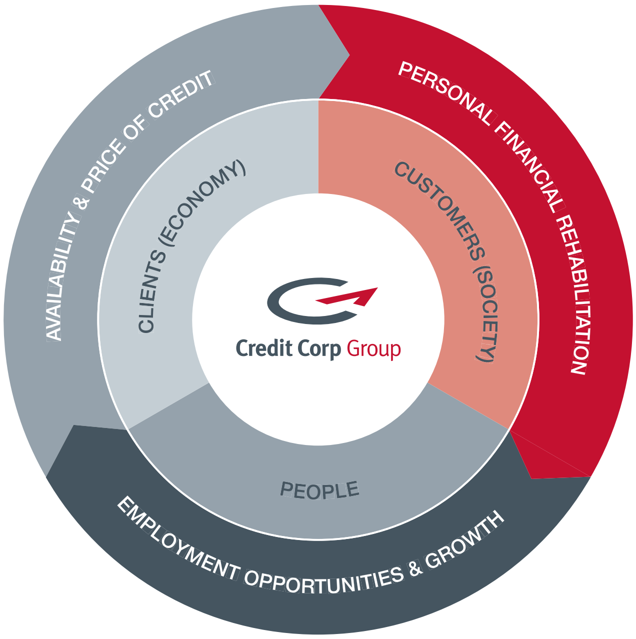
Credit Corp plays an important role in delivering certainty to its clients. The majority of debt sale is conducted through 'forward flow' contracts, where the buyer agrees to acquire all debts which reach a specified stage of delinquency at a fixed percentage of the amount outstanding for periods up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

OUR PLACE IN SOCIETY

Credit Corp works constructively with thousands of Australians experiencing financial hardship. The fact that we acquire debts permanently at a discount to the amount outstanding allows us to take a long-term and flexible approach to dealing with each customer's financial situation.

Our aim is to structure repayment plans which allow our customers to remain active members of the community, while continuing to recognise their credit obligations. Once we establish contact with a new customer we commit ourselves to working with them to understand their financial situation. Currently, Credit Corp has 77,000 customers in various forms of hardship making regular payments on a fortnightly or weekly basis with an average projected payment duration excess of three years. More than two thirds of the company's collections are received pursuant to these long-term payment arrangements.

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



We maintain a strong commitment to compliance and fair dealing with our customers. The collection industry is heavily regulated and Credit Corp maintains an extensive compliance regime which conforms to all applicable laws. Our record in this area is strong and we maintain some of the latest technology in call recording and contact logging to monitor adherence. Customer grievances are resolved through our internal dispute resolution function and dissatisfied customers can escalate their complaints to an external dispute resolution scheme. Our management regularly review complaint statistics and use these to drive continuous improvement in our processes.

It is our intention to maintain positive relationships with regulators and consumer advocates by engaging openly and directly. Our principal regulator is the Australian Securities and Investments Commission (ASIC). We have regular meetings with ASIC where we discuss our compliance regime, complaint statistics and our commitment to continuous improvement. We maintain programs of positive interaction with certain consumer advocacy groups and we are always looking for opportunities to extend this to other groups.

IMPORTANCE OF OUR PEOPLE

The success of our business is determined by the quality of the conversations between our staff and our customers each day. Our approach is to provide our 700 people with appropriate support, technology and tools while recognising personal engagement as the vital element which will ensure consistently high-quality interactions.

We believe that people are most engaged and will perform best when they are given responsibility for achieving measurable outcomes. Our business model involves assigning customer accounts to each of our people and assessing their performance against targets calculated with regard to the accounts assigned, creating a sense of ownership.

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

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

LEADERSHIP

The leadership team of Credit Corp is an important element of our success. We are committed to maintaining a positive culture of discipline, accountability and transparency. Each leader works hard to promote this culture through their own behaviours as well as the expectations they set for their teams.

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This statement relates to the year under review.

Credit Corp Group Limited (the Company) maintains policies and practices to comply closely with the Corporate Governance Principles and Recommendations released by the Australian Securities Exchange (ASX).

Corporate Governance overview

The Board of directors of Credit Corp Group Limited is responsible for the corporate governance of the consolidated group. The Board guides and monitors the business and affairs of Credit Corp Group Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

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

Principle One: Lay solid foundations for management and oversight

The Board has adopted a formal charter and has provided management with a statement of delegated authority. The Company's Board Charter and Delegation of Authority Policy detailing functions delegated to management are published in the Investor section of the Company's website.

The Board reserves to itself all functions that are likely to have a material impact on the performance and reputation of the Company.

The following functions are reserved to the Board:

- overseeing the Company, ensuring that appropriate standards of control and accountability are in place;
- appointing and removing the Chief Executive Officer;
- approving the appointment and removal of the Chief Financial Officer or equivalent and the Company Secretary;
- participating in, and approving of, strategic plans, operating budgets and performance objectives recommended by management;
- monitoring senior management's performance, implementation of strategy and allocation of resources;
- approving and monitoring major capital expenditure, capital management, acquisitions and divestments;
- approving and monitoring the corporate governance of the Company;
- reviewing and ratifying systems of risk management, internal compliance and control, codes of conduct and legal compliance; and
- approving and monitoring financial and other reporting.

All matters not specifically reserved to the Board and necessary for the day-to-day operation of the Company are delegated to management.

The following functions are delegated to management:

- managing the Company's human, physical and financial resources to achieve the Company's objectives;
- performing against established KPIs to deliver the objectives of the Company;
- formulating and recommending the strategic direction of the Company;
- translating the approved strategic plan into operating budgets and performance objectives;
- operating within delegated authority limits set by the Board;
- developing, implementing and managing the Company's risk management and internal compliance and control systems;
- assuming the day-to-day responsibility for the Company's conformance with relevant laws and regulations and its compliance framework;
- developing, implementing and updating policies and procedures;
- advising the Board promptly of any material matters impacting or potentially impacting the Company's operations;
- providing regular monthly reports to the Board on the Company's operations and its performance against agreed criteria; and
- keeping abreast of industry and economic trends in the Company's operating environment.

The Board requires management to report monthly on a range of matters, including financial and operational performance and matters of risk and compliance. Management Performance evaluations are undertaken annually in accordance with the Performance Evaluation policy. This policy is published on the Company's website.

Principle Two: Structure the board to add value
The skills and experience of each director in office at the date of the annual report is detailed in the Directors' Report. The majority of the Board of Credit Corp Group Limited is considered to be independent and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the unfettered exercise of their independent judgement.

The Company's Materiality Policy sets both quantitative and qualitative thresholds for determining the materiality of a transaction or relationship that may diminish the independence of a director. This policy is published on the Company's website and is based on AASB 1031 Materiality.

The Board regularly reviews the independence of each director and requires directors to promptly advise of any change in circumstances that may affect the independence of a director. Any change in circumstances which materially affects the independence of a director will be disclosed promptly.

There are procedures in place, agreed by the Board, to enable directors to seek independent professional advice in the furtherance of their duties at the Company's expense.

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

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

The Credit Corp Group Limited Board performs regular reviews, facilitated by the Chairman, on its own performance and that of individual directors.

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

Name	Term in office	Independence
Mr Donald McLay (Chairman)	3.5 years	Independent
Mr Simon Calleia	11 years	Not independent
Mr Eric Dodd	2 years	Independent
Mr Robert Shaw	3.5 years	Independent
Mr Richard Thomas	5 years	Independent

The Chair of the Board is Mr Donald McLay, an independent director.

The Chief Executive Officer of the Company, Mr Thomas Beregi, is not a director of the Company.

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

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

The Company's policy on trading in its securities by directors and employees is set by the Board. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the relevant security's price.

The Company's Code of Conduct and Securities Trading Policy are published on its website.

The Company is aware of its obligations in respect of diversity and proposes to include the associated reporting requirements in its 2012 Annual Report.

Principle Four: Safeguard integrity in financial reporting
The Board has established an Audit Committee and has delegated responsibility for establishing and maintaining a framework of internal control and ethical standards to this Committee as outlined in the Audit Committee Charter.

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

The Audit Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. All members of the Audit Committee are independent non-executive directors.

The members of the Audit Committee during the year were:

- Mr Robert Shaw
- Mr Richard Thomas
- Mr Donald McLay

The qualifications of the members of the Audit Committee and their attendance at meetings of the committee are included in the Directors' Report. The Audit Committee Charter is published on the Company's website.

The procedures for the selection, appointment and rotation of the Company's external auditors are detailed in the External Auditor Policy published on the Company's website.

Principle Five: Make timely and balanced disclosure
Credit Corp Group Limited ensures that shareholders and the market are fully informed of its strategy, performance and details of any information or events that could have a material impact on the value of the Company's securities.

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

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

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

The communication strategy addresses these rights through:

- Electronic facilities. The Company maintains a website that provides information on its services and its business in general as well as an investor relations section that contains information for shareholders of the Company. Company announcements are made on the website and shareholders may subscribe to email alerts from the Company. There is also the facility to lodge questions through the website.
- Formal reporting to shareholders. Formal communications with shareholders will be conducted through the interim report for the six months ended 31 December and the Annual Report for the year. The Company also releases market updates summarising the Company's performance during each half of the financial year.
- Annual General Meetings. The Company invites and encourages shareholders to attend and participate in these meetings.
- Continuous Disclosure Policy. The Company's Continuous Disclosure Policy outlines how the Company communicates with investors and the market. The Continuous Disclosure Policy is published on the Company's website.

Principle Seven: Recognise and manage risk
The Company has established a risk management framework to identify, assess, monitor and manage material business risks, both financial and non-financial, to minimise their impact on the achievement of organisational goals.

The Board has delegated to the Chief Executive Officer and the Company Secretary, responsibility for the establishment, implementation and maintenance of the system of risk management including measures of its effectiveness.

The Board has received a report from management that the Company's risk management framework is effective for the Company's purposes and has also received the report required under section 295A of the Corporations Act.

The Risk Management Policy is published on the Company's website.

Principle Eight: Remunerate fairly and responsibly

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

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

The Remuneration Policy and the Remuneration Committee Charter are published on the Company's website.

The amount of remuneration for all directors and key executives is disclosed in the Remuneration section of the Directors' Report.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

The Board is responsible for determining and reviewing compensation arrangements for the directors and the executive team. The Board has established a Remuneration Committee, comprising non-executive directors. Members of the Remuneration Committee throughout the year were:

- Mr Simon Calleia
- Mr Eric Dodd
- Mr Donald McLay

Details of the number of meetings of the Remuneration Committee and the attendance of members of the Committee at these meetings are included in the Directors' Report.

Non-conformance

All the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2011, except for the following:

Principle Two

Recommendation 2.4

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

Principle Eight

Recommendation 8.1

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

Recommendation 8.2

Directors have in the past participated in the employee option plan and whilst no options have been issued to non-executive directors during the year, the Board remains of the view that issuing options to directors, so that their remuneration is closely linked to the performance of the Company, is an effective method of providing the Board with a long-term incentive to deliver the best possible shareholder returns.

Website disclosure

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

The directors present their report together with the financial report of Credit Corp Group Limited and its controlled entities for the financial year ended 30 June 2011.

Directors

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

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

Particulars of the qualifications, experiences and independence status of each director are set out on pages 19 and 20.

Company secretaries

The following persons held the position of company secretary during or since the end of the financial year:

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

Mr Beregi was appointed as a company secretary on 21 September 2007.

Mr Michael Eadie – Bachelor of Accounting, Master of Applied Finance and Certified Practising Accountant
Mr Eadie joined the Company on 4 May 2009 as Finance Manager and was subsequently appointed as the Chief Financial Officer on 19 November 2010. He has previously held senior finance roles within major financial services organisations, including Macquarie Bank Limited.

Mr Eadie was appointed as a company secretary on 17 March 2011.

Mr Geoffrey Templeton – Member of Australian Institute of Credit Management, Australian Institute of Mercantile Agents and Australian Institute of Human Resources
Mr Templeton joined the Company in 1987 and has held roles in operations, administration, accounting, payroll and human resources. He is currently the Compliance Manager for the Company.

Mr Templeton was appointed as a company secretary on 5 May 2000.

Principal activities

The principal activities of the consolidated group are debt purchase and collection.

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

Operating results

Consolidated net profit after income tax for the financial year ended 30 June 2011 was $21.02 million (2010: $13.54 million).

Review of operations

The directors of Credit Corp Group Limited are pleased to report strong revenue and earnings growth for the year to 30 June 2011. Net Profit After Tax (NPAT) increased by 55 per cent to $21.02 million.

The result was supported by continued strong core operating metrics. Collection efficiency improved by 3 per cent over the prior year to $238 per hour despite a 19 per cent increase in debt purchase operations headcount. Collection effectiveness was maintained with purchases since the 2009 financial year meeting ingoing projections and the proportion of collections derived from Purchased Debt Ledgers (PDLs) acquired more than 3 years ago averaging 33 per cent of collections, an increase from 31 per cent in the prior year.

Despite increased purchasing the consolidated group generated substantial free cash flow which has been applied to increased dividends and a 43 per cent reduction in net bank debt to $23.8 million.

Dividends paid or recommended

The directors have declared a fully franked (at 30 per cent) final dividend of 10.00 cents per share amounting to $4.52 million. The dividend will be paid on 7 October 2011 and the record date for determining entitlement to the final dividend is 28 September 2011.

