Annual Report **2003**

Collection House Limited

ABN 74 010 230 716

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Cover Design

Having completed the consolidation of its businesses and technology in the past year, Collection House is positioned to build more than just solid foundations. Our people, processes and infrastructure are the building blocks for the future.

Note: Throughout this Annual Report, unless otherwise specified, Collection House Limited and its associated entities may also be referred to as "the Company".

Strength in Diversification

Collection House's pre-eminent position and future growth in the receivables management industry is strengthened through our ability to provide a range of solutions to meet industry needs.

Our prime aim is to cater to the differing needs of the broad cross-section of businesses that outsource to Collection House. From small businesses to large conglomerates, Collection House and its associates are valuable partners to have on their team, delivering quality services across the receivables management spectrum. We're proud of each of our businesses and their brands. To assist shareholders in recognising each of our operating companies, we've provided a simple summary.

Collection House Limited

Contingent Collection Service

Receivables Management
- Receivables Management
- Outsourcing Call Centre

Debt Collection
- Debt Recovery
- Litigation
- Process Serving
- Insolvency Administration

Claims Management
- Insurance Claims Management Program

Account Asset Management
- Debt Purchasing
- Debt Recovery

Credit Reporting
- Commercial Tenant Check
- Tenant Database
- Company Searches
- On-line Credit Information
- Credit Risk Management

Risk Ratings
- Corporate Risk Ratings
- Financial Health Assessments
- Investment Quality Ratings

Operational overview

July 2003

- Bo Göranson, a Director of Collection House Limited, becomes a major shareholder

June 2003

- Barry Connelly and Bill Hiller appointed to the Board of Collection House

April 2003

- John Pearce, co-founder and director of Collection House Limited, reappointed to the position of Managing Director and Chief Executive Officer
- Appointment of Rhonda King to position of Company Secretary
- Russell Templeton vacated position of Chief Executive Officer

March 2003

- Collection House acquired the remaining 26% shareholding of Australian Business Research Pty Ltd, a subsidiary of Collection House Limited
- Board appointment of Andrew Woods to Australian Business Research Pty Ltd

January 2003

- Resignation of Don Nissen from the Board of Collection House Limited

December 2002

- Russell Templeton formally appointed to the position of Chief Executive Officer

November 2002

- Completed all outstanding pre-July 2002 acquisitions' non-insurance collection database conversions to proprietary software, The Controller
- Appointment of Barrie Adams to the Board of Collection House Limited

October 2002

- Australian Business Research launches eCAPS (electronic Commercial Application Processing System)

July 2002

- Acquired 100% shareholding of Midstate Credit Management Services Pty Ltd
- Acquired 100% shareholding of Countrywide Mercantile Credit Services Pty Ltd

Financial overview

August 2003

- 2003 full year financial results announced
- Total revenue of $119.9 [118.4] million
- Full year after-tax profit $8.2 [18.7] million
- Earnings per share 8.6 [19.6] cents
- Final fully franked dividend of 1.0 [8.0] cent declared
- Net assets increased to $82.2 [80.9] million
- Total face value of debts purchased during year $248.5 [$636.1] million for $28.5 [$60] million

June 2003

- Downgrade in profit forecast range $8.0 - $9.0 million

April 2003

- Downgrade in profit forecast range $12.0 - $14.0 million

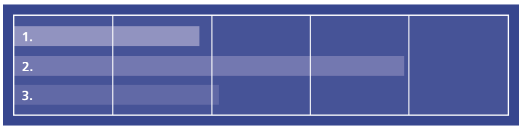
February 2003

- Announced a half year after-tax profit of $2.5 [6.9] million.
- Revenue of $60.8 [52.7] million represented an increase of 15% on corresponding 2002 half. Interim dividend declared of 4.5 [4.5] cents.
- Decrease in net profit attributed to $5.5 million in redundancy and litigation costs.

August 2002

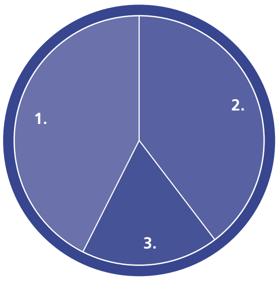
- Announced results for year end 30 June 2002.
- Revenue of $118.4 [60.4] million near doubles previous year
- After-tax profit doubled to $18.7 [9.3] million.
- Final fully franked dividend declared of 8.0 [3.5] cents declared

Earnings per Share (cents)



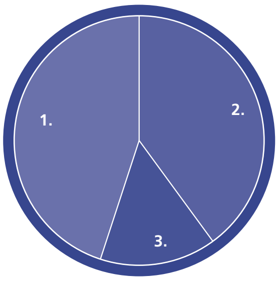
1. **2003** 8.6c
2. **2002** 19.6c
3. **2001** 10.6c

2003 Sales to External Customers - Primary Business Segments



1. **43%** Contingent Collection Services
2. **40%** Account Asset Management
3. **17%** Credit Reporting

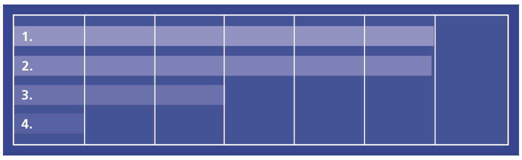
2002 Sales to External Customers - Primary Business Segments



1. **45%** Contingent Collection Services
2. **40%** Account Asset Management
3. **15%** Credit Reporting

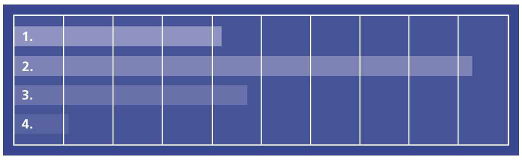
Note: Figures in square brackets [ ] represent the corresponding prior half year or full year figures where appropriate.

Revenue ($M)



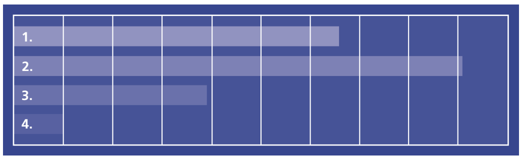
1. **2003** $119.9m
2. **2002** $118.4m
3. **2001** $60.4m
4. **2000** $20.5m

Net Profit Attributable to the Members of the Company ($M)



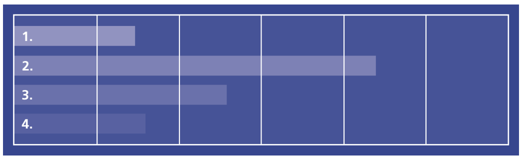
1. **2003** $8.2m
2. **2002** $18.7m
3. **2001** $9.3m
4. **2000** $2.5m

EBITDA ($M)



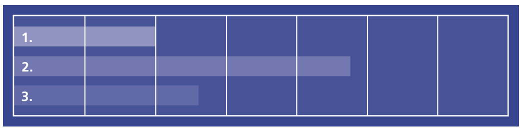
1. **2003** $33.1m
2. **2002** $45.5m
3. **2001** $18.7m
4. **2000** $5.2m

Times Interest Cover (based on EBITDA)



1. **2003** 14
2. **2002** 43
3. **2001** 26
4. **2000** 16

Return on Shareholders' Funds (%)



1. **2003** 10.0%
2. **2002** 23.8%
3. **2001** 13.0%

Financial Information Summary Table

	2003	2002	2001	2000
Revenue	119,854	118,419	60,439	20,547
EBITDA	33,065	45,505	18,687	5,191
Depreciation and amortisation	19,441	17,169	3,900	798
EBIT	13,624	28,336	14,787	4,393
Interest	2,323	1,054	727	330
Profit before tax	11,301	27,282	14,060	4,063
Income tax expense	(3,778)	(8,694)	(4,736)	(1,566)
Net profit	7,523	18,588	9,324	2,497
Net (profit) loss attributable to outside equity interest	674	67	(14)	15
Net profit attributable to the members of the company	8,197	18,655	9,310	2,512
Eps (basic cents per share)	8.6	19.6	10.6	-
Net assets	82,152	80,866	71,603	4,711

Chairman's Letter to Shareholders

The 2003 financial year was a challenging one that nevertheless repositioned Collection House to achieve better results following a year-long consolidation period. As a result, greater revenue and profitability for each of its core business segments will be returned in the new financial year. Throughout the year, despite reported results, we have maintained our position as one of the leading players in the Australasian receivables management industry. In terms of our market capitalisation to revenue ratio, this company is one of the best in its sector.

However, it would be remiss of me not to express my disappointment as well as to acknowledge shareholder disappointment in the reduction of the company's 2003 full year profitability, and indeed, in our overall share price performance. What would be even more remiss, given these results, is for the Board not to have reacted quickly to address performance issues. I assure you, we have.

Let me state quite unequivocally that this disappointment, given changes made, does not now extend to our company's current ability to appropriately manage its business in a growth sector. Allow me to set out some of the key issues which have led to the share price fall.

Collection House's performance has been, in part, a victim of its own making. Ever since the majority of the public receivables management companies listed on the Australian Stock Exchange just under four years ago - Collection House in October 2000 - the industry redefined itself dramatically with high levels of business acquisition resulting in a rationalisation of the industry at the top end. The emergence of several key players in the market place took the industry to a new level.

This rationalisation not only demanded a consolidatory period for each of these companies, but it also demanded an infrastructure that would be able to respond to greater demand for high level technology, policy and practice in order to meet all stakeholder expectations and which would withstand greater public scrutiny in a not-so glamorous industry. We believe we have met these demands well but that the consolidation process came at a cost.

Throughout this last year, Collection House also had to combat negative market sentiment towards the industry's move from the more traditional commission-based collection services to the newer account asset management (purchased debt) segment[1]. In fact, the account asset management segment has continued to dominate the reasons for analyst uncertainty in relation to our stock and not without some merit. Most agencies keen to be a part of the segment created a false competition and, accordingly, those bidding too aggressively for a piece of the purchased debt market have priced some ledgers unrealistically and escalated the market's precautionary concerns.

Collection House, since it began purchasing debt ledgers in 2000, has maintained a solid approach to valuing debt parcels and has been unmoved by the more competitive environment which saw debt being bought at unsustainable profit margins. The huge advantage that we have enjoyed is that we have worked most of the ledgers we have acquired prior to purchase. We believe, given the number of agencies which have now entered the purchased debt market and which do not have the capacity to provide returns in a real time, that a more rational purchasing environment will result.

[1]Changes to segment names, Collection Services to Contingent Collection Services and Purchased Debt to Account Asset Management, have been made to better reflect each of these segments' operations. For a more detailed explanation, refer page 6.

1.

1. Dennis G. Punches - Chairman of Collection House Limited

In fact we continue to be adamant that the account asset management segment of our business need not be viewed negatively. We are moving to address the market's uncertainty regarding this and a more detailed explanation of this segment is contained within the operational review. Account asset management is a growth segment, one that does not risk loss of the client nor reductions in commission rates, and which provides excellent revenue potential for our company when managed correctly.

Without wanting to shirk responsibility for our company's contribution to the share price fall, there is no doubt that this decline is also due to a bear stockmarket pushed to extremes by war and a rising property market. Even the delivery of growth figures for Collection House at the end of the 2002 financial year could not challenge the momentum.

Continued downgrades in profitability for the majority of Australasian public companies across the receivables management sector have also been responsible for endorsing further negative market consensus. Collection House's less than expected performance this year did little to avert this downward trend nor provide any further reassurance to its investors.

Additional downgrade announcements by Collection House in April and June of this year did not give any reason to inspire market confidence in the company and warranted share price decline. Revenue from several new clients in the second half, whilst building, was not enough to compensate for the loss of consumer contingent business over the year.

Strategies implemented in the latter part of the second half will provide the reassurance and, more importantly, secure evidence that Collection House is set to realise its true potential in 2004. Barring unforeseen events, I am confident of this.

In the year ahead, Collection House will seek divisional contribution to revenue and profit through a definitive strategy endorsed at Board level and welcomed by its staff. The strategy is:

- The full benefit of cost containment exercises implemented in the 2003 financial year will be felt in the 2004 year.
- The solidifying of our management team and the welcome return of John Pearce as Chief Executive Officer has rejuvenated our 750 strong work force to provide excellent results throughout 2004.
- Winning several major contracts within the contingent collection services segment will increase revenue.
- The investment in the account asset management segment will continue to realise sound returns for the company over the next few years.
- Our investment in the credit reporting industry is now ready to contribute sound bottom line returns.

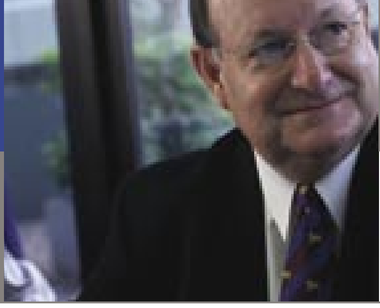
Collection House is now in a stronger position that it has ever been. The company has solid foundations in its managed account assets, an excellent and extensive contingent client base, a comprehensive commercial reporting facility, good support subsidiaries and an experienced and enthusiastic staff on which to build. We are focused on what needs to be achieved.

Pleasingly, 2004 year-to-date figures indicate a renewed growth momentum. The Board is confident in the overall strategy, the general management of the company and Collection House's long-term viability. The final dividend payment of 1.0 cent per share bringing the total for the year to 5.5 cents, in line with dividend policy, further attests to this.

I assure you that we are determined to deliver timely and excellent operating results in 2004.

Dennis G. Punches

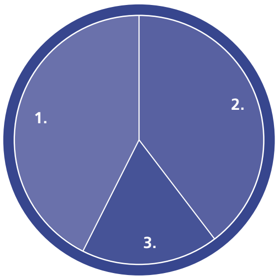
Chairman



Managing Director & Chief Executive Officer's Report

New contracts and continued efficiencies in infrastructure and management continue our progression as one of the two dominant providers in the Australasian receivables management industry.

2003 Sales to External Customers - Primary Business Segments



1. **43%** Contingent Collection Services
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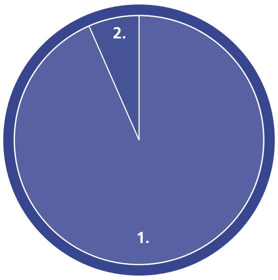
2003 Sales to External Customers - Geographical Segments



1. **94%** Australia
2. **6%** New Zealand

Sales to External Customers - Primary Business Segments ($'000)

	2003	2002	2001
Contingent Collection Services	50,895	53,346	42,375
Account Asset Management	47,479	46,756	10,254
Credit Reporting	20,962	17,305	3,627

Sales to External Customers – Geographical Segments ($'000)

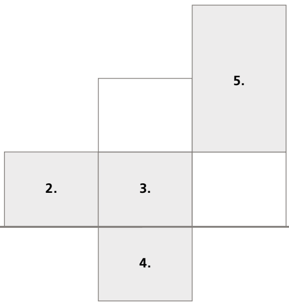
	2003	2002	2001
Australia	112,470	114,071	54,838
New Zealand	6,866	3,336	1,418

Whilst 2003 was earmarked as a period of consolidation at the company's October 2002 annual general meeting, the costs of consolidation and a purchased debt litigation campaign impacted on first half results as did some further redundancies in the second half. Further, expense reducing initiatives undertaken in the first half have not been fully reflected in our results, and overall, bedding down systems, infrastructure and policy has had a short-term impact on revenue generation this year. Attention will now be focused on increasing revenue whilst containing an appropriate cost structure for that revenue. 2004 will not suffer the same fate.

With the departure of our Chief Executive Officer in April 2003, I have returned to the operational role I held some 10 months prior. I have a passion for the industry and the company we have developed. I understand well our revenue streams and their inherent potential and will work with our highly respected staff to achieve improved results.

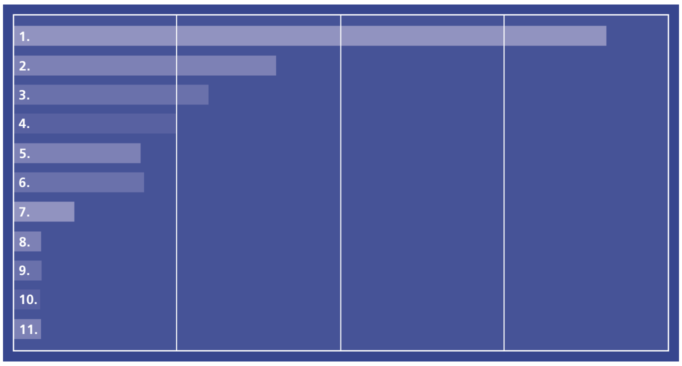
The Board is confident about our company's trading position and outlook over the next two years. I intend to deliver a strong and clear message that our company has a sound platform on which it can build further revenue growth through its diversified range of income streams and new initiatives.

In an endeavour to provide shareholders with a better understanding of the range of activities that provide our company its revenue, our reporting this year provides more detail of divisional performance. Inherent in this approach is our desire to provide a greater transparency of operational contribution. To further clarify our operations we have renamed a number of our business units to better reflect operations undertaken. New segment titles are included alongside previously used ones for ease of comparison.



1. John Pearce - Managing Director and Chief Executive Officer of Collection House Limited returned to an operational role in April 2003.
2. The installation of an imaging document storage system has streamlined the insurance division's ability to progress claims with increased productivity.
3. Telecommunication clients benefit from Collection House utilising efficient delivery communication media like SMS messaging, predictive dialer technology and plain old-fashioned customer service!
4. Major energy providers use Collection House's services to help track defaulting customers.
5. The workers' compensation division benefits from automated processes as well as skilled personnel, facilitating compliance in a highly regulated industry.

