pioneercredit

Annual Report

for the year ended 30 June 2015

pioneercredit

Pioneer Credit Limited ABN 44 103 003 505
Annual Report - 30 June 2015

Lodged with the ASX under Listing Rule 4.3A.

Contents

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

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

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

A description of the nature of the Consolidated Entity's operations and its principal activities is included in the review of operations and activities on page 3 of the Annual Report and in the Directors' report on page 10 of the Annual Report, both of which are not part of these financial statements.

The financial statements were authorised for issue by the Directors on 20 August 2015. The Directors have the power to amend and reissue the financial statements.

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Pioneer Credit Limited ABN 44 103 003 505
Appendix 4E
Preliminary Final Report
for the year ended 30 June 2015
(previous corresponding period 30 June 2014)

Results for announcement to the market

Key information	30 June 2015 $'000	30 June 2014 $'000	Change $'000	%
Revenue from ordinary activities	38,788	25,761	13,027	51%
Net profit after taxation for the period attributable to members	7,441	1,047	6,394	611%
Operating profit after taxation *	7,808	4,587	3,221	70%

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

Dividends per ordinary share / distributions

	Amount per security (cents)	Franked Amount per security	Record Date	Paid / Payable Date
Final 2014 ordinary	3.10	100%	30/09/2014	17/10/2014
Interim 2015 ordinary	1.75	100%	31/03/2015	17/04/2015
Final 2015 ordinary	6.80	100%	30/09/2015	30/10/2015

There is no provision for a final dividend in respect of the year ended 30 June 2015. Provisions for dividends to be paid by the Company are recognised in the Consolidated Balance Sheet as a liability and a reduction in retained earnings when the dividend has been declared.

Full commentary on the figures presented above and on the results for the period and other significant information is provided in the 2015 Media Release and Results Presentation and Consolidated Financial Statements - 30 June 2015, released today.

Included in the Consolidated Financial Statements - 30 June 2015 released today are the following;

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

Key Ratios	30 June 2015 (cents)	30 June 2014 (cents)
Net tangible assets per fully paid ordinary share	115.69	104.55
Basic Earnings per fully paid ordinary share	16.40	7.97

The Consolidated Financial Statements at 30 June 2015 and accompanying notes for Pioneer Credit Limited have been audited and are not subject to any qualifications. The Independent Auditor's Report has been provided with the Statements released today.

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for the year ended 30 June 2015

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Corporate Directory

Directors	Mr Michael Smith (Chairperson) Mr Keith John Mr Rob Bransby Mr Mark Dutton Ms Anne Templeman-Jones (appointed 23 September 2014)
Company Secretary	Mr Leslie Crockett
Notice of annual general meeting	The annual general meeting of Pioneer Credit Limited will be held at 11am on Thursday 29 October 2015 K&L Gates Level 32 44 St Georges Terrace Perth WA 6000
Principal registered office in Australia	Level 6 108 St Georges Terrace Perth WA 6000
Share register	Link Market Services Limited Ground Floor 178 St Georges Terrace Perth WA 6000 +61 1300 554 474
Auditor	PricewaterhouseCoopers Brookfield Place 125 St Georges Terrace Perth WA 6000 +61 8 9238 3000
Solicitors	K&L Gates Level 32 44 St Georges Terrace Perth WA 6000 +61 8 9216 0900
Bankers	BankWest Level 12B BankWest Place 300 Murray Street Perth WA 6000 +61 8 9369 6952
Stock exchange listings	Pioneer Credit Limited shares are listed on the Australian Securities Exchange (ASX).
Website	www.pioneercredit.com.au

Review of operations and activities

Pioneer Credit has had a very successful first full year of trading on the Australian Securities Exchange since listing in May 2014.

As well as achieving growth and strong financial results, the Company has made significant progress in preparing for the next phase in its development, readying for the launch of new products during FY16.
The listing advanced a range of opportunities for the Company, as a result of the raising of additional capital that has facilitated the continued growth of the business. The capital enabled the Company to expand its core business through an increased investment in debt portfolios as well as providing the financial strength required to properly grow our customer service and administrative teams and to secure additional office premises in order to accommodate that growth.

As a result of the investments made during the year, the Board is pleased to report an operating profit after taxation that out-performed the Company's Prospectus forecast by 18.3%.

Operating and financial review

The statutory net profit after taxation for the year ended 30 June 2015 was $7.441m (2014: $1.047m). The operating profit after taxation was $7.808 m (2014: $4.587m).

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

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

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

The operating profit after taxation information in the table has not been subject to any specific audit procedures by the Group's auditor and has been extracted from the notes referenced below from the accompanying financial statements for the year ended 30 June 2015, which have been subject to an audit; refer to page 95 for the auditor's opinion on the financial statements.

Key information	Financial Statement Note	30 June 2015 $'000	30 June 2014 $'000
Statutory profit after taxation attributable to the owners		7,441	1,047
Specific non-cash and significant items:			
Finalisation of indirect taxation, relating to prior years	4	355	312
Costs associated with the IPO charged to the consolidated statement of comprehensive income	4	-	2,058
Share based payment expense arising on modification of share based payment arrangement under the pre-IPO equity structure	5	-	744
Interest on preference shares incurred while classified as borrowings under the pre-IPO equity structure	5	-	520
Correction of income taxation relating to prior years	6	(8)	175
Finalisation of settlement of pre-IPO commercial claim	4	181	648
Tax effect:			
Tax effect on the adjustments outlined above that are deductable for income tax purposes		(161)	(917)
Operating profit after taxation		7,808	4,587

Key financial highlights for the year ended 30 June 2015

- Cash receipts of $55.6m (2014 $35.8m) an increase of 55.5% over prior period equivalent
- Statutory net profit after taxation of $7.441m (2014 $1.047m) 12.7% up on Prospectus forecast of $6.600m
- Operating profit after taxation of $7.808m (2014 $4.587m) 18.3% up on Prospectus forecast
- Operating EBIT of $12.076m (2014 $ 7.282m) 65.8% up on prior year
- Operating EBIT margin of 31.2% (2014 28.3%)
- Underlying Earnings per share of 17.21 cents 70.2% over the prior period equivalent
- Net tangible assets per share 115.69c 10.7% over the prior period equivalent
- Operating cash flow of $28.176m (2014 $13.642m) 106.5% over the prior period equivalent

Capital Management

There were no changes to contributed equity during the year.

The Group paid a dividend for the first half of the financial year of 1.75 cents per share. A final dividend of 6.80 cents per share has been declared with a record date of 30 September 2015, to be paid on 30 October 2015.

The Group has also today announced the introduction of a dividend reinvestment plan to provide shareholders the opportunity to reinvest their dividends into the continued growth of the Group.

The Group aims to optimise its capital structure in a conservative manner. All facility covenants were met throughout the year. At 30 June 2015 the Group had a loan to portfolio asset value ratio of 36.6% compared to the covenant of 45%.

The undrawn limit on the senior debt facility was $18.791m and the overdraft facility was unused at 30 June 2015.

Customer Payments and Financial Performance

Underlying Pioneer's Prospectus forecast (which includes the period ended 30 June 2015) was an 18 month performance period projected using a range of assumptions developed in early 2014.

The nature of Pioneer Credit's business means the Company has a high degree of visibility of its expected financial performance and through the Prospectus period it anticipated a range of initiatives which would contribute to the level of future customer payments.

Consistent with Pioneer Credit's long-standing approach of working towards a complete understanding of the characteristics of the customer portfolios we purchase, and to ensure we manage and realise the appropriate value from those portfolios, Pioneer in FY15 commenced exploration of the secondary sale market. Pioneer has always seen the potential in this secondary sale market and has provided shareholders with a high degree of disclosure on the contribution of portfolio sales to the Company's overall performance.

The first successful sale (a small test of the market process and strength) was concluded in December 2014 and during the second half of FY15, Pioneer completed a further two successful sales of portfolios of customer accounts, generating cash in excess of $3.5m. The portfolio sales conducted are significant to Pioneer and we anticipate similar portfolio sales will be a regular feature of the Company's operations.

Pioneer has demonstrated that it holds financial assets to manage value over the long term with an element of contribution arising due to liquidation on customer accounts over time, and when an opportunity arises, can and will, sell financial assets to re-invest the cash in financial assets with a higher anticipated return. The sales were portfolios of Part IX accounts (also commonly referred to as bankruptcy compromised accounts) that do not align with Pioneer's business model and where no further value can be added by Pioneer through its customer service strategies to the customer.
The Company anticipates making two portfolio sales in FY16. For context we anticipate these sales will be approximately $750,000 each (gross, before Pioneers portfolio expensing charge).

Pioneer continues to focus on value management, portfolio value creation and efficiency to maximise margins. Pioneer has done that successfully this year, slightly ahead of expectations, and against a backdrop where significant progress was made and expense incurred in the development of our new financial products to come to market in FY16.

From an operational perspective, the Company is pleased to provide the following commentary on the year just completed:

Premises

Continued growth led to Pioneer expanding into a second floor in the Company's Perth CBD premises in November 2014. This is a continuation of the state of the art facility it commenced building earlier in that year. This accommodation provides additional space for new customer facing team members, along with quality training facilities to ensure our people are well equipped with the vital knowledge and skills required to service our customers and excel in their roles.

In early July 2015 a third floor was opened, enabling our corporate and administrative offices to be relocated into the same location as the operations teams. This shift will result in the decommissioning of other less efficient leased properties, and a consolidation of our real estate footprint, as those commitments expire in late 2015.

The new facilities have been secured on favourable terms as a result of changes in Perth's leasing market, and deliver numerous financial and operational benefits to the business. By securing centrally located, quality premises we have been able to attract a larger pool of high quality talent, not only in our customer service teams, but importantly in our corporate and administrative teams. Likewise we have seen continued improvement in our employee retention rate, which we expect will result in better productivity as team members continue to become more skilled and therefore build momentum over time. Pioneer has also reduced its per sqm employee impact on the environment as a result of leveraging improved efficiencies in the new premises, technology and infrastructure. Increased staff awareness has also lead to more engagement with our key environmental initiatives and Pioneer expects to see continued improvements and further endorsement of our environmental performance and resource management in the periods ahead.

People

Throughout the year, Pioneer continued to expand its employee numbers. While this growth was most significant within the operations area, the Company recruited experienced administrative and corporate staff to bolster and improve the quality of the business and the programmes running within it.

In line with our long-standing approach, a key priority through this expansion is Pioneer's investment in training and development which assists our new customer service team members to become more productive and effective. Our focus remains on building a high quality team which is culturally aligned, highly skilled and knowledgeable, and empowered to deliver exceptional customer service.

The growth in employee numbers required significant investment by the Company which impacted the financial result for the first half of FY15. Simultaneously, we also noticed the changing dynamics in a rapidly evolving employment market in Western Australia and at this point chose to reschedule some recruitment into 2H15 to take advantage of an increased labour pool. We are pleased that we made this decision, and while it certainly had the effect of dampening the immediate top line growth, the decision has led to Pioneer securing better quality candidates that are now making meaningful and sustainable productive gains within our business. We expect to see this increase in value to flow through our business in FY16 and beyond.

A continued focus on people development and retention led to the launch of a Certificate IV in Customer Contact to the business. In FY15, this initiative enabled employees to enter into a fully subsidised Training Contract to commence the Nationally Accredited Qualification over an 18 month timeframe. The qualification has been customised by the external training provider to not only meet our exacting standards but in addition, be authentic to Pioneer's principle driven culture and customer service philosophy. Before release this qualification was tested on a sample from the leadership group in order to validate its currency and alignment to the business. This course supplements the pre-existing Leadership Development Program which has been created, reviewed and evolved over the past three years. This is offered to all employees in order to further expand on the leadership principles which our culture is built upon and to set the benchmark for outstanding leadership and improved performance across all functions within the Company.

In March 2015, Pioneer engaged an independent group to assess our corporate culture and our level of employee engagement. This assessment, which included a comprehensive survey of all staff, is regarded as an essential part of our internal performance review process. The results enabled us to ensure that while we continue to grow, the foundations that enabled that growth are not only maintained but are cultivated from within. Notably 81% of our employees completed the survey. Of those over 97% of staff would recommend Pioneer as a place to work and over 98% believed we consistently delivered excellent service to our customers.

Certainly the number of unsolicited customer testimonials we receive supports that statistic. We share this type of information with our vendor partners (to continue to reinforce the value Pioneer brings to their businesses) on a regular basis and to recognise outstanding service at our end-of-month and year-end celebrations.

Good culture drives great performance

Across the business, Pioneer continues to underpin every action and decision with its Leadership Principles. The business acknowledges that this foundation has created the engaged customer service culture that we celebrate today and in turn enables our success by empowering our people to proactively seek suitable and value based solutions to help Pioneer customers get their finances back on track.

By continuing to recruit people who share our passion for outstanding customer service and by providing world class development programs and a high quality compliance program that everyone is responsible to uphold, Pioneer is proudly able to reaffirm its unique record of no negative ombudsman complaints and no regulatory enforceable undertakings ever. Pioneer is the only participant of any significance in the market that can make these statements.

