2009

COLLECTION HOUSE LIMITED

Annual Report

Overview

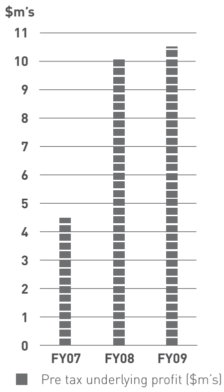
NOTICE OF ANNUAL GENERAL MEETING

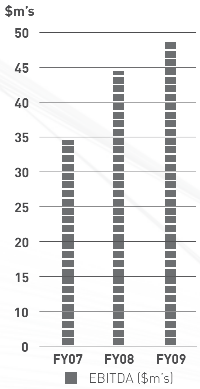
The Annual General Meeting of Collection House Limited will be held on 30 October 2009 at 11.00am at the Emporium Hotel, 1000 Ann Street, Fortitude Valley, Brisbane, QLD.

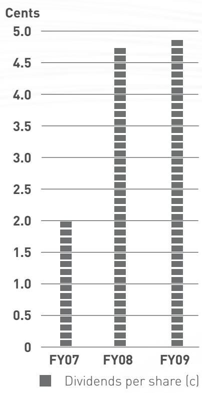
The business of the meeting is outlined in the formal Notice and Proxy Form that are enclosed with this report.

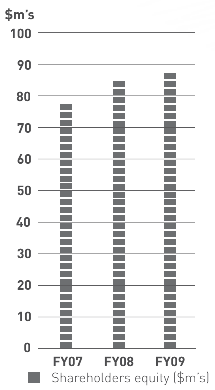
Performance Highlights

	2007	2008	2009
Pre tax underlying profit ($m)	4.4	10.1	10.5
% growth		130%	4%
EBITDA ($m)	34.6	44.7	47.9
% growth		29%	7%
Dividends per share (cents)	2.0	4.7	4.9
% growth		135%	4%
Shareholders equity ($m)	77.1	84.3	88.0
% growth		9%	4%









Chairman's Statement

"The Company is well positioned to take advantage of the significant opportunities that we believe will be available in the Australasian market"

It is a pleasure to report that the Company has had another excellent year under the stewardship of our CEO Tony Aveling and his dedicated and enthusiastic team. Congratulations Tony to you and your team on a great result. Investors know what a tough past year it has been and for us to report a profit and dividend up on last year, is indicative of both the great team effort of our people and the excellent opportunity that the industry presents.

With my election as Chairman taking effect on the 1st of July 2009 I want to thank our Chairman since listing on the ASX on October 4th 2000, Dennis Punches, for his guidance of the Company. His experience and financial support has been essential in us reporting nine consecutive annual profit results. Congratulations Dennis, we are delighted that you are remaining on the Board as Deputy Chairman.

With the sound base that has been created, particularly over the last two years, we are now in a position to both consolidate and capitalise on that foundation. We believe that there will be more debt available for both purchase and also in the contingent environment over the next year. And we believe that there will not be as much capital available for the purchase of the available debt. That, along with other factors should lead to lower prices for the debt purchased and increased opportunities for contingent work. This, added to the much better climate for recruiting and retaining quality staff, allows us to feel confident about the year ahead.

In the past year we have moved to our new Head Office at "Green Square" in Brisbane, a wonderful facility, a new well fitted office in Sydney and a smaller less expensive location in Perth. These moves consolidate our locations and offices to suit the focused direction in debt management and recovery that we have taken. Put simply, the Company is well positioned to take advantage of the significant opportunities that we believe will be available in the Australasian market.

As your new Chairman my focus will be on encouraging Tony Aveling and his team to continue working with our clients and customers to obtain results that will increase shareholder value. I am enthusiastic about the challenge and will work to maximize results for all stakeholders.

John Pearce
Chairman

Chief Executive's Review

"Our Company is strong and prosperous, and our task is to make absolutely sure it stays that way"

Despite difficult economic conditions, Collection House again exceeded expectations. This was evidenced by achieving an underlying pre tax profit of $10.5 million which is the highest since the introduction of new accounting standards in 2006; growing EBITDA (Earnings Before Interest Tax Depreciation and Amortisation) by 7% to $47.9 million; and delivering a Total Shareholder Return of 15.9% on the back of double digit yielding fully franked dividends.

Who we are

Collection House is Australia's leading receivables manager with offices in Queensland, New South Wales (2), Victoria (4), South Australia, Western Australia and New Zealand (2).

Our core businesses are Receivables Management, Commission Collections and Debt Purchasing.

We focus on mainly blue chip clients including major banks, financial institutions, insurance houses, large corporations, public utilities and local governments.

Our competitive strength lies not only in being very good at collections, but also in our people and training, our brand protection leadership through following high ethical standards, our compliance culture, our proprietary technology, and our management information.

What we have done

Collection House was floated on the Australian Stock Exchange in 2000. While there have been some ups and downs, the Company has made profits and paid dividends every year since then.

Within the industry, we are a unique combination of Top 4 debt buyer, usually top performing agent when contingent rankings are provided by clients, and excellence in Local Government collections.

Since inception we have paid $338 million for purchases of debt with a Face Value of $2.9 billion.

A difficult 08/09 operating environment

To state the blindingly obvious, the world, and to a lesser degree Australia and New Zealand, have been through a severe economic downturn which is by no means over. Investors are only too painfully aware of this and hardly need reminding of that overused term, 'Global Financial Crisis'.

Inevitably these depressive forces impacted our business, principally because those of our customers who are under increased financial pressure are often less able to meet their obligations. This is particularly so where they have lost their jobs or fear that that is likely to happen.

Time to amend the strategy

However, good companies don't throw up their hands in despair when life gets tough. They amend their strategies and they find a better way.

When the financial system started falling apart, we recognised that we not only needed to change but that we had to move fast.

The key changes we made were:

- Helping protect our ongoing viability by securing longer term funding from our bankers.
- Decreasing costs by reducing the number of support staff.
- Growing our Purchased Debt Ledger book by taking a disciplined approach to pricing debt purchases that reflect more difficult economic conditions.
- Maintaining book value and cash flow by emphasising the need for customers to enter into repayment arrangements where they were unable to make payment in full.
- Growing our business by placing greater emphasis on the commission businesses which are more likely to grow as clients look to strengthen their cash flow from receivables.

What we achieved

Thankfully these moves paid off with key results as follows:

- After jumping from $4.4 million to $10.1 million in 2007/08, underlying pre tax profits, ie excluding exceptional items, grew to $10.5 million (lower tax credits saw after tax profits dip from $7.5 million to $7.4 million).
- Revenue from continuing activities was up 7% to $102 million with rises in both Purchased Debt and Commission Collections.
- EBITDA rose from $44.7 million to $47.9 million while EBIT was up 9% to $15.5 million.
- Net Assets per share increased to 90.4 cents, considerably higher than the year end share price of 49 cents which itself was up 56% from its November low of 31 cents.
- Instead of the usual one year facility, we requested and received a two year facility extension from our long term bankers. All covenants were comfortably met.
- We were disciplined with our Purchased Debt pricing, buying 73% of the previous year's Face Value but for only 48% of the cost.
- The all important Purchase Debt Arrangement Book, where there is a high propensity to pay, grew 13% to $106 million while the default rate halved.
- Cash flow was negative $6 million, this being due solely to the one off costs of moving our Head Office.
- Amortisation of our Purchase Debt Ledgers remained within our usual 47-49% band.
- Productivity rose despite the difficult environment.
- The ratio of Support to Collection staff reduced yet again, this time from 14.6% to 12.4%.

From the all important shareholder perspective, Collection House recorded a positive TSR (Total Shareholder Return) of 15.9% on the back of an attractive fully franked double digit dividend yield. Dividends for the year grew from 4.7 cents to 4.9 cents.

An exceptional new Head Office

Annual Reports do not usually cover moves to a new Head Office but we are very excited about this and wish to share the news with you.

We have moved from two buildings in Brisbane's Central Business District to one on the fringe CBD. Our previous tenancies were old and tired, had become totally unsuitable for a modern call centre environment, and the rentals were about to more than double.

Instead we now have a state of the art Head Office, and as good a call centre as any in Queensland. It presents a professional image for our clients, it has been enthusiastically received by our staff and aids both recruitment and retention. We achieved an exceptional value for money fitout, and the rental is much lower than if we had remained in our previous locations.

Best of all, the building achieved a 6 Star Green Star rating, the first in Queensland. This feature is tremendously important to the Company and our staff as we all try to play our part in limiting damage to the environment.

Still a challenging external environment

While the economic outlook is currently looking brighter, it seems likely to be quite some time before we return to 'normal'.

From the perspectives of this business, the greatest challenge is the near certainty of rising unemployment which will reduce the recoverability of our debt. At the same time, household costs are rising, especially power, water and transport costs, which are squeezing household budgets.

We are also seeing Purchase Debt vendor expectations remaining too high, a position encouraged by some purchasers. Our qualitative and quantitative pricing models developed over many years do not support these prices, nor does experience overseas.

Finally on the downside, we must acknowledge the benefits we received through the Federal Government's stimulatory measures in 2008/09 – benefits which will not be received this year.

Chief Executive's Review

There are many positives though. There is not likely to be a shortage of debt for sale and potential Commission Collections volumes could rise.

Relatively low interest rates will continue which benefits both our customers and our own funding costs.

We also expect further improvement in the availability, quality and retention of employees as job security assumes greater importance than in recent years.

A special thanks to our enthusiastic staff

Recent employee satisfaction surveys go some way to explaining why we are performing so well despite the economic doom and gloom.

For nearly all questions, over 80% of respondents agreed or strongly agreed with the positive attributes of Collection House. Highlights included 96% of respondents know what is expected of them in their role, 92% understand what the Company's objectives are and how they contribute to these being achieved, 90% say that communications are good, and 90% have a good relationship with their immediate supervisor.

We have an experienced Executive Management team, hundreds of enthusiastic Customer Service Officers, and a valued support staff without whom none of this progress could have been achieved. To them my sincere thanks.

Outlook

To maintain momentum, our strategies will focus upon building the Arrangement Book, maximising productivity, maintaining disciplined pricing for debt purchases, and gaining profitable new commission clients.

Our Company is strong and prosperous, and our task is to make absolutely sure it stays that way. I'm confident that the inspiration of a sound strategy, the guidance of the Board, and the hard work and talent of our people, will enable us to capitalise on our record of growing profits and dividends.

Tony Aveling

Tony Aveling
Chief Executive Officer

Company Profile

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

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 government authorities.

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 580 staff in 11 Australasian offices.

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

Divisional Performance

Purchased Debt

The impact of the economic downturn has been offset by a continuous emphasis on growing the Arrangement Book via strategies and process improvements implemented throughout the year. This puts in place a growing reoccurring revenue source and supports the carrying value of the debt portfolio.

Discounting continued to be well managed and targeted letter and telephony campaigns on older debt portfolios complemented the activity of the Customer Service Officers work upon newer purchases.

Staff retention strategies have been effective during the year with an increase in the average length of service of Customer Service Officers from 14 months to 16 months. Further developing our valued staff, a more robust and dedicated training team was also introduced into the Debt Purchase Division thus enhancing the training, development and ongoing support that will underpin future initiatives.

Commission Collections Services

Within the Commission Collections business we have experienced solid organic growth from our key clients through the referral of additional products.

Additionally we have continued to rationalise contracts which were not delivering acceptable returns. While this led to revenue reductions at times, underlying profitability increased.

Three primary areas within our Commission Collections Division, being Banking and Finance collections, Insurance and Corporate (Commercial) are all showing positive signs of growth and are expected to be significant contributors to future results.

The fourth area, Midstate Credit Management Services Pty Ltd which provides services to Local Government, achieved another outstanding result despite difficulties posted by bushfires and droughts (www.midstatecms.com.au).

Receivables Management

Global recession, increased living costs and higher unemployment are creating a demand for our Receivables Management business now in its ninth year of operation.

Whilst book growth continues, we have managed to maintain staff numbers by up skilling and utilisation of new technology. Collection House's shared outbound calling team, the National Collections Division, assisted in this by providing support for overflow and conducting weekend and evening campaigns.

This year we introduced 100% call recording enabling training and development of our Customer Service Officers. This tool is invaluable as it will also ensure protection for Collection House, our customers and our valued clients.

Revenue for the division has increased. As part of our growth strategy we will work toward increased volumes and productivity through the up skilling and retention of staff.

Board of Directors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1 | **John Pearce**
Chairman

2 | **Dennis Punches**
Deputy Chairman

3 | **Tony Aveling**
Managing Director & Chief Executive Officer

4 | **Barrie Adams**
Lead Independent Director

5 | **Tony Coutts**
Non-Executive Director

6 | **Barry Connelly BJ.**
Independent Director

7 | **Bill Hiller**
Independent Director

8 | **Bill Kagel**
Independent Director

Further information on our Directors is contained in the Directors' Report on pages 23 to 25.

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 2008/09 we relocated our Brisbane Head Office to new premises which offers 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 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 provides benefits to both our people and the wider community.

Financial Basics Foundation

"Now, more than ever financial education is an essential life skill for all young people. We need to start financial education early with a planned and coherent program throughout the school years so that all young people leaving school have the skills, knowledge and confidence in financial matters to participate fully in society." Barrie Adams, Chairman 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. We continue to be a major supporter of the Foundation.

The completion of the review and update of the Operation Financial Literacy material at the end of last year also included the development of a new module for the Operation Financial Literacy teaching resource. Module 11 - Scams has been incorporated, and as with all of the Foundations resources - the material was written by leading business educators and has been mapped to all state and territory curriculum documents for ease of use in Australian secondary schools.

A further 200 new schools have registered in the last financial year for this material. Operation Financial Literacy has now been distributed free of charge to some 1500 secondary schools across Australia.

Released in June 2007 the ESSI (Earning, Saving, Spending and Investing) Money online game had 11,360 registered users within the first 12 months. By June 2009 this figured has grown to over 28,848 registered users.The Foundation worked with the game's developers to produce a CD Rom version of ESSI Money to better facilitate access to this important learning tool to regional schools and those schools with limited bandwidth.

The global financial crisis has highlighted the need for programs and resources that not only better educate young Australians about sound financial management skills but that help young people engage in their community and to build their own financial capacity. With the lessons learned from this situation the Foundation is working closely with the management of Collection House to utilise these valuable educational tools with staff in the Company.

The Foundation continues to maintain a focussed and long term approach to the development and enhancement of our resources and this was a key outcome in 2009.

The Foundation's resources are now also being provided to well known charitable institutions in Australia. Charities that work with young people who are often disengaged from the traditional education system consider financial literacy as a critical life skill.

All of the learning materials and ESSI Money are provided by the Foundation at no cost to schools and charities throughout Australia.

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

Learning for Life

As we enter our fourth year supporting the Smith Family's Learning for Life program, Collection House's commitment to this worthwhile cause continues. Learning for Life supports financially underprivileged children through education, assisting with books, uniforms and excursions. This past year, Collection House provided support for four students offering them the opportunity to develop through literary support, mentoring, tutoring and personal development initiatives supplied by the program. We intend to continue the contribution to this very worthwhile program as part of our commitment to social community responsibility.

Corporate Governance Statement

1. Introduction

This statement relates to the year under review.

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 re–approved and re–endorsed by the Collection House Limited Board on 25 June 2009.

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, 2.4 and 4.2, which relate to independence. Our reasoning on independence and an explanation for our variance on the ASXCGC's Recommendations 2.1, 2.2, 2.4 and 4.2 are set out in section 3(e) and section 4(b) of this Statement.

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 on pages 23 to 25 of the Directors' Report.

ASXCGC's Recommendations 2.6

b) Board role and responsibility

The role 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 six and eight, with Independent Non-executive Directors, comprising the majority of the Board.