Divisional Contribution to Contingent Collection Services' Revenue ($M)



1.	$18m	Consumer
2.	$8m	Commercial
3.	$6m	Insurance
4.	$5m	Workers' Compensation
5.	$4m	Collection House Legal Services
6.	$4m	Countrywide & Midstate
7.	$2m	Receivables Management
8.	$1m	Downie & Associates
9.	$1m	Insurance Claims Solutions
10.	$1m	National Revenue Corporation
11.	$1m	International

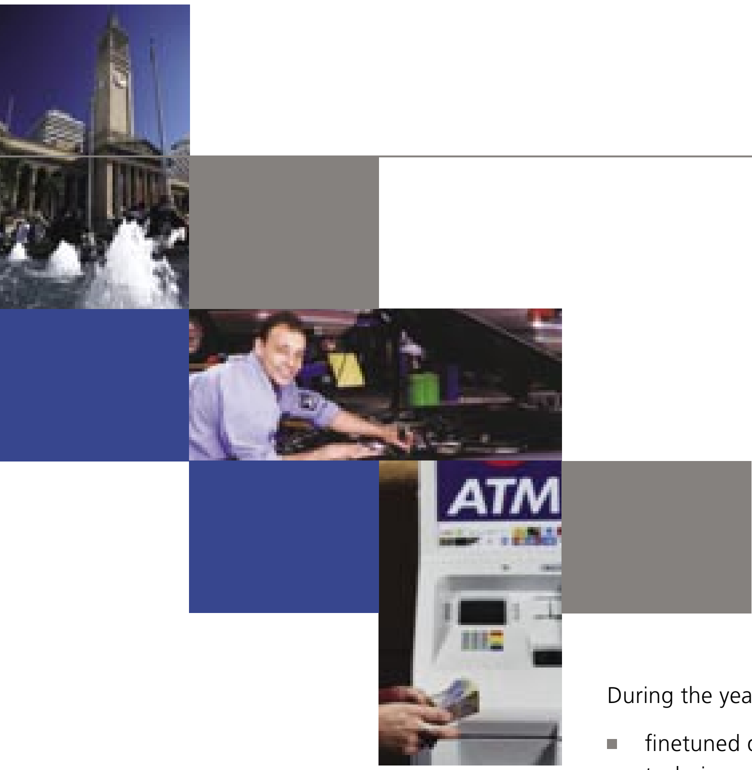
Contingent Collection Services

[Collection Services]

This segment covers a variety of industry sectors still keen to do business "traditionally", that is, where commission is paid by a client to Collection House contingent on Collection House collecting money on a debt owing to that client. Divisional contributions for this traditional segment of our business will remain strong and will continue to provide significant levels of revenue for the company in the future.

Indicative client bases and/or services are provided for each of the divisions below and their contributions to revenue outlined in the graph titled *Divisional Contribution to Contingent Collection Services' Revenue*.

- Consumer: This division includes banks and building societies, finance companies and other institutions that provide credit card services or other credit regulated debt, and telecommunication carriers.
- Commercial: The commercial division includes (but is not limited to) retail and wholesale suppliers, city councils, power and water suppliers; and schools. Due to the localised collection nature of commercial debt, commercial operations are located in all mainland states and territories of Australia and in New Zealand.
- Insurance: A specialist division predominantly collecting outstanding insurance companies' and self-insurers' motor vehicle claims as well as property and public liability insurance claims.
- Workers' Compensation: Recoveries of outstanding employer workers' compensation premiums, referred by insurers, are pursued in this workflow intensive division.
- Receivables Management: This division manages outsourced receivables' ledgers, more commonly operating at 30 days or less overdue, where collection activity is generally conducted on a fee for service basis.
- International: Revenue in this division is generated from those accounts that require specialist international collections either on behalf of international clients who are signed through established partnership programs or for domestic clients wishing to collect customer accounts where their customer has relocated overseas. Note that Australian and New Zealand debts are considered domestic accounts if submitted by a domestic client and would not be handled by the international division.



It is important to understand that no one client in any of these divisions represents more than 2.5 percent of the company's total revenue.

The loss of one client from the consumer division which ceased outsourcing work and pursued a purchased debt solution to its collection strategy, contributed to the decrease in this division's revenue. A decision by Collection House to not continue collection activity for two other clients requiring guarantees also impacted on revenue. Signing three new major insurance and finance clients in the latter half of the year, had little impact on this year's results however it is expected that the full revenue potential of these clients will be reflected in the new financial year.

During the year, we:

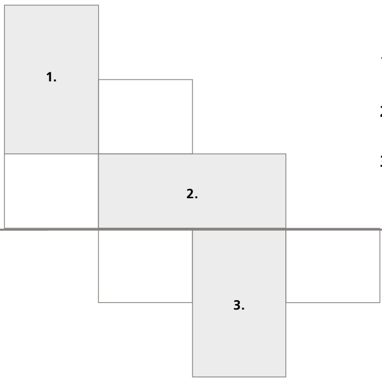
- finetuned data modelling techniques to assist in the analysis and management of accounts as well as continued "washing" data to confirm accuracy of demographic information. Both have increased collection productivity;
- better analysed data based on debt characteristics enabling a more sophisticated scoring of accounts in order to extract premium returns for clients;
- reduced costs by making significant changes to operations including changes to organisational structure, particularly in the consumer division;
- enhanced predictive dialer technology and collection practices;
- provided greater levels of automation for the management of new accounts and accounts under arrangement in addition to legal processes; and
- introduced scripting which has contributed to further improving productivity and compliance performance.

Continued development of cost and yield effective collection strategies remain a goal for the ensuing financial year.

National Revenue Corporation Pty Ltd, a subsidiary primarily focused in the commercial market, continued to perform soundly. Significant revenue increases and subsequent profit performance are expected in the new financial year by diversifying its revenue base.

The subsidiary, Insurance Claims Solutions Pty Ltd, an insurance claims management system provider, recently signed three major clients and is making inroads into its target market. Additional web-enabled automated services planned for the new year will provide a wider range of services for clients including risk management, policy administration and purchasing.

Subsidiary operations providing ancillary services to core business operations include the law firm, Collection House Legal Services Pty Ltd, and insolvency specialists, Downie & Associates. Both have performed satisfactorily with revenues generated from Collection House and, in the case of Downie & Associates, also from clients external to Collection House.



1. Working for different local governments, Collection House has developed a range of products to assist their collection effort.
2. Clients like Valvoline (Aust) Pty Ltd utilise our commercial services. As their oil is to this engine, so is Collection House to numerous credit managers .. helping cash flows run a little more smoothly.
3. Credit card and other regulated credit debt are managed in both the contingent collection services and account asset management segments.

Account Asset Management

[Purchased Debt]

This year we have changed the way we view the purchased debt segment. Succinctly we consider it our account asset management segment which reflects it being more than a debt purchasing program but one that when managed appropriately will return excellent results.

The account asset management segment is of paramount importance to our business with revenue of $47.5 million representing 40 percent of total operating revenue. Lion Finance Pty Ltd, the account asset management subsidiary, consolidated its position this year becoming the primary profit producer within the Collection House group of companies.

Further acquisitions of debt ledgers with a face value of $248.5 million for $28.5 million occurred during the year and as at 30 June 2003, accounts remaining under management stood at a face value of $970.0 million.

Contrary to some market opinion, our Board highly values the account asset management segment due to the benefits it provides Collection House, clients and customers alike (refer table *Benefits of the Account Asset Management Segment to Major Stakeholders*).

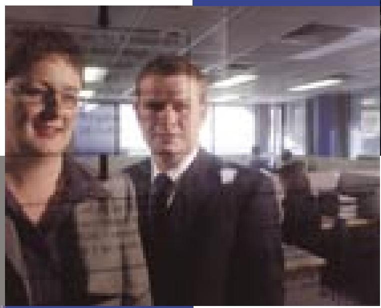
Benefits of the Account Asset Management Segment to Major Stakeholders

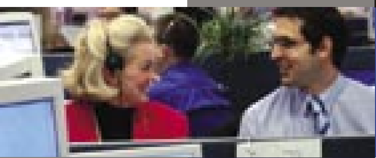
Collection House	▪ Cannot lose client (as opposed to contingent collection services) ▪ Minimal client reporting or accounting programs required ▪ Decreased expenses (eg. trust accounts, auditing, sales) ▪ Self-managed with limited client imposed restrictions relating to discounting or litigation programs
Client (vendor or owner of the debt)	▪ Immediate bottom line profit ▪ No management and associated infrastructure required to manage collection agency
Customer (the individual or business who owes the money)	▪ Discounting or manageable arrangements may be offered by Collection House due to Collection House's lower cost of investment compared to the debt outstanding ▪ Enables consumers to rehabilitate their financial and credit position ▪ Ongoing interest is ceased in most cases once debt is purchased.

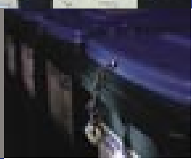
Account Asset Management Performance by Price Banding ($AUD)

Price Band (¢ in the $)	Average Months since Purchase	# Portfolios	Face Value of Debts Purchased $M	Total Paid $M	Total Collected $M	Amount Under Management as at 30/06/2003 $M
0 – 05	29	53	644	11	30	505
06 – 10	21	51	405	32	32	287
11 – 15	30	23	84	9	12	57
16 – 20	25	59	100	20	16	59
21 – 25	20	10	88	19	12	57
25+	12	5	9	3	2	5
Total		**201**	**1330**	**94**	**104**	**970**

Note: Varied profiles of debt that range in age, size and style may be represented in each band.







The appropriate management of this segment from a financial, regulatory and social perspective is of enormous importance to Collection House. However, pricing purchased debt correctly remains key. Whilst pricing information is of extreme commercial sensitivity in a competitive market place, we have endeavoured to better inform our shareholders and other interested parties by providing aggregated purchased debt information in the table, *Account Asset Management Performance by Price Banding*, as an insight into indicative rates of return for all purchases as at 30 June 2003.

Throughout the year, a conservative and realistic approach to the assessment of purchased debt tenders has been maintained by Collection House and historical performance to date has confirmed our original modelling. We also have a considerable competitive advantage in having previously worked in excess of 95 percent of the ledgers purchased.

There have been new entrants into both the selling and purchasing sides of the market and it is our observation that some overpricing may have occurred. As the debt purchasing practices continue to evolve within Australia and New Zealand, we believe that there will be a more rational approach to pricing.

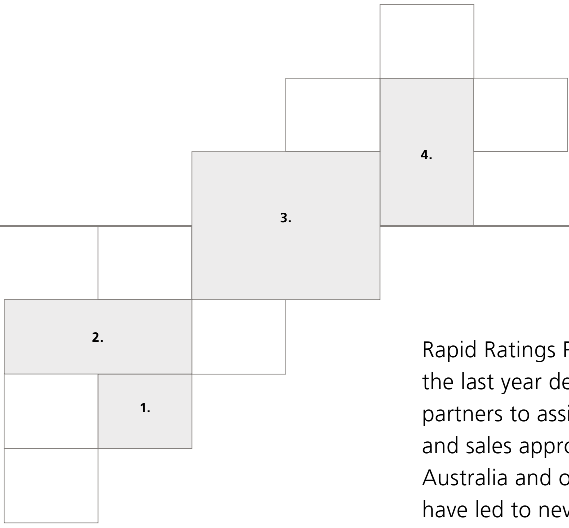
We believe Collection House has garnered a level of respect in this market by being conservative in our buying practices and collection activity as well as adopting appropriate amortisation policies that have been consistent since we commenced buying debt in April 2000.

Credit Reporting

A small profit was recorded this year, the first since 74% of the shareholding in Australian Business Research Pty Ltd (ABR) was acquired in May 2001. The March 2003 acquisition of the remaining 26% of the shareholding has been the impetus behind an in-depth analysis of internal processes and financial performance. Outcomes from this review are expected to contribute significantly to ABR achieving a better trading position in 2004 than evidenced this year. This is further strengthened by the ABR Board appointments of Andrew Woods, former Chief Operating Officer of Data Advantage and Managing Director of Credit Advantage, and Colin Day, who has assumed the role of Acting Managing Director.

Over the last two years, ABR has invested heavily in the development of new products such as *e*CAPS (the electronic Commercial Application Processing System), data cleansing, commercial risk monitoring and access to property valuation and sales databases. As a result, transaction volumes have continued to grow at a rate in excess of 20 percent per annum. Having completed this significant phase of development, ABR will focus on marketing these products to existing customers while increasing market share in markets previously not targeted.

By October, ABR will complete its development of an inhouse litigation database reducing dependence on external sources for similar information enhancing client access to both Australian and New Zealand court judgement and insolvency data.



1. We are conscious of the need for privacy in all our practices, right down to the simple art of putting sensitive customer information into security bins for secure destruction.
2. Employing skilled staff and call centre technology provides a solid platform to progress Collection House's future.
3. Our dedicated management team consists of a pool of some 80 talented and experienced staff from portfolio manager level through to Chief Executive Officer.
4. Employing sophisticated technology to ensure a quality and secure mailing process is imperative for Collection House's operation and compliance programs.

It is our intention to promote and expand ABR's current product set of information services. ABR's significant public record database used in the consumer lending arena, such as land title and property value data, motor vehicle securities and bankruptcy listings will be expanded to meet the needs of the consumer lending market. We will continue to monitor further opportunities for pursuing consumer credit bureau activities in the Australasian market.

National Tenancy Database Pty Ltd, despite seemingly adverse market influences including record highs registered in rental property vacancy rates across all states, improved revenue performance figures including a 14 percent increase in the number of enquiries being made by agents compared to the same period last year. The second half of the financial year saw the tenancy database perform to expectations, with a ten percent increase in revenue $.7 [.6] million for the full year.

Rapid Ratings Pty Ltd has spent the last year developing business partners to assist with its marketing and sales approach in New Zealand, Australia and overseas. These efforts have led to new business in a number of areas including risk assurance, corporate health assessments and counterparty trading risk.

Rapid Ratings is now recognised as a major rating agency assessing the non-bank finance companies in the New Zealand market. In September 2003, Rapid Ratings launched two major reports that rate and assess the Top 50 listed companies in New Zealand. Similar products will be introduced in the Australian market in the next six months.

It is anticipated that there will be a greater demand for Rapid Ratings' services and products due to its independence for judging credit and investment quality of companies as well as its highly competitive pricing structure.

Staffing

A redundancy programme carried out in the financial year has resulted in employee numbers being reduced by approximately 200 people to a current staff of 753.

Building a vibrant culture is of paramount importance to Collection House's progress this next year. Continuing to employ powerful technology solutions to provide an enhanced working environment for our staff will increase revenue and profitability through productivity improvement. In addition, a year-long and carefully managed program designed to embrace employee suggestions, provide incentives and to involve staff in the company's delivery of profit will be rolled out in the second quarter of this year. Increasing employee shareholder ownership through the employee share scheme will be returned this financial year so that staff may reap the benefits of their own success in a very tangible manner.

It is important that stakeholders recognise that we have developed excellent mid to upper management resources. Collection House has a depth of management that draws upon more than 80 staff who are representative of a talented pool of experienced and enthusiastic personnel.

The importance of training was afforded a high priority during the year with compliance and training personnel working closely to ensure the development and delivery of a range of on-line modules designed to improve employee skill sets and productivity.

Also under consideration is the alignment of our in-house training programs with diploma equivalent education. Such nationally recognised qualifications will value-add to the recruitment and career development strategies of the company. On-line testing assisted greatly in monitoring the effectiveness of training as well as quickly identifying further training needs. A focus on management training will also be a theme of 2004.

Compliance

Collection House's compliance objective is to continually enhance our culture of compliance. We aim to ensure that we comply not only with the law, but also maintain best practice as viewed by the industry itself and by our major clients, regulators and other key stakeholders, and to provide our company and our people with a better understanding of a range of industry and company-specific compliance issues.

Analysis of all compliance information for potential systemic issues remains a key focus of the compliance function. This progressive attitude has seen a healthy reduction in complaints since the introduction of our compliance regime, despite increased collection activity for the company.

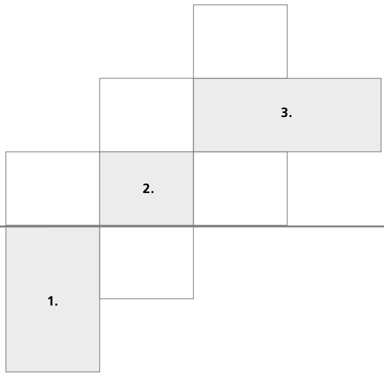
Integrating a compliance awareness campaign into regular corporate communications as well as reinforcing the compliance message through a variety of media including compliance reminders greeting staff as they log into the collections' database, training and call monitoring programs, and the provision of feedback from complaints investigations was critical to the program's success.

This commitment together with an on-line assessment regime and clear policy and procedure systems, saw Collection House fulfil client audit expectations.

Collection House also received an endorsement for "demonstrating a strong culture of compliance" from the Federal Privacy Commissioner in its formal audit report detailing findings in relation to a Credit Information Audit of the company, conducted during July, and as part of its general industry survey to assess the proper introduction of the National Privacy Principles.

Establishing a *Stakeholder Contact Program* in June 2003 has also provided a well-received communication forum between Collection House representatives and its key clients, regulators, and consumer advocate and counseling organisations. It represents a significant step in seeking greater synergy between all stakeholders.

Whilst the Professional Practices Management System, an industry-specific ISO 9000 equivalent, has not yet been certified, development of the program has provided Collection House with a superior platform for ensuring that our management systems are of world best practice standard for our industry. Collection House is ready to complete the process once final certification requirements have been approved by industry bodies.



1. Credit card debt has increased since 2001 some 50% to current levels of $24.2 billion. Credit limits now stand at $64.9 billion compared with 2001 levels of $47.6 billion. Source: RBA
2. Australian Bureau of Statistics data confirm what we already know, debt levels are increasing with consumer spending outstripping household income.
3. Lower interest rates have meant greater investment in the property market. Any increase to housing loan interest rates will contribute to higher levels of household debt.

Technology

Enhancements to The Controller, our proprietary receivables management software, have been ongoing. Significant workflow changes were introduced to The Controller and several administrative functions have been automated. Scripting and dialer technology enhancements have also proved valuable in terms of improving productivity and compliance ratios. Client utilisation of online facilities has grown significantly with 952 client users allocated access since February 2002. The increased visibility and ready access to performance data has been enthusiastically received.

The standardisation of collection systems is complete, except for one system associated with businesses acquired in July 2003. During the year the Workers' Compensation[1], Canberra (previously Wards Mercantile) and the Total Credit Management Services collections' databases were converted to The Controller.

The rationalisation of network, server and desktop environments to improve redundancy and deliver both short and long term cost efficiencies has been a focus for the company. Extensive work has been undertaken to improve Collection House's capacity to recover from business interruptions, on a policy and procedural level, as well as at the network architecture level. This year also saw infrastructure upgraded at Newcastle, Sydney, Melbourne, Perth, Canberra and Adelaide.

The implementation of new telecommunication carrier agreements has delivered cost savings to Collection House this year, and further savings are anticipated in the 2003/04 year though a similar review of costs and methods of data carriage.

Hosting and managing the majority of websites internally, reducing unauthorised internet traffic, reducing mailing costs and utilising imaging technology are further examples of technology creating greater efficiencies and productivity for the consolidated company. Currently under a pilot program is the application of IP telephony in order to enable Collection House to have a single network, remove reliance on PABX systems, scale inexpensively, and deliver calls without incurring voice call costs.