Very importantly, our record in this regard resonates with our vendor partners as they seek to continue to differentiate themselves from a fast changing financial sector through good corporate behaviour and strong, reliable and collaborative partnerships.

By assigning the contractual rights of their customer base to Pioneer, our vendor partners ensure that they are aligned to an organisation that is clearly customer focused and who values not only their own brand but also the brands of those around them. Given the majority of our customers have recently been through a major life event such as divorce, loss of job or sickness, and are understandably experiencing varying degrees of distress, their smooth transition to Pioneer becomes even more pertinent.

Pioneer continues to be very selective in terms of who we partner with and the manner in which we acquire customer accounts. Pioneer does not acquire telecommunications or utility accounts, we do not acquire loans that were originated as 'bad credit' loans and we do not acquire pay day lending accounts of any type.

Debt acquisition

Against the backdrop of our stringent acquisition standards, Pioneer has grown its purchasing base during the financial year and now has forward flow (fixed term) agreements in place with three of the four major banks in Australia and is currently progressing discussions with the other of those banks. Additionally Pioneer's exposure to regional banks is maintained and it also continues a long term partnership with one of Australia's leading consumer leasing businesses.

There has been considerable commentary recently regarding the price cycle in the purchased debt sector in Australia and about the potential for rising prices as the market becomes more competitive.

Pioneer remains committed to providing price transparency to its shareholders and to providing price certainty to its vendor partners. Pioneer has not experienced the apparent price increases in the market that others have reported. This is a business that remains committed to applying discipline to every aspect of its operations, including its investment activities.

Pioneer has continued to demonstrate that price is not the key determinant of a vendor's decision to sell a debt portfolio. Pioneer, through our purchasing programme, our discipline, our exemplary compliance record, our price transparency, our proactive and transparent partnership mentality, our corporate culture and our customer engagement strategies continues to deliver tangible benefits to our vendor partners and this continues to be recognised through us having access to a consistent flow of quality customers to acquire at an appropriate price point.

That discipline also applies to gearing and to the carrying value of the Company's assets.

Our discipline in ensuring our portfolio is cautiously valued on the balance sheet is fundamental to our capital management programme. Against a cautiously valued asset we have some debt, but a very manageable and conservative amount which at 30 June 2015 represented 36.6% of that asset for a total drawn position of $28.210m and undrawn capacity of $18.791m. Our facilities continue to operate well inside our very conservative covenants.

Against this, Pioneer has very strong free cash flow of circa $28m in FY15 and a forecast of over $30m in FY16 before investments.

Goldfields Money Limited

During the period Pioneer acquired a ~14% equity position in Goldfields Money Limited (GMY) following an exhaustive process which was overseen independently by the Board and resulted from a unanimous decision (with the Managing Director abstaining).

The equity was acquired at a Net Tangible Asset (NTA) value of $0.94 and well below the independent fair value valuation independently provided to the Board. The Board engaged the services of an independent corporate advisory firm to review the strategy for the acquisition and provide a recommendation on that strategy to ensure that the reasoning for such an investment was sound. The independent adviser also concluded that the acquisition price was well within fair market value estimates.

By way of background, GMY is the smallest listed Authorised Deposit-taking Institution in Australia. In the Board's view the acquisition of our equity stake was at a price well below its realistic value, and at a price point that was very near to NTA. Following the acquisition, Pioneer was able to appoint a nominee the Board of Directors of GMY.

This investment provides a number of benefits to the Group, including:

1. capital discipline and credit risk protection - by making this investment in GMY we have secured a partner where we have the ability to influence how customer appropriate products are developed and then do that in a way where the credit risk, the balance sheet risk, is borne by that partner, under the oversight of the Australian Prudential Regulatory Authority (APRA).

2. operational upside - as Pioneer Credit prepares to launch debit and credit cards to its customers during FY16, our ability to manage customer relationships is a unique advantage against other white label offerings for credit cards and lending products. Our arrangement with Goldfields Money facilitates this in a manner that recognises Pioneer's unique customer service competency.

3. corporate optionality - this investment provides Pioneer with a relatively low cost and near capital-covered investment that provides the Company with access to capital to grow our new credit cards business. The acquisition provides a range of options not readily available elsewhere in the market whereby in future periods we can either keep our risk off balance sheet with GMY, we can spread that relationship to other funders or when we become comfortable with the risk we can shift it on balance sheet to Pioneer for extra margin.

We have little doubt that this investment will deliver value for shareholders over future years.

Corporate

The Company has been fortunate to gain the services of Anne Templeman-Jones, a highly qualified and respected Independent Non-Executive Director, who joined the Board in late 2014. Anne is based in New South Wales and has extensive relationships throughout the financial and professional services community. Anne is the Chairperson of the Audit and Risk Management Committee and her full biography can be viewed on page 13 of this Annual Report.

Dividend

Pioneer's intention is to distribute dividends representing 50% of profit after taxation to shareholders each year, subject to the Directors reviewing and approving such payment in the context of the capital requirements of the business.

Consistent with the strong performance of the Company in FY15 the Board is pleased to declare a dividend of 6.80 cents per share. This takes the total dividends for FY15 to 8.55 cents per share, well ahead of Prospectus forecast and consensus expectations.

The Board is also aware of the support of shareholders and the desire of many to continue to invest in the growth of the Company. The Board is pleased to advise that it has resolved to introduce a Dividend Reinvestment Plan (DRP) and in time for the dividend declared today. Full details of the DRP are released separately to the market and are available on the Pioneer website.

The record date for the dividend is 30 September 2015 and the dividend will be paid to shareholders on 30 October 2015.

Outlook

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

Portfolio Investments	at least $42.0m
Profit after Taxation	at least $ 8.8m

Directors' report

Your Directors present their report on the Consolidated Entity consisting of Pioneer Credit Limited and the entities it controlled at the end of, or during, the year ended 30 June 2015. Throughout the report, the Consolidated Entity is referred to as the Group.

Directors

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

Mr Michael Smith
Mr Keith John
Mr Rob Bransby
Mr Mark Dutton

Ms Anne Templeman-Jones was appointed as a Director on 23 September 2014 and continues in office at the date of this report.

Principal activities

Pioneer is an Australian financial services provider, specialising in acquiring and servicing unsecured retail debt portfolios.

These portfolios consist of people with financial obligations to Pioneer. These people become the cornerstone of Pioneer's business and are our customers.

We work closely with our customers who – for a range of reasons – have found themselves in financial difficulty. In the great majority of cases this has come about through a significant life event such as loss of job, serious health issues, marriage breakdown or domestic violence.

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

There was no significant change in the nature of these activities during the year.

Dividends

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

Ordinary shares – Declared and paid during the year 2015	Total $	Date of payment
Dividend on fully paid ordinary shares held at 30 September 2014	$1,406,593	17/10/2014
Dividend on fully paid ordinary shares held at 31 March 2015	$794,045	17/04/2015

Since the end of the financial year the Directors have declared the payment of a final dividend of 6.80 cents per fully paid ordinary share with a record date of 30 September 2015 to be paid on 30 October 2015.

Review of operations

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

Significant changes in the state of affairs

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

Events since the end of the financial year

No matter or circumstance has arisen since 30 June 2015 that has significantly affected the Group's operations, results or state of affairs, or may do so in future years.

Environmental regulation

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

Information on Directors

Mr Michael Smith	**Non-Executive Chairperson**	
Experience and expertise	A highly experienced company director and executive, Michael was appointed Non-Executive Chairperson of Pioneer Credit in February 2014. In addition to his role as Managing Director of strategic marketing consultancy firm Black House, Michael is the Chairperson of iiNet Limited, the Lionel Samson Sadleir Group, National Chairperson of the Australian Institute of Company Directors, Deputy Chairperson of Automotive Holdings Group Ltd and 7-Eleven Stores Pty Ltd, and a board member of Creative Partnership Australia. Michael is a fellow of the Australian Institute of Company Directors and holds a Doctor of Letters (Hon) from the University of Western Australia for his contribution to business and the arts.	
Listed Company Directorships including those held at any time in the previous 3 years	iiNet Limited Automotive Holdings Group Ltd	(since 19 September 2007) (since 6 May 2010)
Special responsibilities	Chairperson of the Board Chairperson of Nomination Committee Chairperson of Remuneration Committee Member of Audit and Risk Management Committee	
Interests in shares and options	Ordinary Shares Unlisted Options	62,500 300,000

Mr Keith John	Managing Director	
Experience and expertise	Mr John has over 25 years' experience in the financial services industry, both in Australia and in Asia, and is the founder of Pioneer Credit. Mr John has a strong interest in philanthropy and through his business and directorships supports numerous charitable organisations across Australia. An industry leader, Mr John serves on a number of industry bodies. In addition to his role as Managing Director of Pioneer Credit, Keith is Director of Midbridge Investments Pty Ltd.	
Listed Company Directorships including those held at any time in the previous 3 years	None	
Special responsibilities	Managing Director	
Interests in shares and options	Ordinary Shares	8,213,216

Mr Rob Bransby	Non-Executive Director	
Experience and expertise	Mr Bransby is the Managing Director of HBF Health Limited and a Director of HealthGuard Health Benefits Pty Ltd. Prior to working at HBF, Mr Bransby enjoyed a successful career in banking, holding positions including Corporate Finance Manager, Corporate Banking Western Australia and Head of Business Financial Services in New South Wales during 25 years at the National Australia Bank Ltd. Mr Bransby is President of Private Healthcare Australia (PHA), Deputy Chairperson of Members Own Health Funds and a Director of Goldfields Money Ltd and Synergy. He is also a Member of the International Federation of Health Plans' (iFHP) Council of Management.	
Listed Company Directorships including those held at any time in the previous 3 years	Goldfields Money Limited	(since 10 May 2012) Resigned 16 September 2014, Re-appointed 20 February 2015
Special responsibilities	Member of Nomination Committee Member of Remuneration Committee	
Interests in shares and options	Ordinary Shares	35,000

Mr Mark Dutton	Non-Executive Director	
Experience and expertise	Mr Dutton has served as a Non-Executive Director of Pioneer Credit since May 2010. The founder and director of Banksia Capital, Mr Dutton was previously a partner at Navis Capital and a director at Foundation Capital and at BancBoston Capital. Prior to embarking on his private equity career, Mr Dutton worked in Audit and Corporate Finance at PricewaterhouseCoopers in the UK and Russia. Mr Dutton is a chartered accountant and a member of the Institute of Chartered Accountants of England & Wales. Mr Dutton also holds an MA in Management Studies and Natural Sciences from the University of Cambridge.	
Listed Company Directorships including those held at any time in the previous 3 years	Mineral Resources Limited	(from 8 November 2007 to 20 November 2014)
Special responsibilities	Member of Nomination Committee Member of Remuneration Committee Member of Audit and Risk Management Committee	
Interests in shares and options	Ordinary Shares	306,483

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

Meeting of Directors

The number of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2015, and the number of meetings attended by each Director were:

Name	Board Meetings		Committee Meetings					
			Audit and Risk		Remuneration		Nomination	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Mr Michael Smith	11	11	2	2	2	2	1	1
Mr Keith John*	11	11	*	*	*	*	*	*
Mr Rob Bransby	11	11	1	1	2	2	1	1
Mr Mark Dutton	10	11	1	2	2	2	1	1
Ms Anne Templeman-Jones+	5	11	1	1	*	*	*	*

Held Number of meetings held during the year and during the time the Director held office or was a member of the committee

* Not a member of the relevant committee

\+ Ms Anne Templeman-Jones was appointed a Non-Executive Director on 23 September 2014 and was elected Chairperson of the Audit and Risk Management Committee on 29 October 2014.

Company Secretary

Leslie Crockett joined Pioneer Credit as Chief Financial Officer in December 2012, and in early 2013 was appointed Company Secretary.

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

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

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

Remuneration Report

a) Key Management Personnel covered in this report

Non-Executive and executive directors

Mr Michael Smith	Independent Non-Executive Chairperson
Mr Keith John	Non-Independent Executive Managing Director
Mr Rob Bransby	Independent Non-Executive Director
Mr Mark Dutton	Non-Independent Non-Executive Director
Ms Anne Templeman-Jones	Independent Non-Executive Director appointed on 23 September 2014

Other key management personnel

Ms Lisa Stedman	Chief Operating Officer
Mr Leslie Crockett	Chief Financial Officer and Company Secretary

b) Remuneration policy and link to performance

The Remuneration Committee is a Committee of the Board comprising:

Mr Michael Smith (Chairperson);
Mr Rob Bransby; and
Mr Mark Dutton.

All three members of the Remuneration Committee are Non-Executive Directors, the majority are Independent and the Chairperson of this Committee is an Independent Non-Executive Director.

The function of the Remuneration Committee is to assist the Board in fulfilling its corporate governance responsibilities with respect to remuneration by reviewing and making appropriate recommendations to the Board on:

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

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

The Remuneration Committee charter, on Pioneer's corporate web-site, provides further information on the role of this committee.