As at 30 June 2009, there were 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, John Pearce, is a Non-executive Director. He has been a Director of the Company since 9 April 1993 and Chairman since 25 June 2009. The Chairman is a member of the Remuneration Committee.

Until 25 June 2009, Dennis Punches was Chairman, having held that position since 2000.

Both the Company's current Chairman, John Pearce, and the previous Chairman, Dennis Punches, are 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), both John Pearce and Dennis Punches have extensive experience and professionalism which allows them to exercise quality, unfettered and independent judgment on all relevant issues falling within the scope of the role of Chairman of the Board. Dennis Punches is 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 until 30 June 2009, a majority of the Board is not independent. However, the Board considers that the individuals on the Board can, and do exercise quality, unfettered and independent judgment 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.

Corporate Governance Statement

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 30 June 2009. These Directors are John Pearce (Chairman appointed 25 June 2009) (previously Deputy Chairman), Dennis Punches (Deputy Chairman appointed 25 June 2009) (previously Chairman), Tony Aveling (MD/CEO) and Tony Coutts (Non-Executive Director).

Due only to their respective substantial shareholdings in the Company, John Pearce and Dennis Punches and also Tony Coutts, as a previous Executive Director (resigned 30 June 2006), 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 on pages 23 to 25 of the Directors' Report.

2.2 and 2.4 The Chairperson should be an Independent Director

While the Chairman of the Board, John Pearce and the previous Chairman, Dennis Punches, are not classed as independent (Recommendations 2.2 and 2.4), their experience and knowledge of the industry, both individually and collectively, coupled with their ability to lead, have enabled both of them to be, and continue to be, a valuable and effective Chairman and Deputy Chairman respectively of the Board and in the case of John Pearce, a member of the Remuneration Committee and in the case of Dennis Punches, Chairman of the Nominations 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 John Pearce, 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.

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.

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.

ASXCGC'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 the Company's 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 is also a Solicitor Director of Jones King Lawyers Pty Ltd, a wholly owned subsidiary 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.

Corporate Governance Statement

The three Board Committees and their membership at 30 June 2009 are set out in the table below:

	Barrie Adams	**Bill Hiller**	**Barry Connelly**	**Bill Kagel**	**Dennis Punches**	**John Pearce**	**Tony Coutts**
Audit and Risk Management Committee	Chairman and Lead Independent Director	Independent Director	Independent Director – resigned 30 October 2008				Non-independent Director – appointed 30 October 2008
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 25.

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.

Exceptions to the ASXCGC's Recommendations

The Audit and Risk Management Committee, on and from 30 October 2008, did not consist only of Independent Non-Executive Directors in accordance with Recommendation 4.2. The Audit and Risk Management Committee was until 30 October 2008, composed of only Independent Non-executive Directors. On and from 30 October 2008, Barry Connelly (Independent Director) resigned, and Tony Coutts was appointed to the Audit and Risk Management Committee.

Due only to Tony Coutts' tenure as an Executive Director, which concluded on 30 June 2006, and the intervening period of 3 years, Tony is considered a Non-Independent Non-Executive Director. From 30 October 2008 the Audit and Risk Management Committee is considered non compliant with Recommendation 4.2. Given Tony Coutts' industry experience and knowledge of domestic trends in the collection industry, the Board maintains that he is, and will continue to be, a valuable and effective Director in the Audit and Risk Management Committee.

On and from 1 July 2009, the Audit and Risk Management Committee is composed of Independent Non-Executive Directors and is structured in compliance with Recommendation 4.2.

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 with 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;
- reviews significant issues that may be raised by internal audit as well as the length of time and action taken to resolve such issues; and
- reviews our approach to corporate governance.

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 7 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; and
- making recommendations on Board composition and appointments.

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.

Corporate Governance Statement

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. Additional restrictions apply 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). Those restrictions limit the periods in which the Directors and Prescribed Employees can trade in our shares or other company securities. Further, Directors and employees are not permitted to trade in closed periods which operate for two months immediately preceding the half yearly results and the full year results respectively.

The periods in which Directors and Prescribed Employees can trade (Trading Windows) commence two business days after the release of our half year and full year results (Trading Window - normally 60 days) and after our Annual General Meeting (Trading Window - normally 30 days).

Corporate Governance Statement

Directors and Prescribed Employees must also notify the MD/CEO in writing 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 Corporate Counsel 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 vario us 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, ratified 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.

In June 2008, subject to shareholder approval, the Board agreed to vary the MD/CEO's remuneration and employment agreement to include certain additional share options. The MD/CEO's variation of his remuneration and employment agreement and the grant of additional share options were approved by shareholders at the Company's Annual General Meeting in October 2008. Details of the share options are set out in the Remuneration Report.

In June 2008, certain additional share options were issued to eligible senior employees under the Executive Share Option Plan previously approved by shareholders at the Annual General Meeting of the Company in October 2007. Details of the share options are set out in the Remuneration Report.

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 Board is primarily 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 first in time.

We also publish on our website the Annual Reports, profit announcements, presentations, 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 and investor presentations 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 taken initiatives to reduce its carbon footprint with the relocation of our Head Office to a 6 Star, Green Star rated building in Brisbane.

The 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 for the financial year ended 30 June, 2009.

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:

John Pearce

Dennis Punches

Tony Aveling

Barrie Adams

Tony Coutts

Barry Connelly

Bill Hiller

Bill Kagel

See pages 23 to 25 for information on the directors.

Principal activities

The principal activities of the Group during the financial year were the provision of debt collection services and receivables management throughout Australasia and the purchase of debt by its special purpose subsidiary Lion Finance Pty Ltd.

Dividends paid to members during the financial year

	30 June 2009 $'000	30 June 2008 $'000
Final ordinary dividend for the year ended 30 June, 2008 of 2.5 cents fully franked (2007 - 2 cents unfranked) per fully paid share paid on 28 November 2008.	2,433	1,946
Interim ordinary dividend for the year ended 30 June, 2009 of 2.3 cents fully franked (2008 - 2.2 cents fully franked) per fully paid share paid on 27 March, 2009.	2,238	2,141
	4,671	4,087

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 $2.5 million (2.6 cents per fully paid share) to be paid on 27 November 2009 out of retained profits as at 30 June 2009.

Review of operations

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

	Revenue		Results	
	30 June 2009 $'000	30 June 2008 $'000	30 June 2009 $'000	30 June 2008 $'000
Collection Services	**36,043**	34,465	**7,230**	5,704
Account Asset Management	**71,313**	64,183	17,366	15,966
Intersegment eliminations	**(5,419)**	(3,152)	**(6,005)**	(5,918)
Discontinued operations	**219**	16,213	**219**	11,327
Unallocated revenue less unallocated expenses			**(7,832)**	(10,795)
Profit before income tax expense			**10,978**	16,284
Income tax expense			**(3,124)**	(3,896)
Profit for the year			**7,854**	12,388
Less: Profit / (loss) attributable to minority interest			-	1
Profit / (loss) attributable to members of Collection House Limited			**7,854**	12,387

Comments on the operations and the results of those operations are as follows:

Results

Excluding exceptional items, net profit after tax was $7.4 million compared with $7.5 million for the corresponding period. Net profit after tax for the year was $7.9 million compared to $12.4 million for the corresponding period.

Total income from continuing operations ordinary activities increased by $6.5 million up to $102 million (2008: $95.5 million).

Revenue from the Purchased Debt segment grew up 11.1% to $71.3 million. Revenue from commission collections grew 4.9% to $32.1 million. The company anticipates growing its commission collections services segment in 2010.

EBITDA for the year (before fair value adjustments and impairment) was up by 7.2% to $47.9 million (2008: $44.7 million).

Basic earnings per share excluding discontinued operations ("EPS") were 7.9 cents (2008: 4.0 cents).

The decreased profit after tax attributable to members reflects the impact of the disposal of non-core businesses in the previous year. Excluding this item, profit after tax from continuing operations has increased by 104.8%, reflecting tight cost control and efficiencies from the restructuring process that the company has undertaken in the past two years.

Assets and liabilities

Consolidated net assets have increased from $84.3 million to $88.0 million predominantly due to growth in the purchased debt portfolio, new assets acquired in the move to Green Square, and the absence of a bank overdraft at 30 June 2009. Net assets for the prior year have changed as a result of a prior period correction to the way that employee expenses are accounted for, as disclosed in note 5 of the financial statements.

In September 2008, Colpro Pty Ltd a non-core business was sold, making a small profit. A number of non-trading entities within the group were voluntarily deregistered in the financial year 2008/2009. See note 39 for details.

During the reporting period new debt portfolios were purchased for A$33.3 million and NZ$2.1 million in the Australian and New Zealand markets respectively, which was funded from operating cash flow and an increase in long term bank debt.

Cash flow

The consolidated cash flow from operating activities (including discontinued operations) was $40.6 million for the year compared to $38.3 million for the previous year, an increase of 6.2%.

The Board has confirmed its confidence in the Group's current and future trading position. The directors have recommended the payment of a final fully franked ordinary dividend as stated on page 20.

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$33.3 million;

(b) in New Zealand, the Group purchased new debt portfolios for NZ$2.1 million;

(c) Colpro Pty Ltd (a non core business) was sold; and

(d) the Group successfully relocated its Head Office operations to Green Square North Tower, St Pauls Terrace, Fortitude Valley, Brisbane as planned with no delays. The new premises comprising two floors (3,952 m^2) has consolidated the Group's 300 Brisbane-based staff in one building, providing the Group room to continue on its current strong growth path.

Exceptional items

Summary of movements in exceptional items:

	Before income tax($m's)		After income tax($m's)	
Items	2009	2008	2009	2008
Gain on the divestment of subsidiaries	-	10.4	-	8.0
Qld State Office of Revenue [1]	1.3	(2.4)	0.9	(1.8)
Restructuring costs[2]	(0.7)	(1.9)	(0.4)	(1.3)
Exceptional Profits/(losses)	0.7	6.1	0.5	4.9

[1]All aspects of the Stamp Duties issue as reported previously have been resolved with the Office of State Revenue, Queensland. The issue was finalised with a final settlement payment of $1.2 million before income tax. The settlement results in the provision raised at 30 June 2008 being cleared, including the write back of overprovided expenses as set out in note 9 to the financial statements.

[2]Excess existing restructuring provisions were written back to profit as no longer required on completion of that stage of restructuring. Additional restructuring provisions were raised during the year for new restructuring activities. The net impact after tax was a negative expense $0.4 million. Further details are set out in note 24 to the financial statements.

Prior period correction

At the Company's election, an adjustment has been made to employee expenses to correct prior period errors. The adjustment was posted against the opening balance of retained earnings. Refer note 5 of the financial statements.

Matters subsequent to the end of the financial year

The directors have recommended the payment of a final fully franked ordinary dividend of $2.5 million (2.6 cents per fully paid share) to be paid on 27 November 2009 out of retained profits as at 30 June 2009.

Other than the matters discussed above, no matter or circumstance has arisen since 30 June 2009 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 2009

John Pearce	Chairman. Age 64
Experience	Co-founder of Collection House Limited. Appointed to the Board in April 1993. In April 2003, Mr Pearce returned to former position of Managing Director and 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. Appointed Chairman of the Board effective 25 June 2009. Member of the International Fellowship of Certified Collectors. Chairman of Financial Basics Foundation 2002 to 2007. Board Member of The Rutherglen Cemetery Foundation. Director, Brisbane Lions Foundation.
Special responsibilities	Mr Pearce is a member of the Remuneration Committee.
Interest in Shares and Options (direct & indirect)	11,416,130 ordinary shares in Collection House Limited Nil options
Dennis Punches	Deputy Chairman. Age 73
Qualifications	BSC
Experience	Appointed to the Board in July 1998, and in 2000 was appointed as Chairman of Collection House Limited. Re-elected Director 26 October 2007. Stepped down as Chairman to become Deputy Chairman effective 25 June 2009. 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.
Special responsibilities	Mr Punches is also the Chairman of the Nomination Committee and a member of the Remuneration Committee.
Interest in shares and options (direct & indirect)	17,857,384 ordinary shares in Collection House Limited Nil options

Tony Aveling	Managing Director and Chief Executive Officer. Age 65
Qualifications	SFFin, FAIM, FAICD
Experience	46 years in the financial services industry including 34 years at Westpac Banking Corporation. Senior positions included Chief Executive Business and Private Banking, Managing Director & Chief Executive Officer Australian Guarantee Corporation Limited, and General Manager Europe. 3 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. Resigned as Director of Global MoneyLine Limited (March 2008). In October 2008, the Shareholders approved the issue of a further 2,000,000 share options in favour of Mr Aveling as part of his varied employment agreement. The full terms of the options are contained in the Notice of General Meeting announcement to shareholders on 19 September 2008. For details see note 41 of the financial statements.
Interest in shares and options (direct & indirect)	449,400 ordinary shares in Collection House Limited 400,000 options
Barrie Adams	Lead Independent Director. Age 64
Qualifications	PSM, FCPA
Experience	Appointed to the Board in November 2002 as Independent Lead Director and Chairman of the Audit and Risk Management Committee in January 2003. Chairman of Financial Basics Foundation and associated companies. Director of Ingeus Limited. Appointed Chairman, Infocus Wealth Management Ltd and its subsidiaries (December 2008). Resigned as Director of Steel Foundations Limited and associated companies and Nuplant Ltd (June 2009). Resigned as Director of Pro Super Holdings (October 2006). Resigned as a Member of Nominations Committee (October 2007).
Special Responsibilities	Mr Adams is the Chairman of the Audit and Risk Management Committee and a member of the Remuneration Committee.
Interest in shares and options (direct & indirect)	Nil ordinary shares in Collection House Limited Nil options
Tony Coutts	Non-Executive Director (Independent Director as at 1 July 2009). Age 50
Experience	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. 18 years in the finance and insurance industry (Australian Guarantee Corporation Ltd). 13 years in the debt collection industry, the last 11 of which were spent at Collection House.
Special responsibilities	Mr Coutts was appointed a Member of the Audit and Risk Management Committee 30 October 2008.
Interest in shares and options (direct & indirect)	4,464,600 ordinary shares in Collection House Limited Nil options
Barry Connelly	Independent Director. Age 69
Qualifications	BJ
Experience	Appointed to the Board in June 2003. Charter member of the Board of NASDAQ listed company, First Advantage, Board Member of privately held Microbilt Corp. of Kenesaw, GA. Appointed Director of Huaxia D & B China in November 2008. 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.
Special responsibilities	Mr Connelly is a Member of the Nominations Committee.
Interest in shares and options (direct & indirect)	77,143 ordinary shares in Collection House Limited Nil options

Bill Hiller	Independent Director. Age 70
Experience	Appointed to the Board June 2003. 40 years experience in the automotive finance industry including as General Manager - Automotive Finance for St George Bank Limited.
Special responsibilities	Mr Hiller is a Member of the Audit and Risk Management and Nominations Committees.
Interest in shares and options (direct & indirect)	93,000 ordinary shares in Collection House Limited Nil options
Bill Kagel	Independent Director. Age 72
Experience	Appointed to the Board in February 2000. Over 40 years debt collection industry experience. Co-founder and Senior Vice President of Payco American Corporation, USA and former Director of Outsourcing Solutions Inc.
Special responsibilities	Mr Kagel is Chairman of the Remuneration Committee.
Interest in shares and options (direct & indirect)	951,269 ordinary shares in Collection House Limited Nil options

Company secretary

The Company Secretary to 30 June, 2009 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 2009, and the numbers of meetings attended by each director were:

			Meetings of committees					
2009	Full meetings of directors		Audit and Risk Management		Nomination		Remuneration	
	A	B	A	B	A	B	A	B
Dennis Punches	6	6	**	**	1	1	2	2
John Pearce	6	6	**	**	**	**	2	2
Tony Aveling	6	6	**	**	**	**	**	**
Barrie Adams	6	6	7	7	**	**	2	2
Tony Coutts	6	6	5	4 Appointed 30/10/2008	**	**	**	**
Barry Connelly	6	6	2	2 Resigned 30/10/2008	1	1	**	**
Bill Hiller	6	6	7	7	1	1	**	**
Bill Kagel	6	6	**	**	**	**	2	2

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; and
- 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; and
- 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.

