Credit Corp Group

Credit Corp Group Limited ABN 33 092 697 151

APPENDIX 4D AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2018

CONTENTS

These interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, these statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2018 and any public announcements made by Credit Corp Group Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

APPENDIX 4D HALF-YEAR REPORT

for the half-year ended 31 December 2018

1. Details of the reporting period and the previous corresponding period

Current period:	1 July 2018 to 31 December 2018
Prior corresponding period:	1 July 2017 to 31 December 2017

2. Results for announcement to the market

	Key information	31 Dec 2018 $'000	31 Dec 2017 $'000	Change %
2.1	Revenue	**159,164**	147,586	8%
2.2	Profit from ordinary activities after tax to members	**33,574**	29,794	13%
2.3	Profit for the period attributable to members	**33,574**	29,794	13%

	Dividends per ordinary share	Cents per share	Franked amount per share
2.4			
	2018 Final dividend	36.0	100%
	2019 Interim dividend (declared, not yet provided at 31 December 2018)	36.0	100%

	Dividends per ordinary share	Record date
2.5		
	2018 Final dividend	2 Oct 2018
	2019 Interim dividend	5 Mar 2019

2.6 Commentary

Please refer to H1 of 2019 Media Release and the Interim Financial Statements for the half-year ended 31 December 2018, for further explanations of the figures presented at 2.1 – 2.4 above.

3. Net tangible assets per ordinary share

Security	31 Dec 2018 cents	31 Dec 2017 cents
Ordinary shares	**633.9**	554.9

4. Control gained or lost over entities during the period, for those having material effect

No entities were acquired or disposed of during the period which have material effect.

5. Dividend payments

	Cents per share	Total $'000	Franked/ unfranked	Payment date
Ordinary share capital				
2018 Interim dividend	31.0	14,787	Franked	16 Mar 2018
2018 Final dividend	36.0	17,172	Franked	12 Oct 2018
Total		**31,959**		
2017 Interim dividend	27.0	12,785	Franked	24 Mar 2017
2017 Final dividend	31.0	14,787	Franked	17 Nov 2017
Total		**27,572**		

After 31 December 2018 the following dividends were proposed by the directors. The dividends have not been provided for and there are no income tax consequences.

2019 Interim dividend	36.0	17,302	Franked	15 Mar 2019

6. **Dividend or distribution reinvestment plan details**
The Dividend Reinvestment Plan (DRP) of Credit Corp Group Limited (the Group) will not apply to the interim dividend.

7. **Investments in associates and joint ventures**
No investments in associates and joint ventures are held by the Group.

8. **Accounting standards used by foreign entities**
Not applicable as the Group is not a foreign entity.

9. **Audit dispute or qualification**
The interim financial statements for the half-year ended 31 December 2018 have been subject to review and are not subject to dispute or qualification.

DIRECTORS' REPORT

The directors submit the financial statements of Credit Corp Group Limited and controlled entities (the Group) for the half-year ended 31 December 2018. Credit Corp Group Limited (the Company) is the parent entity of the Group.

DIRECTORS

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

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

REVIEW OF OPERATIONS

Overview

The directors of the Group are pleased to report a strong result for the first half of the 2019 financial year (FY2019). Strong growth from the rapidly growing consumer lending and US debt buying businesses and a resilient result from the core Australia/New Zealand debt buying operation produced an overall 13 per cent increase in Net Profit after Tax (NPAT) to $33.6 million. The consumer lending business which achieved the milestone of the loan book balance, gross of provisions, exceeding $200 million contributed 60 per cent of the NPAT growth, with the US debt buying business also growing strongly after achieving an inaugural profit in FY2018.

The resilience and embedded value in the Australia and New Zealand debt buying operation was demonstrated by collections and profitability tracking to the record levels of FY2018 despite investment in debt ledgers declining by over thirty per cent from the levels of two years ago. This strong operational performance was underpinned by a focus on continuous improvement including rolling out enhanced technology and an emphasis on sustainable consumer outcomes with over two-thirds of collections pursuant to mutually agreed payment arrangements. The arrangement book continues to be maintained at the record FY2017 level of $1.3 billion of face value of accounts being under arrangement despite the reduced investment levels over the last two years.

Investment in purchased debt ledgers (PDLs)

The FY2019 contracted PDL pipeline stands at $200 million secured to date, higher than the $195 million of PDL investment in FY2018. All purchases are expected to meet the Group's investment hurdle return. This was achieved with a mixture of forward flow renewals and some unanticipated spot opportunities in which Credit Corp was successful. In anticipation of increased investment opportunities, the Group maintains a debt headroom of almost $100 million under its present banking facilities.