Dividends paid in the year ended 30 June 2011 were as follows:

- A final dividend of 5.00 cents per share amounting to $2.23 million was paid on 8 October 2010 in respect of the 2010 financial year.
- An interim dividend of 10.00 cents per share amounting to $4.52 million was paid on 1 April 2011 in respect of the 2011 financial year.

Changes in state of affairs

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

Events subsequent to reporting date

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

Future developments, prospects and business strategies

In the 2012 financial year Credit Corp Group Limited plans to deliver solid financial results. The operational focus will be on realising the benefit of recent initiatives undertaken including the commencement of offshore operations, technological innovations and improved asset management techniques.

There is recent evidence that competitor pricing is at levels that exceed the consolidated group's minimum return criteria, however, a disciplined approach to pricing of PDL purchases will be maintained.

Environmental regulations

The consolidated group's operations are not significantly affected by environmental regulations.

Information on directors

Mr Donald McLay	**Chairman, Director (non-executive) Age 61**
Qualifications	Bachelor of Commerce, Chartered Accountant, Chartered Secretary and Financial Services Institute of Australasia (Fellow).
Experience and expertise	Appointed as a non-executive director on 31 March 2008 and has been Chairman since 30 June 2008. Mr McLay has more than 30 years experience in financial market, investment banking and broad business services.
Special responsibilities	Mr McLay is Chairman of the Board and a member of the Remuneration and Audit Committees.
Interest in shares and options	2,260,135 ordinary shares in Credit Corp Group Limited.

Mr Simon Calleia	**Director (non-executive) Age 42**
Qualifications	Bachelor of Commerce, Postgraduate Diploma in Applied Finance and Investment, Associate of the Securities Institute of Australia, Australian Institute of Banking and Finance and Australian Institute of Company Directors.
Experience and expertise	Appointed as Managing Director in March 2000 and became a non-executive director after he stepped down from his executive role in April 2005. Mr Calleia has extensive knowledge of the credit management industry. He also held various roles in banking, finance and insurance sectors.
Special responsibilities	Mr Calleia is Chairman of the Remuneration Committee.
Interest in shares and options	2,206,152 ordinary shares of Credit Corp Group Limited.

Mr Eric Dodd	**Director (non-executive) Age 59**
Qualifications	Bachelor of Economics, Institute of Chartered Accountants (Fellow) and Australian Institute of Company Directors (Fellow).
Experience and expertise	Appointed as a non-executive director on 1 July 2009. Mr Dodd has extensive experience in insurance, finance and banking.
Other current directorship	Healthscope Limited from 15 May 2009 to 11 October 2010 and Snowball Group Limited since 2 July 2010.
Special responsibilities	Mr Dodd is a member of the Remuneration Committee.
Interest in shares and options	10,000 ordinary shares of Credit Corp Group Limited.

Information on directors (continued)

Mr Robert Shaw	Director (non-executive) Age 69
Qualifications	Bachelor of Industrial Engineering, Master of Business Administration, Master of Professional Accounting, Justice of the Peace and Australian Institute of Company Directors (Fellow).
Experience and expertise	Appointed as a non-executive director in 31 March 2008. Mr Shaw has extensive knowledge in finance and financial analysis, audit committees and corporate governance.
Other current directorship	Advanced Magnesium Limited since 4 March 2011.
Special responsibilities	Mr Shaw is Chairman of the Audit Committee.
Interest in shares and options	58,789 ordinary shares of Credit Corp Group Limited.

Mr Richard Thomas	Director (non-executive) Age 66
Qualifications	Australian Institute of Company Directors (Fellow).
Experience and expertise	Appointed as a non-executive director in 22 September 2006. He was Acting Chairman between 11 February 2008 and 30 June 2008. Mr Thomas has more than 40 years experience in banking and finance industry in Australia, New Zealand and the USA.
Special responsibilities	Mr Thomas is a member of the Audit Committee.
Interest in shares and options	9,984 ordinary shares of Credit Corp Group Limited.

Directors' meetings

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

	Directors' meetings		Audit committee		Remuneration committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr Donald McLay	13	13	4	4	3	3
Mr Simon Calleia	13	13	—	—	3	3
Mr Eric Dodd	13	13	—	—	3	3
Mr Robert Shaw	13	12	4	4	—	—
Mr Richard Thomas	13	13	4	4	—	—

Indemnifying officers or auditor

The Company has provided indemnities to directors and officers of Credit Corp Group Limited and its controlled entities for liabilities incurred in the management of the operations of the Company. These indemnities were in place both during and after the end of the financial year.

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

This remuneration report sets out remuneration information for the Company's non-executive directors, key management personnel and the five highest remunerated executives of the group and the Company.

Remuneration policy

The remuneration policy of Credit Corp Group Limited has been designed to align director and executive objectives with shareholder objectives, while promoting a high standard of corporate governance. The Board of Credit Corp Group Limited believes the remuneration policy to be appropriate and effective in attracting and retaining competent executives and directors to manage the consolidated group and maximise long-term shareholder value.

The Board's policy for determining the nature and amount of remuneration for directors and executives of the consolidated group is detailed below.

Non-executive directors

Non-executive directors are remunerated at market rates for comparable companies after taking into account factors including demands on time, the level of commitment required and any special responsibilities. The Remuneration Committee recommends fee packages for non-executive directors and these are approved by the Board. Fee packages are reviewed annually and independent professional advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors in a financial year is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the consolidated group.

Chief Executive Officer and key management personnel

The remuneration policy, which sets the framework of terms and conditions for executives, was developed by the Remuneration Committee and approved by the Board after seeking independent professional advice. Executives can receive a total remuneration package comprising of a base salary, superannuation and a short-term performance incentive and may also include fringe benefits, a long-term performance incentive and options. Remuneration packages are established with regard to individual executive responsibilities, qualifications, skills and performance. The Remuneration Committee reviews executive remuneration packages annually by reference to the consolidated group's performance, individual executive performance and employment market data for relevant industry sectors and comparable listed companies.

The performance of executives for the purpose of setting remuneration packages is measured against a combination of job responsibilities, individual objectives set annually, consolidated group results and key behaviours. Documented performance reviews are completed annually. The performance review of the Chief Executive Officer (CEO) is undertaken by the Chairman of the Board, reviewed by the Remuneration Committee and is approved by the Board. The performance reviews of other executives are undertaken by the CEO and are approved by the Remuneration Committee.

Executive remuneration packages are reviewed annually. Any changes to the remuneration packages of the CEO and Chief Financial Officer (CFO) are recommended by the Remuneration Committee and approved by the Board. Changes to the remuneration packages of other executives are recommended by the CEO and approved by the Remuneration Committee.

Performance-based remuneration

Each executive's remuneration package incorporates a performance-based component. This component will comprise of a short-term incentive and may also include a long-term incentive and options. The objective of these forms of remuneration is to ensure that the interests of executives are aligned with those of the shareholders.

Short-term incentive (STI)

Targeted short-term cash incentive amounts are set annually for each executive in accordance with the process described above. The proportion of each executive's targeted short-term incentive, which is actually paid, will be dependent on the following three sets of criteria:

— The achievement of consolidated group budgeted Adjusted Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA), budgeted NPAT and banking covenant compliance;

— The extent to which individual objectives, or Key Performance Indicators (KPIs), set for each executive at the commencement of the year have been achieved; and

— As a final qualifier, individual executives must discharge their overall job responsibilities to a satisfactory standard.

This structure ensures that short-term incentives are appropriate with regard to consolidated group performance and each executive's individual contribution to that performance.

Performance criteria for short-term incentives are set at the commencement of the year. Budgets are approved by the Board. KPIs are prepared by the CEO in consultation with other executives and are submitted to the Remuneration Committee for review and recommendation to the Board.

In reviewing KPIs the Remuneration Committee will consider the effectiveness of KPIs set for the preceding year in delivering long-term shareholder value. A component of the KPIs set for each individual comprise operational metrics and initiatives, which reflect job responsibilities and effectively measure the extent of each individual's contribution to the achievement of budgeted Adjusted EBITDA and NPAT in the relevant year as well as the extent to which the individual has contributed to preparing the consolidated group for sustained performance in the following year. Other KPIs target the achievement of strategic initiatives designed to deliver sustained performance over a longer period.

Long-term incentive (LTI)

Long-term incentives may become payable for sustained financial performance over a three to four year period in accordance with a plan approved by the Board. A four-year financial plan was approved during the 2009 financial year and a proportion of any cumulative financial performance in excess of planned EBITDA and NPAT is accrued, subject to qualifications, as a long-term incentive.

The amount set aside for executives accumulates and is paid out progressively over a six-year period, subject to satisfactory individual executive performance and retention. Two-thirds and one-third respectively of the amounts accrued in respect of the 2009 and 2010 financial years were accumulated and paid in cash in April 2011. A portion of the amounts accrued in respect of the 2011 and 2012 financial years will be accumulated and distributed in the form of shares in Credit Corp Group Limited as well as cash.

Options may be granted to executives in accordance with the Employee Option Plan (EOP). Historically, options have been granted with an exercise price, which has approximated the price at which the Company's shares were trading at the time when the options were granted and have vested over time. The last set of options issued under the EOP was granted in March 2008 and all options granted under the EOP have now vested. There are no plans to issue options in accordance with the EOP at this time.

Together with the short-term incentive, the long-term incentive is designed to ensure that executives strive to deliver long-term shareholder value.

Performance reviews to assess the achievement of performance criteria are conducted annually in accordance with the process described above. LTI and STI amounts are determined subsequent to the finalisation and release of the audited consolidated financial statements.

Other benefits

Some key management personnel receive a non-cash benefit, being access to car parking, and the consolidated group pays fringe benefits tax on the benefit.

Service contracts

Directors and executives receive superannuation contributions in accordance with the consolidated group's statutory obligations as part of fee and remuneration packages and individuals may elect to make additional contributions by sacrificing other components of their fee and remuneration packages. Directors and executives do not receive any additional retirement benefits other than any accrued leave entitlements.

Director and executive employment contracts stipulate termination periods of between one and three months. Employment contracts provide for termination by the Company without cause by providing written notice or making payment in lieu of notice. In instances of serious misconduct the Company may terminate employment contracts without either notice or payment in lieu of notice.

Consequences of performance on shareholder wealth

The indices that are used by the Remuneration Committee in assessing the performance of executives in respect of the current financial year as well as the previous four financial years are as follows:

	2011	2010	2009	2008	2007
Net Profit after Tax (NPAT) from continuing operations ($'000)	21,024	13,543	10,862	5,788	19,331
Adjusted Earnings before Interest, Tax, Depreciation and Amortisation (Adjusted EBITDA) ($'000)	129,814	117,204	97,354	85,204	89,228
Return on equity (ROE)	22%	17%	15%	9%	36%

The consequent impact on shareholder wealth of the performance of the consolidated group over the same period is summarised as follows:

Dividends paid per share (cents)	20.0	8.0	4.0	4.0	23.0
Change in share price (dollars)	2.08	1.47	0.43	(11.52)	5.20

Over the past three years the consolidated group's profit from ordinary activities after income tax has grown at an average rate of over 60 per cent per annum. During the same period key management personnel compensation has grown at an average rate of approximately 20 per cent per annum.

Remuneration of non-executive directors and key management personnel

All remuneration paid to directors and executives is valued at the cost to the Company and is expensed in the income statement. Shares issued to directors and executives are valued at the difference between the market price of those shares and the amount paid by the directors or executives. Options are valued using the Hull-White pricing methodology.

The remuneration for each director, executive and for key management personnel of the consolidated group during the year was:

		Short-term benefits				Post-employment benefits	Other long-term	Share-based payment			
		Salary & fees $	Short-term incentive[A] $	Non monetary benefits $	Total $	Super-annuation $	Long-term incentive[B] $	Options $	Total $	Proportion of remuneration performance related %	Value of options as portion of remuneration %
Directors											
Mr Donald McLay											
Non-executive director	**2011**	**120,000**	**—**	**—**	**120,000**	**10,800**	**—**	**—**	**130,800**	**—**	**—**
Chairman	2010	120,000	—	—	120,000	10,800	—	—	130,800	—	—
Mr Simon Calleia	**2011**	**72,000**	**—**	**—**	**72,000**	**6,480**	**—**	**—**	**78,480**	**—**	**—**
Non-executive director	2010	72,000	—	—	72,000	6,480	—	—	78,480	—	—
Mr Eric Dodd											
Non-executive director	**2011**	**66,000**	**—**	**—**	**66,000**	**5,940**	**—**	**—**	**71,940**	**—**	**—**
(appointed 1 July 2009)	2010	66,000	—	—	66,000	5,940	—	—	71,940	—	—
Mr Robert Shaw	**2011**	**72,000**	**—**	**—**	**72,000**	**6,480**	**—**	**—**	**78,480**	**—**	**—**
Non-executive director	2010	72,000	—	—	72,000	6,480	—	—	78,480	—	—
Mr Richard Thomas	**2011**	**66,000**	**—**	**—**	**66,000**	**5,940**	**—**	**—**	**71,940**	**—**	**—**
Non-executive director	2010	66,000	—	—	66,000	5,940	—	—	71,940	—	—
Key management personnel											
Mr Thomas Beregi											
Chief Executive Officer	**2011**	**465,500**	**490,500**	**11,840**	**967,840**	**25,000**	**922,641**	**6,309**	**1,921,790**	**74**	**1**
Company Secretary	2010	465,500	490,500	11,748	967,748	25,000	349,782	49,370	1,391,900	64	4
Mr Matthew Angell	**2011**	**250,000**	**272,500**	**11,840**	**534,340**	**22,500**	**512,310**	**—**	**1,069,150**	**73**	**—**
Chief Operating Officer	2010	250,000	272,500	11,748	534,248	22,500	194,323	9,078	760,149	63	1
Mr Michael Eadie											
Chief Financial Officer											
(appointed 19 November 2010)											
Company Secretary	**2011**	**122,740**	**42,959**	**—**	**165,699**	**11,047**	**31,555**	**—**	**208,301**	**36**	**—**
(appointed 17 March 2011)	2010	—	—	—	—	—	—	—	—	—	—
Mr Robert Shields	**2011**	**175,992**	**54,863**	**—**	**230,855**	**—**	**—**	**—**	**230,855**	**24**	**—**
Head of Collections	2010	175,992	56,935	—	232,927	—	—	—	232,927	24	—
Mr Todd Vogel											
Chief Financial Officer	**2011**	**156,170**	**—**	**—**	**156,170**	**5,100**	**—**	**—**	**161,270**	**—**	**—**
(departed 14 September 2010)	2010	200,000	70,000	—	270,000	18,000	49,918	—	337,918	35	—
Ms Kristina White	**2011**	**210,000**	**150,000**	**11,840**	**371,840**	**18,900**	**282,098**	**—**	**672,838**	**64**	**—**
Head of Business Services	2010	210,000	150,000	11,748	371,748	18,900	106,967	—	497,615	52	—

A) The short-term incentive is payable for performance during the respective financial year as described above.

