Pioneer Credit Limited
Annual Report
for the year ended 30 June 2014

Pioneer Credit Limited ABN 44103003505
Annual Report - 30 June 2014

Lodged with the ASX under Listing Rule 4.3A.

Contents

These financial statements are the consolidated financial statements of the Consolidated Entity consisting of Pioneer Credit Limited and its subsidiaries. The financial statements are presented in the Australian currency.

Pioneer Credit Limited is a Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Pioneer Credit Limited
188-190 Bennett Street
Perth Western Australia 6004

A description of the nature of the Consolidated Entity's operations and its principal activities is included in the review of operations and activities on page 2 of the Annual Report and in the Directors' report on page 6 of the Annual Report, both of which are not part of these financial statements.

The financial statements were authorised for issue by the Directors on 28 August 2014. The Directors have the power to amend and reissue the financial statements.

Pioneer Credit Limited
Appendix 4E
Preliminary Final Report
for the year ended 30 June 2014
(previous corresponding period 30 June 2013)

Results for announcement to the market

Key Information	30 June 2014 $'000	30 June 2013 $'000	Change $'000	%
Revenue from ordinary activities	25,761	16,673	9,088	55%
Net Profit after Taxation for the period attributable to members	1,047	3,520	(2,473)	(70)%
Operating Profit after Taxation*	4,587	3,908	679	17%

* Operating profit is statutory profit after taxation before specific items that will not recur in the future and specific items that will not recur in the ordinary course of business.

Dividends per ordinary share / distributions

	Amount per security (cents)	Franked Amount per security	Record date	Paid / Payable date
Special Dividend	19.42	100%	30/04/2014	16/06/2014
Return of Capital	54.70	N/A	30/04/2014	17/06/2014
Final 2014 Ordinary	3.10	100%	30/09/2014	17/10/2014

There is no provision for a final dividend in respect of the year ended 30 June 2014. Provisions for dividends to be paid by the Company are recognised in the Consolidated Balance Sheet as a liability and a reduction in retained earnings when the dividend has been declared.

Full commentary on the figures presented above, along with full commentary on the results for the period and other significant information, has been provided in the 2014 Media Release and Results Presentation and Consolidated Financial Statements - 30 June 2014, both released today.

Included in the Consolidated Financial Statements - 30 June 2014 released today are the following;
• Consolidated Statement of Comprehensive Income together with notes to the statement
• Consolidated Balance Sheet together with notes to the statement
• Consolidated Statement of Cash Flows together with notes to the statement
• Consolidated Statement of Changes in Equity, showing movements

	30 June 2014 (cents)	30 June 2013 (cents)
Key Ratios		
Net Tangible Assets per Fully Paid Ordinary Share	**104.55**	205.36
Basic Earnings per Fully Paid Ordinary Share	**7.97**	56.96

The Company converted to a public company on 7 February 2014, and was admitted to the official list of the ASX Limited on Thursday 1 May 2014. Contributed equity increased by $36.373m which included the restructure of the pre-admission of share capital. Detail of the movement in equity is included in the Consolidated Financial Statements released today.

The Consolidated Financial Statements at 30 June 2014 and accompanying notes for Pioneer Credit Limited have been audited and are not subject to any qualifications. The Independent Auditor's Report has been provided with the Statements released today.

Pioneer Credit Limited ABN 44 103 003 505
Annual Report
for the year ended 30 June 2014

Contents

Corporate Directory

Directors	Mr Michael Smith (Chairman) Mr Keith R John Mr Rob Bransby Mr Mark Dutton
Secretary	Mr Leslie Crockett
Notice of annual general meeting	The annual general meeting of Pioneer Credit Limited will be held at Professional Public Relations Level 2, 1 Altona Street West Perth WA 6005
Principal registered office in Australia	188-190 Bennett Street East Perth WA 6004 +61 8 9323 5000
Share register	Link Market Services Limited Ground Floor 178 St Georges Terrace Perth WA 6000 +61 1300 554 474
Auditor	PricewaterhouseCoopers Brookfield Place 125 St Georges Terrace Perth WA 6000 +61 8 9238 3000
Solicitors	Gilbert + Tobin Lawyers 1202 Hay Street West Perth WA 6005 +61 8 9413 8400
Bankers	BankWest Level 12B BankWest Place 300 Murray Street Perth WA 6000 +61 08 9369 6952
Stock exchange listings	Pioneer Credit Limited shares are listed on the Australian Securities Exchange (ASX).
Website	www.pioneercredit.com.au