Directors' fees

Fees and payments are reviewed annually by the Remuneration Committee. The Committee's recommendations are forwarded for approval by the Board.

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. Mr John Pearce, appointed as Chairman on 25 June 2009 receives a non-executive director's fee of $50,000 per annum plus superannuation from 1 July 2009 but is not currently drawing any additional fees for being Chairman of the Collection House Group. Mr Pearce intends to use his director's fees to purchase shares in the Company. Dennis Punches, Deputy Chairman as at 25 June 2009, receives an annual fee of $50,000 per annum inclusive of being Chair of the Nominations Committee. Barrie Adams, as Lead Independent Director, receives an annual fee of $100,000. Mr Adams' fee is comprised of a $60,000 director's fee, (including $10,000 being a fee as Lead Independent Director), and $40,000 as Chairman of the Audit and Risk Management Committee. Bill Kagel, as Chair of the Remuneration Committee, has waived the fee normally due to him for this role.

Non executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. Non-executive directors do not receive share options.

Executive Directors

Tony Aveling was appointed as Managing Director and Chief Executive Officer (MD/CEO) on 27 November 2006 with a projected end date being 28 February 2009. On 26 June 2008, subject to shareholder approval, the Collection House Board agreed to vary Mr Aveling's employment for no fixed term and Mr Aveling's Remuneration and Employment Agreement (Agreement) was varied accordingly on 28 August 2008. Mr Aveling's Agreement was approved by shareholders at the Company's Annual General Meeting on 31 October 2008. A summary of the varied remuneration package is set out in section C of the remuneration report.

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 Share 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. For the past year, a decision was made to hold executive base pay and increase the "at risk" component.

Long Term Incentive

Certain eligible employees are offered long term incentives via the Executive Share Option Plan, see section D of the remuneration report for details.

Benefits

The major benefit provided to executives and eligible employees is the ability to participate in the Executive Share Option Plan.

Retirement allowances for Directors

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

Retirement Benefits for Executives

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

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 Operating Officer
- M. Watkins - General Counsel and Company Secretary
- K. Lynam - General Manager – Human Resources

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
- A. Ralston - Chief Financial Officer
- M. Thomas – Chief Operating Officer
- M. Watkins - General Counsel and Company Secretary
- U. Danielian – Solicitor Director, Jones King Pty Ltd (a subsidiary of the Group)

Key management and highest paid personnel of the Group for the year ended 30 June 2009 is as follows:

		Short Term Benefits				Post Employment Benefits	Share Based Payments	
Name		Salary & Fees $	Cash Bonus $	Non-Monetary Benefits $	Other $	Superannuation* $	Options $	Total $
DIRECTORS								
J. Pearce ** Chairman	2009	-	-	-	-	-	-	-
	2008	-	-	-	-	-	-	-
D. Punches ** Deputy Chairman	2009	50,000	-	-	-	-	-	50,000
	2008	50,000	-	-	-	-	-	50,000
B. Adams Lead Independent Director	2009	100,000	-	-	-	9,000	-	109,000
	2008	107,692	-	-	-	9,692	-	117,384
T. Coutts *** Non- Executive Director	2009	62,308	-	-	-	5,608	-	67,916
	2008	50,000	-	-	-	4,500	-	54,500
B. Connelly Independent Director	2009	56,667	-	-	-	-	-	56,667
	2008	71,667	-	-	-	-	-	71,667
B. Hiller Independent Director	2009	70,000	-	-	-	6,300	-	76,300
	2008	70,000	-	-	-	6,300	-	76,300
B. Kagel Independent Director	2009	50,000	-	-	-	-	-	50,000
	2008	50,000	-	-	-	-	-	50,000
T. Aveling Executive Director	2009	500,000	500,000	-	70,300	96,327	225,656	1,392,283
	2008	500,000	475,000	-	98,800	87,750	200,651	1,362,201
COMPANY EXECUTIVES								
A. Ralston Chief Financial Officer	2009	216,672	40,000	5,638	-	23,100	26,554	311,964
	2008	216,415	19,000	6,052	3,392	21,493	23,426	289,778
M. Thomas Chief Operating Officer	2009	245,103	46,000	5,638	-	26,127	33,192	356,060
	2008	234,635	21,000	6,052	-	23,007	29,283	313,977
M. Watkins General Counsel and Company Secretary	2009	241,821	40,000	5,638	-	25,292	26,554	339,305
	2008	239,818	21,000	6,052	-	23,474	23,426	313,770
K. Lynam General Manager – Human Resources	2009	121,638	22,000	5,638	-	12,855	16,596	178,727
	2008	119,560	11,000	6,052	9,257	12,583	14,641	173,092
B. Savage (Consultant to 9 November 2007)	2009	-	-	-	-	-	-	-
	2008	101,750	-	-	-	-	-	101,750
GROUP EXECUTIVES								
K. Hansen (to 21 September 2007)	2009	-	-	-	-	-	-	-
	2008	41,077	154,715	-	-	17,615	-	213,407
U.Danielian Solicitor Director (Jones King Lawyers Pty Ltd)	2009	184,299	18,000	-	-	18,207	-	220,506
	2008	-	-	-	-	-	-	-

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

** John Pearce was appointed Chairman 25 June 2009. Dennis Punches stepped down as Chairman to become Deputy Chairman effective 25 June 2009. Both held their retrospective positions from 1 July 2009 to 24 June 2009.

*** In accordance with ASX Corporate Governance Principle and Recommendation 2.1, Tony Coutts is deemed an Independent Director from 1 July 2009.

The relative proportions of remuneration that are fixed and linked to performance and share based options are as follows:

	% Performance based		% Fixed	
Name	2009	2008	2009	2008
1. T. Aveling	55.4	52.7	44.6	47.3
2. A. Ralston	22.4	15.2	77.6	84.8
3. M. Thomas	23.4	16.6	76.6	83.4
4. M. Watkins	20.7	14.8	79.3	85.2
5. K. Lynam	22.4	15.4	77.6	84.6
6. B. Savage (Consultant) (1 July 2007 to 9 November 2007)	-	-	-	100.0

C Service agreements (audited)

Remuneration and other terms of employment for the MD/CEO and other key management personnel are also formalised in service agreements. Except as otherwise stated, all contracts with executives may be terminated early by either party with three months notice. Major provisions of the agreements relating to remuneration are set out below.

T. Aveling MD/CEO	Deed of Variation of Employment Agreement	On 26 June 2008, the Collection House Board agreed to vary the MD/CEO's remuneration package, subject to shareholder approval. This approval was given at the AGM on 31 October 2008.
	Annual base salary	$500,000 plus superannuation.
	Living away from home	Up to $2,000 per week (ceased on 27 February 2009).
	Performance cash bonus	Maximum level of $500,000 plus superannuation.
	(Objectives as agreed by the Board)	At the year end, the Board was provided with the financial and non-financial information relating to the MD/CEO's performance. The key objective related to Collection House profitability. Supporting objectives covered leadership, sales, stakeholder relationships, recruitment, trade debtors, organisational structure, succession planning, funding, premises, book quality, compliance and regulatory obligations. Based on this information, the Board determined the level of STI to be made to the MD/CEO. For the year ended 30 June 2009, the Board determined that the MD/CEO's STI payment would be $500,000 plus superannuation which is 100% of the payment target specified in his contract. The payment was calculated based on performance against objectives and the Board's exercise of discretion.
	Options	In accordance with the variation of Employment Agreement approved by the Board on 28 August 2008, a further 2,000,000 options were approved and granted on 31 October 2008 after shareholder approval. Each component tranche is subject to certain conditions in order for the options to be exercised. See note 41 for material terms.
A. Ralston Chief Financial Officer	Annual Base Salary	$237,000 inclusive of superannuation for the year ended 30 June 2009.
	Performance cash bonus	$43,600 inclusive of superannuation was paid for the year ended 30 June 2009.
	Options	Pursuant to the Executive Share Option Plan approved by shareholders in October 2007, a further 200,000 options were issued. Each component tranche is subject to certain conditions in order for the options to be exercised. See note 41 or further details.

M. Thomas Chief Operating Officer	Annual Base Salary	$267,000 inclusive of superannuation for the year ended 30 June 2009.
	Performance cash bonus	$50,140 inclusive of superannuation was paid for the year ended 30 June 2009.
	Options	Pursuant to the Executive Share Option Plan approved by shareholders in October 2007, a further 250,000 options were issued. Each component tranche is subject to certain conditions in order for the options to be exercised. See note 41 for further details.
M. Watkins General Counsel and Company Secretary	Annual Base Salary	$263,000 inclusive of superannuation for the year ended 30 June 2009.
	Performance cash bonus	$43,600 inclusive of superannuation was paid for the year ended 30 June 2009.
	Options	Pursuant to the Executive Share Option Plan approved by shareholders in October 2007, a further 225,000 options were issued. Each component tranche is subject to certain conditions in order for the options to be exercised. See note 41 for further details.
K. Lynam General Manager – Human Resources	Annual Base Salary	$132,000 inclusive of superannuation for the year ended 30 June 2009.
	Performance cash bonus	$23,980 inclusive of superannuation was paid for the year ended 30 June 2009.
	Options	Pursuant to the Executive Share Option Plan approved by shareholders in October 2007, a further 150,000 options were issued. Each component tranche is subject to certain conditions in order for the options to be exercised. See note 41 for further details.

D Share based compensation (audited)

Options

Options have been granted to T. Aveling as MD/CEO under his Employment Agreement (as varied). Options have also been granted to certain eligible employees under the Collection House Executive Share Option Plan.

The terms and conditions of all options mentioned above affecting remuneration in the previous, this or future reporting periods are set out in note 41 of the financial statements.

Options granted under the Executive Share Option Plan carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of Collection House.

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. Further information on the options is set out in note 41 of the financial statements.

	Number of options granted during the year		No of options vested during the year	
Name	2009	2008	2009	2008
1. T. Aveling	2,000,000	-	400,000	-
2. A. Ralston	200,000	-	40,000	-
3. M. Thomas	250,000	-	50,000	-
4. M. Watkins	225,000	-	40,000	-
5. K. Lynam	150,000	-	25,000	-

The assessed fair value at grant date of options granted to the individuals is allocated over the period from grant date to vesting date, and the amount is included in the remuneration table in this report. 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.

Name	Date of exercise of options	Number of ordinary shares issued on exercise of options during the year		Amounts paid per ordinary share	
		2009	2008	2009	2008
Directors of Collection House Limited	-	-	-	-	-
Other key management personnel of the Group	-	-	-	-	-

No shares issued on the exercise of options during the period.

E Additional information (audited)

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.

	2005	2006	2007	2008	2009
Net profit after tax ($m's)	$12.95	$6.08	$3.81	$12.39	$7.85
Dividends Declared	8 cents unfranked	2 cents unfranked	2 cents franked	4.7 cents franked	4.9 cents franked
Share price commenced	$1.54	$1.41	$1.03	$0.78	$0.465
Share price ended	$1.40	$0.975	$0.75	$0.46	$0.49
Basic Earnings per share (including discontinued operations)	13.3 cents	6.2 cents	3.9 cents	12.7 cents	8.1 cents

Details of remuneration: cash bonuses and options

For each cash bonus and grant of options included in the table on page 29, 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. No options will vest unless the vesting conditions are met (see note 41 for details), hence the minimum value of the options 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 that is yet to be expensed.

	Cash bonus		Options						
Name	Paid	Forfeited %	Year granted	Vested %	Forfeited %	Lapsed $	Financial years in which options may vest (subject to certain qualifying hurdles). Refer to note 41	Minimum total value of grant yet to vest	Maximum total value of grant yet to vest
1. T. Aveling	100.0	0.0	2007	20%	-	-	2009 - 2011	NIL	NIL
			2009	-	-	-	2011 - 2013	NIL	199,600
2. A. Ralston	83.3	16.7	2007	20%	-	-	2009 - 2011	NIL	NIL
			2009	-	-	-	2011 - 2013	NIL	$20,000
3. M.Thomas	85.2	14.8	2007	20%	-	-	2009 - 2011	NIL	NIL
			2009				2011 - 2013	NIL	$25,000
4. M. Watkins	75.5	24.5	2007	20%	-	-	2009 - 2011	NIL	NIL
			2009				2011 - 2013	NIL	$22,500
5. K. Lynam	81.5	18.5	2007	20%	-	-	2009 - 2011	NIL	NIL
			2009				2011 - 2013	NIL	$15,000

Loans to directors and executives

Information on loans to directors and executives, including amounts, interest rates and repayment terms are set out in note 34 to the financial statements.

Shares under option

Long term incentives are provided to certain eligible employees via the Executive Share Option Plan, see note 41 for further information. Unissued ordinary shares of the Company under option at the date of this report are as follows:

	Date options granted	Number under option	Issue price of shares	No of shares issued 2009	Expiry date
MD/CEO Options	12 March 2007	2,000,000	$1.0327	nil	Refer to note 41
	31 October 2008	2,000,000	$0.4927	nil	Refer to note 41
Executive Share Option Plan	15 June 2007	1,250,000	$1.0327	nil	Refer to note 41
	18 July 2008	1,437,500	$0.4927	nil	Refer to note 41

E Additional information (unaudited)

Insurance of officers

During the financial year, Collection House paid a premium of $35,455 to insure the directors and secretaries of the Company and its Australian based controlled entities, and the executives 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 and 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 non-audit or assurance services in addition to their statutory duties. All other assurance 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	
DESCRIPTION	30 June 2009 $	30 June 2008 $
1. Audit services, Hacketts DFK		
Audit and review of the financial reports and other audit work under the Corporations Act 2001.	137,000	145,000
Total remuneration for audit services	137,000	145,000
2. Other assurance services, Hacketts DFK	82,050	79,000
Total remuneration for audit-related services	82,500	79,000
TOTAL REMUNERATION	219,050	224,000

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 35.