B) The long-term incentive represents one-third of the amounts accrued in respect of the 2009 to 2011 financial years which are payable as described above after the conclusion of the 2011 financial year.

Analysis of bonuses included in remuneration

STI

Details of the vesting profile of the short-term cash incentive bonuses awarded as remuneration to each of the five key management personnel are:

	Included in remuneration [A] $	Vested in year %	Forfeited in year [B] %
Key management personnel			
Mr Thomas Beregi	490,500	100%	—
Mr Matthew Angell	272,500	100%	—
Mr Michael Eadie	42,959	100%	—
Mr Robert Shields	54,863	100%	—
Ms Kristina White	150,000	100%	—

A) Amounts included in remuneration represent the amount that is payable in respect of the current financial year upon the confirmation of the achievement of specified performance criteria. No amounts vest in future financial years in respect of the short-term incentive scheme for the 2011 financial year.

B) The amounts forfeited are due to the performance criteria not being met in relation to the current financial year.

LTI

Details of the vesting profile of the LTI awarded as remuneration to four of the key management personnel are:

	Proportion payable in respect of the 2011 financial year [A]				Proportion deferred to future financial years [B]				Forfeited in year	Current allocation (% of pool) [C]	Minimum total value received	Maximum total value received
	2009	2010	2011	$	2009	2010	2011	$	%	%	$	$
Key management personnel												
Mr Thomas Beregi	1/3	1/3	1/3	922,641	—	1/3	2/3	1,220,978	—	47.5%	—	1,220,978
Mr Matthew Angell	1/3	1/3	1/3	512,310	—	1/3	2/3	677,918	—	26.4%	—	677,918
Mr Michael Eadie	N/A	N/A	1/3	31,555	N/A	N/A	2/3	63,110	—	2.5%	—	63,110
Ms Kristina White	1/3	1/3	1/3	282,098	—	1/3	2/3	373,872	—	14.6%	—	373,872

A) Represents one-third of the amounts accrued in respect of the 2009 to 2011 financial years, which are payable to participants following the conclusion of the 2011 financial year upon the confirmation of the achievement of specified performance criteria.

B) Represents each participant's allocated proportion of the maximum pool that may vest at the conclusion of the 2012 and 2013 financial years depending on individual performance and retention.

C) Each participant's allocated percentage portion of the deferred pool.

Equity instruments

Options issued as part of remuneration for the year ended 30 June 2011

No options were issued to directors and executives as part of their remuneration in either the 2011 or 2010 financial years.

Exercise of options granted as compensation

During the reporting period, the following shares were issued on the exercise of options previously granted as compensation under the EOP:

	Number of shares	Amount paid $/share	Value of options exercised in year [A]
Key management personnel			
Mr Thomas Beregi	400,000	$0.65	$1,788,000

A) The value of options exercised during the year is calculated as the market price of shares of the Company as at close of trading on the date the options were exercised after deducting the price paid to exercise the options.

There is no amount unpaid on the shares issued as a result of the exercise of the options in the 2011 financial year.

Unissued shares under options

At the date of this report unissued shares of Credit Corp Group under option are:

Grant date	Date of expiry	Exercise price	Number of options
3 October 2006	3 October 2011	$8.12	59,000
3 October 2006	3 October 2011	$8.13	30,000
13 November 2006	13 November 2011	$8.13	20,000
14 November 2006	14 November 2011	$7.93	50,000
2 January 2007	2 January 2012	$8.20	470,000
8 January 2007	8 January 2012	$8.00	16,500
6 June 2007	1 January 2012	$10.40	240,000
3 September 2007	3 September 2012	$10.37	400,000
Total			**1,285,500**

All unissued shares are ordinary shares of the Company.

During the year ended 30 June 2011, 51,000 options expired unexercised. These expired options had a fair value of $18,682 which has been reclassified to retained earnings. In addition, 75,000 options subsequently expired unexercised on 1 July 2011.

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 are important.

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

The Board of directors has considered the position and, in accordance with advice received from the Audit Committee, is satisfied that the provision of 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 disclosed below did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

— all non-audit services are reviewed and approved by the Audit Committee prior to commencement 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 Accounts set by the Accounting Professional and Ethical Standards Board.

Details of the amounts paid to the auditor of the Company for non-audit services provided during the year are set out below.

	$
Services other than statutory audit:	
Other services	
Taxation compliance services	**21,222**
Other services	**1,815**
	23,037

Proceedings on behalf of Company

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

The Company was not a party to any such proceedings during the year.

Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2011 has been received and can be found on page 28 of the financial statements.

Rounding off of amounts

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

Signed in accordance with a resolution of Board of directors.

Donald McLay
Chairman

Robert Shaw
Non-executive director

Date: 16th August 2011

HALLCHADWICK

Chartered Accountants and Business Advisers

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

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Hall Chadwick
Level 29, 31 Market Street
Sydney NSW 2000

DREW TOWNSEND
Partner

Date: 16 August 2011

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MELBOURNE

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PERTH

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BRISBANE

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GOLD COAST

Ph: (617) 5538 2322
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CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2011

	Note	2011 $'000	2010 $'000
Revenue	2	**113,636**	93,413
Finance costs		**(5,465)**	(7,944)
Employee benefits expense		**(51,911)**	(43,699)
Share-based payments		**(6)**	(58)
Depreciation and amortisation expenses		**(1,242)**	(1,269)
Impairment of goodwill		**—**	(720)
Office facility expenses		**(8,804)**	(7,857)
Collection expenses		**(10,978)**	(10,065)
Other expenses		**(5,147)**	(2,043)
Profit before income tax expense	3	**30,083**	19,758
Income tax expense	4	**(9,059)**	(6,215)
Profit for the year		**21,024**	13,543
Profit attributable to owners of the Company		**21,024**	13,543
Earnings per share			
Basic earnings per share (cents per share)	5	**46.9**	30.5
Diluted earnings per share (cents per share)	5	**46.9**	30.3
Dividends per share (cents per share)	6	**20.0**	8.0

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2011

	2011 $'000	2010 $'000
Profit for the year	**21,024**	13,543
Other comprehensive income		
Changes in the fair value of cash flow hedge	**1,325**	2,193
Net change in fair value of cash flow hedge transferred to profit and loss	**(573)**	573
Income tax on other comprehensive income	**(230)**	(830)
Other comprehensive income for the year, net of income tax	**522**	1,936
Total comprehensive income for the year	**21,546**	15,479
Total comprehensive income attributable to owners of the company	**21,546**	15,479

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	Note	2011 $'000	2010 $'000
Current assets			
Cash and cash equivalents	8	**1,731**	1,757
Trade and other receivables	10	**371**	802
Purchased debt ledgers	11	**56,826**	66,783
Prepayments		**193**	376
Total current assets		**59,121**	69,718
Non-current assets			
Purchased debt ledgers	11	**90,124**	80,770
Property, plant and equipment	12	**1,374**	2,483
Deferred tax assets	13	**5,670**	3,372
Intangible assets	14	**800**	800
Total non-current assets		**97,968**	87,425
Total assets		**157,089**	157,143
Current liabilities			
Trade and other payables	15	**14,134**	8,605
Payables under contract of sale	15	**2,088**	4,014
Financial liabilities	16	**25,511**	5,041
Derivatives	17	**17**	1,344
Current tax liabilities	13	**4,597**	5,123
Provisions	18	**1,840**	1,678
Total current liabilities		**48,187**	25,805
Non-current liabilities			
Financial liabilities	16	**–**	38,825
Deferred tax liabilities	13	**1,434**	1,636
Provisions	18	**3,127**	2,450
Total non-current liabilities		**4,561**	42,911
Total liabilities		**52,748**	68,716
Net assets		**104,341**	88,427
Equity			
Issued capital	19	**41,207**	40,099
Reserves	20	**1,338**	828
Retained earnings		**61,796**	47,500
Total equity		**104,341**	88,427

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2011

	Note	Issued capital $'000	Equity compensation reserve $'000	Hedging reserve $ '000	Retained earnings $'000	Total equity $ '000
Balance at 1 July 2010		**40,099**	**1,366**	**(538)**	**47,500**	**88,427**
Total comprehensive income for the year						
Profit for the year		**—**	**—**	**—**	**21,024**	**21,024**
Other comprehensive income						
Change in fair value of cash flow hedge, net of tax		**—**	**—**	**522**	**—**	**522**
Total comprehensive income for the year		**—**	**—**	**522**	**21,024**	**21,546**
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Shares issued	19	**848**	**—**	**—**	**—**	**848**
Share options exercised	19	**260**	**—**	**—**	**—**	**260**
Employee option and share expense		**—**	**6**	**—**	**—**	**6**
Lapsed options		**—**	**(18)**	**—**	**18**	**—**
Dividends paid or provided for	6	**—**	**—**	**—**	**(6,746)**	**(6,746)**
Total contributions by and distributions to owners of the Company		**1,108**	**(12)**	**—**	**(6,728)**	**(5,632)**
Balance at 30 June 2011		**41,207**	**1,354**	**(16)**	**61,796**	**104,341**
Balance at 1 July 2009		39,485	1,319	(2,474)	36,163	74,493
Total comprehensive income for the year						
Profit for the year		—	—	—	13,543	13,543
Other comprehensive income						
Change in fair value of cash flow hedge, net of tax		—	—	1,936	—	1,936
Total comprehensive income for the year		—	—	1,936	13,543	15,479
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Shares issued	19	614	—	—	—	614
Employee option and share expense		—	58	—	—	58
Lapsed options		—	(11)	—	11	—
Dividends paid or provided for	6	—	—	—	(2,217)	(2,217)
Total contributions by and distributions to owners of the Company		614	47	—	(2,206)	(1,545)
Balance at 30 June 2010		40,099	1,366	(538)	47,500	88,427

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2011

	Note	2011 $'000	2010 $'000
Cash flows from operating activities			
Receipts from customers and debtors		**206,635**	181,376
Payments to suppliers and employees		**(69,212)**	(61,328)
Interest received		**108**	96
Interest paid		**(5,708)**	(7,672)
Income tax paid		**(12,318)**	(9,274)
Net cash inflow from operating activities	9(A)	**119,505**	103,198
Cash flows from investing activities			
Acquisition of plant and equipment		**(1,298)**	(636)
Deferred proceeds from sale of business		**200**	200
Acquisition of purchased debt ledgers		**(94,565)**	(62,110)
Net cash (outflow) from investing activities		**(95,663)**	(62,546)
Cash flows from financing activities			
Proceeds from issue of share capital	19	**1,108**	614
Proceeds from borrowings		**11,000**	15,034
Repayment of borrowings		**(29,232)**	(52,966)
Dividends paid	6	**(6,746)**	(2,217)
Net cash (outflow) from financing activities		**(23,870)**	(39,535)
Net (decrease) increase in cash and cash equivalents		**(28)**	1,117
Cash and cash equivalents at the beginning of the financial year		**1,716**	599
Cash and cash equivalents at end of year	9(B)	**1,688**	1,716

The accompanying notes form part of these financial statements.

These financial statements include the consolidated financial statements and notes of Credit Corp Group Limited and controlled entities (consolidated group).

The parent entity of the consolidated group, Credit Corp Group Limited, has not prepared separate financial statements in this financial report as permitted by the *Corporations Act 2001*. The financial information for the parent entity is disclosed in Note 31 of the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Basis of preparation

a) Statement of compliance

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

The consolidated financial statements were authorised for issue by the Board of directors on 16 August 2011.

b) Basis of measurement

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

c) Functional and presentation currency

The consolidated financial statements are presented in Australian dollars, which is the consolidated group's functional currency.

d) Rounding of amounts

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

e) Critical accounting estimates and judgements

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

Key estimates

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

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

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

i) Impairment of goodwill

The consolidated group performs an impairment test at least semi-annually in accordance with significant accounting policy B(f)(2). These calculations involve an estimation of the recoverable amount of the cash-generating units to which goodwill is allocated, incorporating a number of key estimates.

ii) PDLs

PDLs are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition PDLs are measured at amortised cost using the effective interest method, less any impairment losses.