Review of operations and activities

Initial Public Offering

In October 2013 Pioneer Credit embarked on the process of transitioning to a publicly-listed Company, appointing Azure Capital to manage its intended Initial Public Offering (IPO). The Company also appointed KPMG as Investigating Accountants, Gilbert & Tobin as Solicitors with PwC continuing as the Independent Auditor. The Company invested considerable resources (both human and financial) to ensure the best possible outcome for both incoming shareholders as well as existing shareholders who desired to maintain as much equity as possible. This was balanced with the achievement of an appropriate capital and shareholding structure to ensure the Company is best positioned for its future growth plans.

Through the IPO the Company sought growth capital to deliver:

- a diversification of its client base, by securing agreements with a broader range of major financial institutions
- acquisition of additional customer portfolios at reasonable prices and
- provision of working capital for future projects including additional premises to accommodate future growth.

In April 2014 a successful book build was completed, raising $40m, with the process fully underwritten by Lead Manager Evans & Partners. Pioneer emerged from the book build with a shareholder base consisting of predominantly institutional investors.

Following completion of the book build and lodgement of the prospectus, Pioneer Credit Limited was admitted to the official list of the ASX Limited on 1 May 2014.

Since listing, Pioneer has made three significant announcements to the ASX consistent with the initial goals outlined above. As a result of executing on a forward flow arrangement with a new vendor partner, and completing a purchase with another vendor partner, the Company has completed purchases from three of Australia's four major banks over the past financial year and has ongoing agreements with each of these. The Company has also expanded its relationship with a key second tier financial services partner and entered its first five year forward flow purchase arrangement. This is understood to be the first of its kind in Australia and is reflective of the depth of relationship that Pioneer has with its broader partner base and this partner in particular.

In every case, Pioneer has maintained its pricing discipline as outlined in the prospectus, or has on average received more favourable pricing than had been achieved previously.

Review of operations and the results of those operations

Continuing on its growth path, the Company receipted customer payments of $37.575m, a 60.3% increase on the previous year delivered on the back of 2H14 customer payments of $21.151m, an out performance of 2.5% on the prospectus forecast. The Company delivered net revenue of $25.761m for the 12 months ended 30 June 2014, a 54.5% increase on the previous year.

The completion of the IPO was a significant milestone in the growth of the Company. The Directors have ensured through this process and in the release of these financial statements, to crystalise and expense all possible liabilities to best position the Company for the future.

As forecast, the costs associated with listing on the ASX have had a one-off material impact on the Company's profit. The statutory profit after tax attributable to the owners of Pioneer Credit Limited for the year ended 30 June 2014 was $1.047m (2013 $3.520m). Included in the statutory profit are the costs associated with the IPO charged to the consolidated statement of comprehensive income, as well as a provision for costs on a commercial claim, prior period taxation adjustments and the costs associated with amending historic private entity structures as the Company moved to public ownership, which will not recur in the future. A full reconciliation of these items is provided below.

The operating profit (statutory profit after taxation before specific items that will not recur in the future and specific items that will not recur in the ordinary course of business) was $4.587m which is ahead of the pro-forma forecast contained in the prospectus for the IPO. The following table summarises key reconciling items between statutory profit after tax attributable to the owners of Pioneer Credit Limited and operating profit.

Reconciliation between statutory profit after tax attributable to the owners and operating profit

Key Information	30 June 2014 $'000	30 June 2013 $'000	Financial Statement Note
Statutory profit after tax attributable to the owners	1,047	3,520	
Specific items that will not recur in the future :			
Costs associated with the IPO charged to the consolidated statement of comprehensive income	2,058	-	3
Share based payment expense arising on modification of share based payment arrangement under the pre IPO equity structure	744	-	4
Interest on preference shares incurred while classified as borrowings under the pre IPO equity structure	520	388	4
Correction on indirect taxation, relating to prior years *	312	-	
Correction to income taxation relating to prior years	175	-	5(a)
Specific items that will not recur in the ordinary course of business :			
Costs on settlement of a commercial claim **	648	-	3
Tax effect :			
Tax effect on the adjustments outlined above that are deductible for income tax purposes	(917)	-	
Operating Profit	4,587	3,908	

* The correction represents an accrual for an uncertain indirect taxation position due to an interpretation of legislation on which the Company is obtaining professional advice.