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
25 August 2009

Hacketts DFK

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25 August 2009

The Chairman
The Board of Directors
Collection House Limited
Green Square North Tower
515 St Paul's Terrace
Fortitude Valley, Brisbane QLD 4000

AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF COLLECTION HOUSE LIMITED AND CONTROLLED ENTITIES

As lead audit partner for the audit of the financial report of Collection House Limited and controlled entities for the year ended 30 June 2009, 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

Liam Murphy
Partner

Liability limited by a scheme approved under Professional Standards Legislation

INCOME STATEMENT
for the year ended 30 June 2009

	Notes	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Company 30 June 2009 $'000	Company 30 June 2008 $'000
Revenue from continuing operations	6	101,959	95,497	62,940	65,446
Other income	7	(23)	(5)	-	-
Depreciation and amortisation expense	8	(2,295)	(2,307)	(1,531)	(1,621)
Other expenses		(3,533)	(4,370)	(3,679)	(5,090)
Employee expenses		(34,072)	(33,172)	(29,048)	(27,434)
Search fees		(656)	(680)	(545)	(648)
Direct collection costs		(11,649)	(9,997)	(12,737)	(10,369)
Bad and doubtful debts		132	203	171	243
Operating lease rental expense		(3,779)	(3,169)	(3,128)	(2,120)
Consultancy fees		(59)	(230)	(52)	(103)
Legal expenses	9	102	(56)	103	(53)
Other expenses - related parties		(24)	-	-	-
Impairment of other assets	17	-	-	(98)	(3,693)
Fair value losses on other financial assets		(30,265)	(29,730)	-	-
Net gain/(loss) on disposal of property		43	10	19	(6)
Finance costs	8,9	(4,467)	(5,133)	(5,097)	(4,862)
Restructuring costs		(655)	(1,872)	(655)	(1,872)
Profit before income tax		10,759	4,989	6,663	7,818
Income tax expense	10	(3,059)	(1,229)	5,083	3,180
Profit from continuing operations		7,700	3,760	11,746	10,998
Profit from discontinued operations	11	154	8,628	-	13
Profit for the year		7,854	12,388	11,746	11,011
Profit is attributable to:					
Equity holders of Collection House Limited		7,854	12,387	11,746	11,011
Minority Interest		-	1	-	
		7,854	12,388	11,746	11,011

		Cents	Cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:			
Basic earnings per share	40	7.9	4.0
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share	40	8.1	12.7

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

BALANCE SHEET
as at 30 June 2009

	Notes	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Company 30 June 2009 $'000	Company 30 June 2008 $'000
ASSETS					
Current assets					
Cash and cash equivalents	12	584	937	132	801
Receivables	13	4,630	4,188	3,206	2,598
Other financial assets at fair value through profit or loss	14	29,999	36,511	-	-
Current tax receivables		-	2,312	-	2,974
Other current assets	15	996	1,489	943	645
Total current assets		36,209	45,437	4,281	7,018
Non-current assets					
Other financial assets at fair value through profit or loss	14	116,917	106,959	-	-
Receivables	16	-	-	154,885	134,929
Available-for-sale financial assets	17	-	-	16,017	16,116
Property, plant and equipment	18	6,957	3,516	6,602	3,242
Intangible assets	20	20,496	20,259	13,980	13,736
Deferred tax assets	19	-	-	1,934	2,515
Other non-current assets	21	229	292	-	-
Total non-current assets		144,599	131,026	193,418	170,538
Total assets		180,808	176,463	197,699	177,556
LIABILITIES					
Current liabilities					
Payables	22	4,622	7,324	14,885	13,636
Borrowings	23	-	2,801	4,678	4,099
Current tax liabilities		1,596	-	303	-
Provisions	24	2,000	3,070	1,701	2,738
Other current liabilities		-	105	-	105
Total current liabilities		8,218	13,300	21,567	20,578
Non-current liabilities					
Payables	25	-	-	21,858	18,631
Borrowings	26	69,700	61,100	69,700	61,100
Provisions	28	211	159	182	144
Deferred tax liabilities	27	14,719	17,428	-	-
Other non-current liabilities		-	192	-	192
Total non-current liabilities		84,630	78,879	91,740	80,067
Total liabilities		92,848	92,179	113,307	100,645
Net assets		87,960	84,284	84,392	76,911
EQUITY					
Contributed equity	30	67,256	67,256	67,256	67,256
Reserves	31(a)	171	(319)	878	475
Retained profits	31(b)	20,533	18,665	16,258	9,180
		87,960	85,602	84,392	76,911
Minority interest	32	-	(1,318)	-	-
Total equity		87,960	84,284	84,392	76,911

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

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2009

	Notes	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Company 30 June 2009 $'000	Company 30 June 2008 $'000
Total equity at the beginning of the financial year		84,284	77,080	76,911	70,550
Adjustment on adoption of AASB 127, net of tax, to:					
Retained profits - Minority Interest	1,32	(1,318)	-	-	-
Adjustment on correction of prior period error to:					
Retained profits - accrued wages	31	-	(909)	-	(909)
Restated total equity at the beginning of the financial year		82,966	76,171	76,911	69,641
Profit for the year		7,854	12,388	11,746	11,011
Transactions with equity holders in their capacity as equity holders:					
Dividends provided for or paid	33	(4,671)	(4,088)	(4,671)	(4,088)
Movement in Share-based payments reserve	31a	406	347	406	347
Movement in Foreign Currency translation reserve		87	(540)	-	-
Total changes in minority interest	32	1,318	6	-	-
		(2,860)	(4,275)	(4,265)	(3,741)
Total equity at the end of the financial year		87,960	84,284	84,392	76,911
Total recognised income and expense for the year is attributable to:					
Equity holders of Collection House Limited		7,854	12,388	11,746	11,011
Minority interest		-	-	-	-
		7,854	12,388	11,746	11,011

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 2009

	Notes	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Company 30 June 2009 $'000	Company 30 June 2008 $'000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		105,644	109,093	41,556	42,954
Payments to suppliers and employees (inclusive of goods and services tax)		(59,042)	(65,203)	(32,593)	(41,137)
		46,602	43,890	8,963	1,817
Interest received		1,817	1,477	106	287
Other sundry income		146	323	-	-
Interest paid		(5,203)	(5,132)	(5,097)	(4,355)
Income taxes refund / (paid)		(2,744)	(2,295)	(1,976)	1,568
Net cash inflow (outflow) from operating activities	43	40,618	38,263	1,996	(683)
Cash flows from investing activities					
Proceeds from sale of property, plant & equipment		23	-	-	-
Payments for property, plant and equipment		(2,877)	(1,246)	(2,658)	(1,043)
Payments for leasehold improvements		(3,551)	(180)	(3,551)	(222)
Payments for purchased debt		(34,715)	(73,525)	-	-
Payments for intangible assets		(979)	(34)	(964)	(34)
Payment for Legal costs capitalised		-	-	-	-
Proceeds from sale of discontinued operation		-	31,370	-	-
Net cash (outflow) inflow from investing activities		(42,099)	(43,615)	(7,173)	(1,299)
Cash flows from financing activities					
Proceeds from borrowings		8,600	4,900	8,600	4,900
Repayment of borrowings		-	(23)	-	-
Dividends paid to company's shareholders	33	(4,671)	(4,088)	(4,671)	(4,088)
Net cash inflow (outflow) from financing activities		3,929	789	3,929	812
Net increase (decrease) in cash and cash equivalents		2,448	(4,563)	(1,248)	(1,170)
Cash and cash equivalents at the beginning of the financial year		(1,864)	2,699	(3,298)	(2,128)
Effects of exchange rate changes on cash and cash equivalents		-	-	-	-
Cash and cash equivalents at end of year	12	584	(1,864)	(4,546)	(3,298)

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

The financial report of Collection House Limited also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Early adoption of standards

The Group has elected to apply the following pronouncements to the annual reporting period beginning 1 July 2008:

- AASB 127 - The Group has elected to apply the amendments to AASB 127 Consolidated and Separate Financial Statements dated March 2008 to the annual reporting period beginning 1 July 2008. In accordance with the transitional provisions of the standard, comparatives have not been restated.
- AASB 3 - The Group has elected to apply the amendments to AASB 3 Business Combinations dated March 2008 to the annual reporting period beginning 1 July 2008. In accordance with the transitional provisions of the standard, comparatives have not been restated.

This includes applying the revised pronouncement to the comparatives in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. None of the items in the financial statements had to be restated as the result of applying these standards.

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 2009 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 to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests

1 Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of identifiable net assets of the subsidiary.

Changes in the parent company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, and do not pass through the Profit and Loss.

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.

(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 assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary 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 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.

1 Summary of significant accounting policies (continued)

(d) Foreign currency translation (continued)

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.

(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.

1 Summary of significant accounting policies (continued)

(f) Income tax (continued)

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

The Head Entity, Collection House Ltd, 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 Ltd 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 10).

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 18). 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 asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 37). 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.

(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.

1 Summary of significant accounting policies (continued)

(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 and investment property 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.

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, available-for-sale financial assets, and 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.

1 Summary of significant accounting policies (continued)

(m) Financial assets (continued)

(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 or significant 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.

(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.

1 Summary of significant accounting policies (continued)

(o) Property, plant and equipment (continued)

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 subject to fair value adjustments based upon the 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.

	2009	2008
- Plant and equipment	4-8 years	4-8 years
- Computer equipment	3-5 years	3-5 years
- Leased plant and equipment	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 any 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 finance costs.

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.

1 Summary of significant accounting policies (continued)

(u) Employee benefits (continued)

(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.

(iv) Share-based payments

Share-based compensation benefits are provided to the Chief Executive Officer via the the employment agreement between the Company and the Chief Executive Officer.

Share-based compensation benefits are provided to employees other than the Chief Executive Officer via the Collection House Limited Executive Share Option Plan. Further details are set out in note 41.

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 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 and excluding treasury shares (note 30).

1 Summary of significant accounting policies (continued)

(w) Earnings per share (continued)

(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.

(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.

(z) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 (effective from 1 January 2009)

AASB 8 requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Group will adopt AASB 8 from 1 July 2009, however it is unlikely to result in any impact upon the group as segment information is already presented based upon the structure that key decision makers use.

(ii) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 (effective from 1 January 2009)

The September 2007 revised AASB 101 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Group will apply the revised standard from 1 July 2009.

(iii) AASB 2008-7 Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective 1 July 2009)

In July 2008, the AASB approved amendments to AASB 1 First-time Adoption of International Financial Reporting Standards and AABS 127 Consolidated and Separate Financial Statements. The Group will apply the revised rules prospectively from 1 July 2009. After that date, all dividends received from investments in subsidiaries, jointly controlled entities or associates will be recognised as revenue, even if they are paid out of pre-acquisition profits, but the investments may need to be tested for impairment as a result of the dividend payment. Under the entity's current policy, these dividends are deducted from the cost of the investment. Furthermore, when a new intermediate parent entity is created in internal reorganisations it will measure its investment in subsidiaries at the carrying amounts of the net assets of the subsidiary rather than the subsidiary's fair value.

2 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, 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 in the case of interest rate, foreign exchange and other price risks, 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 policies approved by 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 2009, 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 2008 and 2009, 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 (2008: $Nil).

2 Financial risk management (continued)

(a) Market risk (continued)

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

	30 June 2009		30 June 2008	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	$'000	%	$'000
Bank overdrafts and bank loans	6.0%	69,700	6.8%	63,901
Net exposure to cash flow interest rate risk		69,700		63,901

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 2009, 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 $122,000 lower/higher (2008 - change of 25 bps: $112,000 lower/higher), mainly as a result of higher/lower interest expense from net borrowings. Other components of equity would have been $122,000 lower/higher (2008 - $112,000 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 2009, 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 $115,000 lower/higher (2008 - change of 25 bps: $114,000 lower/higher) mainly as a result of lower interest expense from net borrowings. Other components of equity would have been $115,000 lower/higher (2008 - $114,000 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)

(a) Market risk (continued)

(iv) Summarised sensitivity analysis

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

		Interest rate risk			
	Carrying	-25 bps		+25 bps	
Consolidated	amount	Profit	Equity	Profit	Equity
30 June 2009	$'000	$'000	$'000	$'000	$'000
Financial assets					
Financial liabilities					
Borrowings	69,700	122	122	(122)	(122)
Total increase/ (decrease)		122	122	(122)	(122)
Consolidated					
30 June 2008					
Financial liabilities					
Borrowings	63,901	112	112	(112)	(112)
Total increase/ (decrease)		112	112	(112)	(112)
Company					
30 June 2009					
Financial liabilities					
Borrowings	65,778	115	115	(115)	(115)
Total increase/ (decrease)		115	115	(115)	(115)
Company					
30 June 2008					
Financial liabilities					
Borrowings	65,199	114	114	(114)	(114)
Total increase/ (decrease)		114	114	(114)	(114)

(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.

2 Financial risk management (continued)

(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 $75,000,000 Multiple Option Facility throughout the year (2008: $70,000,000 facility with an additional $5,000,000 cash advance for fitout of leased premises). The facility expires on 3 January 2011, 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 $75,000,000 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 26.

The table below 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.

	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
Group - At 30 June 2009							
Non-derivatives							
Non-interest bearing	4,622	-	-	-	-	4,622	4,622
Variable rate	-	-	69,700	-	-	69,700	69,700
Total non-derivatives	4,622	-	69,700	-	-	74,322	74,322
Group - At 30 June 2008							
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

2 Financial risk management (continued)

(c) Liquidity risk (continued)

	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
Parent - At 30 June 2009							
Non-derivatives							
Non-interest bearing	14,885	-	-	-	21,858	36,743	36,743
Variable rate	4,678	-	69,700	-	-	74,378	74,378
Total non-derivatives	19,563	-	69,700	-	21,858	111,121	111,121
Parent - At 30 June 2008							
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

(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.

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 particular 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.

2 Financial risk management (continued)

(d) Fair value estimation (continued)

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, fair value adjustments are made against the the carrying value 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.

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.

As a result of the Global Financial crisis, the reasonably likely range for the sensitivity analysis has increased to +/- 4.4% in 2009 (2008: +/- 2.0%).

		Recoverability			
		-4.4%		+4.4%	
Consolidated	Carrying amount	Profit	Other Equity	Profit	Other Equity
30 June 2009	$'000	$'000	$'000	$'000	$'000
Financial assets					
Financial assets at FVTPL	146,919	(1,185)	(1,185)	1,185	1,185
Total increase/ (decrease)		(1,185)	(1,185)	1,185	1,185

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

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 2 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 is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

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(n). The calculation of impairment requires the use of assumptions.

(b) Critical judgements in applying the entity's accounting policies

Employee benefits

Management judgment is applied in determining the key assumptions used in the calculation of long service leave at balance date:

- future increases in wages and salaries
- future on-cost rates
- experience of employee departures and period of service

Impairment of available-for-sale financial assets

The Group follows the guidance of AASB 139 Financial Instruments: Recognition and Measurement on determining when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the underlying assets of the investee company.

Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for property, plant and equipment at the time of acquisition. As described in note 1(o) useful lives are reviewed regularly throughout the year for appropriateness.

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.