B) Significant accounting policies

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

a) Principles of consolidation

A controlled entity is any entity over which Credit Corp Group Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In accessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 21 to the financial statements.

As at balance date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have left the consolidated group during the year, their operating results have been excluded from the date control ceased.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Business combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the acquisition method.

The acquisition method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identified assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control. Any acquisition-related costs are expensed incurred.

In addition, contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the income statement.

Where settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

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

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

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

Subsidiaries

Subsidiaries are entities controlled by the consolidated group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commenced until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the consolidated group.

c) Segment reporting

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

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the consolidated group's headquarters), head office expenses, and income tax liabilities.

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

d) Foreign currency transactions and balances

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

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

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

e) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1) Property

Freehold land is currently measured at the lower of cost and net realisable value. For any material holdings, a periodic valuation is prepared by external valuation experts, based on discounted cash flows or capitalisation of net income, as appropriate.

2) Plant and equipment

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

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

3) Depreciation

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

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

Class of fixed asset	Years
Leasehold improvements	period of the lease
Plant and equipment	2 to 13 years
Computer software	2.5 to 4 years

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

4) Impairment

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

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

f) Intangible assets

1) Goodwill

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

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

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

Goodwill on acquisition of subsidiaries is included in intangible assets 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.

2) Impairment of goodwill

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Financial assets and liabilities

1) Non-derivative financial assets

i) Trade and other receivables

Trade and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

ii) PDLs

PDLs are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition:

- PDLs acquired prior to adoption of AASB 9 on 30 June 2010 were classified as available-for-sale financial assets and measured at fair value; and
- Upon adoption of AASB 9 on 30 June 2010 PDLs are measured at amortised cost using the effective interest method, less any impairment losses.

Under the transitional provisions of AASB 9, the fair values at the date of initial adoption are treated as the amortised cost amounts.

iii) Impairment

The consolidated group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset is impaired if objective evidence indicates that:

- a loss event has occurred after the initial recognition of the asset;
- the loss event had a negative effect on the estimated future cash flows of the asset; and
- the loss can be estimated reliably.

An impairment loss in respect of PDL financial assets measured at amortised cost is calculated as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in the income statement. When a subsequent change in estimated future cash flows causes the amount of impairment loss to reverse, the reversal in impairment loss is taken through the income statement to the extent of the initial impairment loss.

As there are no individually significant PDLs within the portfolio held by the consolidated group and all PDLs have similar credit risk characteristics, PDLs are grouped and are collectively assessed for impairment.

2) Non-derivative financial liabilities

Non-derivative financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are recognised at amortised cost, comprising the original debt less principal payments and amortisation.

3) Derivative financial instruments

The consolidated group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedge).

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

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

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

Cash flow hedges

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

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

4) Share capital

i) Ordinary shares

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Cash and cash equivalents

Cash and cash equivalents comprise bank deposits and cash on hand. Bank overdrafts are shown within financial liabilities in current liabilities on the balance sheet. Bank overdrafts that are repayable on demand and form an integral part of the consolidated group's cash management strategy are included as a component of cash and cash equivalent for the purpose of the statement of cash flows.

i) Borrowing costs

All borrowing costs are recognised in the income statement in the period in which they are incurred including borrowing costs attributable to the acquisition of PDLs.

j) Employee benefits

1) 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 employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled, plus on-costs. 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.

2) Long-term obligations

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

3) Equity-settled compensation

The consolidated group provides benefits to employees in the form of share based payment transactions whereby employees render services in exchange for rights over shares.

The EOP and Deferred Employee Share Plan (DESP) provide benefits to directors, executives and other employees. The fair value of options is recognised as an employee benefits expense with a corresponding increase in equity. The fair value is measured at grant date and spread over a maximum three-year period. The fair value of the options is measured using the Hull-White pricing model, taking into account the terms and conditions upon which the options were granted. Measurement inputs include the share price on grant date, exercise price of the option, expected volatility, expected dividends and the risk-free interest rate. Service and non-market performance conditions attached to the transactions are not taken into account in determining the fair value. The amount recognised as an expense is adjusted to reflect the actual number of share options which satisfy the vesting conditions.

k) Leases

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. 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.

j) Provisions

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

k) Revenue

The major components of revenue are recognised as follows:

1) Interest revenue

Revenue from PDLs represents the component designated as interest income through the application of the effective interest method under AASB 9.

2) Services revenue

Revenue from services rendered is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax.

l) Finance costs

Finance costs comprise interest expense on borrowings, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the income statement using the effective interest method.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Income Tax

Income tax expense comprises current income tax expense and deferred tax expense.

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

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

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

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

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

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

n) Tax consolidation

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

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

o) Goods and services tax (GST)

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

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

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

p) Earnings per share

The consolidated group presents basic and diluted earnings per share data for its ordinary shares.

1) Basic earnings per share (EPS)

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

2) Diluted EPS

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

q) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

r) New accounting standards and interpretations for application in future periods

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The consolidated group's assessment of the impact of these new standards and interpretations is set out below.

1) Revised AASB 124 Related Party Disclosures (effective from 1 January 2011)

The amendment clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The consolidated group will apply the amended standard from 1 July 2011. No changes are expected to materially affect the consolidated group's financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2) AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (effective from 1 July 2013)

Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. Credit Corp Group Limited is listed on the ASX and is not required to adopt the new Australian Accounting Standards – Reduced Disclosure Requirements. The two standards will therefore have no impact on the financial statements of the consolidated group.

3) AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (effective from 1 January 2011)

This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the International Accounting Standards Board. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. These editorial amendments will have no impact on the financial statements of the consolidated group.

4) AASB 2010-4: Further Amendments to Australian Accounting Standards arising from the annual Improvements Project [AASBs 1, 7, 101 & 134 and Interpretation 13] (effective from 1 January 2011)

The IASB's annual improvements projects made some changes to accounting standards. The following amendments clarify:

— an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements in AASB 101.

— the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding renegotiated loans in AASB 107

— the application of AASB 108 prior to an entity's first Australian Accounting Standards financial statements;

The standard will have no impact on the financial statements of the consolidated group.

5) AASB 2010-5 Amendments to Australian Accounting Standards [AASBs 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (effective from 1 January 2011)

This standard makes some editorial amendments to numerous Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. These editorial amendments have no major impact on the requirements of the respective amended pronouncements.

6) AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (effective 1 July 2011)

This standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them.

Accordingly, this standard makes amendments to AASB 1 First-time Adoption of Australian Accounting Standards, and AASB 7 Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets. The standard will have no impact on the financial statements of the consolidated group.

7) AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets (effective from 1 January 2012)

AASB 112 requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way management expects to recover or settle the carrying amount of the relevant assets or liabilities that is through use or through sale. The amendment introduces a rebuttable presumption that investment property which is measured at fair value is recovered entirely by sale. The consolidated group does not have any investment property and the standard will not have any impact on the financial statements of the consolidated group.

The consolidated group decided not to adopt the above reporting requirements in 2011 and does not expect these requirements to have any material effect on the consolidated group's financial statements.

	2011 $'000	2010 $'000

NOTE 2: REVENUE

	2011 $'000	2010 $'000
Interest revenue from purchased debt ledgers	**112,162**	91,197
Other interest received	**108**	96
Services revenue	**1,366**	2,120
Total	**113,636**	93,413

NOTE 3: PROFIT FOR THE YEAR

Arrived at after deducting expenses including:

	2011 $'000	2010 $'000
Finance costs		
Interest expense	**4,946**	6,565
Net change in fair value of cash flow hedge transferred to profit and loss	**(573)**	573
Other finance charges	**1,092**	806
Total	**5,465**	7,944
Depreciation and amortisation expenses		
Property, plant and equipment	**787**	487
Computer software	**54**	150
Leasehold improvements	**401**	632
Total	**1,242**	1,269
Impairment		
Goodwill	**–**	720
Bad and doubtful debts expense		
Trade receivables	**150**	–
Rental expense on operating leases		
Minimum lease payments	**3,935**	4,053

	Note	2011 $'000	2010 $'000
NOTE 4: INCOME TAX EXPENSE			
A) Income tax expense			
Current period		**9,055**	6,208
Underprovision in respect of prior years		**4**	7
Total		**9,059**	6,215

B) Income tax recognised in other comprehensive income

	Before tax $'000	Tax (expense)/ benefit $'000	Net of tax $'000
Year ended 30 June 2011			
Cash flow hedge	**752**	**(230)**	**522**
Year ended 30 June 2010			
Cash flow hedge	2,766	(830)	1,936

	Note	2011 $'000	2010 $'000
C) Numerical reconciliation between tax expenses and pre-tax accounting profit			
Profit for the year		**30,083**	19,758
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2010: 30%)		**9,025**	5,927
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
— Share-based payment expense		**2**	18
— Goodwill impairment		**—**	216
— Other non-deductible items		**28**	47
		9,055	6,208
Underprovision in respect of prior years		**4**	7
Income tax expense	9	**9,059**	6,215
The applicable weighted average effective tax rates are:		**30%**	31%

NOTE 5: EARNINGS PER SHARE

A) Basic earnings per share

The calculation of basic earnings per share at 30 June 2011 was based on the profit attributable to ordinary shareholders of $21.02 million (2010: $13.54 million) and a weighted average number of ordinary shares outstanding of 44.88 million (2010: 44.40 million), calculated as follows:

	2011 $'000	2010 $'000
a) Profit attributable to ordinary shareholders (basic)		
Profit for the year	**21,024**	13,543
Profit attributable to ordinary shareholders (basic)	**21,024**	13,543

	2011 Number '000	2010 Number '000
b) Weighted average number of ordinary shares		
Issued ordinary shares at 1 July	**44,529**	44,258
Effect of shares issued in February 2011	**141**	—
Effect of shares issued in October 2010	**205**	—
Effect of shares issued in April 2010	**—**	29
Effect of shares issued in October 2009	**—**	110
Weighted average number of ordinary shares at 30 June (basic)	**44,875**	44,397

B) Diluted earnings per share

The calculation of diluted earnings per share at 30 June 2011 was based on profit attributable to ordinary shareholders of $21.02 million (2010: $13.54 million), and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 44.88 million (2010: 44.66 million), calculated as follows:

	2011 $'000	2010 $'000
a) Profit attributable to ordinary shareholders (diluted)		
Profit attributable to ordinary shareholders (basic)	**21,024**	13,543
Profit attributable to ordinary shareholders (diluted)	**21,024**	13,543

	2011 Number '000	2010 Number '000
b) Weighted average number of ordinary shares (diluted)		
Weighted average number of ordinary shares (basic)	**44,875**	44,397
Effect of share options on issue	**—**	266
Weighted average number of ordinary shares at 30 June (diluted)	**44,875**	44,663

The average market value of the consolidated group's shares for the purpose of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding. There were 1,360,500 share options (2010: 1,811,500) remaining unconverted at balance date and have no effect in the determination of diluted EPS (2010: 0.27 million).

NOTE 6: DIVIDENDS

The following dividends were declared and paid by the consolidated group:

	Cents per share $	Total amount $'000	Franked/ unfranked	Date of payment
Year ended 30 June 2011				
Interim 2011 ordinary	10.00	**4,520**	Franked	1 April 2011
Final 2010 ordinary	5.00	**2,226**	Franked	8 October 2010
Total		**6,746**		
Year ended 30 June 2010				
Interim 2010 ordinary	3.00	1,332	Franked	1 April 2010
Final 2009 ordinary	2.00	885	Franked	9 October 2009
Total		2,217		

Franked dividends declared or paid during the year were franked at the tax rate of 30 per cent.

After 30 June 2011 the following dividends were proposed by the directors. The dividends have not been provided for and there are no income tax consequences.

Final ordinary	10.00	4,520	Franked	7 October 2011

	2011 $'000	2010 $'000
Franking account		
Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and franking debits arising from payment of dividends	**36,080**	26,744
Subsequent to year end, the franking account would be reduced by the proposed dividend	**(1,937)**	(954)
Total	**34,143**	25,790

	2011 $	2010 $
NOTE 7: AUDITORS' REMUNERATION		
Audit services:		
Audit and review of financial reports	**144,375**	131,404
Services other than statutory audit:		
Other services		
Taxation compliance services	**21,222**	11,147
Other services	**1,815**	56,337
Total	**167,412**	198,888

	2011 $	2010 $
NOTE 8: CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	**1,731**	1,757

The consolidated group's exposure to interest rate risk and a sensitivity analysis of financial assets and liabilities are disclosed in Note 30 Financial Risk Management.

