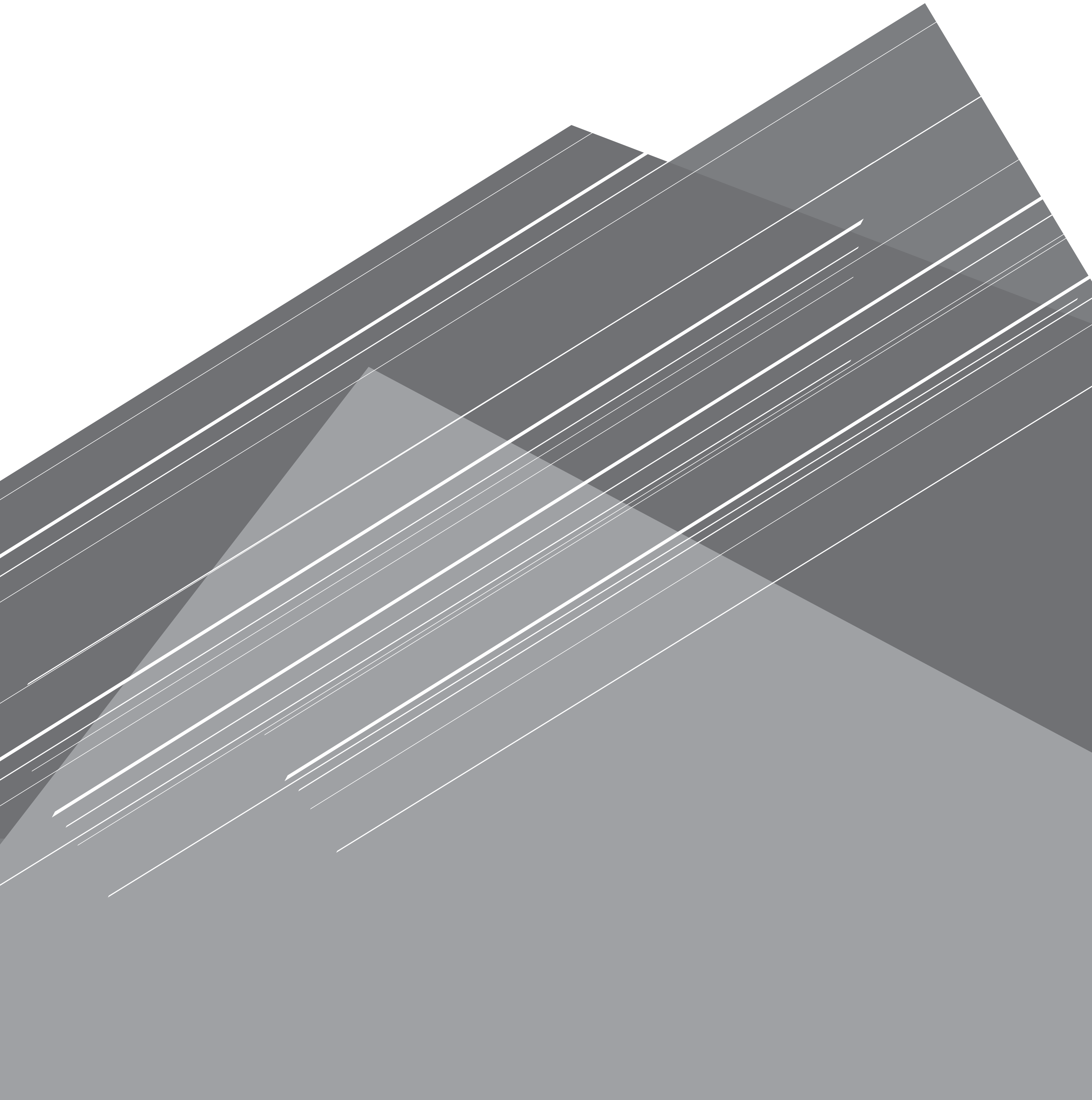
COLLECTION HOUSE LIMITED
ANNUAL REPORT *2008*



NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of Collection House Limited will be held on 31 October 2008 at 11.00am at the Emporium Hotel, 1000 Ann Street, Fortitude Valley, Brisbane 4006.

The business of the meeting is outlined in the formal Notice and Proxy Form that are enclosed with this report.

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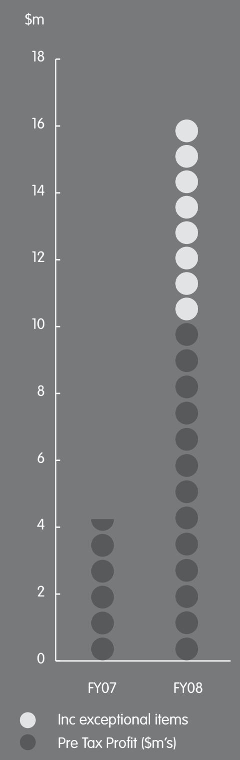

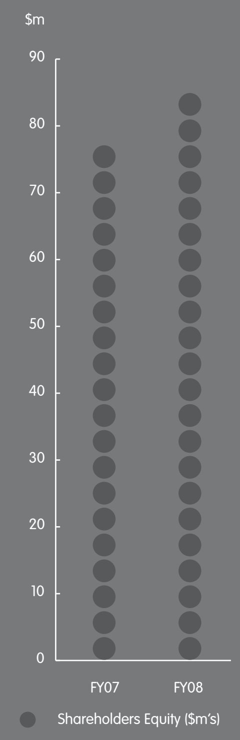

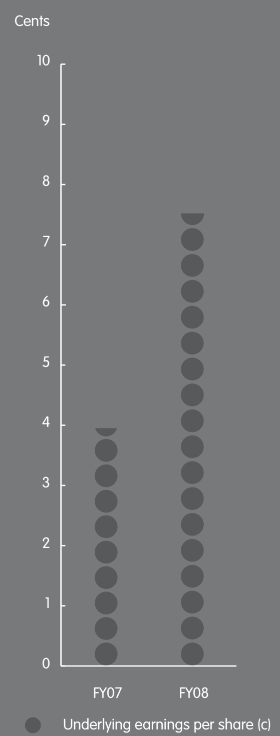

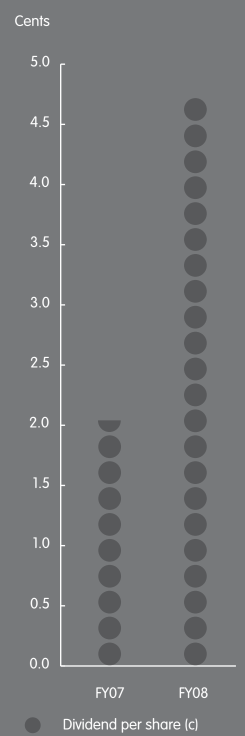

Net profit before tax
$16.2m

+ 271%

Pre-tax underlying profit
$10.1m

+ 130%

Shareholder equity
$85.1m

+ 10%

Underlying earnings per share
7.6 cents

+ 96%

Dividends per share
4.7 cents

+ 135%

Chairman's Statement

Fellow shareholders,

Our goal at Collection House is to increase the value of your company for the long term. The year gone by saw us make a significant step in that direction.

However, we look back on 2007/08 with mixed feelings. On the one hand we derive considerable satisfaction from our much improved financial and operational performance. That sense of satisfaction is however tempered somewhat by our disappointment that the share price did not reflect the material progress we undoubtedly made.

In 2006/07 I pointed out that it was a year of contrasting halves with a poor first half followed by recovery in the second half. This year we performed well throughout the year, enabling the Company to post substantial increases in revenues and profits and a stronger balance sheet.

Shareholders benefited directly from an increase in dividends together with the introduction of dividend franking.

Unfortunately, during the year under review this improved performance brought no reward in share price terms. Amid more turbulent market conditions than encountered for very many years, we have been buffeted by three forces: the overall market is well down, small cap stocks in particular have been out of favour, and our own industry fell from grace after significant downgrades by a major competitor.

The reality is that the share price is whatever the market believes it should be. However, history tells us that depressed markets can bring a silver lining for long term investors – the chance to acquire shares in companies at historically attractive multiples and yields. We continue to believe that, in the long term, sustained growth in earnings and cash returns will be the most reliable way for Collection House to increase shareholder value.

The Board's confidence in our future has been significantly reinforced by the reappointment of Tony Aveling as Chief Executive Officer. Tony's contract was due to expire next February but, subject to shareholder approval of his remuneration package, he will continue to lead his experienced team of senior executives for an indefinite period.

We begin 2008/09 with a sound strategy, a strong business and a healthy trading momentum. On the other hand, we are certainly moving into a much more challenging economic environment which will test our ability to match the past year's very good result.

Our focus will be on serving our clients, assisting our customers, building our business and producing consistent financial returns, in the belief that these, over time, are the surest path to value creation.

Dennis Punches

Dennis Punches
Chairman

Chief Executive's Review

As the Chairman has outlined, 2007/08 saw a substantial rise in our profitability. Underlying profits after tax rose from $3.8 million to $7.4 million. After including exceptional gains of $4.9 million, net profit reached $12.3 million.

Our strategic aim is to achieve success by quickly solving our customers' financial problems.

Our strengths are our strong relationships with the top financial institutions, what we believe to be our No. 1 ranking for compliance and brand protection, and our growing reputation with regulators and consumer Groups for our ethical approach to collections.

Strategy

Our focus remains on our core businesses of receivables management, debt purchasing and contingent collections. This is our area of expertise and our clients tell us we do this well.

By sticking to our knitting, we also reduce our risk profile. We aim to compete where we have a competitive advantage. When we do that, there is less chance of unexpected surprises which can occur when businesses stretch themselves too thinly.

Business performance

We paid a record $71 million buying debt during the year, well up on the $29 million in the prior year. This not only gives us fresh debt to collect, it also provides a pipeline which should deliver revenues for many years to come. The substantial increase was partly driven by the one-off impact of reinvesting the proceeds arising from the sale of a number of subsidiaries. For the year, the Account Asset Management Division recorded a 33% increase in revenue.

Collection Services revenue declined by 7% as a result of a deliberate change in strategy. In the past, our emphasis was on revenue growth, but during the year we switched to requiring a more satisfactory return for our shareholders. Where returns were inadequate we tried to improve productivity and renegotiate terms, but where this was insufficient we have been prepared to switch valued resources to more profitable parts of our business. Margins have started to improve and we have been pleased with the results so far.

Past challenges

Each six months, I have disclosed to shareholders the principal priorities we have set. Over the past year these have been: converting revenue into profitability, attracting quality staff, securing new premises to counter an escalating rental environment, securing funding from our bankers, investing spare funding capacity into more profitable purchased debts, reallocating resources to areas of greatest risk adjusted return, and improving productivity of our growing collections staff.

With all but one of these goals we have been successful. The one possible exception is productivity which, in seasonal terms, is relatively static. That in itself is quite a reasonable outcome at a time of growing numbers of collection staff.

I'd like to especially mention our forthcoming Brisbane Head Office move. In October approximately 300 staff will be transferring to a brand new, larger building – all at a considerable rental saving than if we had remained in our existing premises. The building is the first finished in Queensland to achieve a 6 Star Green Star rating, a feature that is of considerable appeal to both the Company and our staff.

Future challenges

For the next six months, we have three principal challenges. The first is to achieve recovery rates in line with expectations. With the likelihood of increased financial stress on both consumers and businesses, this will be no easy task.

The next two challenges revolve around our all important people. We need to further increase the number of Customer Service Officers (CSOs), but to do so without a decline in productivity. It takes many months of training and development for our CSOs to be fully proficient and we must carefully balance the investment we are making in the Company's future with continuing to provide today's shareholders with appropriate returns.

Our most productive CSOs are often the most experienced and here our challenge is to retain them for longer.

Exceptional items

We tend to focus on underlying profitability because that best reflects our performance and prospects for the future. However, it would be remiss not to mention the substantial contribution to profitability and growth of shareholders funds made by the very successful sale of a number of non-core subsidiaries. In all, we made an after tax profit of $8 million from these sales. This allowed us to set aside $1.3 million in restructuring expenses and $1.8 million against monies potentially payable to the Queensland Office of State Revenue, still leaving a surplus of $4.9 million.

Looking forward

With the turmoil in financial markets and a decline in economic activity, we see it as prudent to plan for a period of consolidation.

The collections environment has become tougher as customers struggle with higher fuel and food prices, as well as high interest rates and rentals. Unemployment is also forecast to rise. Many customers will no longer have access to unused credit card limits or a margin on their home equity lines to pay off or settle their debts.

In the first few weeks of 2008/09 we are benefitting from increased profitability in our contingent business. However, our larger purchased debt business is being negatively impacted as the debt we own becomes harder to collect and recovery rates come under pressure.

Thanks

We have an experienced executive team, hundreds of enthusiastic Customer Service Officers, and a valued support staff without whom none of this progress would be possible. To them go my congratulations and sincere thanks.

Tony Aveling

Tony Aveling

Chief Executive Officer

Company Profile

Collection House Limited is Australia's leading receivables manager, whose core business is providing debt purchasing services (Lion Finance Pty Ltd), contingent collection services and receivables management.

As a public company, listed on the Australian Stock Exchange (ASX Code: CLH), Collection House operates throughout Australia and New Zealand.

We enjoy strong business relationships with a diverse range of blue chip clients including major Australian and New Zealand banks, financial institutions, insurance houses, large corporations, public utilities and governments.

We focus on enhancing our stakeholders' brand protection by maintaining the highest ethical standards and a strong culture of compliance with the laws and regulations governing our business.

We believe Collection House sets the benchmark in ethical debt collection.

The success of our business is undoubtedly underpinned by the quality of our people. Reinforcing these quality standards are innovative training and development programs providing professional career advancement in debt collection. Headquartered in Brisbane, Collection House now employs over 560 staff in 10 Australasian offices.

For further shareholder, investment and career information, please visit www.collectionhouse.com.au

Divisional Performance

Lion Finance

Lion Finance is Collection House's specialist debt purchase subsidiary.

2007/2008 proved a year of growth for the Company's collection operations, with the ongoing focus on productivity and continuous improvement delivering positive results.

Debt purchase operations grew sharply with almost half of the current portfolio acquired during calendar years 2007 and 2008. Younger debt and a steady increase in collection staff have underpinned much of the growth recorded during this period. Importantly, we have also maintained a clear focus on preserving value across the entire portfolio by maintaining an appropriate level of resourcing to the older sections of the book. In maintaining this focus across the whole debt portfolio, we have been able to carefully manage discounting levels and the overall credit quality of the arrangement book.

Contingent Collections

In 2007/08 we successfully wound down some contracts within our Contingent Collections Division which were not delivering acceptable returns. As a result, revenue from this segment was down, however, and more importantly, underlying profitability is now trending in the right direction. This change has not only enabled us to deploy collection resources into more profitable debt purchase areas, but also free up capacity to handle new contingent opportunities in the market at a time when there is high demand for debt collection services.

Receivables Management

Increasing living costs and associated higher delinquencies amongst consumers are driving increasing demand for our Receivables Management Division, which is now in its eighth year of operation. This area of our business continues to grow as large organisations increasingly appreciate the flexibility and lower cost of outsourcing earlier in the credit lifecycle.

Our growth strategy for our collection operations is based around increasing productivity through staff retention, training and applied technology. During these more uncertain economic times we are confident that this will secure our ongoing success and assist in achieving our goal of *quickly solving customer's financial problems*. Given prevailing market conditions this is now a more relevant factor than ever.

Human Resources

The Company fully appreciates the importance of retaining key operational staff and the impact this has on both productivity and profitability. As such, we view this as an intrinsic investment in our success and our ability to build shareholder value.

While this is an overriding objective, we also remain conscious of the need to monitor our cost structures, including those of staff, to ensure Group wide productivity is maximised. In line with this objective, in 2007/08 we established a Corporate Services Division, which has seen administrative resources nationally reduced by 5 staff and ongoing automation of processes. In a separate exercise support staff numbers were reduced by 20%, resulting in salary savings of over $1 million per annum.

During the year a number of other key objectives were also met, including:

- Reviewed our existing premises that resulted in a relocation of our Sydney office and a scheduled relocation of our Brisbane Head Office staff in October this year. These relocations will deliver the decided benefits of lower rentals and improved facilities for staff.
- Achieved Registered Training Organisation status resulting in all Customer Service Officers being able to obtain a Certificate III in Financial Services.

- Established Succession Planning within each Division, to underwrite our planned growth for the coming twelve months and establish more clearly defined career paths for staff.
- Introduced a number of key incentives, including a yearly tenure bonus, unlimited access to counselling services for employees and their immediate family members and further refinement of Customer Service Officer productivity and performance incentives. Our employee benefits and programs centre around the theme of "Together We Achieve Success", and we have recently undertaken an exercise to reiterate to all staff the benefits and rewards available through working for Collection House. This exercise was themed – "What's in it for Me?"

Compliance

Collection House remains totally committed to professional, ethical and compliant conduct in all Group business activities to protect both our and our clients brands and reputations, and to consolidate a solid foundation for the Company's continued growth.

As part of this commitment, in 2007/2008 we:

- entered our fifth year of accreditation under the Professional Practices Management System (PPMS), a collection industry specific quality assurance program which overlays ISO 9001;
- continued to provide our customers with independent external complaint and dispute resolution as a non-bank member of the Financial Ombudsman Service Limited;
- worked closely with consumer organisations, community based welfare Groups and regulators in the resolution of both individual customer concerns and shared problems;
- continued to promote on-going dialogue among stakeholders to achieve uniform legislation relating to the collection of debt across all Australian jurisdictions;
- maintained contact with our major regulators and consumer Groups to ensure ongoing compliance with regulatory requirements and awareness of consumer issues;
- recorded only 144 complaints about our conduct. Given that in 2007/08 our collectors worked on over 300,000 accounts, this is a complaint rate of 0.05% and, averaged across the working days of the year, is less than one complaint per day; and
- conducted ongoing reviews and revision of existing policies and procedures, the critical examination of practices and the monitoring of staff performance.

Information Technology

In 2007/08 Collection House Technologies again played a key role in improving Group-wide efficiency and generating savings for the Company.

Among the initiatives implemented during the year, the Web Department completed a project to enable the Corporate Services Division (CSD) to facilitate organisation of CSD duties on the Company Intranet.

Evolution of The Controller (our proprietary collections application) continued via the efforts of the Programming Department. Programming processes have been further streamlined to control system modifications and improve the quality of the programs written by our programmers. In line with best practice, major system changes to The Controller are enabled once a month, subsequent to passing an enhanced user acceptance testing system.

In 2007/08 our Business Objects software delivered improved reporting, promoting a higher standard of reports and data/trend analysis. As a result, the Business Improvement Team and the Programming Departments have developed improvements to workflow processes for collection and support departments. One particular example of workflow progression achieved exemplifies the progress made over the past year: by improving the program and process, the time we spent on a daily task for a major financial institution was cut from an entire day to ninety minutes.

Our Infrastructure Department has been instrumental in the organisational growth of the Company, managing the infrastructure requirements of office relocations and the establishment of our new West Auckland office, along with the efficient transition of a number of subsidiaries sold during the year. The rollout of VOIP technology also continued, along with the commencement of a major voice-recording project.

Board of Directors

as at 30 June 2008

Dennis Punches Bsc

Chairman. Age 72.

Experience and expertise

Appointed to the Board in July 1998, and in 2000 was appointed as Chairman of Collection House Limited. Re-elected Director 26 October 2007. Former director of Attention LLC Inc, Analysis and Technology Inc, and co-founder and former Chairman of Payco American Corporation. Co-Chairman of the International Collectors Group and a Trustee for Wisconsin's Carroll College. Resides Florida, USA.

Other current directorships (other than personal corporate entities)

NOVO 1. Tejus Securities, Texas.

Former directorships in last 3 years (other than personal corporate entities)

Intrum Justitia AB (resigned May 2008)

Special responsibilities

Chairman of the Board (re-appointed 25 October 2007, effective 26 October 2007)

Chairman – Nominations Committee.

Member – Remuneration Committee.

Interests in shares and options (direct and indirect holdings)

14,150,101 ordinary shares in Collection House Limited.

John Pearce FAICM

Deputy Chairman. Age 63.

Experience and expertise

Co-founder of Collection House Limited and appointed to the Board in April 1993. In April 2003 returned to former position of Managing Director & Chief Executive Officer which had been held from mid 1998 until December 2002. Stepped down as Chief Executive Officer effective 30 June 2005 and was appointed Managing Director and Deputy Chairman effective 1 July 2005. Resigned as Managing Director on 26 October 2006. Re-elected Director 26 October 2007. Remains Deputy Chairman of the Board. Member of the International Fellowship of Certified Collectors. Chairman of Financial Basics Foundation 2002 to 2007. Board Member of The Rutherglen Cemetery Foundation. Chairman of the Brisbane Lions Foundation. Resides Queensland, Australia.

Other current directorships (other than personal corporate entities)

None

Former directorships in last 3 years (other than personal corporate entities)

None

Special responsibilities

Deputy Chairman (re-elected 25 October 2007, effective 26 October 2007)

Interests in shares and options (direct and indirect holdings)

11,816,130 ordinary shares in Collection House Limited.

Tony Aveling SFFin, FAIM, FAICD

Managing Director & Chief Executive Officer. Age 64.

Experience and expertise

Forty five years in the financial services industry including thirty four years at Westpac Banking Corporation. Senior positions included Chief Executive Business and Private Banking, Managing Director & Chief Executive Officer Australian Guarantee Corporation, and General Manager Europe. Three years as Chief Executive Officer Australian Bankers' Association. Is a Senior Fellow of the Financial Services Institute of Australasia (SFFin), a Fellow of the Australian Institute of Management (FAIM), a Fellow of the Australian Institute of Company Directors (FAICD), and a graduate of the Advanced Management Program of the Harvard Business School. Honorary Governor Science Foundation for Physics within the University of Sydney. Resides Queensland, Australia.

Other current directorships (other than personal corporate entities)

None.

Former directorships in last 3 years (other than personal corporate entities)

Global MoneyLine Limited (resigned 20 March 2008)

Special responsibilities

Managing Director & Chief Executive Officer.

Interest in shares and options (direct and indirect holdings)

226,400 ordinary shares in Collection House Limited.

2,000,000 options granted in accordance with the Managing Director & Chief Executive Officer's employment agreement and approved by the shareholders on 28 February 2007 – for details see pages 35 and note 40 of the Financial Statements.

The Board of Directors have decided to issue to the Managing Director & Chief Executive Officer an additional 2,000,000 performance based options in accordance with a variation to his current employment agreement, subject to approval of the new remuneration package by shareholders at the Annual General Meeting on 31 October 2008. Details of the Managing Director & Chief Executive Officer's new remuneration package, including the performance based options, will be contained in the Explanatory Memorandum attached to the Notice of Annual General Meeting to be sent to shareholders with this report.

Barrie Adams PSM, FCPA.

Lead Independent Director. Age 63.

Experience and expertise

Appointed to the Board in November 2002 and Chairman of the Audit & Risk Management Committee in January 2003. Member of the Remuneration Committee. Chairman of Financial Basics Foundation and associated companies. Resides Queensland, Australia.

Other current directorships (other than personal corporate entities)

Steel Foundations Limited and associated companies. Ingeus Limited. Nuplant Ltd.

Former directorships in last 3 years (other than personal corporate entities)

Pro Super Holdings (resigned 4 October 2006)

Special responsibilities

Lead Independent Director.

Chairman – Audit & Risk Management Committee.

Member – Nominations Committee (resigned 25 October 2007)

Member – Remuneration Committee (appointed 25 October 2007)

Interests in shares and options (direct and indirect holdings)

None.

Tony Coutts

Non-Executive Director. Age 49.

Experience and expertise

General Manager of Collection House Limited from 1995 to 1998. Appointed an Executive Director in September 1998 with executive responsibilities as Director of Sales. Non-Executive Director from 1 July 2006 (re-elected 26 October 2007). Eighteen years in the finance and insurance industry (Australian Guarantee Corporation Ltd). Thirteen years in the debt collection industry, the last eleven of which were spent at Collection House. Resides Queensland, Australia.

Other current directorships (other than personal corporate entities)

None.

Former directorships in last 3 years (other than personal corporate entities)

None

Special responsibilities

None.

Interest in shares and options (direct and indirect holdings)

4,164,600 ordinary shares in Collection House Limited.

Barry Connelly BJ.

Independent Director. Age 68.

Experience and expertise

Appointed to the Board in June 2003. Charter member of the Board of NASDAQ listed company, First Advantage and in August 2007 was elected to the Board of privately held Microbilt Corp. of Kenesaw, GA. Retired President of the International Consumer Data Industry Association and former member of the Texas House of Representatives. Past board member of the Merchants Research Council, Charter Bank Willowbrook. Resides Texas, USA.

Other current directorships (other than personal corporate entities)

None

Former directorships in last 3 years (other than personal corporate entities)

None

Special responsibilities

Member – Audit & Risk Management Committee.

Member – Nominations Committee (appointed 25 October 2007).

Interests in shares and options (direct and indirect holdings)

20,000 ordinary shares in Collection House Limited.

Bill Hiller

Independent Director. Age 69.

Experience and expertise

Appointed to the Board June 2003. Forty years experience in the automotive finance industry including as General Manager – Automotive Finance for St George Bank Limited. Resides New South Wales, Australia.

Other current directorships (other than personal corporate entities)

None.

Former directorships in last 3 years (other than personal corporate entities)

None.

Special responsibilities

Member – Audit & Risk Management Committee.

Member – Nominations Committee.

Member – Remuneration Committee (resigned 25 October 2007)

Interests in shares and options (direct and indirect holdings)

43,000 ordinary shares in Collection House Limited.

Bill Kagel

Independent Director. Age 71.

Experience and expertise

Appointed to the Board in February 2000. Appointed Chairman of the Remuneration Committee in June 2003. Over forty years debt collection industry experience. Co-founder and Senior Vice President of Payco American Corporation, USA and former Director of Outsourcing Solutions Inc. Resides Wisconsin, USA.

Other current directorships (other than personal corporate entities)

None.

Former directorships in last 3 years (other than personal corporate entities)

None.

Special responsibilities

Chairman – Remuneration Committee.

Interests in shares and options (direct and indirect holdings)

551,269 ordinary shares in Collection House Limited.