** This item was disclosed in the prior year as a contingent liability which was crystallised and expensed this financial year. There is no future liability which could arise in this matter.

Operating profit is a financial measure which is not prescribed by Australian Accounting Standards ("AAS") and represents the profit under AAS adjusted for specific items. The Directors consider operating profit to reflect the core earnings of the Group. Operating profit is used by the Directors for purposes of providing market guidance to shareholders and the market, and is calculated on a consistent basis year on year.

The operating profit information in the table has not been subject to specific audit procedures. However, the statutory profit after taxation has been extracted from the consolidated statement of comprehensive income and unless otherwise annotated, the specific key reconciling items have been extracted from the notes to the consolidated financial statements as referenced in the table, from the accompanying financial statements for the year ended 30 June 2014, which have been subject to audit (refer to page 87 for the auditor's report on the financial statements). The tax effect is calculated by applying the statutory tax rate of 30% to the key reconciling items to the extent to which they are deductible for income tax purposes.

Financial, capital management and operational highlights

Key financial highlights for the year ended 30 June 2014:

- customer payments of $37.575m (2013 $23.447m), an increase of 60.3%
- operating cash flow of $22.514m (2013 $12.612m), an increase of 78.5%
- statutory profit of $1.047m (2013 $3.520m)
- operating profit after tax of $4.587m (2013 $3.908m), an increase of 17.4%
- contributed equity increased by a net $36.373m
- retained earnings decreased by $2.883m comprising statutory profit after taxation of $1,047m net of the pre-IPO declaration and distribution of a dividend on ordinary shares held at 30 April 2014, $3.930m
- the share based payment reserve movement of $1.037m arose primarily as a result of the recognition of the share based payment expense on the modification of the employee share incentive scheme

Key capital management highlights for the year ended 30 June 2014:

- an IPO capital raising closed over-subscribed with the issue of 25,000,000 ordinary shares raising $40m
- an expanded Senior Debt Facility was entered on 20 March 2014 with the Group's existing bankers with a total facility limit of $54.06m comprising:
  - a cash advance facility to fund the acquisition of purchased debt ledgers portfolios of up to $47m
  - a bank guarantee facility to secure real estate lease obligations of up to $3.5m
  - an overdraft facility of up to $1m
  - a direct debit authority facility of $2.5m
  - a credit card facility limit of $60,000
- undrawn limit at 30 June 2014 for the acquisition of purchased debt portfolios was $43.963m
- the overdraft facility was unused at 30 June 2014
- in expanding the facility the Group extended its debt maturity profile over three years, at an average borrowing cost of 5.12%
- at year end the Group had net cash with gearing as a result not meaningful to compare.

The Group operates its capital structure in a conservative manner. All facility covenants were met throughout the year. At 30 June 2014 the Group had loan to fair value of purchase debt portfolio value ratio of 11.64% compared to a facility covenant of 45%. The Group reaffirms it targets a loan to value ratio of no more than 40%.

Net tangible assets per share were 104.55 cents. It is not meaningful to compare to the prior year due to the change in equity structure as a result of the completion of the IPO.

Operational developments

In June 2014 Pioneer opened its first purpose-built facility in the Perth central business district. This new facility was developed following the sub-lease of a lesser standard facility in the same building. A high quality premises assists with attracting and retaining high performing customer service personnel who are essential to the Company's ongoing growth and development. The expansion will continue over the course of the next 18 months, with Pioneer committing to one new floor within the same building (to replace the existing sub-let floor); and having options over a further two floors.