	Note	2011 $'000	2010 $'000
NOTE 9: CASH FLOW INFORMATION			
A) Reconciliation of cash flow from operations with profit after income tax			
Cash flows from operating activities			
Profit for the period		**21,024**	13,543
Adjustments for:			
Non-cash flows in profit			
— Foreign currency revaluation		**(9)**	(47)
— Depreciation	12	**1,242**	1,269
— Impairment of goodwill		**—**	720
— Share options expensed		**6**	58
— Net change in fair value of cash flow hedge transferred to profit and loss	3	**(573)**	573
— Derecognition of assets		**1,165**	—
— Income tax expense	4	**9,059**	6,215
Purchased debt ledger cash collections not recognised in profit		**93,127**	87,609
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries			
— Decrease in trade and term receivables		**231**	450
— Decrease in prepayments		**183**	40
— Increase / (decrease) in trade payables and accruals		**5,529**	(253)
— Increase in provisions		**839**	2,295
		131,823	112,472
Income taxes (paid)		**(12,318)**	(9,274)
Net cash from operating activities		**119,505**	103,198
B) Reconciliation of cash			
Cash and cash equivalents	8	**1,731**	1,757
Bank overdraft		**(43)**	(41)
Total		**1,688**	1,716
C) Credit standby arrangements with banks			
Facility limit	16	**45,000**	120,000
Bank guarantees	23	**(1,010)**	(1,001)
Cash drawn down	16	**(25,468)**	(43,825)
Unused loan facilities		**18,522**	75,174

	2011 $'000	2010 $'000
NOTE 10: TRADE AND OTHER RECEIVABLES		
Current		
Trade receivables	**496**	851
Less: Provision for impairment [(A)]	**(192)**	(65)
	304	786
Other trade receivables	**67**	16
Total	**371**	802

A) Impairment of trade receivables

Current trade and other receivables are non-interest bearing loans and generally on 30-day terms. A provision for impairment is recognised when there is objective evidence that an individual trade or other receivables is impaired. These amounts have been included in other expenses.

Movement in the provision for impairment of receivables is as follows:		
Opening balance	**65**	335
Charge for the year	**150**	45
Provisions used during the year	**(23)**	(270)
Provisions reversed during the year	**—**	(45)
Closing balance	**192**	65

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

Trade and other receivables that remain within initial trade terms are considered to be of high credit quality. At balance date, trade and other receivables of $0.16 million (2010: $0.23 million) were outside initial trade terms but not impaired. It is expected these past due amounts will be received.

	Gross amount	Past due and impaired	Past due but not impaired				Within initial trade terms
	$'000	$'000	< 30 $'000	31-60 $'000	61-90 $'000	> 90 $'000	$'000
Year ended 30 June 2011							
Trade and term receivables	**496**	**192**	**—**	**155**	**8**	**—**	**141**
Other receivables	**67**	**—**	**—**	**—**	**—**	**—**	**67**
Total	**563**	**192**	**—**	**155**	**8**	**—**	**208**
Year ended 30 June 2010							
Trade and term receivables	851	65	—	131	74	27	554
Other receivables	16	—	—	—	—	—	16
Total	867	65	—	131	74	27	570

The consolidated group does not hold any financial assets with terms that have been renegotiated but which would otherwise be past due or impaired.

	2011 $'000	2010 $'000
NOTE 11: PURCHASED DEBT LEDGERS		
Current	**56,826**	66,783
Non-current	**90,124**	80,770
Total	**146,950**	147,553

PDLs are classified at amortised cost and measured using the effective interest method in accordance with AASB 9.

Amortised cost and assumptions

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

- In respect of PDLs acquired up to 30 June 2010, the opening PDL values under amortised cost are equal to the fair value of the PDLs as at the date of initial adoption being 30 June 2010. The fair values at initial adoption were determined using a discounted cash flow valuation technique. When collection forecasts for these PDLs are modified, the effective interest rate or IRR is recalculated.
- In respect of PDLs acquired after 30 June 2010, the effective interest rate remains unchanged. Modification in collection forecasts for these PDLs results in a gain or charge recorded in the income statement.

Fair values of PDLs determined using a discounted cash flow technique are calculated at each reporting date for the purpose of assessing whether there is any objective evidence of impairment. The assumptions used in these calculations are summarised as follows:

Input	Assumption and/or basis for assumption
Useful life or term over which collections will be yielded	Maximum of 6 years from the date of PDL acquisition. Based on the statutory collections barrier for unacknowledged debt together with an understanding of PDLs market pricing practices.
Cash costs of collection	Based on observed agency collection servicing rates for equivalent portfolios of PDLs, together with an assessment of the entity's variable cost structure.
Pre-tax discount rate	Average of 17 per cent p.a., based on application of a margin to the entity's pre-tax Weighted Average Cost of Capital (WACC).
Forecast collections over the remaining term	Internally prepared forecasts taking into account observed collections to date on each PDL, the performance of similar PDLs and allowance for other known factors.

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

	2011 $'000	2010 $'000
Land		
Freehold land at:		
Directors valuation 2011/2010	**5**	5
Total	**5**	5
Plant and equipment		
Plant and equipment		
At cost	**4,370**	3,616
Less: Accumulated depreciation	**(3,453)**	(2,666)
	917	950
Computer Software		
At cost	**1,318**	1,968
Less: Accumulated depreciation	**(1,115)**	(1,061)
	203	907
Leasehold improvements		
At cost	**4,037**	4,008
Less: Accumulated amortisation	**(3,788)**	(3,387)
	249	621
Total	**1,369**	2,478
Total property, plant and equipment	**1,374**	2,483

	Freehold land $'000	Plant & equipment $'000	Computer software $'000	Leasehold improvements $'000	Total $'000
NOTE 12: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)					
A) Cost or deemed cost					
Year ended 30 June 2011					
Opening balance	**5**	**3,616**	**1,968**	**4,008**	**9,597**
Additions	**—**	**1,018**	**101**	**179**	**1,298**
Reallocation	**—**	**(36)**	**48**	**(12)**	**—**
Derecognition	**—**	**(228)**	**(799)**	**(138)**	**(1,165)**
Closing balance	**5**	**4,370**	**1,318**	**4,037**	**9,730**
Year ended 30 June 2010					
Opening balance	5	3,159	1,077	3,842	8,083
Additions	—	457	891	166	1,514
Closing balance	5	3,616	1,968	4,008	9,597
B) Depreciation					
Year ended 30 June 2011					
Opening balance	**—**	**2,666**	**1,061**	**3,387**	**7,114**
Depreciation for the year	**—**	**787**	**54**	**401**	**1,242**
Closing balance	**—**	**3,453**	**1,115**	**3,788**	**8,356**
Year ended 30 June 2010					
Opening balance	—	2,179	911	2,755	5,845
Depreciation for the year	—	487	150	632	1,269
Closing balance	—	2,666	1,061	3,387	7,114
C) Carrying amounts					
At 1 July 2010	**5**	**950**	**907**	**621**	**2,483**
At 30 June 2011	**5**	**917**	**203**	**249**	**1,374**
At 1 July 2009	5	980	166	1,087	2,238
At 30 June 2010	5	950	907	621	2,483

	2011 $'000	2010 $'000
NOTE 13: DEFERRED TAX ASSETS AND LIABILITIES		
Non-current assets		
Deferred tax assets	**5,670**	3,372
Current liabilities		
Income tax	**4,597**	5,123
Non-current liabilities		
Deferred tax liabilities	**1,434**	1,636
Total	**6,031**	6,759

A) Unrecognised deferred tax assets and liabilities

a) Unrecognised deferred tax assets

At 30 June 2011 the consolidated group has an unrecognised deferred tax asset of $0.83 million (2010: $0.83 million) for temporary differences of $2.77 million (2010: $2.77 million) related to the capital losses on the sale of Wise McGrath and Pioneer Credit Management Pty Limited in the 2009 financial year. The deferred tax asset was not recognised because the consolidated group does not consider it is probable that a capital gain will be realised in the foreseeable future.

b) Unrecognised deferred tax liabilities

At 30 June 2011 there were no unrecognised deferred tax liabilities (2010: nil).

NOTE 13: DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

	Assets		Liabilities		Net	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
B) Recognised deferred tax assets and liabilities						
Deferred tax assets and liabilities are attributable to:						
Provisions for employee benefits	**1,423**	1,181	**—**	—	**1,423**	1,181
Equity raising costs	**—**	14	**—**	—	**—**	14
Financial instruments	**—**	403	**—**	—	**—**	403
Provision for restructuring	**—**	57	**—**	—	**—**	57
Provision for impairment of other receivables	**58**	20	**—**	—	**58**	20
Other accruals not tax deductible until expense incurred	**4,189**	1,697	**—**		**4,189**	1,697
Purchased debt ledgers	**—**	—	**(1,434)**	(1,636)	**(1,434)**	(1,636)
Net tax assets / (liabilities)	**5,670**	3,372	**(1,434)**	(1,636)	**4,236**	1,736

	Opening balance $'000	Recognised in profit or loss $'000	Recognised in other comprehensive income $'000	Closing balance $'000
Movement in temporary differences during the year				
Year ended 30 June 2011				
Provisions for employee benefits	**1,181**	**242**	**—**	**1,423**
Equity raising costs	**14**	**(14)**	**—**	**—**
Financial instruments	**403**	**(173)**	**(230)**	**—**
Provision for restructuring	**57**	**(57)**	**—**	**—**
Provision for impairment of other receivables	**20**	**38**	**—**	**58**
Other accruals not tax deductible until expense incurred	**1,697**	**2,492**	**—**	**4,189**
Purchased debt ledgers	**(1,636)**	**202**	**—**	**(1,434)**
Total	**1,736**	**2,730**	**(230)**	**4,236**
Year ended 30 June 2010				
Provisions for employee benefits	429	752	—	1,181
Equity raising costs	33	(19)	—	14
Financial instruments	1,060	173	(830)	403
Provision for restructuring	121	(64)	—	57
Provision for impairment of other receivables	101	(81)	—	20
Other accruals not tax deductible until expense incurred	992	705	—	1,697
Purchased debt ledgers	(7,626)	5,990	—	(1,636)
Total	(4,890)	7,456	(830)	1,736

	2011 $'000	2010 $'000

NOTE 14: INTANGIBLE ASSETS

Goodwill is allocated to the consolidated group's cash-generating units (CGUs) identified according to operating segment and country of operation.

	2011 $'000	2010 $'000
Cost	**4,242**	4,242
Accumulated impairment losses	**(3,442)**	(3,442)
Net carrying value	**800**	800

A) Cost

	2011 $'000	2010 $'000
Opening balance	**4,242**	4,242
Closing balance	**4,242**	4,242

B) Amortisation and impairment losses

	2011 $'000	2010 $'000
Opening balance	**3,442**	2,722
Impairment loss	**—**	720
Closing balance	**3,442**	3,442

C) Carrying amounts

	2011 $'000	2010 $'000
At 1 July	**800**	1,520
At 30 June	**800**	800

D) Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the consolidated group's operating units, which represent the lowest level within the consolidated group at which the goodwill is monitored for internal management purposes.

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

	2011 $'000	2010 $'000
Mercantile collections	**800**	800

E) Key assumptions used in discounted cash flow projection

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

	Growth rate	Discount rate
Mercantile collections	nil	15%

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

	2011 $'000	2010 $'000
NOTE 15: TRADE AND OTHER PAYABLES		
Current		
Unsecured liabilities		
Trade payables	**416**	395
Sundry payables and accrued expenses	**13,718**	8,210
	14,134	8,605
Payables under contract of sale	**2,088**	4,014
Total	**16,222**	12,619

The consolidated group's exposure to liquidity risk related to trade and other payables is disclosed in Note 30 Financial Risk Management.

NOTE 16: FINANCIAL LIABILITIES

	2011 $'000	2010 $'000
Current		
Secured liabilities		
Bank overdraft	**43**	41
Bank loan	**25,468**	5,000
	25,511	5,041
Non-current		
Secured liabilities		
Bank loan	**–**	38,825
	–	38,825
Total	**25,511**	43,866

NOTE 16: FINANCIAL LIABILITIES (CONTINUED)

Summary of outstanding loans:

		2011			2010		
	Expiry	**Facility limit $'000**	**Face value $'000**	**Carrying amount $'000**	**Facility limit $'000**	**Face value $'000**	**Carrying amount $'000**
Secured bank loan	30 June 2011	**—**	**—**	**—**	75,000	5,000	5,000
Secured bank loan	30 June 2012	**40,000**	**25,000**	**25,000**	40,000	38,000	38,000
Secured bank loan	30 June 2012	**5,000**	**468**	**468**	5,000	825	825
Unsecured bank overdraft		**—**	**43**	**43**	—	41	41
Total interest-bearing liabilities		**45,000**	**25,511**	**25,511**	120,000	43,866	43,866

The total facility is secured by a fixed and floating charge over the assets of the consolidated group.

The facility requires compliance with various undertakings. These include compliance with minimum Asset Cover Ratio and minimum Tangible Net Worth (TNW) requirements. The Asset Cover Ratio is the sum of the carrying value of PDLs in the consolidated group's accounts plus current receivables divided by the amount outstanding under the loan. The relevant undertaking stipulated a minimum Asset Cover Ratio of 1.75:1 for the period from 1 January 2010 to 31 December 2010 and increased to 2.00:1 from 1 January 2011. The minimum TNW undertaking is set at the greater of $62 million and 85 per cent of the TNW at the end of the preceding financial year.

At all relevant times during the 2011 and 2010 financial years all undertakings under the facility, including the Asset Cover Ratio and TNW requirements, were complied with.

	2011 $'000	**2010 $'000**
NOTE 17: DERIVATIVES		
Current liabilities		
Interest rate swap and option contracts	**17**	1,344

Gains and losses arising from changes in the fair value of interest rate swap and option contracts designated as derivatives are recognised in the hedge reserve in the equity section of the statement of financial position to the extent that the hedge is effective and recognised immediately in the income statement to the extent that the hedge is ineffective. The statement of changes in equity includes transfers to and from the hedge reserve.