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

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

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

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

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

The executive remuneration framework has three components:

- base salary and benefits, including superannuation;
- short-term incentives; and
- long-term incentives.

i) Use of remuneration consultants

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

Given that the Company listed shortly prior to the commencement of the reporting period the Remuneration Committee thought it appropriate to independently review all executive employment agreements and engaged Kelsen Human Resources Pty Ltd (Kelsen) to conduct that review.

Kelsen has confirmed by way of written declaration to the Remuneration Committee that their review was conducted independent of any persons within the Company. The review was undertaken using the Company's 2014 Annual Report, a substantial range of other publically available data and a relative assessment of ASX listed companies of similar revenue scale, profitability and industry. The Kelsen review and recommendations were delivered independently to the Remuneration Committee.

On this basis, the Board is satisfied that the recommendations were made free from undue influence from any members of the Key Management Personnel.

In responding to the findings reported by Kelsen on 18 December 2014, the Remuneration Committee recommended to the Board of the Company increases in fixed remuneration for its senior executives. The fixed remuneration increases were in the 25th percentile of the acceptable range of fixed remuneration. These recommendations were presented to and approved by the Board of the Company at its meeting on 18 December 2014.

The Board is desirous of moving all key executives to the 50th percentile over the course of the next two reporting periods on the basis that the executives continue to deliver at least appropriate value to the Company and that the Company continues to meet its financial and other goals.

Kelsen recommended that the fees paid to the Chairperson of the Board and the other Non-Executive Directors of the Company remain unchanged.

Kelsen was paid $17,028 for their services.

ii) Balancing short-term and long-term performance

To ensure that executive remuneration is aligned to Company performance, a reasonable portion of the executives' target pay is "at risk". Executives receive their base salary and benefits structured as a total employment cost package. Base salary is reviewed at least annually or on promotion or where there is a significant change in role responsibilities and is benchmarked against market data for comparable roles in the market.

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

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

The short term incentive provided as part of an executive's remuneration is awarded based on an assessment of key performance indicators (KPI's). These KPI's are agreed between the Remuneration Committee and the executive prior to the commencement of each reporting period. The KPI's are structured differently for each executive with a common focus on key value drivers in the business. These include Profit after Taxation, compliance performance and a peer and direct report assessment of alignment to and conduct displayed in and of Pioneer's Leadership Principles. Other role specific KPI's are also assessed for each executive.

The Company also recognises the need to appropriately incentivise its executives through a long term incentive plan. At its Annual General Meeting on 29 October 2014 the Pioneer Credit Equity Incentive and Indeterminate Rights Plans were approved by shareholders. Subject to the achievement of the Performance Condition, participants are granted Performance Rights and Indeterminate Rights as approved by the Board. As the Performance Conditions are not able to be met within the reporting period there were no grants made during this financial year.

Front of mind in the development of the Company's incentive plans is the delivery of earnings growth and the contribution to long term sustainable shareholder value through the creation and delivery of value in all aspects of the Company. The incentive plans recognise and support this value creation by encouraging and rewarding not just exemplary and leading good corporate behaviour, but also the development of a service focussed and high performing culture. The success of this is measured through customer feedback, employee engagement results and ultimately through the increase in fair value measured on the Companies balance sheet (representing the improvement in value created from the point of investment in Purchase Debt Portfolios) and the earning per share the Company reports each period.

The Company listed in May 2014 and published an eighteen month forecast. The performance hurdles of the incentive plans have focussed on the delivery of the forecast result and with the limited public company history, a four year historical analysis of performance is not considered meaningful in this context.

iii) Relationship between remuneration and Pioneer Credit Limited performance

Remuneration framework

Element	Purpose	Performance Metrics	Potential Value
Fixed remuneration (FR)	Provide base salary benchmarked to the recommended median including superannuation, and non-monetary benefits	Nil	Benchmarked to 25th percentile of the recommended median
Short-term incentive (STI)	Rewards Executives for their contribution based on assessment of performance against Key Performance Indicators	Key Performance Indicators provide a basis for evaluation of financial performance on a total return basis and include a related measurement against the Leadership Principles and contribution to strategic and quality management goals	25% of fixed remuneration
Long-term incentive (LTI)	Rewards Executives for their contribution to the creation of shareholder value	**Target 1 (50% of the Performance Condition)**: the financial performance of the Company for the 12 month financial period ending 30 June 2015 of a $6,600,000 operating profit after taxation as approved by the Board for release to the ASX (in the form of audited financial results) **Target 2 (50% of the Performance Condition)**: individual assessment against the Company's 'Leadership Principles' Target 1 and Target 2 comprise the total "Performance Condition" and are co-dependent	Grant of Performance Rights and Indeterminate Rights in the case of the Managing Director of up to 150,000 ordinary shares for each executive. Vesting occurs over 3 to 5 years from the base date of 1 July 2014

iv) Short-term incentives

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

v) Long-term incentives

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

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

The number of rights which are granted to any participant will be determined by reference to achievement of both Target 1 and Target 2 (together the Performance Condition) as described below.

Target 1 (50% of the Performance Condition):

The financial performance of the Company for the 12 month financial period ended 30 June 2015 of a $6,600,000 operating profit after taxation as approved by the Board for release to the ASX (in the form of audited financial results).

Target 2 (50% of the Performance Condition):

Individual assessment against the Company's 'Leadership Principles'. There are six Leadership Principles as follows:

1. Technical Competence
2. Clear Communication
3. Unwavering Passion
4. Fearless Vision
5. Unlimited Accessibility
6. Selfless Loyalty

In respect of assessing an individual's performance, there is a binary determination in respect of each of the six principles (i.e. the Company's expectation has either been met or not been met).

Assessment of the Managing Director's performance against the Leadership Principles will be reviewed by the Remuneration Committee and will be reported to the Board for its approval. Assessment of the Chief Financial Officer's and Chief Operating Officer's performance against the Leadership Principles will be reviewed by the Remuneration Committee or its delegate.

Together, Target 1 and Target 2 comprise the total "Performance Condition" and are co-dependent.

- Target 1 acts as the "first gate" in respect of the Award – i.e. Target 1 must be met prior to any Rights being granted.
- Target 2 acts as the "second gate" in respect of the FY2015 Managing Director's Award in that the Participant must also meet the Company's expectation on four or more of the Leadership Principles against which he is assessed prior to any Rights being granted.
- Target 1 and Target 2 have an equal weighting as follows:
    - Achievement of Target 1 (and subject to meeting Target 2 conditions): 50% of the Total Available Rights will be granted.
    - Achievement of Target 2 (and subject to meeting Target 1 conditions): up to 50% of the Total Available Rights will be granted.

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

- base Date plus 3 years whereby 60% Rights will vest;
- base Date plus 4 years whereby 25% Rights will vest; and
- base Date plus 5 years whereby 15% Rights will vest,

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

c) Remuneration expenses for KMP

The following table shows details of the remuneration expense recognised for the Group's Non-Executive, and Executive Directors and Key Management Personnel for the current and previous financial year measured in accordance with the requirements of accounting standards.

Non-executive Directors								
		Fixed remuneration			Variable remuneration			
Year	Cash salary	Non-monetary benefits	Annual and long service	Post-employment benefits	Cash bonus	Post-employment benefits	Options	Total
Mr Michael Smith [+]								
2015	120,461	-	-	11,444	-	-	30,068	161,973
2014	42,000	-	-	3,885	-	-	12,528	58,413
Mr Rob Bransby [+]								
2015	70,269	-	-	6,676	-	-	-	76,945
2014	24,500	-	-	2,266	-	-	-	26,766
Mr Mark Dutton								
2015	70,269	-	-	6,676	-	-	-	76,945
2014	8,615	-	-	797	-	-	-	9,412
Ms Anne Templeman-Jones [++]								
2015	54,115	-	-	5,141	-	-	-	59,256
2014	-	-	-	-	-	-	-	-
Total								
2015	**315,114**	**-**	**-**	**29,937**	**-**	**-**	**30,068**	**375,119**
2014	75,115	-	-	6,948	-	-	12,528	94,591

Executive Directors

	Fixed remuneration				Variable remuneration			
Year	Cash salary	Non-monetary benefits	Annual and long service	Post-employment benefits	Cash bonus	Post-employment benefits	Options	Total
Mr Keith John								
2015	361,685	5,280	32,321	28,794	94,950	9,020	-	532,050
2014	300,000	4,800	17,289	27,750	150,000	13,875	-	513,714
Mr James Singh +++								
2015	-	-	-	-	-	-	-	-
2014	54,991	-	-	5,087	-	-	-	60,078

Other Key Management Personnel

	Fixed remuneration				Variable remuneration			
Year	Cash salary	Non-monetary benefits	Annual and long service	Post-employment benefits	Cash bonus	Post-employment benefits	Options	Total
Ms Lisa Stedman								
2015	246,415	10,560	1,577	23,409	58,400	5,548	-	345,909
2014	153,692	9,540	686	14,217	22,275	2,060	162,000	364,470
Mr Leslie Crockett								
2015	265,846	5,280	6,312	25,255	63,000	5,985	-	371,678
2014	229,923	4,800	(466)	21,993	43,750	4,047	136,500	440,547
Total								
2015	873,946	21,120	40,210	77,458	216,350	20,553	-	1,249,637
2014	738,606	19,140	17,509	69,047	216,025	19,982	298,500	1,378,809
Total KMP remuneration expensed								
2015	1,189,060	21,120	40,210	107,395	216,350	20,553	30,068	1,624,756
2014	813,721	19,140	17,509	75,995	216,025	19,982	311,028	1,473,400

+ Mr Michael Smith and Mr Rob Bransby were appointed Directors on 7 February 2014
++ Ms Anne Templeman-Jones was appointed a Director on 23 September 2014
+++ Mr James Singh resigned as a Director on 7 March 2014. Mr Singh retained his executive position within the Group

There was no increase in the base salary for Non-Executive Directors during the year. Executive Directors and other KMP's base salaries increased on 1 January 2015.

d) Contractual arrangements with executive KMP

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

Employee	Position	Salary	Term of agreement and notice period
Mr Keith John	Managing Director	$422,000 per annum plus superannuation (currently 9.5%) to a maximum of $30,000 per annum	Continuing agreement with 12 months' notice by either party to the Employment Agreement
Ms Lisa Stedman	Chief Operating Officer	$292,000 per annum plus superannuation (currently 9.5%) to a maximum of $30,000 per annum	Continuing agreement with 6 months' notice by either party to the Employment Agreement
Mr Leslie Crockett	Chief Financial Officer	$280,000 per annum plus superannuation (currently 9.5%) to a maximum of $30,000 per annum	Continuing agreement with 6 months' notice by either party to the Employment Agreement

e) Non-executive director arrangements

Mr Michael Smith (Chairperson), Mr Rob Bransby and Mr Mark Dutton were re-elected to the Board at the Annual General Meeting of the Company on 29 October 2014 and continue in their appointments to the Board as Non-Executive Directors.

Ms Anne Templeman-Jones was appointed to the Board on 23 September 2014.

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

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

f) Non-executive director remuneration for 2015

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

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

No such payments were made during the reporting period.

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

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

On his appointment on 7 February 2014, the Company issued Mr Michael Smith 300,000 Unlisted Options, the terms and conditions of which are set out below.

g) Relative proportions of fixed vs variable remuneration expense

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

Name		Fixed remuneration	At risk – STI
Executive Directors			
Mr Keith John	2015	80%	20%
Other Key Management Personnel			
Ms Lisa Stedman	2015	82%	18%
Mr Leslie Crockett	2015	81%	19%

h) Performance based remuneration granted and forfeited during the year

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

Name	Total opportunity $	Awarded %	Forfeited %
Mr Keith John	105,500	90%	10%
Ms Lisa Stedman	73,000	80%	20%
Mr Leslie Crockett	70,000	90%	10%

i) Terms and conditions of share-based payment arrangements

Performance Rights and Indeterminate Rights

There is no share based compensation recognised in the 2015 financial year as there have been no rights granted under the Pioneer Credit Equity Incentive Plan.

Unlisted Options

Pioneer has 300,000 options on issue with respect to the 2014 grant to Mr Michael Smith. The sum of $30,072 (2014 $12,530) has been recognised as a share based payment with respect to these options.

The key terms and conditions of the Options are:

a) Each Option will entitle the Option holder to purchase one Share for the exercise price (refer clause e below) subject to satisfaction of the vesting conditions (refer clause (b) below).
b) The vesting conditions are as follows

   i) 50,000 Options vest on the second anniversary of the Offer; and
   ii) 250,000 Options vest on the third anniversary of the Offer.

c) Options may be forfeited upon termination of Mr Smith's position as a Director of Pioneer.
d) Unexercised Options will expire two years after vesting.
e) The exercise price of each Option is 20% greater than the Offer Price. The Offer Price is the price of the securities sold by Pioneer in its Initial Public Offer. The price was $1.60 per share; the exercise price of each Option is $1.92.
f) The Option holder may not sell, assign, transfer or otherwise deal with, or grant a Security Interest over an Option except with the written consent of Pioneer
g) Vested Options that have not expired may be exercised by paying the exercise price (refer clause e above) to or as directed by Pioneer. Upon vesting the Options may not be exercised until the first business day following that time which the Fair Market Value of the underlying Share exceeds the exercise price.
h) The Board may declare that all or a specified number of any unvested Options which have not expired immediately vest if, in the opinion of the Board a Change of Control has occurred, or is likely to occur.