Given the importance of an appropriate and conservative financial and capital structure, the Company has appointed a number of key advisers, among them;

- KPMG has been engaged to develop, in association with Pioneer's finance team, the policies and processes to ensure the appropriate accounting treatment continues to be applied to the Company's purchased debt portfolios, and to ensure that the Company's policies were objectively developed and the associated processes are robust.
- PwC continues as Independent Auditor of the Company. It is the Board's belief that this level of audit scrutiny assists in ensuring the Company's approach to valuation of purchased debt portfolios is not only appropriate but also tested with a level of rigour that provides the greatest level of comfort possible to shareholders.

Board of Directors

In the lead up to the IPO, an extensive search was conducted through an international search firm for appropriate Non-Executive Directors. The Company was delighted to welcome high-calibre, experienced Directors Mr Michael Smith (Chairman of iiNet, 7-11 and Deputy Chairman of Automotive Holdings Group) and Mr Rob Bransby (Managing Director of HBF Limited and Non-Executive Director of Goldfields Money Limited) to the Board. Attracting quality individuals to Pioneer has always been and will remain a key goal of the Company.

The Board is currently interviewing for another member, aimed at further strengthening the Company's Eastern States based relationships and understanding of Australian financial institutions and expects to announce an appointment to the Market once they are satisfied they have an appropriate candidate.

People

The strong performance achieved during the twelve months to 30 June 2014 was largely driven by the strong leadership of our Operations Team and a continued sustained commitment to the success of the business by the people who work within it.

Through our partnership with a key vendor, Pioneer opened a trial site in Manila, Philippines. The trial was a six month opportunity to prove the concept of offshoring for a very specific customer segment and to ensure that the business could continue to develop its industry leading compliance programme in a different jurisdiction. Commensurate with Pioneer's focus on quality, three Australian employees were seconded to the Philippines to oversee the trial phase of the operation. These staff were supported by the Australian operations to ensure the same quality individuals were recruited into the business and inducted on as close as possible to the same terms as occur in our Australian operations. After the successful completion of the trial in January 2014, the Company made a formal commitment to the ongoing operation of the Philippines facility.

The Company has continued to build staff numbers to ensure it is adequately resourced in order to meet its growth targets. Having commenced FY14 with 124 people, the Company now has 234.

In addition to continuing to build a culture of customer service excellence, Pioneer maintains a proactive approach in managing dispute resolution. Of the matters that have been referred by customers to the Ombudsman for resolution, no complaints have been closed in the customer's favour.

Dividends

In line with the Prospectus forecast, the Directors have declared a final fully franked dividend of 3.10 cents per share. The dividend has a record date of 30 September 2014 and will be paid on 17 October 2014.

Outlook

Pioneer is pleased to reaffirm the forecasts for FY15 as outlined in the prospectus, with customer payments of $57.4m and statutory profit after taxation of $6.6m.

It is also pleasing to reaffirm that the purchasing target for FY15 is now fully contracted (84% was contracted prior to the IPO). The Company will continue to assess opportunities that may arise to ensure they are appropriate given the capital of the business and its servicing ability.

The Company anticipates recruiting approximately 90 additional customer service personnel in the first half of FY15. As outlined in the Prospectus, this will result in a repeat of the effect of FY14 where the Company's financial performance is skewed to the second half.

The Board expects the consistency of performance between 1H and 2H to improve in FY16 as the business heads towards scale and the impact of recruitment is likely to be less significant as it may have been this year and prior with relatively small staff numbers.

The capital position at completion of the IPO is robust and the Company remains focused on prudently managing capital and maintaining a disciplined purchasing strategy which will ensure the strategic objectives can be achieved without increasing its risk profile.

Directors' Report

Your Directors present their report on the Consolidated Entity consisting of Pioneer Credit Limited and the entities it controlled at the end of, or during, the year ended 30 June 2014. Throughout the report, the Consolidated Entity is referred to as the Group.

Directors

The following persons were Directors of Pioneer Credit Limited during the whole of the financial year and up to the date of this report:

Mr Keith R John
Mr Mark Dutton

Mr Michael Smith and Mr Rob Bransby were appointed as Directors on 7 February 2014 and continue in office at the date of this report.

Mr James Singh resigned from the position of Director of Pioneer Credit Limited on 7 March 2014. Mr Singh retained his executive position within the Group.