Outlook

The benefits of cost reduction will be fully realised in the new financial year. Modest growth is expected in the contingent collection services segment whilst the account asset management segment will continue its growth trend. Margin improvement for both segments will continue with pleasing results already evidenced. The improvement of margins is progressing within the credit reporting segment and its profit and revenue performance will be advanced in the new financial year.

If I can compare Collection House with the company it was at the peak of its share value, I know that today we are a better company than we have ever been. We have good people, we have a clear strategy, and we have the competence to produce a consistent delivery of results.

Collection House will reward its employees for their dedicated focus on improved profitability and in turn, our shareholders will be rewarded.

John Pearce

Managing Director &
Chief Executive Officer

[1]The workers' compensation collection system was converted to our proprietary system post 30 June 2003.

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.

The Board of Collection House Limited

Changes to the Board

At the October 2002 Annual General Meeting, the constitution of the Board was amended to allow for an increase in the number of directors from a maximum of eight to ten. In November, Barrie Adams was appointed to the Board and following Don Nissen's resignation from both the Board and as Chairman of its Audit and Risk Managment Committee in January 2003, Barrie was also appointed as Chairman of the Audit and Risk Management Committee.

John Pearce returned to the position of Chief Executive Officer and Managing Director replacing outgoing Chief Executive Officer, Russell Templeton in April 2003. At the same time, John relinquished the December 2002 board posting as Deputy Chairman and Alternate Chairman.

In June 2003, the Board increased its membership with non-executive appointments of Barry Connelly and Bill Hiller. Existing non-executive director, Barrie Adams, was charged with the role of lead independent director. A Nomination Committee was also established in June.

Committees

Audit & Risk Management:
Barrie Adams (Chairman),
Tony Aveling, Bill Hiller

Nomination:
Dennis Punches (Chairman),
Barrie Adams, Bill Hiller

Remuneration:
Bill Kagel (Chairman),
Dennis Punches, Barrie Adams

Lead Independent Director:
Barrie Adams

1. Dennis Punches BSc
Chairman

Appointed to the Board in July 1998, and in 2000 to the position of Chairman, Dennis is internationally recognised for his substantial involvement in the receivables management industry over the last five decades. He is also the Chairman of the Board's Nomination Committee and a member of the Remuneration Committee. He is a current director of Intrum Justitia, AB and Call Solutions, Inc; Co-Chairman of the International Collectors' Group and a Trustee for Wisconsin's Carroll College. He has held directorships with Attention LLC, Inc and Analysis and Technology, Inc and was co-founder and Chairman of Payco American Corporation, a USA debt collection company which was sold to the Outsourcing Solutions Inc conglomerate in 1996. He is a resident of Florida, USA. Age 67 years.

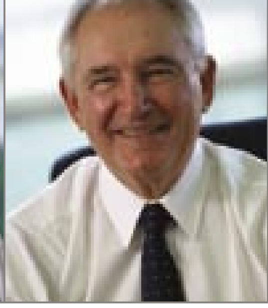
2. John Pearce FAIM, FAICM
Managing Director & Chief Executive Officer

A founding member of Collection House and appointed to the Board in April 1993. John returned in April 2003 to his former executive director position of Managing Director and Chief Executive Officer which he had held from mid 1998 until December 2002. He is a director of all subsidiaries of Collection House Limited, Collection House Foundation and The Brisbane Lions Foundation, the latter of which he is Chairman. Prior to Collection House, John's involvement with the receivables management industry began with the George Laurens organisation, a relationship that lasted nearly 20 years as both an employee and an independent owner of its Queensland operation. He is the number 1 ticketholder for the Brisbane Lions Australian Football Club and is a member of the International Fellowship of Certified Collectors. He resides in Queensland, Australia. Age 58 years.

3. Barrie Adams FCPA, PSM
Lead Independent Director

In November 2002, Barrie was appointed to the Board of Collection House in a non-executive capacity and in January 2003 as Chairman of its Audit and Risk Management Committee. In June 2003, he was made lead independent director of the Collection House Board and became a member of both the Nomination and the Remuneration Committees. He holds various board positions, several of which as Chairman including CITEC Business Enterprise Board, NuCashew Limited, Pro Super Holdings Limited and Collection House Foundation. He is also a director of Corporate Influences Pty Ltd, Ingeus Limited and NuPlant Limited. He is Chairman of the Professional Standards Committee for CPA Australia. Barrie is a resident of Queensland, Australia. Age 58 years.






4. Tony Aveling FAIM, FAIBF, FAICD
Independent Director

Tony has been a member of the Audit and Risk Management Committee since joining the Board as a non-executive director in May 2000. He has substantial experience, domestically and internationally, in the banking and financial services industry. Past positions held include Chief Executive of the Australian Bankers' Association; Chief Executive Business and Private Banking, Westpac Banking Corporation; Chief Executive Officer, The Mortgage Company Ltd and Managing Director and Chief Executive Officer of Australian Guarantee Corporation Ltd. He is Honorary Governor for the Science Foundation for Physics, University of Sydney and past Chairman of the Australian Finance Conference. He resides in Queensland, Australia. Age 60 years.

5. Barry Connelly BJ
Independent Director

Appointed to the Board of Collection House in June 2003 and as Chairman of subsidiary, Australian Business Research Pty Ltd, in September 2003 for Barry's extensive knowledge of and experience in the international consumer credit reporting industry. He is a charter member of the board of First Advantage; a director of The Credit Network and serves on the advisory board of idAnalytics. As a former President of the international Consumer Data Industry Association and a former member of the Texas House of Representatives, he has been instrumental in progressing legislative changes for the US credit reporting and debt collection industry. He is a past board member of the US credit industry's Merchant's Research Council and Charter Bank-Willowbrook, a Texas commercial bank. He is a resident of Texas and Maine, USA. Age 63 years.

6. Tony Coutts
Executive Director

Initially employed as General Manager of Collection House in 1995, Tony was appointed as an executive director in September 1998. He currently leads the national sales staff as Director of Sales and is Queensland State President of the Australian Collectors' Association. Tony has gained extensive financial industry and sales experience from various positions held across two decades with Australian Guarantee Corporation Ltd and has been directly involved in the debt collection industry at senior management level since 1993. He resides in Queensland, Australia. Age 44 years.

7. Bo Göranson
Non-Executive Director

A non-executive director since May 2000 and a significant shareholder since late July 2003. He is currently a non-executive director of the European debt collection giant, Intrum Justitia AB which he founded in 1971. He holds directorships with Travel Focus Ltd (UK), Amfa Finans AB (Sweden), Market Maker AB (Sweden) and Redab Fulcull Ltd (UK). He has been Chief Executive Officer and Chairman of Intrum Justitia. He is a resident of London, England. Age 65 years.

8. Bill Hiller
Independent Director

The Board's recent non-executive appointments in June 2003 include Bill Hiller, who enjoys a career spanning some 40 years in the automotive finance industry. Bill was also appointed to both the Nomination and the Audit and Risk Management Committees. He is currently General Manager – Automotive Finance for St George Bank Limited, a position he retires from in November 2003. He is a former director of St George Motor Finance Limited and Autobytel.com.au Pty Ltd, a former director and past Chairman of the Australian Finance Conference and was a founding director of Cycle & Carriage Finance Limited. He resides in Perth, Australia. Age 64 years

9. Bill Kagel
Independent Director

Joined the Board in February 2000 in a non-executive capacity and appointed as Chairman of the Remuneration Committee in June 2003. He is the former Executive Vice-President - Production for Outsourcing Solutions Inc, following its purchase of the national Payco American Corporation, a USA-based debt collection company he co-founded. His debt collection industry experience spans some 45 years. He resides in Wisconsin, USA. Age 66 years.

10. Stephen Walker
Non-Executive Director

As a co-founder of the company, Stephen has been a member of the Collection House Board since July1992. Stephen was Managing Director until 1998 and has been a non-executive director since. He is a past member of the company's Audit and Risk Management Committee and a former director of National Revenue Corporation Pty Ltd. He has owned and managed debt collection agencies in both Australia and New Zealand. He is a resident of Queensland, Australia. Age 52 years.

Donald Nissen
Former Independent Director
Appointed to the Board in 2000, Don Nissen also chaired the company's Audit and Risk Management Committee. He resigned his directorship in January 2003. We thank him for his contribution during a significant growth period: pre- and post-Collection House's debut on the Australian Stock Exchange.

Collection House **Foundation**

a new beginning

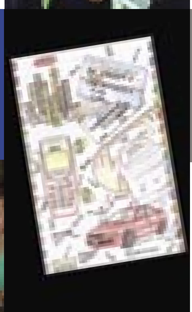
Operation Financial Literacy: Scholars & Dollars

the dream: to ensure that all young Australians leaving the secondary education system have an understanding of the credit system and financial management practices, so that they can make informed decisions on their financial affairs.

Since its incorporation in December 2001, the Collection House Foundation has achieved amazing progress. Ongoing contributions by Collection House Limited to the Foundation, which will equate to $1.0 million over a five-year period, have paved the way for several development initiatives to date in this year's Operation Financial Literacy pilot program.

However, it is the visionary principals and dedicated teaching staff of the15 schools participating in the program across Queensland, New South Wales, Victoria and Tasmania, as well as their keen student bodies, who have provided the real incentive to drive the Foundation's progress.

Conscious of the need to provide a range of subject matter that caters for differing school and community environments throughout Australia, the Foundation funded the development of programs empowering schools to create tailored programs for their students.



The results: 15 unique approaches to teaching financial literacy utilising a range of delivery platforms from on-line simulation games, classroom interaction to the involvement of local financial institutions in programs.

Whilst the ultimate goal for the Foundation is to have financial literacy education included as part of the national secondary school curriculum, it is hoped that this strategy of creating and providing financial literacy resources at the school level will contribute to the growing awareness and recognition of the importance of financial understanding as a life skill in the education environment.

With the first of these programs now developed, the second phase of Operation Financial Literacy, an evaluative process, begins. It is anticipated that existing programs will be combined into a number of generic financial literacy curricula so that they can be offered, ready for implementation, to as many Australian secondary schools as possible in 2004 and in ensuing years to come.

Collection House is proud of the success of the Foundation to date and the real benefits it is delivering for young Australians.

Board Members

Chairman

Barrie Adams (refer page 14 for detailed experience)

Secretary and Financial Controller

Julie Tealby (former Financial Controller and Company Secretary, Collection House)

Directors

John Pearce (refer page 14 for detailed experience)

Leigh Matthews (Senior Coach, Brisbane Lions Australian Football Club)

Interested parties can direct enquiries to

Promotions and Development
Collection House Foundation

GPO Box 2386, Brisbane, 4001
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info@chfoundation.org.au
www.chfoundation.org.au

Collection House Foundation is a registered charity under Australian Taxation Office legislation.

Participating Schools

Queensland - Caboolture State High School, John Paul College, Mackay State High School, Morayfield State High School, Tullawong State High School

Victoria - Kealba College, Lowanna College, Luther College, North Geelong Secondary College, Scoresby Secondary College, Sebastopol College, Shelford Girls' Grammar

New South Wales - Mercy Catholic College, Moriah College

Tasmania - The Hutchins School

1. Harnessing student enthusiasm has been greatly enhanced by identities like Brisbane Lions Australian Rules player, Jonathan Brown, through their invaluable contribution during school visitation programs.

2. This project cover designed by a year 10 student from Scoresby Secondary College, one of the pilot program's participating schools, encapsulates the meaning of debt as seen through the eyes of a 15 year old.

3. Leigh Matthews' involvement as both a director and earnest promoter of the Foundation's vision has contributed to the success of Operation Financial Literacy.

2.

3.

1.

Corporate Governance

The release of the ASX Corporate Governance Council's recommendations, intended to promote good corporate governance and best practice for Australian companies, has ensured that the issue of corporate governance remains high on the corporate agenda for Australian business. In light of ongoing corporate collapses, this move to address appropriate standards for the business community is welcomed by the board members of Collection House.

The principles encourage a comparative medium for shareholder decisioning through the adoption of a standardised reporting framework. Whilst the principles afford shareholders the opportunity to make informed decisions, so too do they allow investors to assess the relevance of "compliance" for the operating environment of the individual organisation within the industry in which they conduct their business.

This year's governance statement adopts a format that is consistent with the ASX recommendations by responding to each principle. The majority of these recommendations have been, in principle, applied to Collection House practices throughout the full financial year. Formalising or enhancing policies to support these practices is a focus for the company in the ensuing months. Greater policy detail is available via the corporate website **www.collectionhouse.com.au**

Laying solid foundations for management and oversight

Clearly defining the role of the Board and its management is instrumental to laying solid foundations for the company's success. The Board has adopted a Board Charter outlining the role and responsibilities of the directors. The Charter also details Board functions, protocols, meeting procedures and decision making processes. The Board's primary role is to guide and monitor the business and affairs of the company to ensure that the interests of shareholders are protected. The Board's key responsibilities are to:

- Determine and review operational and strategic direction and policy
- Establish goals for management and monitor the achievement of those goals
- Ensure regulatory compliance
- Appoint, monitor and reward senior managers
- Report to shareholders and the market
- Monitor committees including the Audit and Risk Management, Nomination and Remuneration committees.

The Board in turn delegates the day-to-day management of the consolidated entity's operations to the Managing Director and Chief Executive Officer. To this end, the Managing Director and Chief Executive Officer of Collection House is also a member of all subsidiary company boards.

Whilst key executives report directly to the Managing Director and Chief Executive Officer, they are required to submit monthly management reports to the Board so that Directors are apprised of operational issues on an ongoing basis. A formal charter for delegated functions to management is currently under Board consideration.

The Board has also adopted a Director's Letter of Appointment covering the matters referred to in *Principle 1 of the ASX Corporate Governance Guidelines* ensuring directors clearly understand their corporate responsibilities.

The Board must meet at least six times a year with the Company Secretary and other senior management as required. Part of each meeting is allocated to consider formal strategic planning. Meeting attendance by individual directors is tabled on page 25. Urgent matters requiring discussion and/or a resolution of the Board between Board meetings are managed procedurally by a circulating minute program and conference call links.

Structuring the Board to add value

The composition of the Board is determined in accordance with the company's constitution (available for viewing on the company website) which states that the Board consists of a minimum of three and a maximum of ten directors. Currently it is comprised of eight non-executive and two executive directors and of the ten members, five are classified as independent, that is, they comply with the ASX Corporate Governance Guidelines' guide to assessing the independence of directors.

Whilst the majority of non-executive directors are classified as independent directors, there are three exceptions. Due only to their respective substantial shareholdings in the company, Dennis Punches, Bo Göranson and Stephen Walker are not classed as independent directors. The Board maintains however that their combined industry experience and knowledge of international and domestic trends is invaluable to Collection House. Similarly it affords Collection House a level of introduction and understanding offered by very few within the receivables management industry, a standing deemed important to current operations and at this stage in Collection House's corporate development. Directors' experience and shareholdings as at June 30, 2003 are provided in greater detail on pages 14 and 25 respectively.

It is confirmed that our Chairman, Dennis Punches, is not an independent director. His experience and knowledge of the industry coupled with his ability to lead has enabled him to be and continue to be a very effective chairman with a scope well beyond that of other candidates, at either a national or international level. Further, a lead independent director, Barrie Adams, was appointed effective June 2003 and a statement of responsibilities for that position was adopted. This appointment coupled with the predominance of non-executive directors ensures the Board can operate independently of executive management and provides for special professional expertise to the Board.

The roles of Chairman and Chief Executive Officer are clearly delineated. The office of Chief Executive Officer is held by John Pearce.

Commencing in June 2003, a Nomination Committee was established to determine the criteria for Board membership and to review the composition of the Board, nomination of directors and the terms and conditions of appointment to the Board. Its membership consists of Dennis Punches (Chairman), Barrie Adams and Bill Hiller.

The nomination committee considers individual directors' performances during their term, prior to endorsing their re-election at an annual general meeting. Those directors appointed to the Board during the year and not at an Annual General Meeting must also seek "re-election" at the first Annual General Meeting following their appointment to allow for shareholder consent.

On establishment of the Nomination Committee, a charter was adopted detailing the responsibilities and composition of the Committee and also outlining the framework for selection of future candidates for appointment to the Board.

Promoting ethical and responsible decision-making

Conduct guidelines have been established for directors and senior executives as they have for all employees. The Board Charter also outlines expected conduct of Board members. In addition, the company's Corporate Governance Program Guide for Directors is currently under review by the Audit and Risk Management Committee and will be made available for viewing on the company website when finalised.

Since listing, directors and other officers of the company have been subject to restrictions under the Corporations Act 2001 and Listing Rules of the Australian Stock Exchange relating to dealing in securities. In addition to this the company has in place, a director's share trading policy. Essentially, trading Collection House shares is not permitted at any time by any person who possesses price-sensitive information not available to the market. Executives need not seek the consent of the Managing Director and Chief Executive Officer if shares are being bought through the general employee share scheme program.

The Managing Director and Chief Executive Officer has established an Operation Financial Delivery team consisting of a number of key executives who are charged with providing improved company financial performance. Each of these executives has signed a confidentiality agreement and has been notified of the "insider trading" rules of the Corporations Act 2001.

The Audit and Risk Management Committee has established a Compliance Policy and a Risk Management Policy that have been approved by the Board. This again further assists the directors in ensuring they, the company employees and the company itself actively seek to comply with laws and regulations.

In accordance with the Corporations Act 2001 and the company's constitution, directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the company. The Board has developed procedures to assist directors to disclose potential conflicts of interest, including the disclosure of any conflict of interest at each meeting of the Board.

Ethical behaviour is also considered under the section titled *Recognising the legitimate interests of stakeholders*.

For the purpose of the proper performance of their duties, and subject to the approval of the Chairman, directors are entitled to seek independent professional advice at the company's expense. Any advice sought shall be made available to all other Board members. Directors are also entitled to be paid expenses incurred in connection with their duties.

Safe guarding integrity in financial reporting

To safeguard the integrity of financial and compliance reporting, the Managing Director and Chief Executive Officer (based on declarations made by the Chief Financial Officer and other department managers) provides the Board with a quarterly declaration stating that the financial and other operations reports presented to the Board represent a fair view of the company's position. The statement also sets out any compliance exceptions and resulting action taken.

The Audit and Risk Management Committee is currently comprised of its Chairman, Barrie Adams (lead independent director) and independent directors, Tony Aveling and Bill Hiller. Full attendance details of past and present members of this Committee are detailed on page [x].