Executive Management

Adrian Ralston
Chief Financial Officer

Kylie Lynam
General Manager, Human Resources

Matthew Thomas
Chief Operating Officer

Michael Watkins
General Counsel and
Company Secretary

Corporate Social Responsibility

Supporting the Environment: New Head Office

As outlined earlier in this report, one of our primary business objectives is attracting and retaining quality employees. In line with this key objective in 2006/07 we initiated the relocation of our Brisbane Head Office to new premises which will offer our people a significantly enhanced working environment.

Located in the heart of the vibrant urban renewal precinct of Fortitude Valley, Green Square North Tower occupies a prominent site, just 250 metres from Brunswick Street Railway Station – one of only three major railway stations in Brisbane which are serviced by all trains. Brisbane City Council buses servicing most Brisbane suburbs can also be accessed directly in front of the site, offering our employees an unparalleled range of convenient public transport options.

Green Square has achieved a coveted 6 star Green Star rating under the Green Building Council of Australia Scheme – an environmental rating tool which evaluates the environmental performance of buildings based on an extensive criteria.

In keeping with the 6 star Green Star rating, the new Head Office has been fitted out with as many environmentally friendly facilities as possible, which will provide decided benefits to both our people and the wider community.

All Collection House Head Office staff are due to be relocated to the new building in October 2008.

Financial Basics Foundation

The Financial Basics Foundation was established in 2002 by Collection House in response to the need for greater financial literacy amongst young Australians.

The Foundation dream is to ensure that all young Australians leaving the secondary education system have an understanding of the credit system and financial management practices, so they are empowered to make informed, independent decisions on their financial affairs.

With the assistance of educators and students from around Australia, the Foundation develops and distributes financial literacy teaching resources to Australian secondary schools.

Operation Financial Literacy, a 10 module hardcopy teaching resource that includes detailed teacher notes and student worksheets, has been distributed free of charge to over 1300 secondary schools across Australia.

As a teaching resource, it is imperative that the material and content within Operation Financial Literacy remains current and relevant, and the Foundation conducted a full assessment and review of the material in 2007/08.

A range of recommendations and changes will be incorporated in future editions of this invaluable teaching resource which will be published in September 2008, including a new module about "Scams".

In 2007 the Foundation launched an online e-learning game ESSI Money. ESSI which stands for Earning, Saving, Spending and Investing, is a truly innovative resource requiring participants to make real life choices in a simulated environment, with the aim of avoiding financial mishap.

The Foundation was inundated in 2007/08 with positive praise about the game and we have been overwhelmed by the response from teachers and students alike. ESSI Money registered 11,360 users within the first 12 months of its release, and continues to be highly demanded from around Australia.

"The kids really enjoyed using the game, to the extent that they played it at home as well. From a teachers point of view the game was engaging and relevant". Wendy (Victoria)

Financial literacy is becoming a critical life skill and the Financial Basics Foundation remains a forerunner in providing material to better educate young Australians in this area. In the year ahead, the Foundation will work more closely with community Groups and agencies to deliver financial literacy programs to disadvantaged communities.

The work of the Financial Basics Foundation would not be possible without the generous support of founding corporate partner, Collection House Limited.

For more information about the Financial Basics Foundation, Operation Financial Literacy or ESSI Money go to www.financialbasics.org.au

Learning for Life

Collection House is now enjoying our third year of supporting the Smith Family's Learning for Life program. This program helps provide vital education and support to children from financially disadvantaged homes. With our only senior secondary sponsored student now at University, we recently made the decision to increase our financial support to four students. The funds provided cover the cost of books, uniforms and excursions for the students along with an Education Support Worker (ESW). Having satisfied the fundamental educational needs of our sponsored students, we see it as equally significant to assist with the personal support component of the program, provided by the ESW. Our decision to offer continuing support for the program reflects our ongoing commitment to social community responsibility.

Corporate Governance Statement

1. Introduction

a) *Date of statement*

This Statement reflects our corporate governance framework, policies and procedures which have been in place since 1 January 2008 and were approved by the Collection House Limited Board on 26 June 2008.

b) *Access to information on the website*

This Corporate Governance Statement, and the documents referred to in the Statement, are available for viewing on our website in the corporate governance section (unless otherwise stated) at 'www.collectionhouse.com.au'.

2. Our approach to corporate governance

a) *Framework and approach to corporate governance*

Our approach to corporate governance is based on a set of values and behaviours that underpin everyday activities, ensures transparency and fair dealing, and protects stakeholder interests. The Board continues to review this framework and our practices to ensure that we meet the interests of our stakeholders.

This approach includes a commitment to the highest standards of governance and the revised 'Corporate Governance Principles and Recommendations' which our Board sees as fundamental to shareholder and market confidence and to the sustainability of our business and performance.

b) *Compliance with the ASXCGC's Principles and Recommendations*

The ASX Listing Rules require listed entities, such as our Company, to include a statement in their Annual Report disclosing the extent to which they have followed the twenty seven (27) ASXCGC Principles and Recommendations (ASXCGC's Recommendations) during the reporting period, identifying any recommendations that have not been followed and providing reasons for that variance.

We believe that our corporate governance practices comply with the ASXCGC's Principles and Recommendations, other than for Recommendations 2.1, 2.2 and 2.4, which relate to independence. Our reasoning on independence and an explanation for our variance on the ASXCGC's Recommendations 2.1, 2.2 and 2.4 are set out in section 3(e) of this Statement at page 12.

A checklist summarising our compliance with the ASXCGC's Recommendations is on our website at 'www.collectionhouse.com.au'.

ASXCGC's Recommendations 2.1, 2.2 and 2.6

3. The Board of Directors

a) *Membership and expertise of the Board*

Directors' membership, period of office held, experience and shareholdings are provided in greater detail under the section titled 'Who we are' at page 8.

ASXCGC's Recommendations 2.6

b) *Board role and responsibility*

The roles and responsibilities of the Board are formalised in the Board Charter. The Charter also defines the matters that are reserved for the Board and its Committees, and those that the Board has delegated to management.

The Board is accountable to shareholders for our performance, and the Board's responsibilities include:

- providing strategic direction and approving significant corporate strategic initiatives;
- providing input into, and approval of, management's development of corporate strategy and performance objectives;
- reviewing and approving business plans;
- overseeing and monitoring the financial and non financial key performance indicators;
- Board performance and composition;
- Board and executive leadership selection;
- succession planning for the Board and executives;
- enhancing and protecting the brand and reputation of the Company;
- setting MD/CEO and Non-executive Director remuneration;
- considering and approving our half-yearly and annual financial statements;
- selecting and recommending to shareholders the appointment of the external auditor;
- approving our risk management strategy and various risk management frameworks and monitoring their effectiveness;
- corporate responsibility – considering the social, ethical and environmental impact of our activities, setting standards and monitoring compliance;
- maintaining a direct and ongoing dialogue with relevant regulators in Australia and ensuring that the market and our shareholders and other investors are continuously informed of material developments; and
- determining the scope of delegated authorities.

The Board has delegated a number of these responsibilities to its Committees. The responsibilities of these Committees are detailed in section 4 of this Statement.

The Board has delegated to Executive Management, responsibility for:

- developing and implementing corporate strategies and making recommendations on significant corporate strategic initiatives;
- making recommendations for the appointment of Executive Management, determining terms of appointment, evaluating performance, and developing and maintaining succession plans for Executive Management roles;
- developing our annual budget plan and managing day-to-day operations within the budget plan;
- maintaining effective risk management frameworks;
- keeping the Board and market fully informed about material developments; and
- managing day-to-day operations in accordance with standards for social, ethical and environmental practices, which have been set by the Board.

ASXCGC's Recommendation 1.1

c) Board size and composition

The Board considers that the optimum number of Directors is between seven and nine, with Non-executive Directors and Independent Directors comprising the majority of the Board.

There are currently three Non-independent Non-executive Directors, four Independent Non-executive Directors and one Executive Director on our Board. Our Constitution sets a maximum of ten Directors. The Chairman of the Board is non-executive, separate and independent of the role of the MD/CEO.

The Nominations Committee assesses: the Board composition and size and recommends to the Board changes to the Board composition and size; and the skills required to discharge the Board's duties, having regard to our business mix, financial position and strategic direction, including specific qualities or skills that the Nominations Committee believes are necessary for one or more of the Directors to possess.

ASXCGC's Recommendations 2.1, 2.3 and 2.4

d) The Chairman

The Board elects one of the Non-executive Directors to be Chairman.

The current Chairman, Dennis Punches, is a Non-executive Director. He has been a Director of the Company since 1 July 1998 and Chairman since 2000. The Chairman is a member of the Remuneration Committee and is Chairman of the Nominations Committee.

The Company's Chairman, Dennis Punches is considered by the Board not to be independent in terms of the ASX Corporate Governance Council's definition of Independent Director. However, the Board considers that for the reasons set out in section 3(e), the Chairman's extensive experience and professionalism allows him to, and does, bring quality, unfettered and independent judgment to all relevant issues falling within the scope of the role of Chairman of the Board and Chairman of the Nominations Committee.

ASXCGC's Recommendation 2.2, 2.4

e) Director independence

Directors are considered to be independent if they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment. Materiality is assessed on a case-by-case basis by reference to each Director's individual circumstances rather than by applying general materiality thresholds.

Directors must disclose any interests or relationships, including any related financial or other details, to the Board to determine whether the relationship could, or could reasonably be perceived to, materially interfere with the exercise of a Director's unfettered and independent judgment.

The Board considers that a majority of the Board is not independent. However, the Board considers that the individuals on the Board can, and do make quality, unfettered and independent judgments in the best interests of the Company on all relevant issues. Directors who have a conflict of interest in relation to a particular item of business must, and do, absent themselves from the Board meeting before commencement of discussion on the topic.

In addition to ensuring that the Board has a broad range of necessary skills, knowledge, and experience to govern the Company and understand the challenges that the Company faces, the Board considers that its membership should represent an appropriate balance between Directors with experience and knowledge of the Company and Directors with an external perspective.

The Board also considers that its size should be conducive to effective discussion and efficient decision-making. The Board believes that its current composition meets these requirements.

The Nominations Committee charter discloses a process for selection and appointment of new Directors and re-election of incumbent Directors.

Exceptions to ASXCGC's Recommendations

2.1 A majority of the Board should be Independent Directors

Of our Board, four Directors are considered not to be independent in accordance with Recommendation 2.1, as at the date of this report. These Directors are Dennis Punches (Chairman), John Pearce (Deputy Chairman), Tony Aveling (MD/CEO) and Tony Coutts (Non-Executive Director).

Due only to their respective substantial shareholdings in the Company, Dennis Punches, John Pearce and Tony Coutts as a previous Executive Director, are not classed as Independent Directors. The Board maintains however, that their individual and combined industry experience and knowledge of international and domestic trends in the collection industry are invaluable to the Company. Directors' experience and shareholdings are provided in greater detail under the section titled "Who we are" at page 8.

2.2 and 2.4 The Chairperson should be an Independent Director

While the Chairman of the Board and the Nominations Committee, Dennis Punches, is not classed as independent (Recommendations 2.2 and 2.4), his experience and knowledge of the industry, coupled with his ability to lead, has enabled him to be, and continue to be, a valuable and effective Chairman, for both the Board and the Nominations Committee and a member of the Remuneration Committee, with a scope well beyond that of other candidates, at either a national or international level.

As noted, Tony Aveling is not deemed to be independent by virtue of his role as MD/CEO of the Company.

Notwithstanding, the Board does not consider there are any matters that may materially interfere with the exercise by Dennis Punches and Tony Aveling of unfettered and independent judgment.

The appointment of Barrie Adams, in June 2003, as Lead Independent Director coupled with the remaining Independent Non-executive Directors, ensures that the Board can operate independently of Executive Management and provides for special professional expertise.

The Board does not consider that a majority of Directors being independent is, on its own, a sufficiently compelling factor to justify additional appointments to the Board at this time.

ASXCGC's Recommendations 2.1, 2.4 and 2.6

f) Avoidance of conflicts of interest by a Director

The Board is conscious of its obligations to ensure that Directors avoid conflicts of interest (both real and apparent) between their duties as Directors of the Company and their other interests and duties.

In accordance with our Constitution, all Directors are required to disclose any actual or potential conflict of interest on appointment as a Director and are required to keep these disclosures up to date.

Any Director with a material personal interest in a matter being considered by the Board must declare their interest and, unless the Board resolves otherwise, they may not participate in boardroom discussions or vote on matters in respect of which they have a conflict.

Our Constitution and Code of Conduct for Directors and Senior Executives can be obtained from our website at 'www.collectionhouse.com.au'.

ASXCGC's Recommendation 3.1

g) Meetings of the Board and their conduct

The Board has scheduled meetings each year and meets whenever necessary between scheduled meetings to deal with specific matters needing attention.

The Chairman, with input from the MD/CEO and the Company Secretary, establishes meeting agendas for assessing our coverage of financial, strategic and major risk areas, throughout the year. The Directors have the opportunity to review meeting materials in advance. Directors are always encouraged to participate with a robust exchange of views and to bring their independent judgments to bear on the issues and decisions at hand.

Details of meetings attended by Directors during the year are reported in the Directors' Report at page 29.

h) Succession planning

The Board considers Director succession in conjunction with the Nominations Committee. Together they are responsible for developing and implementing succession planning for Non-executive Directors, taking into account the challenges and opportunities facing us and the skills and expertise which are likely to be needed on the Board today and in the future.

The Board is responsible for MD/CEO succession planning. The MD/CEO is actively involved with Executive Management succession.

The Board is responsible for approving the MD/CEO financial and non-financial performance objectives and for evaluating the performance of the MD/CEO against those objectives. The MD/CEO oversees the process of objective setting for Executive Management and monitors the performance of Executive Management against those objectives.

ASX CGC's Recommendation 1.2

i) Review of Board and Committee performance

The Board undertakes an annual review of its performance and of the performance of the Chairman, individual Directors and Board Committees.

The performance review process is facilitated internally, and can include interviews with Directors and written surveys of Directors, Executive Management and the Company Secretary and General Counsel. These reviews are conducted in accordance with the Company's performance evaluation process for Directors and Executive Management. The Chairman formally discusses the results with individual Directors and Committee chairs.

The Chairman is reviewed by his fellow Directors adjudging his performance and contributions to the Board, Board discussions, leadership, and in guiding and assisting the Board to comply with its charter.

A performance evaluation of the Directors and Senior Executives consistent with the approach above has occurred during the reporting period.

ASXCGC's Recommendations 2.5, 2.6 and 8.1

j) Nomination and appointment of new Directors

The Nominations Committee considers and makes recommendations for nominations of new Directors to the Board as a whole and operates in accordance with its Board approved charter, a summary of which is available from the corporate governance section of the Company's website at 'www.collectionhouse.com.au'.

New Directors receive a letter of appointment, which sets out their duties, the terms and conditions of appointment including expected term of appointment, remuneration and the expectations of the role. This letter conforms with ASXCGC's Principles and Recommendations.

If the Board appoints a new Director during the year, that person will stand for election by shareholders at the next Annual General Meeting (AGM). Shareholders are provided with relevant background information on the candidates for election. The Nominations Committee reviews appointment criteria from time to time and makes recommendations concerning the re-election of any Director by shareholders.

ASXCGC's Recommendation 2.4

k) Board access to information and advice

All Directors have unrestricted and unfettered access to Company records and information and receive regular detailed financial and operational reports from Executive Management to enable them to carry out their duties.

The Chairman and other Non-executive Directors regularly consult with the MD/CEO, the CFO, Company Executives, the Company Secretary and General Counsel. In addition, Directors may consult with, and request additional information from, any of our employees.

The Board collectively, and each Director individually, has the right to seek independent professional advice, at our expense, to help them carry out their responsibilities. While the Chairman's prior approval is needed, it may not be unreasonably withheld and, in the Chairman's absence, Board approval may be sought.

ASXCGC's Recommendation 2.1 and 2.6

l) Company Secretary

Our Company Secretary is Michael Watkins, who combines his role as Company Secretary and as General Counsel of the Company.

Michael joined us in 2000 as General Counsel and was appointed to his present role as Company Secretary and General Counsel in December 2006 with responsibility for the management and delivery of company secretarial, legal and governance advice and support to the Board, executive and business. Responsibilities for the secretariat function include providing advice to Directors and officers on corporate governance and regulatory matters, developing and implementing our governance framework, coordinating the completion and dispatch of the Board and Committee Meeting agendas and papers, and giving practical effect to the Board's and the Committees' decisions.

Prior to Michael's current appointment, he practised commercial law in private practice from 1978 and was a partner in his own Brisbane CBD law firm from 1980, until accepting the appointment as General Counsel of the Company in 2000.

All Directors have access to advice from the Company Secretary and General Counsel at any time.

4. Board Committees

a) Board Committees and membership

We have three standing Board Committees. The Committee Charters (available on our website) describe their roles and powers, as approved by the Board.

The three Board Committees and their membership at 30 June 2008 are set out in the table on the facing page:

	Barrie Adams	Bill Hiller	Barry Connelly	Bill Kagel	Dennis Punches	John Pearce
Audit and Risk Management Committee	Chairman and Lead Independent Director	Independent Director	Independent Director			
Nominations Committee		Independent Director	Independent Director		Chairman and Non-independent Director	
Remuneration Committee	Lead Independent Director			Chairman and independent Director	Non-independent Director	Non-independent Director

Attendances of Directors at Committee meetings are set out in the Directors' Report at page 29.

ASXCGC's Recommendations 2.6, 4.1, 4.2, 4.3, 4.4, 8.1 and 8.2.

b) Committee procedures

Composition and independence of the Committees

Committee members are chosen for the skills, experience and other qualities they bring to the Committees. The Audit and Risk Management Committee is currently, composed of only Independent Non-executive Directors.

Operation of the Committees and reporting to the Board

During the year, the Board Committees meet at least annually, and at other times as necessary. Each Committee is entitled to the resources and information it requires and has direct access to our employees and advisers. The MD/CEO is invited to attend all Committee meetings, except where the MD/CEO has a material personal interest in a matter being considered. Executive Management and other selected employees are invited to attend Committee meetings as necessary.

How the Committees report to the Board

At the next Board meeting following each Committee meeting, the Board is given an oral report by the Chair of each Committee. In addition, all Committee minutes are tabled at Board meetings.

How Committees' performance is evaluated

The performance of Committees is discussed and reviewed initially within each Committee and then reviewed as part of the Board's performance review. The performance of each Committee member (other than the MD/CEO) is evaluated as part of the annual review of each Director.

ASXCGC's Recommendation 2.5, 4.1, 4.2, 4.4, 7.1, 7.2, 7.4, 8.1, 8.2 and 8.3.

c) Audit and Risk Management Committee

Role of the Committee

The Audit and Risk Management Committee operates in accordance with its Board approved charter, a copy of which is available from the corporate governance section of the Company's website at 'www.collectionhouse.com.au'.

The Audit and Risk Management Committee oversees the risk profile and approves our risk management framework within the context of the risk-reward strategy determined by the Board. The Committee monitors the alignment of our risk profile with our risk appetite. The Committee oversees how we manage the risks which are relevant to our operations.

The determination of the risk-reward strategy includes recommendations from the Audit and Risk Management Committee, the MD/CEO and Executive Management on the parameters of our risk-reward profile and appropriate strategy.

Our Board shares oversight responsibility for risk management by the Audit and Risk Management Committee.

The Audit and Risk Management Committee, oversees all matters concerning:

- integrity of the financial statements and financial reporting systems;
- making recommendations to the Board for the appointment of the external auditor;
- external auditor's qualifications, performance, independence and fees;
- oversight and performance of the internal audit function;
- compliance with financial reporting and related regulatory requirements;
- reviews and approves the frameworks for managing our market, operational and compliance risk;
- determines, approves and reviews the limits and conditions that apply to the taking of risk, including the authority delegated by the Board to the MD/CEO and Executive Management;

- monitors the risk profile, performance, capital levels, exposures against limits and management and control of our risks;
- monitors changes anticipated for the economic and business environment and other factors considered relevant to our risk profile;
- reviews and monitors any related party transactions and assesses their propriety;
- oversees the development and ongoing review of appropriate policies that support our frameworks for managing risk; and
- reviews significant issues that may be raised by internal audit as well as the length of time and action taken to resolve such issues.

In fulfilling its responsibilities, the Audit and Risk Management Committee:

- receives regular reports from management, the internal and external auditors;
- meets with the internal and external auditors at least twice a year, or more frequently, if necessary;
- reviews the processes the MD/CEO and CFO have in place to support their certifications to the Board;
- reviews any significant disagreements between the auditors and management, irrespective of whether they have been resolved;
- meets separately with the external auditors and the internal auditor at least twice a year without Executive Management being present;
- provides the internal and external auditors with a clear line of direct communication at any time to either the Chairman of the Committee or the Chairman of the Board.

The Audit and Risk Management Committee met on 5 occasions during the reporting year.

The Audit and Risk Management Committee regularly updates the Board about its activities.

ASXCGC's Recommendations 4.1, 4.2, 4.3, 4.4, 7.1 and 7.2

d) Nominations Committee

Role of the Committee

The Nominations Committee operates in accordance with its Board approved charter, a summary of which is available from the corporate governance section of the Company's website at 'www.collectionhouse.com.au'.

The Nominations Committee assists the Board in fulfilling its oversight responsibility to shareholders. The principal functions of the Committee are to assess the desirable competencies of the Board members, review Board succession plans, provide a framework for the evaluation process of the performance of the Board, individual Directors, and to make recommendations for the appointment and removal of Directors. The Nominations Committee is responsible for:

- developing and reviewing policies on Board composition, strategic function and size;
- performance review process of the Board, its Committees and individual Directors;
- conducting an annual review of, and conclude on, the independence of each Director;
- succession planning for the Board including developing eligibility criteria for nominating Directors;
- developing and implementing induction programs for new Directors and ongoing education for existing Directors;
- recommending appointment of Directors to the Board;
- making recommendations on Board composition and appointments; and
- reviewing our approach to corporate governance.

The Committee's policy for the appointment of Directors is to select candidates whose skills, expertise, qualifications, networks, and knowledge of the industry in which the Company operates and other potential markets into which it may expand, complement those of existing Board members.

When selecting new Directors for recommendation to the Board, the Committee reviews prospective Directors' CVs, meets with them and speaks with their referees and others who have previously worked with them to assess their suitability.

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 duties and responsibilities.

ASXCGC's Recommendation 2.4

e) Remuneration Committee

Role of the Committee

The Remuneration Committee operates in accordance with its Board approved charter, a copy of which is available from the corporate governance section of the Company's website at 'www.collectionhouse.com.au'.

The Remuneration Committee assists the Board by reviewing and approving its remuneration policies and practices. The principal function of the Committee is to assist the Board in ensuring that the Company's remuneration levels are appropriate and sufficient to attract and retain the Directors and key executives needed to run the Company. The Remuneration Committee:

- reviews and approves executive remuneration policy;

- reviews and makes recommendations to the Board on the performance of the MD/CEO against the MD/CEO's corporate goals and objectives;
- makes recommendations to the Board on the remuneration of the MD/CEO;
- makes recommendations to the Board on the remuneration of Non-executive Directors, taking into account the shareholder approved fee pool;
- approves contracts and remuneration packages for positions reporting directly to the MD/CEO;
- considers and evaluates the performance of Executive Management when making remuneration determinations and otherwise as required;
- monitors organisational structure and succession planning strategies;
- evaluates and reviews current industry standards and practices;
- reviews and makes recommendations to the Board on equity-based plans;
- approves all performance recognition expenditure; and
- oversees general remuneration practices across the Group.

The Remuneration Committee also reviews and makes recommendations to the Board concerning the recruitment, retention, termination, and succession planning policies and procedures for the MD/CEO and for Executive Management positions reporting directly to the MD/CEO. This process was undertaken during the reporting year.

The Committee meets at least annually with additional meetings being convened as required. The Committee has access to Executive Management of the Company and may consult independent remuneration consultants to benchmark our reward practices and levels against market practice, where it considers this necessary in order to effectively discharge its responsibilities.

ASXCGC's Recommendations 1.2, 1.3 and 8.1

5. Managing Director and Chief Executive Officer and Chief Financial Officer assurance

The Board receives regular reports about our financial condition and operational results as well as that of our controlled entities. The MD/CEO and CFO annually provide formal statements to the Board that in all material respects:

- the financial records of the Company for the financial year have been properly maintained in that they:
  - are complete and present;
  - correctly record and explain its transactions and financial position and performance;
  - enable true and fair financial statements to be prepared and audited; and
  - are retained for seven years after the transactions covered by the records are completed.
- the financial statements and notes required by the accounting standards for the financial year comply with the accounting standards;
- the financial statements and notes for the financial year give a true and fair view of the Company's and consolidated entities' financial position and of their performance;
- any other matters that are prescribed by the Corporations Act regulations as they relate to the financial statements and notes for the financial year are satisfied;
- the risk management and internal compliance and control systems are sound, appropriate and operating efficiently and effectively; and
- that the statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

ASXCGC's Recommendation 4.4 and 7.3

6. Promoting ethical and responsible behaviour

a) *Our Principles for Doing Business and Code of Conduct*

Our Code of Conduct and Philosophy sets out the principles that govern our conduct and the behaviours that stakeholders can expect from us.

The Principles apply without exception to all Directors, executives, management and employees, and are aligned to our core values. Our Code of Conduct and Philosophy sets out the seven foundation principles, namely:

- act with honesty and integrity;
- respect the law and act accordingly;
- respect confidentiality and do not misuse information;
- act professionally, ethically and honourably;
- act as a team;
- manage conflicts of interest responsibly; and
- strive to be a good corporate citizen with the highest standards of integrity, ethics, practice, privacy and security.

A summary of the Company's Code of Conduct for Directors and Senior Executives and our Philosophy are available from the corporate governance section of the Company's website at 'www.collectionhouse.com.au'.

ASXCGC's Recommendations 3.1 and 3.3

b) *Internal policies and procedures*

In addition to our Code of Conduct and Philosophy, we are committed to external regulator guidelines, such as the Australian Securities and Investments Commission and Australian Competition and Consumer Commission Debt Collection Guideline: for collectors and creditors.

We also have a number of key policies to manage our compliance and human resource requirements. There is a range of guidelines, communications and training processes and tools to support these policies. These tools include a dynamic online learning module 'Code of Conduct' which incorporates training for a range of key compliance requirements. Individual business units also have systems and procedures in place to support Company policies.

