

# CREDIT CORP GROUP LIMITED

ABN 33 092 697 151

## INTERIM FINANCIAL REPORT – 31 DECEMBER 2010

Lodged with the ASX under Listing Rule 4.2A & 4.2C.2

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made by Credit Corp Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

**CREDIT CORP GROUP LIMITED ABN 33 092 697 151 AND CONTROLLED ENTITIES  
DIRECTORS' REPORT**

Your directors submit the financial report of Credit Corp Group Limited and controlled entities (consolidated group) for the half-year ended 31 December 2010.

**DIRECTORS**

The names of directors who held office during or since the end of the period:

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

**REVIEW OF OPERATIONS**

The consolidated group recorded Net Profit After Tax of \$10.6 million for the half-year, representing a 53 per cent increase on the prior corresponding period (pcp).

Basic earnings per share of 23.7 cents was achieved and an interim dividend of 10 cents per share has been declared.

Revenue for the half-year was \$57 million, an increase of 22 per cent on the pcp.

Purchased Debt Ledger (PDL) acquisitions over the period amounted to \$46.1 million, an increase of 26 per cent over the pcp.

Net bank debt decreased to \$35.1 million from \$55.7 million as at December 2009, a decrease of 37 per cent.

Direct collection staff productivity improved to \$241 per hour over the half-year, an increase of 3 per cent over the same period in the previous year.

**ROUNDING OF AMOUNTS**

In accordance with Australian Securities and Investments Commission Class Order 98/100, amounts in the Directors' Report and the interim financial report have been rounded off to the nearest thousand dollars unless otherwise indicated.

**AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration, as required under section 307C of the Corporations Act 2001, is set out on page 2.

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



Donald McLay  
Non-executive director and Chairman

Dated this Fifteenth day of February 2011

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

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

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2010 there have been:

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

Hall Chadwick  
Level 29, 31 Market Street  
Sydney NSW 2000



**DREW TOWNSEND**  
Partner

Dated: 15 February 2011

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**PARTNERS**

Drew Townsend  
David Kenney  
Richard Albaran  
Gino Malacco  
Paul Leroy  
Steven Gladman  
Brent Kijurina  
Blair Pleash  
David Ross  
Graham Webb  
Domenic Calabretta  
Bill Petrovski

**ASSOCIATES**

Sally Saad  
David Ingram  
Lyle Vallance

A member of AGN  
International Ltd, a  
worldwide association  
of separate and  
independent  
accounting  
and consulting firms

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

**CONSOLIDATED INCOME STATEMENT**

For the half-year ended 31 December 2010

				<b>CONSOLIDATED GROUP</b>		
		<b>NOTE</b>	<b>31 Dec 10</b>	<b>31 Dec 09</b>		
			<b>\$'000</b>	<b>\$'000</b>		
Revenue	2		<b>56,965</b>	46,642		
Finance costs			<b>(3,136)</b>	(4,216)		
Employee benefit expenses			<b>(25,569)</b>	(20,513)		
Share-based payments			<b>(6)</b>	(40)		
Depreciation and amortisation expenses			<b>(423)</b>	(891)		
Impairment of goodwill			-	(720)		
Office facility expenses			<b>(4,216)</b>	(3,807)		
Collection expenses			<b>(4,858)</b>	(5,320)		
Other expenses			<b>(3,602)</b>	(892)		
Profit before income tax	3		<b>15,155</b>	10,243		
Income tax expense			<b>(4,570)</b>	(3,317)		
Profit after tax for the period			<b>10,585</b>	6,926		
Profit attributable to owners of the parent entity			<b>10,585</b>	6,926		

**Overall operations**

Basic earnings per share (cents per share)	<b>23.7</b>	15.6
Diluted earnings per share (cents per share)	<b>23.5</b>	15.5
Dividends per share (cents per share)	<b>10.00</b>	3.00

The accompanying notes form part of these financial statements.