Refer to note 30(A)(a) Financial Risk Management for further details of interest rate swap and option contracts.

	2011 $'000	2010 $'000
NOTE 18: PROVISIONS		
Current		
Restructuring costs	**—**	190
Employee benefits	**1,840**	1,488
	1,840	1,678
Non-current		
Restructuring costs	**225**	—
Employee benefits	**2,902**	2,450
	3,127	2,450
Total	**4,967**	4,128
A) Aggregate employee benefits liability	**4,742**	3,938
B) Actual number of employees at year end	**718**	596

	Restructuring costs $'000	Annual leave $'000	Long service leave $'000	Long term incentive $'000	Total $'000
Movements in provisions					
Year ended 30 June 2011					
Opening balance	**190**	**1,287**	**337**	**2,314**	**4,128**
Additional provisions	**35**	**2,307**	**305**	**1,388**	**4,035**
Amounts used	**—**	**(1,971)**	**(20)**	**(1,205)**	**(3,196)**
Closing balance	**225**	**1,623**	**622**	**2,497**	**4,967**
Year ended 30 June 2010					
Opening balance	403	1,219	211	—	1,833
Additional provisions	—	2,077	142	2,314	4,533
Amounts used	(213)	(2,009)	(16)	—	(2,238)
Closing balance	190	1,287	337	2,314	4,128

Nature of restructuring provision
Restructuring costs include provision for the costs anticipated to be incurred by the consolidated group upon vacating current leased premises.

	Note	2011 $'000	2010 $'000
NOTE 19: ISSUED CAPITAL			
45.21 million (2010: 44.53 million) fully paid ordinary shares	(A)	**41,207**	40,099
A) Issued capital			
Opening balance		**40,099**	39,485
Shares issued during the year			
— Dividend reinvestment plan		**848**	614
— Employee options exercised		**260**	—
Closing balance		**41,207**	40,099

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

	Note	2011 Number '000	2010 Number '000
a) Ordinary shares			
On issue at 1 July		**44,529**	44,258
Shares issued during the year			
— Shares issued		**282**	271
— Employee options exercised	29(A) (a) (2)	**400**	—
On issue at 30 June		**45,211**	44,529

b) Employee share scheme

In February 2011, 400,000 ordinary shares were issued as a result of the exercise of vested options arising from the 2008 share option programme granted to key management personnel (2010: nil). Options were exercised at $0.65 per option. All issued shares are fully paid.

Refer to Note 29 Share-based Payments for details of shares issued under the scheme.

NOTE 19: ISSUED CAPITAL (CONTINUED)

B) Capital management

Management controls the capital of the consolidated group in order to maintain an appropriate debt-to-equity ratio, provide the shareholders with adequate returns and ensure that the consolidated group can fund its operations and continue as a going concern.

The consolidated group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

The consolidated group's bank loan facility requires compliance with various undertakings. These are described in Note 16 Financial Liabilities and are taken into consideration in the ongoing capital management of the consolidated group.

Management effectively manages the consolidated group's capital by assessing the consolidated group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There has been no change in the strategy adopted by management to control the capital of the consolidated group since the prior year. The gearing ratios for the year ended 30 June 2011 and 30 June 2010 are:

	Note	2011 $'000	2010 $'000
Total borrowings	15, 16	**41,733**	56,485
Less cash and cash equivalents	8	**(1,731)**	(1,757)
Net debt		**40,002**	54,728
Total equity		**104,341**	88,427
Total capital		**144,343**	143,155
Gearing ratio		**28%**	38%

NOTE 20: RESERVES

A) Equity compensation reserve

The equity compensation reserve records items recognised as expenses on valuation of employee share options.

B) Hedging reserve

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

NOTE 21: CONTROLLED ENTITIES

Interests in subsidiaries are:

	Country of incorporation	Percentage owned 2011	Percentage owned 2010
Subsidiaries of Credit Corp Group Limited			
Alpha Credit Pty Limited	Australia	100	100
Alupka Holdings Pty Limited	Australia	100	100
Certus Partners Pty Limited	Australia	100	100
Credit Corp Australia Pty Limited	Australia	100	100
Credit Plan B Pty Limited [A]	Australia	100	100
Credit Corp Collections Pty Limited	Australia	100	100
Credit Corp Employee Share Administration Pty Limited [B]	Australia	100	100
Credit Corp Facilities Pty Limited	Australia	100	100
Credit Corp Financial Services Pty Limited	Australia	100	—
Credit Corp Queensland Pty Limited	Australia	100	100
Credit Corp Receivables Pty Limited [C]	Australia	100	100
Credit Corp Recoveries Pty Limited [D]	Australia	100	100
Credit Corp Services (NH) Pty Limited	Australia	100	100
Credit Corp Services Pty Limited	Australia	100	100
Credit Corp Western Australia Pty Limited	Australia	100	100
Hifel Pty Limited	Australia	100	100
Creditcorp BPC Pty Limited [E]	Australia	100	100
Malthiest Pty Limited	Australia	100	100
Torbige Pty Limited	Australia	100	100

A) Previously named Falay Pty Limited. Name changed in October 2009.
B) Previously named Vonchiest Pty Limited. Name changed in September 2010.
C) Previously named Wranga Pty Limited. Name changed in September 2010.
D) Previously named Striel Pty Limited. Name changed in August 2010.
E) Previously named Korilly Pty Limited. Name changed in May 2010.

NOTE 22: OPERATING SEGMENTS

A) Identification of reporting segments

The consolidated group has operations within Debt Ledger Purchasing and Mercantile Collections. The Mercantile Collections segment does not meet any of the quantitative thresholds for determining reportable segments in either the 2011 or 2010 reporting periods.

As a result the consolidated group has one reportable segment, Debt Ledger Purchasing, which is the consolidated group's strategic business unit. For the strategic business unit, the Company's CEO reviews internal management reports on a monthly basis.

The financial information presented in the Income Statement and the Statement of Financial Position is predominantly derived from the Debt Ledger Purchasing business unit.

B) Geographic segments

The consolidated group materially operates in one geographic segment, Australia.

NOTE 23: CONTINGENT LIABILITIES

The consolidated group had contingent liabilities at 30 June 2011 in respect of:

	2011 $'000	2010 $'000
Bank guarantees	1,010	1,001

The guarantees may give rise to a liability in the event the consolidated group does not meet its obligations under the terms of the obligations subject to the guarantees. No material losses are anticipated in respect of the above contingent liabilities.

On 23 December 2008 the consolidated group received a Statement of Claim (Statement) and an Application under Part IVA of the Federal Court of Australia Act (Application) from Clime Capital Limited (Clime).

The Statement contains allegations that from 7 November 2007 to 11 February 2008 the consolidated group engaged in misleading conduct by making certain express and implied representations for which it had no reasonable basis and breached its continuous disclosure obligations by failing to promptly disclose certain matters regarding its profitability.

The Statement contains assertions that the consolidated group's alleged conduct constitutes breaches of certain provisions of the *Corporations Act 2001*, the Australian Securities and Investments Commission Act, the NSW Fair Trading Act and Australian Securities Exchange listing rules.

The Application seeks an order for compensation for Clime and other parties represented by Clime who are part of a group, which has entered into litigation funding agreements with IMF (Australia) Limited.

The consolidated group maintains insurance that addresses this type of claim. Notwithstanding the existence of this insurance, the consolidated group is not insulated from all costs and damages which may arise from this claim. The consolidated group maintains an appropriate accrual for litigation defence costs at the reporting date. No provision has been recognised to cover any potential damages that may be awarded by the Court.

A hearing date in August 2011 has been set for the matter.

NOTE 24: LEASING COMMITMENTS

A) Operating lease commitments

Leases as lessee

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

	2011 $'000	2010 $'000
Payable		
Within one year	**3,487**	3,173
Between one and five years	**3,900**	1,868
Later than five years	**—**	—
Total	**7,387**	5,041

These relate to non-cancellable operating leases including, property, plant and equipment.

a) Property

1) Lease for $29,165 per annum expires August 2011. The minimum lease payments are subjected to five per cent review on every 1 January.

2) Lease for $84,014 per annum expires August 2011.

3) Lease for $855,689 per annum expires September 2011. The minimum lease payments are subjected to an annual CPI review. There is an option to extend the lease by a further two years to September 2013.

4) Lease for $32,428 per annum expires February 2011. The minimum lease payments are subjected to an annual CPI review. There is an option to extend the lease by a further two years to February 2014.

5) Lease for $107,336 per annum expires March 2012. The minimum lease payments are subjected to an annual CPI review.

6) Lease for $180,483 per annum expires June 2012.

7) Lease for $62,635 per annum expires June 2012. The minimum lease payments are subjected to ten per cent review on every 1 January.

8) Lease for $121,598 per annum expires August 2013. The minimum lease payments are subject to an annual four per cent per annum review. There is an option to extend the lease by a further three years to August 2016.

9) Lease for $359,975 per annum expires August 2013. The minimum lease payments are subject to an annual four per cent per annum review. There is an option to extend the lease by a further five years to August 2018.

10) Lease for $1,429,601 per annum expires February 2014. The minimum lease payments are subject to an annual four per cent per annum review. There is an option to extend the lease by a further three years to February 2017.

All leases allow for sub-letting of all lease areas.

b) Plant and equipment

Leases for plant and equipment range from $1,307 to $368,624 per annum and expire between October 2011 and May 2015.

NOTE 25: CAPITAL COMMITMENTS

The consolidated group is committed, through existing arrangements, to acquire PDLs that will become available in coming months. The details of these arrangements are commercially confidential; however, the estimated investment is expected to be $33.70 million (2010: $31.50 million). These purchases will be funded by existing cash flows and bank facilities currently in place and will not require further capital raising.

	2011 $'000	2010 $'000
Within one year	**33,700**	31,500

NOTE 26: SUBSEQUENT EVENTS

No matters or circumstances have arisen since 30 June 2011, which significantly affected or may significantly affect in future years:

— The operations of the consolidated group;
— The results of those operations; or
— The state of affairs of the consolidated group.

NOTE 27: KEY MANAGEMENT PERSONNEL DISCLOSURES

A) Key management personnel

The following were key management personnel of the consolidated group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

a) Non-executive directors

— Mr Donald McLay (Chairman)
— Mr Simon Calleia
— Mr Eric Dodd
— Mr Robert Shaw
— Mr Richard Thomas

b) Key management personnel

Name	Position	Employer
Mr Thomas Beregi	Chief Executive Officer	Credit Corp Group Limited
Mr Matthew Angell	Chief Operating Officer	Credit Corp Group Limited
Mr Michael Eadie (appointed 19 November 2010)	Chief Financial Officer	Credit Corp Group Limited
Mr Robert Shields	Head of Collections	Credit Corp Group Limited
Mr Todd Vogel (departed 14 September 2010)	Chief Financial Officer	Credit Corp Group Limited
Ms Kristina White	Head of Business Services	Credit Corp Group Limited

NOTE 27: KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

B) Non-executive director and key management personnel compensation

	2011 $	2010 $
Short-term employee benefits	**2,822,744**	2,772,671
Other long-term benefits	**1,748,604**	700,990
Post-employment benefits	**118,187**	120,040
Share-based payments	**6,309**	58,448
Total	**4,695,844**	3,652,149

a) Individual directors and executives compensation disclosures

Information regarding individual directors' and executives' compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the remuneration report section of the directors' report.

Apart from the details disclosed in this note, no director has entered into a material contract with the consolidated group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

C) Options and rights over equity instruments

The movements during the reporting period in the number of options over ordinary shares in Credit Corp Group Limited held directly, indirectly or beneficially by each key management person, including their related parties are:

	Opening balance at 1 July Number	Exercised Number	Closing balance at 30 June Number	Vested during the year Number	Vested and exercisable at 30 June Number
Year ended 30 June 2011					
Key management personnel					
Mr Thomas Beregi	**800,000**	**(400,000)**	**400,000**	**136,000**	**400,000**
Mr Matthew Angell	**410,000**	**—**	**410,000**	**—**	**410,000**
Mr Robert Shields	**2,000**	**—**	**2,000**	**—**	**2,000**
Ms Kristina White	**50,000**	**—**	**50,000**	**—**	**50,000**
Total	**1,262,000**	**(400,000)**	**862,000**	**136,000**	**862,000**
Year ended 30 June 2010					
Key management personnel					
Mr Thomas Beregi	800,000	—	800,000	432,000	664,000
Mr Matthew Angell	410,000	—	410,000	140,000	410,000
Mr Robert Shields	2,000	—	2,000	—	2,000
Ms Kristina White	50,000	—	50,000	—	50,000
Total	1,262,000	—	1,262,000	572,000	1,126,000

No options were granted to key management personnel as compensation during the 2011 or 2010 reporting periods and no options are vested and un-exercisable at balance date (2010: nil).