ASXCGC's Recommendations 3.1 and 3.3

c) *Concern reporting and whistleblowing*

All employees are encouraged to bring any concerns or problems to the attention of management, the human resources team or the compliance team. This includes activities or behaviours that may not be in accord with our Philosophy, the Code of Conduct, Securities Trading Policy, other policies, or other regulatory requirements or laws.

In 2005, the Board introduced a Whistleblower Protection Policy that specifically outlines procedures for dealing with allegations of improper conduct. Concerns can be raised in a number of ways, including in writing, anonymously through the Company's online whistleblower reporting system, or by telephone.

Any concerns that are reported are assessed and handled by the Disclosure Coordinator, in conjunction with the Company's Company Secretary and General Counsel.

The Company does not tolerate known or suspected incidents of fraud, corrupt conduct, adverse behaviour, illegal activities or regulatory non-compliance, or questionable accounting and auditing matters by its employees.

Nor does the Company tolerate taking reprisals against those who come forward to disclose such conduct. The Company will take all reasonable steps to protect employees who make such disclosures from any reprisal or detrimental action following the disclosure.

ASXCGC's Recommendations 3.1 and 3.3

d) *Securities trading policy*

Directors and employees are restricted from dealing in our shares if they are in possession of inside information.

To highlight the importance of compliance with these requirements and to ensure high standards of conduct, we have a Securities Trading Policy which applies to all employees. In addition, for Directors and any employees who, because of their seniority or the nature of their position, come into contact with key financial or strategic information about the Company all or most of the time (Prescribed Employees), additional restrictions apply. Those restrictions limit the periods in which the Directors and Prescribed Employees can trade in our shares or other company securities.

The periods in which Directors and Prescribed Employees can trade (Trading Windows) commence two business days after the release of our half-yearly results, our annual results and after our Annual General Meeting. The Trading Windows are normally 30 days in length. Directors and Prescribed Employees must also notify the MD/CEO of their intention to trade during those periods and confirm they do not have any inside information. Any trading remains subject to legal obligations to not trade while in the possession of inside information.

The Compliance Division monitors the trading of the Company's shares by Directors and Prescribed Employees on a daily basis.

Directors and senior executives may only deal in the Company securities outside of these times with the express prior approval of the Chairman or the Managing Director.

A summary of the Securities Trading Policy is available from the corporate governance section of the Company's website at 'www.collectionhouse.com.au'.

ASXCGC's Recommendations 3.2 and 3.3

7. Remuneration framework

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and Executive Management team by remunerating Directors and key executives fairly and appropriately in accordance with market conditions and reflective of their contribution.

The expected outcomes of this remuneration philosophy are:

- retention and motivation of key executives;
- attraction and retention of quality management to the Company; and
- performance incentives which allow executives to share the rewards of the success of the Company.

The Board is keen to encourage equity holdings by employees to align staff interests with those of shareholders. Many employees have participated in the Company's various share and option plans from time to time.

In February 2007, the shareholders approved certain share options in favour of the MD/CEO as part of his employment agreement. Details of the share options are set out in the Remuneration Report.

In June 2007, certain share options were issued to eligible senior employees under an Executive Share Option Plan. Details of the

Executive Share Option Plan were presented and approved by the shareholders at the Annual General Meeting of the Company in October 2007. The Board considers that the composition of executive remuneration and equity related staff incentive plans are the domain of the Board and the MD/CEO, subject to meeting the Company's statutory and ASX Listing Rule disclosure obligations.

No Directors participate in share plans. Non-executive Directors receive only cash compensation and reimbursement of expenses for their services.

For additional information relating to the Company's remuneration practices and details relating to Directors' and executives' remuneration during the year, refer to the Directors' Report.

Details of our remuneration framework are included in the Remuneration Report.

ASXCGC's Recommendations 8.1, 8.2 and 8.3

8. Market disclosure

We are committed to maintaining a level of disclosure that meets the highest standards and provides all investors with timely and equal access to information. In achieving these standards we have a Board-approved Continuous Disclosure Policy, which governs how we communicate with our shareholders and with the investment community.

The policy reflects the ASX continuous disclosure obligations. The policy spells out that information which a reasonable person would expect to have a material effect on the price of the Company's securities, must be immediately disclosed subject to certain exceptions.

The Company Secretary and the MD/CEO are responsible for:

- making decisions on what should be disclosed publicly under the market disclosure policy, and for developing and maintaining relevant guidelines, including guidelines on information that may be price sensitive; and
- for ensuring compliance with the continuous disclosure requirements of the listing rules of the ASX, relevant securities and corporations legislation, and overseeing and coordinating information disclosure to regulators, analysts, brokers, shareholders, the media and the public.

All market announcements are released to the ASX where the Company has ordinary shares listed.

We also publish on our website the Annual Review, Annual Reports, profit announcements, notices of meetings and media releases.

A copy of the Continuous Disclosure Policy is available from the corporate governance section of the Company's website at 'www.collectionhouse.com.au'.

ASXCGC's Recommendations 5.1, 5.2 and 6.1

9. Shareholder communications and participation

We are also committed to giving all shareholders comprehensive, timely and equal access to information about our activities so that they can make informed investment decisions.

The Board aims to ensure that shareholders are informed of all information necessary to assess the performance of the Company. Information is communicated to the shareholders through:

- the Annual Report which is distributed to all shareholders via the Company's website or a printed version upon request (other than those who elect not to receive it);
- the Annual General Meeting and other shareholder meetings called to obtain approval for Board action, as appropriate;
- making available all information released to the Australian Stock Exchange on the Company's website immediately following confirmation of receipt by the ASX;
- ensuring all press releases issued by the Company are posted on the Company's website as soon as it is disclosed to the ASX;
- encouraging active participation by shareholders at shareholder meetings;
- actively encouraging shareholders to provide their email address to facilitate more timely and effective communication with shareholders at all times;
- contacting shareholders who have provided their email addresses directly to provide details of upcoming events of interest; and
- encouraging all shareholders who are unable to attend general meetings to communicate issues or ask questions by writing to the Company.

A copy of the Board approved Shareholder Communications Guidelines is available from the corporate governance section of the Company's website at 'www.collectionhouse.com.au'.

ASXCGC's Recommendations 6.1 and 6.2

10. Health and safety

The Company aims to provide and maintain a safe and healthy work environment within all operations.

The Company acts to meet this commitment by implementing work practices and procedures throughout the Company that comply with the relevant regulations governing workplace health and safety.

Employees are expected to take all practical measures to ensure a safe and healthy working environment in keeping with their defined responsibilities and the relevant regulations.

ASXCGC's Recommendations 3.1 and 3.3

11. International financial reporting standards (IFRS)

The Australian Accounting Standards Board (AASB) has adopted International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after 1 January 2005. The AASB has issued Australian equivalents to IFRS.

The Company adopted the Australian equivalents to IFRS in its consolidated entity's financial statements since 31 December 2006.

ASXCGC's Recommendations 3.1 and 3.3

12. Carbon Emissions Trading

Collection House is committed to reducing its energy consumption and carbon emissions. In this regard, Collection House has reviewed its business operations and obligations under the prevailing Environmental legislation to determine whether it is required to establish a Carbon Emissions Trading Scheme.

Based on the prescribed reporting thresholds contained in the current law, Collection House does not have an obligation to report to the relevant regulators as its energy consumption and carbon emissions do not exceed the specified thresholds.

Notwithstanding, Collection House has commenced initiatives to reduce its carbon footprint starting with the relocation of our Head Office to a 6 Star, Green Star rated building in Brisbane.

Your directors present their report on the consolidated entity (referred to hereafter as the Company or the Group, as the context requires) consisting of Collection House Limited and the entities it controlled at the end of, or during, the year ended 30 June, 2008.

Directors

The following persons were directors of Collection House Limited during the whole of the financial period and up to the date of this report, unless stated otherwise:

Dennis Punches
John Pearce
Tony Aveling
Barrie Adams
Tony Coutts
Barry Connelly
Bill Hiller
Bill Kagel

Principal activities

During the year the principal continuing activities of the Group were the provision of debt collection services throughout Australasia.

There were no significant changes in the nature of the activities of the Group during the year except for the sale of the following non-core businesses:

- Australian Business Research Pty Ltd
- National Tenancy Database Pty Ltd
- National Revenue Corporation Pty Ltd
- Insurance Claims Solutions Pty Ltd (formerly CHIP No. 1 Pty Ltd)

Dividends – Collection House Limited

Dividends paid to members during the financial year were as follows:

	30 June 2008 $'000	30 June 2007 $'000
Final ordinary dividend for the year ended 30 June, 2007 of 2 cents fully franked (2006 – 2 cents unfranked) per fully paid share paid on 26 November, 2007.	**1,946**	1,946
Interim ordinary dividend for the year ended 30 June, 2008 of 2.2 cents fully franked (2007 – nil) per fully paid share paid on 28 March, 2008.	**2,141**	-
	4,087	1,946

In addition to the above dividends, since the end of the financial year the directors have recommended the payment of a final fully franked ordinary dividend of $2.4 million (2.5 cents per fully paid share) to be paid on 28 November 2008 out of retained profits as at 30 June 2008.

Review of operations

A summary of consolidated revenues and results by significant industry segments is set out below:

	Revenue		Results	
	30 June 2008 $'000	30 June 2007 $'000	30 June 2008 $'000	30 June 2007 $'000
Collection Services	**34,465**	36,931	**5,633**	4,234
Account Asset Management	**64,183**	48,373	**15,966**	11,658
Intersegment eliminations	**(3,152)**	(3,206)	**(5,918)**	1,142
Discontinued operations	**16,213**	19,912	**11,327**	800
	111,709	102,010	**27,008**	17,834
Unallocated revenue less unallocated expenses			**(10,795)**	(13,849)
Profit before income tax expense			**16,213**	4,344
Income tax expense			**(3,896)**	(567)
Profit for the year			**12,317**	3,777
Less: Profit / (loss) attributable to minority interest			**(1)**	34
Profit / (loss) attributable to members of Collection House Limited			**12,316**	3,811

Comments on the operations and the results of those operations are set out below:

Results

Excluding exceptional items, net profit after tax was $7.4 million compared with $3.8 million for the corresponding period: an increase of 95%.

Net profit after tax for the year was $12.3 million compared to $3.8 million for the corresponding period. This includes the net profit after tax on the divestment of a number of subsidiary businesses of $8.0 million offset by restructuring expenses of $1.3 million and a $1.8 million charge for monies potentially payable to the Queensland Office of State Revenue (OSR) with respect to debt purchased in 2008, likely further adverse determinations for debt purchased between 2002 and 2008, and associated legal costs. Further details of the stamp duty issue are set out under "Significant changes in the state of affairs" in this report.

Total income from continuing operations ordinary activities was up to $95.5 million (2007: $80.7 million).

Revenue from the Account Asset Management segment grew (up 32.7% to $64.2 million) at the expense of the Contingent Collection segment (down 7% to $34.5 million), continuing the trend in the market towards purchase debt forward flow arrangements. The Company continues its review of Contingent clients with a view to achieving acceptable returns or reallocating resources elsewhere.

The consolidated cash flow from operating activities (including discontinued operations) was $38.3 million for the year compared to $29.9 million for the previous year, an increase of 27.9%.

EBITDA for the year (before fair value adjustments and impairment) was up by 29.2% to $44.7 million (2007: $34.6 million).

Basic earnings per share excluding discontinued operations ("EPS") were 4.0 cents (2007: 6.6 cents).

The increased profit after tax attributable to members reflects the impact of the disposal of non-core businesses, the growth in revenues and the achievement of cost reductions and efficiencies from the restructuring process that the Company has undertaken.

Assets and Liabilities

Consolidated net assets have increased from $77.1 million to $85.1 million predominantly due to the purchase of new debt portfolios and the use of profits from the sales of various subsidiaries and businesses to minimise draw downs from the company's banking facility.

The sale of the business assets of four subsidiary companies namely Australian Business Research Pty Ltd, National Tenancy Database Pty Ltd, Insurance Claims Solutions Pty Ltd (renamed to ACN 100 115 571 Pty Ltd) and National Revenue Corporation Pty Ltd (renamed to ACN 073 212 772

Pty Ltd) and of the Group interest in a fifth, Chip No.1 Pty Ltd (renamed to Insurance Claims Solutions Pty Ltd) was consistent with our strategy of focussing on the core collection business.

In September 2007, the Group completed the sale of assets of Australian Business Research Pty Ltd and its subsidiaries to Veda Advantage Information Services and Solutions Limited. The assets sold comprised the operational assets of the following companies:

- Australian Business Research Pty Ltd
- National Tenancy Database Pty Ltd

In February 2008, National Revenue Corporation Pty Ltd was sold, making a small profit.

Also In February 2008, the company CHIP No. 1 Pty Ltd (renamed to Insurance Claims Solutions Pty Ltd) was sold to the minority shareholders at a small profit.

The profit contribution of these companies to the consolidated result has been disclosed as part of the profit from the discontinued operations and is not included in the profit from ordinary activities disclosed above. The results of the previous corresponding period have also been adjusted to exclude the discontinued operations. The individual companies were not sold and remain as non-trading entities within the Group and will be deregistered in the financial year 2008/2009.

During the reporting period new debt portfolios were purchased for A$70.8 million and NZ$0.5 million in the Australian and New Zealand markets respectively, which was funded from operating cash flow and an increase in bank debt.

Cash flow

As a result of the increased levels of debt purchased during the year, the Group needed to draw on the financing facility during the year. During the year, an additional $4.9 million was drawn in commercial bills and the overdraft facility was drawn to $2.8 million. It is anticipated that the overdraft, a current liability, will be repaid during the year, and the commercial bills will be repaid as funds become available.

The Board has confirmed its confidence in the Group's current and future trading position. The Directors have recommended the payment of a fully franked final dividend as stated on page 21.

Significant changes in the state of affairs

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

(a) in Australia, the Group purchased new debt portfolios for A$70.8 million;

(b) in New Zealand, the Group purchased new debt portfolios for NZ$0.5million;

(c) the following non-core businesses were sold:

- Australian Business Research Pty Ltd
- National Tenancy Database Pty Ltd
- National Revenue Corporation Pty Ltd
- Insurance Claims Solutions Pty Ltd (formerly CHIP No. 1 Pty Ltd)

(d) the Group is relocating its Head Office operations to Green Square North Tower, St Pauls Terrace, Fortitude Valley, Brisbane. The new premises comprising two floors (3,952 m^2) will consolidate the Group's 300 Brisbane-based staff in one building and provide the Group with room to continue on its current strong growth path; and

(e) at the Company's request, the Queensland Office of State Revenue (OSR) has provided its position in relation to the interpretation of a particular section of the Duties Act 2001 in relation to debt purchased by its subsidiary Lion Finance Pty Ltd in 2008. It is likely that there will be further adverse determinations for debt purchased between 2002 and 2008. The Company will pursue its rights to object and appeal any adverse determination by the OSR.

Matters subsequent to the end of the financial year

A fully franked final dividend has been declared of 2.5 cents per fully paid share for a total of $2.4 million, payable on 28 November 2008. No provision has been raised in these accounts.

On 18 July 2008, the Company issued additional performance based options up to in aggregate 1,437,500 options to certain eligible employees, at the sole discretion of the MD/CEO, under an Executive Share Option Plan approved by shareholders at the Company's Annual General Meeting held in October 2007. The additional performance based options were issued at an exercise price of $0.4927, being the volume weighted trading price over the five days prior to 26 June 2008, the date on which the Board made its decision. Share price qualifying hurdles $0.60, $0.70, $0.80, $0.90 and $1.00 will apply.

A summary of the material terms of the additional performance based options issued on 18 July 2008 are set out in the Appendix 3B Announcement lodged with the Australian Stock Exchange on 18 July 2008.

Other than the matters discussed above, no matter or circumstance has arisen since 30 June 2008 that has significantly affected, or may significantly affect:

(a) the Group's operations in future financial years, or

(b) the results of those operations in future financial years, or

(c) the Group's state of affairs in future financial years.

Likely developments and expected results of operations

There were no likely developments in the operations of the Group from time to time that have not been finalised at the date of this report.

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Company or the Group.

Environmental regulation

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Information on directors as at 30 June 2008

Dennis Punches Bsc

Chairman. Age 72.

Experience and expertise

Appointed to the Board in July 1998, and in 2000 was appointed as Chairman of Collection House Limited. Re-elected Director 26 October 2007. Former director of Attention LLC Inc, Analysis and Technology Inc, and co-founder and former Chairman of Payco American Corporation. Co-Chairman of the International Collectors Group and a Trustee for Wisconsin's Carroll College. Resides Florida, USA.

Other current directorships (other than personal corporate entities)

NOVO 1. Tejus Securities, Texas.

Former directorships in last 3 years (other than personal corporate entities)

Intrum Justitia AB (resigned May 2008).

Special responsibilities

Chairman of the Board (re-appointed 25 October 2007, effective 26 October 2007).

Chairman – Nominations Committee.

Member – Remuneration Committee.

Interests in shares and options (direct and indirect holdings)

14,150,101 ordinary shares in Collection House Limited.

John Pearce FAICM

Deputy Chairman. Age 63.

Experience and expertise

Co-founder of Collection House Limited and appointed to the Board in April 1993. In April 2003 returned to former position of Managing Director & Chief Executive Officer which had been held from mid 1998 until December 2002. Stepped down as Chief Executive Officer effective 30 June 2005 and was appointed Managing Director and Deputy Chairman effective 1 July 2005. Resigned as Managing Director on 26 October 2006. Re-elected Director 26 October 2007. Remains Deputy Chairman of the Board. Member of the International Fellowship of Certified Collectors. Chairman of Financial Basics Foundation 2002 to 2007. Chairman of the Brisbane Lions Foundation. Resides Queensland, Australia.

Other current directorships (other than personal corporate entities)

None.

Former directorships in last 3 years (other than personal corporate entities)

None.

Special responsibilities

Deputy Chairman (re-elected 25 October 2007, effective 26 October 2007).

Member – Remuneration Committee (appointed 25 October 2007).

Interests in shares and options (direct and indirect holdings)

11,816,130 ordinary shares in Collection House Limited.

Tony Aveling SFFin, FAIM, FAICD

Managing Director and Chief Executive Officer. Age 64.

Experience and expertise

Forty five years in the financial services industry including thirty four years at Westpac Banking Corporation. Senior positions included Chief Executive Business and Private Banking, Managing Director & Chief Executive Officer Australian Guarantee Corporation, and General Manager Europe. Three years as Chief Executive Officer Australian Bankers' Association. Is a Senior Fellow of the Financial Services Institute of Australasia (SFFin), a Fellow of the Australian Institute of Management (FAIM), a Fellow of the Australian Institute of Company Directors (FAICD), and a graduate of the Advanced Management Program of the Harvard Business School. Honorary Governor Science Foundation for Physics within the University of Sydney. Resides Queensland, Australia.

Other current directorships (other than personal corporate entities)

None.

Former directorships in last 3 years (other than personal corporate entities)

Global MoneyLine Limited (resigned 20 March 2008).

Special responsibilities

Managing Director & Chief Executive Officer.

Interests in shares and options (direct and indirect holdings)

226,400 ordinary shares in Collection House Limited.

2,000,000 options granted in accordance with the Managing Director & Chief Executive Officer's employment agreement and approved by the shareholders on 28 February 2007 – for details see page 35 and note 40 of the Financial Statements.

The Board of Directors have decided to issue to the Managing Director & Chief Executive Officer an additional 2,000,000 performance based options in accordance with a variation to his current employment agreement, subject to approval of the new remuneration package by shareholders at the Annual General Meeting on 31 October 2008. Details of the Managing Director & Chief Executive Officer's new remuneration package, including the performance based options, will be contained in the Explanatory Memorandum attached to the Notice of Annual General Meeting to be sent to shareholders.

Barrie Adams PSM, FCPA.

Lead Independent Director. Age 63.

Experience and expertise

Appointed to the Board in November 2002 and Chairman of the Audit & Risk Management Committee in January 2003. Member of the Remuneration Committee. Chairman of Financial Basics Foundation and associated companies. Resides Queensland, Australia.

Other current directorships (other than personal corporate entities)

Steel Foundations Limited and associated companies. Ingeus Limited. Nuplant Ltd.

Former directorships in last 3 years (other than personal corporate entities)

Pro Super Holdings (resigned 4 October 2006).

Special responsibilities

Lead Independent Director.

Chairman – Audit & Risk Management Committee.

Member – Remuneration Committee.

Member – Nominations Committee (resigned 25 October 2007).

Interests in shares and options (direct and indirect holdings)

None.

Tony Coutts

Non Executive Director. Age 49.

Experience and expertise

General Manager of Collection House Limited from 1995 to 1998. Appointed an Executive Director in September 1998 with executive responsibilities as Director of Sales. Non-Executive Director from 1 July 2006 (re-elected 26 October 2007). Eighteen years in the finance and insurance industry (Australian Guarantee Corporation Ltd). Thirteen years in the debt collection industry, the last eleven of which were spent at Collection House. Resides Queensland, Australia.

Other current directorships (other than personal corporate entities)

None.

Former directorships in last 3 years (other than personal corporate entities)

None.

Special responsibilities

None.

Interests in shares and options (direct and indirect holdings)

4,164,000 ordinary shares in Collection House Limited.

Barry Connelly BJ.

Independent Director. Age 68.

Experience and expertise

Appointed to the Board in June 2003. Charter member of the Board of NASDAQ listed company, First Advantage and in August 2007 was elected to the Board of privately held Microbilt Corp. of Kenesaw, GA. Retired President of the International Consumer Data Industry Association and former member of the Texas House of Representatives. Past board member of the Merchants Research Council, Charter Bank Willowbrook. Resides Texas, USA.

Other current directorships (other than personal corporate entities)

None.

Former directorships in last 3 years (other than personal corporate entities)

None.

Special responsibilities

Member – Audit & Risk Management Committee.

Member – Nominations Committee (appointed 25 October 2007).

Interests in shares and options (direct and indirect holdings)

20,000 ordinary shares in Collection House Limited.

Bill Hiller

Independent Director. Age 69.

Experience and expertise

Appointed to the Board June 2003. Forty years experience in the automotive finance industry including as General Manager – Automotive Finance for St George Bank Limited. Resides New South Wales, Australia.

Other current directorships (other than personal corporate entities)

None.

Former directorships in last 3 years (other than personal corporate entities)

None.

Special responsibilities

Member – Audit & Risk Management Committee.

Member – Nominations Committee.

Member – Remuneration Committee (resigned 25 October 2007).

Interests in shares and options (direct and indirect holdings)

43,000 ordinary shares in Collection House Limited.

Bill Kagel

Independent Director. Age 71.

Experience and expertise

Appointed to the Board in February 2000. Appointed Chairman of the Remuneration Committee in June 2003. Over forty years debt collection industry experience. Co-founder and Senior Vice President of Payco American Corporation, USA and former Director of Outsourcing Solutions Inc.. Resides Wisconsin, USA.

Other current directorships (other than personal corporate entities)

None.

Former directorships in last 3 years (other than personal corporate entities)

None.

Special responsibilities

Chairman – Remuneration Committee.

Interests in shares and options (direct and indirect holdings)

551,269 ordinary shares in Collection House Limited.

Company secretary

The Company Secretary to 30 June, 2008 was Michael Watkins. Mr Watkins was appointed to the position of Company Secretary on 21 December 2006. Before joining Collection House Limited, Michael Watkins was in practice as a commercial lawyer from 1978 and as a partner in his own Brisbane CBD law firm from 1980, until accepting the appointment as General Counsel of the Company in 2000. Mr Watkins undertakes the combined roles of General Counsel and Company Secretary for Collection House Limited and its subsidiaries.

Meetings of directors

The numbers of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2008, and the numbers of meetings attended by each director were:

			Meetings of committees					
	Full meetings of directors		Audit and Risk Management		Nomination		Remuneration	
	A	B	A	B	A	B	A	B
Dennis Punches	6	7	**	**	1	1	4	4
John Pearce	7	7	**	**	**	**	2	2
							Appointed 25/10/2007	
Tony Aveling	7	7	**	**	**	**	**	**
Barrie Adams	7	7	5	5	1	**	4	4
	4	4				Resigned 25/10/2007		
Tony Coutts	7	7	**	**	**	**	**	**
Barry Connelly	7	7	4	5	1	1	**	**
						Appointed 25/10/2007		
Bill Hiller	7	7	5	5	1	1	2	3
							Resigned 25/10/2007	
Bill Kagel	7	7	**	**	**	**	4	4

A Number of meetings attended
B Number of meetings held during the time the director held office or was a member of the committee during the year
** Not a member of the relevant committee

Remuneration report

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration

B Details of remuneration

C Service agreements

D Share-based compensation

E Additional information.

The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

A Principles used to determine the nature and amount of remuneration (audited)

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency
- capital management.

In consultation with key members of the Board who have many years industry operational experience and the General Manager – Human Resources, the Group has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- has economic profit as a core component of plan design
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives.

Alignment to program participants' interests:

- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards
- provides recognition for contribution.

The framework provides a mix of fixed and variable pay, and a blend of short and long term incentives. As executives gain seniority with the Group, the balance of this mix shifts to a higher proportion of "at risk" rewards.

Non-Executive Directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors.

Payments are allowed for additional responsibilities for Board Chairmanship, Deputy Chairmanship, the Lead Independent Director role and for membership of Board Committees and subsidiary Boards. It should be noted that the Chairman has voluntarily reduced his fee to $50,000 per annum as from 1 April, 2003 and the Deputy Chairman has requested that no fee be paid to him. Bill Kagel, as Chair of the Remuneration Committee, has waived the fee normally due to him for this role. Directors' fees and payments are reviewed annually by the Remuneration Committee. The Committee's recommendations are forwarded for approval by the Board. Non-executive Directors do not receive share options.

Executive Directors

Tony Aveling, was appointed as Managing Director and Chief Executive Officer on 27 November, 2006. He was paid in accordance with the terms of his employment contract for the 2007/08 financial year. Refer to page 35.

On 26 June 2008, the Collection House Board agreed to vary the MD/CEO's remuneration package, subject to shareholder approval.

A summary of the varied remuneration package is set out in the remuneration report on page 36.

Directors' fees

The current base remuneration was last reviewed with effect from October 2007. The Chairman's remuneration is inclusive of committee fees while other non-executive directors who chair, or are a member of, a committee receive additional yearly fees.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders.

Retirement allowances for directors

There are no retirement allowances paid to non-executive directors, in line with recent guidance on non-executive directors' remuneration.