Principal activities

Pioneer Credit Limited is an Australian financial services provider, specialising in acquiring and servicing unsecured retail debt portfolios. These portfolios consist of customers with financial obligations who become the cornerstone of Pioneer's business.

Pioneer Credit Limited values and respects our customers greatly. We work with them over time so that they can meet their obligations and progress toward financial recovery, and through this process evolve as a "new consumer".

There was no significant change in the nature of these activities during the year.

Dividends

Dividends or distributions paid to members during the year were as follows:

CRPS - Declared and paid during the year 2014	Total amount	Date of payment
Convertible redeemable preference share class A (reinvested)	$591,742	07/02/2014
Convertible redeemable preference share class B	$363,448	02/05/2014
Convertible redeemable preference share class C	$406,405	02/05/2014

The dividends described above were paid on Class A, B and C Redeemable Preference Shares (which Shares were converted to Ordinary Shares on 28 April 2014) and were charged to the Consolidated Statement of Comprehensive Income as 'Finance Expenses'.

Ordinary Shares - Declared and paid during the year 2014	Total amount	Date of payment
Special dividend on fully paid ordinary shares held at 30 April 2014	$ 3,929,516	16/06/2014
Return of capital on fully paid ordinary shares held at 30 April 2014	$11,070,484	17/06/2014

There were no dividends paid in prior years.

Since the end of the financial year the Directors have declared the payment of a final dividend of 3.10 cents per fully paid ordinary share to be paid on 17 October 2014.

Review of operations

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the review of operations and activities on page 2 of this Annual Report.

Significant changes in the state of affairs

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

- Pioneer Credit Pty Limited converted to a public company on 7 February 2014.
- The Company was admitted to the official list of ASX Limited on Thursday 1 May 2014.

The key financial highlights associated with this significant change have been outlined in note 1 to the financial statements.

An expanded Senior Debt Facility was entered on 20 March 2014 with the Group's existing bankers with a total facility limit of $54.060m. Details of the facility are disclosed in note 11(d)(i) to the consolidated financial statements.

Events since the end of the financial year

No matter or circumstance has arisen since 30 June 2014 that has significantly affected the group's operations, results or state of affairs, or may do so in future years.

Environmental regulation

Pioneer Credit Limited is not affected by any significant environmental regulations in respect of its operations.

Information on Directors

Mr Michael Smith Non-Executive Chairman		
Experience and expertise	Mr Smith is the Managing Director of strategic marketing consultancy firm Black House, the Chairman of iiNet Limited, the Australian Institute of Company Directors and the Lionel Samson Sadleirs Group. Mr Smith is Deputy Chairman of Automotive Holdings Group and 7-Eleven Stores Pty Ltd. He is also a Board member of Giving West and Creative Partnerships Australia. He is a Fellow of the Australian Institute of Company Directors and holds a Doctor of Letters from the University of Western Australia for his contribution to the business sector and the arts.	
Listed Company Directorships including those held at any time in the previous 3 years	iiNet Limited (since 19 September 2007)	
	Automotive Holdings Group Limited (since 6 May 2010)	
Special responsibilities	Chairman of the Board	
	Chairman of Nomination and Remuneration Committees, Member of Audit Committee	
Interests in shares and options	Ordinary Shares	62,500
	Unlisted Options	300,000

Mr Keith R. John Managing Director		
Experience and expertise	Mr John is the Founder of Pioneer Credit Limited. He has been in the receivables management industry since 1988 and is a Director of the Australian Collectors and Debt Buyers Association Limited.	
Listed Company Directorships including those held at any time in the previous 3 years	None	
Special responsibilities	Managing Director	
Interests in shares and options	Ordinary Shares	8,113,216

Mr Mark Dutton Non-Executive Director		
Experience and expertise	Mr Dutton is a Director at Banksia Capital and is a Non-Executive Director of Mineral Resources Limited. Mr Dutton is a Chartered Accountant and worked in Audit and Corporate Finance at PricewaterhouseCoopers in the United Kingdom and Russia. He holds an MA in Management Studies and Natural Sciences from the University of Cambridge.	
Listed Company Directorships including those held at any time in the previous 3 years	Mineral Resources Limited (since 8 November 2007)	
Special responsibilities	Member of Nomination, Remuneration and Audit Committees	
Interests in shares and options	Ordinary Shares	306,483