The Board may declare that all or a specified number of any unvested Options which have not expired immediately vest if in the opinion of the Board any person or corporation has a relevant interest (as defined in the Corporations Act) in more than 90% of the Shares.

The Board may in its absolute discretion declare the vesting of an Option during such period as the Board determines where:

i) Pioneer passes a resolution for the voluntary winding up of Pioneer;
ii) an order is made for the compulsory winding up of Pioneer; or
iii) Pioneer passes a resolution in accordance with Listing Rule 11.2 to dispose of its main undertaking.

If there is any internal reconstruction, reorganisation or acquisition of Pioneer which does not involve a significant change in the identity of the ultimate shareholders of Pioneer, this clause applies to any Option which has not vested by the day the reconstruction takes effect. The Board may declare in its sole discretion whether and to what extent Options will vest.

i) In the event of any reorganisation (including consolidation, sub-division, reduction, return or cancellation) of the issued capital of Pioneer, the rights attaching to the Options will be varied to comply with ASX Listing Rules.
j) An Option holder is not entitled to participate in any new issue of securities of Pioneer as a result of holding the Options.
k) Subject to the terms of the Options and the ASX Listing Rules, the Board may at any time by written instrument, amend all or any of the provisions of terms of the Options.

Any amendment to the provisions of these terms must not materially reduce your rights before the date of the amendment, unless the amendment is introduced primarily:

i) for the purpose of complying with or conforming to present or future State, Territory or Commonwealth legislation, the ASX Listing Rules or the constitution of Pioneer; or
ii) to correct any manifest error, or mistake.

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

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

Change of Control means:

i) in the case of a takeover bid (as defined in section 9 of the Corporations Act), an offer or who previously had voting power of less than 50% in Pioneer obtains voting power of more than 50%;
ii) a Court approves under section 411(4)(b) of the Corporations Act, a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of Pioneer or its amalgamation with any other company or companies;
iii) any person becomes bound or entitled to acquire shares in Pioneer under:

    a) section 414 of the Corporations Act (compulsory acquisition following a scheme or contract);
    b) Chapter 6A of the Corporations Act (compulsory acquisition of securities); or
    c) a selective capital reduction is approved by shareholders of Pioneer pursuant to section 256C(2) of the Corporations Act which results in a person who previously had voting power of less than 50% in Pioneer obtaining voting power of more than 50%; or

l) in any other case, a person obtains voting power in Pioneer which the Board (which for the avoidance of doubt will comprise those Directors holding office immediately prior to the person acquiring that voting power) determines, acting in good faith and in accordance with their fiduciary duties, is sufficient to control the composition of the Board.

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

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

j) Equity instruments held by Key Management Personnel

The tables below show the number of:

- options over ordinary shares in the Company;
- shares in the Company,

that were held during the financial year by Key Management Personnel of the Group, including their close family members and entities related to them.

There were no shares granted during the reporting period as compensation. No options have been granted to any Director or executives since the end of the financial year.

Option holdings

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

Share holdings

Name	Balance at the start of the year	Other changes during the year	Balance at the end of the year	Held nominally
Non-Executive Directors				
Mr Michael Smith	62,500	-	62,500	62,500
Mr Rob Bransby	35,000	-	35,000	-
Mr Mark Dutton	306,483	-	306,483	306,483
Ms Anne Templeman Jones	-	-	-	-
Executive Directors				
Mr Keith John	8,113,216	100,000	8,213,216	8,213,216
Other Key management Personnel				
Ms Lisa Stedman	275,000	-	275,000	125,000
Mr Leslie Crockett	163,984	-	163,984	13,984

k) Loans given to Key Management Personnel

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

l) Other transactions with Key Management Personnel

i) Leases entered into with related parties

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

JFPIT is the owner of three premises which are leased by the Company. The premises, the subject of the leases, are situated at 118 Royal Street, East Perth, 188 Bennett Street, East Perth and 190 Bennett Street, East Perth. The lease contracts are at arm's length.

For the year ended 30 June 2015 the total amount of $330,000 has been paid to JFPIT in respect of the leases.

The leases for 118 Royal Street, East Perth and 188 Bennett Street, East Perth expire on 31 December 2015 and are not expected to be renewed. The lease for 190 Bennett Street, East Perth expires on 31 December 2015 and is expected to be renewed.

ii) Design consulting agreement

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

The Company and AJD are parties to an agreement for design and project management services for the commercial fit-out of the Company's office premises. The agreement commenced on 1 November 2013 and continues on a monthly basis until terminated by either party on one month's notice.

For the year ended 30 June 2015 the total amount of $160,917 has been paid for the services.

Following completion of the fit-out of the Company's premises the agreement with AJD was finalised on 31 July 2015.

iii) Investment in associate

At a meeting of the Board of the Company on 26 March 2015, the Board (with Mr Keith John abstaining) approved the Company presenting an offer to Midbridge Investments Pty Ltd (MB) to acquire all of its shareholding in ASX listed Goldfields Money Limited in an off-market transaction at a price of $1.04 per share. The shareholding represented approximately 14.1% of the issued equity in Goldfields Money Ltd.

MB is a private investment vehicle of the Company's Managing Director Mr Keith R John.

On the 8 April 2015 the Company formally presented its offer to MB which was accepted.

The offer was for an amount of $2,302,972.88. The sum was paid by instalments and settled in full during the reporting period. Neither MB, Mr Keith John or any associate of those parties received any interest, financial accommodation or benefit as a result of being paid by instalment.

Shares under option

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

Name	Date options granted	Expiry date	Issue price	Number under option
Mr Michael Smith	7 February 2014	1 May 2018	$1.92	50,000
Mr Michael Smith	7 February 2014	1 May 2019	$1.92	250,000

Shares issued on the exercise of options

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

Insurance of officers

During the financial year, Pioneer Credit Limited paid a premium of $43,833 (2014 $21,043) to insure the Directors and Secretaries of the Company and its Australian-based controlled entities. The insurance premium increased significantly once Pioneer was admitted to the official list of the Australian Stock Exchange on 1 May 2014.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or

someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Indemnity of auditors

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

Proceedings on behalf of the Company

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

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

Non-audit services

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

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

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

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

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

	2015 $	2014 $
Other assurance services		
Network firms of PricewaterhouseCoopers Australia		
Special Purpose Review Half Year	-	62,943
Total remuneration for other assurance services	-	62,943
Taxation services		
PricewaterhouseCoopers Australia		
International tax consulting	34,526	12,500
Tax compliance services	134,528	13,464
Total remuneration for taxation services	169,054	25,964
Other services		
International Network firms of PricewaterhouseCoopers Australia		
Payroll services	2,137	-
Total remuneration for other services	2,137	-
Total remuneration for non-audit services	171,191	88,907

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 31.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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

Keith John
Managing Director

Perth
20 August 2015

Auditor's Independence Declaration

As lead auditor for the audit of Pioneer Credit Limited for the year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been:

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

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

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

William P R Meston
Partner
PricewaterhouseCoopers

Perth
20 August 2015

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Corporate Governance Statement

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

The 2015 corporate governance statement is dated as at 30 June 2015 and reflects the corporate governance practices in place throughout the 2015 financial year. The 2015 corporate governance statement was approved by the board on 20 August 2015. A description of the Group's current corporate governance practices is set out in the Group's corporate governance statement which can be viewed at http://www.pioneercredit.com.au/corporate/investor-centre/corporate-governance-statement/

Financial Statements

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Annual report - 30 June 2015

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These financial statements are the consolidated financial statements of the Consolidated Entity consisting of Pioneer Credit Limited and its subsidiaries. A list of subsidiaries is included in note 14. The financial statements are presented in the Australian currency.

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

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

The financial statements were authorised for issue by the Directors on 20 August 2015. The Directors have the power to amend and reissue the financial statements.

Consolidated statement of comprehensive income

	Note	2015 $'000	2014 $'000
Revenue from operations	3	38,697	25,694
Other income	3	91	67
		38,788	25,761
Employee expenses		(16,893)	(11,718)
Rental expenses		(2,059)	(1,294)
Direct expenses		(1,846)	(2,747)
Information technology and communications		(1,772)	(1,320)
Professional expenses		(1,169)	(2,908)
Depreciation and amortisation	5	(938)	(379)
Travel and entertainment		(469)	(570)
Other expenses		(1,425)	(1,054)
Finance expenses	5	(1,513)	(1,412)
Share of profit of associate accounted for using the equity method		8	-
Profit before income tax		10,712	2,359
Income tax expense	6	(3,271)	(1,312)
Profit from continuing operations		7,441	1,047
Total comprehensive income for the year		7,441	1,047
Total comprehensive income for the year is attributable to:			
Owners of Pioneer Credit Limited		7,441	1,047
Earnings per share for profit attributable to the ordinary equity holders of the Company:		Cents	Cents
Basic earnings per share	22	16.40	7.97
Diluted earnings per share	22	16.40	7.97

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

Consolidated balance sheet

	Note	30 June 2015 $'000	30 June 2014 $'000
ASSETS			
Current assets			
Cash and cash equivalents		2,168	4,458
Trade and other receivables	7(a)	2,190	2,570
Other current assets	7(a)	411	246
Current tax receivables		-	327
Financial assets at fair value through profit or loss	7(b)	32,576	29,183
Total current assets		37,345	36,784
Non-current assets			
Property, plant and equipment	8(a)	4,335	2,537
Intangible assets	8(c)	384	161
Investments accounted for using the equity method		2,321	-
Other non-current assets		45	61
Deferred tax assets	8(b)	1,129	1,198
Financial assets at fair value through profit or loss	7(b)	49,346	29,560
Total non-current assets		57,560	33,517
Total assets		94,905	70,301
LIABILITIES			
Current liabilities			
Trade and other payables	7(c)	3,851	11,352
Borrowings	7(d)	11,874	5,376
Current tax liabilities		1,199	-
Accruals, provisions and other liabilities		1,888	2,599
Total current liabilities		18,812	19,327
Non-current liabilities			
Borrowings	7(d)	20,999	2,012
Provisions and other liabilities		2,216	1,360
Total non-current liabilities		23,215	3,372
Total liabilities		42,027	22,699
Net assets		52,878	47,602
EQUITY			
Contributed equity	9(a)	45,464	45,464
Other reserves	9(f)	1,073	1,037
Retained earnings	9(g)	6,341	1,101
Capital and reserves attributable to the owners of Pioneer Credit Limited		52,878	47,602
Total equity		52,878	47,602

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

Consolidated statement of changes in equity

	Contributed equity $'000	Convertible Redeemable Preference Shares $'000	Share Based Payment Reserve $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2013	3,674	5,417	-	3,984	13,075
Total comprehensive income for the year	-	-	-	1,047	1,047
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs	38,543	-	-	-	38,543
CRPS B&C conversion to contributed equity	7,754	-	-	-	7,754
CRPS A conversion to contributed equity	5,413	(5,413)	-	-	-
Current and deferred tax through equity	656	(4)	-	-	652
Treasury shares issued and share based payments	403	-	1,037	-	1,440
Employee share scheme	91	-	-	-	91
Return of Capital and Dividend Paid	(11,070)	-	-	(3,930)	(15,000)
	41,790	(5,417)	1,037	(3,930)	33,480
Balance at 30 June 2014	45,464	-	1,037	1,101	47,602

	Note	Contributed equity $'000	Convertible Redeemable Preference Shares $'000	Share Based Payment Reserve $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2014		45,464	-	1,037	1,101	47,602
Total comprehensive income for the year		-	-	-	7,441	7,441
Transactions with owners in their capacity of owners						
Treasury shares and share based payments	9(f)	-	-	36	-	36
Dividends declared and paid	13(b)	-	-	-	(2,201)	(2,201)
		-	-	36	(2,201)	(2,165)
Balance at 30 June 2015		45,464	-	1,073	6,341	52,878

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

Consolidated statement of cash flows

	Note	30 June 2015 $'000	30 June 2014 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		55,629	35,779
Payments to suppliers and employees (inclusive of goods and services tax)		(24,949)	(18,295)
		30,680	17,484
Interest received		91	67
Interest paid		(919)	(708)
Net income taxation paid		(1,676)	(3,201)
Net cash inflow from operating activities	10(a)	28,176	13,642
Cash flows from investing activities			
Payments for property, plant and equipment	8(a)	(1,599)	(701)
Payments for intangible assets	8(c)	(345)	(226)
Acquisitions of financial assets at fair value through profit or loss		(49,433)	(22,314)
Payment for investment in associate	15	(2,313)	-
Proceeds of loans from related parties		-	1,567
Repayment of loans from related parties		-	(1,621)
Proceeds from the sale of property, plant and equipment		8	-
Net cash outflow from investing activities		(53,682)	(23,295)
Cash flows from financing activities			
Proceeds from borrowings		37,076	26,061
Repayment of borrowings		(11,665)	(35,222)
Dividends paid to Company's shareholders	13(b)	(2,201)	(3,930)
Proceeds from issue of ordinary shares	9(a)	-	41,120
Return of capital	9(a)	-	(11,070)
Capital raising costs	9(a)	-	(4,233)
Treasury shares loan repayment	9(c)	6	319
Proceeds from issues of convertible redeemable preference shares		-	99
Net cash inflow from financing activities		23,216	13,144
Cash flows from financing activities			
Net (decrease) / increase in cash and cash equivalents		(2,290)	3,491
Cash and cash equivalents at the beginning of the financial year		4,458	967
Cash and cash equivalents at the end of the year		2,168	4,458

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

Contents of the notes to the consolidated financial statements

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1) Significant changes in the current reporting period

Significant events and transactions that have affected the Group's financial position and performance during the period under review are as follows:

Additional Revenue Stream

Consistent with our long-standing approach of working towards a complete understanding of the characteristics of the customer portfolios we purchase, and to ensure we realise the appropriate value from those portfolios, the Group has successfully entered the secondary sale market for portfolios of accounts that we believe:

- will not meet our requirements for the customers to evolve into the 'new consumer' (Part IX customers and customers we are unable to secure realistic payment arrangements with), and
- where the value to be realised from a portfolio sale provides the greatest expected value to the Group.