Executive pay

The executive pay and reward framework has three components:

- base pay and short term incentive (STI);
- long term incentives through participation in the Executive Option Plan, and
- other remuneration such as superannuation.

The combination of these comprises the executive's total remuneration.

Base pay

Structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. External remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

Short Term Incentive

A portion of an executive's pay is by way of an "at risk" bonus. This is subject to satisfactory completion of set objectives and payable at the discretion of the MD/CEO in consultation with the Board.

A decision has been made to hold executive base pay and over time increase the "at risk" component. This is consistent with trends in the market and has the Board's approval.

Retirement Benefits

There are no retirement benefits made available to executives, other than as are required by statute.

Benefits

The major benefit provided to executives is the ability to participate in the Executive Option Plan.

Collection House Executive Option Plan

Long term incentives are provided to certain employees via the Executive Option Plan, see page 36 for further information.

B Details of remuneration (audited)

Amounts of remuneration

Details of the remuneration of the directors and the key management personnel (as defined in AASB 124 Related Party Disclosures) of Collection House are set out in the following tables.

The key management personnel of the Group includes Tony Aveling as MD/CEO and the following executive officers who have authority and responsibility for planning, directing and controlling the activities of the entity:

- A. Ralston – Chief Financial Officer
- M. Thomas – Chief Process Officer (Chief Operating Officer from 26 June 2008)
- M.Watkins – General Counsel and Company Secretary
- K.Lynam – General Manager – Human Resources
- B.Savage – Consultant (and General Manager – Business Development to 9 November 2007)

In addition, the following persons must be disclosed under the Corporations Act 2001 as they are among the highest remunerated Group and/or Company executives:

- T. Aveling – MD/CEO
- M.Watkins – General Counsel and Company Secretary
- A. Ralston – Chief Financial Officer
- M. Thomas – Chief Process Officer (Chief Operating Officer from 26 June 2008)
- K.Hansen – General Manager – Australian Business Research Pty Ltd (to 21 September 2007)

Key management and highest paid personnel of the Group for the year ended 30 June 2008.

2008	Short-term employee benefits				Post-employment benefits		Long-term benefits	Share-based payments	
Name	Cash salary and fees $	Cash bonus $	Non monetary benefit $	Other $	Super-annuation* $	Retirement benefits $	Long service leave $	Options $	Total $
Non-executive directors									
D. Punches	50,000	-	-	-	-	-	-	-	50,000
J. Pearce	-	-	-	-	-	-	-	-	-
B. Adams	107,692	-	-	-	9,692	-	-	-	117,384
A. Coutts	50,000	-	-	-	4,500	-	-	-	54,500
B. Connelly	71,667	-	-	-	-	-	-	-	71,667
B. Hiller	70,000	-	-	-	6,300	-	-	-	76,300
B. Kagel	50,000	-	-	-	-	-	-	-	50,000
Sub-total non-executive directors	**399,359**	**-**	**-**	**-**	**20,492**	**-**	**-**	**-**	**419,851**
Executive directors									
T. Aveling	500,000	475,000	-	98,800	87,750	-	-	200,651	1,362,201
Sub-total executive directors	**500,000**	**475,000**	**-**	**98,800**	**87,750**	**-**	**-**	**200,651**	**1,362,201**
Other key management personnel									
A. Ralston	219,807	19,000	6,052	-	21,493	-	-	23,426	289,778
M. Thomas	234,635	21,000	6,052	-	23,007	-	-	29,283	313,977
M. Watkins	239,818	21,000	6,052	-	23,474	-	-	23,426	313,770
K. Lynam	128,816	11,000	6,052	-	12,583	-	-	14,641	173,092
B. Savage (Consultant to 9 November 2007)	101,750	-	-	-	-	-	-	-	101,750
Sub-total key management personnel compensation	**924,826**	**72,000**	**24,208**	**-**	**80,557**	**-**	**-**	**90,776**	**1,192,367**
Total directors and key management personnel compensation	**1,824,185**	**547,000**	**24,208**	**98,800**	**188,799**	**-**	**-**	**291,427**	**2,974,419**
Highest paid executives									
T. Aveling	500,000	475,000	-	98,800	87,750	-	-	200,651	1,362,201
M. Watkins	239,818	21,000	6,052	-	23,474	-	-	23,426	313,770
M.Thomas	234,635	21,000	6,052	-	23,007	-	-	29,283	313,977
A. Ralston	219,807	19,000	6,052	-	21,493	-	-	23,426	289,778
K. Hansen	41,077	154,715		-	17,615	-	-	-	213,407
Total highest paid executives	**1,235,337**	**690,715**	**18,156**	**98,800**	**173,339**	**-**	**-**	**276,786**	**2,493,133**

* Superannuation of 9% was paid on cash bonuses. The superannuation on the bonuses has been included in the superannuation figure in the table above.

Key management and highest paid personnel of the Group for the year ended 30 June 2007.

2007	Short-term employee benefits				Post-employment benefits		Long-term benefits	Share-based payments	
Name	Cash salary and fees $	Cash bonus $	Non monetary benefits $	Other $	Super-annuation* $	Retirement benefits $	Long service leave $	Options $	Total $
Non-executive directors									
D. Punches	50,000	-	-	-	-	-	-	-	50,000
B. Adams	120,000	-	-	-	10,800	-	-	-	130,800
B. Connelly	75,000	-	-	-	-	-	-	-	75,000
B. Hiller	70,000	-	-	-	6,300	-	-	-	76,300
B. Kagel	50,000	-	-	-	-	-	-	-	50,000
A. Coutts	50,000	-	-	-	-	-	-	-	50,000
R. King	30,150	-	-	-	2,714	-	-	-	32,864
S. Walker	28,500	-	-	-	2,565	-	-	-	31,065
Sub-total non-executive directors	**473,650**	**-**	**-**	**-**	**22,379**	**-**	**-**	**-**	**496,029**
Executive directors									
J. Pearce	-	-	-	-	-	-	-	-	-
T. Aveling	278,846	298,000	-	55,100	56,875	-	-	60,305	749,126
C. Day	369,934	-	-	-	29,949	-	-	-	399,883
Sub-total executive directors	**648,780**	**298,000**	**-**	**55,100**	**86,824**	**-**	**-**	**60,305**	**1,149,009**
Other key management personnel									
A. Ralston	210,000	10,000	6,052	-	19,800	-	-	3,008	248,860
M. Thomas	200,385	12,500	6,052	-	19,160	-	-	3,760	241,857
M. Watkins	235,000	12,500	6,052	-	22,275	-	-	3,008	278,835
K. Lynam	100,000	5,000	6,052	-	9,450	-	-	1,880	122,382
B. Savage (Consultant to 9 November 2007)	280,481	-	-	-	-	-	-	-	280,481
Sub-total key management personnel compensation	1,025,866	40,000	24,208	-	70,685	-	-	11,656	1,172,415
Total directors and key management personnel compensation	**2,148,296**	**338,000**	**24,208**	**55,100**	**179,888**	**-**	**-**	**71,961**	**2,817,453**
Highest paid executives									
T. Aveling	278,846	298,000	-	55,100	56,875	-	-	60,305	749,126
C. Day	369,934	-	-	-	29,949	-	-	-	399,883
P. Carroll	272,387	-	6,052	-	23,469	-	-	-	301,908
B. Savage	280,481	-	-	-	-	-	-	-	280,481
M. Watkins	235,000	12,500	6,052	-	22,275	-	-	3,008	278,835
Total highest paid executives	**1,436,648**	**310,500**	**12,104**	**55,100**	**132,568**	**-**	**-**	**63,313**	**2,010,233**

* Superannuation of 9% was paid on cash bonuses. The superannuation on the bonuses has been included in the superannuation figure in the table above.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

	Performance based		Fixed remuneration	
Name	**2008**	2007	**2008**	2007
T. Aveling	**52.7**	51.4	**47.3**	48.6
Other key management personnel of Group				
A. Ralston	**15.2**	5.5	**84.8**	94.5
M. Thomas	**16.6**	7.1	**83.4**	92.9
M. Watkins	**14.8**	5.9	**85.2**	94.1
K. Lynam	**15.4**	5.9	**84.6**	94.1
B. Savage (Consultant) (1 July 2007 to 9 November 2007)	**-**		**100.0**	100.0

C Service agreements (audited)

Remuneration and other terms of employment for the MD/CEO, Chief Financial Officer and the other key management personnel are also formalised in service agreements. Major provisions of the agreements relating to remuneration are set out below.

Except as otherwise stated, all contracts with executives may be terminated early by either party with three months notice.

T Aveling – MD/CEO

- Term of agreement is 27 November, 2006 to 28 February, 2009.
- Annual base salary of $500,000 per annum plus compulsory superannuation.
- Living away from home allowance of up to $2,000 per week.
- Performance cash bonus is granted upon achievement of performance criteria as set by the Board.

  For 2008, the Board agreed performance objectives for the MD/CEO. The key objective related to Collection House profitability. Supporting objectives covered leadership, sales, stakeholder relationships, recruitment, trade debtors, organisational structure, succession planning, SME's, funding, premises, book quality, compliance and regulatory obligations, legal profitability and the exit from non-core businesses. The indicators chosen were considered to be the best measures of financial and non-financial achievement.

  At the year end, the Board was provided with the financial and non-financial information relating to the MD/CEO's performance. Based on this information, the Board determined the level of STI to be made to the MD/CEO.

  For the year ended 30 June 2008, the Board determined that the MD/CEO's STI payment would be $475,000 which is 95% of the payment target specified in his contract. The payment was calculated based on performance against objectives (key objective exceeded and 90% of supporting objectives met or exceeded) and the Board's exercise of discretion.
- Issued 2,000,000 options after shareholder approval in February 2007, with each component tranche subject to a market condition based on qualifying share prices in order for the options to be exercised.

On 26 June 2008, the Collection House Board agreed to vary the MD/CEO's remuneration package, subject to shareholder approval.

A summary of the varied MD/CEO's remuneration package is as follows:

- A deed of variation of the MD/CEO's employment agreement will extend the appointment for a no fixed term.
- Annual base salary of $500,000 per annum, plus compulsory superannuation will continue to be paid (no change).
- Living away from home allowance of up to $2,000 per week will continue for as long as the MD/CEO remains located in Queensland (no change).
- Performance cash bonus up to a maximum level of $500,000 plus compulsory superannuation will continue (no change). Any cash bonus amount payable to the MD/CEO will be granted upon achievement of financial and non-financial performance objectives agreed by the Board, on similar criteria as set out above.
- An additional grant of 2,000,000 performance based options was agreed by the Board for the MD/CEO to acquire shares in the company with an exercise price of $0.4927, being the volume weighted trading price over the five days prior to 26 June 2008, the date on which the Board reached its decision. Share price qualifying hurdles of $0.60, $0.70, $0.80, $0.90 and $1.00 will apply.
- Shareholder approval of the varied MD/CEO remuneration package including the grant of additional performance options will be sought at the Company's Annual General Meeting in October 2008.

Details of the varied MD/CEO remuneration package, the option terms and the value of the options will be sent to shareholders in an Explanatory Memorandum together with the Notice of Annual General Meeting.

A. Ralston – Chief Financial Officer *

- Annual base salary inclusive of superannuation for the year ended 30 June, 2008 of $239,590
- Performance cash bonus of $19,000 was paid for the year ended 30 June 2008.

M. Thomas – Chief Process Officer (Chief Operating Officer from 26 June 2008)*

- Annual base salary inclusive of superannuation for the year ended 30 June, 2008 of $255,635
- Performance cash bonus of $21,000 was paid for the year ended 30 June, 2008.

M. Watkins – General Counsel and Company Secretary*

- Annual base salary inclusive of superannuation for the year ended 30 June, 2008 of $261,402.
- Performance cash bonus of $21,000 was paid for the year ended 30 June, 2008.

K. Lynam – General Manager, Human Resources*

- Annual base salary inclusive of superannuation for the year ended 30 June, 2008 of $140,409.
- Performance cash bonus of $11,000 was paid for the year ended 30 June, 2008.

B. Savage – General Manager – Business Development (to 9 November 2007)

- Consultant in the role of General Manager – Business Development until 9 November 2007.
- Consultancy arrangement but no formal consultancy agreement was in place for this period during 2007/08.

* On 18 July 2008, the Company issued additional performance based options up to in aggregate 1,437,500 options to certain eligible employees, at the sole discretion of the MD/CEO, under an Executive Share Option Plan approved by shareholders at the Company's Annual General Meeting held in October 2007. The additional performance based options were issued at an exercise price of $0.4927, being the volume weighted trading price over the five days prior to 26 June 2008, the date on which the Board made its decision. Share price qualifying hurdles $0.60, $0.70, $0.80, $0.90 and $1.00 will apply.

A summary of the material terms of the additional performance based options issued on 18 July 2008 are set out in the Appendix 3B Announcement lodged with the Australian Stock Exchange on 18 July 2008.

D Share-based compensation (audited)

Options

Options were granted to T. Aveling as MD/CEO under his employment contract, subject to certain qualifying hurdles, and approved by shareholders on 28 February, 2007. See note 40 of the financial statements.

Options were granted to certain senior personnel under the Collection House Executive Option Plan approved by shareholders at the Annual General Meeting in October 2007. See note 40 of the financial statements.

The terms and conditions of all options mentioned above affecting remuneration in the previous, this or future reporting periods are set out in note 40 of the financials statements.

Options granted under the plan carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share.

Details of options over ordinary shares in the Company provided as remuneration to each director of Collection House and each of the key management personnel of the Group are set out below. When exercisable, each option is convertible into one ordinary share of Collection House. Further information on the options is set out in note 40 to the financial statements.

	Number of options granted during the year		**Number of options vested during the year**	
Name	**2008**	2007	**2008**	2007
Directors of Collection House Limited				
T. Aveling	**-**	2,000,000	**-**	-
Other key management personnel of the Group				
A. Ralston	**-**	200,000	**-**	-
M. Thomas	**-**	250,000	**-**	-
M. Watkins	**-**	200,000	**-**	-
K. Lynam	**-**	125,000	**-**	-

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a modified binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Shares provided on exercise of remuneration options

Details of ordinary shares in the Company provided as a result of the exercise of remuneration options to each director of Collection House and other key management personnel of the Group are set out below.

	Date of exercise of options	**Number of ordinary shares issued on exercise of options during the year**	
Name		**2008**	2007
Directors of Collection House Limited			
Nil		**-**	-
Other key management personnel of the Group			
Nil		**-**	-

The amounts paid per ordinary share by each director and other key management personnel on the exercise of options at the date of exercise were as follows:

	Exercise date	Amount paid per share
	Nil	$Nil

E Additional information

Principles used to determine the nature and amount of remuneration: relationship between remuneration and company performance

The overall level of executive reward takes into account the performance of the Group over a number of years, with greater emphasis given to the current and prior year. Details of the relationship between the Company remuneration policy and Company performance over the last 5 years is detailed below.

	2004	2005	2006	2007	**2008**
No. of employees at year end	692	632	634	638	**570**
Net profit after tax ($M)	$10.64	$12.95	$6.08	$3.81	**$12.32**
Net Assets ($M)	$90.40	$93.67	$75.09	$77.08	**$85.13**
Dividends Declared	7 cents unfranked	8 cents unfranked	2 cents unfranked	2 cents franked	**4.7 cents franked**
Change in share price					
Commenced	$1.16	$1.54	$1.41	$1.03	**$0.78**
Ended	$1.43	$1.40	$0.975	$0.75	**$0.46**
Basic Earnings per share (including discontinued operations)	11.01 cents	13.3 cents	6.2 cents	3.9 cents	**12.7 cents**

Details of remuneration: cash bonuses and options

For each cash bonus and grant of options included in the tables on pages 33 and 34, the percentage of the available bonus or grant that was paid, or that vested, in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. No part of the bonuses is payable in future years. The options vest on 28 February, 2009, provided the vesting conditions are met. No options will vest if the conditions are not satisfied, hence the minimum value of the option yet to vest is nil. The maximum value of the options yet to vest has been determined as the amount of the grant date fair value of the options. See a summary of the options set out at note 40 of the financial statements.

	Cash bonus		**Options**					
Name	Paid %	Forfeited %	Year granted	Vested %	Forfeited %	Financial years in which options may vest	Minimum total value of grant yet to vest $	Maximum total value of grant yet to vest $
Directors of Collection House Limited								
T. Aveling	95.0	5.0	2007	-	-	2009		394,176
Other key management of the Group								
A. Ralston	79.2	20.8	2007	-	-	2009		41,988
M.Thomas	80.8	19.2	2007	-	-	2009		52,485
M. Watkins	79.2	20.8	2007	-	-	2009		41,988
K. Lynam	81.5	18.5	2007	-	-	2009		26,243

Loans to directors and executives

Information on loans to directors and executives, including amounts, interest rates and repayment terms are set out in note 33 to the financial statements.

Shares under option

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
12 March, 2007 (MD/CEO Options)*1	Refer to note 40	$1.0327	2,000,000
15 June, 2007 (Executive Plan Options)*2	28 February 2011	$1.0327	1,250,000
			3,250,000

*1 The 2,000,000 options approved by the Board in favour of the MD/CEO were granted under the terms of his employment contract with the Company and approved by the shareholders on 28 February 2007.

*2 The Executive Plan Options were approved by the shareholders at the Company's Annual General Meeting in October 2007.

Shares issued on the exercise of options

The following ordinary shares of Collection House were issued during the year ended 30 June, 2008 on the exercise of options. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

Date options granted	Issue price of shares	Number of shares issued
Nil	$Nil	Nil

Insurance of officers

During the financial year, Collection House Limited paid a premium of $36,439 to insure the directors and secretaries of the Company and its Australian based controlled entities, and the general managers of each of the divisions of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on behalf of the company

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

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

Non-audit services

The Board of Directors in accordance with advice from the Audit & Risk Management Committee is satisfied that the provision of the non audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

During the year the Company's auditors have performed no other services in addition to their statutory duties. All non audit services are subject to the corporate governance procedures adopted by the Company.

Details of the amounts paid to the auditors of the Company, Hacketts DFK, are set out below.

	Consolidated	
	30 June 2008 $	30 June 2007 $
1. Audit services		
Hacketts DFK		
Audit and review of the financial reports and other audit work under the Corporations Act 2001	**145,000**	177,000
Total remuneration for audit services	**145,000**	177,000
2. Other assurance services		
Hacketts DFK		
Audit of regulatory returns	**79,000**	83,000
Total remuneration for audit-related services	**79,000**	83,000
Total remuneration	**224,000**	260,000

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 41.

Rounding of amounts

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

Auditor

Hacketts DFK continues in office in accordance with section 327 of the Corporations Act 2001.

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

COLLECTION HOUSE LIMITED

Tony Aveling

Tony Aveling
Managing Director and Chief Executive Officer

Brisbane
28 August 2008

HackeTTS DFK

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28 August 2008

The Chairman
The Board of Directors
Collection House Limited
488 Queen St
Brisbane QLD 4001

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Collection House Limited

As lead audit partner for the audit of the financial report of Collection House Limited for the year ended 30 June 2008, I declare that to the best of my knowledge and belief, there have been:

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

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

Yours faithfully

Hacketts

HACKETTS DFK

Shaun Lindemann
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation

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Financial Statement Contents

		Consolidated		Company	
	Notes	**30 June 2008 $'000**	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Revenue from continuing operations	5	**95,497**	**80,745**	**65,446**	**49,318**
Other income	6	**(5)**	53	**-**	-
Depreciation and amortisation expense	7	**(2,307)**	(2,528)	**(1,621)**	(1,892)
Impairment of goodwill	19	**-**	-	**-**	(247)
Other expenses		**(4,370)**	(2,479)	**(5,090)**	(3,845)
Employee expenses		**(33,275)**	(30,339)	**(27,537)**	(24,118)
Search fees		**(680)**	(326)	**(648)**	(553)
Direct collection costs		**(9,997)**	(9,710)	**(10,369)**	(9,682)
Bad and doubtful debts		**203**	(412)	**243**	(316)
Operating lease rental expense		**(3,169)**	(2,986)	**(2,120)**	(1,905)
Consultancy fees		**(230)**	(824)	**(103)**	(771)
Legal expenses		**(56)**	(458)	**(53)**	(454)
Impairment of other assets		**-**	-	**(3,693)**	(4,596)
Fair value losses on other financial assets		**(29,730)**	(21,799)	**-**	-
Net (gain)/loss on disposal of property		**10**	(1,082)	**(6)**	(452)
Finance costs	7	**(5,133)**	(4,310)	**(4,862)**	(4,279)
Restructuring costs		**(1,872)**	-	**(1,872)**	-
Profit before income tax		**4,886**	3,545	**7,715**	(3,792)
Income tax expense	8	**(1,197)**	2,872	**3,212**	4,773
Profit from continuing operations		**3,689**	6,417	**10,927**	981
Profit from discontinued operations	9	**8,628**	(2,640)	**13**	-
Profit for the year		**12,317**	3,777	**10,940**	981
Profit is attributable to:					
Equity holders of Collection House Limited		**12,316**	3,811	**10,940**	981
Minority Interest		**1**	(34)	**-**	
		12,317	3,777	**10,940**	981
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:					
Basic earnings per share	39	**4.0**	6.6		
Earnings per share for profit attributable to the ordinary equity holders of the company:					
Basic earnings per share	39	**12.7**	3.9		

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

BALANCE SHEET

As at 30 June 2008

	Notes	Consolidated 2008 $'000	Consolidated 2007 $'000	Company 2008 $'000	Company 2007 $'000
ASSETS					
Current assets					
Cash and cash equivalents	10	**937**	2,699	**801**	717
Receivables	11	**4,186**	9,531	**2,599**	17,124
Other financial assets at fair value through profit or loss	12	**36,511**	23,481	**-**	-
Current tax receivables		**1,937**	316	**2,598**	970
Other current assets	14	**1,488**	1,440	**645**	835
Non-current assets classified as held for sale	13	**-**	14,120	**-**	-
Total current assets		**45,059**	51,587	**6,643**	19,646
Non-current assets					
Other financial assets at fair value through profit or loss	12	**106,959**	79,188	**-**	-
Receivables	15	**-**	-	**134,929**	99,102
Available-for-sale financial assets	16	**-**	-	**16,116**	20,432
Property, plant and equipment	17	**3,516**	3,476	**3,242**	3,236
Intangible assets	19	**20,259**	24,091	**13,736**	13,703
Deferred tax assets	18	**-**	-	**2,515**	3,057
Other non-current assets	20	**292**	298	**-**	27
Total non-current assets		**131,026**	107,053	**170,538**	139,557
Total assets		**176,085**	158,640	**177,181**	159,203
LIABILITIES					
Current liabilities					
Payables	21	**6,107**	8,086	**12,422**	11,679
Interest bearing liabilities	22	**2,801**	23	**4,099**	2,845
Provisions	23	**3,070**	2,346	**2,738**	1,956
Other current liabilities		**105**	-	**105**	-
Total current liabilities		**12,083**	10,455	**19,364**	16,480
Non-current liabilities					
Payables	24	**-**	-	**18,631**	15,840
Interest bearing liabilities	25	**61,100**	56,200	**61,100**	56,200
Provisions	27	**159**	138	**144**	132
Deferred tax liabilities	26	**17,428**	14,767	**-**	-
Other non-current liabilities		**192**	-	**192**	-
Total non-current liabilities		**78,879**	71,105	**80,067**	72,172
Total liabilities		**90,962**	81,560	**99,431**	88,652
Net assets		**85,123**	77,080	**77,750**	70,551
EQUITY					
Contributed equity	29	**67,256**	67,256	**67,256**	67,256
Reserves	30	**(319)**	(127)	**475**	128
Retained profits	30	**19,504**	11,276	**10,019**	3,167
		86,441	78,405	**77,750**	70,551
Minority interest	31	**(1,318)**	(1,325)	**-**	-
Total equity		**85,123**	77,080	**77,750**	70,551

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2008

	Notes	Consolidated 2008 $'000	Consolidated 2007 $'000	Company 2008 $'000	Company 2007 $'000
Total equity at the beginning of the financial year		**77,080**	75,091	**70,551**	71,426
Adjustment on adoption of AASB 132 and AASB 139, net of tax, to:					
Retained profits	1	**-**	-	**-**	-
(Profit)/Loss attributable to Minority Interest		**-**	34	**-**	-
Exchange differences on translation of foreign operations	30	**-**	-	**-**	-
Profit for the year		**12,317**	3,776	**10,940**	981
Total recognised income and expense for the year		**12,317**	3,810	**10,940**	981
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of transaction costs	29	**-**	-	**-**	-
Dividends provided for or paid	32	**(4,088)**	(1,946)	**(4,088)**	(1,946)
Movement in Share-based payments reserve	30	**347**	90	**347**	90
Movement in Foreign Currency translation reserve		**(539)**	307	**-**	-
Total changes in minority interest		**6**	(272)	**-**	-
		(4,274)	(1,821)	**(3,741)**	(1,856)
Total equity at the end of the financial year		**85,123**	77,080	**77,750**	70,551
Total recognised income and expense for the year is attributable to:					
Equity holders of Collection House Limited		**12,317**	3,776	**10,940**	981
Minority interest		**-**	34	**-**	-
		12,317	3,810	**10,940**	981

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

CASH FLOW STATEMENT

For the year ended 30 June 2008

	Notes	Consolidated 30 June 2008 $'000	Consolidated 30 June 2007 $'000	Company 30 June 2008 $'000	Company 30 June 2007 $'000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		**109,093**	144,579	**42,954**	50,743
Payments to suppliers and employees (inclusive of goods and services tax)		**(65,203)**	(111,493)	**(41,137)**	(45,900)
		43,890	33,086	**1,817**	4,843
Interest received		**1,477**	827	**287**	241
Other sundry income		**323**	472	**-**	45
Interest paid		**(5,132)**	(4,287)	**(4,355)**	(4,279)
Income taxes refund / (paid)		**(2,295)**	(191)	**1,568**	(321)
Net cash (outflow) inflow from operating activities	42	**38,263**	29,907	**(683)**	529
Cash flows from investing activities					
Payment for purchase of subsidiary, net of cash acquired		**-**	(218)	**-**	(218)
Proceeds from sale of property, plant & equipment		**-**	11	**-**	-
Payments for property, plant and equipment		**(1,246)**	(1,024)	**(1,043)**	(944)
Payments for other financial assets		**-**	-	**-**	(5,190)
Payments for leasehold improvements		**(180)**	-	**(222)**	-
Payments for purchased debt		**(73,525)**	(25,968)	**-**	-
Payments for intangible assets		**(34)**	(51)	**(34)**	(151)
Payment for databases		**-**	(1,060)	**-**	-
Payment for Legal costs capitalised		**-**	(536)	**-**	-
Proceeds from sale of discontinued operation		**31,370**	1,072	**-**	-
Net cash (outflow) inflow from investing activities		**(43,615)**	(27,774)	**(1,299)**	(6,503)
Cash flows from financing activities					
Proceeds from borrowings		**4,900**	2,407	**4,900**	10,179
Repayment of borrowings		**(23)**	(15)	**-**	(2,110)
Dividends paid to company's shareholders	32	**(4,088)**	(1,946)	**(4,088)**	(1,946)
Net cash inflow (outflow) from financing activities		**789**	446	**812**	6,123
Net increase (decrease) in cash and cash equivalents		**(4,563)**	2,579	**(1,170)**	149
Cash and cash equivalents at the beginning of the financial year		**2,699**	120	**(2,128)**	(2,277)
Effects of exchange rate changes on cash and cash equivalents		**-**	-	**-**	-
Cash and cash equivalents at end of year	10	**(1,864)**	2,699	**(3,298)**	(2,128)

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

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Collection House Limited as an individual entity and the consolidated entity consisting of Collection House Limited and its subsidiaries.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRSs). Compliance with AIFRSs ensures that the consolidated financial statements and notes of Collection House Limited comply with International Financial Reporting Standards (IFRSs). The Parent Entity (Company) financial statements and notes also comply with IFRSs except that it has elected to apply the relief provided to parent entities in respect of certain disclosure requirements contained in AASB 132.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and certain classes of non-current assets.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Collection House Limited ("Company" or "Parent Entity") as at 30 June 2008 and the results of all subsidiaries for the year then ended. Collection House Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1(h)).