The Committee meets with the external auditor of the Company, independently of company management at least twice a year.

This Committee met ten times during the reporting period with senior executives and external consultants and auditors as required. The Committee reports to the Board at least at each Board meeting. The Committee has a formal charter setting out its functions, composition and responsibilities. Further, a formal program has been established for the Committee at each of its meetings in order to ensure that appropriate considerations is given to the Committee's overall responsibility to:

- Oversee and appraise the scope and quality of audits conducted by the company's external auditors;
- Monitor the relationship with and independence of external auditors;
- Make recommendations to the Board on the appointment, removal and terms of engagement of external auditors;
- Review and monitor the adequacy and effectiveness of management's control of risk, compliance and internal controls across all entities in the group of companies; and
- Ensure the company complies with all legislation and regulations impacting on its daily operations, with particular attention to the financial and reporting needs of the company.

The company recognises the need for its external auditors to understand the operations of the company, but at the same time, for the external auditors to maintain their independence. Whilst ongoing quarterly assessments and a formal annual assessment of the company's external auditors have indicated that they provide professional and competent auditing services to the company, the rotation of audit personnel every five years is being considered by the Board.

Making timely and balanced disclosure

Throughout the year, Collection House has maintained an environment promoting continuous disclosure to the market, satisfying the ASX enhanced disclosure recommendations released in July 2002. Notification of all disclosure documents are provided to the ASX electronically and it is the responsibility of the Company Secretary to ensure all disclosed information is factually correct. The Collection House Board is currently considering redrafted policy on media releases and continuous disclosure.

Respecting the rights of shareholders

The Board aims to ensure that shareholders are informed of all major developments affecting the company's state of affairs. Information is communicated to shareholders by:

- An annual report which is available to all shareholders. The principles of the ASX Corporate Governance Guidelines have been adopted for the 2003 annual report, although not a requirement until 2004;

- A half yearly report which is available to all shareholders;
- Disclosures to the Australian Stock Exchange;
- The Collection House website (www.collectionhouse.com.au) which details corporate information. A newly created corporate governance section has been established for all shareholders to access relevant information including the company's constitution, Board and Committee charters, remuneration policies and corporate conduct guidelines;
- The annual general meeting. The Board encourages full participation by shareholders at the annual general meeting to ensure there is a high level of accountability and identification with the company's strategy and goals. For those unable to attend the meeting, audio tapings are made available on the company website. The company's auditor always attend the company's Annual General Meeting and is available to answer shareholder questions at that meeting; and
- The Company Secretary, who has been appointed as the key contact for shareholder communication and is required to answer promptly and factually any e-mailed, mailed or telephoned queries of shareholders.

Recognising and managing risk

The Audit and Risk Management Committee serves a dual function. As with the audit side of its role so does it assess, at its meetings, financial risk, risk to the business and the management of those risks. The members of the Committee, Barrie Adams (Chairman), Tony Aveling and Bill Hiller, all independent directors, focus on reviewing the effectiveness of the risk management strategies and processes operating across the entity.

As part of this strategy, the Managing Director and Chief Executive Officer has been charged with maintaining the commitment to risk management at an operational level throughout the organisation. To this end, as previously stated, risk and compliance policies have been adopted by the Board and a reporting system has been implemented at senior management level requiring monthly consideration of risks in all areas of the company's operations. Board members now receive this monthly rather than quarterly, as was the practice in the previous reporting period.

Formal advice to the Board, via a quarterly report, is also delivered by the Managing Director and Chief Executive Officer as part of his monitoring and reporting responsibilities to the Board. In addition, a Risk Manager was appointed in March 2003 with dual reporting lines to the Audit and Risk Management Committee and the Managing Director and Chief Executive Officer. This position is responsible for the management of the company's risk management program and a compliance regime that includes internal monitoring and auditing, complaints management and best practice policy and procedure.

Major business risks identified and managed are:

- Management of the rapidly changing needs and requirements of a public company;
- Compliance with the expansive regulatory environment in Australasia;
- Competition and potential loss of clients;
- Effectiveness of information technology and communication networks; and
- Integration of personnel processes across the total operation.

The performance of companies in the receivables management sector as well as the negative sentiment to the account asset management segment have also been identified as risks to shareholder investment, but not to the company's operations per se.

Encouraging enhanced performance

By forming a Nomination Committee in June 2003, the Collection House Board has commenced a formalised review process for individual directors' appointments and their ongoing contributions (in order to structure the Board to add value) as well as the performance of the Board as a whole. The membership and processes of subsidiary boards are also kept under review by the Nomination Committee. Members of this non-executive committee are Dennis Punches (Chairman), Barrie Adams and Bill Hiller.

In addition to the Director's Letter of Appointment and the Board Charter, an induction process has been introduced for all new Board members designed to inform directors of fiduciary and non-fiduciary responsibilities, terms and conditions of the directorship including expectations of performance, policy relating to the availability of independent advice and counsel and corporate governance (refer *Promoting ethical and responsible decision-making*). Agreed key performance indicators are assessed accordingly.

The Company Secretary has the responsibility of preparing Board agendas and co-ordinating the receipt of the monthly reports to ensure the Board is fully informed. The Company Secretary must also ensure that each director receives any requested information in a timely manner.

Remunerating fairly and responsibly

The Remuneration Committee, comprising non-executive directors Bill Kagel as Chairman, Dennis Punches and Barrie Adams, met two times during the year. The Committee has adopted a formal charter setting out its composition, function and responsibilities. The role of the Committee is to:

- Make recommendations to the Board on director's fees, remuneration and policies;
- Approve and monitor salary packages for senior executives and other senior personnel;
- Monitor organisational structure and succession planning strategies; and
- Evaluate and review current industry standards and practices.

The unprecedented step this year for the Managing Director and Chief Executive Officer to not take a salary nor any other remuneration unless performance warrants was announced in April 2003. Further, in lieu of the Managing Director and Chief Executive Officer receiving a bonus, that is if the company achieves or exceeds targeted profit figures as set out in the 2004 annual budget, an amount to be determined by the Board but not exceeding $200,000, will be payable to the Collection House Foundation. Remuneration for key executives is market and sector driven and any bonuses are linked to the achievement by the company of its performance targets.

The company continues to offer incentives to employees via its employee share plan and executive option plan.
Shares are offered to employees in accordance with an allocation schedule adopted by the Board. Options are offered to executives based on performance assessment by the Managing Director and Chief Executive Officer.

Upgrading disclosure policy in relation to termination payments for new executives is currently under consideration. For existing executives not under term contracts, up to a maximum of three months notice has been prescribed in contracts.

The company does not recompense directors other than fees paid to directors for acting in that role and for any appointment to company committees. The company does not provide retirement benefits for non-executive directors.

Recognising the legitimate interest of stakeholders

The company recognises the need for directors, executives and employees to observe high standards of behaviour and business ethics when engaging in corporate activity in order to strive at all times to enhance the reputation and performance of the consolidated entity. The requirement to comply with these ethical standards and act in accordance with the law are communicated to all employees across a range of issues through the consolidated entity's Standards and Conduct Handbook and more expansive policy and procedure documents. The Board has adopted a Corporate Stewardship Policy which includes a code of conduct and specifies that corporate goals and compliance should be linked to contributing to the community, protecting the environment, promoting health and safety and behaving as a good corporate citizen.

Ethical standards and best practice policy and procedure coupled with other programmes including the company's contribution to the youth of Australia through its Collection House Foundation, the establishment of a client care department and a compliance regime (including the Stakeholder Contact Programme) which considers customers and advocacy groups are amongst the initiatives designed to not only recognise the interest of key stakeholders but genuinely seek their constructive feedback.

The move to provide supporting corporate governance documentation on the website within the first half of the year as well as the rejuvenation of current employee programs are among initiatives for the new financial year.

Directors' Report

Collection House Limited Financial Statements for the year ended 30 June 2003

Your directors present their report together with the financial report of Collection House Limited (the company) and the consolidated entity comprising Collection House Limited and the entities it controlled at the end of, or during, the year ended 30 June 2003 and the auditor's report thereon.

Directors

The following persons were directors of Collection House Limited during the financial year:

D G Punches	B E Adams	B S Göranson	D I Nissen
J M Pearce	A R Aveling	W L Hiller	S Walker
A F Coutts	D B Connelly	W W Kagel	

Additional information about each of the directors is included on pages 14 and 15.

Principal activities

The principal activities of the consolidated entity during the year were the provision of receivables management services throughout Australasia. There were no significant changes in the nature of the activities of the consolidated entity during the year.

Dividends

Details of dividends paid or declared by the Company to members since the end of the previous financial year are as follows:

2003	$'000
As proposed and provided for in last year's report:	
Final dividend of 8.0 cents per share paid on 4 November 2002	7,626
In respect of the current financial year:	
Paid or declared during the year:	
Interim dividend of 4.5 cents (2002, 4.5 cents) per share paid on 20 March 2003	4,302
Paid or declared after end of year:	
Final dividend of 1.0 cents (2002, 8.0 cents) per share payable on 28 November 2003	954
Total dividends paid or declared since the end of the previous financial year	**5,256**
Disclosed in the financial report as:	
■ Dividends Paid	11,928
■ Adjusted against opening retained earnings on adoption of AASB 1044 *"Provision, Contingent Liabilities and Contingent Assets"*	(7,626)
	4,302
■ Noted as a subsequent event	954
	5,256

All the dividends paid or declared by the company since the end of the previous financial year were franked at 30%.

Review of operations

A summary of the consolidated sales and results for the year by significant industry segment is set out below:

2003	Contingent collection services $'000	Account asset management $'000	Credit reporting $'000	Inter-segment eliminations / unallocated $'000	Consolidated $'000
Sales to external customers	50,895	47,479	20,962	-	119,336
Inter-segment sales	7,295	-	357	(7,652)	-
Total sales revenue	58,190	47,479	21,319	(7,652)	119,336
Other revenue	297	34	47	140	518
Total segmental revenue	58,487	47,513	21,366	(7,512)	119,854
Segment result	7,440	13,967	(655)	(660)	20,091
Less: unallocated expenses					8,790
Profit from ordinary activities before Income tax expense					11,301
Less: Income tax expense					3,778
Profit from extraordinary item after income tax expense					7,523
Less: outside equity interest					(674)
Net profit attributable to members of the Company					8,197

Revenue increased by 1.2 percent to $119.9 million confirming Collection House's position as one of Australasia's two dominant receivables management companies. Growth was attributed to organic growth and revenue from additional acquisitions of businesses and purchased debt parcels, specifically:

- The consolidated entity acquired 100 percent shareholdings in two regional Victorian commercial debt collection agencies.
- The acquisition of the remaining 26 percent of the issued share capital of Australian Business Research Pty Ltd.
- The acquisition of debt ledgers with a face value of $248.5 million for $28.5 million during the year.

An after-tax profit of $8.2 million was recorded. Disappointing profit levels were attributed to a 22% increase in employee expenses from $35.9 million to $43.7 million which included a significant redundancy program. At the end of the financial year, payroll costs have been reduced reflecting more appropriate manpower levels. Staff now number 753 compared to 957 at the beginning of the financial year. Other operating expenses including a litigation campaign in late 2003, increases in insurance premiums, increases in borrowing costs and the realisation of bad and doubtful debts were also associated with increases in expenses. Further, anticipated expense reducing initiatives have not been fully reflected in results, most significantly savings associated with payroll expenses and telecommunication charges.

Total assets within the group increased from $132.2 million to $157.7 million, up 19% at 30 June 2003. Cash assets increased by $1.4 million from $3.0 million however this was more than offset by an increase in total interest bearing debt from $22.7million, to $47.4 million. This net movement in cash position was more than offset by the acquisitions of purchased debt of $28.5 million.

Current receivables have increased by $0.2 million to $20.4 million.

Total liabilities increased to $75.5 million, primarily as a result of borrowings to fund the company's debt purchasing program, as discussed earlier. This increase however does not incorporate the provision for the final 2003 dividend of 1.0 cent as this was not declared by the directors at balance date.

Having completed the consolidation period following two years of heavy acquisition activity, the Board has confirmed its confidence in Collection House's current and future trading position. The Board has declared a fully franked final dividend of 1.0 cent, payable on 28 November 2003, and including the fully franked interim dividend of 4.5 cents that was paid in March 2003, this represents a total dividend of 5.5 cents per share, consistent with the company dividend policy which aims to pay 65% of the company NPAT as dividends.

State of affairs

Significant changes in the state of affairs of the consolidated entity during the financial year were as follows:

1. On 1 July 2002, Collection House Limited acquired 100 percent of the issued share capital in two commercial collection agencies, Countrywide Mercantile Credit Services Pty Ltd and Midstate Credit Management Services Pty Ltd for cash consideration. Details of acquisitions are included in note 27 to the financial statements.
2. On 12 March 2003, the parent entity acquired the remaining 26 percent of the issued share capital of Australian Business Research Pty Ltd.
3. The consolidated entity purchased $248.5 million face value of debt for $28.5 million.

Events subsequent to reporting date:

A final dividend has been declared of 1.0 cent for a total of $954,000. No provision has been raised in these accounts.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

Likely developments

The benefits of cost reduction will be fully realised in the new financial year. Modest growth is expected in the contingent collection services division whilst the account asset management segment will continue its growth trend. Margin improvement for both segments will continue with pleasing results already evidenced. The improvement of margins is progressing within the credit reporting segment and its profit and revenue performance will be advanced in the new financial year.

Whilst the Board has not yet made a decision on establishing a full-scale consumer credit bureau, detailed market research and data analyses have indicated support for a second bureau in the Australasian marketplace. The purchase of the remaining shareholding in Australian Business Research Pty Ltd ("ABR") has enhanced progress in accessing ABR's significant public record database used in the consumer lending arena, such as land title and property value data, motor vehicle securities and bankruptcy listings. It is our intention to promote ABR's current product set of information services as well as to gradually expand this range of services to meet the needs of the consumer lending market. We will continue to monitor opportunities for full-scale credit bureau activities in the Australasian market.

At the date of this report, there have been several developments in the operations of the consolidated entity that are likely to be finalised during 2003 and 2004. These include:

- Implementation of the tax consolidation regime from 1 July 2003 for the Company and its Australian wholly-owned controlled entities.
- The adoption of international financial reporting standards from 1 July 2005, requiring significant preparation and planning prior to implementation.

Further information about likely developments in the operations of the consolidated entity and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the consolidated entity.

Directors' meetings

The number of meetings of the company's Board and of each Board committee held during the year ended 30 June 2003, and the numbers of meetings attended by each of director of the company during the financial year were:

	Board meetings		Audit & Risk Management Committee meetings		Remuneration Committee meetings	
	Number held whilst a member	Number attended	Number held whilst a member	Number attended	Number held whilst a member	Number attended
D G Punches	7	7			2	2
J M Pearce	7	7			2	2
A F Coutts	7	7				
B E Adams[1]	4	4	8	8		
A R Aveling	7	7	10	10		
D B Connelly[2]	1	1				
B S Göranson	7	7				
W L Hiller[3]	1	1	-	-		
W W Kagel	7	7				
D I Nissen[4]	4	2	3	-		
S Walker[5]	7	7	2	2		

[1] Appointed to Board and Audit and Risk Management Committee on 27 November 2002
[2] Appointed to Board on 5 June 2003
[3] Appointed to Board on 5 June 2003 and to Audit and Risk Management Committee on 29 June 2003
[4] Resigned from Board on 9 January 2003
[5] Resigned from Audit and Risk Management Committee on 27 November 2002 due to issue of independence

Directors' interests

The relevant interest of each director and their associates in the shares or options over issued shares by the company, at 15 August 2003, is as follows:

Collection House Limited	Ordinary Shares	Options
D G Punches	14,011,665	
J M Pearce	14,146,730	
A F Coutts	3,832,000	300,000
B E Adams	-	
A R Aveling	250,000	
D B Connelly	20,000	
W L Hiller	5,200	
B S Göranson	4,772,427	
W W Kagel	500,000	
S Walker	6,750,000	

Directors' and executives' emoluments

The remuneration committee considered and continues to consider policy in relation to the ASX Corporate Governance Council recommendations, in particular Principle 8, "*Encourage enhanced performance*" and Principle 9, *"Remunerate fairly and responsibly"*. The committee also considered the recommendations of independent advice in relation to improving the employee share and executive option plans and recommended that the advice be adopted.

Executive remuneration and other terms of employment are reviewed by the committee having regard to performance against previously defined goals and independent expert advice. As well as a base salary, remuneration packages include superannuation, fringe benefits and performance-related bonuses. Executives are entitled to participate in the Collection House Employee Share Plan and the Collection House Executive Option Plan.

Remuneration packages are set at levels designed to attract and retain executives capable of managing the consolidated entity's operations and are reviewed as appropriate and in line with market bandings. Remuneration and other terms of employment for executive directors and employees are formalised in employment contracts.

Performance-related bonuses are available to executives, calculated on base salary and other measurable indicators. Bonuses are not payable to directors.

Details of the nature and amount of each element of emoluments of each director of Collection House Limited and the five executives of the Company receiving the highest emoluments are set out as follows:

Executive directors and other executives of Collection House

	Base salary $	Options issued [1] $	Bonus $	Super-annuation $	Non-cash benefits $	Total $
Director						
Non-executive:						
D G Punches[2]	72,500					72,500
B E Adams	25,000					25,000
A R Aveling	50,000			3,375		53,375
B Connelly	3,333					3,333
B S Göranson	40,000					40,000
W L Hiller	4,167					4,167
W W Kagel	40,000					40,000
D I Nissen	25,000			2,250		27,250
S Walker	40,000			3,150		43,150
Executive:						
J Pearce[3] Managing Director & Chief Executive Officer	81,240			1,778	4,862	87,880
A Coutts Executive Director	353,091	220,000[4]		33,128	4,597	610,816
Executive officers (excluding directors)						
R Templeton[5, 6] Chief Executive Officer	530,040	72,590		41,553	4,052	648,235
M Stanton[6] Chief Financial Officer & Company Secretary	316,783	72,590		28,510	4,597	422,480
M Watkins[6] General Counsel	235,000	54,443		24,042	4,597	318,082
R Levison[6] Manager Communications & Marketing	200,000	36,295		18,000	4,862	259,157
R Anderson[6] National Manager – Commercial Collections	177,235	36,295		14,677	14,635	242,842

[1] Other than the options for Mr Coutts, the value disclosed above is calculated at the date of grant using a Black-Scholes model. Further details of options granted during the year are set out below.