The Group will continue to manage value on an ongoing basis and make decisions about whether long term liquidation or selling financial assets is expected to maximise the return on the portfolio.

Investment in Associate

As outlined in our 2014 Prospectus and updates to the market since listing on the ASX, the Group is working towards the expansion of its revenue streams through the offering of financial products in the 2015 calendar year.

An equity stake in Goldfields Money Limited (ASX: GMY) was acquired during the financial year.

Goldfields Money Limited (Goldfields) is the only ASX listed Western Australian based Authorised Deposit-taking Institution. The Group entered into a Memorandum of Understanding with Goldfields for the development of banking products. This agreement is a significant step towards the Group's long term goal of offering a wide range of financial products to our customers.

See note 15 for additional information on the investment in Goldfields Money Limited.

How numbers are calculated

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

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

2) Segment information

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

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

3) Revenue from operations

	2015 $'000	2014 $'000
From continuing operations		
Operating revenues		
Liquidation of cash flows from purchased debt portfolios	51,707	37,230
Proceeds from the sale of purchased debt portfolios	3,526	-
Change in value of purchased debt portfolios	(16,702)	(11,814)
Net gain on financial assets – purchased debt portfolios	38,531	25,416
Services	166	278
	38,697	25,694

Revenue recognition

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

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

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

Customer payments, Debt purchase income

Net gains on financial assets are disclosed in the consolidated statement of comprehensive income as cash flows from purchased debt portfolios net of any change in fair value of the portfolios. The Group recognises purchased debt portfolios as financial assets at fair value through profit or loss.

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

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

Sale of purchased debt portfolios

Revenue from the sale of purchased debt portfolios is recognised to the extent that it is probable that the revenue benefits will flow to the Group and the revenue can be reliably measured.

Services Income

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

Other income

	2015 $'000	2014 $'000
Interest income	91	67

Other income recognition

Interest income

Interest income is recognised using the effective interest method.

4) Individually significant items

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

	2015 $'000	2014 $'000
Initial Public Offering Costs		
Costs incurred to list on the stock exchange	-	4,233
Costs apportioned to capital raising	-	(2,175)
	-	2,058
Commercial Claim		
Settlement and settlement provision	166	420
Legal costs	15	228
	181	648
Indirect Taxation		
Finalisation of prior periods indirect taxation position	169	312
Professional costs	186	-
	355	312

Initial Public Offering Costs

Pioneer Credit Limited was admitted to the official list of ASX Limited on Thursday 1 May 2014. Consistent with the requirements of Australian Accounting Standards, the incremental costs that are directly attributable to issuing new shares have been deducted from equity (net of any income tax benefit), and costs that related to the stock market listing, or were otherwise not incremental and directly attributable to issuing new shares, were recorded as an expense in the consolidated statement of comprehensive income.

The nature of this cost item is that it will not recur in the future.

Commercial Claim

The prior period outstanding commercial dispute claim was finalised during the period under review. An additional cost over and above the initial provision has been recognised. The full claim has now been settled, with additional legal costs.

This claim has been settled and there is no future liability which could arise in this matter.

Indirect Taxation

A previously uncertain interpretation of an indirect taxation position has been finalised in the period under review with the assistance of professional advice.

The nature of this cost item is that it will not recur in the future.

5) Other expense items

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

	2015 $'000	2014 $'000
Finance expenses		
Bank fees and borrowing expenses	594	184
Interest and finance charges paid / payable for financial liabilities not at fair value through profit and loss	919	708
Interest on Convertible Redeemable Preference Shares	-	520
	1,513	1,412
Employee benefits expense inclusive of on-costs		
Share based payment modification	-	744
Share based payments	-	95
Chairman options	30	14
	30	853
Depreciation and amortisation		
Depreciation	816	314
Amortisation	122	65
	938	379

6) Income tax expense

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

Income tax expense

	2015 $'000	2014 $'000
Current tax		
Current tax on profits for the year	3,327	1,672
Adjustments for current tax of prior periods	(8)	175
Deferred income tax	(48)	(535)
Total current tax expense	3,271	1,312
Income tax is attributable to:		
Profit from continuing operations	10,712	2,359
Deferred income tax (revenue) expense included in income tax expense comprises:		
(Decrease) increase direct to equity	(117)	460
Decrease (increase) in deferred tax assets	69	(995)
	(48)	(535)

Numerical reconciliation of income tax expense to prima facie tax payable

	2015 $'000	2014 $'000
Profit from continuing operations before income tax expense	10,712	2,359
Tax at the Australian tax rate of 30.0% (2014 – 30.0%)	3,214	708
Non-deductible entertainment costs	20	29
Non-deductible provision for fringe benefits tax	19	1
Non-deductible CRPS interest	-	156
Non-deductible share based payments	12	243
(Over)under provision for prior year taxation	(8)	175
Share of net profits of associate	(2)	-
Other non-deductibles	16	-
Income tax expense	3,271	1,312

Amounts recognised directly in equity

	2015 $'000	2014 $'000
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:		
Current tax – credited directly to equity	117	192
Net deferred tax – (debited) / credited directly to equity	(117)	460
	-	652

7) Financial assets and financial liabilities

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

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

The Group holds the following financial instruments:

Financial assets

	Note	Assets at FVTPL $'000	Financial assets at amortised cost $'000	Total $'000
2015				
Cash and cash equivalents		-	2,168	2,168
Trade and other receivables *	7(a)	-	2,190	2,190
Financial assets at FVTPL	7(b)	81,922	-	81,922
		81,922	4,358	86,280
2014				
Cash and cash equivalents		-	4,458	4,458
Trade and other receivables *	7(a)	-	2,570	2,570
Financial assets at FVTPL	7(b)	58,743	-	58,743
		58,743	7,028	65,771

*excluding prepayments

Financial liabilities

	Note	Financial liabilities at amortised cost $'000	Total $'000
2015			
Trade and other payables **	7(c)	3,851	3,851
Borrowings	7(d)	32,873	32,873
Accruals, provisions and other liabilities		1,993	1,993
		38,717	38,717
2014			
Trade and other payables **	7(c)	11,352	11,352
Borrowings	7(d)	7,388	7,388
Accruals, provisions and other liabilities		2,524	2,524
		21,264	21,264

**excluding non-financial liabilities

The Group's exposure to various risks associated with the financial instruments is discussed in note 12. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

a) Trade and other receivables

	2015 Current $'000	2015 Non-current $'000	2015 Total $'000	2014 Current $'000	2014 Non-current $'000	2014 Total $'000
Trade receivables	1,247	-	1,247	876	-	876
Other receivables	943	-	943	1,694	-	1,694
Prepayments	411	45	456	246	61	307
	2,601	45	2,646	2,816	61	2,877

Further information relating to loans to related parties and Key Management Personnel is set out in note 19.

Classification as trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If recovery of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current. The Group's impairment and other accounting policies for trade and other receivables are outlined in notes 12(c) and 26(e) respectively.

Other receivables

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

Fair value of trade and other receivables

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

Impairment and risk exposure

Information about the impairment of trade and other receivables, their credit quality and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 12(a) to 12(c).

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

b) Financial assets at fair value through profit or loss

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

	2015 $'000	2014 $'000
Purchased debt portfolios		
Current	32,576	29,183
Non-current	49,346	29,560
	81,922	58,743

Movement on financial assets at fair value is as follows:

	2015 $'000	2014 $'000
Current and non-current		
At beginning of period	58,743	38,931
Additions for the period, net of recourse *	39,881	31,626
Liquidation of cash flows from purchased debt portfolios	(51,707)	(37,230)
Sale of purchased debt portfolios	(3,526)	-
Net gain on financial assets – purchased debt portfolios	38,531	25,416
	81,922	58,743

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

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

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

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

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

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

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

Purchased debt portfolios are initially recorded at acquisition cost, which on the basis of the transaction being at arm's length is considered to be fair value, and thereafter at fair value in the balance sheet, with transaction costs expensed as incurred. In the absence of a sufficiently active market, the fair value of any particular portfolio is determined based on a valuation technique. The valuation is based on the present value of expected future cash flows. Note (iv) below explains how the fair value of purchased debt portfolios is determined, including information regarding the key assumptions used.

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

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

ii) Amounts recognised in profit or loss

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

iii) Risk exposure and fair value measurements

Information about the Group's exposure to price risk is provided in note 12. For information about the methods and assumptions used in determining fair value please refer to note 7(v) below.

iv) Fair value and fair value measurements

a) Fair value hierarchy

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

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
30 June 2015				
Financial assets				
Financial assets at FVTPL	-	-	81,922	81,922
30 June 2014				
Financial assets				
Financial assets at FVTPL	-	-	58,743	58,743

Level 1:

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

Level 2:

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

Level 3:

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

b) Transfers between levels

There were no transfers between levels in 2014 or 2015.

c) Valuation techniques used to derive fair values

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

Level 3

If one or more of the significant inputs is not based on observable market data (unobservable inputs), the instrument is included in Level 3. Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. This is the case for PDPs for which there is not considered to be a sufficiently active secondary market.

Consistent with the long-standing approach of working towards a complete understanding of the characteristics of the customer portfolios the Group purchases, and to ensure Pioneer manage and realise the appropriate value from those portfolios, Pioneer in FY15 commenced exploration of the secondary sale market for portfolios of accounts that:

- will not meet our requirements for the customers to evolve into the 'new consumer' (i.e Part IX customers and customers we are unable to secure realistic payment arrangements with); and
- where the value to be realised from a portfolio sale provides a better than expected value to the Group.

The first successful sale of a small test portfolio was concluded in December 2014 and during the second half of the financial year Pioneer completed additional successful sales of portfolios of customer accounts.

The second half sales were of portfolios of Part IX accounts (also commonly referred to as bankruptcy compromised accounts).

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

The fair value of financial instruments that are not traded in an active market, the PDPs, is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

The specific valuation technique used to determine the fair value of financial instruments is a Discounted Cash Flow (DCF) which incorporates, at least, the following material variables:

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

d) Fair value measurements using significant unobservable inputs

Analysis of change in fair value for the year ended 30 June 2015

	2015 $'000
Actual versus forecast cash flow	11,003
Change in future forecast cash flows	27,528
	38,531

Changes in valuation techniques

There were no significant changes made to the discounted cash flow valuation applied in the current and prior financial year. Within the valuation model there were improvements made based on observable statistical evidence.

Valuation inputs and relationship to fair value

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

Description	Fair value $'000	Valuation technique	Unobservable inputs	Range of inputs	Relationship to Fair Value
Financial Assets at Fair Value Through Profit or Loss	81,922	Discounted Cash Flow and Validation	Expected liquidation rate	1% change in liquidation rate	A reduction in liquidation rate by 1% results in a decrease in fair value on total estimated cash flows by $0.706m, an increase results in an increase in fair value on total estimated cash flows of $0.706m.
			Expected liquidation rate	3% change in liquidation rate	A reduction in liquidation rate by 3% results in a decrease in fair value on total estimated cash flows by $2.118m, an increase results in an increase in fair value on total estimated cash flows of $2.118m.
			Cash flow liquidation period	Impact of a seven year liquidation period versus a six year liquidation period	Results in an increase in fair value of $1.611m.
			Discount rate	Variance in risk-adjusted discount rate by 100 bps	The higher the risk-adjusted rate the lower the fair value. A reduction in rate by 100 bps results in an increase in fair value by $1.230m, an increase results in a decrease in fair value of $1.186m.
			Discount rate	Variance in risk-adjusted discount rate by 300 bps	The higher the risk-adjusted rate the lower the fair value. A reduction in rate by 300 bps results in an increase in fair value by $3.831m, an increase results in a decrease in fair value of $3.434m.