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals of minority interests result in gains or losses for the Group that are recorded in the income statement. Purchases of minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of the identifiable net assets of the subsidiary.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

(c) Segment reporting

A business segment is identified for a Group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

1 Summary of significant accounting policies (continued)

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is Collection House Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Translation differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions) and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the income statement, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable net of the amount of Goods and Services Tax (GST) payable to the Australian Taxation Office. Exchanges of goods and services of the same nature and value without any cash consideration are not recognised as revenue.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) 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.

(ii) Sale of non current assets

The net gain or loss on disposal are included as either a revenue or an expense 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.

1 Summary of significant accounting policies (continued)

(e) Revenue recognition (continued)

(iii) 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.

(iv) Interest

Interest received is recognised as it accrues, taking into account the effective yield on the financial asset.

(f) Income tax

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

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

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Parent Entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation

Collection House Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003.

The Head Entity, Collection House Limited, and the controlled entities in the tax consolidated Group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated Group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Collection House Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated Group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group (note 8).

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(g) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases (note 17). Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 36). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

1 Summary of significant accounting policies (continued)

(h) Business combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer to note 1(p)). If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

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

(i) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are Grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Groups of assets (cash generating units).

(j) Cash and cash equivalents

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

(k) Trade receivables

Trade receivables are recognised initially at fair value less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectibility of trade receivables is reviewed on an ongoing basis. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is recognised in the income statement.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement within "other expenses". When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against other expense in the income statement.

(l) Non-current assets (or disposal Groups) held for sale and discontinued operations

Non-current assets (or disposal Groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets, investment property and non- current biological assets that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

Non-current assets (including those that are part of a disposal Group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal Group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal Group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal Group classified as held for sale are presented separately from other liabilities in the balance sheet.

1 Summary of significant accounting policies (continued)

(l) Non-current assets (or disposal Groups) held for sale and discontinued operations (continued)

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the income statement.

(m) Financial assets

Classification

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss - Purchased debt ledgers (PDL's)

Purchased debt ledgers have been included in this category of financial assets as it is managed and its performance is evaluated on a fair value basis.

Purchased debt ledgers are initially recorded at cost (including incidental costs of acquisition) and thereafter at fair value in the balance sheet. In the absence of an active market the fair value of a particular ledger is determined based on a valuation technique. The valuation is based on the present value of expected future cash flows.

When a ledger is impaired the carrying amount is reduced to its recoverable amount (fair value), being the anticipated future cash flows discounted to present value.

Realised and unrealised gains and losses arising from changes in the fair value of these ledgers are included in the income statement in the period in which they arise.

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

(ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of selling the receivable. They are initially measured at cost and included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. The nominal value less credit adjustments of trade receivables are assumed to approximate their fair values. Loans and receivables are included in trade and other receivables in the balance sheet.

The Company assesses at each balance date whether there is objective evidence that loans and receivables are impaired.

(iii) Shares in subsidiaries

Available-for-sale financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity date attached to these investments.

The fair value of unlisted available-for-sale financial assets cannot be reliably measured as variability in the range of reasonable fair value estimates is significant. As a result, all unlisted investments are reflected at cost.

Unlisted available-for-sale financial assets exist within active markets and could be disposed of if required.

Impairment

At each reporting date, the Group assesses whether there is objective evidence whether any available-for-sale financial instruments have been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

(n) Fair value estimation of financial assets and liabilities

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses estimated discounted cash flows to determine fair value.

1 Summary of significant accounting policies (continued)

(o) Property, plant and equipment

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(s).

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.

All assets, including intangibles other than goodwill, 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.

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.

	2008	**2007**
- Plant and equipment	4-8 years	4-8 years
- Computer equipment	3-5 years	3-5 years
- Leasehold improvements	Term of Lease	Term of Lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(i)).

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

(p) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Company's investment in each primary reporting segment (note 4).

(ii) Computer software

Costs incurred in developing products or systems and costs incurred in acquiring software and licence fees that will contribute to future period financial benefits through revenue generation and / or cost reduction are capitalised. Costs capitalised include external direct costs of materals and services, direct payroll and payroll-related costs of employees' time spent on the project. Amortisation is applied on a straight line basis over period generally ranging over periods of 2 to 12 years.

(iii) Other intangible assets

Licences and intellectual property are considered to have an infinite useful life and are carried at cost less impairment losses. All costs associated with the maintenance and protection of these assets are expensed in the period consumed.

1 Summary of significant accounting policies (continued)

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(r) Borrowings

All borrowings are recognised at their principal amounts subject to setoff arrangements which represent the present value of future cash flows associated with servicing the debt. Where interest is payable in arrears the interest expense is accrued over the period it becomes due, is recorded at the contracted rate as part of "Other creditors and accruals".

Where interest is paid in advance, the interest expense is recorded as a part of "Prepayments" and released over the period to maturity.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(s) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

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.

(t) Provisions

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

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. The unwinding of the discount is treated as part of the expense related to the particular provision.

(u) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Superannuation Plans

The Company and other controlled entities make statutory contibutions to several superannuation funds in accordance with the directions of it's employees. Contributions are expensed in the period to which they relate.

1 Summary of significant accounting policies (continued)

(u) Employee benefits (continued)

(iv) Share-based payments

Share-based compensation benefits are provided to the Chief Executive Officer (MD/CEO) via the the employment agreement between the Company and the MD/CEO.

Share-based compensation benefits are provided to employees other than the MD/CEO via the Collection House Limited Executive Share Option Plan. Information relating to these schemes is set out in note 40.

Shares options granted after 7 November 2002 and vested after 1 January 2005.

The fair value of options granted under the Executive Share Option Plan and the MD/CEO employment agreement is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Monte Carlo option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

(v) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value.

(v) Dividends

Provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date.

(w) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(x) Goods and Services Tax (GST)

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

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

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

1 Summary of significant accounting policies (continued)

(y) Rounding of amounts

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

2 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis for interest rate risk, aging analysis for credit risk and cashflow analysis to determine the risk associated with the Purchased Debt Ledger portfolio.

Risk management is carried out by the Finance Department under the guidance of the Audit and Risk Management Committee of the Board. Under the authority of the Board of Directors the Audit and Risk Management Committee ensures that the total risk exposure of the Group is consistent with the business strategy and within the risk tolerance of the Group. Regular risk reports are tabled before the Audit and Risk Management Committee.

Within this framework, the Finance team identifies, evaluates and manages financial risks in close co-operation with the Group's operating units.

(a) Market risk

(i) Foreign exchange risk

The Group and the Parent Entity operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the NZ dollar.

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency and net investments in foreign operations.

At 30 June 2008, had the Australian Dollar weakened/strengthened by 10% against the NZ Dollar with all other variables held constant, the impact for the year would have been immaterial to both profit for the year and equity.

(ii) Price risk

The parent is exposed to price risk in respect of its investments in unlisted private subsidiary companies. The Group is not exposed to price risk, as there are no subsidiary company investments in the consolidated results.

The price risk for the unlisted securities is immaterial in terms of the possible impact on profit or loss or total equity. It has therefore not been included in the sensitivity analysis.

(iii) Cash flow and fair value interest rate risk

The Group is exposed to interest rate risk from two sources – Trade interest rate risk and Investment interest rate risk.

Trade interest rate risk

As the Group has no significant interest bearing assets, the Group's income and operating cash flows are not materially exposed to changes in market interest rates.

The Group and Parent main trade interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group and Parent to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group and Parent to fair value interest rate risk. Neither the Group nor the Parent currently has fixed rate borrowings. During 2007 and 2008, the Group and Parent borrowings at variable rate were denominated in Australian Dollars only.

The Group and Parent analyses Trade interest rate exposure in the context of current economic conditions. Management is aware of the impact on profits of specific interest rate increases, and annual budgets and ongoing forecasts are framed based upon the Company's and the market's expectations of interest rate levels for the coming year.

Interest rate hedges and swaps are an available tool for managing interest rate risk in the Company. If it is determined that it would be profitable and / or advantageous to the Company, these tools will be used. No interest rate hedges or swaps are currently in place (2007: $Nil).

2 Financial risk management (continued)

As at the reporting date, the Group had the following variable rate borrowings outstanding:

	30 June 2008		30 June 2007	
	Weighted average interest rate %	**Balance $'000**	Weighted average interest rate %	Balance $'000
Bank overdrafts and bank loans	**8.5%**	63,901	6.8%	56,223
Net exposure to cash flow interest rate risk		63,901		56,223

Investment interest rate risk

In addition the Group is exposed to Investment interest rate risk which arises from the significant investment in Purchased Debt Ledgers ("PDL"). A number of different types of risk arise from the PDL investments. All PDL risks are managed together as described below.

Interest rate risk

Group sensitivity

At 30 June 2008, if interest rates had changed by +/- 25 basis points from the year end rates with all other variables held constant, post tax profit for the year would have been $112,000 lower/higher (2007 - change of 25 bps: $98,000 lower/higher), mainly as a result of higher/lower interest expense from net borrowings. Other components of equity would have been $112,000 lower/higher (2007 - $98,000 lower/higher) mainly as a result of an increase/decrease in cash not required for interest payments. Other financial assets and liabilities are not interest bearing and therefore are not subject to interest rate risk.

Parent Entity sensitivity

At 30 June 2008, if interest rates had changed by +/- 25 basis points from the year end rates with all other variables held constant, post tax profit would have been $114,000 lower/higher (2007 - change of 25 bps: $103,000 lower/higher) mainly as a result of lower interest expense from net borrowings. Other components of equity would have been $114,000 lower/higher (2007 - $103,000 lower/higher) as a result of an increase/decrease in cash not required for interest payments. Other financial assets and liabilities are not interest bearing and therefore are not subject to interest rate risk.

Foreign exchange risk

Sensitivity to changes in the exchange rate between AUD and NZD has been assessed within a range of -0.5% to +10.0% and has been found to be immaterial against both Group and parent profits and equity.

Other price risk

As none of the financial assets or liabilities of the Group and the parent are traded in financial markets, there is no other price risk in either the Group or the parent.

2 Financial risk management (continued)

(iv) Summarised sensitivity analysis

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk.

Consolidated		Interest rate risk			
		-25 bps		+25 bps	
30 June 2008	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets					
Financial liabilities					
Borrowings	63,901	112	112	(112)	(112)
Total increase/ (decrease)		112	112	(112)	(112)

Consolidated		Interest rate risk			
		-25 bps		+25 bps	
30 June 2007	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial liabilities					
Borrowings	56,200	98	98	(98)	(98)
Total increase/ (decrease)		98	98	(98)	(98)

Company		Interest rate risk			
		-25 bps		+25 bps	
30 June 2008	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial liabilities					
Borrowings	65,199	114	114	(114)	(114)
Total increase/ (decrease)		114	114	(114)	(114)

Company		Interest rate risk			
		-25 bps		+25 bps	
30 June 2007	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial liabilities					
Borrowings	59,045	103	103	(103)	(103)
Total increase/ (decrease)		103	103	(103)	(103)

2 Financial risk management (continued)

(b) Credit risk

The Group is exposed to credit risk from two sources – Trade credit risk and Investment credit risk.

Trade credit risk

Trade credit risk is managed on a Group basis. Trade credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to clients, including outstanding receivables and committed transactions.

The Group and Parent have no significant concentrations of trade credit risk. The Group has policies in place to ensure that the sales of products and services are made to customers with an appropriate credit history. The Group has policies that limit the amount of credit exposure to any one financial institution.

Investment credit risk

In addition the Group is exposed to Investment credit risk which arises from the significant investment in Purchased Debt Ledgers ("PDL"). A number of different types of risk arise from the PDL investments. All PDL risks are managed together as described below.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Finance Team aims at maintaining flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow. Cashflow is forecast on a day-to-day basis across the Group to ensure that sufficient funds are available to meet requirements.

Financing arrangements

The Group and the parent had access to a $70,000,000 Multiple Option Facility throughout the year (2007: $65,000,000). The facility expires on 1 July 2009, and is subject to meeting a number of financial undertakings. The undertakings were materially met at all times during both the current and prior years. The facility is subject to review at the end of the term.

The facility is made up of a Cash Advance option, a commercial bill option, an Overdraft option, and a Set-off option. The cash advance option or the commercial bill option can be drawn upon with 2 days notice to the finance provider, and the overdraft option or the set-off option may be drawn upon at any time. The allocation between the various options is at the discretion of the Group subject to the total not exceeding the $70,000,000 commitment from the finance provider. The overdraft and set-off options are repayable on demand, and the commercial bill and cash advance options are repayable at the end of the term.

The undertakings are reviewed by the Audit and Risk Management Committee each month, and are reported on to the finance provider quarterly. All companies within the Group are required to notify the finance provider of any event of default as soon as it becomes aware of them.

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

Further details of the banking facility are set out in note 25.

The table opposite analyses the Group's financial liabilities into relevant maturity Groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

2 Financial risk management (continued)

Group - At 30 June 2008	Less than 6 months	6 - 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount (assets)/ liabilities
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-derivatives							
Non-interest bearing	1,610	-	-	-	-	1,610	1,610
Variable rate	2,801	-	61,100	-	-	63,901	63,901
Total non-derivatives	4,411	-	61,100	-	-	65,511	65,511

Group - At 30 June 2007	Less than 6 months	6 - 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount (assets)/ liabilities
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-derivatives							
Non-interest bearing	3,053	-	-	-	-	3,053	3,053
Variable rate	23	-	56,200	-	-	56,223	56,223
Total non-derivatives	3,076	-	56,200	-	-	59,276	59,276

Parent - At 30 June 2008	Less than 6 months	6 - 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount (assets)/ liabilities
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-derivatives							
Non-interest bearing	10,310	-	-	-	14,745	25,055	25,055
Variable rate	4,099	-	61,100	-	-	65,199	65,199
Total non-derivatives	14,409	-	61,100	-	14,745	90,254	90,254

Parent - At 30 June 2007	Less than 6 months	6 - 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount (assets)/ liabilities
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-derivatives							
Non-interest bearing	10,121	-	-	-	15,840	25,961	25,961
Variable rate	2,845	-	56,200	-	-	59,045	59,045
Total non-derivatives	12,966	-	56,200	-	15,840	85,006	85,006

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments that are not traded in an active market (for example, purchased debt portfolios in the Group, and investments in subsidiaries in the parent) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Other techniques, such as estimated discounted cash flows, are also used to determine fair value for the financial instruments.

The key assumption which underpins the valuation of financial instruments in the Group is the recovery rate. Assumptions are made about the recovery rate based on experience and market conditions. Sensitivity of profit and equity to changes in the actual recovery rate achieved is set out in the sensitivity analysis below.

2 Financial risk management (continued)

(d) Fair value estimation (continued)

Other Financial Assets at Fair Value through the Profit and Loss as disclosed in the Parent Entity represent investments in subsidiary companies. These investments in the parent are valued based upon the carrying value of the underlying assets in the subsidiaries. These assets are carried at the lower of cost or valuation in accordance with Australian Accounting Standards. Sensitivity to movements in the variables noted above has been determined to be immaterial in relation to both profit and equity.

The carrying value less doubtful debts provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Purchased Debt Ledgers

Other Financial Assets at Fair Value through the Profit and Loss as disclosed in the Group entity represent investments in debt ledgers. To manage the interest rate and credit risks arising from investments in debt portfolios, the Group analyses the price to be paid for each tranche before it is purchased. Debt prices paid are determined by a bidding process in the market place, with each bidder determining the prices which they are prepared to pay based on their own analysis.

The price offered by the Group for any paticular tranche of debt is determined based upon existing in-house knowledge of the tranche, macro-economic and micro-economic factors and the experience of senior management. In-house knowledge of a tranche exists if the tranche has been previously worked by the Company on a commission basis.

Due to contractual restrictions on the Company's ability to subsequently deal with the purchased debt portfolio, it is considered that there is not an active market in debt portfolios in which the Company can participate.

Initial recognition value

The factors that determine the price paid for a particular tranche of debt are:

1. The Face Value of the debt being purchased

The face value of debt is dependent upon the value of debt that the vendor is prepared to sell.

2. The expected Recovery Rate of the debt being purchased

The expected recovery rate is the percentage of the face value of a debt that is expected to be recovered as a result of collection activity, and is based upon the Company's historical experience with the particular tranche being purchased. Historical experience can vary from a detailed knowledge of the tranche if it has been previously worked by the Company on a commission basis, to a general knowledge of the type of debt being purchased from a new vendor, and specific knowledge discovered as part of a pre-purchase due diligence process.

3. The Price Multiple which can be obtained

The price multiple is the discount factor between the recoverable amount of the debt and the price which is paid for it. The discount factor is determined by the amount that the vendor is prepared to accept in exchange for the debt, and the amount that the company is able to pay to acquire the debt and achieve an acceptable profit margin.

Subsequent measurement of carrying value

After a tranche has been purchased, the carrying value is amortised in line with the revenue collected against it. The carrying value is continuously reviewed to ensure that it is not in excess of fair value based upon a discounted cash flow (DCF) model. The inputs to the DCF model are the same as are used in the original purchase price calculation with actual results substituted for expected estimates. In this context the only variable is the recovery rate, as neither the face value nor the price multiple can change as a result of working a debt.

2 Financial risk management (continued)

(d) Fair value estimation (continued)

Summarised sensitivity analysis

The following table summarises the sensitivity of the Group's financial assets at Fair Value through the Profit & Loss to the achieved recovery rate.

Consolidated		Recoverability			
		-2.0%		+2.0%	
30 June 2008	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets					
Financial assets at FVTPL	143,470	(415)	(415)	415	415
Total increase/ (decrease)		(415)	(415)	415	415

Consolidated		Recoverability			
		-2.0%		+2.0%	
30 June 2007	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets					
Financial assets at FVTPL	102,669	(323)	(323)	323	323
Total increase/ (decrease)		(323)	(323)	323	323

3 Critical accounting estimates and judgements

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

(a) Critical accounting estimates and assumptions

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

(i) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(p). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to note 19 for details of these assumptions and the potential impact of changes to the assumptions.

(ii) Estimated impairment of non-financial assets and intangible assets other than goodwill

The Group tests annually whether the non-financial assets or intangible assets of the Group (other than goodwill) have suffered any impairment, in accordance with the accounting policy stated in note 1(i). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions.

(iii) Estimated fair value of other financial assets

At each reporting date the Group determines the fair value of financial assets in accordance with the accounting policy stated at 1(m). The calculation of impairment requires the use of assumptions.

4 Segment information

(a) Description of segments

Individual business segments are identified on the basis of Grouping individual products or services subject to similar risks and returns. The business segments reported are: Contingent Collection Services, and Account Asset Management. In prior years, there was one business allocated to Credit Reporting and two businesses allocated to Other Operations. These businesses were sold during the years ended 30 June 2008 and 30 June 2007 respectively, and the information regarding these businesses is now in the discontinued operations column. For further information refer to note 9.

Business segments

The consolidated entity comprises the following business segments, based on the Group's management reporting system:

Contingent Collection Services

The earning of commissions on the collection of debts for clients;

Account Asset Management

The collection of debts from client ledgers acquired by the Company.

Geographical segments

Although the consolidated entity's divisions are managed on a global basis they operate in two main geographical areas, Australia and New Zealand.

4 Segment information (continued)

(b) Primary reporting format - business segments

2008	Collection services $'000	Account asset management $'000	Intersegment eliminations/ unallocated $'000	Total continuing operations $'000	Discontinued operations (note 9) $'000	Consolidated $'000
Segment revenue						
Sales to external customers	30,604	64,183	54	94,841	5,696	100,537
Intersegment sales	3,833	-	(3,847)	(14)	15	1
Total sales revenue	34,437	64,183	(3,793)	94,827	5,711	100,538
Other revenue	28	-	641	669	98	767
Total segment revenue/income	**34,465**	**64,183**	**(3,152)**	**95,496**	**5,809**	**101,305**
Profit on discontinued operations				-	10,404	10,404
Consolidated revenue				**95,496**	**16,213**	**111,709**
Segment result						
Segment result (notes (ii))	**5,633**	**15,966**	**(5,918)**	**15,681**	**11,327**	**27,008**
Interest expense & borrowing costs				(5,133)	-	(5,133)
Unallocated revenue less unallocated expenses				(5,662)	-	(5,662)
Profit before income tax				4,886	11,327	16,213
Income tax benefit / (expense)				(1,197)	(2,699)	(3,896)
Profit for the year				**3,689**	**8,628**	**12,317**
Segment assets and liabilities						
Segment assets	**131,817**	**146,135**	**(116,007)**	**161,945**	**9,403**	**171,348**
Intersegment elimination				-	-	-
Unallocated assets				4,737	-	4,737
Total assets				**166,682**	**9,403**	**176,085**
Segment liabilities	**6,114**	**118,645**	**(120,196)**	**4,563**	**4,707**	**9,270**
Intersegment elimination				-	-	-
Unallocated liabilities				81,692	-	81,692
Total liabilities				**86,255**	**4,707**	**90,962**
Other segment information						
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	2,693	56,193	-	58,886	1,350	60,236
Depreciation and amortisation expense	122	645	1,540	2,307	15	2,322
Total depreciation and amortisation				2,307	15	2,322
Other non-cash expenses	(72)	30,480	502	30,910	(45)	30,865

4 Segment information (continued)

(b) Primary reporting format - business segments (continued)

2007	Collection services	Account asset management	Intersegment eliminations/ unallocated	Total continuing operations	Discontinued operation (note 9)	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000
Segment revenue						
Sales to external customers	32,939	48,372	807	82,118	22,353	104,471
Intersegment sales	3,992	-	(4,348)	(356)	356	-
Total sales revenue	36,931	48,372	(3,541)	81,762	22,709	104,471
Profit from discontinued operations / Other revenue	-	1	335	336	(2,797)	(2,461)
Total segment revenue	**36,931**	**48,373**	**(3,206)**	**82,098**	**19,912**	**102,010**
Unallocated revenue				-	-	-
Consolidated revenue				**82,098**	**19,912**	**102,010**
Segment result						
Segment result (notes (ii))	**4,234**	**11,658**	**1,142**	**17,034**	**(2,419)**	**14,615**
Interest expense & borrowing costs				(4,310)	-	(4,310)
Unallocated revenue less unallocated expenses				(9,179)	3,219	(5,960)
Profit before income tax				3,545	800	4,345
Income tax benefit / (expense)				2,872	(3,440)	(568)
Profit for the year				**6,417**	**(2,640)**	**3,777**
Segment assets and liabilities						
Segment assets	**110,095**	**106,073**	**(87,200)**	**128,968**	**26,480**	**155,448**
Intersegment elimination				-	-	-
Unallocated assets				3,190	-	3,190
Total assets				**132,158**	**26,480**	**158,638**
Segment liabilities	**9,904**	**76,906**	**(94,566)**	**(7,756)**	**16,044**	**8,288**
Unallocated liabilities				73,272	-	73,272
Total liabilities				**65,516**	**16,044**	**81,560**
Other segment information						
Acquisitions of property, plant and equipment, intangibles and other non current segment assets	1,701	34,660	-	36,361	21	36,382
Depreciation and amortisation expense	166	544	1,836	2,546	-	2,546
Impairment of goodwill (note 19)	-	-	-	-	-	-
Impairment of other assets	-	-	-	-	-	-
Other non cash expenses	510	22,430	595	23,535	(11)	23,524

4 Segment information (continued)

(c) Secondary reporting format - geographical segments

	Segment revenues from sales to external customers		Segment assets		Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Australia	**92,658**	97,228	**162,004**	151,250	**60,236**	36,467
New Zealand	**7,663**	4,782	**9,344**	4,072	**65**	22
	100,321	102,010	**171,348**	155,322	**60,301**	36,489
Unallocated assets			**4,737**	3,190		
Total assets			**176,085**	158,512		

Segment revenues are allocated based on the country in which the customer is located. Segment assets and capital expenditure are allocated based on where the assets are located.

(i) Accounting policies

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in note 1 and Accounting Standard AASB 114 *Segment Reporting*.

Segment revenues, expenses, 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, inventories, property, plant and equipment and goodwill and other intangible assets, net of related provisions. While 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, employee benefits and interest bearing liabilities. Segment assets and liabilities do not include income taxes.