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;

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

(b) Primary reporting format - business segments

2009	Collection services $'000	Account asset management $'000	Intersegment eliminations/ unallocated $'000	Total continuing operations $'000	Discontinued operations (note 11) $'000	Consolidated $'000
Segment revenue						
Sales to external customers	32,097	71,300	(1,459)	101,938	-	101,938
Intersegment sales	4,392	-	(4,392)	-	-	-
Total sales revenue	36,489	71,300	(5,851)	101,938	-	101,938
Other revenue	55	13	(68)	-	219	219
Total segment revenue/income	36,544	71,313	(5,919)	101,938	219	102,157
Profit on discontinued operations				-	-	-
Consolidated revenue				101,938	219	102,157
Segment result						
Segment result (notes [ii])	7,230	17,366	(6,005)	18,591	219	18,810
Interest expense & borrowing costs				(4,467)	-	(4,467)
Unallocated revenue less unallocated expenses				(3,365)	-	(3,365)
Profit before income tax				10,759	219	10,978
Income tax benefit / (expense)				(3,059)	(65)	(3,124)
Profit for the year				7,700	154	7,854

4 Segment information (continued)

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

2009	Collection services $'000	Account asset management $'000	Intersegment eliminations/ unallocated $'000	Total continuing operations $'000	Discontinued operations (note 11) $'000	Consolidated $'000
Segment assets and liabilities						
Segment assets	150,816	151,929	(121,937)	180,808	-	180,808
Intersegment elimination				-	-	-
Unallocated assets				-	-	-
Total assets				180,808	-	180,808
Segment liabilities	11,943	132,191	(135,708)	8,426	-	8,426
Intersegment elimination				-	-	-
Unallocated liabilities				84,422	-	84,422
Total liabilities				92,848	-	92,848
Other segment information						
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	7,338	70,840	-	78,178	-	78,178
Total acquisitions				78,178	-	78,178
Depreciation and amortisation expense	291	669	1,335	2,295	-	2,295
Total depreciation and amortisation				2,295	-	2,295
Other non-cash expenses	199	31,568	(310)	31,457	-	31,457
2008						
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
Profit from discontinued operations / Other revenue	28	-	641	669	98	767
Total segment revenue	34,465	64,183	(3,152)	95,496	5,809	101,305
Unallocated revenue				-	10,404	10,404
Consolidated revenue				95,496	16,213	111,709
Segment result						
Segment result (notes (ii))	5,736	15,966	(5,918)	15,784	11,327	27,111
Interest expense & borrowing costs				(5,133)	-	(5,133)
Unallocated revenue less unallocated expenses				(5,662)	-	(5,662)
Profit before income tax				4,989	11,327	16,316
Income tax benefit / (expense)				(1,229)	(2,699)	(3,928)
Profit for the year				3,760	8,628	12,388

4 Segment information (continued)

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

2008	Collection services $'000	Account asset management $'000	Intersegment eliminations/ unallocated $'000	Total continuing operations $'000	Discontinued operations (note 11) $'000	Consolidated $'000
Segment assets and liabilities						
Segment assets	132,195	146,135	(116,007)	162,323	9,403	171,726
Intersegment elimination				-	-	-
Unallocated assets				4,737	-	4,737
Total assets				167,060	9,403	176,463
Segment liabilities	7,331	118,645	(120,196)	5,780	4,707	10,487
Unallocated liabilities				81,692	-	81,692
Total liabilities				87,472	4,707	92,179
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
Total acquisitions				58,886	1,350	60,236
Depreciation and amortisation expense	122	645	1,540	2,307	-	2,307
Total depreciation and amortisation				2,307	-	2,307
Impairment of goodwill (note 20)	-	-	-	-	-	-
Impairment of other assets	-	-	-	-	-	-
Other non-cash expenses	(72)	30,480	502	30,910	(45)	30,865

(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 2009 $'000	30 June 2008 $'000	30 June 2009 $'000	30 June 2008 $'000	30 June 2009 $'000	30 June 2008 $'000
Australia	96,873	92,658	171,559	162,004	78,016	60,236
New Zealand	5,282	7,663	9,249	9,344	162	65
	102,155	100,321	180,808	171,348	78,178	60,301
Unallocated assets			-	4,737		
Total assets			180,808	176,085		

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

4 Segment information (continued)

(c) Secondary reporting format - geographical segments (continued)

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 2009	30 June 2008	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	%	%	%	%	%	%
Margin on sales revenue	19	16	24	25	100	70

5 Correction of error in reporting expenses in the previous year

As noted in the 31 December 2008 half year report, the Company has moved to correct its approach to accounting for employment costs, which have previously been accounted for on an effectively cash basis which is inconsistent with accrual accounting principles. This practice goes back to the incorporation of the company, and it is impraticable to make corrections from when the issue first arose. The cumulative error has been corrected from 1 July 2007, by recognising an accrual for outstanding wages at that time of $1,317,000, together with an adjustment against current tax receivables of $408,000. The $909,000 after tax profit effect of this initial adjustment has been posted as a reduction against the opening balance of retained earnings.

It has become necessary for the correction to be made in the current year as a result of it becoming a material adjustment in the context of the company's expectations of financial performance and financial position in the new environment of the world economic crisis. In prior years, based on the best information available to management, this issue has always been immaterial and not required adjustment.

The impact of the change from cash to accrual accounting in respect of wages cost in the current year has been to increase the NPAT by $71,000. Retained earnings and net assets in the balance sheet have reduced by a corresponding amount.

The change will have no effect on the cashflows of the consolidated group.

The balance sheet for all future years will carry a liability for wages unpaid at the end of the reporting period. This liability can vary between 3 and 13 days for any given year and will be calculated using the most recent payroll data available.

In addition to the impact on the prior year's results as identified above, the change will also have an impact on the way that the Company would have accounted for wages in each financial year, where, as a result of the scheduling of wage payments, the Company would physically pay more wages than have accrued for that working year. One such financial year is that ending 30 June 2010. In that financial year, the effect of the proposed change to accounting for wages is that expenses for wages and salaries for that year under the proposed change will be lower than would have been the case if no change had been made to the method of accounting for wages expenses. That is, the expense from the additional cash payment of wages will be reallocated to the earlier years to which it relates.

Adjustments to the current and prior years have been made using the payroll and staffing levels as they stood at the relevant date.

The correction has been made during the year ended 30 June 2009 by restating each of the affected financial statement line items for the prior year, as described above.

Basic and diluted earnings per share for the prior year have also been restated. The amount of the correction for both basic and diluted earnings per share was an increase of 0.07 cents per share.

5 Correction of error in reporting expenses in the previous year (continued)

The error had the the effect on various line items in the financial statements in the following manner:

(a) Consolidated

Balance Sheet	30 June 2008 (as reported) $'000			30 June 2008 (revised and per current balance sheet) $'000
Current tax receivables	1,937	understated by	375	2,312
Total assets	176,085		375	176,460
Current payables	(6,107)	understated by	(1,217)	(7,324)
Total liabilities	(90,962)		(1,217)	(92,179)
Retained earnings	(19,504)	overstated by	839	(18,665)
Total equity	(85,123)		839	(84,284)

Income Statement	30 June 2008 (as reported) $'000			30 June 2008 (revised and per current Income statement) $'000
Employee expenses	33,275	overstated by	(103)	33,172
Profit before income tax	(4,886)	understated by	(103)	(4,989)
Income tax expense	1,197	understated by	31	1,228
Profit from continuing operations	(3,689)	understated by	(71)	(3,760)
Profit for the year	(12,317)	understated by	(71)	(12,388)

(b) Parent

Balance Sheet	30 June 2008 (as reported) $'000			30 June 2008 (revised and per current balance sheet) $'000
Current tax receivables	2,599	understated by	375	2,974
Total assets	177,181		375	177,556
Current payables	(12,419)	understated by	(1,217)	(13,636)
Total liabilities	(99,428)		(1,217)	(100,645)
Retained earnings	(10,019)	overstated by	839	(9,180)
Total equity	(77,750)		839	(76,911)

5 Correction of error in reporting expenses in the previous year (continued)

(b) Parent (continued)

Income Statement	30 June 2008 (as reported) $'000			30 June 2008 (revised and per current Income statement $'000
Employee expenses	27,537	overstated by	(103)	27,434
Profit before income tax	(7,715)	understated by	(103)	(7,818)
Income tax expense	(3,211)	understated by	31	(3,180)
Profit from continuing operations	(10,927)	understated by	(71)	(10,998)
Profit for the year	(10,940)	understated by	(71)	(11,011)

6 Revenue

	Consolidated		Company	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
From continuing operations	$'000	$'000	$'000	$'000
Sales revenue				
Revenue from rendering of services	99,743	93,769	38,909	39,417
	99,743	93,769	38,909	39,417
Other revenue				
Rent received	272	63	272	63
Interest	1,817	1,477	107	577
Dividends	-	-	23,422	25,164
Other Income	127	188	208	210
Net gain / (loss) from sale of businesses and related assets (excluding discontinued operations)	-	-	22	15
	2,216	1,728	24,031	26,029
Total revenue from continuing operations	101,959	95,497	62,940	65,446

(a) Revenue from discontinued operations

From discontinued operations (note 11)				
National Revenue Corporation Pty Ltd	-	535	-	-
Insurance Claims Solutions Pty Ltd (formerly CHIP #1 Pty Ltd)	-	312	-	-
Australian Business Research group / National Tenancy Database Pty Ltd	-	4,962	-	-
Downie and Associates Unit Trust	219	-	-	-
	219	5,809	-	-

7 Other income

	Consolidated		Company	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	$'000	$'000	$'000	$'000
Foreign exchange gains/(losses) (net)	(23)	(5)	-	-

8 Expenses

	Consolidated		Company	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
Profit before income tax includes the following specific expenses:	$'000	$'000	$'000	$'000
Depreciation				
Dep - Leasehold improvements, plant and equipment	1,626	1,666	1,531	1,594
Total depreciation	1,626	1,666	1,531	1,594
Amortisation				
Amortisation - Leased plant and equipment	-	1	-	-
Amortisation - Other intangibles	-	27	-	27
Amortisation - Legal and court cost capitalised	669	613	-	-
Total amortisation	669	641	-	27
Finance costs				
Interest and finance charges paid/payable	4,467	5,133	5,097	4,862
Total Finance Costs	4,467	5,133	5,097	4,862
Fair Value losses				
Fair Value losses on other financial assets (note 14)	30,265	29,730	-	-
Total Fair Value losses on other financial assets	30,265	29,730	-	-

9 Write back of over-provided expenses

	Consolidated		Company	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	$'000	$'000	$'000	$'000
The following expenses include expense write backs in respect of the release of an overprovision relating to the settlement of the stamp duty issue as disclosed inthe 2008 Annual Report:				
Other expenses	(443)	-	-	-
Legal expenses	(165)	-	(165)	-
Finance costs	(736)	-	-	-
	(1,344)	-	(165)	-

10 Income tax expense

	Consolidated		Company	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
(a) Income tax expense	$'000	$'000	$'000	$'000
Current income tax provision	3,235	1,708	(5,784)	(3,679)
Deferred income tax provision	(2,711)	2,661	575	542
Tax on discontinued operations	-	-	-	-
Under (over) provided in prior years	2,600	(443)	126	(37)
	3,124	3,926	(5,083)	(3,174)
Income tax expense is attributable to:				
Income tax expense/(benefit) - Profit from continuing operations	3,059	1,229	(5,083)	(3,180)
Income tax expense/(benefit) - Profit from discontinued operations	65	2,697	-	6
Aggregate income tax expense	3,124	3,926	(5,083)	(3,174)
Deferred income tax (revenue) expense included in income tax expense comprises:				
Decrease (increase) in deferred tax assets (note 19)	1,407	77	546	562
(Decrease) increase in deferred tax liabilities (note 27)	(4,118)	2,584	29	(20)
	(2,711)	2,661	575	542

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	Consolidated 30 June 2009	Consolidated 30 June 2008	Company 30 June 2009	Company 30 June 2008
Profit from continuing operations before income tax expense	10,759	4,989	6,663	7,818
Profit from discontinuing operations before income tax expense	219	11,327	-	19
	10,978	16,316	6,663	7,837
Tax at the Australian tax rate of 30% (2008 - 30%)	3,293	4,895	1,999	2,351
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Non-deductible expenses	(16)	278	132	138
Non-deductible depreciation	-	-	-	-
Non-deductible amortisation	-	-	-	-
Non-deductible impairment	-	-	29	-
Non-assessable inter-company dividends from members of the tax-consolidated Group	-	-	(7,027)	(7,549)
Capital gain on consolidation of new group members	-	-	-	-
Tax benefit on wind up of discontinued operations	-	(700)	-	-
Non-deductible writedown of investments in subsidiaries	-	-	-	1,452
Tax losses not recognised	-	-	-	-
Sundry items	-	62	-	1,014
	3,277	4,535	(4,867)	(2,594)

10 Income tax expense (continued)

(b) Numerical reconciliation of income tax expense to prima facie tax payable (continued)

	Consolidated		Company	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	$'000	$'000	$'000	$'000
Difference in overseas tax rates	-	32	-	-
Adjustments for current tax of prior periods	(153)	(641)	(216)	(580)
Previously unrecognised tax losses used to reduce deferred tax expense	-	-	-	-
Previously unrecognised tax losses now recouped to reduce current tax expense	-	-	-	-
	(153)	(609)	(216)	(580)
Income tax expense	3,124	3,926	(5,083)	(3,174)

11 Discontinued operation

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

	Consolidated		Company	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	$'000	$'000	$'000	$'000
Revenue (note 6)	-	535	-	-
Expenses	-	(625)	-	-
Profit before income tax	-	(90)	-	-
Income tax expense	-	27	-	-
Profit after income tax of discontinued operations	-	(63)	-	-
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 operation	-	299	-	25
Net cash inflow (outflow) from operating activities	-	-	-	-
Net cash inflow (outflow) from investing activities	-	-	-	-
Net cash (outflow) from financing activities	-	-	-	-
Net increase in cash generated by the division	-	-	-	-

11 Discontinued operation (continued)

National Revenue Corporation Pty Ltd (continued)

(b) Details of the sale of the division

	Consolidated		Company	
	30 June 2009 $'000	30 June 2008 $'000	30 June 2009 $'000	30 June 2008 $'000
Consideration received or receivable:				
Cash	-	91	-	17
Total disposal consideration	-	91	-	17
Carrying amount of net assets sold	-	-	-	-
Expenses	-	163	-	19
Gain on sale before income tax	-	254	-	36
Income tax expense	-	108	-	(11)
Gain on sale after income tax	-	362	-	25

Insurance Claims Solutions Pty Ltd (formerly CHIP #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).

	Consolidated		Company	
	30 June 2009 $'000	30 June 2008 $'000	30 June 2009 $'000	30 June 2008 $'000
Revenue (note 6)	-	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 operation	-	201	-	(17)

11 Discontinued operation (continued)

National Revenue Corporation Pty Ltd (continued)

(c) Details of the sale of the division

	Consolidated		Company	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	$'000	$'000	$'000	$'000
Cash	-	250	-	250
Present value of amount due on 31 March 2011	-	-	-	-
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 #1 Pty Ltd).

Australian Business Research group/ National Tenancy Database Pty Ltd

(a) Description

On 30 June 2007 the company entered into conditional agreements for the sale of the group 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).

	Consolidated		Company	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	$'000	$'000	$'000	$'000
Revenue (note 6)	-	4,962	-	-
Expenses	-	(3,879)	-	-
Profit before income tax	-	1,083	-	-
Income tax expense	-	(325)	-	-
Profit after income tax of discontinued operations	-	758	-	-
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 operation	-	8,128	-	5

11 Discontinued operation (continued)

Australian Business Research group/ National Tenancy Database Pty Ltd (continued)

	Consolidated		Company	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	$'000	$'000	$'000	$'000
Net cash inflow (outlow) from operating activities	-	(5,861)	-	-
Net cash inflow (outflow) from investing activities	-	31,070	-	-
Net cash (outflow) from financing activities	-	-	-	-
Net increase in cash generated by the division	-	25,209	-	-

(c) Carrying amounts of assets and liabilities

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

	Consolidated		Company	
	30 June 2009	6 September 2007	30 June 2009	31 August 2008
	$'000	$'000	$'000	$'000
Property, plant and equipment	-	268	-	-
Intangibles	-	18,144	-	-
Total assets	-	18,412	-	-
Net assets	-	18,412	-	-

(d) Details of the sale of the division

	Consolidated		Company	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	$'000	$'000	$'000	$'000
Cash	-	31,070	-	-
Present value of amount due on 31 March 2011	-	-	-	-
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

11 Discontinued operation (continued)

Downie & Associates Unit Trust

(a) Recovery of previously impaired assets

As reported in the year ended 30 June 2005, on 17 September 2004 the consolidated entity sold the business of Downie & Associates, recording a profit on disposal of $78,000, and recognising a non-current receivable of $970,000. As part of the transition to AIFRS, on 1 July 2005, the company adopted AASB132 - Financial Instruments: Disclosure and Presentation and AASB139 - Financial Instruments: Recognition and Measurement, and at that date, based on management's assessment, the $970,000 receivable was fully impaired as there appeared to be no prospect of recovery. Under the stricter rules of AIFRS, the company was required to impair the debt to the level of potential recovery.

Subsequent to the impairment, $219,000 has been recovered ($151,000 after income tax), which has been included as a profit from discontinued operations. As management has no expectation of further recoveries in future periods, no amounts have been reinstated for this receivable. Any future recoveries will be recorded as profits from discontinued operations as they are received.

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 12 months ended 30 June 2009. There were no recoveries of the non-current receivable in the prior year.