[2] Mr Punches requested that the annual salary of $80,000 be reduced to $50,000 effective 1 April, 2003.

[3] Mr Pearce opted to receive no remuneration effective 8 April, 2003.

[4] Mr Coutts exercised 100,000 options in November 2002 at an exercise price of $1.00 per share. It was considered impractical to estimate the value of the options exercised as at the date of grant on 14 July 2000. Therefore, consistent with the 2001/02 calculation, the benefit to Mr Coutts on the exercise of his options is included as the relevant value.

[5] Includes termination pay of $101,385.

[6] These executives were entitled to participate in the Collection House Executive Option Plan and were issued options during the year. The details of these options are disclosed below. These options will only be of value to the Executives if the company's share price exceeds $2.51 by 31 December 2003. The closing price of the company's share price on 30 June 2003 was $1.19.

Share options granted to directors and executives

Options over unissued ordinary shares of Collection House Limited granted during or since the end of the financial year to any of the directors or the five most highly remunerated officers of the Company and consolidated entity as part of their remuneration are:

Issued to	Issue date	Exercise price per share	Number of shares	Expiry date
R Templeton	1 January2003	2.51	100,000	31 December 2003
M Stanton	1 January2003	2.51	100,000	31 December 2003
M Watkins	1 January2003	2.51	75,000	31 December 2003
R Levison	1 January2003	2.51	50,000	31 December 2003
R Anderson	1 January2003	2.51	50,000	31 December 2003

Shares under option

Unissued shares of Collection House Limited under option at the time of this report are:

Issued to	Issue date	Exercise price per share	Number of shares	Expiry date
A Coutts	14 July 2000	$1.00	100,000	3 November 2003
A Coutts	14 July 2000	$1.00	100,000	3 November 2004
A Coutts	14 July 2000	$1.00	100,000	3 November 2005
Executives[1]	1 January 2003	$2.51	1,125,000	31 December 2003
			1,425,000	

[1] Options were issued under the Collection House Executive Option Plan to eligible employees.

No option holder has any right under the options to participate in any other share issue of the Company or of any other entity.

Shares issued on the exercise of options

The following ordinary shares of Collection House Limited were issued during the year ended 30 June 2003 on the exercise of options. No further shares have been issued since the end of the year. No amounts are unpaid on any of these shares.

Issue date of options	Issue price of shares	Number of shares issued
14 July 2000	$1.00	100,000

Indemnification and insurance of officers

During the financial year, Collection House Limited paid premiums to insure the directors and officers of the company and its controlled entities.

The insurance policies indemnify the insured directors and officers for any payment they shall become legally liable to make arising from any claim made against them in their capacity as directors and officers of the organisation, to the extent allowed by law.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors and officers' liability and legal expenses' insurance contracts, as such disclosure is prohibited under the terms of the contract.

Proceedings on behalf of the company

No person has applied to the Courts under section 237 of the Corporations Act 2002 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.

Rounding off

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & 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 the directors.

John Pearce

Managing Director

Brisbane 27 August 2003

Statements of Financial Performance

Collection House Limited and its controlled entities. For the year ended 30 June 2003

		Consolidated		The Company	
		2003	2002	2003	2002
	Note	$'000	$'000	$'000	$'000
Revenue from rendering of services	3	119,336	117,407	54,334	53,233
Other revenues from ordinary activities	3	518	1,012	11,593	5,822
Total revenue from ordinary activities	**3**	**119,854**	**118,419**	**65,927**	**59,055**
Employee expenses		(43,720)	(35,918)	(27,253)	(30,451)
Depreciation and amortisation expenses	4	(19,441)	(17,169)	(4,599)	(4,602)
Borrowing costs	4	(2,494)	(1,054)	(2,484)	(1,029)
Other expenses from ordinary activities		(42,898)	(36,996)	(28,920)	(16,223)
Profit from ordinary activities before related income tax expense		**11,301**	**27,282**	**2,671**	**6,750**
Income tax (expense)/benefit relating to ordinary activities	6(a)	(3,778)	(8,694)	2,244	(618)
Profit from ordinary activities after related income tax expense/(benefit)		**7,523**	**18,588**	**4,915**	**6,132**
Profit from extraordinary item after related income tax expense		-	-	-	-
Net profit		**7,523**	**18,588**	**4,915**	**6,132**
Net (profit)/loss attributable to outside equity interests	23	674	67	-	-
Net profit attributable to members of the Company	21	**8,197**	**18,655**	**4,915**	**6,132**
Non-owner transaction changes in equity:					
Net exchange difference relating to self-sustaining foreign operations	20	43	219	-	-
Total revenues, expenses and valuation adjustments attributable to members of the Company recognised directly in equity		43	219	-	-
Total changes in equity from non-owner related transactions attributable to the members of the Company	24	**8,240**	**18,874**	**4,915**	**6,132**
		cents	**cents**		
Basic earnings per share	7	8.59	19.60		
Diluted earnings per share	7	8.57	19.53		

The above statements of financial performance are to be read in conjunction with the accompanying notes to the financial statements

Statements of Financial Position

Collection House Limited and its controlled entities. For the year ended 30 June 2003

		Consolidated		The Company	
		2003	2002	2003	2002
	Note	$'000	$'000	$'000	$'000
Current assets					
Cash assets	8	4,430	3,002	53	1,018
Receivables	9(a)	20,371	20,202	21,288	17,819
Current tax assets		2,236	1,741	1,760	1,673
Other	10(a)	766	554	453	170
Total current assets		**27,803**	**25,499**	**23,554**	**20,680**
Non-current assets					
Receivables	9(b)	-	201	50,270	35,764
Purchased debt	11	70,680	55,200	-	6,248
Other financial assets	12	99	281	21,717	14,728
Property, plant and equipment	13	14,877	14,526	11,197	11,048
Databases	14	9,215	8,750	-	-
Intangible assets	15	29,573	26,767	12,846	13,731
Deferred tax assets	6(c)	5,009	982	1,063	582
Other	10(b)	438	-	438	-
Total non-current assets		**129,891**	**106,707**	**97,531**	**82,101**
Total assets		**157,694**	**132,206**	**121,085**	**102,781**
Current liabilities					
Payables	16(a)	9,801	8,425	4,173	2,100
Interest-bearing liabilities	17(a)	1,945	250	697	181
Current tax liabilities		487	768	-	-
Provisions	18(a)	2,123	9,526	1,773	9,176
Total current liabilities		**14,356**	**18,969**	**6,643**	**11,457**
Non-current liabilities					
Payables	16(b)	-	-	1,751	691
Interest-bearing liabilities	17(b)	45,456	22,423	45,262	22,255
Deferred tax liabilities	6(b)	15,220	9,555	428	2,193
Provisions	18(b)	510	393	487	384
Total non-current liabilities		**61,186**	**32,371**	**47,928**	**25,523**
Total liabilities		**75,542**	**51,340**	**54,571**	**36,980**
Net assets		**82,152**	**80,866**	**66,514**	**65,801**
Equity					
Contributed equity	19(a)	65,213	65,113	65,213	65,113
Reserves	20	256	213	-	-
Retained profits	21	16,853	12,958	1,301	688
Total Company interest		82,322	78,284	66,514	65,801
Outside equity interests	23	(170)	2,582	-	-
Total equity	24	**82,152**	**80,866**	**66,514**	**65,801**

The above statements of financial position are to be read in conjunction with the accompanying notes to the financial statements

Statement of Cash Flows

Collection House Limited and its controlled entities. For the year ended 30 June 2003

		Consolidated		The Company	
		2003	**2002**	**2003**	**2002**
	Note	**$'000**	**$'000**	**$'000**	**$'000**
Cash flows from operating activities					
Cash receipts in the course of operations		126,273	109,611	69,325	41,850
Cash payments in the course of operations		(90,606)	(72,046)	(58,313)	(45,569)
		35,667	37,565	11,012	(3,719)
Dividends received		-	-	11,366	5,000
Interest received		268	454	183	316
Borrowing costs paid		(2,494)	(1,054)	(2,483)	(1,029)
Income taxes paid		(2,913)	(4,175)	(89)	(3,660)
Net cash provided by/(used in) operating activities	33(b)	**30,528**	**32,790**	**19,989**	**(3,092)**
Cash flows from investing activities					
Proceeds on disposal of non-current assets		41	11	7	4
Proceeds on sale of investments		-	800	-	987
Payment for controlled entities (net of cash acquired)		(7,297)	-	(7,297)	-
Payments for property, plant and equipment		(5,689)	(9,078)	(3,586)	(6,595)
Payments for investments		-	(219)	-	(688)
Payments for intangible assets		(88)	(5,378)	(88)	(486)
Payments for purchased debt		(28,492)	(60,006)	6,248	(857)
Other cash flows from investing activities		271	40	82	53
Net cash used in investing activities		**(41,254)**	**(73,830)**	**(4,634)**	**(7,582)**
Cash flows from financing activities					
Proceeds from issue of shares		100	1,573	100	1,573
Proceeds from borrowings		27,975	18,594	26,770	18,468
Repayment of borrowings		(63)	(498)	(64)	(271)
Loans advanced to related parties		-	(100)	(27,225)	(33,276)
Repayment of loans to related parties		(3,973)	-	(3,973)	2,069
Dividends paid		(11,928)	(7,620)	(11,928)	(7,620)
Net cash provided by financing activities		**12,111**	**11,949**	**(16,320)**	**(19,057)**
Net increase/(decrease) in cash held		1,385	(29,091)	(965)	(29,731)
Cash at the beginning of the financial year		3,002	31,874	1,018	30,749
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies		43	219	-	-
Cash at the end of the financial year	33(a)	**4,430**	**3,002**	**53**	**1,018**

The above statements of cash flows are to be read in conjunction with the accompanying notes to the financial statements

Note 1 Statement of significant accounting policies

The significant policies which have been adopted in the preparation of this financial report are:

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2002.

It has been prepared on the basis of historical costs, and except where stated, does not take into account changing money values or fair values of non-current assets.

These accounting policies have been consistently applied by each entity in the consolidated entity and, except where there is a change in accounting policy as set out in note(s), are consistent with those of the previous year.

(b) Principles of consolidation

Controlled entities

The financial statements of controlled entities are included in the consolidated financial statements from the date control commences until the date control ceases.

Outside interests in the equity and results of the entities that are controlled by the Company are shown as a separate item in the consolidated financial statements.

Transactions eliminated on consolidation

Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation.

(c) Revenue recognition

Revenues are recognised at the fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Rendering of services

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

Specific revenues are recognised as follows:

Sale of non-current assets

The gross proceeds of non-current asset sales are included as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Any related balance in the asset revaluation reserve is transferred to the capital profits reserve on disposal.

Dividends

Revenue from dividends and distributions from controlled entities is recognised by the parent entity when they are declared by the controlled entities.

Revenue from dividends from other investments is recognised when received.

Note 1 Statement of significant accounting policies (cont'd)

(d) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(e) Foreign currency

Transactions

Foreign currency transactions are translated to Australian currency at the rate of exchange at the date of the transaction. Amounts receivable and payable in foreign currencies at balance date are translated at the rate of exchange on that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the statement of financial performance in the financial year in which the exchange rates change.

Translation of controlled foreign operations

The assets and liabilities of foreign operations, including associates and joint venturers, that are self-sustaining are translated at the rate of exchange at balance date. Equity items are translated at historical rates. The statements of financial performance are translated at a weighted average rate for the year. Exchange differences arising on translation are taken directly to the foreign currency translation reserve.

(f) Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings, foreign exchange losses net of any hedged amounts on borrowings, including trade creditors and lease finance charges.

Ancillary costs incurred in connection with the arrangement of borrowings are capitalised and amortised over the life of the borrowings.

Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets that take more than 12 months to get ready for their intended use or sale. In these circumstances borrowing costs are capitalised to the cost of the asset.

(g) Taxation

The consolidated entity adopts the income statement liability method of tax effect accounting.

Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statement of financial position as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits relating to tax losses are only brought to account when their realisation is virtually certain. The tax effects of capital losses are not recorded unless realisation is virtually certain.

Note 1 Statement of significant accounting policies (cont'd)

(h) Acquisitions of assets

All assets acquired including property, plant and equipment and intangibles other than goodwill are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. When equity instruments are issued as consideration, their market price at the date of acquisition is used as fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity subject to the extent of proceeds received, otherwise these costs are expensed.

Where settlement of any part of cash consideration is deferred, the amounts payable are recorded at their present value, discounted at the rate applicable to the company if similar borrowings were obtained from an independent financier under comparable terms and conditions.

The costs of assets constructed or internally generated by the consolidated entity, other than goodwill, include the cost of materials and direct labour. Directly attributable overheads and other incidental costs are also capitalised to the asset. Borrowing costs are capitalised to qualifying assets as set out in Note 1(g).

Expenditure, including that on internally generated assets, is only recognised as an asset when the entity controls future economic benefits as a result of the costs incurred, it is probable that those future economic benefits will eventuate, and the costs can be measured reliably. Costs attributable to feasibility and alternative approach assessments are expensed as incurred.

Subsequent additional costs

Costs incurred on assets subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the consolidated entity in future years. Costs that do not meet the criteria for capitalisation are expensed as incurred.

(i) Revisions of accounting estimates

Revisions to accounting estimates are recognised prospectively in current and future periods only.

(j) Receivables

The collectability of debts is assessed at reporting date and specific provision is made for any doubtful accounts.

Trade and other receivables are recognised and carried at original invoice amount less any provision for doubtful debts. Bad debts are written off as incurred.

(k) Investments

Controlled entities

Investments in controlled entities are carried in the Company's financial statements at the lower of cost and recoverable amount.

Other entities

Investments in other listed entities are measured at fair value, being the quoted market prices at reporting date. Investments in other unlisted entities are carried at the lower of cost and recoverable amount.

(l) Leased assets

Leases under which the Company or its controlled entities assume substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Finance leases

Finance leases are capitalised. A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease.

Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are expensed.

Operating leases

Payments made under operating leases are expensed on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

Note 1 Statement of significant accounting policies (cont'd)

(m) Purchased debt

Purchased debt is recorded at cost.

Purchased debt is depreciated on a basis that is representative of the pattern of benefits to be derived from the asset. Depreciation is calculated based on total projected collections.

(n) Databases

The databases are considered an identifiable intangible asset and are recorded at cost or fair value. Fair value is supported by a directors' valuation.

Databases are not depreciated as they are regularly maintained and as a consequence will not depreciate, be consumed or lose value from use. The cost of all maintenance is expensed in the period incurred.

(o) Goodwill

On acquisition of the assets of another entity, or equity in a controlled entity, the identifiable net assets acquired are measured at fair value. The excess of the cost of acquisition plus incidental costs over the fair value of the identifiable net assets acquired, including any liability for restructuring costs, is brought to account as goodwill.

Goodwill is amortised on a straight-line basis over periods not greater than 20 years.

(p) Recoverable amount of non-current assets

The carrying amounts of non-current assets valued on a cost basis are reviewed annually to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write-down is recognised as an expense in the reporting period in which it occurs.

In assessing recoverable amounts of non-current assets the relevant cash flows have been discounted to their present value.

(q) Depreciation and amortisation

All assets, including intangibles, have limited useful lives and are depreciated/amortised using the straight line method over their estimated useful lives taking into account estimated residual values with the exception of Purchased debt which is depreciated on a basis that is representative of the pattern of benefits to be derived from the asset refer Note 1(m).

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only.

The depreciation/amortisation rates used for each class of asset are as follows:

	2003	2002
The estimated useful lives for each class of depreciable asset are:		
Leasehold improvements	Term of Lease	Term of Lease
Plant and equipment	4 to 8 years	4 to 8 years
Computer equipment	3 to 4 years	3 to 4 years
Software	4 to 10 years	4 to 10 years
Goodwill	max 20 years	max 20 years

(r) Employee benefits

Wages, salaries, annual leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries, annual leave expected to be settled within 12 months of the year-end represent present obligations resulting from employee' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at reporting date including related on-costs.

Long service leave

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided up to balance date.

The provision is calculated using estimated future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attaching to national government bonds at balance date which most closely match the terms of maturity of the related liabilities.

Employee share and option plans

Where shares or options are issued to employees, including directors, as remuneration for past services, the shares or options issued are recorded in contributed equity at the fair value of consideration received, if any.

Transaction costs associated with issuing shares and options are recognised in equity subject to the extent of the proceeds received, otherwise expensed. Other administrative costs are expensed.

Superannuation plans

The company and other controlled entities contribute to several superannuation plans. Contributions are expensed in the period to which they relate.

Change in accounting policy for employee benefits

The above policy was adopted with effect from 1 July 2002 to comply with AASB 1028 *Employee Benefits* released in June 2001. There was no material impact on the financial statements as a result of the change in accounting policy.

(s) Dividends

Provision is made for the amount of any dividend declared, determined or publicly recommended by the directors on or before the end of the financial year but not distributed at balance date.

Change in accounting policy for providing for dividends

The above policy was adopted with effect from 1 July 2002 to comply with AASB 1044 *Provisions, Contingent Liabilities and Contingent Assets* released in October 2001.

In previous years, in addition to providing for the amount of any dividends declared, determined or publicly recommended by the directors on or before the end of the financial year but not distributed at balance date, provision was made for dividends to be paid out of retained profits at the end of the financial year where the dividend was proposed, recommended or declared between the end of the financial year and the completion of the financial report.

An adjustment of $7,626,000 was made against the consolidated and parent entity retained profits at the beginning of the financial year to reverse the amount that was provided at 30 June 2002 for the proposed final dividend for that year that was recommended by the directors between the end of the financial year and the completion of the financial report. This reduced the consolidated and parent entity current liabilities – provisions and total liabilities at the beginning of the financial year by $7,626,000 with corresponding increases in their net assets, retained profits, total equity and the total dividends provided for or paid during the current financial year.

The restatements of consolidated and parent entity retained profits, provisions and total dividends paid or provided for during the year as set out below show the information that would have been disclosed had the new accounting policy always been applied.