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

(ii) Segment margins

	Collection Services		Account Asset Management		Discontinued Operations	
	30 June 2008 %	30 June 2007 %	**30 June 2008 %**	30 June 2007 %	**30 June 2008 %**	30 June 2007 %
Margin on sales revenue	**16**	11	**25**	24	**70**	(12)

5 Revenue

	Consolidated		Company	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
From continuing operations				
Sales revenue				
Revenue from rendering of services	**93,769**	79,961	**39,417**	39,558
	93,769	79,961	**39,417**	39,558
Other revenue				
Rent received	**63**	-	**63**	-
Interest	**1,477**	748	**577**	574
Dividends	**-**	-	**25,164**	9,145
Other Income	**188**	36	**210**	34
Net gain / (loss) from sale of businesses and related assets (excluding discontinued operations)	**-**	-	**15**	7
	1,728	784	**26,029**	9,760
Total revenue from continuing operations	**95,497**	80,745	**65,446**	49,318

(a) Revenue from discontinued operations

	Consolidated		Company	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
From discontinued operations (note 9)				
National Revenue Corporation Pty Ltd	**535**	475	**-**	-
Insurance Claims Solutions Pty Ltd (formerly CHIP No.1 Pty Ltd)	**312**	-	**-**	-
Australian Business Research Pty Ltd / National Tenancy Database Pty Ltd	**4,962**	22,722	**-**	-
Insurance Claims Solutions Pty Ltd	**-**	29,721	**-**	-
Rapid Ratings Pty Ltd	**-**	234	**-**	-
	5,809	53,152	**-**	-

6 Other income

	Consolidated		Company	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Foreign exchange gains/(losses) (net)	**(5)**	4	**-**	-
Export Market Development Grant	**-**	49	**-**	-
	(5)	53	**-**	-

7 Expenses

	Consolidated		Company	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Profit before income tax includes the following specific expenses:				
Depreciation				
Dep - Leasehold improvements, plant and equipment	**1,666**	2,006	**1,594**	1,892
Total depreciation	**1,666**	2,006	**1,594**	1,892
Amortisation				
Amortisation - Leasehold improvements	**-**	-	**-**	-
Amortisation - Leased plant and equipment	**1**	1	**-**	-
Amortisation - Other intangibles	**27**	-	**27**	-
Amortisation - Legal and court cost capitalised	**613**	521	**-**	-
Total amortisation	**641**	522	**27**	-
Finance costs				
Interest and finance charges paid/payable	**5,133**	4,281	**4,862**	4,279
Interest and finance charges - related parties	**-**	29	**-**	-
Total finance costs	**5,133**	4,310	**4,862**	4,279
Fair Value losses on other financial assets (note 12)	**29,730**	21,799	**-**	-

8 Income tax expense

	Consolidated		Company	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
(a) Income tax expense				
Current income tax provision	**1,676**	1,104	**(3,711)**	(3,347)
Deferred income tax provision	**2,661**	62	**542**	(1,231)
Tax on discontinued operations	**-**	-	**-**	-
Under (over) provided in prior years	**(443)**	(598)	**(37)**	(195)
	3,894	568	**(3,206)**	(4,773)
Income tax expense is attributable to:				
Income tax expense/(benefit) - Profit from continuing operations	**1,197**	(2,872)	**(3,212)**	(4,773)
Income tax expense/(benefit) - Profit from discontinued operations	**2,697**	3,440	**6**	-
Aggregate income tax expense	**3,894**	568	**(3,206)**	(4,773)
Deferred income tax (revenue) expense included in income tax expense comprises:				
Decrease (increase) in deferred tax assets (note 18)	**77**	(31)	**562**	(1,228)
(Decrease) increase in deferred tax liabilities (note 26)	**2,584**	93	**(20)**	(3)
	2,661	62	**542**	(1,231)
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit from continuing operations before income tax expense	**4,886**	3,545	**7,715**	(3,792)
Profit from discontinuing operations before income tax expense	**11,327**	799	**19**	-
	16,213	4,344	**7,734**	(3,792)
Tax at the Australian tax rate of 30% (2007 - 30%)	**4,864**	1,303	**2,320**	(1,138)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Non-deductible expenses	**278**	79	**138**	65
Non-deductible depreciation	**-**	-	**-**	-
Non-deductible amortisation	**-**	-	**-**	-
Non-deductible impairment	**-**	150	**-**	(1,145)
Non-assessable inter-company dividends from members of the tax-consolidated Group	**-**	-	**(7,549)**	(2,744)
Capital gain on consolidation of new Group members	**-**	83	**-**	83
Tax benefit on wind up of discontinued operations	**(700)**	709	**-**	(2,159)
Non-deductible writedown of investments in subsidiaries	**-**	-	**1,452**	2,598
Tax losses not recognised	**-**	-	**-**	-
Sundry items	**61**	(39)	**1,013**	(32)
	4,503	2,285	**(2,626)**	(4,472)
Difference in overseas tax rates	**32**	51	**-**	-
Adjustments for current tax of prior periods	**(641)**	(445)	**(580)**	(301)
Sundry items	**-**	-	**-**	-
Previously unrecognised tax losses now recouped to reduce current tax expense	**-**	(1,323)	**-**	-
	(609)	(1,717)	**(580)**	(301)
Income tax expense	**3,894**	568	**(3,206)**	(4,773)

9 Discontinued operations

National Revenue Corporation Pty Ltd

In February 2008 the Company entered into agreements for the sale of the business of National Revenue Corporation Pty Ltd, which was included in the Contingent Collections segment of the Company. The sale transaction was completed on 22 February 2008 and the company is reported as a discontinued operation.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below. Further information is set out in note 4 - segment information.

(a) Financial performance and cash flow information

The financial performance and cash flow information presented are for the period ended 22 February 2008 (2008 column) and the year ended 30 June 2007.

	Consolidated		**Company**	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Revenue (note 5)	**535**	475	**-**	-
Expenses	**(625)**	(721)	**-**	-
Profit before income tax	**(90)**	(246)	**-**	-
Income tax expense	**27**	12	**-**	-
Profit after income tax of discontinued operations	**(63)**	(234)	**-**	-
Gain on sale of the division before income tax	**254**	-	**36**	-
Income tax expense	**108**	-	**(11)**	-
Gain on sale of the division after income tax	**362**	-	**25**	-
Profit from discontinued operations	**299**	(234)	**25**	-

(b) Details of the sale of the division

	Consolidated		**Company**	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Consideration received or receivable:				
Cash	**91**	-	**17**	-
Total disposal consideration	**91**	-	**17**	-
Carrying amount of net assets sold	**-**	-	**-**	-
Expense	**163**	-	**19**	-
Gain on sale before income tax	**254**	-	**36**	-
Income tax expense	**108**	-	**(11)**	-
Gain on sale after income tax	**362**	-	**25**	-

9 Discontinued operations (continued)

Insurance Claims Solutions Pty Ltd (formerly CHIP No.1)

(a) Description

On 22 February 2008, the Company sold its majority shareholding in Insurance Claims Solutions Pty Ltd (formerly Chip No 1 Pty Ltd) to the minority shareholders of that company. The sale of this business and its financial performance to disposal date is reported in this financial report as a discontinued operation.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the period ended 22 February 2008 (2008 column) and the year ended 30 June 2007.

	Consolidated		Company	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Revenue (note 5)	**312**	-	**-**	-
Expenses	**(387)**	-	**-**	-
Profit before income tax	**(75)**	-	**-**	-
Income tax expense	**23**	-	**-**	-
Profit after income tax of discontinued operations	**(52)**	-	**-**	-
Gain on sale of the division before income tax	**225**	-	**(24)**	-
Income tax expense	**28**	-	**7**	-
Gain on sale of the division after income tax	**253**	-	**(17)**	-
Profit from discontinued operations	**201**	-	**(17)**	-

(c) Details of the sale of the division

	Consolidated		Company	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Cash	250	-	250	-
Total disposal consideration	250	-	250	-
Carrying amount of net assets sold	(14)	-	(260)	-
Cost of disposal	(11)	-	(14)	-
Gain on sale before income tax	225	-	(24)	-
Income tax expense	28	-	7	-
Gain on sale after income tax	253	-	(17)	-

As a result of the sale of Insurance Claims Solutions Pty Ltd in the previous year, intellectual property with the value of $500,000 in CHIP No. 1 Pty Ltd was written off to nil. This transaction does not relate to the final sale of Insurance Claims Solutions Pty Ltd (formerly CHIP No.1 Pty Ltd).

9 Discontinued operations (continued)

Australian Business Research Pty Ltd / National Tenancy Database Pty Ltd

(a) Description

On 30 June 2007 the Company entered into conditional agreements for the sale of the businesses of Australian Business Research Pty Ltd and National Tenancy Database Pty Ltd, which made up the credit reporting segment of the Company. The agreements, subject to certain conditions precedent, also required regulatory clearance from the Australian Competition and Consumer Commission. This clearance was given in August 2007, and the other conditions were met in September 2007. The sale transaction was completed on 6 September 2007, and the division is reported in this financial report as a discontinued operation.

Financial information relating to the discontinued operation for the period to the date of disposal (31 December 2006) is set out below. Further information is set out in note 4 - segment information.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the two months ended 31 August 2007 (2008 column) and the year ended 30 June 2007.

	Consolidated		Company	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Revenue (note 5)	**4,962**	22,722	**-**	-
Expenses	**(3,879)**	(21,752)	**-**	-
Profit before income tax	**1,083**	970	**-**	-
Income tax expense	**(325)**	(529)	**-**	-
Profit after income tax of discontinued operations	**758**	441	**-**	-
Gain on sale of the division before income tax	**9,928**	-	**7**	-
Income tax expense	**(2,558)**	-	**(2)**	-
Gain on sale of the division after income tax	**7,370**	-	**5**	-
Profit from discontinued operations	**8,128**	441	**5**	-
Net cash inflow (outlow) from operating activities	**(5,861)**	1,113	**-**	-
Net cash inflow (outflow) from investing activities	**31,070**	(1,128)	**-**	-
Net cash (outflow) from financing activities	**-**	-	**-**	-
Net increase in cash generated by the division	**25,209**	(15)	**-**	-

(c) Carrying amounts of assets and liabilities

The carrying amounts of assets sold as at the date of sale (6 September 2007) and 30 June 2007 are:

	Consolidated		Company	
	6 September 2007 $'000	30 June 2007 $'000	**31 August 2008 $'000**	30 June 2007 $'000
Property, plant and equipment	**268**	82	**-**	-
Intangibles	**18,144**	14,038	**-**	-
Total assets	**18,412**	14,120	**-**	-
Net assets	**18,412**	14,120	**-**	-

9 Discontinued operations (continued)

(d) Details of the sale of the division

	Consolidated		Company	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Cash	**31,070**	-	**-**	-
Total disposal consideration	**31,070**	-	**-**	-
Carrying amount of net assets sold	**(18,412)**	-	**-**	-
Expenses	**(2,730)**	-	**7**	-
Gain on sale before income tax	**9,928**	-	**7**	-
Income tax expense	**(2,558)**	-	**(2)**	-
Gain on sale after income tax	**7,370**	-	**5**	-

Insurance Claims Solutions Pty Ltd

(a) Description

On 11 May 2007, (as announced to market) the non wholly owned subsidiary Insurance Claims Solutions Pty Ltd sold its insurance claims management services business to Claims Services Australia Pty Ltd. The sale of this business and its financial performance to disposal date is reported in this financial report as a discontinued operation.

Financial information relating to the discontinued operation for the period to the date of disposal (11 May 2007) is set out below. Further information is set out in note 4 - segment information.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the year ended 30 June 2008 and the period ended 11 May 2007 (2007 column).

	Consolidated		Company	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Revenue (note 5)	**-**	29,721	**-**	-
Expenses	**-**	(29,169)	**-**	-
Profit before income tax	**-**	552	**-**	-
Income tax expense	**-**	(90)	**-**	-
Profit after income tax of discontinued operations	**-**	462	**-**	-
Gain on sale of the division before income tax	**-**	726	**-**	-
Income tax expense	**-**	(250)	**-**	-
Gain on sale of the division after income tax	**-**	476	**-**	-
Profit from discontinued operations	**-**	938	**-**	-

9 Discontinued operations (continued)

(c) Details of the sale of the division

	Consolidated		Company	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Consideration received or receivable:				
Cash	**-**	1,065	**-**	-
Carrying amount of net assets sold	**-**	(207)	**-**	-
Expenses	**-**	(132)	**-**	-
Gain on sale before income tax	**-**	726	**-**	-
Income tax expense	**-**	(250)	**-**	-
Gain on sale after income tax	**-**	476	**-**	-

Rapid Ratings Pty Ltd

(a) Description

On 31 December 2006, (as announced to market) Collection House Limited sold substantially all of subsidiary Rapid Ratings' assets to Rapid Ratings International Inc. The sale of this business and its financial performance to disposal date is reported in this financial report as a discontinued operation.

Financial information relating to the discontinued operation for the period to the date of disposal (31 December 2006) is set out below. Further information is set out in note 4 - segment information.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the year ended 30 June 2008 and the six months ended 31 December 2006 (2007 column).

	Consolidated		Company	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Revenue (note 5)	**-**	234	**-**	-
Expenses	**-**	(1,443)	**-**	-
Profit before income tax	**-**	(1,209)	**-**	-
Income tax expense	**-**	(2,583)	**-**	-
Profit after income tax of discontinued operations	**-**	(3,792)	**-**	-
Gain / (Loss) on sale of the division before income tax	**-**	7	**-**	-
Profit from discontinued operations	**-**	(3,785)	**-**	-

9 Discontinued operations (continued)

(c) Details of the sale of the division

	Consolidated		Company	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Consideration received or receivable:				
Cash	**-**	7	**-**	-
Total disposal consideration	**-**	7	**-**	-
Gain on sale before income tax	**-**	7	**-**	-
Income tax expense	**-**	-	**-**	-
Gain on sale after income tax	**-**	7	**-**	-
Summary of Discontinued Operations				
National Revenue Corporation Pty Ltd	**299**	(234)	**25**	-
Insurance Claims Solutions Pty Ltd (formerly CHIP No.1)	**201**	-	**(17)**	-
Australian Business Research Pty Ltd / National Tenancy Database Pty Ltd	**8,128**	441	**5**	-
Insurance Claims Solutions Pty Ltd	**-**	938	**-**	-
Rapid Ratings Pty Ltd	**-**	(3,785)	**-**	-
Profit from discontinued operations	**8,628**	(2,640)	**13**	-

10 Current assets - Cash and cash equivalents

	Consolidated		Company	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Cash at bank and in hand	**937**	2,699	**801**	717
	937	2,699	**801**	717

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	Consolidated		Company	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Bank overdraft right of set-off				
Balances as above	**937**	2,699	**801**	717
Bank overdrafts (note 22)	**2,801**	-	**4,099**	2,845
Balances per statement of cash flows	**3,738**	2,699	**4,900**	3,562

(b) Cash at bank and on hand

Information concerning the effective interest rates is set out in the non-current receivables note 15.

(c) Fair value

The carrying amount for cash and cash equivalents equals the fair value.

(d) Bank overdraft right of set-off

With effect from 1 July 2004, the Company holds a contractual right of set-off between the current overdraft balance and the cash-at-bank balances.

11 Current assets - Receivables

	Consolidated		Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Net trade receivables				
Trade debtors	**2,928**	10,206	**1,890**	4,406
Provision for doubtful trade debtors	**(690)**	(1,808)	**(448)**	(1,374)
	2,238	8,398	**1,442**	3,032
Loans to controlled entities	**(9)**	-	**201**	13,506
Other loans	**49**	-	**48**	-
Other debtors	**1,908**	1,133	**908**	586
	1,957	1,133	**956**	586
	4,186	9,531	**2,599**	17,124

(a) Impaired trade receivables

As at 30 June 2008 current trade receivables of the Group with a nominal value of $907,000 (2007 - $2,410,000) were impaired. The amount of the provision was $690,000 (2007 - $1,808,000). The individually impaired receivables mainly relate to debtors which have been outstanding for more than 90 days. It has been assessed that a portion of these receivables are expected to be recovered.

As at 30 June 2008 current trade receivables of the Parent with a nominal value of $603,000 (2007 - $1,832,000)) were impaired. The amount of the provision was $448,000 (2007 - $1,374,000). The individually impaired receivables mainly relate to debtors which have been outstanding for more than 90 days. It has been assessed that a portion of these receivables are expected to be recovered.

The ageing of these receivables is as follows:

	Consolidated		Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
1 to 3 months	**-**	-	**-**	-
3 to 6 months	**907**	2,410	**603**	1,832
	907	2,410	**603**	1,832

As of 30 June 2008, trade receivables of the Group of $556,000 (2007 - $1,364,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

As of 30 June 2008, trade receivables of the Parent of $488,000 (2007 - $239,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The ageing analysis of these trade receivables is as follows:

	Consolidated		Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Up to 3 months	**556**	1,364	**488**	239
3 to 6 months	**-**	-	**-**	-
	556	1,364	**488**	239

11 Current assets - Receivables (continued)

Movements in the provision for impairment of receivables are as follows:

	Consolidated		Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
At 1 July	**1,808**	2,206	**1,374**	1,880
Provision for impairment recognised during the year	**456**	550	**367**	367
Receivables written off during the year as uncollectible	**(891)**	(742)	**(652)**	(764)
Unused amount reversed	**(683)**	(206)	**(641)**	(109)
	690	1,808	**448**	1,374

The creation and release of the provision for impaired receivables has been included in "other expenses" in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The Group does not hold any collateral in relation to these receivables.

(b) Other receivables

These amounts relate to accrued revenue and rental bonds of the Group and the Parent. In addition, for the Parent Entity, this item includes receivables from Group companies.

(c) Effective interest rates and credit risk

Information concerning the effective interest rate and credit risk of both current and non-current receivables is set out in the non-current receivables note 15.

(d) Foreign exchange and interest rate risk

Refer to note 15(d) for an analysis of Group's exposure to foreign currency risk in relation to trade and other receivables.

Information about the Group's and the Parent Entity's exposure to exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 2.

(e) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 2 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables.

12 Other financial assets at fair value through profit or loss

	Consolidated		Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Current and Non-Current				
At beginning of year	**102,669**	95,506	**-**	-
Reclassification of capitalised costs	**-**	-	**-**	-
Adjustment on adoption of AASB 132 and AASB 139	**-**	-	**-**	-
Additions	**70,395**	28,962	**-**	-
Fair value gain / (loss)	**(29,594)**	(21,799)	**-**	-
At end of year	**143,470**	102,669	**-**	-

	Consolidated		Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Other Financial Assets at fair value	**143,470**	102,669	**-**	-
	143,470	102,669	**-**	-

The amount of the above financial assets are classified as follows:

	Consolidated		Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Current	**36,511**	23,481	**-**	-
Non Current	**106,959**	79,188	**-**	-
	143,470	102,669	**-**	-

Gains / (losses) in fair values of other financial assets at fair value through profit or loss are recorded in the income statement.

(a) Risk exposure

Information about the Group's and the Parent Entity's exposure to credit risk, foreign exchange and price risk are provided in note 2.

13 Current assets - Non-current assets classified as held for sale

	Consolidated		Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Plant and equipment	**-**	82	**-**	-
Intangibles	**-**	3,118	**-**	-
Databases	**-**	10,920	**-**	-
	-	14,120	**-**	-

In June 2007, the directors of Collection House Limited decided to sell the businesses of Australian Business Research Pty Ltd & National Tenacy Database Pty Ltd.

As announced to the market on 2nd July 2007, Collection House Limited entered into conditional contracts to sell the Australian and New Zealand businesses, Australian Business Research Pty Ltd and National Tenancy Database Pty Ltd to Veda Advantage Limited (Veda).

The agreements, subject to certain conditions precedent, also required regulatory clearance from the Australian Competition and Consumer Commission. This clearance was given in August 2007. On satisfactory compliance with the conditions precedent under each business sale agreement, completion of these transactions occured in September 2007.

The assets held for sale are presented within the total assets of the Discontinued businesses segment in note 4.

14 Current assets - Other current assets

	Consolidated		Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Other deposits	**22**	437	**-**	254
Prepayments	**694**	1,003	**645**	581
Other	**772**	-	**-**	-
	1,488	1,440	**645**	835

15 Non-current assets - Receivables

	Consolidated		Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Loans to controlled entities	**-**	-	**134,929**	99,102
	-	-	**134,929**	99,102

* Refer to note 11 for the current portions of these receivables.

Further information relating to loans to related parties and key management personnel is set out in notes 33 and 37 respectively.

(a) Impaired receivables and receivables past due

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

(b) Fair values

The fair values and carrying values of non-current receivables are as follows:

	2008		2007	
Parent Entity	**Carrying amount**	**Fair value**	Carrying amount	Fair value
	$'000	**$'000**	$'000	$'000
Loans to related parties	**130,484**	**130,484**	99,102	99,102
	130,484	**130,484**	99,102	99,102

The carrying amount of the intercompany receivable is reviewed each year to ensure that there are sufficient underlying assets in the related party to recover the debts. If there are insufficient assets, the carrying amount is reduced accordingly.

15 Non-current assets - Receivables (continued)

(c) Interest rate risk

The Group's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following tables.

		Fixed interest maturing in:		
	Floating interest rate	1 year or less	Non-interest bearing	Total
2008	$'000	$'000	$'000	$'000
Trade receivables	-	-	2,240	2,240
Other deposits	-	-	24	24
Other receivables	-	-	1,899	1,899
Purchased Debt	-	-	143,470	143,470
Cash & cash equivalents	238	-	4	242
	238	-	147,637	147,875
Weighted average interest rate (%)	7.5%	- %	- %	

		Fixed interest maturing in:		
	Floating interest rate	1 year or less	Non-interest bearing	Total
2007	$'000	$'000	$'000	$'000
Trade receivables	-	-	8,396	8,396
Other deposits	-	253	184	437
Other receivables	-	-	1,133	1,133
Purchased debt	-	-	102,669	102,669
Cash & cash equivalents	2,694	-	5	2,699
	2,694	253	112,387	115,334
Weighted average interest rate	5.1%	5.7%	- %	

(d) Foreign currency and interest rate risk

The carrying amounts of the Group's and Parent Entity's current and non-current receivables are denominated in Australian dollars.

(e) Credit risk

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. The Group does not hold any collateral as security. Refer to note 2 for more information on the risk management policy of the Group.

16 Non-current assets - Available-for-sale financial assets

	Consolidated		Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
At beginning of year	**-**	-	**20,432**	20,462
Additions	**-**	-	**844**	8,630
Disposals (sale and redemption)	**-**	-	**(1,467)**	-
Losses from impairment	**-**	-	**(3,693)**	(8,660)
At end of year	**-**	-	**16,116**	20,432

(a) Fair values

Available-for-sale financial assets include the following classes of financial assets:

	Consolidated		Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Unlisted securities (note (b))				
Equity securities	**-**	-	**16,116**	20,432
	-	-	**16,116**	20,432

(b) Unlisted securities

Unlisted securities are traded in inactive markets. Their fair value is determined based on the fair value of the net assets of the underlying subsidiaries. The assets of each subsidiary are tested for impairment annually using expected cashflows for the entity within its cash generating unit. If the net assets are less than the carrying value of the investment and it is considered that the carrying value of the asset is not recoverable, the investment is impaired to the point at which the carrying amount is recoverable from the underlying assets.

17 Non-current assets - Property, plant and equipment

Consolidated	Plant and equipment $'000	Leasehold improvements $'000	Leased plant & equipment $'000	Work-in-progress $'000
At 1 July 2006				
Cost or fair value	17,569	797	20	847
Accumulated depreciation	(13,973)	(175)	(16)	-
Net book amount	3,596	622	4	847
Year ended 30 June 2007				
Opening net book amount	3,596	622	4	847
Additions	365	156	-	504
Disposals	(552)	(42)	-	-
Impairment charge recognised in profit and loss	-	-	-	-
Reversal of Impairment charge in profit and loss	284	-	-	-
Transfers to assets held for sale	(82)	-	-	-
Depreciation charge	(1,296)	(90)	(1)	-
Transfers	18	22	-	(879)
Closing net book amount	2,333	668	3	472
At 30 June 2007				
Cost or fair value	11,584	909	8	472
Accumulated depreciation	(9,251)	(241)	(5)	-
Net book amount	2,333	668	3	472

Consolidated	Total $'000
At 1 July 2006	
Cost or fair value	19,233
Accumulated depreciation	(14,164)
Net book amount	5,069
Year ended 30 June 2007	
Opening net book amount	5,069
Additions	1,025
Disposals	(594)
Impairment charge recognised in profit and loss	-
Reversal of Impairment charge in profit and loss	284
Transfers to assets held for sale	(82)
Depreciation charge	(1,387)
Transfers	(839)
Closing net book amount	3,476
At 30 June 2007	
Cost or fair value	12,973
Accumulated depreciation	(9,497)
Net book amount	3,476

17 Non-current assets - Property, plant and equipment (continued)

Consolidated	Plant and equipment $'000	Motor vehicles $'000	Leasehold improvements $'000	Leased plant & equipment $'000
Year ended 30 June 2008				
Opening net book amount	2,333	-	668	3
Additions	560	9	557	-
Disposals	(342)	-	(269)	-
Reversal of Impairment charge in profit and loss	-	-	-	-
Transfers to assets held for sale	-	-	-	-
Depreciation charge	(703)	-	(83)	(1)
Transfers	-	-	-	-
Closing net book amount	1,848	9	873	2
At 30 June 2008				
Cost or fair value	10,719	9	1,090	8
Accumulated depreciation	(8,871)	-	(217)	(6)
Net book amount	1,848	9	873	2

Consolidated	Work-in-progress $'000	Total $'000
Year ended 30 June 2008		
Opening net book amount	472	3,476
Additions	768	1,894
Disposals	-	(611)
Reversal of Impairment charge in profit and loss	-	-
Transfers to assets held for sale	-	-
Depreciation charge	-	(787)
Transfers	(456)	(456)
Closing net book amount	784	3,516
At 30 June 2008		
Cost or fair value	784	12,610
Accumulated depreciation	-	(9,094)
Net book amount	784	3,516

17 Non-current assets - Property, plant and equipment (continued)

Company	**Plant and equipment $'000**	**Leasehold improvements $'000**	**Work-in-progress $'000**	**Total $'000**
At 1 July 2006				
Cost or fair value	14,867	708	905	16,480
Accumulated depreciation	(11,802)	(141)	-	(11,943)
Net book amount	3,065	567	905	4,537
Year ended 30 June 2007				
Opening net book amount	3,065	567	905	4,537
Additions	295	178	277	750
Disposals	(365)	(31)	-	(396)
Reversal of Impairment charge in profit and loss	192	-	-	192
Depreciation charge	(1,127)	(85)	-	(1,212)
Transfers	(11)	-	(624)	(635)
Closing net book amount	2,049	629	558	3,236
At 30 June 2007				
Cost or fair value	10,556	849	558	11,963
Accumulated depreciation	(8,507)	(220)	-	(8,727)
Net book amount	2,049	629	558	3,236

Company	**Plant and equipment $'000**	**Leasehold improvements $'000**	**Work-in-progress $'000**	**Total $'000**
Year ended 30 June 2008				
Opening net book amount	2,049	629	558	3,236
Additions	543	552	768	1,863
Disposals	(121)	(240)	-	(361)
Depreciation charge	(710)	(80)	-	(790)
Impairment loss	-	-	-	-
Transfers	(164)	-	(542)	(706)
Closing net book amount	1,597	861	784	3,242
At 30 June 2008				
Cost or fair value	9,897	1,071	784	11,752
Accumulated depreciation	(8,300)	(210)	-	(8,510)
Net book amount	1,597	861	784	3,242

(a) Non-current assets pledged as security

Refer to note 25 for information on non-current assets pledged as security by the Parent Entity and its controlled entities.