Information on Directors (continued)

Mr Rob Bransby Non-Executive Director		
Experience and expertise	Mr Bransby is the Managing Director of HBF Limited which he joined in August 2005 following a 25 year banking career at National Australia Bank. Mr Bransby is the President of Private Healthcare Australia and a Senior Fellow of the Financial Services Institute of Australia (FINSIA) and a Fellow of the Australian Institute of Management (AIM).	
Listed Company Directorships including those held at any time in the previous 3 years	Goldfields Money Limited (since 10 May 2012)	
Special responsibilities	Member of Nomination Committee, Member of Remuneration Committee Chair of Audit Committee.	
Interests in shares and options	Ordinary Shares	35,000

Company Secretary

Mr Leslie Crockett was appointed to the position of Company Secretary on 1 January 2013. Mr Crockett has been the Chief Financial Officer of the Company since December 2012. He has over eight years experience in senior financial roles in Australia in addition to extensive international experience. Mr Crockett qualified as a chartered accountant with Deloitte and provided audit, consulting, financial advisory, risk management and tax services to listed and unlisted clients.

Meetings of Directors

The number of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2014, and the number of meetings attended by each Director were:

			Committee Meeting			
	Board Meetings		Audit		Remuneration	
	Attended	Held	Attended	Held	Attended	Held
Mr Michael Smith +	7	7	1	1	1	1
Mr Keith R. John	14	14	*	*	*	*
Mr Mark Dutton	14	14	1	1	1	1
Mr Rob Bransby +	7	7	1	1	1	1
Mr James Singh ++	5	9	*	*	*	*

Held = number of meetings held during the year and during the time the Director held office or was a member of the committee

* Not a member of the relevant committee.

+ Mr Michael Smith and Mr Rob Bransby were appointed on 7 February 2014.

++ Mr James Singh resigned from the position of Director of Pioneer Credit Limited on 7 March 2014. Mr Singh retained his executive position within the Group.

By way of resolution approving the adoption of the Corporate Governance Manual the Board Committees were formed on 25 February 2014. A meeting of the Nomination Committee was not held during the financial year.

Remuneration report

The Remuneration Committee is pleased to present the inaugural remuneration report for Pioneer Credit Limited for the year ended 30 June 2014. The report sets out remuneration information for the Company's non-executive Directors, executive Directors and other key management personnel.

The report contains the following sections:

(a) Key Management Personnel disclosed in this report
(b) Remuneration governance
(c) Use of remuneration consultants
(d) Executive remuneration policy and framework
(e) Relationship between remuneration and Pioneer Credit Limited's performance
(f) Non-executive Director remuneration policy
(g) Voting and comments made at the Company's 2014 Annual General Meeting
(h) Details of remuneration
(i) Service agreements
(j) Details of share-based compensation and bonuses
(k) Loans to Key Management Personnel
(l) Equity instruments held by Key Management Personnel
(m) Other transactions with Key Management Personnel

(a) Key Management Personnel disclosed in this report

Name	Position
Mr Michael Smith +	Non-Executive Chairman
Mr Keith R. John	Managing Director
Mr Mark Dutton	Non-Executive Director
Mr Rob Bransby +	Non-Executive Director
Mr James Singh ++	Executive Director
Mr Leslie Crockett	Chief Financial Officer and Company Secretary
Ms Lisa Stedman +++	Chief Operating Officer

+ Mr Michael Smith and Mr Rob Bransby were appointed Directors on 7 February 2014.
++ Mr James Singh resigned as a Director on 7 March 2014. He retained his executive position within the Group.
+++ Ms Lisa Stedman was appointed Chief Operating Officer of Pioneer Credit Limited on 1 July 2014.

(b) Remuneration governance

The Remuneration Committee is a Committee of the Board. The function of the Remuneration Committee is to assist the Board in fulfilling its Corporate Governance responsibilities with respect to remuneration by reviewing and making appropriate recommendations to the board on:

- remuneration packages for Directors and senior executives; and
- incentive and equity-based remuneration plans including the appropriateness of performance hurdles and total payments proposed.