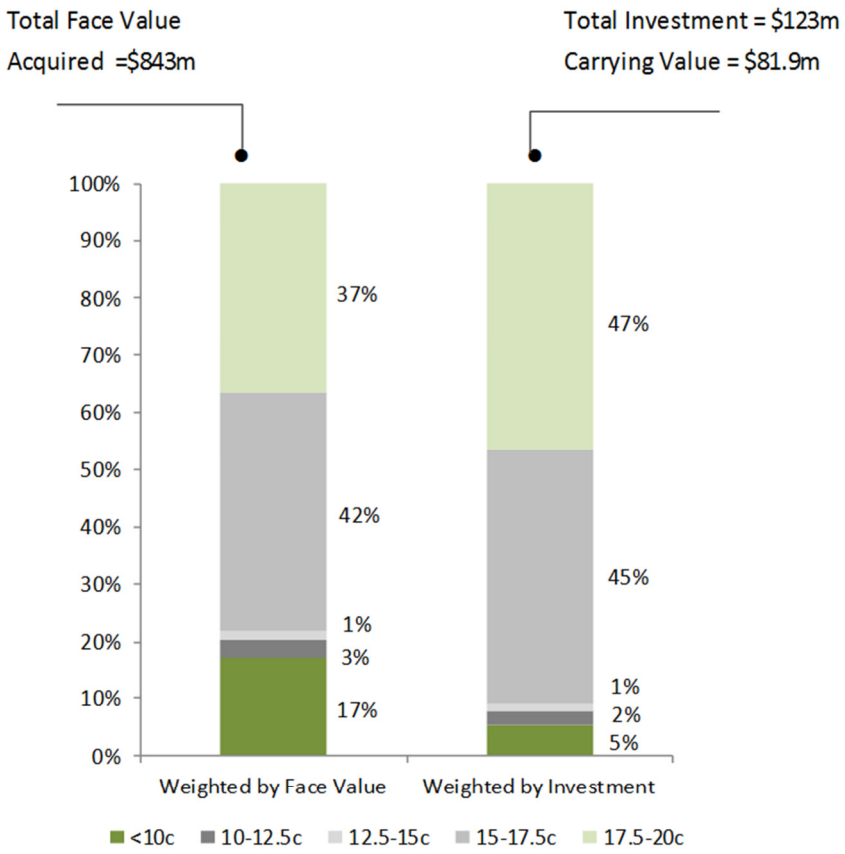
A reasonably possible change in liquidation rates and discount rates has been determined to be plus or minus 3%. A 1% change in liquidation rates and discount rates has also been disclosed for comparison purposes only.

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

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

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

Historical aggregate debt purchases weighted by face value and investment



Face value acquired $843m with investment cost (not fair value) of $123m.

v) Valuation Process

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

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

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

The valuation of a PDP requires estimation of:

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

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

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

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

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

- Expected liquidation rate — Product characteristics, payment and liquidation history and management experience with historic performance of comparable portfolios.
- Face value — Determined at the date the PDP was acquired.
- Cash flow liquidation period — Periods range from six to ten years depending on liquidation history. Weighted average liquidation period is 2.6 years (2014: 2.1 years) indicating the majority of liquidation occurs in the earlier years.
- Discount rate — Incorporate a risk free rate and appropriate credit risk adjustment for risks not built into the underlying cash flows expected to be recovered. The weighted average discount rate used to calculate fair value is 20.9% (2014: 19.7%) noting that further risk adjustment is not required as the cash flows to which the rates are applied are appropriately risk adjusted.
- Cost — Recently acquired PDPs may be valued at cost, where it is considered to approximate fair value.

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

c) Trade and other payables

	2015			2014		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Trade payables	3,851	-	3,851	11,352	-	11,352
Payroll tax & other statutory liabilities	195	-	195	276	-	276
Other payables	1,430	-	1,430	1,885	-	1,885
	5,476	-	5,476	13,513	-	13,513

See note 8(d) for detail on current provisions.

Trade payables at 30 June 2014 included $10.2m owing on purchased debt portfolios, consistent with the terms of their acquisition. The amount of this trade payable is unusual when compared to the current period. It was paid, in the normal course of business, during the first half of the financial year.

Risk exposure

Information about the Group's exposure to foreign exchange risk is provided in note 12.

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

d) Borrowings

	2015			2014		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Secured						
Bank loans	7,063	20,999	28,062	804	2,012	2,816
Other loans	4,741	-	4,741	4,471	-	4,471
	11,804	20,999	32,803	5,275	2,012	7,287
Unsecured						
Other loans	70	-	70	101	-	101
	11,874	20,999	32,873	5,376	2,012	7,388

Further information relating to loans related to related parties and Key Management Personnel is set out in note 19.

Secured liabilities and assets pledged as security

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

All property of the Group comprises the Group total assets of $94,905,000 (2014: $70,301,000)

See note 12(d) for details of the financing arrangements available to the Group to which the security relates.

Compliance with loan covenants

Pioneer Credit Limited has complied with the financial covenants of its borrowing facilities during the 2015 and 2014 reporting periods, see note 13 for details.

Fair Value

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

Risk exposures

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 12.

8) Non-financial assets and liabilities

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

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

a) Property, plant and equipment

	Plant and equipment $'000	Furniture, fittings & equipment $'000	Machinery & vehicles $'000	Leasehold improvements $'000	Total $'000
At 1 July 2014					
Cost	1,187	145	41	1,949	3,322
Accumulated depreciation	(510)	(38)	(30)	(207)	(785)
Net book amount	677	107	11	1,742	2,537
Year ended 30 June 2015					
Opening net book amount	677	107	11	1,742	2,537
Additions	579	104	-	916	1,599
Make good provision	-	-	-	189	189
Depreciation charge	(394)	(54)	(2)	(366)	(816)
Disposals	-	-	(9)	-	(9)
Lease incentive	-	-	-	835	835
Closing net book amount	862	157	-	3,316	4,335
At 30 June 2015					
Cost	1,766	249	-	3,889	5,904
Accumulated depreciation	(904)	(92)	-	(573)	(1,569)
Net book amount	862	157	-	3,316	4,335
At 1 July 2013					
Cost	702	111	41	332	1,186
Accumulated depreciation	(296)	(16)	(28)	(131)	(471)
Net book amount	406	95	13	201	715
Year ended 30 June 2014					
Opening net book amount	406	95	13	201	715
Additions	485	34	-	182	701
Depreciation charge	(214)	(22)	(2)	(76)	(314)
Lease incentive	-	-	-	1,435	1,435
Closing net book amount	677	107	11	1,742	2,537
At 30 June 2014					
Cost	1,187	145	41	1,949	3,322
Accumulated depreciation	(510)	(38)	(30)	(207)	(785)
Net book amount	677	107	11	1,742	2,537

Non-current assets pledged as security

Refer to note 7(d) for information on non-current assets pledged as security by the Group.

Depreciation methods and useful lives

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

- Plant and equipment 15 - 66.7%
- Furniture, fittings and equipment 15 - 50%
- Machinery and vehicles 25%
- Leasehold improvements 20 - 50%
- Lease incentive 9 years, being the term of the lease

See note 26(f) for the other accounting policies relevant to property, plant and equipment.

Lease incentive asset

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

b) Deferred tax balances

Deferred tax assets

	2015 $'000	2014 $'000
The balance comprises temporary differences attributable to:		
Employee benefits (annual leave)	128	86
Retirement benefit obligations (superannuation payable)	43	28
Other		
Other expenses (audit, accounting, payroll tax)	269	182
Share issue expenses	657	888
Other (formation costs, blackhole costs)	43	14
Prepayments	(11)	-
Sub-total other	958	1,084
Net deferred tax assets	1,129	1,198

Movements

	Employee benefits $'000	Retirement Benefit Obligation $'000	Other $'000	Total $'000
At 1 July 2014	86	28	1,084	1,198
(Charged)/ credited				
- To profit or loss	42	15	(9)	48
- Directly to equity	-	-	(117)	(117)
At 30 June 2015	128	43	958	1,129
At 1 July 2013	62	40	101	203
(Charged)/ credited				
- To profit or loss	24	(12)	523	535
- Directly to equity	-	-	460	460
At 30 June 2014	86	28	1,084	1,198

c) Intangible assets

	Software $'000
At 1 July 2014	
Cost	226
Accumulated amortisation	(65)
Net book amount	161
Year ended 30 June 2015	
Opening net book amount	161
Additions	345
Amortisation charge	(122)
Closing net book amount	384
At 30 June 2015	
Cost	571
Accumulated amortisation	(187)
Net book amount	384
Year ended 30 June 2014	
Opening net book amount	-
Additions	226
Amortisation charge	(65)
Closing net book amount	161
At 30 June 2014	
Cost	226
Accumulated amortisation	(65)
Net book amount	161

Amortisation methods and useful lives

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

- Software 1-3 years

See note 26(g) for the other accounting policies relevant to intangible assets, and the Group's policy regarding impairments.

d) Provisions

	2015			2014		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Employee benefits	-	180	180	-	84	84
Lease make good	-	189	189	-	-	-
Commercial claim	-	-	-	279	-	279
	-	369	369	279	84	363

Information about individual provisions and significant estimates

Employee benefits

Long service leave

The liabilities for long service leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Re measurement as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

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

Lease make good

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

Commercial claim

See note 4 for details of the provision raised and subsequently settled during the reporting period relating to the commercial claim.

Movements in provisions

	Employee benefits $'000	Lease make good $'000	Commercial claim $'000	Total $'000
At 1 July 2014				
Carrying amount at start of year	84	-	279	363
Charged to profit or loss	96	-	166	262
Capitalised to balance sheet	-	189	-	189
Amounts used during the year	-	-	(445)	(445)
At 30 June 2015	**180**	**189**	**-**	**369**
At 1 July 2013				
Carrying amount at start of year	-	-	-	-
Charged to profit or loss	84	-	420	504
Amounts used during the year	-	-	(141)	(141)
At 30 June 2014	**84**	**-**	**279**	**363**

Amounts not expected to be settled within 12 months

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

9) Equity

a) Contributed equity

Share capital

	2015 Shares	2014 Shares	2015 $'000	2014 $'000
Ordinary shares – fully paid	**44,973,990**	44,973,990	**45,464**	45,464

Movements in ordinary share capital

Date	Details	Number of shares	$'000
1 July 2014	Opening balance	44,973,990	45,464
30 June 2015	Closing balance	44,973,990	45,464
1 July 2013	Opening balance	11,904,596	9,091
	Deferred tax through equity	-	652
	CRPS A Re-investment	591,742	592
	CRPS B Conversion (net of transaction costs)	3,419,035	3,406
	CRPS C Conversion (net of transaction costs)	3,623,917	4,349
	Management options	300,000	403
	Return of capital	-	(11,070)
	Employee offering	134,700	216
	Initial Public Offering	25,000,000	40,000
	Transaction costs arising on share issue	-	(2,175)
30 June 2014	Closing balance	44,973,990	45,464

b) Ordinary shares

All authorised ordinary shares have been issued.

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

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

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

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

Pre-initial public offering shareholders, which includes management share holders, have entered into voluntary escrow arrangements in respect of the shares they held on listing on the Australian Stock Exchange. The escrow period is the same for all escrowed shareholders, being the period from 1 May 2014 to 10 trading days after the date on which Pioneer releases to the ASX its results for the full financial year ending 30 June 2015.

During the escrow period, the escrowed shareholders may deal in any of their shares to the extent the dealing is required by applicable law (including an order of court of competent jurisdiction). The restriction on 'disposing' is broadly defined and includes, among other things, selling, assigning, transferring or otherwise disposing of any interests in the Shares, encumbering or granting a security interest over the Shares, doing or omitting to do, any act if the act or omission would have the effect of transferring effective ownership or control of any of the Shares or agreeing to do any of those things.

c) Treasury shares

Date	Details	Number of shares	$'000
1 July 2014	Opening balance	400,000	1,024
	Receipt on treasury shares		6
30 June 2015	Closing balance	400,000	1,030
1 July 2013	Opening balance	-	-
	Management options	400,000	1,024
30 June 2014	Closing balance	400,000	1,024

d) Employee share scheme

Information relating to the employee share scheme of the previous financial year, including details of shares issued under the scheme, is set out in note 20.