Note 1 Statement of significant accounting policies (cont'd)

	Consolidated 2003 $'000 Restated	Consolidated 2002 $'000 Restated	The Company 2003 $'000 Restated	The Company 2002 $'000 Restated
Restatement of retained profits				
Previously reported retained profits at the end of the financial year (note 21)	12,958	6,235	688	6,488
Change in accounting policy for providing for dividends	7,626	3,314	7,626	3,314
Restated retained profits at the beginning of the financial year	20,584	9,549	8,314	9,802
Net profit attributable to members of the Company	8,197	18,655	4,915	6,132
Total available for appropriation	28,781	28,204	13,229	15,934
Dividends paid or provided (see below)	(11,928)	(7,620)	(11,928)	(7,620)
Restated retained profits at the end of the financial year	16,853	20,584	1,301	8,314
Restatement of current liabilities – provisions				
Previously reported carrying amount at the end of the financial year (note 18)	2,123	9,526	1,773	9,176
Adjustment for change in accounting policy	-	(7,626)	-	(7,626)
Restated carrying amount at the end of the financial year	2,123	1,900	1,773	1,550
Restatement of dividends provided or paid				
Previously reported total dividends provided for or paid during the financial year (note 22)	11,928	15,246	11,928	15,246
Adjustment for change in accounting policy	-	(7,626)	-	(7,626)
Restated total dividends provided for or paid during the financial year	11,928	7,620	11,928	7,620

(t) Payables and borrowings

Liabilities for trade creditors and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

All borrowings are recognised at the principal amount. Interest expense is accrued at the contracted rate and included in "Other creditors and accruals".

Note 1 Statement of significant accounting policies (cont'd)

(u) Provisions

A provision is recognised when there is a legal, equitable or constructive obligation as a result of a past event and it is probable that a future sacrifice of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain.

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Dividends

A provision for dividends payable is recognised in the reporting period in which the dividends are declared, for the entire undistributed amount, regardless of the extent to which they will be paid in cash.

(v) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net profit attributable to members of the parent entity for the reporting period, after excluding any costs of servicing equity (other than ordinary shares and converting preference shares classified as ordinary shares for EPS calculation purposes), by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary shares and dilutive potential ordinary shares adjusted for any bonus issue.

Note 2 Segment information

Individual business segments have been identified on the basis of grouping individual products or services subject to similar risks and returns. The business segments reported are: contingent collection services, account asset management and credit reporting.

The Company operates in two geographical areas: Australia and New Zealand.

Primary reporting - business segments

	Contingent collection services	Account asset management	Credit reporting	Inter-segment eliminations / unallocated	Consolidated
2003	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Sales to external customers	50,895	47,479	20,962	-	119,336
Inter-segment sales	7,295	-	357	(7,652)	-
Total sales revenue	58,190	47,479	21,319	(7,652)	119,336
Other revenue	297	34	47	140	518
Total segmental revenue	58,487	47,513	21,366	(7,512)	119,854
Segment result	7,440	13,967	(655)	(661)	20,091
Less: unallocated expenses					8,790
Profit from ordinary activities before Income tax expense					11,301
Less: Income tax expense					3,778
Profit from extraordinary item after income tax expense					7,523
Less: outside equity interest					(674)
Net profit attributable to members of the Company					8,197

Note 2 Segment information (cont'd)

Primary reporting - business segments (cont'd)

	Contingent collection services	Account asset management	Credit reporting	Inter-segment eliminations / unallocated	Consolidated
2003	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Segment assets	98,409	76,046	23,954	(59,157)	139,252
Unallocated assets					18,442
Consolidated total assets					157,694
Segment liabilities	45,322	63,577	10,093	(59,157)	59,835
Unallocated liabilities					15,707
Consolidated total liabilities					75,542
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	3,095	28,489	3,615	3,660	38,859
Depreciation and amortisation expense	1,441	13,026	1,270	3,704	19,441
Other non-cash expenses	870	(4)	117	-	983
2002					
Sales to external customers	53,346	46,756	17,305	-	117,407
Inter-segment sales	2,147	-	197	(2,344)	-
Total sales revenue	55,493	46,756	17,502	(2,344)	117,407
Other revenue	395	16	93	508	1,012
Total segmental revenue	55,888	46,772	17,595	(1,836)	118,419
Segment result	16,332	18,974	444	(957)	34,793
Less: unallocated expenses					7,511
Profit from ordinary activities before income tax expense					27,282
Less: Income tax expense					8,694
Profit from ordinary activities after income tax expense					18,588
Less: outside equity interest					(67)
Net profit attributable to members of the Company					18,655
Segment assets					
Unallocated assets	84,758	58,198	21,795	(44,727)	120,024
Consolidated total assets					12,182
					132,206
Segment liabilities	47,002	30,731	8,013	(44,727)	41,019
Unallocated liabilities					10,321
Consolidated total liabilities					51,340
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	6052	60,006	2,155	7,361	75,574
Depreciation and amortisation expense	1,172	12,786	614	2,597	17,169
Other non-cash expenses	665	-	131	(15)	781

Note 2 Segment information (cont'd)

Secondary reporting - geographical segments

	Segment revenues from sales to external customers		Segment assets		Acquisition of property, plant and equipment, intangibles and other non-current segment assets	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Australia	112,470	114,071	131,512	112,309	36,156	71,304
New Zealand	6,866	3,336	7,740	7,715	2,703	4,270
	119,336	117,407	139,252	120,024	38,859	75,574

(a) Accounting policies

Segment results, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, property, plant and equipment, databases and goodwill and other intangible assets, net of related provision. Whilst most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage. Segment liabilities consist primarily of trade and other creditors, interest bearing liabilities and employee entitlements. Segment assets and liabilities do not include income taxes.

Unallocated items mainly comprise interest or dividend-earning assets and revenue, interest bearing loans, borrowing and expenses and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

(b) Inter-segment transfers

Segment revenues and expenses and results include transfers between segments. Such transfers are priced on an "arms length" basis and are eliminated on consolidation.

Note 3 Revenue from ordinary activities

	Consolidated		The Company	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Rendering of services revenue from operating activities	119,336	117,407	54,334	53,233
Other revenues:				
From operating activities				
Interest:				
Other parties	243	454	119	316
Related parties	25	-	64	0
	268	454	183	316
From outside operating activities				
Gross proceeds from sale of non current assets	41	11	7	4
Dividends	1	-	11,366	5,000
Other	208	547	37	502
Total other revenues	518	1,012	11,593	5,822
Total revenue from ordinary activities	119,854	118,419	65,927	59,055

Note 4 Profit from ordinary activities before related income tax expense

	Consolidated		The Company	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Profit from ordinary activities before income tax expense has been arrived at after charging/(crediting) the following items:				
Depreciation of:				
Leasehold improvements, plant and equipment	4,655	2,847	3,411	2,340
Purchased debt	13,025	12,786	200	1,216
	17,680	15,633	3,611	3,556
Amortisation of:				
Goodwill	1,535	958	763	512
Other intangibles	123	450	123	411
Leased plant and equipment	103	128	102	123
	1,761	1,536	988	1,046
Total depreciation and amortisation	19,441	17,169	4,599	4,602
Borrowing costs:				
Related parties	226	209	226	209
Other parties:				
- Bank loans and overdraft	2,230	797	2,235	790
- Other borrowings	13	2	13	2
- Finance charges on capitalised leases	25	46	10	28
	2,494	1,054	2,484	1,029
Net bad and doubtful debts expense including movements in provision for doubtful debts	1,334	76	1,167	(2)
Search costs	12,822	10,877	420	399
Direct collection costs	13,979	14,487	16,821	7,130
Net expense from movements in provision for employee benefits	339	691	30	440
Operating lease rental expense representing minimum lease payments	3,472	3,032	2,626	2,478
Net (gain)/loss on disposal of property, plant and equipment	(9)	(7)	(7)	(2)

Note 5 Auditor's remuneration

	Consolidated 2003	Consolidated 2002	The Company 2003	The Company 2002
	$	$	$	$
Audit services:				
Amounts received or due and receivable by the auditors for:				
- Audit of the financial statements	155,000	105,000	155,000	105,000
- Other regulatory audit services	70,000	53,500	70,000	53,500
Other services:				
Amounts received or due and receivable by the auditors for:				
- Other assurance services	-	20,000	-	20,000
- Other non-assurance services	-	70,000	-	70,000

Note 6 Taxation

	Consolidated 2003	Consolidated 2002	The Company 2003	The Company 2002
	$'000	$'000	$'000	$'000
(a) Income tax expense/(benefit)				
Prima facie income tax expense/(benefit) calculated at 30% (2002: 30%) on the profit/(loss) from ordinary activities	3,390	8,185	801	2,025
Increase in income tax expense due to:				
Non-deductible depreciation and amortisation	429	531	297	313
Sundry items	112	69	67	44
Effect of higher rates of tax on overseas income	65	38	-	-
Decrease in income tax expense due to:				
Non-assessable profit on disposal of property, plant and equipment	-	(3)	-	(3)
Rebateable dividend	-	-	(3,409)	(1,500)
Sundry items	(218)	(126)	-	(81)
Tax benefit on losses transferred from a controlled entity	-	-	-	(180)
Income tax expense attributable to profit from ordinary activities	3,778	8,694	(2,244)	618
Income tax expense attributable from ordinary activities is made up of:				
Current income tax provision	2,144	1,643	-	703
Deferred income tax provision	5,660	7,520	(1,764)	347
Future income tax benefit	(4,026)	(469)	(480)	(432)
	3,778	8,694	(2,244)	618

Note 6 Taxation (cont'd)

	Consolidated 2003 $'000	Consolidated 2002 $'000	The Company 2003 $'000	The Company 2002 $'000
(b) Deferred tax liabilities				
Provision for deferred income tax				
Provision for deferred income tax comprises the estimated expense at the applicable rate of 30% (2002: 30%)	15,220	9,555	428	2,193
(c) Deferred tax assets				
Future income tax benefit				
Future income tax benefit comprises the estimated future benefit at the applicable rate of 30% (2002: 30%)	5,009	982	1,063	582

Tax losses

The future income tax benefit of tax losses recognised in the deferred tax asset balance at 30 June 2003 will only be obtained if:

(i) the relevant company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised, or the benefit can be utilised by another company in the consolidated entity in accordance with Division 170 of the Income Tax Assessment Act 1997

(ii) the relevant company and/or the consolidated entity continues to comply with the conditions for deductibility imposed by the law, and

(iii) no changes in tax legislation adversely affected the relevant company and/or the consolidated entity in realising the benefit.

Tax consolidation legislation

As a consequence of the substantive enactment of the Tax Consolidation legislation and since the consolidated tax group within the consolidated entity has not notified the Australian Taxation Office at the date of signing this report of the implementation date for tax consolidation, the consolidated entity has applied UIG 39 *"Effect of Proposed Tax Consolidation Legislation on Deferred Tax Balances".*

There has been no impact on the Company's future income tax benefits, as at 30 June 2003, as a result of this application.

Note 7 Earnings per share

	Consolidated 2003 Cents	2002 Cents
Basic earnings per share (cents per share):	8.59	19.60
Diluted earnings per share (cents per share):	8.57	19.53

	Consolidated 2003 $'000	2002 $'000
Earnings reconciliation		
Net profit	7,523	18,588
Net (profit)/loss attributable to outside equity interests	674	67
Basic (and diluted) earnings	8,197	18,655

	Consolidated 2003 Number	2002 Number
Weighted average number of ordinary shares used in the calculation of basic earnings per share	95,415,639	95,141,797
Effect of directors and executive share options on issue	200,612	324,279
Weighted average number of diluted shares	95,616,251	95,466,076

On 4 October 2002, 100,000 options were converted to ordinary shares. The diluted EPS calculation includes that portion of these options assumed to be issued for nil consideration, weighted with reference to the date of conversion.

The weighted average number included is 45,039.

On 31 December 2002, 1,125,000 executive share options were issued. The diluted EPS calculation includes that portion of these options assumed to be issued for nil consideration, weighted with reference to the date of conversion.

The weighted average number included is 3,899.

Effect of change in accounting policies on comparatives

Basic and diluted earnings per share for the comparative financial year ended 30 June 2002 have been adjusted to the amounts that would have been determined had the changes in accounting policies noted in Note 1 been applied in 2002.

Note 8 Cash assets

	Note	Consolidated 2003 $'000	Consolidated 2002 $'000	The Company 2003 $'000	The Company 2002 $'000
Cash at bank and on hand		4,430	3,002	53	1,018
	33(a)	4,430	3,002	53	1,018

Note 9 Receivables

	Note	Consolidated 2003 $'000	Consolidated 2002 $'000	The Company 2003 $'000	The Company 2002 $'000
(a) Current					
Trade debtors		17,967	16,379	7,668	9,666
Less: Provision for doubtful trade debtors		(1,187)	(365)	(838)	(88)
		16,780	16,014	6,830	9,578
Other debtors		3,449	3,850	932	1,490
Loans to controlled entities		-	-	13,384	6,413
Other loans(1)		142	338	142	338
		20,371	20,202	21,288	17,819
(b) Non-current					
Loans to controlled entities		-	-	50,270	35,563
Other loans(1)		-	201	-	201
		-	201	50,270	35,764

(1) Other loans include share loans to employees and represent amounts receivable from employees under all employee share plans. The loan balance is fully recoverable over the period of the employee share scheme.

Note 10 Other assets

	Consolidated 2003 $'000	Consolidated 2002 $'000	The Company 2003 $'000	The Company 2002 $'000
(a) Current				
Other deposits	250	180	210	-
Prepayments	516	371	243	170
Advances	-	3	-	-
	766	554	453	170
(b) Non-current				
Other	438	-	438	-
	438	-	438	-

Note 11 Purchased debt

	Consolidated 2003 $'000	Consolidated 2002 $'000	The Company 2003 $'000	The Company 2002 $'000
At cost	98,053	69,561	-	8,928
Accumulated depreciation	(27,373)	(14,361)	-	(2,680)
	70,680	55,200	-	6,248

During the year all of the purchased debt held by the Company was assigned to a controlled entity, Lion Finance Pty Ltd, at the written down value applicable at the date of the assignment and in accordance with the terms of the Deed of Assignment.

Note 12 Other financial assets

	Note	Consolidated 2003 $'000	Consolidated 2002 $'000	The Company 2003 $'000	The Company 2002 $'000
Non-traded investments					
Shares in controlled entities - at cost	27(a)	-	-	21,717	14,546
Interests in other entities - at cost		99	281	-	182
		99	281	21,717	14,728

Note 13 Property, plant and equipment

	Consolidated 2003 $'000	Consolidated 2002 $'000	The Company 2003 $'000	The Company 2002 $'000
Leasehold improvements				
At cost	383	148	296	148
Accumulated depreciation	(60)	(47)	(56)	(47)
	323	101	240	101
Plant and equipment				
At cost	17,618	14,317	14,745	12,124
Accumulated depreciation	(7,359)	(4,195)	(6,132)	(3,507)
	10,259	10,122	8,613	8,617
Leased plant and equipment				
At capitalised cost	508	565	484	474
Accumulated amortisation	(440)	(343)	(387)	(285)
	68	222	97	189
Computer software				
At cost	6,544	5,035	3,690	2,818
Accumulated depreciation	(2,317)	(954)	(1,443)	(677)
	4,227	4,081	2,247	2,141
Total property, plant and equipment net book value	**14,877**	**14,526**	**11,197**	**11,048**

Refer Note 17 for details of security over property, plant & equipment.

Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

	Consolidated 2003 $'000	Consolidated 2002 $'000	The Company 2003 $'000	The Company 2002 $'000
Leasehold improvements				
Carrying amount at beginning of year	101	5	101	5
Additions	235	98	148	98
Depreciation	(13)	(2)	(9)	(2)
Carrying amount at end of year	323	101	240	101
Plant and equipment				
Carrying amount at beginning of year	10,122	5,810	8,617	4,999
Additions	3,308	6,362	2,630	5,406
Disposals	(156)	(2)	-	-
Depreciation	(3,164)	(2,163)	(2,634)	(1,815)
Acquisition through entities acquired	149	115	-	27
Carrying amount at end of year	10,259	10,122	8,613	8,617
Leased plant and equipment				
Carrying amount at beginning of year	222	381	189	309
Additions	56	3	10	3
Disposals	(107)	(34)	-	-
Amortisation	(103)	(128)	(102)	(123)
Acquisition through entities acquired	-	-	-	-
Carrying amount at end of year	68	222	97	189

Note 13 Property, plant and equipment (cont'd)

	Consolidated 2003 $'000	Consolidated 2002 $'000	The Company 2003 $'000	The Company 2002 $'000
Computer software				
Carrying amount at beginning of year	4,081	1,798	2,141	1,156
Additions	1,624	2,965	873	1,508
Depreciation	(1,478)	(682)	(767)	(523)
Acquisition through entities acquired	-	-	-	-
Carrying amount at end of year	4,227	4,081	2,247	2,141
Total property, plant and equipment net book value	**14,877**	**14,526**	**11,197**	**11,048**

Note 14 Databases

	Consolidated 2003 $'000	Consolidated 2002 $'000	The Company 2003 $'000	The Company 2002 $'000
Databases - at cost	-	222	-	-
Databases - at directors' valuation	9,215	8,528	-	-
	9,215	8,750	-	-

Valuation of Databases

Databases are measured on a fair value basis, being the amount for which the assets could be exchanged between knowledgeable and willing parties in an arm's-length transaction, having regard to the highest and best use of the asset for which other parties would be willing to pay.

The current year's valuation was determined by the directors after taking into account the original acquisition price and subsequent additions.

Note 15 Intangible assets

	Consolidated 2003 $'000	Consolidated 2002 $'000	The Company 2003 $'000	The Company 2002 $'000
Goodwill – at cost	31,805	27,271	14,910	14,831
Other intangibles	2,040	2,129	444	532
	33,845	29,400	15,354	15,363
Accumulated amortisation	(4,272)	(2,633)	(2,508)	(1,632)
	29,573	26,767	12,846	13,731

Note 16 Payables

	Consolidated 2003 $'000	Consolidated 2002 $'000	The Company 2003 $'000	The Company 2002 $'000
(a) Current				
Trade creditors	3,695	3,631	1,354	781
Other creditors and accruals	6,106	4,794	2,819	1,319
	9,801	8,425	4,173	2,100
(b) Non-current				
Loans from controlled entities	-	-	1,751	691

Note 17 Interest bearing liabilities

	Note	Consolidated 2003 $'000	Consolidated 2002 $'000	The Company 2003 $'000	The Company 2002 $'000
(a) Current					
Bank overdraft (secured)		1,551	-	405	-
Other loans (secured)		275	-	275	-
Hire purchase liabilities	25	102	184	-	115
Lease liabilities	25	17	66	17	66
		1,945	250	697	181
(b) Non-current					
Bank loans (secured)		44,940	18,461	44,941	18,461
Other loans (unsecured)		-	3,780	-	3,780
Other loans (secured)		321	-	321	-
Hire purchase liabilities	25	195	168	-	-
Lease liabilities	25	-	14	-	14
		45,456	22,423	45,262	22,255

All bank loans and overdraft are denominated in Australian dollars and are secured by a fixed and floating charge over all of the assets and uncalled capital of the company and certain of its controlled entities.