NOTE 27: KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

D) Share holdings

The movements during the reporting period in the number of ordinary shares in Credit Corp Group Limited held directly, indirectly or beneficially by each key management person, including their related parties are:

	Opening balance at 1 July Number	Received on exercise of options Number	Changes during the year Number [a]	Closing balance at 30 June Number
Year ended 30 June 2011				
Non-executive directors				
Mr Donald McLay (Chairman)	**2,204,015**	**—**	**56,120**	**2,260,135**
Mr Simon Calleia	**2,176,116**	**—**	**30,036**	**2,206,152**
Mr Eric Dodd	**10,000**	**—**	**—**	**10,000**
Mr Robert Shaw	**87,338**	**—**	**(28,549)**	**58,789**
Mr Richard Thomas	**9,984**	**—**	**—**	**9,984**
	4,487,453	**—**	**57,607**	**4,545,060**
Key management personnel				
Mr Thomas Beregi	**50,000**	**400,000**	**—**	**450,000**
Mr Matthew Angell	**50,549**	**—**	**840**	**51,389**
Mr Robert Shields	**265,645**	**—**	**—**	**265,645**
Mr Todd Vogel (departed 14 September 2010)	**13,625**	**—**	**(13,625)**	**—**
Ms Kristina White	**227**	**—**	**3,000**	**3,227**
	380,046	**400,000**	**(9,785)**	**770,261**
Total	**4,867,499**	**400,000**	**47,822**	**5,315,321**
Year ended 30 June 2010				
Non-executive directors				
Mr Donald McLay (Chairman)	1,594,019	—	609,996	2,204,015
Mr Simon Calleia	2,510,695	—	(334,579)	2,176,116
Mr Eric Dodd	—	—	10,000	10,000
Mr Robert Shaw	85,494	—	1,844	87,338
Mr Richard Thomas	9,984	—	—	9,984
	4,200,192	—	287,261	4,487,453
Key management personnel				
Mr Thomas Beregi	50,000	—	—	50,000
Mr Matthew Angell	30,000	—	20,549	50,549
Mr Robert Shields	242,451	—	23,194	265,645
Mr Todd Vogel	10,277	—	3,348	13,625
Ms Kristina White	227	—	—	227
	332,955	—	47,091	380,046
Total	4,533,147	—	334,352	4,867,499

a) Other changes include shares purchased, sold or granted via participation in the Dividend Reinvestment Plan and shares purchased or sold directly on the Australian Securities Exchange.

No shares were granted to key management personnel as compensation during the 2011 or 2010 reporting periods.

NOTE 28: RELATED PARTY TRANSACTIONS

A) Parent entity

The parent entity within the consolidated group is Credit Corp Group Limited. The ultimate parent entity own 100 per cent of the issued ordinary shares of Credit Crop Group Limited at 30 June 2011 (2010: 100 per cent).

B) Subsidiaries

Interests in subsidiaries are set out in Note 21.

C) Key management personnel

There were no transactions between the key management personnel and the consolidated group other than as disclosed in Notes 27 and 29 and the directors' report.

NOTE 29: SHARE-BASED PAYMENTS

A) Description of share-based payment arrangement

a) Share option programme (equity-settled)

Shareholders approved the employee share option plan at the 2005 annual general meeting. Credit Corp Group employees are eligible to participate in the plan.

Options are granted under the plan for nil consideration. Generally, options granted vest over a maximum three-year period and expire five years from the date of grant.

Options granted under the plan carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share in Credit Corp Group Limited.

The exercise price of options is based on the volume weighted average price at which the Company's shares are traded on the Australian Securities Exchange during the five trading days immediately before the options are granted.

1) Terms and conditions of share-option programme

All options are to be settled by physical delivery of shares.

Grant date/employees entitled	No. of options	Vesting conditions	Contractual life of options
Option grant to key management in 2007 financial year	219,000	2 years' service	5 years
Option grant to key management in 2007 financial year	240,000	2 years and 7 months' service	4 years and 7 months
Option grant to key management in 2007 financial year	501,500	3 years' service	5 years
Option grant to key management in 2008 financial year	400,000	3 years' service	5 years
Total	**1,360,500**		

NOTE 29: SHARE-BASED PAYMENTS (CONTINUED)

2) Disclosure of share option programme and replacement awards

Following is the summaries of options granted under the plan:

Grant date	Expiry date	Exercise price $	Share price at grant date $	Expected price volatility of the company's shares %	Risk-free interest rate %	Balance at start of the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
Year ended 30 June 2011										
28 February 2006	28 February 2011	**5.96**	**6.14**	**20**	**5.29**	**6,000**	**–**	**(6,000)**	**–**	**–**
3 April 2006	3 April 2011	**6.59**	**6.59**	**20**	**5.41**	**45,000**	**–**	**(45,000)**	**–**	**–**
1 July 2006	1 July 2011	**6.50**	**7.10**	**20**	**5.75**	**60,000**	**–**	**–**	**60,000**	**60,000**
1 July 2006	1 July 2011	**7.01**	**7.10**	**20**	**5.75**	**15,000**	**–**	**–**	**15,000**	**15,000**
3 October 2006	3 October 2011	**8.12**	**8.27**	**20**	**5.49**	**59,000**	**–**	**–**	**59,000**	**59,000**
3 October 2006	3 October 2011	**8.13**	**8.27**	**20**	**5.49**	**30,000**	**–**	**–**	**30,000**	**30,000**
13 November 2006	13 November 2011	**8.13**	**7.89**	**20**	**5.57**	**20,000**	**–**	**–**	**20,000**	**20,000**
14 November 2006	14 November 2011	**7.93**	**7.80**	**20**	**5.60**	**50,000**	**–**	**–**	**50,000**	**50,000**
2 January 2007	2 January 2012	**8.20**	**8.04**	**20**	**5.90**	**470,000**	**–**	**–**	**470,000**	**470,000**
8 January 2007	8 January 2012	**8.00**	**8.05**	**20**	**5.85**	**16,500**	**–**	**–**	**16,500**	**16,500**
6 June 2007	1 January 2012	**10.40**	**11.58**	**25**	**6.11**	**240,000**	**–**	**–**	**240,000**	**240,000**
3 September 2007	3 September 2012	**10.37**	**10.85**	**25**	**6.24**	**400,000**	**–**	**–**	**400,000**	**400,000**
5 March 2008	5 March 2013	**0.65**	**0.61**	**36**	**6.16**	**400,000**	**(400,000)**	**–**	**–**	**–**
Total						**1,811,500**	**(400,000)**	**(51,000)**	**1,360,500**	**1,360,500**
Weighted average exercise price						**$9.04**	**$0.65**	**$6.52**	**$9.29**	**$9.29**
Year ended 30 June 2010										
30 September 2004	30 September 2009	2.57	3.07	20	5.47	60,000	–	(60,000)	–	–
17 November 2004	17 November 2009	2.70	3.00	20	5.49	5,000	–	(5,000)	–	–
8 December 2004	8 December 2009	2.97	2.97	20	5.18	25,000	–	(25,000)	–	–
11 December 2004	11 December 2009	2.77	3.10	20	5.20	10,000	–	(10,000)	–	–
28 February 2006	28 February 2011	5.96	6.14	20	5.29	6,000	–	–	6,000	6,000
3 April 2006	3 April 2011	6.59	6.59	20	5.41	45,000	–	–	45,000	45,000
1 July 2006	1 July 2011	6.50	7.10	20	5.75	60,000	–	–	60,000	60,000
1 July 2006	1 July 2011	7.01	7.10	20	5.75	15,000	–	–	15,000	15,000
3 October 2006	3 October 2011	8.12	8.27	20	5.49	59,000	–	–	59,000	59,000
3 October 2006	3 October 2011	8.13	8.27	20	5.49	30,000	–	–	30,000	30,000
13 November 2006	13 November 2011	8.13	7.89	20	5.57	20,000	–	–	20,000	20,000
14 November 2006	14 November 2011	7.93	7.80	20	5.60	50,000	–	–	50,000	50,000
2 January 2007	2 January 2012	8.20	8.04	20	5.90	470,000	–	–	470,000	470,000
8 January 2007	8 January 2012	8.00	8.05	20	5.85	16,500	–	–	16,500	16,500
6 June 2007	1 January 2012	10.40	11.58	25	6.11	240,000	–	–	240,000	240,000
3 September 2007	3 September 2012	10.37	10.85	25	6.24	400,000	–	–	400,000	264,000
5 March 2008	5 March 2013	0.65	0.61	36	6.16	400,000	–	–	400,000	400,000
Total						1,911,500	–	(100,000)	1,811,500	1,675,500
Weighted average exercise price						$8.92	–	$2.71	$9.04	$8.88

The options outstanding at 30 June 2011 have an exercise price in the range of $6.50 to $10.40 (2010: $0.65 to $10.40) and a weighted average remaining contractual life of 0.85 years (2010: 2.04 years).

400,000 options were exercised during the 2011 reporting period (2010: nil).

b) Employee share scheme

1) Description of employee share plan

The Deferred Employee Share Plan (DESP) was suspended in the 2011 and 2010 financial years. The last tranche of shares issued under the DESP was in September 2007.

	2011 $'000	2010 $'000

NOTE 29: SHARE-BASED PAYMENTS (CONTINUED)

B) Expenses arising from share-based payment transactions

	2011 $'000	2010 $'000
Employee expenses		
Share options granted in 2007 under the employee share option plan	**6**	9
Share options granted in 2008 under the employee share option plan	**—**	49
Total expense recognised as employee costs	**6**	58
Total fair value of options granted during the year	**—**	—

NOTE 30: FINANCIAL RISK MANAGEMENT

The consolidated group's financial assets and liabilities consist mainly of deposits with banks, accounts receivable and payable, loans to and from subsidiaries, PDLs and derivatives.

Derivatives are used by the consolidated group for hedging purposes. The Company does not engage in the trading of derivative instruments.

The main risks the consolidated group is exposed to through its financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The consolidated group does not have exposure to any price risk at balance date.

A) Interest rate risk

The consolidated group is exposed to interest rate risk as it borrows funds at floating interest rates. The risk is managed by the consolidated group by maintaining an appropriate mix between fixed and floating rate borrowings through the use of interest rate swap contracts. At balance date, approximately 40 per cent of the consolidated group's debt is fixed.

a) Interest rate swap and option

Interest rate swap and option transactions are entered into by the consolidated group to protect it from the risk of rising interest rates on its long-term borrowings and as a requirement of the loan facility agreement. The consolidated group's borrowing facility mandates a minimum hedging requirement which varies in accordance with changes in the assets cover ratio. The consolidated group has variable interest rate debt and enters into swap contracts to receive interest at variable rates and to pay interest at fixed rates or option contracts to fix maximum and minimum interest rates.

The consolidated group has entered into interest rate option contracts which provide an effective hedge of up to $10 million of its projected floating interest rate exposure to 29 June 2012. The option contracts are for a notional principal of $10 million and fix maximum and minimum interest rates of 6 per cent per annum and 5.01 per cent per annum respectively, which are settled as required on a quarterly basis until 29 June 2012.

The settlement dates of the options contract closely align with interest payment dates of the borrowings, which are for varying short-term maturities typically between 30 and 120 days. The net interest receivable or payable on the option contracts is brought to account as an adjustment to finance costs in the income statement.

NOTE 30: FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Profile

At balance date the interest rate profile of the consolidated group's interest-bearing and non-interest bearing financial instruments were:

		Fixed interest rate		Floating interest rate		Non-interest bearing		Total	
	Note	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Financial assets									
Cash and cash equivalents	8	**—**	—	**1,731**	1,705	**—**	52	**1,731**	1,757
Trade and other receivables	10	**—**	—	**—**	—	**371**	802	**371**	802
Purchased debt ledgers	11	**—**	—	**—**	—	**146,950**	147,553	**146,950**	147,553
Total financial assets		**—**	—	**1,731**	1,705	**147,321**	148,407	**149,052**	150,112
Financial liabilities									
Trade and other payables	15	**—**	—	**—**	—	**14,134**	8,605	**14,134**	8,605
Payables under contract of sale	15	**—**	—	**—**	—	**2,088**	4,014	**2,088**	4,014
Current tax liabilities	13	**—**	—	**—**	—	**4,597**	5,123	**4,597**	5,123
Bank loan	16	**10,000**	43,000	**15,511**	866	**—**	—	**25,511**	43,866
Derivatives (ineffective portion)	3	**—**	573	**—**	—	**—**	—	**—**	573
Total financial liabilities		**10,000**	43,573	**15,511**	866	**20,819**	17,742	**46,330**	62,181

NOTE 30: FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Fair value sensitivity analysis for fixed rate instruments

The consolidated group accounts for the ineffective component of its derivative financial liabilities at fair value through profit and loss. The effective component is accounted for as a cash flow hedge.

A change of 2 percentage points in interest rates would have increased or (decreased) the consolidated group's equity and profit and loss by the amounts shown below. These sensitivities assume all other variables remain constant.

	2011 $'000	2010 $'000
Change in net profit after tax		
— Increase in interest rate by two percentage points	**69**	436
— Decrease in interest rate by two percentage points	**1**	(403)
Change in equity		
— Increase in interest rate by two percentage points	**69**	436
— Decrease in interest rate by two percentage points	**1**	(403)

d) Sensitivity analysis for variable rate instruments

A change of 2 percentage points in interest rates at balance date would have increased or (decreased) the consolidated group's equity and profit or loss by the amounts shown below. These sensitivities assume all other variables remain constant.