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**For the half-year ended 31 December 2010**

	<b>CONSOLIDATED GROUP</b>	
	31 Dec 10	31 Dec 09
	\$'000	\$'000
Profit for the period	<b>10,585</b>	6,926
Other comprehensive income		
Foreign currency exchange differences arising on translation of foreign operations	<b>(3)</b>	-
Effective portion of change in fair value of cash flow hedge	<b>740</b>	1,693
Net change in fair value of cash flow hedge transferred to profit and loss	<b>(267)</b>	221
Income tax relating to other comprehensive income	<b>(142)</b>	(574)
Other comprehensive income for the period, net of income tax	<b>328</b>	1,340
<b>Total comprehensive income for the period</b>	<b>10,913</b>	8,266

The accompanying notes form part of these financial statements.

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2010

	<b>CONSOLIDATED GROUP</b>	
	31 Dec 10	30 Jun 10
	\$'000	\$'000
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	2,411	1,757
Trade and other receivables	703	802
Purchased debt ledgers	67,292	66,783
Prepayments	837	376
<b>TOTAL CURRENT ASSETS</b>	<b>71,243</b>	<b>69,718</b>
<b>NON-CURRENT ASSETS</b>		
Purchased debt ledgers	79,740	80,770
Property, plant and equipment	2,763	2,483
Deferred tax assets	6,701	3,372
Intangible assets	800	800
<b>TOTAL NON-CURRENT ASSETS</b>	<b>90,004</b>	<b>87,425</b>
<b>TOTAL ASSETS</b>	<b>161,247</b>	<b>157,143</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	13,385	8,605
Payables under contract of sale	2,276	4,014
Financial liabilities	22	5,041
Derivatives	604	1,344
Current tax liabilities	5,233	5,123
Provisions	1,520	1,678
<b>TOTAL CURRENT LIABILITIES</b>	<b>23,040</b>	<b>25,805</b>
<b>NON-CURRENT LIABILITIES</b>		
Financial liabilities	37,514	38,825
Deferred tax liabilities	-	1,636
Provisions	2,725	2,450
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>40,239</b>	<b>42,911</b>
<b>TOTAL LIABILITIES</b>	<b>63,279</b>	<b>68,716</b>
<b>NET ASSETS</b>	<b>97,968</b>	<b>88,427</b>
<b>EQUITY</b>		
Issued capital	40,947	40,099
Reserves	1,162	828
Retained earnings	55,859	47,500
<b>TOTAL EQUITY</b>	<b>97,968</b>	<b>88,427</b>

The accompanying notes form part of these financial statements.

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**For the half-year ended 31 December 2010**

	ISSUED CAPITAL	EQUITY COMPENSATION RESERVE	HEDGE RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL EQUITY
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2010	40,099	1,366	(538)	-	47,500	88,427
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	-	-	10,585	10,585
<b>Other comprehensive income</b>						
Change in fair value of cash flow hedge, net of tax	-	-	518	-	-	518
Net change in fair value of cash flow hedge transferred to profit and loss, net of tax	-	-	(187)	-	-	(187)
Foreign currency translation differences	-	-	-	(3)	-	(3)
Total other comprehensive income	-	-	331	(3)	-	328
Total comprehensive income for the period	-	-	331	(3)	10,585	10,913
<b>Transactions with equity holders, recorded directly in equity</b>						
Contributions by and distributions to equity holders						
Shares issued	848	-	-	-	-	848
Employee option and share expense	-	6	-	-	-	6
Dividends paid or provided for	-	-	-	-	(2,226)	(2,226)
Total contributions by and distributions to equity holders	848	6	-	-	(2,226)	(1,372)
Balance at 31 December 2010	40,947	1,372	(207)	(3)	55,859	97,968
Balance at 1 July 2009	39,485	1,319	(2,474)	-	36,163	74,493
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	-	-	6,926	6,926
<b>Other comprehensive income</b>						
Change in fair value of cash flow hedge, net of tax	-	-	1,185	-	-	1,185
Net change in fair value of cash flow hedge transferred to profit and loss, net of tax	-	-	155	-	-	155
Total other comprehensive income	-	-	1,340	-	-	1,340
Total comprehensive income for the period	-	-	1,340	-	6,926	8,266
<b>Transactions with equity holders, recorded directly in equity</b>						
Contributions by and distributions to equity holders						
Shares issued	290	-	-	-	-	290
Employee option and share expense	-	40	-	-	-	40
Lapsed options	-	(11)	-	-	11	-
Dividends paid or provided for	-	-	-	-	(885)	(885)
Total contributions by and distributions to equity holders	290	29	-	-	(874)	(555)
Balance at 31 December 2009	39,775	1,348	(1,134)	-	42,215	82,204