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default. Other loans are secured by a fixed and floating charge over the assets of a controlled entity.

Financing arrangements

The consolidated entity has access to the following lines of credit:

	Consolidated 2003 $'000	Consolidated 2002 $'000	The Company 2003 $'000	The Company 2002 $'000
Total facilities available at balance date				
Bank overdraft (secured)	5,000	10	5,000	10
Bank loan (secured)	45,000	30,000	45,000	30,000
Bank guarantee facilities (secured)	630	250	630	250
Bank guarantee facilities (unsecured)	-	372	-	-
Bank leasing and hire purchase facilities	814	433	517	195
	51,444	31,065	51,147	30,455
Total facilities utilised at balance date				
Bank overdraft (secured)	1,551	-	405	-
Bank loan (secured)	44,940	18,461	44,940	18,461
Bank guarantee facilities (secured)	239	-	239	-
Bank guarantee facilities (unsecured)	-	372	-	-
Bank leasing and hire purchase facilities	314	433	17	195
	47,044	19,266	45,601	18,656
Total facilities not utilised at balance date				
Bank overdraft (secured)	3,449	10	4,595	10
Bank loan (secured)	60	11,539	60	11,539
Bank guarantee facilities (secured)	391	250	391	250
Bank guarantee facilities (unsecured)	-	-	-	-
Bank leasing and hire purchase facilities	500	-	500	-
	4,400	11,799	5,546	11,799

Note 18 Provisions

	Note	Consolidated 2003 $'000	Consolidated 2002 $'000	The Company 2003 $'000	The Company 2002 $'000
(a) Current					
Dividends	22	-	7,626	-	7,626
Employee benefits	29	1,919	1,632	1,693	1,470
Other		204	268	80	80
		2,123	9,526	1,773	9,176
(b) Non-current					
Employee benefits	29	510	393	487	384

	Consolidated 2003 $'000	The Company 2003 $'000
Reconciliations		
Reconciliations of the carrying amounts of each class of provision, except for employee benefits are set out below		
Dividends		
Carrying amount at beginning of year	7626	7626
Adjustment on adoption of AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets"	(7,626)	(7,626)
Provisions made during the year:	-	-
Final dividend 2002	7634	7634
Interim dividend 2003	4294	4294
Payments made during the period	(11,928)	(11,928)
Carrying amount at end of year	-	-
Other		
Carrying amount at beginning of year	268	80
Provisions made during the year:	489	235
Payments made during the period	(553)	(235)
Carrying amount at end of year	204	80

Note 19 Contributed equity

	Consolidated 2003 $'000	Consolidated 2002 $'000	The Company 2003 $'000	The Company 2002 $'000
(a) Share capital				
95,423,503 (2002: 95,323,503) ordinary shares, fully paid	65,213	65,113	65,213	65,113

(b) Movements in ordinary share capital

Date	Details	Number of shares	Issue price	$'000
1 July 2002	Opening balance	95,323,503		65,113
4 October 2002	Exercise of options issued pursuant to the share option agreement	100,000	$1.00	100
30 June 2003	Balance at end of year	95,423,503		65,213

(c) Ordinary shares - Terms and Conditions

Ordinary shares entitle the holder to participate in dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of winding up of the Company, ordinary shareholders rank after creditors and are fully entitled to the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

Note 20 Reserves

	Consolidated 2003 $'000	Consolidated 2002 $'000	The Company 2003 $'000	The Company 2002 $'000
Foreign currency translation	256	213	-	-
Movements during the year				
Foreign currency translation				
Balance at beginning of year	213	(6)	-	-
Net exchange difference relating to self-sustaining foreign operations	43	219	-	-
Balance at end of year	256	213	-	-

Nature and purpose of reserves

Foreign currency reserve

The foreign currency translation reserve records the foreign currency differences arising from the translation of self-sustaining foreign operations, any translation of transactions that hedge the Company's net investment in a foreign operation or the translation of foreign currency monetary items forming part of the net investment in a self-sustaining operation. Refer to accounting policy Note 1(f).

Note 21 Retained profits

		Consolidated		The Company	
	Note	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Retained profits at beginning of year		12,958	6,235	688	6,488
Net profit attributable to members of the Company		8,197	18,655	4,915	6,132
Net effect on dividends from:					
Initial adoption of AASB 1044 *"Provisions, Contingent Liabilities and Contingent Assets"*		7,626	-	7,626	-
Dividends recognised during the year	22	(11,928)	(11,932)	(11,928)	(11,932)
Total dividends		(4,302)	(11,932)	(4,302)	(11,932)
Retained profits at the end of the year		16,853	12,958	1,301	688

Note 22 Dividends

Dividends recognised in the current year by the Company are:

	Cents per share	Total amount $'000	Date of payment	Tax rate for franking credit	Percentage franked
2003					
Interim – ordinary	4.5	4,306	20 Mar 2003	30%	100%
2002 Final - ordinary	8.0	7,622	4 Nov 2002	30%	100%
2002 final dividend recognised when declared during the year.					
Total amount		11,928			
2002					
Interim – ordinary	4.5	4,306	20 Mar 2002	30%	100%
Final – ordinary	8.0	7,626	4 Nov 2002	30%	100%
Total franked amount		11,932			

Subsequent events

Since the end of the financial year, the directors declared the following dividends:

	Cents per share	Total amount $'000	Date of payment	Tax rate for franking credit	Percentage franked
2003 Final – ordinary	1.0	954		30%	100%

The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2003 and will be recognised in subsequent financial reports.

	The Company	
	2003 $'000	2002 $'000
Dividend franking account		
Franking credits available to shareholders of Collection House Limited for subsequent financial years based on a tax rate of 30% (2002: 30%)	-	-

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

(a) franking credits that will arise from the payment of the amount of the current provision for income tax;
(b) franking debits that will arise from the payment of dividends recognised as a liability at year-end;
(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date; and
(d) franking credits that may be prevented from being distributed in subsequent financial years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

Note 23 Outside equity interests

	Consolidated 2003 $'000	Consolidated 2002 $'000
Outside equity interests in controlled entities comprise:		
Interest in retained profits(losses) at the beginning of the financial year after adjusting for equity interests in entities acquired during the financial year	45	(320)
Interest in operating profit (loss) after income tax	(674)	(67)
Interest in retained profits (losses) at the end of the financial year	(629)	(387)
Interest in share capital	459	1,498
Interest in reserves	-	1,471
Total outside equity interest	(170)	2,582

Note 24 Total equity reconciliation

	Note	Consolidated 2003 $'000	Consolidated 2002 $'000	The Company 2003 $'000	The Company 2002 $'000
Total equity at beginning of year		80,866	71,603	65,801	69,498
Total changes in the company interest in equity recognised in statement of financial performance		8,240	18,874	4,915	6,132
Transactions with owners as owners:					
Contributions of equity		100	2,103	100	2,103
Dividends	21	(4,302)	(11,932)	(4,302)	(11,932)
Total changes in outside equity interest		(2,752)	218	-	-
Total equity at end of year		82,152	80,866	66,514	65,801

Note 25 Commitments

Capital expenditure commitments

Plant and equipment

	Consolidated 2003	Consolidated 2002	The Company 2003	The Company 2002
Contracted but not provided for and payable:				
Within one year		402	-	364
One year or later and no later than five years	-	-	-	-
Later than five years	-	-	-	-
	-	402	-	364

Hire purchase commitments

Hire purchase commitments are payable:

	Consolidated 2003	Consolidated 2002	The Company 2003	The Company 2002
Within one year	125	213	-	121
One year or later and no later than five years	199	182	-	-
Later than five years	-	-	-	-
	324	395	-	121
Less: Hire purchase charges	27	43	-	6
	297	352	-	115

Note 25 Total equity reconciliation (cont'd)

	Note	Consolidated 2003 $'000	Consolidated 2002 $'000	The Company 2003 $'000	The Company 2002 $'000
Hire purchase provided for in the financial statements:					
Current	17(a)	102	184	-	115
Non-current	17(b)	195	168	-	-
Total hire purchase commitments		297	352	-	115
Operating lease payment commitments					
Operating lease commitments are payable:					
Within one year		2,470	2,655	-	2,204
One year or later and no later than five years		4,570	3,184	17	1,957
Later than five years		-	-	-	-
Commitments not recognised in the financial statements		7,040	5,839	17	4,161
Finance lease payment commitments					
Finance lease commitments are payable:					
Within one year		17	68	17	68
One year or later and no later than five years		-	18	-	18
Later than five years		-	-	-	-
		17	86	17	86
Less: Future lease finance charges		-	6	-	6
		17	80	17	80
Lease liabilities provided for in the financial statements:					
Current	17(a)	17	66	17	66
Non-current	17(b)	-	14	-	14
Total lease commitments		17	80	17	80

Note 26 Contingent liabilities and contingent assets

Details of contingent liabilities and contingent assets where the probability of future payments/receipts is not considered remote are set out below as well as details of contingent liabilities and contingent assets, which although considered remote, the directors consider should be disclosed.

The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	Consolidated 2003	Consolidated 2002	The Company 2003	The Company 2002
(a) On 29 October 2002 the company and certain of its controlled entities entered into an Interlocking Debt and Interest Guarantee which is supported by a Fixed and Floating charge over all of the assets and uncalled capital of those entities.				
(b) Bank guarantees (unsecured) exist in respect of satisfactory contract performance in the normal course of business for a controlled entity.	-	372	-	-
(c) Bank guarantees (secured) exist in respect of satisfactory contract performance in the normal course of business for a controlled entity.	239	-	239	-

Note 27 Controlled entities

	Ordinary shares Consolidated equity interest 2003 %	2002 %
(a) Particulars in relation to controlled entities		
The Company		
Collection House Limited		
Controlled entities - incorporated in Australia		
ABR Publications Pty Ltd	100	74
Australian Business Research Pty Ltd	100	74
Australian Corporate Reporting Pty Ltd	100	74
Australian Creditors Association Pty Ltd (1)	100	100
Australian Stockdata Pty Ltd (1)	100	74
Australian Legal Recoveries Pty Ltd (1) (2)	100	-
CHIP No.1 Pty Ltd (1)	60	60
Collection House ALR Pty Ltd (1)	100	100
Collection House Business Diagnostics Pty Ltd (1)	67	67
Collection House Legal Services Pty Ltd	100	100
Collection House Technologies Pty Ltd	100	100
Colpro Pty Ltd	100	100
Downie & Associates Unit Trust	100	100
Insurance Claims Solutions Pty Ltd	60	60
Lion Finance Pty Ltd	100	100
National Revenue Corporation Pty Ltd	100	100
National Tenancy Database Pty Ltd	100	100
R W Receivables Pty Ltd (1)	100	100
Rapid Ratings Pty Ltd	67	67
Rent Check Australia Pty Ltd (1)	100	100
The Creditfax (Aust) Pty Ltd (1)	100	74
Controlled entities - incorporated in New Zealand		
Collection House (NZ) Limited	100	100
Lion Finance Limited	100	100
National Revenue Corporation Limited (1)	100	100
New Zealand Business Research Limited	100	74
New Zealand Creditors Association Limited (1)	100	100

(1) These controlled entities have not traded during the financial year

(2) This entity was acquired during the financial year with a share capital of less than $100

(b) Acquisition of controlled entities

On 1 July 2002, the parent entity acquired 100 percent of the issued share capital of Countrywide Mercantile Credit Services Pty Ltd and of Midstate Credit Management Services Pty Ltd. Both entities specialise in commercial debt collections.

On 12 March 2003, the parent entity acquired the remaining 26 percent of the issued share capital of Australian Business Research Pty Ltd.

The operating results of these controlled entities have been included in the consolidated statement of financial performance since the date of acquisition.

Note 27 Controlled entities (cont'd)

Details of the acquisition is as follows:

	Countrywide Mercantile Credit Services Pty Ltd $'000	Midstate Credit Management Services Pty Ltd $'000	Australian Business Research Pty Ltd $'000
Cash Consideration	1,268	2,428	3,799
Less cash balances acquired	23	1	174
	1,245	2,427	3,625
Fair value of net assets of entity acquired:			
Current assets	335	784	392
Non-current assets	85	64	3,024
Current liabilities	(37)	(261)	(1,297)
Non-current liabilities	(7)	(25)	-
	376	562	2,119
Less: Outside equity interests	-	-	-
	376	562	2,119
Goodwill on consolidation	869	1,865	1,506
Consideration	1,245	2,427	3,625

Note 28 Additional financial instruments disclosure

	Weighted average interest rate %	Floating interest rate $'000	Fixed interest maturing in: 1 year or less $'000	1 to 5 years $'000	More than 5 years $'000	Non-interest bearing $'000	Total $'000

(a) Interest rate risk exposures.

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and liabilities is set out below.

2003

	Weighted average interest rate %	Floating interest rate $'000	1 year or less $'000	1 to 5 years $'000	More than 5 years $'000	Non-interest bearing $'000	Total $'000
Financial assets							
Cash assets	3.58%	4,376	-	-	-	54	4,430
Receivables (current)	6.00%	-	142	-	-	20,229	20,371
Other current assets	4.45%	-	250	-	-	516	766
Purchased debt		-	-	-	-	70,680	70,680
Receivables (non-current)		-	-	-	-	-	-
Other financial assets (non-current)						99	99
		4,376	392	-	-	91,578	96,346
Financial liabilities							
Payables -		-	-	-	-	9,801	9,801
Hire purchase liabilities	7.95%	-	102	195	-	-	297
Lease liabilities	7.61%	-	17	-	-	-	17
Bank overdraft	8.00%	1,551					1,551
Other loans	4.80%	-	275	321	-	-	596
Bank loans (non-current)	5.39%	44,941	-	-	-	-	44,941
Employee benefits		-	-	-	-	2,429	2,429
		46,492	394	516	-	12,230	59,632
Net financial assets (liabilities)		(42,116)	(2)	(516)	-	79,348	36,714

2002

	Weighted average interest rate %	Floating interest rate $'000	1 year or less $'000	1 to 5 years $'000	More than 5 years $'000	Non-interest bearing $'000	Total $'000
Financial assets							
Cash assets	3.40%	2,992	-	-	-	10	3,002
Receivables (current)	6.00%	-	337	-	-	19,865	20,202
Other current assets	4.33%	179	-	-	-	375	554
Purchased debt		-	-	-	-	55,200	55,200
Receivables (non-current)	6.00%	-	-	201	-	-	201
Other financial assets (non-current)						281	281
		3,171	337	201	-	75,731	79,440
Financial liabilities							
Payables		-	-	-	-	8,425	8,425
Hire purchase liabilities	7.59%	-	184	168	-	-	352
Lease liabilities	8.20%		66	14	-	-	80
Other loans (non-current)	5.30%	3,780	-	-	-	-	3,780
Bank loans (non-current)	5.59%	18,461	-	-	-	-	18,461
Employee benefits						2,025	2,025
		22,241	250	182	-	10,450	33,123
Net financial assets (liabilities)		(19,070)	87	19	-	65,281	46,317

Note 28 Additional financial instruments disclosure (cont'd)

(b) Credit risk exposures

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

Recognised financial instruments

The credit risk on financial assets of the consolidated entity which have been recognised in the Statement of Financial Position, is the carrying value, net of any provision.

The consolidated entity minimises concentrations of credit risks by undertaking transactions with a large number of customers and does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company or any of its controlled entities.

(c) Net fair value of financial assets and liabilities

Net fair values of financial assets and liabilities are determined by the consolidated entity on the following bases:

Recognised financial instruments

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities is not materially different from their carrying values.

The net fair value of other monetary financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rate for assets and liabilities with similar risk profiles.

For unlisted equity investments, the net fair value is an assessment by the directors based on the underlying net assets, future maintainable earnings and any special circumstances pertaining to a particular investment.

Note 29 Employee benefits

		Consolidated		The Company	
		2003	2002	2003	2002
	Note	$'000	$'000	$'000	$'000
Aggregate liability for employee benefits, including on-costs:					
Current	18(a)	1,919	1,632	1,693	1,470
Non-current	18(b)	510	393	487	384
		2,429	2,025	2,180	1,854

Number of employees

Number of employees at year end		753	957	496	804

Note 29 Employee benefits (cont'd)

Executive share option plan

The directors may, at their discretion, grant options to purchase fully paid ordinary shares in the Company to employees of the Company or related companies, as per terms and conditions previously approved by the shareholders.

Unissued ordinary shares of the Company under option are:

				Total options exercised and shares issued		Unissued shares and options available	
Grant date	Exercise date	Expiry date	Exercise price	2003	2002	2003	2002
14 Jul 2000	4 Oct 2002	3 Nov 2002	$1.00	100,000	100,000	-	100,000
14 Jul 2000	4 Oct 2003	3 Nov 2003	$1.00	-	-	100,000	100,000
14 Jul 2000	4 Oct 2004	3 Nov 2004	$1.00	-	-	100,000	100,000
14 Jul 2000	4 Oct 2005	3 Nov 2005	$1.00	-	-	100,000	100,000
31 Dec 2001	1 Jan 2002	31 Dec 2002	$4.17	-	-	-	975,000
31 Dec 2002	1 Jan 2003	31 Dec 2003	$2.51	-	-	1,125,000	-
				100,000	100,000	1,425,000	1,375,000

975,000 options expired during the year ended 30 June 2003.

Employee share ownership plan

An employee of the Company or its subsidiaries with at least 3 months service is eligible to participate in the Employee Share Plan, as per terms and conditions previously approved by the shareholders.
The amount recognised in the financial statements of the consolidated entity and the Company in relation to employee shares during the year were:

	Consolidated		The Company	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Employee loans	-	452	-	452
Bank	-	1,573	-	1,573
Issued capital	-	2,025	-	2,025

Superannuation plans

All employees are entitled to varying levels of benefits on retirement, disability or death. The superannuation plans provide accumulated benefits. Employees contribute to the plans at various percentages of their wages and salaries. Where there is a legal requirement the company contributes the appropriate statutory percentage of employees' salaries and wages.