Consumer lending

The consumer lending business achieved the milestone of the loan book carrying value, gross of provisions for expected losses, exceeding $200 million. This was as a result of higher than expected growth in new customer volumes which increased by 20 per cent over the prior comparative period despite the relative maturity of the book.

US operations

US market conditions remain favourable with continued growth in unsecured credit issuance and charge-off rates which remain below historical levels. Credit Corp in the US has secured a $A74 million PDL investment pipeline, a 23 per cent increase on the $A60 million of investment in FY2018.

Indicators of collection effectiveness and efficiency in its US operation are already comparable to those being achieved by publicly traded US debt buyers providing confidence in Credit Corp's capacity to successfully execute on the substantial US opportunity.

Outlook

In light of the increased US investment and very strong consumer lending book growth in the period, FY2019 NPAT guidance has been revised to represent profit growth in the range of 7 to 9 per cent. With the PDL investment pipeline now $200 million, the Group has revised its PDL investment guidance. The strong consumer lending growth has also necessitated a revision of the net lending guidance.

NEW ACCOUNTING STANDARDS IMPLEMENTED

AASB 15 *Revenue from Contracts with Customers*

The Group has adopted AASB 15 *Revenue from Contracts with Customers* with an initial application date of 1 January 2018. The Group has applied AASB 15 retrospectively with the cumulative effect of initially applying the standard recognised in opening retained earnings. The cumulative effect of initially applying the standard was nil, so no adjustments were required to net profit or opening retained earnings on transition, as the timing of revenue recognition has not changed for the Group's contracts that were in progress at 1 January 2018.

AASB 9 *Financial Instruments*

The Group early adopted AASB 9 *Financial Instruments* in June 2010, so no transition is required.

DIRECTORS' REPORT

ROUNDING OF AMOUNTS

The Group is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, unless otherwise indicated.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration, as required under section 307C of the *Corporations Act 2001,* is set out on page 7.

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

Donald McLay	**Robert Shaw**
Chairman	Director

Date: 29 January 2019

HALL CHADWICK (NSW)

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

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

Conclusion

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

(i) giving a true and fair view of Credit Corp Group Limited's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and

(ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

S Kumar

SANDEEP KUMAR
Partner
Dated: 29 January 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half-year ended 31 December 2018

	Note	31 Dec 2018 $'000	31 Dec 2017 $'000
Revenue	2	**159,164**	147,586
Finance costs		**(5,260)**	(4,667)
Employee benefits expense		**(57,817)**	(56,190)
Depreciation and amortisation expense		**(1,153)**	(1,063)
Office facility expenses		**(8,430)**	(8,572)
Collection expenses		**(10,369)**	(9,545)
Consumer loan loss provision expense		**(19,103)**	(15,647)
Marketing expenses		**(6,938)**	(6,847)
Other expenses		**(2,062)**	(2,493)
Profit before income tax expense		**48,032**	42,562
Income tax expense	3	**(14,458)**	(12,768)
Profit for the period		**33,574**	29,794
Other comprehensive income for the year, net of income tax		**–**	–
Total comprehensive income for the period		**33,574**	29,794
Earnings per share for profit attributable to owners of the Group			
Basic earnings per share (cents per share)		**70.2**	62.8
Diluted earnings per share (cents per share)		**69.8**	62.0

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2018

	Note	31 Dec 2018 $'000	30 Jun 2018 $'000
Current assets			
Cash and cash equivalents	6	**11,067**	16,016
Trade and other receivables		**2,480**	3,246
Consumer loans receivables		**110,829**	98,449
Purchased debt ledgers		**156,806**	160,688
Other assets		**3,997**	2,797
Total current assets		**285,179**	281,196
Non-current assets			
Consumer loans receivables		**54,113**	50,408
Purchased debt ledgers		**226,798**	203,386
Property, plant and equipment		**4,792**	4,559
Deferred tax assets		**25,897**	26,372
Intangible assets		**800**	800
Total non-current assets		**312,400**	285,525
Total assets		**597,579**	566,721
Current liabilities			
Trade and other payables		**39,830**	37,159
Provisions		**11,499**	11,700
Total current liabilities		**51,329**	48,859
Non-current liabilities			
Borrowings		**237,752**	227,888
Provisions		**3,003**	3,471
Total non-current liabilities		**240,755**	231,359
Total liabilities		**292,084**	280,218
Net assets		**305,495**	286,503
Equity			
Issued capital		**55,561**	55,561
Reserves		**12,781**	10,191
Retained earnings		**237,153**	220,751
Equity attributable to owners of the company		**305,495**	286,503
Total equity		**305,495**	286,503