The accompanying notes form part of these financial statements.

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the half-year ended 31 December 2010

		<b>CONSOLIDATED GROUP</b>	
		<b>31 Dec 10</b>	<b>31 Dec 09</b>
		<b>NOTE</b>	<b>\$'000</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and debtors		<b>103,389</b>	89,760
Payments to suppliers and employees		<b>(33,977)</b>	(30,718)
Interest received		<b>55</b>	44
Interest paid		<b>(3,083)</b>	(4,381)
Income tax paid		<b>(9,568)</b>	(1,746)
<b>Net cash from operating activities</b>		<b>56,816</b>	52,959
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of plant and equipment		<b>(703)</b>	(211)
Acquisition of purchased debt ledgers		<b>(47,860)</b>	(26,781)
<b>Net cash used in investing activities</b>		<b>(48,563)</b>	(26,992)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital		<b>848</b>	290
Proceeds from borrowings		<b>11,000</b>	19
Repayment of borrowings		<b>(17,202)</b>	(24,811)
Dividends paid	4A	<b>(2,226)</b>	(885)
<b>Net cash used in financing activities</b>		<b>(7,580)</b>	(25,387)
Net increase in cash and cash equivalents		<b>673</b>	580
Cash and cash equivalents at beginning of period		<b>1,716</b>	599
Cash and cash equivalents at end of period	7	<b>2,389</b>	1,179

The accompanying notes form part of these financial statements.

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

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the half-year ended 31 December 2010**

This interim financial report includes the consolidated financial statements and notes of Credit Corp Group Limited and controlled entities (consolidated group). Credit Corp Group Limited (the company) is the parent entity of the consolidated group.

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **A. BASIS OF PREPARATION**

###### **a. Statement of compliance**

This general purpose financial report for the half-year reporting period ended 31 December 2010 has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 30 June 2010 and any public announcements made by Credit Corp Group Limited and its controlled entities during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

###### **b. Basis of measurement**

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

###### **c. Rounding of amounts**

The consolidated group is of a kind referred to in Australian Securities and Investments Commission Class Order 98/100, relating to the rounding off of amounts in the financial report for a financial year or half-year. Amounts in the Directors' report and the interim financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars unless otherwise indicated.

##### **B. SIGNIFICANT ACCOUNTING POLICIES**

###### **a. Changes in accounting policy and disclosures**

The accounting policies and methods of computation adopted in the preparation of the interim financial report are consistent with those adopted and disclosed in the annual financial report of Credit Corp Group Limited for the year ended 30 June 2010. Certain comparatives have been restated for consistency in presentation at 31 December 2010.

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

### NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2010

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### B. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

###### b. Adoption of new and revised accounting standards

The consolidated group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations:

1. AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] effective 1 January 2010
2. AASB 2009-8: Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2] effective 1 January 2010
3. AASB 2009-10: Amendments to Australian Accounting Standards – Classification of Rights Issue [AASB 132] effective 1 February 2010
4. IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments effective 1 July 2010

In addition to the above, the consolidated group has early adopted AASB 9: Financial Instruments (AASB 9) from 30 June 2010 prior to its compulsory application for accounting periods beginning on or after 1 January 2013. The impact of this early adoption has been addressed in the annual financial report of Credit Corp Group Limited for the year ended 30 June 2010. Refer to Note 1A(f) of the financial statements for the year ended 30 June 2010 for details of this impact.