No new employee shares were issued during the period under review.

e) Options

Information relating to the Chairman's Options and Management Options, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in note 20.

f) Other reserves

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

Share based payments	
At 1 July 2014	
Opening balance	1,037
Chairman's options	30
Treasury shares	6
At 30 June 2015	1,073
At 1 July 2013	
Opening balance	-
Chairman's options	13
Management options	1,024
At 30 June 2014	1,037

Nature and purpose of other reserves share-based payments

The share-based payments reserve is used to recognise:

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

g) Retained earnings

Movements in retained earnings were as follows:

	2015 $'000	2014 $'000
Balance 1 July	1,101	3,984
Net profit for the year	7,441	1,047
Dividends	(2,201)	(3,930)
Balance 30 June	6,341	1,101

10) Cash flow information

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

	2015 $'000	2014 $'000
Profit for the period	7,441	1,047
Depreciation and amortisation	938	379
Non-cash employee benefits expense – share-based payments	30	808
Net profit on sale of assets previously written off	(8)	-
Share of profit of associate accounted or using the equity method	(8)	-
Accrued interest on convertible redeemable preference shares	-	520
Change in value of purchased debt portfolios	16,702	11,814
Capital raising costs disclosed in financing activities	-	2,058
Change in operating assets and liabilities:		
- Decrease (increase) in trade receivables	240	(1,729)
- (Increase) decrease in deferred tax assets through profit or loss	(48)	(535)
- Increase (decrease) in trade payables	2,125	(609)
- Increase (decrease) in provision for income taxes payable	1,643	(1,354)
- (Decrease) Increase in accruals and other liabilities	(879)	1,243
Net cash flow inflow from operating activities	28,176	13,642

b) Non-cash investing and financing activities

Non-cash investing and financing activities

	2015 $'000	2014 $'000
Employee share scheme	-	91
Make good provision	189	-
Lease incentive liability released	(159)	-
Lease incentive recognised	835	1,435

Risk

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

11) Critical accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

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

Fair value measurement of financial instruments

The fair value of financial instruments that are not traded in a sufficiently active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions, including considering market conditions existing at the end of each reporting period. The Group uses its judgement and makes assumptions as to the allocation of purchased debt portfolios between current and non-current asset allocations. For details of the key assumptions used and the impact of changes to these assumptions see note 7(b).

Investment in associate

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

Goldfields Money Limited is a publically traded entity and at the time of approval of this Annual Report, publically available information as at 30 June 2015 was not available on Goldfields Money Limited. Management has exercised judgement in determining the share of equity income from this associate. Selected information has been presented based on information readily available to the Group.

See note 15 for more information on the Investment in associate.

12) Financial risk management

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

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

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

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

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

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

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

a) Summarised sensitivity analysis – interest rate risk

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

	Carrying amount $'000	-100 bps Profit $'000	+100 bps Profit $'000
At 30 June 2015			
Financial liabilities			
Borrowings	28,210	199	(199)
At 30 June 2014			
Financial liabilities			
Borrowings	3,039	136	(136)

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

b) Market risk

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

Foreign exchange risk

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

Cash flow and fair value interest rate risk

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

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

Instruments used by the Group

	30 June 2015		30 June 2014	
	Weighted average interest rate %	Balance $'000	Weighted average interest rate %	Balance $'000
Bank overdrafts and bank loans	4.56%	28,210	5.13%	3,039

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

Price risk

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

c) Credit risk

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

Risk management

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

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

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

Impaired trade receivables

As at 30 June 2015, no current trade receivables of the Group were impaired, nor overdue.

d) Liquidity risk

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

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

Financing arrangements

The Group had access to a Senior Debt Facility of $54,060,000 at the end of the financial year (2014: $54,060,000). The facility comprises a cash advance facility to fund the acquisition of purchased debt portfolios, a bank guarantee facility, an overdraft facility, a direct debit authority facility and a credit card facility.

The overdraft facility was unused at 30 June 2015 and the undrawn limit on the cash advance facility was $18,791,000 at 30 June 2015 (2014: $43,963,000). The facility is subject to the Group meeting a number of financial undertakings, all of which have been met to date. The facility will expire on 31 July 2017. Management has no reason to believe that the facility will not be renewed and / or extended beyond this date.

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

Maturities of financial liabilities

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

	Within 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Carrying amount $'000
At 30 June 2015				
Trade payables	3,851	-	-	3,851
Borrowings	13,002	7,935	14,558	32,873
Accruals, provisions and other liabilities	1,624	-	369	1,993
	18,477	7,935	14,927	38,717
At 30 June 2014				
Trade payables	11,352	-	-	11,352
Borrowings	5,479	812	1,514	7,388
Accruals, provisions and other liabilities	2,440	-	84	2,524
	19,271	812	1,598	21,264

Trade payables at 30 June 2014 included $10.2m owing on purchased debt portfolios, consistent with the terms of their acquisition. The amount of this trade payable is unusual when compared to the current period. It was paid, in the normal course of business, during the first half of the financial year.

13) Capital management

a) Risk management

The Group's objectives when managing capital are to;

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

b) Dividends

Ordinary shares

	2015 $'000	2014 $'000
Special dividend on fully paid ordinary shares held on 30 April 2014 of 19.415 cents per share paid on 16 June 2014	-	3,930
2H FY14 dividend on fully paid ordinary shares held on 30 September 2014 of 3.10 cents per share paid on 17 October 2014	1,407	-
1H FY15 dividend on fully paid ordinary shares held on 31 March 2015 of 1.75 cents per share paid on 17 April 2015	794	-
	2,201	3,930

Return of capital

	2015 $'000	2014 $'000
Return of capital on fully paid ordinary shares held on 30 April 2014 of 54.698 cents per share paid on 17 June 2014	-	11,070

Dividends not recognised at the end of the reporting period

	2015 $'000	2014 $'000
Since year end the Directors have recommended the payment of a final dividend of 6.80 cents per fully paid ordinary share (2014 – 3.10), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 30 October 2015 out of retained earnings at 30 June 2015, but not recognised as a liability at year end is	3,085	1,407

Franking dividends

The franked portions of the final dividends recommended after 30 June 2015 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ended 30 June 2016.

	2015 $'000	2014 $'000
Franking credits available for subsequent reporting periods based on a tax rate of 30.0% (2014 – 30.0%)	2,408	1,454

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

c) Capital risk management

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

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

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

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

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

Details of financing facilities are set out in note 12(d).

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

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

Group Structure

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

14) Subsidiaries

Significant investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in note 26(b).

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2015 %	2014 %
Pioneer Credit Acquisition Services Pty Limited	Australia	Ordinary	100	100
Sphere Legal Pty Limited	Australia	Ordinary	100	100
Pioneer Credit (Philippines) Pty Limited	Australia	Ordinary	100	100
Pioneer Credit Financial Services Pty Limited*	Australia	Ordinary	100	-
Pioneer Credit Broking Services Pty Limited**	Australia	Ordinary	100	-
Pioneer Credit Acquisition Services (UK) Limited***	United Kingdom	Ordinary	100	100

* Pioneer Credit Financial Services Pty Limited was incorporated on 1 April 2015 and holds the Investment in associate.

** Pioneer Credit Broking Services Pty Limited was incorporated on 28 May 2015 and has not conducted any business since inception to the date of this report.

*** Pioneer Credit Acquisition Services (UK) Limited is an entity incorporated in the United Kingdom and has not conducted any business since inception to the date of this report.

The principal activities of the other subsidiaries listed above is the same as that of the holding Company, namely, specialising in acquiring and servicing unsecured retail debt portfolios.

15) Associates

Investment in associate

Set out below is the investment in an associate of the Group as at 30 June 2015. The entity listed below has share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also the principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of business/ country of incorporation	% of ownership interest		Nature of relationship	Measurement method
		30 June 2015	30 June 2014		
Goldfields Money Limited	Australia	14.13	-	Associate	Equity method

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

The Group acquired the holding during the last quarter of the financial year. At 30 June 2015, the Group's share of the quoted market value of GMY was $1.882m while the carrying value, inclusive of transaction costs and equity method accounting is $2.321m.

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

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

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

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

The Group is not aware of any contingent liabilities that may or may not exist within Goldfield Money at 30 June 2015.

Summarised financial information for the associate

Goldfields Money is a publically traded entity and at the time of approval of this annual report, publically available information as at 30 June 2015 for Goldfields Money was not available.

Summarised statement of financial position

	30 June 2015 $'000	30 June 2014 $'000
Total assets	158,984	143,067
Total liabilities	144,077	128,229
Net assets	14,907	14,838
Movement in net assets		
Opening net assets	14,838	14,683
Profit / (loss) for the period	140	190
Equity raising costs	(71)	(71)
Other comprehensive income	-	36
Closing net assets	14,907	14,838
Group's share of net assets in %	14.13%	-
Group's share of net assets in $	2,106	-

Summarised statement of comprehensive income

	30 June 2015 $'000	30 June 2014 $'000
Interest revenue	7,259	6,196
Interest expense	(4,319)	(3,612)
Non-interest revenue	404	392
Other expenses	(3,254)	(2,817)
Income tax benefit	50	30
Profit from continuing operations	140	190
Other comprehensive income	-	36
Total comprehensive income	140	226
Dividends received from associates	-	-

Summarised commitments

	30 June 2015 $'000	30 June 2014 $'000
Outstanding loan commitments	10,185	9,025
Outstanding overdraft commitments	449	586
Lease commitments		
Due not later than one year	53	87
Due later than one year and not later than five years	58	29
	111	116

Unrecognised items

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

16) Contingencies

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

17) Commitments

a) Non-cancellable operating leases

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

	2015 $'000	2014 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	2,025	1,347
Later than one year but not later than five years	8,340	5,075
Later than five years	7,053	5,628
	17,418	12,050

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

b) Service contract

The Group has entered into a services contract ending in August 2016, with an option to extend for a further three years.

	2015 $'000	2014 $'000
Commitments for minimum service payments in relation to non-cancellable contracts are payable as follows:		
Within one year	1,551	1,483
Later than one year but not later than five years	204	1,770
	1,755	3,253

18) Events occurring after the reporting period

No matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial years.

Other information

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

19) Related party transactions

a) Parent entity

The Parent entity within the Group is Pioneer Credit Limited.

b) Subsidiaries

Interests in subsidiaries are set out in note 14.

c) Associates

Interests in associates are set out in note 15. There were no transactions with associates in the current period.

d) Key Management Personnel

	2015 $	2014 $
Short-term employee benefits	1,426,530	1,048,886
Post-employment benefits	127,948	95,977
Long-term benefits	40,210	17,509
Share-based payments	30,068	311,028
	1,624,756	1,473,400

Detailed remuneration disclosures are provided in the Remuneration Report on pages 15 to 28.

e) Transactions with other related parties

The following transactions occurred with related parties:

	2015 $	2014 $
Rental expenses and other services		
Other related parties	490,917	382,842
Superannuation contributions		
Contributions to superannuation funds on behalf of Directors	67,751	53,660
Other transactions		
Remuneration paid to Directors of the ultimate Australian parent entity	801,817	592,635

f) Loans from related parties

	2015 $	2014 $
Beginning of the year	-	(54,055)
Loans from related parties	-	(1,566,843)
Loan repayments to related parties	-	1,620,898
	-	-

During the previous financial year, the Group benefited from a short term rolling credit facility from a related party. This was unsecured and did not accrue interest.

g) Investment in associate

At a meeting of the Board of the Company on 26 March 2015, the Board (with Mr Keith John abstaining) approved the Company presenting an offer to Midbridge Investments Pty Ltd (MB) to acquire all of its shareholding in ASX listed Goldfields Money Limited in an off-market transaction at a price of $1.04 per share. The shareholding represented approximately 14.1% of the issued equity in Goldfields Money Limited.

MB is a private investment vehicle of the Company's Managing Director Mr Keith John.

On the 8th April 2015 the Company formally presented its offer to MB which was accepted.

The offer was for an amount of $2,302,972.88. The sum was paid by instalments and settled in full during the reporting period. Neither MB, Mr Keith John or any associate of those parties received any interest, financial accommodation or benefit as a result of being paid by instalment.

h) Contributed capital held by related parties

The movements during the reporting period in the value of ordinary shares in the Parent entity held directly, indirectly or beneficially by Key Management Personnel, including their related parties are:

	2015 $	2014 $
Ordinary shares acquired	-	405,869
Modification of employee share option scheme	-	189,000
Conversion of convertible redeemable preference shares	-	12,320,215
	-	12,915,084

i) Convertible redeemable preference shares held by related parties

There are and were no convertible redeemable preference shares held by related parties during the financial year.

In the previous financial year, the Company was admitted to the official list of the ASX Limited and completed on the conversion of all classes of convertible redeemable preference shares and reclassification to fully paid ordinary shares.

Prior to this conversion and reclassification, the movements during the reporting period in the value of convertible redeemable preference shares in the Parent entity held directly, indirectly or beneficially by Key Management Personnel, including their related parties are:

	2015 $	2014 $
CRPS A	-	562,307
CRPS B	-	41,781
	-	604,088

j) Terms and conditions

See note 9(b) for general terms and conditions on ordinary shares.

20) Share-based payments

a) Chairman's options

At both 30 June 2015, and 30 June 2014, the Company had the following share-based payment arrangement.