18 Non-current assets - Deferred tax assets

	Consolidated		Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
The balance comprises temporary differences attributable to:				
Tax losses	**-**	135	**-**	121
Accruals	**407**	238	**271**	236
Future deductible windup costs	**934**	1,246	**934**	1,246
Doubtful debts	**200**	542	**87**	412
Provisions and employee benefits	**713**	820	**601**	688
Receivables impairment (note 30(a))	**68**	68	**-**	-
Fixed assets	**320**	395	**318**	377
Sundry	**863**	138	**307**	-
	3,505	3,582	**2,518**	3,080
Set-off of deferred tax liabilities pursuant to set-off provisions (note 26)	**(3,505)**	(3,582)	**(3)**	(23)
Net deferred tax assets	**-**	-	**2,515**	3,057
Movements:				
Opening balance at 1 July	**3,582**	3,551	**3,080**	1,852
Change on adoption of AASB 132 and AASB 139 (note 1)	**-**	-	**-**	-
Credited/(charged) to the income statement (note 8)	**(77)**	31	**(562)**	1,228
Closing balance at 30 June	**3,505**	3,582	**2,518**	3,080

18 Non-current assets - Deferred tax assets (continued)

Movements - Consolidated	**Tax losses $'000**	**Employee benefits $'000**	**Doubtful Debts $'000**	**Fixed Assets $'000**	**Receivables impairment & accruals $'000**	**Future deductible windup costs $'000**
At 1 July 2006	1,063	952	664	661	116	-
(Charged)/credited to the income statement	(928)	(132)	(122)	(266)	190	1,246
At 30 June 2007	135	820	542	395	306	1,246

Movements - Consolidated	**Sundry $'000**	**Total $'000**
At 1 July 2006	95	3,551
(Charged)/credited to the income statement	43	31
At 30 June 2007	138	3,582

Movements - Consolidated	**Tax losses $'000**	**Employee benefits $'000**	**Doubtful Debts $'000**	**Fixed assets $'000**	**Receivables impairment & accruals $'000**	**Future deductible windup costs $'000**
At 30 June 2007	135	820	542	395	306	1,246
Charged/(credited) to the income statement	(135)	(107)	(342)	(75)	169	(312)
At 30 June 2008	-	713	200	320	475	934

Movements - Consolidated	**Sundry $'000**	**Total $'000**
At 30 June 2007	138	3,582
Charged/(credited) to the income statement	725	(77)
At 30 June 2008	863	3,505

18 Non-current assets - Deferred tax assets (continued)

Movements - Company entity	Tax losses $'000	Employee benefits $'000	Doubtful Debts $'000	Fixed Assets $'000	Receivables impairment & accruals $'000	Future deductible windup costs $'000
At 1 July 2006	135	846	564	245	62	-
(Charged)/credited to the income statement	(14)	(158)	(152)	132	174	1,246
At 30 June 2007	121	688	412	377	236	1,246

Movements - Company entity	Sundry $'000	Total $'000
At 1 July 2006	-	1,852
(Charged)/credited to the income statement	-	1,228
At 30 June 2007	-	3,080

Movements - Company entity	Tax losses $'000	Employee benefits $'000	Doubtful Debts $'000	Fixed assets $'000	Receivables impairment & accruals $'000	Future deductible windup costs $'000
At 30 June 2007	121	688	412	377	236	1,246
(Charged)/credited to the income statement	(121)	(87)	(325)	(59)	35	(312)
At 30 June 2008	-	601	87	318	271	934

Movements - Company entity	Sundry $'000	Total $'000
At 30 June 2007	-	3,080
(Charged)/credited to the income statement	307	(562)
At 30 June 2008	307	2,518

19 Non-current assets - Intangible assets

Consolidated	Goodwill $'000	Computer software $'000	Other intangible assets $'000	Total $'000
At 1 July 2006				
Cost	31,551	9,492	2,087	43,130
Accumulated amortisation and impairment	(7,019)	(7,106)	(1,168)	(15,293)
Net book amount	24,532	2,386	919	27,837
Year ended 30 June 2007				
Opening net book amount	24,532	2,386	919	27,837
Additions	-	50	-	50
Transfers to assets held for sale	(2,618)	(506)	-	(3,124)
Impairment charge	(4)	12	6	14
Amortisation charge	-	(1,007)	-	(1,007)
Disposals	(207)	(69)	(500)	(776)
Transfers	-	1,097	-	1,097
Closing net book amount	21,703	1,963	425	24,091
At 30 June 2007				
Cost	28,696	7,587	1,587	37,870
Accumulated amortisation and impairment	(6,993)	(5,624)	(1,162)	(13,779)
Net book amount	21,703	1,963	425	24,091

Consolidated	Goodwill $'000	Computer software $'000	Other intangible assets $'000	Total $'000
Year ended 30 June 2008				
Opening net book amount	21,703	1,963	425	24,091
Additions	-	826	60	886
Foreign Exchange effect	-	-	-	-
Amortisation charge	-	(820)	-	(820)
Disposals	(3,856)	(42)	-	(3,898)
Transfers	-	-	-	-
Closing net book amount	17,847	1,927	485	20,259
At 30 June 2008				
Cost	28,026	6,194	1,005	35,225
Accumulated amortisation and impairment	(10,179)	(4,267)	(520)	(14,966)
Net book amount	17,847	1,927	485	20,259

19 Non-current assets - Intangible assets (continued)

Company	Goodwill $'000	Computer software $'000	Other intangible assets $'000	Total $'000
At 1 July 2006				
Cost	14,687	5,046	450	20,183
Accumulated amortisation and impairment	(3,333)	(3,367)	-	(6,700)
Net book amount	11,354	1,679	450	13,483
Year ended 30 June 2007				
Opening net book amount	11,354	1,679	450	13,483
Additions	-	968	-	968
Amortisation charge	-	(705)	-	(705)
Disposals	-	(43)	-	(43)
Closing net book amount	11,354	1,899	450	13,703
At 30 June 2007				
Cost	14,687	5,306	450	20,443
Accumulated amortisation and impairment	(3,333)	(3,407)	-	(6,740)
Net book amount	11,354	1,899	450	13,703

Company	Goodwill $'000	Computer software $'000	Other intangible assets $'000	Total $'000
Year ended 30 June 2008				
Opening net book amount	11,354	1,899	450	13,703
Additions	450	810	35	1,295
Impairment charge	-	-	-	-
Depreciation charge	-	(807)	-	(807)
Disposals	-	(5)	(450)	(455)
Closing net book amount	11,804	1,897	35	13,736
At 30 June 2008				
Cost	14,687	6,124	485	21,296
Accumulated amortisation and impairment	(2,883)	(4,227)	(450)	(7,560)
Net book amount	11,804	1,897	35	13,736

20 Non-current assets - Other non-current assets

	Consolidated		Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Deferred expenditure - at cost	**291**	343	**291**	291
Deferred expenditure - accumulated amortisation	**(291)**	(266)	**(291)**	(264)
Legal and court costs capitalised	**292**	221	**-**	-
	292	298	**-**	27

21 Current liabilities - Payables

	Consolidated		Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Trade creditors	**1,159**	1,591	**1,352**	842
Other creditors and accruals	**4,948**	6,495	**2,615**	2,096
Intercompany Loans	**-**	-	**8,455**	8,741
	6,107	8,086	**12,422**	11,679

(a) Risk exposure

Information about the Group's and the Parent Entity's exposure to foreign exchange risk is provided in note 2.

22 Current liabilities - Borrowings

	Consolidated		Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Secured				
Bank overdraft	**2,801**	-	**4,099**	2,845
Total secured current borrowings	**2,801**	-	**4,099**	2,845
Unsecured				
Unsecured - Other loans	**-**	23	**-**	-
Total unsecured current borrowings	**-**	23	**-**	-

(a) Risk exposures

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 2.

23 Current liabilities - Provisions

	Consolidated		Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Provisions - Employee benefits	**2,054**	2,303	**1,722**	1,956
Restructuring	**1,016**	-	**1,016**	-
Provisions - Other	**-**	43	**-**	-
	3,070	2,346	**2,738**	1,956

(a) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Restructuring	Provisions - Other	Total
	$'000	$'000	$'000
Consolidated - 2008			
Current			
Carrying amount at start of year	-	43	43
- amounts incurred and charged	1,872	222	2,094
- payments/other sacrifices of economic benefits	(856)	(314)	(1,170)
- overpayment transferred to current receivables	-	49	49
Amounts used during the period	-	-	-
Carrying amount at end of year	1,016	-	1,016

	Restructuring	Total
	$'000	$'000
Company - 2008		
Current		
Carrying amount at start of year	-	-
- additional provisions recognised	1,872	1,872
- payments/other sacrifices of economic benefits	(856)	(856)
Carrying amount at end of year	1,016	1,016

24 Non-current liabilities - Payables

	Consolidated		Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Loans from controlled entities	**-**	-	**18,631**	15,840
	-	-	**18,631**	15,840

25 Non-current liabilities - Borrowings

	Consolidated		Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Secured				
Secured - Bank loans	**61,100**	56,200	**61,100**	56,200
Total non-current borrowings	**61,100**	56,200	**61,100**	56,200

(a) Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

Bank overdrafts and bank loans	**63,901**	56,200	**65,199**	59,045
Total secured liabilities	**63,901**	56,200	**65,199**	59,045

(b) Secured liabilities and assets pledged as security

The total secured liabilities (current and non-current) are as follows:

Bank overdrafts and bank loans	**63,901**	56,200	**65,199**	59,045
Total secured liabilities	**63,901**	56,200	**65,199**	59,045

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.

Other loans are secured by a fixed and floating charge over the assets of a controlled entity.

The carrying amounts of assets pledged as security for current and non-current borrowings are:

		Consolidated		Company	
		2008	2007	**2008**	2007
	Notes	**$'000**	$'000	**$'000**	$'000
Cash and cash equivalents	10	**937**	2,699	**801**	717
Receivables	11	**4,186**	9,531	**2,599**	17,124
Financial assets at fair value through profit or loss	12	**143,470**	102,669	**-**	-
Finance lease					
Plant and equipment	17	**2**	3	**-**	-
Available-for-sale financial assets	16	**-**	-	**16,116**	20,432
Plant and equipment	17	**1,848**	2,333	**1,597**	2,049
Total assets pledged as security		**150,443**	117,235	**21,113**	40,322

25 Non-current liabilities - Borrowings (continued)

(c) Fair value

The carrying amounts and fair values of borrowings at balance date are:

	At 30 June 2008		At 30 June 2007	
Group	**Carrying amount $'000**	**Fair value $'000**	Carrying amount $'000	Fair value $'000
On-balance sheet (i)				
Non-traded financial liabilities				
Bank overdrafts	**2,801**	**2,801**	-	-
Bank loans	**61,100**	**61,100**	56,200	56,200
	63,901	**63,901**	56,200	56,200

	At 30 June 2008		At 30 June 2007	
Parent Entity	**Carrying amount $'000**	**Fair value $'000**	Carrying amount $'000	Fair value $'000
On-balance sheet (i)				
Non-traded financial liabilities				
Bank overdrafts	**4,099**	**4,099**	2,845	2,845
Bank loans	**61,100**	**61,100**	56,200	56,200
	65,199	**65,199**	59,045	59,045

As noted, none of the classes of liabilities are readily traded on organised markets in standardised form.

(i) On-balance sheet

The fair value of current borrowings equals their carrying amount. The facility is structured as a series of loan instruments which are renewed on a regular basis with terms of less than six months, and the impact of discounting on such instruments is not material. The overall facility is classified as non-current.

(d) Risk exposures

Information about the Group's and Parent Entity's exposure to interest rate and foreign currency changes is provided in note 2.

For an analysis of the sensitivity of borrowings to interest rate risk and foreign exchange risk refer to note 2.

26 Non-current liabilities - Deferred tax liabilities

	Consolidated		Company	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
The balance comprises temporary differences attributable to:				
Prepayments	**6**	77	**3**	2
Purchased debt	**20,873**	18,102	**-**	-
Intangibles	**43**	45	**-**	-
Fixed Assets	**11**	63	**-**	-
Sundry (note 29)	**-**	62	**-**	21
	20,933	18,349	**3**	23
Set-off of deferred tax liabilities pursuant to set-off provisions (note 18)	**(3,505)**	(3,582)	**(3)**	(23)
Net deferred tax liabilities	**17,428**	14,767	**-**	-
Movements:				
Opening balance at 1 July	**18,349**	18,256	**23**	26
Change on adoption of AASB 132 and AASB 139 (note 1)	**-**	-	**-**	-
Charged/(credited) to the income statement (note 8)	**2,584**	93	**(20)**	(3)
Closing balance at 30 June	**20,933**	18,349	**3**	23

Movements - Consolidated	**Property, plant and equipment $'000**	**Prepayments $'000**	**Purchased debt $'000**	**Intangibles $'000**	**Other $'000**	**Total $'000**
At 1 July 2006	92	4	17,660	413	87	18,256
Charged/(credited) to the income statement	(29)	73	442	(368)	(25)	93
At 30 June 2007	63	77	18,102	45	62	18,349

Movements - Consolidated	**Property, plant and equipment $'000**	**Prepayments $'000**	**Purchased debt $'000**	**Intangibles $'000**	**Other $'000**	**Total $'000**
At 30 June 2007	63	77	18,102	45	62	18,349
Charged/(credited) to the income statement	(52)	(71)	2,771	(2)	(62)	2,584
At 30 June 2008	11	6	20,873	43	-	20,933

Movements - Company	**Prepayments $'000**	**Other $'000**	**Total $'000**
At 1 July 2006	2	24	26
Charged/(credited) to the income statement	-	(3)	(3)
At 30 June 2007	2	21	23

Movements - Company	**Prepayments $'000**	**Other $'000**	**Total $'000**
At 30 June 2007	2	21	23
Charged/(Credited) to the Income Statement	1	(21)	(20)
At 30 June 2008	3	-	3

27 Non-current liabilities - Provisions

	Consolidated		Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Provisions - Employee benefits	**159**	138	**144**	132
	159	138	**144**	132

28 Employee benefits

(a) 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.

29 Contributed equity

	Company entity		Company entity	
	2008	2007	**2008**	2007
	Shares	Shares	**$'000**	$'000
(a) Share capital				
Ordinary shares				
Fully paid	**97,321,881**	97,321,881	**67,256**	67,256
	97,321,881	97,321,881	**67,256**	67,256
Total contributed equity - Parent Entity			**67,256**	67,256

(b) Movements in ordinary share capital:

Issues of ordinary shares during the year

Date	Details	Number of shares	$'000
1 July 2006	Opening balance	97,321,881	67,256
30 June 2007	Balance	97,321,881	67,256
1 July 2007	Opening balance	97,321,881	67,256
30 June 2008	Balance	97,321,881	67,256

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held (refer to note 25).

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(d) Employee share scheme

Information relating to the employee share scheme, including details of shares issued under the scheme, is set out in note 40.

(e) Options

Information relating to options provided as part of the the MD/CEO remuneration package and options provided under the Collection House Executive Share Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in note 40.

29 Contributed equity (continued)

(f) Capital risk management

The Group's and the Parent Entity's objectives when managing capital are to safeguard their ability to continue as a going concern, and to provide adequate returns for shareholders and benefits for other stakeholders.

"Capital" includes all funding provided under the Group's funding facility (net of cash balances for which a right of offset is held) plus Equity as shown in the balance sheet.

In order to maintain or adjust the capital structure, the Group may:

- draw down or repay debt funding,
- adjust the amount of dividends paid to shareholders;
- negotiate new or additional facilities or cancel existing ones,
- return capital to shareholders or issue new shares or
- sell assets to reduce debt.

The Group and the Parent Entity manage capital to ensure that the goals of continuing as a going concern, and the provision of acceptable stakeholder returns are met.

Arrangements with the Group's financier are in place to ensure that there is sufficient undrawn credit available to meet unforeseen circumstances should they arise. Financing facilities are renegotiated on a regular basis to ensure that they are sufficient for the Company's projected growth plus a buffer. As far as possible, asset purchases are funded from operational cashflow, allowing undrawn balances to be maintained. Cash is monitored on a daily basis to ensure that immediate and short term requirements can be met. By maintaining a buffer of undrawn funds, the Company reduces the risk of liquidity and going concern issues.

Management of mix between debt and equity impacts the Company's Cost of Capital and hence ability to provide returns to stakeholders, primarily the funding institutions and shareholders. The Company maintains its debt-to-equity mix in accordance with its immediate needs and forecasts at any point in time. Effective management of the capital structure maximises profit and hence franked dividend returns to shareholders.

When additional funding is required, it is sourced from either debt or equity, depending upon management's evaluation as to which is the most appropriate at that point in time.

The financing facility includes all funding provided by the Group's main banker. Details of drawn and undrawn financing facilities are set out in note 25.

Quantitative analyses are conducted by management using contributed equity balances shown above together with the the drawn and undrawn loan balances disclosed in note 25.

As part of the financing facility, the Company is required to monitor a number of financial indicators as specified by the financier. The Group monitors the indicators on a monthly basis and reports to the funding provider every six months. The Company has materially met these covenants at all times during the year.

This strategy was followed during both the 2008 and 2007 financial years.

30 Reserves and retained profits

(a) Reserves

	Consolidated 2008 $'000	Consolidated 2007 $'000	Company 2008 $'000	Company 2007 $'000
Share-based payments reserve	**475**	128	**475**	128
Foreign currency translation reserve	**(794)**	(255)	**-**	-
	(319)	(127)	**475**	128

	Consolidated 2008 $'000	Consolidated 2007 $'000	Company 2008 $'000	Company 2007 $'000
Movements:				
Share-based payments reserve				
Balance at beginning of period	**128**	39	**128**	39
Option expense	**347**	89	**347**	89
Balance 30 June	**475**	128	**475**	128

	Consolidated 2008 $'000	Consolidated 2007 $'000	Company 2008 $'000	Company 2007 $'000
Movements:				
Foreign currency translation reserve				
Balance at beginning of period	**(255)**	(562)	**-**	-
Net investment hedge				
Currency translation differences arising during the year:	**(539)**	307	**-**	-
Balance 30 June	**(794)**	(255)	**-**	-

(b) Retained profits

Movements in retained profits were as follows:

	Consolidated 2008 $'000	Consolidated 2007 $'000	Company 2008 $'000	Company 2007 $'000
Balance 1 July	**11,276**	9,411	3,167	4,132
Net profit for the year	**12,316**	3,811	10,940	981
Dividends	**(4,088)**	(1,946)	(4,088)	(1,946)
Balance 30 June	**19,504**	11,276	10,019	3,167

(c) Nature and purpose of reserves

(i) Share-based payments reserve

The share based payments reserve is used to recognise the fair value of options issued to employees but not exercised.

(ii) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve, as described in note 1(d). The reserve is recognised in profit and loss when the net investment is disposed of.

31 Minority interest

	Consolidated		Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Interest in:				
Minority interest - Share capital	**-**	227	**-**	-
Minority interest - Retained profits	**(1,318)**	(1,552)	**-**	-
	(1,318)	(1,325)	**-**	-

32 Dividends

	Company	
	30 June 2008	30 June 2007
	$'000	$'000
(a) Ordinary shares		
Fully franked final dividend for the year ended 30 June 2007 - 2.0 cents per share (2006 - 2.0 cents, unfranked)	**1,946**	1,946
Fully franked interim dividend for the year ended 30 June 2008 - 2.2 cents per share (2007: 0.0 cents)	**2,142**	-
	4,088	1,946

	Company	
	30 June 2008	30 June 2007
	$'000	$'000
Paid in cash	**4,088**	1,946
	4,088	1,946

	Company	
	30 June 2008	30 June 2007
	$'000	$'000
(b) Dividends not recognised at year end		
In addition to the above dividends, since year end the directors have recommended the payment of a fully franked final dividend of 2.5 cents per fully paid ordinary share (2007 - 2.0 cents, fully franked). The aggregate amount of the proposed dividend expected to be paid on 28 November 2008 out of retained profits at 30 June 2008, but not recognised as a liability at year end, is	**2,433**	1,946
	2,433	1,946

32 Dividends (continued)

(c) Franked dividends

The franked portions of the final dividends recommended after 30 June 2008 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 June 2008.

The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2008 and will be recognised in subsequent financial reports.

	Consolidated		Company	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2007 - 30%)	**-**	-	**-**	-
	-	-	**-**	-

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

(a) franking credits that will arise from the payment of the amount of the provision for income tax,

(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date,

(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 consolidated amounts include franking credits that would be available to the Parent Entity if distributable profits of subsidiaries were paid as dividends.

The impact on the franking account of the dividend recommended by the directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of $1,043,000 (2007: $834,000).

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

33 Key management personnel disclosures

(a) Directors

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

(i) Chairman - non-executive

D. G. Punches (re-appointed 25 October 2007, effective 26 October 2007)

(ii) Executive directors

A.R. Aveling – MD/CEO

(iii) Non-executive directors

J.M. Pearce, Deputy Chairman (from 26 October 2006 having resigned as Managing Director)

B. E. Adams (Lead independent director)

A.F. Coutts

D. B. Connelly

W. L. Hiller

W. W. Kagel

33 Key management personnel disclosures (continued)

(b) Other key management personnel

The following persons had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Adrian Ralston	Chief Financial Officer	Collection House Limited
Matthew Thomas	Chief Process Officer (Chief Operating Officer from 26 June 2008)	Collection House Limited
Michael Watkins	General Counsel and Company Secretary	Collection House Limited
Kylie Lynam	General Manager - Human Resources	Collection House Limited
Brian Savage	General Manager - Business Development (Consultant)	Collection House Limited

All of the above persons were also key management persons during the year ended 30 June 2007, except for Brian Savage who consulted to the Company until 9 November 2007.

(c) Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration

Details of options over ordinary shares in the Company provided as remuneration to each director of Collection House Limited and each of the five specified executives of the Group are set out below. When exercisable, each option is convertible into one ordinary share of Collection House Limited. Further information on the options is set out in note 40.

(ii) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in section D of the remuneration report .

(iii) Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each director of Collection House Limited and other key management personnel of the Group, including their personally related parties, are set out below.

2008 Name	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of Collection House Limited							
A.R. Aveling	2,000,000	-	-	-	2,000,000	-	2,000,000
Other key management personnel of the Group							
A. Ralston	200,000	-	-	-	200,000	-	200,000
M. Thomas	250,000	-	-	-	250,000	-	250,000
M. Watkins	200,000	-	-	-	200,000	-	200,000
K. Lynam	125,000	-	-	-	125,000	-	125,000
B. Savage (Consultant to 9 November 2007)	-	-	-	-	-	-	-

2007 Name	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of Collection House Limited							
A. Coutts	-	2,000,000	-	-	2,000,000	-	2,000,000
C. K. Day	300,000	-	-	(300,000)	-	-	-
Other key management personnel of the Group							
A. Ralston	-	200,000	-	-	200,000	-	200,000
M. Thomas	-	250,000	-	-	250,000	-	250,000
M. Watkins	-	200,000	-	-	200,000	-	200,000
K. Lynam	-	125,000	-	-	125,000	-	125,000
B. Savage (Consultant)	-	-	-	-	-	-	-

33 Key management personnel disclosures (continued)

(c) Equity instrument disclosures relating to key management personnel (continued)

(iv) Share holdings

The numbers of shares in the Company held during the financial year by each director of Collection House Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares issued under the terms of the Employee Share Plan during the reporting period as compensation.

2008 Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors of Collection House Limited				
Ordinary shares				
Dennis Punches	14,098,835	-	51,266	14,150,101
John Pearce	11,738,200	-	77,930	11,816,130
Tony Aveling	100,000	-	126,400	226,400
Barrie Adams	-	-	-	-
Tony Coutts	4,164,600	-	-	4,164,600
Barry Connelly	20,000	-	-	20,000
Bill Hiller	20,000	-	23,000	43,000
Bill Kagel	500,000	-	51,269	551,269
Other key management personnel of the Group				
Ordinary shares				
A. Ralston	-	-	-	-
M. Thomas	2,000	-	100,000	102,000
M. Watkins	25,000	-	-	25,000
K. Lynam	11,000	-	-	11,000
B. Savage (Consultant to 9 November 2007)	62,000	-	(34,150)	27,850

33 Key management personnel disclosures (continued)

(c) Equity instrument disclosures relating to key management personnel (continued)

2007 Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors of Collection House Limited				
Ordinary shares				
Dennis Punches	14,054,835	-	44,000	14,098,835
John Pearce	14,238,200	-	(2,500,000)	11,738,200
Tony Aveling	-	-	100,000	100,000
Barrie Adams	-	-	-	-
Tony Coutts	4,134,000	-	30,600	4,164,600
Barry Connelly	20,000	-	-	20,000
Bill Hiller	5,200	-	14,800	20,000
Bill Kagel	500,000	-	-	500,000
Stephen Walker (resigned 26 October 2006)	6,750,000	-	(6,750,000)	-
Colin Day (resigned 27 November 2006)	325,000	-	70,000	395,000
Rhonda King (resigned 5 December 2006)	35,000	-	-	35,000
Other key management personnel of the Group				
Ordinary shares				
A. Ralston	-	-	-	-
M. Thomas	2,000	-	-	2,000
M. Watkins	10,000	-	15,000	25,000
K. Lynam	11,000	-	-	11,000
B. Savage (Consultant)	24,797	-	37,203	62,000

(d) Loans to key management personnel

Details of loans made to directors of Collection House Limited and other key management personnel of the Group, including their personally related parties, are set out below.