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half-year ended 31 December 2018

	Note	Issued capital $'000	Reserve $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2018		**55,561**	**10,191**	**220,751**	**286,503**
Total comprehensive income for the period					
Profit for the period		**–**	**–**	**33,574**	**33,574**
Transactions with owners in their capacity as owners					
Performance rights issued net of transaction costs and tax		**–**	**2,590**	**–**	**2,590**
Dividends paid or provided for	4	**–**	**–**	**(17,172)**	**(17,172)**
Total transactions with owners in their capacity as owners		**–**	**2,590**	**(17,172)**	**(14,582)**
Balance at 31 December 2018		**55,561**	**12,781**	**237,153**	**305,495**
Balance at 1 July 2017		55,561	6,153	186,035	247,749
Total comprehensive income for the period					
Profit for the period		–	–	29,794	29,794
Transactions with owners in their capacity as owners					
Performance rights issued net of transaction costs and tax		–	2,787	–	2,787
Dividends paid or provided for	4	–	–	(14,787)	(14,787)
Total transactions with owners in their capacity as owners		–	2,787	(14,787)	(12,000)
Balance at 31 December 2017		55,561	8,940	201,042	265,543

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the half-year ended 31 December 2018

	Note	31 Dec 2018 $'000	31 Dec 2017 $'000
Cash flows from operating activities			
Receipts from customers and debtors		**252,030**	237,203
Payments to suppliers and employees		**(83,484)**	(82,618)
Interest received on bank deposits		**89**	66
Interest paid		**(5,260)**	(4,667)
Income tax paid		**(12,060)**	(15,801)
Cash flows from operating activities before changes in operating assets		**151,315**	134,183
Changes in operating assets arising from cash flow movements			
Net funding of consumer loans		**(36,049)**	(24,394)
Acquisition of purchased debt ledgers		**(106,700)**	(110,971)
Changes in operating assets arising from cash flow movements		**(142,749)**	(135,365)
Net cash provided by / (used in) operating activities		**8,566**	(1,182)
Cash flows from investing activities			
Acquisition of plant and equipment		**(1,386)**	(425)
Net cash used in investing activities		**(1,386)**	(425)
Cash flows from financing activities			
Proceeds from borrowings		**64,484**	77,632
Repayment of borrowings		**(59,441)**	(51,749)
Dividends paid	4	**(17,172)**	(14,787)
Net cash (used in) / provided by financing activities		**(12,129)**	11,096
Net (decrease) / increase in cash and cash equivalents		**(4,949)**	9,489
Cash and cash equivalents at 1 July		**16,016**	6,106
Cash and cash equivalents at 31 December	6	**11,067**	15,595

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

These interim financial statements include the consolidated financial statements and notes of Credit Corp Group Limited and its subsidiaries (the Group) for the six months ended 31 December 2018.

Credit Corp Group Limited (the Company) is incorporated in Australia. The address of its registered office and principal place of business is Level 15, 201 Kent Street, Sydney NSW 2000.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Basis of preparation

a) *Statement of compliance*

These general purpose interim financial statements for the half-year reporting period ended 31 December 2018 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting.* Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting.* The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Group. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2018, together with any public announcements made by the Group during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

These interim financial statements were authorised for issue on 29 January 2019.

b) *Rounding of amounts*

The Group is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with the instrument to the nearest thousand dollars, unless otherwise indicated.

c) *Use of estimates and judgements*

In the application of the Group's accounting policies, the directors of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 June 2018.

B) Significant accounting policies

The accounting policies applied in these interim financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements in respect of the year ended 30 June 2018 except for those as described below.

a) *New and amended standards adopted by the Group*

The Group has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period as set out below:

AASB 15 *Revenue from Contracts with Customers*

The Group has adopted AASB 15 *Revenue from Contracts with Customers* with an initial application date of 1 January 2018. The Group has applied AASB 15 retrospectively with the cumulative effect of initially applying the standard recognised in opening retained earnings. The cumulative effect of initially applying the standard was nil, so no adjustments were required to net profit or opening retained earnings on transition as the timing of revenue recognition has not changed for the Group's contracts that were in progress at 1 January 2018.

AASB 9 *Financial Instruments*

The Group early adopted AASB 9 *Financial Instruments* in June 2010, so no transition is required.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Impact of standards issued but not yet applied by the Group

AASB 16 *Leases*

AASB 16 *Leases* (issued February 2016) will supersede the existing lease accounting requirements in AASB 117 *Leases* and the related Interpretations. It introduces a single lessee accounting model by eliminating the current requirement to distinguish leases as either operating leases or finance leases depending on the transfer of risks and rewards of ownership. The key requirements of AASB 16 are summarised as follows:

- Recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- Depreciation of right-of-use assets in line with AASB 116 *Property Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- Inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- Application of a practical expedient to permit a lessee to elect not to separate non-lease components, instead accounting for all components as a lease;
- Inclusion of additional disclosure requirements; and
- Accounting for lessors will not significantly change.