	Consolidated		Company	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	$'000	$'000	$'000	$'000
Revenue (note 6)	219	-	-	-
Income tax expense	(65)	-	-	-
Profit from discontinued operation	154	-	-	-

(c) Details of the sale of the division

	Consolidated		Company	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	$'000	$'000	$'000	$'000
Consideration received or receivable:				
Cash	-	-	-	-
Gain on sale before income tax	-	-	-	-
Income tax expense	-	-	-	-
Gain on sale after income tax	-	-	-	-
Summary of Discontinued Operations				
National Revenue Corporation Pty Ltd	-	299	-	25
Insurance Claims Solutions Pty Ltd (formerly CHIP #1)	-	201	-	(17)
Australian Business Research group/ National Tenancy Database Pty Ltd	-	8,128	-	5
Downie & Associates Unit Trust	154	-	-	-
Profit from discontinued operations	154	8,628	-	13

12 Current assets - Cash and cash equivalents

	Consolidated		Company	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	$'000	$'000	$'000	$'000
Cash at bank and in hand	584	937	132	801
	584	937	132	801

(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	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	$'000	$'000	$'000	$'000
Bank overdraft right of set-off				
Balances as above	584	937	132	801
Bank overdrafts (note 23)	-	(2,801)	(4,678)	(4,099)
Balances per statement of cash flows	584	(1,864)	(4,546)	(3,298)

(b) Cash at bank and on hand

Information concerning the effective interest rates is set out in the non-current receivables note 16.

(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.

13 Current assets - Receivables

	Consolidated		Company	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	$'000	$'000	$'000	$'000
Net trade receivables				
Trade debtors	2,078	2,927	1,462	1,889
Provision for impairment of receivables (note (a))	(318)	(690)	(185)	(448)
	1,760	2,237	1,277	1,441
Loans to controlled entities	(7)	(9)	206	201
	(7)	(9)	206	201
Other loans	48	49	49	48
Other debtors	2,829	1,911	1,674	908
	2,877	1,960	1,723	956
	4,630	4,188	3,206	2,598

(a) Impaired trade receivables

As at 30 June 2009 current trade receivables of the Group with a nominal value of $468,000 (2008 - $907,000) were impaired. The amount of the provision was $318,000 (2008 - $690,000). 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 2009 current trade receivables of the Parent with a nominal value of $185,000 (2008 - $603,000) were impaired. The amount of the provision was $185,000 (2008 - $448,000). 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	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	$'000	$'000	$'000	$'000
1 to 3 months	-	-	-	-
3 to 6 months	468	907	185	603
	468	907	185	603

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

	Consolidated		Company	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	$'000	$'000	$'000	$'000
At 1 July	690	1,808	448	1,374
Provision for impairment recognised during the year	85	456	53	367
Receivables written off during the year as uncollectible	-	(891)	-	(652)
Unused amount reversed	(457)	(683)	(316)	(641)
	318	690	185	448

13 Current assets - Receivables (continued)

(a) Impaired trade receivables (continued)

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) Past due but not impaired

As of 30 June 2009, trade receivables of the Group of $291,000 (2008 - $556,000) 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 2009, trade receivables of the Parent of $259,000 (2008 - $488,000) 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	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Up to 3 months	291	556	259	488
3 to 6 months	-	-	-	-
	291	556	259	488

(c) 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.

(d) 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 16.

(e) Foreign exchange and interest rate risk

Refer to note 16(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.

(f) 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.

14 Other financial assets at fair value through profit or loss

	Consolidated		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Current and Non-Current				
At beginning of year	143,470	102,669	-	-
Reclassification of capitalised costs	-	-	-	-
Adjustment on adoption of AASB 132 and AASB 139	-	-	-	-
Additions	33,711	70,395	-	-
Fair value gain / (loss)	(30,265)	(29,594)	-	-
At end of year	146,916	143,470	-	-

	Consolidated		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Other Financial Assets at fair value through Profit and Loss	146,916	143,470	-	-
	146,916	143,470	-	-

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

	Consolidated		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Current	29,999	36,511	-	-
Non Current	116,917	106,959	-	-
	146,916	143,470	-	-

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.

15 Current assets - Other current assets

	Consolidated		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Other deposits	16	22	1	-
Prepayments	980	695	942	645
Other	-	772	-	-
	996	1,489	943	645

16 Non-current assets - Receivables

	Consolidated		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Loans to controlled entities	-	-	154,885	134,929
	-	-	154,885	134,929

* Refer to note 13 for the current portions of these receivables.

Further information relating to loans to related parties and key management personnel is set out in notes 34 and 38 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:

	2009		2008	
	Carrying amount	Fair value	Carrying amount	Fair value
Parent entity	$'000	$'000	$'000	$'000
Loans to related parties	154,885	154,885	134,929	134,929
	154,885	154,885	134,929	134,929

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.

(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.

	Floating interest rate	Non-interest bearing	Total
2009	$'000	$'000	$'000
Trade receivables	-	1,760	1,760
Other deposits	-	-	-
Other receivables	-	2,877	2,877
Purchased Debt	-	146,916	146,916
Cash & cash equivalents	579	5	584
	579	151,558	152,137
Weighted average interest rate (%)	6.0%	-%	

16 Non-current assets - Receivables (continued)

(c) Interest rate risk (continued)

2008	Floating interest rate $'000	Non-interest bearing $'000	Total $'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%	-%	

(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.

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

	Consolidated		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
At beginning of year	-	-	16,116	20,432
Additions	-	-	-	844
Disposals (sale and redemption)	-	-	-	(1,467)
Losses from impairment	-	-	(99)	(3,693)
	-	-	16,017	16,116

(a) Fair values

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

	Consolidated		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Unlisted securities (note (b))				
Equity securities	-	-	16,017	16,116

17 Non-current assets - Available-for-sale financial assets (continued)

(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.

18 Non-current assets - Property, plant and equipment

Consolidated	Plant and equipment $'000	Motor vehicles $'000	Leasehold improvements $'000	Leased plant & equipment $'000
At 1 July 2007				
Cost or fair value	11,584	-	909	8
Accumulated depreciation	(9,251)	-	(241)	(5)
Net book amount	2,333	-	668	3
Year ended 30 June 2008				
Opening net book amount	2,333	-	668	3
Additions	560	9	557	-
Disposals	(342)	-	(269)	-
Impairment charge recognised in profit and loss	-	-	-	-
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
At 1 July 2007		
Cost or fair value	472	12,973
Accumulated depreciation	-	(9,497)
Net book amount	472	3,476
Year ended 30 June 2008		
Opening net book amount	472	3,476
Additions	768	1,894
Disposals	-	(611)
Impairment charge recognised in profit and loss	-	-
Depreciation charge	-	(787)
Transfers	(456)	(456)
Closing net book amount	784	3,516

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

Consolidated	Work-in-progress $'000	Total $'000
At 30 June 2008		
Cost or fair value	784	12,610
Accumulated depreciation	-	(9,094)
Net book amount	784	3,516

Consolidated	Plant and equipment $'000	Motor vehicles $'000	Leasehold improvements $'000	Leased plant & equipment $'000
Year ended 30 June 2009				
Opening net book amount	1,848	9	873	2
Additions	315	-	56	-
Disposals	(395)	-	(1,647)	(2)
Reversal of Impairment charge in profit and loss	18	-	-	-
Transfers to assets held for sale	-	-	-	-
Depreciation charge	(679)	(2)	(245)	-
Transfers	3,247	-	3,494	-
Closing net book amount	4,354	7	2,531	-
At 30 June 2009				
Cost or fair value	7,399	9	2,815	2
Accumulated depreciation	(3,045)	(2)	(284)	(2)
Net book amount	4,354	7	2,531	-

Consolidated	Work-in-progress $'000	Total $'000
Year ended 30 June 2009		
Opening net book amount	784	3,516
Additions	6,886	7,257
Disposals	-	(2,044)
Reversal of Impairment charge in profit and loss	-	18
Transfers to assets held for sale	-	-
Depreciation charge	-	(926)
Transfers	(7,605)	(864)
Closing net book amount	65	6,957
At 30 June 2009		
Cost or fair value	65	10,290
Accumulated depreciation	-	(3,333)
Net book amount	65	6,957

18 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 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
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)
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
Year ended 30 June 2009				
Opening net book amount	1,597	861	784	3,242
Additions	130	56	6,886	7,072
Disposals	(366)	(1,647)	-	(2,013)
Reversal of Impairment charge in profit and loss	19	-	-	19
Depreciation charge	(612)	(242)	-	(854)
Impairment loss	-	-	-	-
Transfers	3,246	3,495	(7,605)	(864)
Closing net book amount	4,014	2,523	65	6,602
At 30 June 2009				
Cost or fair value	6,586	2,796	65	9,447
Accumulated depreciation	(2,572)	(273)	-	(2,845)
Net book amount	4,014	2,523	65	6,602

(a) Non-current assets pledged as security

Refer to note 26 for information on non-current assets pledged as security by the parent entity and its controlled entities.

19 Non-current assets - Deferred tax assets

	Consolidated		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
The balance comprises temporary differences attributable to:				
Accruals	194	407	194	271
Future deductible windup costs	623	934	623	934
Doubtful debts	95	200	60	87
Provisions and employee benefits	710	713	610	601
Receivables impairment (note 13(a))	-	68	-	-
Fixed assets	43	320	51	318
Sundry	431	863	428	307
	2,096	3,505	1,966	2,518
Set-off of deferred tax liabilities pursuant to set-off provisions (note 27)	(2,096)	(3,505)	(32)	(3)
Net deferred tax assets	-	-	1,934	2,515
Movements:				
Opening balance at 1 July	3,505	3,582	2,518	3,080
Change on adoption of AASB 132 and AASB 139 (note 1)	-	-	-	-
Credited/(charged) to the income statement (note 10)	(1,409)	(77)	(546)	(562)
Closing balance at 30 June	2,096	3,505	1,972	2,518

	Tax losses	Employee benefits	Doubtful Debts	Fixed Assets	Receivables impairment & accruals	Future deductible windup costs
Movements - Consolidated	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 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

	Sundry	Total
Movements - Consolidated	$'000	$'000
At 1 July 2007	138	3,582
(Charged)/credited to the income statement	725	(77)
At 30 June 2008	863	3,505

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

Movements - Consolidated	Employee benefits $'000	Doubtful Debts $'000	Fixed assets $'000	Receivables impairment & accruals $'000	Future deductible windup costs $'000	Sundry $'000
At 30 June 2008	713	200	320	475	934	863
Charged/(credited) to the income statement	(3)	(105)	(277)	(281)	(311)	(432)
At 30 June 2009	710	95	43	194	623	431

Movements - Consolidated	Total $'000
At 30 June 2008	3,505
Charged/(credited) to the income statement	(1,409)
At 30 June 2009	2,096

Movements - Company	Tax losses $'000	Employee benefits $'000	Doubtful Debts $'000	Fixed Assets $'000	Receivables impairment & accruals $'000	Future deductible windup costs $'000
At 1 July 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	Sundry $'000	Total $'000
At 1 July 2007	-	3,080
(Charged)/credited to the income statement	307	(562)
At 30 June 2008	307	2,518

Movements - Company	Employee benefits $'000	Doubtful Debts $'000	Fixed Assets $'000	Receivables impairment & accruals $'000	Future deductible windup costs $'000	Sundry $'000
At 30 June 2008	601	87	318	271	934	307
Charged/(credited) to the income statement	9	(26)	(267)	(77)	(311)	126
At 30 June 2009	610	61	51	194	623	433

Movements - Company	Total $'000
At 30 June 2008	2,518
Charged/(credited) to the income statement	(546)
At 30 June 2009	1,972

20 Non-current assets - Intangible assets

Consolidated	Goodwill $'000	Computer software $'000	Other intangible assets $'000	Total $'000
At 1 July 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
Year 30 June 2008				
Opening net book amount	21,703	1,963	425	24,091
Additions	-	826	60	886
Impairment charge	-	-	-	-
Amortisation charge	-	(820)	-	(820)
Disposals	(3,856)	(42)	-	(3,898)
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

Consolidated	Goodwill $'000	Computer software $'000	Other intangible assets $'000	Total $'000
Year 30 June 2009				
Opening net book amount	17,847	1,927	485	20,259
Additions	-	222	34	256
Impairment charge	-	-	-	-
Amortisation charge	-	(735)	-	(735)
Disposals	(6)	-	-	(6)
Transfers	-	722	-	722
Closing net book amount	17,841	2,136	519	20,496
At 30 June 2009				
Cost	28,028	7,138	1,039	36,205
Accumulated amortisation and impairment	(10,187)	(5,002)	(520)	(15,709)
Net book amount	17,841	2,136	519	20,496

20 Non-current assets - Intangible assets (continued)

Company	Goodwill $'000	Computer software $'000	Other intangible assets $'000	Total $'000
At 1 July 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
Year 30 June 2008				
Opening net book amount	11,354	1,899	450	13,703
Additions	450	810	35	1,295
Amortisation 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

Company	Goodwill $'000	Computer software $'000	Other intangible assets $'000	Total $'000
Year 30 June 2009				
Opening net book amount	11,804	1,897	35	13,736
Additions	-	208	34	242
Impairment charge	-	-	-	-
Amortisation charge	-	(720)	-	(720)
Disposals	-	-	-	-
Transfers	-	722	-	722
Closing net book amount	11,804	2,107	69	13,980
At 30 June 2009				
Cost	14,687	7,054	519	22,260
Accumulated amortisation and impairment	(2,883)	(4,947)	(450)	(8,280)
Net book amount	11,804	2,107	69	13,980

21 Non-current assets - Other non-current assets

	Consolidated		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Legal and court costs capitalised	3,929	3,322	-	-
Legal & Court costs - accumulated amortisation	(3,700)	(3,030)	-	-
	229	292	-	-

22 Current liabilities - Payables

	Consolidated		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Trade creditors	1,979	1,162	2,600	1,352
Other creditors and accruals	2,643	6,162	3,723	3,829
Intercompany Loans	-	-	8,562	8,455
	4,622	7,324	14,885	13,636

(a) Risk exposure

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

23 Current liabilities - Borrowings

	Consolidated		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Secured				
Bank overdraft	-	2,801	4,678	4,099
Total secured current borrowings	-	2,801	4,678	4,099
Unsecured				
Total unsecured current borrowings	-	-	-	-

Further information relating to Borrowings is set out in note 26.

24 Current liabilities - Provisions

	Consolidated		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Provisions - Employee benefits	1,950	2,054	1,651	1,722
Restructuring 2008	-	1,016	-	1,016
Restructuring 2009	50	-	50	-
	2,000	3,070	1,701	2,738

(a) Movements in provisions

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

	Restructuring 2008	Restructuring 2009
	$'000	$'000
Consolidated - 2009		
Current		
Carrying amount at start of year		
- additional provisions recognised		
- amounts incurred and charged		
- unused amounts reversed		
Carrying amount at end of year		
Company - 2009		
Current		
Carrying amount at start of year	1,016	-
- additional provisions recognised	399	554
- payments/other sacrifices of economic benefits	-	-
- amounts incurred and charged	(1,117)	(504)
- unused amounts reversed	(298)	-
Carrying amount at end of year	-	50

25 Non-current liabilities - Payables

	Consolidated		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Loans from controlled entities (unsecured)	-	-	21,858	18,631
	-	-	21,858	18,631

26 Non-current liabilities - Borrowings

	Consolidated		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Secured				
Secured - Bank loans	69,700	61,100	69,700	61,100
Total non-current borrowings	69,700	61,100	69,700	61,100

(a) Total secured liabilities

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

Bank overdrafts and bank loans	69,700	63,901	74,378	65,199
Total secured liabilities	69,700	63,901	74,378	65,199

(b) Secured liabilities and assets pledged as security

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

Bank overdrafts and bank loans	69,700	63,901	74,378	65,199
Total secured liabilities	69,700	63,901	74,378	65,199

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	
		2009	2008	2009	2008
	Notes	$'000	$'000	$'000	$'000
Cash and cash equivalents	12	584	937	132	801
Receivables	13	4,630	4,186	3,206	2,599
Financial assets at fair value through profit or loss	14	146,916	143,470	-	-
Finance lease					
Plant and equipment	18	-	2	-	-
Available-for-sale financial assets	17	-	-	16,017	16,116
Plant and equipment	18	6,957	1,848	6,602	1,597
		6,957	1,848	22,619	17,713
Total assets pledged as security		159,087	150,443	25,957	21,113

26 Non-current liabilities - Borrowings (continued)

(c) Fair value

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

	At 30 June 2009		At 30 June 2008	
	Carrying amount	Fair value	Carrying amount	Fair value
Group	$'000	$'000	$'000	$'000
On-balance sheet (i)				
Non-traded financial liabilities				
Bank overdrafts	-	-	2,801	2,801
Bank loans	69,700	69,700	61,100	61,100
	69,700	69,700	63,901	63,901
On-balance sheet (i)				
Non-traded financial liabilities				
Bank overdrafts	4,678	4,678	4,099	4,099
Bank loans	69,700	69,700	61,100	61,100
	74,378	74,378	65,199	65,199

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.