###### c. New accounting standards and interpretations for application in future periods

The following standards, amendments to standards and interpretations have been identified as those which may impact the consolidated group in the period of initial application. They are available for early adoption at 31 December 2010, but have not been applied in preparing this interim financial report.

1. AASB 124: Related Party Disclosures (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. The amendments, which will become mandatory for the consolidated group's 30 June 2012 financial report, are not expected to have any impact on the financial report.
2. AASB 2009-14: Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement – AASB 14 made amendments to Interpretation 14 AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements removing an unintended consequence arising from the treatment of the prepayments of future contributions in some circumstances when there is a minimum funding requirement. The amendments will become mandatory for the consolidated group's 30 June 2012 financial report, with retrospective application required. The amendments are not expected to have any impact on the financial report.

The consolidated group does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the consolidated group's financial statements.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**For the half-year ended 31 December 2010**

	<b>CONSOLIDATED GROUP</b>	
	<b>31 Dec 10</b>	<b>31 Dec 09</b>
	<b>\$'000</b>	<b>\$'000</b>

**NOTE 2: REVENUE**

Interest from purchased debt ledgers	<b>56,089</b>	45,567
Other interest received	<b>55</b>	44
Services revenue	<b>821</b>	1,031
<b>Total revenue</b>	<b>56,965</b>	46,642

**NOTE 3: PROFIT FOR THE PERIOD**

Arrived at after deducting expenses including:

**Finance costs**

Interest expense	<b>2,853</b>	3,606
Net change in fair value of cash flow hedge transferred to profit and loss	<b>(267)</b>	221
Other finance charges	<b>550</b>	389
<b>Total finance costs</b>	<b>3,136</b>	4,216

**Depreciation and amortisation expenses**

Property, plant and equipment	<b>142</b>	270
Computer software	<b>48</b>	167
Leasehold improvements	<b>233</b>	454
<b>Total depreciation and amortisation expenses</b>	<b>423</b>	891

**Impairment**

Goodwill	-	720
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**Bad and doubtful debts**

Trade receivables	<b>20</b>	4
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**Rental expense on operating leases**

Minimum lease payments	<b>1,899</b>	2,050
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**CREDIT CORP GROUP LIMITED ABN 33 092 697 151 AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the half-year ended 31 December 2010**

**NOTE 4: DIVIDEND**

**A. Dividends paid**

**Ordinary share capital**

	<b>CENTS PER SHARE</b>	<b>TOTAL AMOUNT</b>	<b>FRANKED/ UNFRANKED</b>	<b>DATE OF PAYMENT</b>
	<b>\$</b>	<b>\$'000</b>		
<b>Period ended 31 December 2010</b>				
Final 2010 ordinary	5.00	2,226	Franked	8 October 2010
<b>Period ended 31 December 2009</b>				
Final 2009 ordinary	2.00	885	Franked	9 October 2009

**B. Dividends not recognised at the end of the period**

Subsequent to reporting date the Directors have recommended the payment of an interim dividend. The aggregate amount of the proposed dividend expected to be paid on 1 April 2011 from retained profits at 31 December 2010, but not recognised as a liability at the end of the period, is \$4.48 million.

**NOTE 5: OPERATING SEGMENTS**

**A. Identification of reporting segment**

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

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

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

**B. Geographic segments**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

**For the half-year ended 31 December 2010**

<b>CONSOLIDATED GROUP</b>		
	<b>31 Dec 10</b>	<b>31 Dec 09</b>
	<b>\$'000</b>	<b>\$'000</b>

**NOTE 7: RECONCILIATION OF CASH**

Cash and cash equivalents	<b>2,411</b>	1,221
Bank overdraft	<b>(22)</b>	(42)
	<b>2,389</b>	1,179

**NOTE 8: ISSUANCES, REPURCHASES AND REPAYMENTS OF EQUITY SECURITIES**

The company issued 281,802 ordinary shares to satisfy shareholder participation in the Dividend Reinvestment Plan (DRP) in respect of the final dividend for the 2010 financial year.