AASB 16 will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of $15,147,983. The Group is currently assessing to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit, financial position and classification of cash flows.

The Standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The Group does not intend to adopt the Standard before its effective date.

NOTE 2: REVENUE

	31 Dec 2018 $'000	31 Dec 2017 $'000
Interest revenue from purchased debt ledgers	**109,453**	104,117
Interest and fee revenue from consumer lending	**44,340**	37,534
Other interest received	**89**	66
Other income	**5,282**	5,869
Total	**159,164**	147,586

Other income mainly consists of revenue from contracts from the contingency business in Australia. The contingency business provides contingent collection services to clients. Revenue is recognised at a point in time when the service has been performed and the Group has a right to invoice.

NOTE 3: INCOME TAX EXPENSE

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

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

	31 Dec 2018 $'000	31 Dec 2017 $'000
Current income tax expense	**(13,983)**	(14,303)
Deferred income tax expense	**(475)**	895
Overprovision / (underprovision) in respect of prior years	**–**	640
Total	**(14,458)**	(12,768)

NOTE 4: DIVIDENDS PAID AND PROPOSED

	Cents per share $	Total amount $'000	Franked/ unfranked	Date of payment
Half-year ended 31 December 2018				
Final 2018 ordinary	**36.0**	**17,172**	**Franked**	**12 Oct 2018**
Half-year ended 31 December 2017				
Final 2017 ordinary	31.0	14,787	Franked	17 Nov 2017

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

After 31 December 2018 the following dividends were proposed by the directors. The dividends have not been provided for and there are no income tax consequences.

	Cents per share $	Total amount $'000	Franked/ unfranked	Date of payment
Interim 2019 ordinary	36.0	17,302	Franked	15 Mar 2019

NOTE 5: OPERATING SEGMENTS

A) Financial reporting by segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenue and/or incur expenses. The Group has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision maker, the Chief Executive Officer (CEO), to make strategic decisions. The Group has three main operating segments: debt ledger purchasing (Australia and New Zealand), debt ledger purchasing (United States) and consumer lending. The CEO of the Group regularly reviews the operating segments' results on an ongoing basis to assess performance and allocate resources.

The reportable segments are as follows:

a) Debt ledger purchasing – Australia and New Zealand

This business purchases consumer debts at a discount to their face value from credit providers in Australia, with the objective of recovering amounts in excess of the purchase price over the collection life cycle of the receivables to produce a return. This segment also includes the contingent collection services business in Australia.

b) Debt ledger purchasing – United States

This business purchases consumer debts at a discount to their face value from credit providers in the United States, with the objective of recovering amounts in excess of the purchase price over the collection life cycle of the receivables to produce a return.

c) Consumer lending

This business offers various market-leading sustainable lending products to credit-impaired consumers.

Following is the information provided to the CEO:

	Debt ledger purchasing – Australia and New Zealand $'000	Debt ledger purchasing – United States $'000	Consumer lending $'000	Total for continuing operations $'000
Half-year ended 31 December 2018				
Segment revenue				
External revenue	**97,350**	**17,420**	**44,394**	**159,164**
Segment result				
Segment profit	**39,211**	**3,782**	**11,452**	**54,445**
Finance costs				**(5,260)**
Depreciation and amortisation				**(1,153)**
Profit before income tax expense				**48,032**
Income tax expense				**(14,458)**
Profit after income tax expense				**33,574**
Half-year ended 31 December 2017				
Segment revenue				
External revenue	99,815	10,205	37,566	147,586
Segment result				
Segment profit	39,193	807	8,292	48,292
Finance costs				(4,667)
Depreciation and amortisation				(1,063)
Profit before income tax expense				42,562
Income tax expense				(12,768)
Profit after income tax expense				29,794

B) Geographic segments

The Group predominantly operates in two geographic segments: Australia and the United States.

NOTE 6: CASH AND CASH EQUIVALENTS

	31 Dec 2018 $'000	30 Jun 2018 $'000
Cash and cash equivalents	**11,067**	16,016

NOTE 7: ISSUANCES, REPURCHASES AND REPAYMENTS OF EQUITY SECURITIES

Details of ordinary shares issued during the period are set out below:

	31 Dec 2018 Number '000	31 Dec 2017 Number '000
Balance at 1 July	**47,709**	47,353
Issue of shares		
– LTI plan	**361**	356
Issued shares for the period	**361**	356
Balance at 31 December	**48,070**	47,709

The 2018 portion of the performance rights issued in line with the Group's LTI Plan 2016-2018 converted to 360,852 deferred vesting shares in November 2018.