27 Non-current liabilities - Deferred tax liabilities

	Consolidated		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
The balance comprises temporary differences attributable to:				
Prepayments	4	6	2	3
Purchased debt	16,384	20,873	-	-
Intangibles	-	43	-	-
Fixed Assets	-	11	-	-
Sundry (note 30)	427	-	30	-
	16,815	20,933	32	3
Setoff of deferred tax liabilities pursuant to setoff provisions (note 19)	(2,096)	(3,505)	(32)	(3)
Net deferred tax liabilities	14,719	17,428	-	-
Movements:				
Opening balance at 1 July	20,933	18,349	3	23
Change on adoption of AASB 132 and AASB 139 (note 1)	-	-	-	-
Charged/(credited) to the income statement (note 10)	(4,118)	2,584	29	(20)
Closing balance at 30 June	16,815	20,933	32	3

Movements - Consolidated	Property, plant and equipment $'000	Prepayments $'000	Purchased debt $'000	Intangibles $'000	Other $'000	Total $'000
At 1 July 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 - Consolidated	Property, plant and equipment $'000	Prepayments $'000	Purchased debt $'000	Intangibles $'000	Other $'000	Total $'000
At 30 June 2008	11	6	20,873	43	-	20,933
Charged/(credited) to the income statement	(11)	(2)	(4,489)	(43)	427	(4,118)
At 30 June 2009	-	4	16,384	-	427	16,815

Movements - Company	Prepayments $'000	Other $'000	Total $'000
At 1 July 2007	2	21	23
Assumption of tax losses from tax consolidated entities	1	(21)	(20)
At 30 June 2008	3	-	3
At 30 June 2008	3	-	3
Charged/(credited) to the income statement	(1)	30	29
At 30 June 2009	2	30	32

28 Non-current liabilities - Provisions

	Consolidated		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Provisions - Employee benefits	211	159	182	144
	211	159	182	144

29 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.

30 Contributed equity

	Company		Company	
	2009	2008	2009	2008
	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 2007	Opening balance	97,321,881	67,256
30 June 2008	Closing Balance	97,321,881	67,256
1 July 2008	Opening balance	97,321,881	67,256
30 June 2009	Closing 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.

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.

30 Contributed equity (continued)

(d) Employee share scheme

Information relating to the employee share scheme, including details of shares issued under the scheme, is set out in note 41.

(e) Options

Information relating to options provided as part of the the MD/CEO remuneration package and option 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 41.

(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 2(c).

Quantitative analyses are conducted by management using contributed equity balances shown above together with the the drawn and undrawn loan balances disclosed in note 2(c).

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 covenant at all times during the year.

This strategy was followed during both the 2009 and 2008 financial years.

31 Reserves and retained profits

	Consolidated		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
(a) Reserves				
Share-based payments reserve	878	475	878	475
Foreign currency translation reserve	(707)	(794)	-	-
	171	(319)	878	475
Movements:				
Share-based payments reserve				
Balance at beginning of period	475	128	475	128
Option expense	403	347	403	347
Balance 30 June	878	475	878	475
Movements:				
Foreign currency translation reserve				
Balance at beginning of period	(794)	(255)	-	-
Net investment hedge				
Currency translation differences arising during the year :	83	(539)	-	-
Balance 30 June	(711)	(794)	-	-

(b) Retained profits

Movements in retained profits were as follows:

	Consolidated		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Balance 1 July	18,665	10,366	9,183	2,257
Net profit for the year	7,854	12,387	11,746	11,011
Dividends	(4,671)	(4,088)	(4,671)	(4,088)
Adjustment on adoption of accounting standard (net of tax) (note 14)	(1,315)	-	-	-
Balance 30 June	20,533	18,665	16,258	9,180

(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.

32 Minority interest

	Consolidated		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Interest in:				
Minority interest - Retained profits	-	(1,318)	-	-
	-	(1,318)	-	-

The remaining 15.8 % minority interest in the Rapid Ratings subsidiary group (Collection House Business Diagnostics Pty Ltd and ACN 096 967 485 Pty Ltd) was purchased for $1 during the year in preparation for the deregistration of the two subsidiary companies. As disclosed in note 1(a), the group has adopted the amendments to AASB 3 and AASB 127 from 1 July 2008, and the Minority Interest in Equity has been transferred directly to Retained Earnings.

33 Dividends

	Company	
	30 June 2009	30 June 2008
	$'000	$'000

(a) Ordinary shares

Fully franked final dividend for the year ended 30 June 2008 - 2.5 cents per share (2007 - 2.0 cents, unfranked)	2,433	1,946
Fully franked interim dividend for the year ended 30 June 2009 - 2.3 cents per share (2008: 2.2 cents)	2,238	2,142
	4,671	4,088

	Company	
	30 June 2009	30 June 2008
	$'000	$'000
Paid in cash	4,671	4,088
	4,671	4,088

(b) Dividends not recognised at year end

	Company	
	30 June 2009	30 June 2008
	$'000	$'000
In addition to the above dividends, since year end the directors have recommended the payment of a fully franked final dividend of 2.6 cents per fully paid ordinary share (2008 - 2.5 cents, fully franked). The aggregate amount of the proposed dividend expected to be paid on 27 November 2009 out of retained profits at 30 June 2009, but not recognised as a liability at year end, is	2,530	2,433
	2,530	2,433

33 Dividends (continued)

(c) Franked dividends

The franked portions of the final dividends recommended after 30 June 2009 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 2010.

The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2009 and will be recognised in subsequent financial reports.

	Consolidated		Company	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	$'000	$'000	$'000	$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2008 - 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 $1,084,000 (2008: $1,043,000).

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

34 Key management personnel disclosures

(a) Directors

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

(i) Chairman - non-executive director

J.M. Pearce (Appointed Chairman 25 June 2009)

(ii) Executive directors

A.R. Aveling – Managing Director and Chief Executive Officer

(iii) Non-executive directors

Mr D Punches (Stepped down as Chairman and became Deputy Chairman 25 June 2009)

B. E. Adams (Lead independent director)

A.F. Coutts

D. B. Connelly

W. L. Hiller

W. W. Kagel

(b) 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:

Name	Position	Employer
Tony Aveling	Managing Director and Chief Executive Officer	Collection House Limited
Adrian Ralston	Chief Financial Officer	Collection House Limited
Matthew Thomas	Chief Operating Officer	Collection House Limited
Michael Watkins	General Counsel and Company Secretary	Collection House Limited
Kylie Lynam	General Manager - Human Resources	Collection House Limited

All of the above persons were also key management persons during the year ended 30 June 2008.

(c) Key management personnel compensation

	Consolidated	
	30 June 2009	30 June 2008
	$	$
Short-term employee benefits	2,657,360	2,689,986
Post-employment benefits	222,816	206,414
Long-term benefits	-	-
Termination benefits	-	-
Share-based payments	328,552	291,427
	3,208,728	3,187,827

Detailed remuneration disclosures are provided in sections A-D of the remuneration report on pages 26 to 34.

34 Key management personnel disclosures (continued)

(d) 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 41.

(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.

2009 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. Aveling	2,000,000	2,000,000	-	-	4,000,000	400,000	3,600,000
Other key management personnel of the Group							
M. Thomas	250,000	250,000	-	-	500,000	50,000	450,000
A. Ralston	200,000	200,000	-	-	400,000	40,000	360,000
M. Watkins	200,000	225,000	-	-	425,000	40,000	385,000
K. Lynam	125,000	150,000	-	-	275,000	25,000	250,000

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. Aveling	2,000,000	-	-	-	2,000,000	-	2,000,000
Other key management personnel of the Group							
M. Thomas	250,000	-	-	-	250,000	-	250,000
A. Ralston	200,000	-	-	-	200,000	-	200,000
M. Watkins	200,000	-	-	-	200,000	-	200,000
K. Lynam	125,000	-	-	-	125,000	-	125,000

34 Key management personnel disclosures (continued)

(d) 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.

2009 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				
John Pearce	11,816,130	-	(400,000)	11,416,130
Dennis Punches	14,150,101	-	3,707,283	17,857,384
Tony Aveling	226,400	-	223,000	449,400
Barrie Adams	-	-	-	-
Tony Coutts	4,164,600	-	300,000	4,464,600
Barry Connelly	20,000	-	57,143	77,143
Bill Hiller	43,000	-	50,000	93,000
Bill Kagel	551,269	-	400,000	951,269
Other key management personnel of the Group				
Ordinary shares				
M. Thomas	102,000	-	-	102,000
A. Ralston	-	-	-	-
M. Watkins	25,000	-	-	25,000
K. Lynam	11,000	-	-	11,000

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				
John Pearce	11,738,200	-	77,930	11,816,130
Dennis Punches	14,098,835	-	51,266	14,150,101
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				
M. Thomas	2,000	-	100,000	102,000
A. Ralston	-	-	-	-
M. Watkins	25,000	-	-	25,000
K. Lynam	11,000	-	-	11,000
B. Savage (Consultant)	62,000	-	(34,150)	27,850

34 Key management personnel disclosures (continued)

(e) 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
	$	$	$	$	
2009	-	-	-	-	-
2008	-	-	-	-	-

(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 2008, there were no loans to individuals that exceeded $100,000 at any time.

(f) 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.

35 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 2009 $	30 June 2008 $	30 June 2009 $	30 June 2008 $
Audit services				
Audit and review of financial reports	137,000	145,000	137,000	145,000
Audit-related services	82,050	79,000	82,050	79,000
	219,050	224,000	219,050	224,000

36 Contingencies

(a) Contingent liabilities

The parent entity and Group had contingent liabilities at 30 June 2009 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 $1,449,478 (2008: $1,460,913) which includes a bank guarantee for the fitout of the new Head Office premisies at Green Square North Tower of $1,002,218 (2008: $993,652).

(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.

37 Commitments

(a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	Consolidated		Company	
	2009	2008	2009	2008
	$'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	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Other financial assets at fair value through the Profit or Loss				
Payable:				
Within one year	29,250	31,200	-	-
Later than one year but not later than five years	-	-	-	-
Later than five years	-	-	-	-
	29,250	31,200	-	-

	Consolidated		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	7,969	3,449	5,985	3,271
Later than one year but not later than five years	9,002	3,930	8,969	3,918
Later than five years	4,149	-	4,149	-
	21,120	7,379	19,103	7,189
Commitments not recognised in the financial statements	21,120	7,379	19,103	7,189

38 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 39.

(c) Key management personnel

Disclosure relating to key management personnel are set out in note 34.

(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.

38 Related party transactions (continued)

(e) Transactions with related parties (continued)

	Company	
	30 June 2009 $	30 June 2008 $
Other transactions		
Revenue from sale of services to:		
Wholly-owned controlled entities (note 30(c))	16,800,111	22,947,232
Provision of legal services to:		
Controlling Entity	-	-
Wholly owned controlled entities	4,391,592	3,832,502
Provision of credit reporting services to:		
Wholly owned controlled entities	-	60,277
Loan advances to:		
Wholly owned controlled entities	20,863,747	43,775,282
Partly owned controlled entities	-	1,560,775
Loan advances from:		
Wholly owned controlled entities	4,276,910	19,537,876
Partly owned controlled entities	-	420,708
Dividends receivable from:		
Wholly owned controlled entities	23,421,970	25,164,453
Current receivables from non-director related entities		
Wholly owned controlled entities (loans)	20,696,210	9,687,656
Non-current receivables from non-director related entities		
Wholly owned controlled entities (loans)	111,991,216	110,823,290
Provision for impairment (loans)	(1,018,434)	(1,018,434)
Wholly owned controlled entities (dividends)	23,421,970	25,164,453
Current payables from non-director related entities		
Wholly owned controlled entities	9,432,674	9,420,807
Non current-payables from non-director related entities		
Wholly owned controlled entities (loans)	20,987,226	18,472,890
Partly owned controlled entities (loans)	-	157,854

Details of equity interest held in classes of related parties are set out in note 39.

39 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	Equity holding of ordinary shares	
Collection House Limited – incorporated in Australia Class of shares: Ordinary	2009 %	2008 %
Controlled entities incorporated in Australia		
ABR Publications Pty Ltd (3)	100	100
ACN 007 279 129 Pty Ltd (formerly Countrywide Mercantile Credit Services Pty Ltd)(4)	100	100
ACN 010 920 411 Pty Ltd (formerly Australian Business Research Pty Ltd)	100	100
ACN 073 212 772 Pty Ltd (formerly National Revenue Corporation Pty Ltd) (3)	100	100
ACN 096 967 485 Pty Ltd (formerly known as Rapid Ratings Pty Ltd) (a wholly owned subsidiary of Collection House Business Diagnostics Pty Ltd) (1)(3)*	100	84
ACN 079 105 025 Pty Ltd (formerly National Tenancy Database Pty Ltd) (3)	100	100
Australian Corporate Reporting Pty Ltd (3)	100	100
Collection House ALR Pty Ltd (deregistered in 2007/2008 and reinstated in 2008/2009) (1)	100	100
Collection House Business Diagnostics Pty Ltd (CHBD) (1)(2)(3)	100	84
Collective Learning and Development Pty Ltd	100	100
Jones King Lawyers Pty Ltd	100	100
Lion Finance Pty Ltd	100	100
Midstate Credit Management Services Pty Ltd (4)	100	100
Controlled entities incorporated in New Zealand		
Collection House (NZ) Limited	100	100
Lion Finance Limited	100	100
1071066 Limited (formerly abr.nz Limited)	100	100
The following Australian companies were voluntarily deregistered in 2008/09 financial year:		
ACN 100 115 571 Pty Ltd (formerly Insurance Claims Solutions Pty Ltd) (1)	100	100
The following New Zealand companies were voluntarily deregistered in 2008/09 financial year:		
ACN 096 967 485 Pty Ltd (formerly Rapid Ratings Pty Ltd (registered in NZ as an overseas company) (a wholly owned subsidiary of Collection House Business Diagnostics Pty Ltd) (1)*	100	84
1189419 Limited (formerly National Tenancy Database Limited)	100	100
Insurance Claims Solutions Limited (1)	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) (a wholly owned subsidiary of Collection House Business Diagnostics Pty Ltd) (1)*	100	84
The following Collection House Limited controlled entities' business assets were sold in 2008/09 financial year. Refer to note 11 for details in relation to discontinued operations:		
Colpro Pty Ltd	100	100

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

(2) In November 2008, Collection House Business Diagnostics Pty Ltd became a wholly owned subsidiary of the Group. It remains the sole shareholder of the subsidiaries marked with the asterisk above.

(3) These controlled entities were voluntarily deregistered on 1 July 2009.

(4) The company further streamlined its business activities by the merger of two of its country Victoria subsidiaries Countrywide Mercantile Credit Services Pty Ltd and Midstate Credit Management Services Pty Ltd into one operating business unit. The merged entity will commence trading as Midstate Credit Management Services Pty Ltd from 1 May 2009.