**NOTE 9: CONTINGENT LIABILITIES**

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

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

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

**For the half-year ended 31 December 2010**

**NOTE 10: EVENTS SUBSEQUENT TO REPORTING DATE**

No matters or circumstances have arisen since 31 December 2010 which significantly affected or may significantly affect in future periods:

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

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

**DIRECTORS' DECLARATION**

**For the half-year ended 31 December 2010**

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 3 to 13 are in accordance with the Corporations Act 2001 and:
  - a. comply with Accounting Standard AASB 134: Interim Financial Reporting; and
  - b. give a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company and the consolidated group will be able to pay its debts as and when they become due and payable.

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



Donald McLay  
Non-executive director and Chairman

Dated this Fifteenth day of February 2011

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

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF**  
**CREDIT CORP GROUP LIMITED AND CONTROLLED ENTITIES**

**Report on the Half-year Financial Report**

We have reviewed the accompanying half-year financial report of Credit Corp Group Limited and Controlled Entities (the consolidated entity) which comprises the consolidated statement of financial position as at 31 December 2010, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, the accounting policies and other selected explanatory notes and the directors' declaration.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of Credit Corp Group Limited (the company) are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

*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 an Interim 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 financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 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 and Controlled Entities, 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.

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Graham Webb  
Domenic Calabretta  
Bill Petrovski

**ASSOCIATES**

Sally Saad  
David Ingram  
Lyle Vallance

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

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF**  
**CREDIT CORP GROUP LIMITED AND CONTROLLED ENTITIES**

Accordingly, we do not express an audit opinion.

*Matters Relating to the Electronic Presentation of the Audited Financial Report*

This review report relates to the financial report of the consolidated entity for the half-year ended 31 December 2010 included on the website of Credit Corp Group Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the half-year financial report identified above and it does not provide an opinion on any other information which may have been hyperlinked to or from the financial 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 reviewed financial report to confirm the information included in the reviewed financial report presented on the company's website.

*Independence*

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

*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 and Controlled Entities is not in accordance with the Corporations Act 2001 including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

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**DREW TOWNSEND**

Partner

Dated: 15 February 2011

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

**HISTORICAL ANALYSIS OF PERFORMANCE**

**For the half-year ended 31 December 2010**

	<b>31 Dec 10</b>	<b>31 Dec 09</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>INCOME AND EXPENDITURE</b>		
Purchased debt ledger collections	102,590	88,107
Less: Purchased debt ledger amortisation	(46,501)	(42,540)
Interest revenue from purchased debt ledgers	56,089	45,567
Other revenue	876	1,075
<b>Total revenue</b>	<b>56,965</b>	<b>46,642</b>
Profit after tax	10,585	6,926
Income tax expense	4,570	3,317
Interest	3,081	4,172
Depreciation and impairment	423	1,611
Purchased debt ledger amortisation	46,501	42,540
<b>Adjusted EBITDA <sup>(A)</sup></b>	<b>65,160</b>	<b>58,566</b>
<b>Financial Position</b>		
Current assets	71,243	57,929
Non-current assets	89,204	113,133
Intangible assets	800	800
<b>Total assets</b>	<b>161,247</b>	<b>171,862</b>
Current liabilities	23,040	22,792
Non-current liabilities	40,239	66,866
<b>Total liabilities</b>	<b>63,279</b>	<b>89,658</b>
Net assets	97,968	82,204
Borrowings	37,536	56,960
Shares on issue (000's)	44,811	44,410
<b>Cashflow</b>		
From operating activities	56,816	52,959
From investing activities	(48,563)	(26,992)
From financing activities	(7,580)	(25,387)
Net increase/(decrease) in cash	673	580
<b>Key Statistics</b>		
Earnings per share		
Basic (cents)	23.7	15.6
Diluted (cents)	23.5	15.5
Dividends per share (cents)	10.00	3.00
Profit before income tax/revenue	26.60%	21.96%

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