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

Fair value of options granted – fair value at grant date

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

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

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

b) Management options

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

During the previous financial year, in advance of the completion of the Initial Public Offer, and in recognition of certain eligible employees' performance since joining the Company up to and including the date of admission to the ASX on 1 May 2014, the Board determined that all 700,000 unvested options would vest. 300,000 options were recognised at $1.43 on 19 March 2014 and 400,000 options were recognised at $1.26 on 19 March 2014, the then respective grant dates, as there were no further vesting conditions to be met.

The eligible employees immediately exercised the vested options to acquire Non-Ordinary Management (NOM) Shares, that were funded through a non-recourse loan. The NOM were ultimately converted to Ordinary Shares.

The non-recourse loans end on the earlier of seven years from draw down date or the date the employee's employment with the lender is terminated. Interest is payable at a rate of 0% between draw down date and 30 June 2014, and thereafter at the benchmark interest rate (Indicator Interest Rate - Bank variable housing interest rate last published by the Reserve Bank of Australia before the start of each of the Lender's year of income), calculated daily.

This scheme was accounted for as a 'share option scheme', accordingly the non-recourse loans are not recognised in the financial statements and shares not yet fully paid are recognised as Treasury Shares.

At both the current and previous balance date, three non-recourse loans remained outstanding.

c) Employee Share Scheme

There was no Employee Share Scheme in the current financial year.

During the previous financial year, to encourage broad based employee share ownership through the period up to Initial Public Offer, the Company completed an Employee Offer which allowed eligible employees of the Company to be gifted up to $1,000 worth of Shares and/or to acquire $5,000 worth of Shares on a tax-deferred basis.

Through participation in the Employee Offer, 56,575 ordinary shares were issued to eligible employees for no cash consideration and 78,125 ordinary shares were issued to eligible employees by way of salary sacrifice. The Employee Offer shares issued were valued at $1.60 each. The shares issued for no consideration are an expense to the Company.

Key Management Personnel and other senior management were not eligible to participate in the Employee Offer.

A participant in the Employee Offer may not sell, transfer or create a security interest or otherwise deal in the Shares acquired under the Employee Offer until the earlier of:

- In respect of the up to $1,000 offer, the end of three years from the time the Shares are acquired by the participant;
- In respect of the $5,000 salary sacrifice offer, two years after the Shares have been granted; or in either case,
- the time when the participant ceases to be employed by Pioneer.

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

d) Expenses arising from share-based payment transactions

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

	2015 $'000	2014 $'000
Chairman's options	30	13
Management options	-	704
Employee share scheme	-	91
	30	808

21) Remuneration of auditors

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

			2015 $	2014 $
a)	PricewaterhouseCoopers Australia			
	i)	Audit and other assurance services Audit and review of financial statements	255,914	194,743
	Total remuneration of PricewaterhouseCoopers Australia		255,914	194,743
b)	Network firms of PricewaterhouseCoopers Australia			
	i)	Audit and other assurance services Initial Public Offering professional services	-	62,943
	ii)	Other services Other compliance and accounting advice	171,191	25,964
	Total remuneration of Network firms of PricewaterhouseCoopers Australia		171,191	88,907
c)	Non-PricewaterhouseCoopers Australia related audit firms			
	i)	Audit and other assurance services Initial Public Offering professional services	-	324,469
	ii)	Other services Other tax, compliance and accounting advice	117,179	89,909
	Total remuneration of non-PricewaterhouseCoopers Australia related firms		117,179	414,378
			544,284	698,028

22) Earnings per share

a) Basic earnings per share

	2015 Cents	2014 Cents
From continuing operations attributable to the ordinary equity holders of the Company	16.40	7.97
Total basic earnings per share attributable to the ordinary equity holders of the Company	16.40	7.97

b) Diluted earnings per share

	2015 Cents	2014 Cents
From continuing operations attributable to the ordinary equity holders of the Company	16.40	7.97
Total diluted earnings per share attributable to the ordinary equity holders of the Company	16.40	7.97

c) Reconciliation of earnings used in calculating earnings per share

	2015 $'000	2014 $'000
Basic earnings per share		
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share:		
From continuing operations	7,441	1,047
Diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the Company		
Used in calculating diluted earnings per share	7,441	1,047

d) Weighted average number of shares used as the denominator

	2015 Number	2014 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	45,373,990	13,129,482
Weighted average number of ordinary and potential shares used as the denominator in calculating diluted earnings per share	45,373,990	13,129,482

23) Deed of cross guarantee

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

The consolidated financial statements of Pioneer Credit Limited include the subsidiaries as set out in note 14 to these consolidated financial statements. Of these, Pioneer Credit Acquisition Services (UK) Limited is the only subsidiary that is not party to the deed of cross guarantee that is not dormant. In addition the Directors have determined that Pioneer Credit Acquisition Services (UK) Limited is not a reporting entity.

At 30 June 2015, Pioneer Credit Acquisition Services (UK) Limited has total assets of $6.00 and generated no revenue. Costs incurred are insignificant and relate to regulatory reporting requirements in the United Kingdom.

24) Assets pledged as security

The carrying amount of assets pledged as security is disclosed in note 7(d).

25) Parent entity financial information

a) Summary financial information

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

	2015 $'000	2014 $'000
Balance sheet		
Current assets	1,205	2,297
Total assets	61,247	48,613
Current liabilities	6,711	1,810
Total liabilities	9,001	3,170
Shareholders' equity		
Issued capital	45,459	45,459
Share based payment reserve	1,073	1,037
Accumulated profits (losses)	5,714	(1,053)
	52,246	45,443
Profit (loss) for the year	8,968	6,313
Total comprehensive income	8,968	6,313

b) Guarantees entered into by the Parent entity

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

c) Contingent liabilities of the Parent entity

The Parent entity did not have any contingent liabilities as at 30 June 2015 or 30 June 2014.

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

The Parent entity has no contractual commitments for the acquisition of property, plant or equipment at 30 June 2015 (2014: Nil)

26) Summary of significant accounting policies

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

Contents of the summary of significant accounting policies

a) Basis of preparation

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

Compliance with IFRS

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

Basis of measurement

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

Functional and presentation currency

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

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 11.

Changes to presentation

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

New and amended standards adopted by the Group

The Group has applied the following standard and amendment for the first time for their annual reporting period commencing 1 July 2014:

- AASB 2014-1 *Amendments to Australian Accounting Standards*

The adoption of this standard did not have any impact on the current period or any prior period and is not likely to affect future periods. The adoption of these standards only affected the disclosures in the notes to the financial statements.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by Group
AASB 9 *Financial Instruments*	AASB 9 addresses the classification, measurement and de recognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard.	The potential financial impact to the Group, if any, has not yet been assessed or determined.	Must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed IFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety.
AASB 15 *Revenue from Contracts with Customers*	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (eg 1 July 2017), ie without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.	Management is currently assessing the impact of the new rules, and at this stage the Group does not anticipate there will be any significant impact.	Mandatory for financial years commencing on or after 1 January 2017. Expected date of adoption by the Group: 1 July 2018.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Pioneer Credit Limited ('Company' or 'Parent entity') as at 30 June 2015 and the results of all subsidiaries for the year then ended. Pioneer Credit Limited and its subsidiaries together are referred to in this financial report as the Group or the Consolidated Entity.

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

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

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

Associates

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

Equity method

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

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

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

The Group assesses at the end of each reporting period whether there is any objective evidence that the equity-accounted investment is impaired. Objective evidence of impairment for an investment in an equity instrument includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment. Where there is objective evidence based on observable data that there may be an impairment, the carrying amount of the equity-accounted investment is tested in accordance with the policy described in note 26(p).

c) Income tax

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

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

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

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

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

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

d) Cash and cash equivalents

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

e) Trade & other receivables

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

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

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

f) Property, plant and equipment

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

The depreciation methods and periods used by the Group are disclosed in note 8(a).

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

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

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

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

g) Intangible assets

Software

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

Amortisation methods and periods

Refer to note 8(c) for details about amortisation methods and periods used by the Group for intangible assets.

h) Trade and other payables

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

i) Borrowings

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

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

Convertible redeemable preference shares (CRPS) comprise of two components, the financial liability in respect of the principal raised and the dividend earned, and an equity instrument. This classes them as compound financial instruments. AASB 132 requires that the liability component be measured first and the difference between the proceeds of the issue and the fair value of the liability is assigned to the equity component. Under the current terms of the shares, there is no residual element to be assigned as an equity component and the full amount of the proceeds of the issue is carried as a liability.

The dividends on these preference shares are recognised in profit or loss as finance costs, and where payable in arrears, is accrued over the period it becomes due, recorded at the contracted rate as part of borrowings.

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

j) Provisions

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

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

k) Employee benefits

Short term obligations

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

Share-based payments – Chairman's Options

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

Share-based payments – Management Options

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

For share-based payment awards structured as a share purchase arrangement, which include a limited recourse feature, shares rights issued to employees are treated as treasury shares and no loan receivable from employees is recognised until the right is exercised.

The fair value of the share-based payment awards granted to employees is measured using inputs including share price on measurement date, exercise price of the instrument, expected volatility, weighted average expected life of the instruments, expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining grant date fair value.

l) Contributed equity

Ordinary shares are classified as equity.

m) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

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

Diluted earnings per share

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

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

n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

Cash flows are presented on a gross basis.

o) Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

p) Impairment of assets

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

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

q) Leases

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

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 17). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Directors' declaration

In the Directors' opinion:

a) the financial statements and notes set out on pages 33 to 93 are in accordance with the *Corporations Act 2001*, including:

   i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
   ii) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2015 and of its performance for the year ended on that date, and

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

c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed Group identified in note 23 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 23.

Note 26(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the managing director and chief financial officer required by section 295A of the *Corporations Act 2001*.

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

Keith John
Managing Director

Perth
20 August 2015

Independent auditor's report to the members of Pioneer Credit Limited

Report on the financial report

We have audited the accompanying financial report of Pioneer Credit Limited (the company), which comprises the consolidated balance sheet as at 30 June 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Pioneer Credit Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the *Corporations Act 2001* and Report on the Remuneration Report 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 26 (a), 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.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated 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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pwc

Auditor's opinion

In our opinion:

(a) the financial report of Pioneer Credit 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 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Corporations Regulations 2001* and Report on the Remuneration Report.

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 26 (a).

Report on the Remuneration Report

We have audited the remuneration report included in pages 15 to 28 of the directors' report for the year ended 30 June 2015. 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 Pioneer Credit Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of the Pioneer Credit Limited for the year ended 30 June 2015, which are available on Pioneer Credit Limited 's web site. The company's directors are responsible for the integrity of Pioneer Credit Limited 's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report or the remuneration report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information included in the audited financial report and remuneration report presented on this web site.

PricewaterhouseCoopers

PricewaterhouseCoopers

William P R Meston
Partner

Perth
20 August 2015

Shareholder information

The shareholder information set out below was applicable as at 31 July 2015.

a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Holding	Holders	Ordinary shares
1 – 1,000	205	114,541
1,001 – 5,000	249	734,988
5,001 – 10,000	140	1,116,107
10,001 – 100,000	283	8,702,841
100,001 and over	48	34,705,513
	925	45,373,990

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

b) Equity security holders

Twenty largest quoted equity security holders

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

	Ordinary shares	
Name	Number held	Percentage of issued shares
Alana Natasha John	7,168,186	15.80
Banksia Management Pty Limited	5,612,634	12.37
National Nominees Limited	5,053,012	11.14
BC Fund II Pty Limited	2,033,915	4.48
RBC Investor Services Australia Nominees Pty Limited	1,167,177	2.57
Citicorp Nominees Pty Limited	1,144,701	2.52
J P Morgan Nominees Australia Limited	1,028,830	2.27
BNP Paribas Nominees Pty Limited	910,000	2.01
Bernard Jocelyn Patrick Prefumo	903,706	1.99
Niribi Pty Limited	593,872	1.31
HSBC Custody Nominees (Australia) Limited	546,750	1.20
Sharlin Nominees Pty Limited	519,558	1.15
Avy Nominees Pty Limited	450,574	0.99
James Arthur Singh & Kristy Nicole Milward	436,887	0.96
Hoperidge Enterprises Pty Limited	425,000	0.94
Escor Investments Pty Limited	412,500	0.91
Mr Stephen James Lambert & Mrs Ruth Lynette Lambert & Mr Simon Lee Lambert	400,000	0.88
Coolah Holdings Pty Limited	350,000	0.77
Midbridge Investments Pty Limited	337,470	0.74
Sandini Pty Limited	310,000	0.68

Unquoted equity securities

	Options	
Name	Number held	Percentage of issued options
Michael Smith	300,000	100

c) Substantial holders

Substantial holders in the Company are set out below:

Name	Number held	Percentage
Alana Natasha John	8,213,216	18.10%
Banksia Management Pty Limited & BC Fund II Pty Limited	7,646,549	16.85%
Discovery Asset Management Pty Limited	3,769,408	8.31%

d) Securities subject to voluntary escrow

Escrow ends	Class	Number of shares
10 days after release to ASX of 30 June 2015 results	Ordinary shares	20,239,290
1 May 2016	Ordinary shares	62,500
1 May 2017	Ordinary shares	39,380

e) Voting rights

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