	2011 $'000	2010 $'000
Change in net profit after tax		
— Increase in interest rate by two percentage points	**(217)**	(17)
— Decrease in interest rate by two percentage points	**217**	17
Change in equity		
— Increase in interest rate by two percentage points	**(217)**	569
— Decrease in interest rate by two percentage points	**217**	(524)

NOTE 30: FINANCIAL RISK MANAGEMENT (CONTINUED)

B) Liquidity risk

Liquidity risk arises from the possibility that the consolidated group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The consolidated group manages this risk through the following mechanisms:

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

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

		Within 1 year		1 to 2 years		Over 2 years		Total	
	Note	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Non-derivative financial liabilities									
Bank overdrafts and loans	16	**25,511**	5,041	**—**	38,825	**—**	—	**25,511**	43,866
Payables under contract of sale	15	**2,088**	4,014	**—**	—	**—**	—	**2,088**	4,014
Trade and other payables	15	**14,134**	8,605	**—**	—	**—**	—	**14,134**	8,605
Derivative financial liabilities									
Interest rate swaps	17	**17**	1,344	**—**	—	**—**	—	**17**	1,344
Total		**41,750**	19,004	**—**	38,825	**—**	—	**41,750**	57,829

The following table indicates the periods in which the cash flows associated with derivatives that are cash flow hedges are expected to occur and the impact on profit or loss.

		Carrying amount		Expected cash flow		Within 1 year		1 to 2 years	
	Note	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Derivative financial liabilities									
Interest rate swaps	17	**17**	1,344	**—**	1,385	**—**	1,385	**—**	—

NOTE 30: FINANCIAL RISK MANAGEMENT (CONTINUED)

C) Currency risk

a) Exposure to currency risk

Exposure to foreign exchange risk may result in the fair value of financial assets or liabilities fluctuating due to movement in foreign exchange rates of currencies in which the consolidated group holds financial assets and liabilities, which are denominated in other than the Australian dollar functional currency of the consolidated group.

Fluctuations in the United States dollar, New Zealand dollar, Canadian dollar and the Philippine Peso relative to the Australian dollar may impact on the consolidated group's financial results.

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

D) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements.

The consolidated group does not have any material credit risk exposure to any single debtor or group of debtors.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

a) Exposure to credit risk

The carrying amount of the consolidated group's financial assets represents the maximum credit exposure.

	Note	2011 $'000	2010 $'000
Cash and cash equivalents	8	**1,731**	1,757
Trade and other receivables	10	**371**	802
Purchased debt ledgers	11	**146,950**	147,553
Total		**149,052**	150,112

The consolidated group's maximum exposure to credit risk for trade and other receivables at the balance date by geographic region was:

	Note	2011 $'000	2010 $'000
AUD			
Australia	10	**371**	802
AA rated counterparties		**—**	—
Counterparties not rated		**371**	802
Total		**371**	802

The consolidated group's maximum exposure to credit risk for trade and other receivables at the balance date by type of counterparty was:

	2011 $'000	2010 $'000
Government	**51**	159
Banks	**173**	434
Other	**147**	209
Total	**371**	802

NOTE 30: FINANCIAL RISK MANAGEMENT (CONTINUED)

E) Fair value versus carrying amounts

The fair values of the interest rate option contracts are determined using a mark-to-market valuation provided by the option counterparty and verified internally.

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

Fair value hierarchy

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

a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices)

c) Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Year ended 30 June 2011				
Derivative financial liabilities	**—**	**(17)**	**—**	**(17)**
Year ended 30 June 2010				
Derivative financial liabilities	—	(1,344)	—	(1,344)

NOTE 31: PARENT ENTITY INFORMATION

As at, and throughout, the financial year ending 30 June 2011 the parent entity of the consolidated group was Credit Corp Group Limited.

	2011 $'000	2010 $'000
A) Result of parent entity		
Profit for the period	**13,352**	6,703
Other comprehensive income	**522**	1,936
Total comprehensive income for the period	**13,874**	8,639
B) Financial position of parent entity at year end		
Assets		
Total current assets	**59,413**	69,361
Total non-current assets	**96,891**	86,497
Total assets	**156,304**	155,858
Liabilities		
Total current liabilities	**89,357**	57,368
Total non-current liabilities	**3,126**	42,911
Total liabilities	**92,483**	100,279
Net assets	**63,821**	55,579
Equity		
Issued capital	**41,207**	40,099
Equity compensation reserve	**1,354**	828
Hedging reserve	**(16)**	—
Retained earnings	**21,276**	14,652
Total equity	**63,821**	55,579
C) Parent entity contingencies		
Bank guarantees	**1,010**	1,001

The parent entity has provided financial guarantees over rental properties of all entities within the consolidated group and provision of collection services of the subsidiary.

Detailed contingent liabilities are disclosed in Note 23.

D) Deed of cross guarantee

The parent entity has not entered into any Cross Guarantees with the debts in respect of its subsidiaries during the 2011 reporting period (2010: nil).

E) Contractual commitments

At balance date the parent entity has not entered into any material contractual agreements for the acquisition of property, plant or equipment other than as separately noted in the financial statements. (2010: nil).

NOTE 32: COMPANY DETAILS

The registered office of the Company is:
Level 11, 10 Barrack Street
Sydney NSW 2000, Australia

Telephone: +61 2 9347 3600
Fax: +61 2 9347 3650

The principal places of business are:
Mezzanine, Levels 1, 6 and 11, 10 Barrack Street, Sydney NSW 2000, Australia
Suites 34-36, 20 Gibbs Street, Miranda NSW 2228, Australia
Unit 7, 18 Gibbs Street, Miranda NSW 2228, Australia
Levels 1 & 4, 31-39 Macquarie Street, Parramatta NSW 2150, Australia
9 & 10/2994 Logan Road, Underwood QLD 4119, Australia
Level 1, 33 Park Road, Milton QLD 4064, Australia
Suite 1, 4th Floor MSE Bldg, 6767 Ayala Avenue, Makati City, Republic of the Philippines

DIRECTOR’S DECLARATION

The directors of the Company declare that:

1) the financial statements and notes, as set out on pages 29 to 74 are in accordance with the *Corporations Act 2001*, and:
    a) give a true and fair view of the consolidated entity’s financial position as at 30 June 2011 and of its performance for the financial year ended on that date, and
    b) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
2) the Chief Executive Officer and Chief Financial Officer have each declared that:
    a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
    b) the financial statements and notes for the financial year comply with Accounting Standards; and
    c) the financial statements and notes for the financial year give a true and fair view; and
3) 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

This declaration is made in accordance with a resolution of the directors.

Donald McLay
Chairman

Robert Shaw
Non-executive director

Date: 16th August 2011

HALLCHADWICK

Chartered Accountants and Business Advisers

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

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

Report on the Financial Report

We have audited the accompanying financial report of Credit Corp Group Limited, which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

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

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

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

Independence

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

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GOLD COAST
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HALLCHADWICK

Auditor's Opinion

In our opinion:

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

   i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

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

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

Report on the Remuneration Report

We have audited the remuneration report included in pages 21 to 26 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Credit Corp Group Limited for the year ended 30 June 2011, complies with Section 300A of the Corporations Act 2001.

Hall Chadwick
Level 29, 31 Market Street
Sydney, NSW 2000

DREW TOWNSEND
Partner

Date: 16 August 2011

FIVE-YEAR FINANCIAL SUMMARY

	2007 $'000	2008 $'000	2009 $'000	2010 $'000	2011 $'000
Income and expenditure					
Purchased debt ledger collections	125,774	141,898	152,950	178,806	**205,289**
Less: Purchased debt ledger amortisation	(52,115)	(59,634)	(70,181)	(87,609)	**(93,127)**
Interest revenue from purchased debt ledgers	73,659	82,264	82,769	91,197	**112,162**
Other revenue	9,244	1,986	2,850	2,216	**1,474**
Total revenue	82,903	84,250	85,619	93,413	**113,636**
Profit after tax [A]	19,331	5,788	10,862	13,543	**21,024**
Income tax expense	8,974	3,572	4,825	6,215	**9,059**
Interest	7,855	11,858	10,004	7,848	**5,357**
Depreciation and impairment	953	4,352	1,482	1,989	**1,242**
Purchased debt ledger amortisation	52,115	59,634	70,181	87,609	**93,127**
EBITDA [B, C]	89,228	85,204	97,354	117,204	**129,809**
Balance sheet					
Current assets	60,828	71,161	65,784	69,718	**59,121**
Non-current assets	138,722	147,440	111,874	86,625	**97,168**
Intangible assets	4,653	2,090	1,520	800	**800**
Total assets	204,203	220,691	179,178	157,143	**157,089**
Current liabilities	14,408	23,910	12,564	25,805	**48,187**
Non-current liabilities	125,144	128,687	92,121	42,911	**4,561**
Total liabilities	139,552	152,597	104,685	68,716	**52,748**
Net assets	64,651	68,094	74,493	88,427	**104,341**
Borrowings	125,000	127,376	81,882	43,866	**25,511**
Shares on issue 000's	43,257	43,768	44,258	44,529	**45,211**
Cash flow					
From operating activities	76,441	81,490	82,086	103,198	**119,505**
From investing activities	(128,753)	(81,648)	(36,613)	(62,546)	**(95,663)**
From financing activities	53,951	(2,052)	(47,139)	(39,535)	**(23,870)**
Net increase/(decrease) in cash	1,639	(2,210)	(1,666)	1,117	**(28)**
Key statistics					
Earnings per share					
— Basic (cents)	44.9	12.3	25.9	30.5	**46.9**
— Diluted (cents)	44.3	12.2	25.8	30.3	**46.9**
Dividends per share (cents)	23.0	4.0	4.0	8.0	**20.0**
Profit before income tax / PDL collections and fee income	21.00%	6.14%	10.23%	10.91%	**14.55%**
Return on equity	36.45%	8.72%	15.24%	16.63%	**21.81%**
NTA backing per share (cents)	138.70	150.80	164.88	196.79	**229.02**

A) Net profit after tax represents profit from continuing operations for the 2008 to 2010 years. Net profit after tax for the 2007 year has not been split between continuing and discontinued operations.

B) EBITDA allows for add-back of amortisation netted against collections to determine revenue in accordance with accounting standard AASB 9.

C) EBITDA from continuing operations.

SHAREHOLDING INFORMATION

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

FULLY PAID ORDINARY SHARES

Twenty largest ordinary shareholders at 31 August 2011	Ordinary shares	% of Ordinary shares
National Nominees Limited	4,218,371	9.33
RBC Dexia Investor Services Australia Nominees Pty Limited	3,816,372	8.44
Aust Executor Trustees NSW Limited	3,509,206	7.76
Torres Industries Pty Limited	2,102,000	4.65
Slima Pty Limited	2,079,153	4.60
HSBC Custody Nominees (Australia) Limited	2,062,456	4.56
J P Morgan Nominees Australia Limited	1,873,662	4.14
Dixson Trust Pty Limited	1,164,738	2.58
Citicorp Nominees Pty Limited	590,405	1.31
Warman Investments Pty Limited	550,000	1.22
Mr Brook Anthony Adcock	424,075	0.94
Mr Thomas George Beregi	400,000	0.88
Darrell James Pty Limited	350,000	0.77
Garrett Smythe Ltd	320,000	0.71
Cogent Nominees Pty Limited	307,836	0.68
Berne No 132 Nominees Pty Limited	270,575	0.60
Upton Salvage Trading Pty Limited	262,441	0.58
OHN & ON Pty Limited	260,000	0.58
Comodale Py Limited	254,375	0.56
Bradleys Polaris Pty Limited	233,835	0.52
Total	**25,049,500**	**55.41**
Total ordinary shares as at 31 August 2011	**45,210,752**	**100.00**

SUBSTANTIAL SHAREHOLDERS

At 31 August 2011 the following shareholders were registered by the Company as a substantial holder, having declared a relevant interest in accordance with the *Corporations Act 2001*, in the voting shares below:

Holder	Ordinary shares	%	Date of notice
Investors Mutual Limited	3,192,312	7.06	30 March 2011
Fisher Funds Management Limited	3,061,334	6.77	8 March 2011

DETAILS OF ORDINARY SHAREHOLDINGS

Details of the spread of ordinary shareholdings at 31 August 2011 are:

Category	Number of shareholders	Number of shares	%
1 – 1,00	1,329	647,705	1.43
1,001 – 5,000	1,428	3,757,298	8.31
5,001 – 10,000	404	3,098,277	6.85
10,001 – 100,000	381	10,405,991	23.02
100,001 and over	41	27,301,481	60.39
	3,583	**45,210,752**	**100.00**

197 shareholders (representing 11,055 fully paid ordinary shares) held less than a marketable parcel.

OTHER INFORMATION

Credit Corp Group Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

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

The Company does not currently have on-market buy-back of its shares.

DIVIDEND REINVESTMENT PLAN (DRP)

The dividend reinvestment plan is currently suspended.

VOTING RIGHTS

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

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

If an equity security holder is entitled to cast two or more votes at the general meeting, the equity security holder may appoint not more than two proxies to attend and vote on the equity security holder's behalf.

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

OPTIONS

There are no voting rights attached to the options.

Unquoted equity securities

A total of 1,285,500 options are on issue under the Credit Corp Group Limited EOP.

ENQUIRIES

Investors who wish to enquire about any administrative matter relating to their Credit Corp Group Limited shareholding are invited to contact the Share Registry office below.

Boardroom Pty Limited
Level 7, 207 Kent Street
Sydney NSW 2000, Australia

Telephone + 61 2 9290 9600
Fax + 61 2 9279 0664
Email enquiries@boardroomlimited.com.au

www.boardroomlimited.com.au

CORPORATE DIRECTORY

CREDIT CORP GROUP LIMITED

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