(i) Aggregates for key management personnel

Group	Balance at the start of the year $	Interest paid and payable for the year $	Interest not charged $	Balance at the end of the year $	Number in Group at the end of the year
2008	-	-	-	-	-
2007	-	-	-	-	-

(ii) Individuals with loans above $100,000 during the financial year

No individual's aggregate loan balance exceeded $100,000 at any time during the financial year.

In 2007, no individual's aggregate loan balance exceeded $100,000 at any time.

(e) Other transactions with key management personnel

No payments were made to directors or other key management personnel other than as appropriate payments for performance of their duties as directors.

34 Remuneration of auditors

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

	Consolidated		Company	
	30 June 2008 $	30 June 2007 $	**30 June 2008 $**	30 June 2007 $
Audit services				
Audit and review of financial reports and other audit work under the Corporations Act 2001	**145,000**	177,000	**145,000**	177,000
Total remuneration for audit services	**145,000**	177,000	**145,000**	177,000
Audit-related services				
Audit of regulatory returns	**79,000**	83,000	**79,000**	83,000
Total remuneration for audit-related services	**79,000**	83,000	**79,000**	83,000
	224,000	260,000	**224,000**	260,000

35 Contingencies

(a) Contingent liabilities

The Parent Entity and Group had contingent liabilities at 30 June 2008 in respect of:

Claims

All previous claims have now been settled and provisions for these claims have been utilised.

Guarantees

(a) Bank guarantees (secured) exist in respect of satisfactory contract performance in the normal course of business for the Group amounting to $1,460,913 (including a bank guarantee for the fitout of the new Head Office premisies at Green Square North Tower of $993,652) (2007: $845,000).

(b) On 29 October 2002 the Company and certain of its subsidiaries 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.

These guarantees may give rise to liabilities in the Company if the associates do not meet their obligations under the terms of the contracts subject to the guarantees.

No material losses are anticipated in respect of any of the above contingent liabilities.

36 Commitments

(a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	Consolidated		Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Property, plant and equipment				
Payable:				
Within one year	**3,416**	-	**3,416**	-
Later than one year but not later than five years	**-**	-	**-**	-
Later than five years	**-**	-	**-**	-
	3,416	-	**3,416**	-

	Consolidated		Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Other financial assets at fair value through profit or loss				
Payable:				
Within one year	**31,200**	54,000	**-**	-
Later than one year but not later than five years	**-**	-	**-**	-
Later than five years	**-**	-	**-**	-
	31,200	54,000	**-**	-

	Consolidated		Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	**3,449**	3,295	**3,271**	2,292
Later than one year but not later than five years	**3,930**	3,309	**3,918**	2,594
Later than five years	**-**	-	**-**	-
	7,379	6,604	**7,189**	4,886
Commitments not recognised in the financial statements	**7,379**	6,604	**7,189**	4,886

37 Related party transactions

(a) Parent Entity

The Parent Entity within the Group is Collection House Limited. The ultimate Parent Entity is Collection House Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 38.

(c) Key management personnel

Disclosure relating to key management personnel are set out in note 33.

37 Related party transactions (continued)

(d) Other transactions with key management personnel or entities related to them

No other transactions were made to key management personnel or entities related to them other than as appropriate payments for performance of their duties.

(e) Transactions with 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.

The Company provided collection services to and received from 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 owned controlled entity Jones King Lawyers Pty Ltd (formerly Collection House Legal Services Pty Ltd), provided legal services to the Company and other wholly owned controlled entities.

A wholly owned 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 owned controlled entities.

Loans were advanced by Collection House Limited to partly controlled entities.

37 Related party transactions (continued)

(f) Transactions with related parties (continued)

	Company	
	30 June 2008 $	30 June 2007 $
Other transactions		
Revenue from sale of services to:		
Wholly-owned controlled entities	**22,947,232**	17,033,425
Provision of legal services to:		
Controlling Entity		
Wholly owned controlled entities	**3,832,502**	3,991,857
Provision of credit reporting services to:		
Wholly owned controlled entities	**60,277**	343,529
Loan advances to:		
Wholly owned controlled entities	**43,775,282**	7,007,745
Partly owned controlled entities	**1,560,775**	-
Loan advances from:		
Wholly owned controlled entities	**19,537,876**	7,279,334
Partly owned controlled entities	**420,708**	6,240,079
Dividends receivable from:		
Wholly owned controlled entities	**25,164,453**	9,145,000
Current receivables from non-director related entities		
Wholly owned controlled entities (loans)	**9,687,656**	5,599,577
Non-current receivables from non-director related entities		
Wholly owned controlled entities (loans)	**110,823,290**	90,583,159
Provision for impairment (loans)	**(1,018,434)**	(1,018,434)
Wholly owned controlled entities (dividends)	**25,164,453**	9,145,000
Partly owned controlled entities	**-**	391,884
Current payables from non-director related entities		
Wholly owned controlled entities	**9,420,807**	834,326
Non current-payables from non-director related entities		
Wholly owned controlled entities (loans)	**18,472,890**	14,150,069
Partly owned controlled entities (loans)	**157,854**	1,689,806

Percentage of equity interest

Details of equity interest held in classes of related parties are set out in note 39.

38 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	Country of incorporation	Class of shares	Equity holding 2008 %	Equity holding 2007 %
Collection House Limited	**Australia**	**Ordinary**		
Controlled entities - incorporated in Australia				
ACN 100 115 571 Pty Ltd (formerly Insurance Claims Solutions Pty Ltd) (1)	Australia	Ordinary	**100**	100
ACN 096 967 485 Pty Ltd (formerly known as Rapid Ratings Pty Ltd) - wholly owned by CHBD (1)	Australia	Ordinary	**84**	84
ABR Publications Pty Ltd	Australia	Ordinary	**100**	100
Australian Corporate Reporting Pty Ltd	Australia	Ordinary	**100**	100
Collection House Business Diagnostics Pty Ltd (CHBD) (1)	Australia	Ordinary	**84**	84
Colpro Pty Ltd	Australia	Ordinary	**100**	100
Countrywide Mercantile Credit Services Pty Ltd	Australia	Ordinary	**100**	100
Collective Learning and Development Pty Ltd	Australia	Ordinary	**100**	100
Jones King Lawyers Pty Ltd	Australia	Ordinary	**100**	100
Lion Finance Pty Ltd	Australia	Ordinary	**100**	100
Midstate Credit Management Services Pty Ltd	Australia	Ordinary	**100**	100
Controlled entities - incorporated in New Zealand				
ACN 096 967 485 Pty Ltd (formerly Rapid Ratings Pty Ltd (registered in NZ as an overseas company) - wholly owned by CHBD (1)	Australia	Ordinary	**84**	84
1071066 Limited (formerly abr.nz Limited)	New Zealand	Ordinary	**100**	100
Collection House (NZ) Limited	New Zealand	Ordinary	**100**	100
Insurance Claims Solutions Limited (1)	New Zealand	Ordinary	**100**	100
Lion Finance Pty Ltd	New Zealand	Ordinary	**100**	100
1189419 Limited (formerly National Tenancy Database Limited)	New Zealand	Ordinary	**100**	100
1594421 Limited (formerly Rapid Ratings (NZ) Limited) - wholly owned by ACN 096 967 485 Pty Ltd (formerly Rapid Ratings Pty Ltd (registered in NZ as an overseas company and wholly owned by CHBD) (1)	New Zealand	Ordinary	**84**	84
The following Australian companies were voluntarily deregistered in 2007/08 financial year:				
ACN 069 476 893 Pty Ltd (formerly Australian Creditors Association Pty Ltd) (1)	Australia	Ordinary	**100**	100
Australian Legal Recoveries Pty Ltd (1)	Australia	Ordinary	**100**	100
Australian Stockdata Pty Ltd (1)	Australia	Ordinary	**100**	100
Collection House ALR Pty Ltd (1)	Australia	Ordinary	**100**	100
Collection House Technologies Pty Ltd (1)	Australia	Ordinary	**100**	100
R W Receivables Pty Ltd (1	Australia	Ordinary	**100**	100
Rent Check Australia Pty Ltd (1)	Australia	Ordinary	**100**	100
The Creditfax (Aust) Pty Ltd (1)	Australia	Ordinary	**100**	100

38 Subsidiaries (continued)

Name of entity	Country of incorporation	Class of shares	Equity holding 2008 %	2007 %
The following Collection House Limited controlled entities' business assets were sold in 2007/08 financial year. Refer to note 9 for details in relation to discontinued operations:				
ACN 010 920 411 Pty Ltd (formerly Australian Business Research Pty Ltd)	Australia	Ordinary	**100**	100
ACN 079 105 052 Pty Ltd (formerly National Tenancy Database Pty Ltd)	Australia	Ordinary	**100**	100
ACN 073 212 772 Pty Ltd (formerly National Revenue Corporation Pty Ltd)	Australia	Ordinary	**100**	100
Insurance Claims Solutions Pty Ltd (formerly CHIP No.1 Pty Ltd) (2)	Australia	Ordinary	**-**	71

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

(2) Collection House Limited sold its 71% shareholding in this controlled entity in the financial year.

39 Earnings per share

	Consolidated 30 June 2008 Cents	30 June 2007 Cents
(a) Basic earnings per share		
Profit / (loss) from continuing operations attributable to the ordinary equity holders of the company	**4.0**	6.6
Profit / (loss) from discontinued operation	**8.7**	(2.7)
Profit attributable to the ordinary equity holders of the company	**12.7**	3.9

(b) Reconciliations of earnings used in calculating earnings per share

	Consolidated 30 June 2008 $'000	30 June 2007 $'000
Basic earnings per share		
Profit from continuing operations	**3,689**	6,417
(Profit) / Loss from continuing operations attributable to minority interests	**(1)**	34
Profit from continuing operations attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**3,688**	6,451
Profit / (loss) from discontinued operation	**8,628**	(2,640)
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**12,316**	3,811
Profit from discontinued operation	**8,628**	(2,640)

39 Earnings per share (continued)

(c) Weighted average number of shares used as the denominator

	Consolidated	
	30 June 2008 Number	30 June 2007 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**97,321,881**	97,321,881
Adjustments for calculation of diluted earnings per share:		
Options	**-**	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**97,321,881**	97,321,881

40 Share-based payments

(a) Share Options for MD/CEO

In February 2007, the Shareholders approved the issue of 2,000,000 share options in favour of the MD/CEO as part of his employment agreement.

The full terms of the options are contained in the Notice of General Meeting announced to shareholders on 12 January 2007.

A summary of the MD/CEO options is as follows:

(i) the options are exercisable at $1.0327 per option;

(ii) the 2,000,000 options will not vest prior to 28 February 2009;

(iii) in addition, 1,600,000 options may only be exercised in the event of the Company's share price reaching certain qualifying prices of between $1.25 to $2.00 during the life of the options, as follows:

Tranche	# of options	Hurdle Price
1	400,000	$0.00
2	400,000	$1.25
3	400,000	$1.50
4	400,000	$1.75
5	400,000	$2.00

(iv) the options will, except to the extent earlier exercised, expire on the earlier of:

* the business day after the expiration of three (3) months, or any longer period determined by the Company after the MD/CEO ceases to be employed by the Company or a subsidiary of the Company;
* the MD/CEO ceasing to be employed by the Company or a subsidiary of the Company due to fraud or dishonesty; or
* 28 February 2011.

40 Share-based payments (continued)

(a) Share Options for MD/CEO (continued)

Fair value of options granted

The assessed fair value at grant date of options granted during the year ended 30 June 2007 is set out below. The fair value at grant date is independently determined using a Monte Carlo option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs and resulting valuations for options granted during the year ended 30 June 2007 included:

(i) options granted are exercisable only in the event of the Company's share price reaching certain qualifying prices of between $1.25 and $2.00 during the life of the options

(ii) exercise price: $1.0327

(iii) expiry date of Options

- * the business day after the expiration of three (3) months, or any longer period determined by the Company after the eligible employee ceases to be employed by the Company or a subsidiary of the Company;
- * the eligible employee ceasing to be employed by the Company or a subsidiary of the Company due to fraud or dishonesty; or
- * 28 February 2011.

(iv) share price at grant date: $0.91

(v) expected price volatility of the Company's shares: 43.8%

(vi) expected dividend yield: 3.29%

(vii) risk-free interest rate: 5.99%

The expected price volatility is usually based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

The resulting valuation per option is as follows:

Tranche	$ per option
1	$0.26881
2	$0.23054
3	$0.19578
4	$0.16085
5	$0.12945

40 Share-based payments (continued)

(b) Executive Option Plan

Participation in the executive share option plan is determined by the MD/CEO, through Board approval. The MD/CEO prepares a list of executives and their proposed level of participation in the plan. The executive share option plan were approved by the Board and 1,250,000 options of the 2,000,000 options approved were issued to eligible senior employees on 15 June 2007. The options were submitted for shareholder approval at the Company's annual general meeting in October 2007. Future options will be issued with not only individual performance being considered but also Company performance hurdles to be achieved before options may be exercised.

A summary of the options is as follows:

(i) the options are exercisable at $1.0327 per option

(ii) the options will not vest prior to 28 February 2009

(iii) the performance hurdle is an increase in the Company's share price of between $1.25 and $2.00 during the life of the options as follows:

Tranche	# of options	Hurdle Price
1.	312,500	$1.25
2	312,500	$1.50
3	312,500	$1.75
4	312,500	$2.00

(iv) the options will expire on:

* the business day after the expiration of three (3) months, or any longer period determined by the Company after the eligible employees cease to be employed by the Company or a subsidiary of the Company;
* the eligible employee ceasing to be employed by the Company or a subsidiary of the Company due to fraud or dishonesty; or
* 28 February 2011.

Fair value of options granted

The assessed fair value at grant date of options granted during the year ended 30 June 2007 is set out below. The fair value at grant date is independently determined using a Monte Carlo option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs and resulting valuations for options granted during the year ended 30 June 2007 included:

(i) options granted are exercisable only in the event of the Company's share price reaching certain qualifying prices of between $1.25 and $2.00 during the life of the options

(ii) exercise price: $1.0327

(iii) grant date: 15 June 2007

(iv) expiry date:

* the business day after the expiration of three (3) months, or any longer period determined by the Company after the eligible employee ceases to be employed by the Company or a subsidiary of the Company; or
* the eligible employee ceasing to be employed by the Company or a subsidiary of the Company due to fraud or dishonesty; or
* 28 February 2011.

(v) share price at grant date: $0.89

(vi) expected price volatility of the Company's shares: 48.5%

40 Share-based payments (continued)

(b) Executive Option Plan (continued)

(vii) expected dividend yield: 2.92%

(viii) risk free interest rate: 6.14%

The expected price volatility is usually based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

The resulting valuation per option is as follows:

Tranche	$ per option
1	$0.26447
2	$0.20739
3	$0.17240
4	$0.14097

Grant Date	Expiry date	Exercise price	Balance at start of the year (Number)	Granted during the year (Number)	Exercised during the year (Number)	Expired during the year (Number)	Balance at end of the year (Number)	Vested and exercisable at end of the year (Number)
Consolidated and company - 2008								
12 March, 2007	As stated in note 40(a)	$1.03	2,000,000	-	-	-	2,000,000	-
15 June 2007	As stated in note 40(b)	$1.03	1,250,000	-	-	-	1,250,000	-
1 July 2005	30 June 2007	$-	-	-	-	-	-	-
1 July 2005	30 June 2008	$-	-	-	-	-	-	-
1 July 2005	30 June 2009	$-	-	-	-	-	-	-
Total			3,250,000	-	-	-	3,250,000	-
Weighted average exercise price			$1.03	$-	$-	$-	$1.03	$-
Consolidated and company - 2007								
12 March, 2007	As stated in note 40(a)	$1.03	-	2,000,000	-	-	2,000,000	-
15 June 2007	As stated in note 40(b)	$1.03	-	1,250,000	-	-	1,250,000	-
1 July, 2005	30 June, 2007	$-	100,000	-	-	(100,000)	-	-
1 July, 2005	30 June, 2008	$-	100,000	-	-	(100,000)	-	-
1 July, 2005	30 June, 2009	$-	100,000	-	-	(100,000)	-	-
Total			300,000	3,250,000	-	(300,000)	3,250,000	-
Weighted average exercise price			$1.42	$1.03	$-	$1.42	$1.03	$-

40 Share-based payments (continued)

(c) Employee share scheme

An employee of the Company or its subsidiaries with at least three months' service is eligible to participate in the employee share plan in accordance with terms and conditions disclosed in the Company's Prospectus issued in 2000.

The plan provides for eligible employees to acquire ordinary shares in the Company at a price determined by the directors.

Historically, the market price was determined by reference to the average volume weighted share price of the Company's shares for the five business days prior to and including 30 June.

On application, employees must pay application monies of at least 10% of the value of the share offer. The Company may, at its discretion, lend the employee such monies as is required to complete the share purchase. Interest is charged monthly on outstanding loan balances at a rate determined by the directors, which is currently 6% per annum. Repayment of the loan balance is required within two years or the employee's right to the shares will be forfeited with the current net market price less the outstanding loan balance refunded to the employee.

The shares vest immediately upon acquisition but are not able to be traded until the later of ninety days from the acquisition date or the date on which the outstanding loan balance has been fully repaid.

No shares issued under this plan in the year ended 30 June 2008 (2007: nil shares issued).

The amount recognised in the financial statements of the consolidated entity and the Company in relation to employee shares issued in prior years were:

	Consolidated		**Company**	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Employee loans	**9**	10	**9**	10
	9	10	**9**	10

41 Events occurring after the balance sheet date

Dividend

On 28 August 2008, the Company declared a fully franked final dividend of 2.5 cents per fully paid share (a total of $2.4 million), payable on 28 November 2008. No provision has been raised in these accounts.

Additional share options

On 18 July 2008, the Company issued additional performance based options up to in aggregate 1,437,500 options to certain eligible employees, at the sole discretion of the MD/CEO, under an Executive Share Option Plan approved by shareholders at the Company's Annual General Meeting held in October 2007. The additional performance based options were issued at an exercise price of $0.4927, being the volume weighted trading price over the five days prior to 26 June 2008, the date on which the Board made its decision. Share price qualifying hurdles $0.60, $0.70, $0.80, $0.90 and $1.00 will apply.

A summary of the material terms of the additional performance based options issued on 18 July 2008 are set out in the Appendix 3B Announcement lodged with the Australian Stock Exchange on 18 July 2008.

Other than the matters discussed above, no matter or circumstance has arisen since 30 June 2008 that has significantly affected, or may significantly affect:

(a) the Group's operations in future financial years, or

(b) the results of those operations in future financial years, or

(c) the Group's state of affairs in future financial years.

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

	Consolidated		Company	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Profit for the year	**12,317**	3,777	**10,940**	981
Depreciation, amortisation and impairment	**2,307**	4,258	**5,331**	1,892
Impairment of other assets	**-**	-	**-**	4,843
Fair value losses on other financial assets	**29,730**	21,799	**-**	-
Write off of assets	**-**	1,170	**-**	29
Impairment of goodwill	**-**	-	**-**	-
Non-cash employee benefits expense - share-based payments	**347**	88	**347**	88
Restructuring expense	**1,016**	-	**1,016**	-
Management service fee	**-**	-	**3,921**	(1,431)
Dividend and interest income	**-**	-	**(23,847)**	(9,145)
Net (gain) loss on sale of discontinued operations	**(12,974)**	(733)	**19**	-
Other non-cash expenses	**(796)**	-	**(114)**	-
Net exchange differences	**-**	(4)	**-**	-
Change in operating assets and liabilities, net of effects from purchase of controlled entity and sale of discontinued operation				
(Decrease) increase in other operating liabilities	**-**	-	**-**	-
(Increase) in trade debtors and bills of exchange	**6,418**	552	**1,745**	(10)
(Increase) decrease in sundry debtors	**(782)**	1,566	**(322)**	8,273
(Increase) decrease in current tax receivables	**(143)**	2,120	**(1,628)**	1,466
(Increase) decrease in deferred tax assets	**-**	1,215	**542**	(1,232)
(Increase) decrease in other assets	**416**	(409)	**254**	(12)
(Decrease) increase in trade creditors	**(431)**	(1,234)	**510**	(533)
Increase/(Decrease) in sundry creditors and accruals	**(1,858)**	(729)	**518**	481
Increase (decrease) in provision for income taxes payable	**-**	(1,686)	**-**	(1,452)
Increase (decrease) in deferred tax liabilities	**2,661**	(1,152)	**-**	(3,525)
Increase (decrease) in deferred expenditure	**(2)**	-	**-**	-
Increase (decrease) in other provisions	**37**	(691)	**85**	(184)
Net cash (outflow) inflow from operating activities	**38,263**	29,907	**(683)**	529

In the directors' opinion:

(a) the financial statements and notes set out on pages 44 to 114 are in accordance with the Corporations Act 2001, including:

(i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the financial year ended on that date; and

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

(c) the audited remuneration disclosures set out on pages 30 to 39 of the directors' report comply with Accounting Standards AASB 124 Related Party Disclosures and the Corporations Regulations 2001; and

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

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

Tony Aveling

Tony Aveling

Managing Director and Chief Executive Officer

Brisbane

28 August 2008

Hacketts DFK

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF COLLECTION HOUSE LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Collection House Limited (the company), which comprises the balance sheet as at 30 June 2008, and the income statement, cash flow statement and statement of changes in equity for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the consolidated financial statements and notes, complies with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

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

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

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

Independence

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

Auditor's Opinion

In our opinion:

a) the financial report of Collection House Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

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

Report on the Remuneration Report

We have audited the Remuneration Report (Sections A to E) included in the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report (Sections A to E) of Collection House Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration disclosures of Collection House Limited (the company) for the year ended 30 June 2008 included on Collection House Limited's web site. The company's directors are responsible for the integrity of the Collection House Limited web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the statements and remuneration disclosures named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or the remuneration disclosures. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report and remuneration disclosures to confirm the information included in the audited financial report and remuneration disclosures presented on this web site.

Hacketts

HACKETTS DFK

Shaun Lindemann
Partner
Chartered Accountants
Brisbane, 28 August 2008

The shareholder information set out below was applicable as at 8 August 2008.

A. Distribution of equity securities

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

	Class of equity security	
	Ordinary shares	
	Holders	Shares
1 – 1000	583	379,686
1,001 – 5,000	1170	3,206,392
5,001 – 10,000	349	2,768,732
10,001 – 100,000	385	11,402,523
100,001 and over	52	79,564,548
	2539	97,321,881

There were 361 holders of less than a marketable parcel of ordinary shares.

B. Equity Security Holders

Twenty largest quoted equity security holders

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

	Ordinary shares	
	Numbers held	Percentage of issued shares
Mr Dennis George Punches	14,098,835	14.49
Trans Tasman Collections Investments Pty Limited	9,997,798	10.27
Citicorp Nominees Pty Limited	8,570,946	8.81
George Laurens (QLD) Pty Ltd (Pearce Family A/C)	7,737,925	7.95
HSBC Custody Nominees (Australia) Limited	6,328,610	6.50
RP Prospects Pty Ltd (M & L A/C)	6,315,136	6.49
City Plaza Inc	4,772,427	4.90
Mr John Marshall Pearce and Mrs Sandra Anne Pearce (Collection House S/Fund A/C)	3,985,905	4.10
ANKLA Pty Ltd	3,461,374	3.56
Mr Anthony Francis Coutts and Mrs Jennifer Elise Coutts (Coutts Super Fund A/C)	2,707,000	2.78
HSBC Custody Nominees (Australia) Limited	1,992,460	2.05
Anthony Coutts and Jennifer Coutts (The Coutts Family A/C)	1,427,000	1.47
J P Morgan Nominees Australia Limited	693,680	0.71
Mr William Kagel	500,000	0.51
Mr Raymond Larkin	400,000	0.41
National Nominees Limited	355,196	0.36
Banjo Superannuation Fund Pty Ltd (P D Evans PSF A/C)	345,000	0.35
Mr Lev Mizikovsky and Mrs Emily Dorothy Mizikovsky (Superfun Superfund A/C)	289,628	0.30
Mr Frederick Benjamin Warmbrand	257,000	0.26
Mr Neil Francis Day	250,051	0.26
Total	74,485,971	76.53

Unquoted equity securities

	Number of issue	Number of holders
Options issued to MD/CEO under his employment contract *	2,000,000	1
Options issued under the Collection House Executive Option Plan*	1,250,000	18

** Details of these options are set out at note 40 of the financial statements.*

Restricted securities

All issued shares in Collection House Limited are quoted on the ASX and there are no shares subject to escrow or other regulated restrictions other than as follows:

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 12 months from the date of issue of the relevant shares.

There are no such restricted shares at the date of this Report.

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 8 August 2008, there are 8,000 shares (0.01% 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 fuwlly paid ordinary shares in all other respects.

C. Substantial holders

Substantial holders in the Company are set out below:

Ordinary shares

	Number held	Percentage
Dennis George Punches (combined shareholdings)	14,150,101	14.54%
John Pearce and Sandra Pearce/George Laurens (Qld) Pty Ltd (combined shareholdings)	11,747,830	12.07%
Trans Tasman Collections Investments Pty Limited	9,997,798	10.27%
Citicorp Nominees Pty Limited	8,570,946	8.81%
HSBC Custody Nominees (Australia) Limited	6,328,610	6.50%
R P Prospects Pty Ltd	6,315,136	6.49%

D. Voting rights

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

(a) 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.

(b) Options

No voting rights.

Head Office

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Telephone: +61 7 3292 1000
Facsimile: +61 7 3832 0222
Website: www.collectionhouse.com.au

Locations

Australia

Brisbane
Ballarat
Sydney
Bendigo
Melbourne
Newcastle
Adelaide
Shepparton
Perth

New Zealand

Auckland

Stock Exchange Listings

Collection House Limited shares are listed on the Australian Stock Exchange. The home exchange is Brisbane.

ASX Code: CLH

Company Secretary

Michael Watkins
Phone: +61 7 3307 7231
Facsimile: +61 7 3017 3070

Auditors

Hacketts DFK
Level 3, 549 Queen Street, Brisbane Qld 4000

Share Registry

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne, VIC 3001
AUSTRALIA

For general enquiries:

Phone: 1300 552 270 for calls (within Australia) or +61 3 237 2100 (outside Australia).

Your Proxy form may be faxed to Computershare on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

To access your account or change your details, please visit the Computershare website at www.computershare.com