40 Earnings per share

(a) Basic earnings per share

	Consolidated	
	30 June 2009 Cents	30 June 2008 Cents
Profit / (loss) from continuing operations attributable to the ordinary equity holders of the company	7.9	4.0
Profit / (loss) from discontinued operation	0.2	8.7
Total basic earnings per share attributable to the ordinary equity holders of the company	8.1	12.7

(b) Reconciliations of earnings used in calculating earnings per share

	Consolidated	
	30 June 2009 $'000	30 June 2008 $'000
Basic earnings per share		
Profit from continuing operations		
from continuing operations	7,700	3,689
(Profit) / Loss from continuing operations attributable to Minority Interests	-	(1)
from discontinued operation	154	8,628
	7,854	12,316

(c) Weighted average number of shares used as the denominator

	Consolidated	
	30 June 2009 Number	30 June 2008 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	97,321,881	97,321,881

41 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 these options is identified below as MD/CEO 1.

In October 2008, the Shareholders approved the issue of a further 2,000,000 share options in favour of the MD/CEO as part of his varied employment agreement. The full terms of the options are contained in the Notice of General Meeting announced to shareholders on 19 September 2008. A summary of these options is identified below as MD/CEO 2.

	MD/CEO 1 options			MD/CEO 2 options		
Exercise price	$1.0327			$0.4927		
Earliest possible vesting date	28 February 2009			25 June 2011		
Performance hurdles	Tranche	# of options	Qualifying Price	Tranche	# of options	Qualifying Price
	1	400,000	0.00	1	400,000	0.60
	2	400,000	1.25	2	400,000	0.70
	3	400,000	1.50	3	400,000	0.80
	4	400,000	1.75	4	400,000	0.90
	5	400,000	2.00	5	400,000	1.00
Expiry date	The options will expire on: (a) 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; (b) the MD/CEO ceasing to be employed by the Company or a subsidiary of the Company due to fraud or dishonesty; (c) or 28 February 2011.			25 June 2013		

Fair value of options granted

The assessed fair value at grant date of all options granted is set out below. The fair value at grant date is independently determined using a Monte Carlo option pricing model in relation to MD/CEO 1 options and a combination of Bermudan and Barrier - style option pricing model in relation to MD/CEO 2 options 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 respective options.

41 Share-based payments (continued)

(a) Share options for MD/CEO (continued)

The model inputs and resulting valuations for options granted included:

	MD/CEO 1 options	MD/CEO 2 options
Exercise conditions	The options will vest on the later of: (a) 28 February 2009; and (b) in respect of 400, 000 options, the options will be exercisable with no qualifying price applying; and (c) in respect of the remaining 1,600,000 options, the options will only be exercisable, pro-rata, if and when the company's share price reaches certain qualifying prices between $1.25 and $2.00.	The options will vest on the later of: • 25 June 2011; and • for each tranche of options, as follows: A. In respect of the first tranche options, the date that the weighted average closing price shares over a 10 business day period (Qualifying Price) for the first tranche options (namely $0.60) is satisfied; B. In respect of the second tranche options, the Qualifying Price for the second tranche options (namely $0.70) is satisfied; C. In respect of the third tranche options, the Qualifying Price for the second tranche options (namely $0.80) is satisfied; D. In respect of the forth tranche options, the Qualifying Price for the second tranche options (namely $0.90) is satisfied; and E. In respect of the fifth tranche options, the Qualifying Price for the second tranche options (namely $1.00) is satisfied.
Exercise price	$1.0327 per option	0.4927 per option
Grant date	22 February 2007	31 October 2008
Expiry date	The options will expire on: (a) 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; or (b) the MD/CEO ceasing to be employed by the Company or a subsidiary of the Company due to fraud or dishonesty; (c) or 28 February 2011.	25 June 2013
Share price at grant date	$0.91	$0.48
Expected price volatility	43.8%	55.6%
Expected dividend yield	3.29%	9%
Risk free interest rate	5.99%	6.64%

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	MD/CEO 1 options	MD/CEO 2 options
1	$0.26881	$0.153
2	$0.23054	$0.152
3	$0.19578	$0.151
4	$0.16085	$0.148
5	$0.12945	$0.146

41 Share-based payments (continued)

(b) Executive Share Option Plan

Participation in the Executive Share option Plan (ESOP) 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 ESOP. The ESOP was approved by the Board and 1,250,000 options were issued to eligible senior employees on 15 June 2007. The options were submitted for shareholder ratification and approval at the Company's Annual General Meeting in October 2007. A summary of these options is identified below as EXEC1.

A further 1,437,500 options were issued to a number of eligible senior employees pursuant to the ESOP on 18 July 2008. A summary of these options is identified below as EXEC2.

Future options may be issued pursuant to the ESOP with not only individual performance being considered, but also company performance hurdles to be achieved before options may be exercised.

<table>
<tr><th></th><th colspan="3">EXEC1 options</th><th colspan="3">EXEC2 options</th></tr>
<tr><td>Exercise price</td><td colspan="3">$1.0327</td><td colspan="3">$0.4927</td></tr>
<tr><td>Earliest possible vesting date</td><td colspan="3">28 February 2009</td><td colspan="3">25 June 2011</td></tr>
<tr><td rowspan="6">Performance hurdles</td><td>Tranche</td><td># of options</td><td>Qualifying Price</td><td>Tranche</td><td># of options</td><td>Qualifying Price</td></tr>
<tr><td>1</td><td>250,000</td><td>0.00</td><td>1</td><td>287,500</td><td>0.60</td></tr>
<tr><td>2</td><td>250,000</td><td>1.25</td><td>2</td><td>287,500</td><td>0.70</td></tr>
<tr><td>3</td><td>250,000</td><td>1.50</td><td>3</td><td>287,500</td><td>0.80</td></tr>
<tr><td>4</td><td>250,000</td><td>1.75</td><td>4</td><td>287,500</td><td>0.90</td></tr>
<tr><td>5</td><td>250,000</td><td>2.00</td><td>5</td><td>287,500</td><td>1.00</td></tr>
<tr><td>Expiry date</td><td colspan="3">the options will expire on:
(a) 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;
(b) the eligible employee ceasing to be employed by the Company or a subsidiary of the Company due to fraud or dishonesty; or
(c) 28 February 2011.</td><td colspan="3">25 June 2013</td></tr>
</table>

Fair value of options granted

The assessed fair value at grant date of all options granted is set out below. The fair value at grant date is independently determined using a Monte Carlo option pricing model in relation to EXEC 1 options and a combination of Bermudan and Barrier - style option pricing model in relation to EXEC 2 options 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.

41 Share-based payments (continued)

(b) Executive Share Option Plan (continued)

The model inputs and resulting valuations for options granted included:

	EXEC 1 options	EXEC2 options
Exercise conditions	The options will vest on the later of: (a) 28 February 2009; and (b) in respect of 250, 000 options, the options will be exercisable, pro rata to each eligible employee respectively, with no qualifying price applying; and (c) in respect of the remaining 1,000,000 options, the options will only be exercisable, pro-rata, if and when the company's share price reaches certain qualifying prices between $1.25 and $2.00.	The options will vest on the later of: • Namely 25 June 2011; and • for each tranche of options, as follows: A. In respect of the first tranche options, the date that the weighted average closing price shares over a 10 business day period (Qualifying Price) for the first tranche options (namely $0.60) is satisfied; B. In respect of the second tranche options, the Qualifying Price for the second tranche options (namely $0.70) is satisfied; C. In respect of the third tranche options, the Qualifying Price for the second tranche options (namely $0.80) is satisfied; D. In respect of the forth tranche options, the Qualifying Price for the second tranche options (namely $0.90) is satisfied; and E. in respect of the fifth tranche options, the Qualifying Price for the second tranche options (namely $1.00) is satisfied.
Exercise price	$1.0327 per option	0.4927 per option
Grant date	15 June 2007	18 July 2008
Expiry date	The options will expire on: (a) 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 (b) the eligible employee ceasing to be employed by the Company or a subsidiary of the Company due to fraud or dishonesty; or (c) 28 February 2011	25 June 2013
Share price at grant date	$0.89	$0.48
Expected price volatility	48.5%	55.6%
Expected dividend yield	2.91%	9%
Risk free interest rate	6.14%	6.64%

41 Share-based payments (continued)

(b) Executive Share Option Plan (continued)

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	Exec 1 options	Exec 2 options
1	$0.28614	$0.153
2	$0.24279	$0.152
3	$0.20739	$0.151
4	$0.17240	$0.148
5	$0.14097	$0.146

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 - 2009								
31 October 2008	As stated above	$0.49		2,000,000		-	2,000,000	-
18 July 2008	As stated above	$0.49		1,437,500		125,000	1,312,500	-
12 March 2007	As stated above	$1.03	2,000,000	-	-	-	2,000,000	400,000
15 June 2007	As stated above	$1.03	1,250,000	-	-	150,000	1,100,000	250,000
Total			3,250,000	3,437,500	-	275,000	6,412,500	650,000

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 above	$1.03	2,000,000	-	-	-	2,000,000	-
15 June 2007	As stated above	$1.03	1,250,000	-	-	-	1,250,000	-
Total			3,250,000	-	-	-	3,250,000	-

41 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 were issued under this plan in the year ended 30 June 2009 (2008: 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 2009	30 June 2008	30 June 2009	30 June 2008
	$'000	$'000	$'000	$'000
Employee loans	0	9	0	9
	0	9	0	9

42 Events occurring after the reporting period

Dividend

A fully franked final dividend of 2.6 cents, totalling $2.5 million, has been declared, payable on 27th November, 2009. No provision has been raised in these accounts.

A number of non-trading entities within the group were voluntarily deregistered on 1 July 2009. Refer to note 39.

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

	Consolidated		Company	
	30 June 2009 $'000	30 June 2008 $'000	30 June 2009 $'000	30 June 2008 $'000
Profit for the year	7,854	12,388	11,746	11,011
Depreciation, amortisation and impairment	2,295	2,307	1,629	5,331
Fair value losses on other financial assets	30,265	29,730	-	-
Non-cash employee benefits expense - share-based payments	403	347	403	347
Restructuring expense	655	1,016	655	1,016
Management service fee	-	-	(1,264)	3,921
Stamp duty related expenses written back	(1,344)	-	(165)	-
Dividend and interest income	-	-	(23,422)	(23,847)
Net (gain) loss on sale of discontinued operations	-	(12,974)	-	19
Provision for doubtful debts	(127)	-	-	-
Assets written off	1,184	-	1,160	-
Other non-cash expenses	(674)	(796)	(221)	(114)
Change in operating assets and liabilities, net of effects from purchase of controlled entity and sale of discontinued operation				
(Increase)/decrease in trade debtors and bills of exchange	651	6,418	322	1,745
(Increase)/decrease in sundry debtors	(883)	(782)	(767)	(322)
(Increase)/decrease in current tax receivables	2,312	(143)	2,974	(1,628)
(Increase)/decrease in deferred tax assets	-	-	581	542
(Increase)/decrease in other assets	(281)	416	4,735	254
Increase/(decrease) in trade creditors	820	(431)	1,247	510
Increase/(decrease) in sundry creditors and accruals	(1,395)	(1,858)	(828)	518
Increase/(decrease) in current tax liability	1,595	-	-	-
Increase/(decrease) in deferred tax liabilities	(2,709)	2,661	-	-
Increase/(decrease) in deferred expenditure	-	(2)	-	-
Increase/(decrease) in non-current payables	-	-	3,227	-
Increase/(decrease) in other provisions	-	37	39	85
Other	(3)	(71)	(55)	(71)
Net cash inflow (outflow) from operating activities	40,618	38,263	1,996	(683)

In the directors' opinion:

(a) the financial statements and notes set out on pages 38 to 111 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 2009 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

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

25 August 2009

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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 sheets as at 30 June 2009, and the income statements, cash flow statements 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 2009 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 2009. 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 2009, 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 2009 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

Liam Murphy
Partner
Brisbane 25 August 2009

The shareholder information set out below was applicable as at 10 August 2009.

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	549	355,884
1,001-5000	1,076	2,926,011
5,001-10,000	321	2,567,630
10,001-100,000	373	10,989,578
100,001 and over	56	80,482,778
Total	2375	97,321,881

There were 552 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:

Name	Units	% of issued capital
Mr Dennis George Punches	17,806,118	18.30
Trans Tasman Collections Investments Pty Ltd	9,997,798	10.27
HSBC Custody Nominees (Australia) Limited	8,998,111	9.25
George Laurens (QLD) Pty Ltd (Pearce Family Account)	7,237,925	7.44
National Nominees Limited	7,131,383	7.33
Ankla Pty Ltd	4,195,020	4.31
Mr John Marshall Pearce and Mrs Sandra Anne Pearce (Collection House S/Fund Account)	4,085,905	4.20
Mr Anthony Francis Coutts and Mrs Jennifer Elsie Coutts (Coutts S/Fund A/C)	2,707,000	2.78
Citicorp Nominees Pty Limited	2,208,377	2.27
HSBC Custody Nominees (Australia) Limited – GSCO ECA	1,992,460	2.05
Anthony Coutts and Jennifer Coutts (The Coutts Family A/C)	1,727,000	1.77
Mr William Walter Kagel	951,269	0.98
Mr Philip Julian Eriksen and Mr Julian Hans Eriksen (Ace A/C)	746,183	0.77
Mr Lev Mizikovsky and Mrs Emily Dorothy Mizikovsky (Superfun Superfund A/C)	684,363	0.70
Sunstar Australia Pty Ltd	657,895	0.68
Jasscove Pty Ltd (Walker Family Account)	600,000	0.62
TBIC Pty Ltd (Crommelin Family Super A/C)	500,000	0.51
Mooloolaba Consulting Pty Ltd (Super Fund A/C)	444,400	0.46
Mr Lev Mizikovsky	438,182	0.45
Mr Raymond Larkin	400,000	0.41
Total	73,509,389	75.53

Unquoted equity securities

The following ordinary share options have been issued to the MD/CEO, as part of his employment agreement and certain of the company's executives. Details of these options are set out at note 41 of the financial statements.

Grant date	Balance at 1 July 2008	Granted during the year	Exercised during the year	Expired during the year	Balance at the end of the year
MD/CEO OPTIONS					
31 October 2008		2,000,000			2,000,000
12 March 2007	2,000,000				2,000,000
EXECUTIVE OPTIONS*					
18 July 2008		1,437,500		125,000	1,312,500
15 June 2007	1,250,000			150,000	1,100,000

*No executive holds 20% or more of these securities.

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. Details of the Employee Share Plan are set out in note 41 of the financial statements.

Under the Collection House Employee Share Plan and Collection House Executive Share 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 10 August 2009, no shares are restricted on this basis. Shares restricted under voluntary arrangements rank pari passu with all fully paid ordinary shares in all other respects.

C. Substantial holders

Substantial shareholders of ordinary shares in the Company are set out below:

Holder	Units	% of issued capital
1. Dennis George Punches (combined shareholdings)	17,857,384	18.35
2. John Marshall Pearce and Sandra Anne Pearce/George Laurens (Qld) Pty Ltd (combined shareholdings)	11,347,830	11.66
3. Mackenzie Financial Corporation	11,091,909	11.40
4. Trans Tasman Collections Investments Pty Limited	9,997,798	10.27
5. Mr Lev Mizikovsky, Ankla Pty Ltd and Sunstar Australia Pty Ltd (combined shareholdings)	5,975,460	6.14

D. Voting rights

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

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.

Options

No voting rights.

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Registered Office

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Locations

Australia

Brisbane
Ballarat
Sydney
Bendigo
Melbourne
Newcastle
Adelaide
Shepparton
Perth

New Zealand

Auckland (2)

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 3100 1229
Facsimile: +61 3414 7525

Auditors

Hacketts DFK

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Share Registry

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