NOTE 8: CONTINGENT LIABILITIES

The Group had contingent liabilities in respect of:

	31 Dec 2018 $'000	30 Jun 2018 $'000
Licensure bonds	**1,993**	1,828

Licensure bonds are issued in the normal course of business to the State Board of Collection Agencies in the United States to guarantee collected funds are remitted to clients under contracts.

NOTE 9: EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since 31 December 2018 which significantly affected or may significantly affect in future periods:

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

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Credit Corp Group Limited, the directors of the Company declare that:

A) The financial statements and notes, as set out on pages 8 to 16 are in accordance with the *Corporations Act 2001*, including:

  a) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and

  b) Complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*.

B) In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

C) The directors have been given the declaration required by section 295 of the *Corporations Act 2001* from the Chief Executive Officer and the Chief Financial Officer for the half-year ended 31 December 2018.

Donald McLay
Chairman

Date: 29 January 2019

Robert Shaw
Director

HALL CHADWICK (NSW)
Chartered Accountants and Business Advisers

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

SYDNEY
Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx : (612) 9263 2800

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Credit Corp Group Limited, which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of Credit Corp Group Limited's financial position as at 31 December 2018 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Credit Corp Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

HALL CHADWICK (NSW)
Chartered Accountants and Business Advisers

SYDNEY
Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx : (612) 9263 2800

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

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

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2018 there have been no contraventions of:

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

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

S Kumar

SANDEEP KUMAR
Partner
Date: 29 January 2019

A Member of PrimeGlobal
An Association of Independent Accounting Firms
PrimeGlobal

SYDNEY • NEWCASTLE • PARRAMATTA • PENRITH • MELBOURNE • BRISBANE • GOLD COAST • PERTH • DARWIN

Liability limited by a scheme approved under Professional Standards Legislation

www.hallchadwick.com.au

HISTORICAL ANALYSIS OF PERFORMANCE

	31 Dec 2018 $'000	31 Dec 2017 $'000
Income and expenditure		
Purchased debt ledger collections	**200,832**	191,076
Less: Purchased debt ledger amortisation	**(91,379)**	(86,959)
Interest revenue from purchased debt ledgers	**109,453**	104,117
Interest and fee income from consumer lending	**44,340**	37,534
Other revenue	**5,371**	5,935
Total revenue	**159,164**	147,586
Net profit after tax	**33,574**	29,794
Financial position		
Current assets	**285,179**	252,962
Non-current assets, excluding intangible assets	**311,600**	299,075
Intangible assets	**800**	800
Total assets	**597,579**	552,837
Current liabilities	**51,329**	47,921
Non-current liabilities	**240,755**	239,373
Total liabilities	**292,084**	287,294
Net assets	**305,495**	265,543
Borrowings	**237,752**	235,496
Shares on issue ('000)	**48,070**	47,709
Cash flows		
From operating activities	**8,566**	(1,182)
From investing activities	**(1,386)**	(425)
From financing activities	**(12,129)**	11,096
Net (decrease) / increase in cash	**(4,949)**	9,489
Key statistics		
Earnings per share		
– Basic (cents)	**70.2**	62.8
– Diluted (cents)	**69.8**	62.0
Dividends per share (cents)	**36.0**	31.0
NPAT / revenue	**21%**	20%
NTA backing per share (cents)	**633.9**	554.9

CORPORATE DIRECTORY

CREDIT CORP GROUP LIMITED

ABN 33 092 697 151

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

Directors

Mr Donald McLay
Mr Eric Dodd
Ms Leslie Martin
Mr Robert Shaw
Mr Richard Thomas

Company secretaries

Mr Thomas Beregi
Mr Michael Eadie

Head office and registered office

Level 15, 201 Kent Street
Sydney NSW 2000
Australia

GPO Box 4475
Sydney NSW 2001
Australia

Telephone	+61 2 8651 5000
Fax	1300 483 012
Email	investorinfo@creditcorp.com.au
Website	www.creditcorp.com.au

Share registry

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000
Australia

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

Auditor

Hall Chadwick Chartered Accountants
Level 40, 2 Park Street
Sydney NSW 2000
Australia

Telephone	+61 2 9263 2600
Fax	+61 2 9263 2800
Website	www.hallchadwick.com.au

Credit Corp Group

creditcorp.com.au