Note 30 Directors' remuneration

Directors' income

The number of directors of the Company whose income from the Company or any related party falls within the following bands:

	The Company	
	2003	2002
	$'000	$'000
$1 - $9,999	2	-
$20,000 - $29,999	2	-
$40,000 - $49,999	3	5
$50,000 - $59,999	1	-
$70,000 - $79,999	1	-
$80,000 - $89,999	1	1
$220,000 - $229,999	-	1
$610,000 - $619,999	1	-
$690,000 - $699,999	-	1

The remuneration bands may not be consistent with the emoluments disclosed in the Directors' Report as the basis of calculation differs due to the differing requirements of the Corporations Act 2002 and the Accounting Standards.

	Consolidated		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Total income paid or payable, or otherwise made available, to all directors of the Company and controlled entities from the Company or any related party.	1,007,471	1,212,362	1,007,471	1,212,362

Directors' income includes amounts paid by the Company during the year to indemnify directors, and an allocation of insurance premiums paid by the Company or related parties in respect of directors' and officers' liabilities and legal expenses insurance contracts in accordance with common commercial practice.

Note 31 Executives' remuneration

The number of Australian based executive officers of the Company and of controlled entities, whose remuneration from the Company or related parties, and from entities in the consolidated entity, falls within the following bands:

	Consolidated		The Company	
	2003	2002	2003	2002
$100,000 - $109,999	-	8	-	8
$110,000 - $119,999	2	7	1	7
$120,000 - $129,999	1	4	1	3
$130,000 - $139,999	4	1	4	1
$140,000 - $149,999	1	1	1	-
$150,000 - $159,999	1	2	-	2
$160,000 - $169,999	3	-	1	-
$170,000 - $179,999	2	-	2	-
$180,000 - $189,999	-	3	-	3
$190,000 - $199,999	1	-	1	-
$200,000 - $209,999	1	-	1	-
$210,000 - $219,999	-	1	-	1
$220,000 - $229,999	1	-	1	-
$230,000 - $239,999	-	2	-	2
$260,000 - $269,999	1	-	1	-
$350,000 - $359,999	1	-	1	-
$570,000 - $579,999	1	-	1	-
	20	29	16	27

Note 31 Executives' remuneration (cont'd)

	Consolidated 2003	Consolidated 2002	The Company 2003	The Company 2002
Total income in respect of the financial year received, or due and receivable, from the Company, entities in the consolidated entity or related parties by executive officers of the Company and of controlled entities whose income is $100,000 or more.	3,883,779	3,970,196	3,273,647	3,696,042

Executive officers are those officers involved in the strategic direction, general management or control of business at a company or operating division level. Executive remuneration does not include executive directors whose remuneration is disclosed at note 30.

Executives' remuneration includes amounts paid by the Company during the year to indemnify executives, and an allocation of insurance premiums paid by the Company or related parties in respect of directors' and officers' liabilities and legal expenses insurance contracts, in accordance with common commercial practice.

The remuneration bands may not be consistent with the emoluments disclosed in the Directors' Report as the basis of calculation differs due to the differing requirements of the Corporations Act 2002 and the Accounting Standards.

Note 32 Related parties

Directors

The names of each person who have held the position of director of Collection House Limited during the financial year ended 30 June 2003 are:

Dennis George Punches
John Marshall Pearce
Anthony Francis Coutts
Barrie Adams
Anthony Robin Aveling
David Barry Connelly
Bo Sven Göranson
William Leslie Hiller
William Walter Kagel
Donald Ian Nissen
Stephen Walker

Details of directors' remuneration is set out in Note 30.

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

Directors' holdings of shares and share options

The interests of directors of the Company and their director-related entities in shares and share options of entities within the consolidated entity at year-end are set out below:

	The Company 2003	The Company 2002
Collection House Limited:		
Ordinary shares	43,871	40,584
Options over ordinary shares	300	400

Note 32 Related parties (cont'd)

Directors' transactions in shares and share options

- Parkerhouse Investments BV, a company acting as trustee of a trust associated with Mr B Göranson acquired:
  604,108 shares @ $1.86 per share on 7 March 2003
  243,958 shares @ $1.93 per share on 14 March 2003
  55,872 shares @ $1.98 per share on 21 March 2003
  245,089 shares @ $1.76 per share on 11 April 2003
  1,673,000 shares @ $1.56 per share on 14 April 2003
  119,943 shares @$1.54 per share on 15 April 2003
  475,000 shares @ $1.53 per share on 16 April 2003
  178,581 shares @ $1.52 per share on 17 April 2003
  76,918 shares @ $1.49 per share on 22 April 2003
  199,938 shares @ $1.54 per share on 23 April 2003
  100,000 shares @ $1.55 per share on 29 April 2003
- Mr A Coutts converted 100,000 options at $1.00 on 4 October 2002.
- Mr S Walker sold 1,000,000 shares @ $3.20 on 19 September 2002

Directors' transactions with the Company or its controlled entities

A number of directors of the Company, or their director-related entities, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities. The terms and conditions of the transactions with directors and their director-related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-related entities on an "arms length" basis.

The aggregate amounts recognised during the year relating to directors and their director-related entities were as follows:

		Consolidated		The Company	
		2003	2002	2003	2002
Director	Transaction	$	$	$	$
D G Punches	Repayment of advances to the Company	3,755,697	-	3,755,697	-
D G Punches	Interest received/receivable	193,242	208,518	193,242	208,518
Amounts receivable or payable to directors and their director-related entities arising from these transactions were as follows:					
Non-current interest bearing liabilities					
Loans		-	3,780,087	-	3,780,087

Non-director related parties

The classes of non-director related parties are wholly owned controlled entities, partly owned controlled entities and directors of related parties and their director-related entities.

Transactions

Transaction between non director related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Wholly-owned group

The company provided collection services to and received collection services from Collection House (NZ) Limited, Lion Finance Pty Ltd and Lion Finance Limited.

The company provided administrative services to all operating subsidiaries.

A wholly controlled entity, Collection House Technologies Pty Ltd, provided IT support to the company.
A wholly controlled entity, Collection House Legal Services Pty Ltd, provided legal services to the company.
A wholly controlled entity, Australian Business Research Pty Ltd provided credit reporting services to the company.
Loans were advanced by Collection House Limited to and were received from wholly controlled entities.
Loans were advanced by Collection House Limited to partly controlled entities

Note 32 Related parties (cont'd)

Dividends were paid to the company by Lion Finance Pty Ltd, Collection House Legal Services Pty Ltd, National Tenancy Database Pty Ltd, National Revenue Corporation Pty Ltd, Countrywide Mercantile Services Pty Ltd and Midstate Credit Management Services Pty Ltd.

	The Company	
	2003	2002
	$'000	$'000
Transactions with non-director related parties		
Revenue from sale of services to:		
Wholly-owned controlled entities	15,857	7,151
Provision of IT Services to:		
Controlling entity	1,800	1,080
Provision of legal services to:		
Controlling entity	3,167	-
Provision of credit reporting services to:		
Wholly-owned controlled entities	264	197
Loan advances to:		
Wholly-owned controlled entities	19,907	36,849
Partly-owned controlled entities	1,771	2,072
Loan advances from:		
Wholly-owned controlled entities	1,060	560
Dividends received from:		
Wholly-owned controlled entities	11,366	5,000
Interest received from:		
Partly-owned controlled entities	64	-
Current receivables from non-director related entities		
Wholly-owned controlled entities (dividends)	13,384	5,000
Partly-owned controlled entities (loans)	-	1,413
Non-current receivables from non-director related entities		
Wholly-owned controlled entities (loans)	47,719	34,409
Partly-owned controlled entities (loans)	2,551	1,154
Non current-payables from non-director related entities		
Wholly-owned controlled entities (loans)	1,751	691

Percentage of equity interest

Details of equity interests held in classes of related parties are set out in Note 27.

Note 33 Notes to the statements of cash flows

		Consolidated		The Company	
		2003	2002	2003	2002
	Note	$'000	$'000	$'000	$'000

(a) Reconciliation of cash

For the purposes of the statements of cash flows, cash includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statements of financial position as follows:

	Note	Consolidated 2003 $'000	Consolidated 2002 $'000	The Company 2003 $'000	The Company 2002 $'000
Cash assets	8	4,430	3,002	53	1,018

Note 33 Notes to the statements of cash flows (cont'd)

	Consolidated 2003 $'000	Consolidated 2002 $'000	The Company 2003 $'000	The Company 2002 $'000
(b) Reconciliation of profit from ordinary activities after income tax to net cash provided by operating activities				
Profit from ordinary activities after income tax	7,523	18,588	4,915	6,132
Add/(less) items classified as investing/financing activities:				
Net (profit)/loss on sale of non-current assets	(9)	(5)	(7)	(2)
Add/(less) non-cash items:				
Amortisation	1,761	1,536	988	1,046
Amounts set aside to provisions	674	76	592	(3)
Unrealised exchange loss/(gain)	1	10	-	-
Depreciation	17,680	15,633	3,611	3,556
(Decrease)/increase in income taxes payable	(773)	(2,532)	(89)	(2,956)
(Decrease)/increase in deferred taxes payable	5,664	7,520	(1,764)	347
(Increase)/decrease in deferred tax asset	(4,026)	(469)	(480)	(432)
Net cash provided by operating activities before change in assets and liabilities	28,495	40,357	7,766	7,688
Change in assets and liabilities adjusted for effects of purchase and disposal of controlled entities during the financial year:				
(Increase)/decrease in trade debtors	(3,708)	(6,090)	1,999	(4,513)
(Increase)/decrease in other debtors	2,628	(2,417)	7,654	(7,384)
(Increase)/decrease in other assets	(145)	(153)	(73)	(72)
Increase/(decrease) in trade creditors	64	679	574	(183)
Increase/(decrease) in sundry creditors and accruals	1,930	(688)	1,065	3
Increase/(decrease) in provision for doubtful debts	822	(25)	750	19
Increase/(decrease) in employee provisions	404	771	326	994
Increase/(decrease) in other tax provisions	38	356	(72)	356
Net cash provided by/(used in) operating activities	30,528	32,790	19,989	(3,092)

Note 34 Events subsequent to balance date

Implementation of tax consolidation legislation

The company and its wholly-owned Australian subsidiaries have decided to implement the tax consolidation legislation as of 1 July 2003 although the Australian Tax Office has not yet been advised of this decision. The entities also intend to enter into a tax sharing agreement, but details of this agreement are yet to be finalised.

As a consequence, Collection House Limited, as the head entity in the tax consolidated group, will recognise current and deferred tax amounts relating to transactions, events and balances of the wholly-owned Australian entities in this group in future financial statements as if those transactions, events and balances were its own. Amounts receivable or payable under the tax sharing agreement will be recognised separately by the company as tax-related amounts receivable or payable. The impact on the income tax expense and results of the company is unlikely to be material because of the tax sharing agreement. It is also not expected to have a material impact on the consolidated assets, liabilities and results.

The expected financial consequence for the consolidated financial statements has already been brought to account at 30 June 2003. Refer Note 6(c).

Dividends declared

For dividends declared after 30 June 2003 see Note 22.

Other Events

The directors are not aware of any other material events which have occurred after balance date.

Directors’ Declaration

Collection House Limited and its controlled entities. For the year ended 30 June 2003

In the opinion of the directors of Collection House Limited (“the Company”):

(a) the financial statements and notes, set out on pages 30 to 64 are in accordance with the Corporations Act 2001 including:

   (i) giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 2003 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and

   (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; 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.

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

John Pearce

Managing Director & Chief Executive Officer

Dated at Brisbane, 27 August 2003

Independent Audit Report

To The Members Of Collection House Limited

Scope

We have audited the financial report of Collection House Limited ("the Company") for the financial year ended 30 June 2003 consisting of the statements of financial performance, statements of financial position, statements of cash flows, accompanying notes 1 to 34 and the directors' declaration. The financial report includes the consolidated financial statements of the consolidated entity, comprising the Company and the entities it controlled at the end of, or during, the financial year. The Company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in the report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of the Company is in accordance with:

(a) the Corporations Act 2001, including:

- (i) giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2003 and of their performance for the year ended on that date; and
- (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

Hacketts

Hacketts Chartered Accountants

Brisbane

27 August 2003

Liam Murphy

Partner

Shareholder Information

Collection House Limited and its controlled entities. For the year ended 30 June 2003

Distribution of equity security holders

The shareholder information set out below was applicable as at 15 August 2003.

Analysis of numbers of security holders by size of holding:

Category	Ordinary shares	Options
1 – 1,000	1,373	–
1,001 – 5,000	3,378	–
5,001 – 10,000	817	–
10,001 – 50,000	435	19
50,001 – 100,000	42	6
100,001 and over	40	–
	6,085	**25**

There were 155 holders of less than a marketable parcel of shares.

On market buy-back

There is no current on market buy-back.

Twenty largest shareholders

The twenty largest holders of quoted securities are:

		Ordinary shares
	Number held	**Percentage of issued shares**
Dennis George Punches	14,011,665	14.67
George Laurens (Qld) Pty Ltd (Pearce Family Account)	14,000,000	14.67
Stephen Walker	6,750,000	7.07
RBC Global Services Australia Nominees Pty Limited (BKCUST A/C)	5,555,577	5.82
Parkerhouse Investments BV	4,572,427	4.79
Citicorp Nominees Pty Limited (CFS Future Leaders Fund A/C)	4,153,107	4.35
Anthony Coutts & Jennifer Coutts (The Coutts Family Account)	3,600,000	3.77
Citicorp Nominees Pty Limited (CFS Developing Companies A/C)	2,292,825	2.40
National Nominees Limited	1,670,039	1.75
JP Morgan Nominees Australia Limited	1,208,260	1.27
Commonwealth Custodial Services Limited	1,201,101	1.26
Sandhurst Trustees Limited (SISF A/C)	1,000,000	1.05
AMP Life Limited	559,570	0.59
William Kagel	500,000	0.52
Seawise Pty Ltd (The Stanton Investment A/C)	475,000	0.50
Citicorp Nominees Pty Limited	457,807	0.48
Raymond Larkin	400,000	0.42
Westpac Custodian Nominees Limited	375,832	0.39
ANZ Nominees Limited	342,726	0.36
Merrill Lynch (Australia) Nominees Pty Ltd	330,050	0.35
	63,455,986	**66.48%**

Restricted securities

All issued shares in Collection House Limited are quoted on ASX and there are no shares subject to escrow or other regulated restrictions other than as set out below.

Voluntary restrictions on securities

Employees who participate in the Collection House Employee Share Plan are required to enter into voluntary escrow arrangements with the Company, undertaking not to dispose of any of these shares for three months from the date of issue of the relevant shares.

Employees who participate in the Collection House Executive Option Plan are required to enter into voluntary escrow arrangements with the Company, undertaking not to dispose of any of these shares for twelve months from the date of issue of the relevant shares.

Under the Collection House Employee Share Plan and Collection House Executive Option Plan, employees may be entitled to acquire shares under an employee loan facility. Employee shares that are subject to an employee loan at the time that the voluntary escrow period expires remain restricted until the relevant employee loan is discharged. As at 15 August 2003, there are 244,445 ordinary shares (.26% of issued capital) that are restricted on this basis. The date that these shares cease to be restricted will depend upon the date that the employee loans are repaid in full.

Shares restricted under voluntary arrangements rank pari passu with all fully paid ordinary shares in all other respects.

		Issued unexercised options
	Number on issue	Numberof holders
Options to take up ordinary shares in Collection House Limited	1,425,000	25

Substantial shareholders

The number of shares held by substantial shareholders and their associates are set out below:

	Number held	Percentage of issued shares
Ordinary Shares		
George Laurens (Qld) Pty Ltd	14,146,730	14.8
D G Punches	14,011,665	14.7
S Walker	6,750,000	7.1
RBC Global Services Australia Nominees Pty Limited	5,555,577	5.8
Parkerhouse Investments BV	4,772,427	5.0
Options		
Anthony Coutts	300,000	21.1

Voting rights

The voting rights attaching to each class of equity securities are:

1. Ordinary shares
   On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.
2. Options
   There are no voting rights attached to the options. Voting rights will be attached to options once they are exercised.

Stock exchange
Collection House is listed on the Australian Stock Exchange under the code CLH. The home exchange is Brisbane.

Other information
Collection House Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

Corporate Directory

Corporate Office

Collection House Limited
ABN 74 010 230 716
488 Queen Street
GPO Box 2584. Brisbane 4001
Telephone: +61 7 3292 1000
Facsimilie: +61 7 3832 0333
Website: www.collectionhouse.com.au
Email: shares@collectionhouse.com.au

Registered Office

Level 3, 549 Queen Street, Brisbane Qld 4000

Locations

Australia

Sydney	Melbourne	Brisbane	Adelaide
Perth	Canberra	Darwin	Newcastle
Shepparton	Bendigo	Ballarat	

New Zealand

Auckland

Board of Directors

Dennis George Punches	(Non-Executive Chairman)
John Marshall Pearce	(Managing Director and Chief Executive Officer)
Anthony Francis Coutts	(Executive Director)
Barrie Edward Adams	(Lead Independent Director)
Anthony Robin Aveling	(Independent Director)
David Barry Connelly	(Independent Director)
Bo Sven Göranson	(Non-Executive Director)
William Leslie Hiller	(Independent Director)
William Walter Kagel	(Independent Director)
Stephen Walker	(Non-Executive Director)

Company Secretary

Rhonda King

Share Registry

Computershare Investor Services Pty Ltd
Level 27, 345 Queen Street Brisbane Qld 4000
GPO Box 523 Brisbane Qld 4001
Telephone: 1300 552 270 for calls within Australia
+61 3 9615 5970 for calls outside of Australia
Facsimile: +61 7 3229 9860
Website: www.computershare.com

Auditors

Hacketts Chartered Accountants
Level 3, 549 Queen Street Brisbane Qld 4000
Telephone: +61 7 3839 9733
Facsimile: +61 7 3832 1407
Website: www.hacketts.com.au

Annual General Meeting

11.00am on Wednesday 29 October 2003

ASX Lecture Theatre Level 5, Riverside Centre, Eagle Street, Brisbane

Shareholder Timetable *

30 June 2003	Year end
27 August 2003	Year end results and final dividend announced
29 September 2003	Annual report and notice of proxy mailed
27 October 2003	Proxy return dates due by 11.00am (EST)
29 October 2003	Annual general meeting 11.00am
19 November 2003	Record date
28 November 2003	Final dividend paid
31 December 2003	Half year end
25 February 2004	Half year results and dividend announced
10 March 2004	Record date
18 March 2004	Interim dividend paid
30 June 2004	Year end

* Dates may be subject to change

Leading the Way