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company's shareholders.

The Remuneration Committee (at http: //www.pioneercredit.com.au/ corporate/ investor-centre/ corporate-governance-policies/) charter provides further information on the role of this committee.

(c) Use of remuneration consultants

During the financial year ended 30 June 2014 the remuneration committee did not engage independent remuneration consultants.

Remuneration report (continued)

(d) Executive remuneration policy and framework

In considering the Company's Remuneration Policy and levels of remuneration for executives, the Remuneration Committee makes recommendations which:

- motivates executive Directors and senior executives to ensure long term sustainable growth of the Company within an appropriate control framework;
- demonstrates a clear correlation between senior executives' performance and remuneration;
- aligns the interests of key leadership with the long-term interests of the Company's shareholders; and
- prohibits executives from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

The executive remuneration framework has three components:

- base salary and benefits, including superannuation;
- short-term incentives, and
- long-term incentives.

Pioneer Credit Limited recognises the need to appropriately incentivise Key Management Personnel through a long term incentive plan (a period regarded as 3 - 5 years) and has committed to working with independent consultants to develop an appropriate scheme for the Company for approval at the 2014 Annual General Meeting. Subsequent to the reporting date, Kelsen Human Resources have been appointed as independent remuneration consultants by the Remuneration Committee to deliver a report and to make recommendations to the Remuneration Committee. The Board has ensured appropriate protocols are in place to ensure the advice received will be free from the undue influence of management.

To ensure that executive remuneration is aligned to Company performance, a significant portion of the executives' target pay is "at risk". Executives receive their base salary and benefits structured as a total employment cost package. Base salary is reviewed at least annually or on promotion, benchmarked against market data for comparable roles in the market. There is no guaranteed base salary increases included in any executives' contracts. Retirement benefits are delivered under the Superannuation Guarantee (Administration) Act 1992.

(e) Relationship between remuneration and Pioneer Credit Limited performance

Pioneer Credit Limited was admitted to the official list of ASX Limited on 1 May 2014. Prior to this date the Company did not have publicly traded securities and the entity did not have a dividend policy.

The short term incentive element of executive remuneration has historically been awarded at the discretion of the Board and based on earnings performance expressed as statutory profit after taxation. Participation in the year ended 30 June 2014 is at the discretion of the Board with the key performance criteria based on the requirement that the Company has at least met its forecast earnings, as well as the element as described that was paid on the successful completion of the Initial Public Offer.

Remuneration report (continued)

(f) Non-executive Director remuneration policy

Pioneer Credit Limited's policy is to remunerate non-executive Directors at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive Directors is not linked to individual performance.

From time to time the Company may grant equity based incentives to non-executive Directors. The grant of an equity based incentive is designed to attract and retain suitably qualified non-executive Directors.

The maximum aggregate amount of fees (including superannuation payments) that can be paid to non-executive Directors is subject to approval by shareholders at a General Meeting.

Fees will be reviewed annually by the Remuneration Committee taking into account comparable roles and independently generated market data.

The maximum annual aggregate Directors' fee pool limit is $500,000 and was approved by shareholders on 23 December 2013.

(g) Voting and comments made at the Company's 2013 Annual General Meeting

As this is the first financial year as a disclosing entity, Pioneer Credit Limited was not previously subject to the requirements of the Corporations Act S300. A remuneration report has not been previously required nor prepared.

Remuneration report (continued)

(h) Details of remuneration

The following tables show details of the remuneration received by the Group's key management personnel for the current financial year. As this is the inaugural remuneration report produced there is no comparative information required and has not been provided as it would not contribute to meaningful disclosure.

2014	Short-term employee benefits			Post-employ-ment benefits	Long-term benefits	Share based payments	
Name	**Cash salary and fees**	**Cash bonus**	**Non-monetary benefits**	**Super-annuation**	**Annual and long service leave**	**Options**	**Total**
Non Executive Directors							
Mr Michael Smith +	42,000			3,885		12,528	58,413
Mr Mark Dutton	8,615			797			9,412
Mr Rob Bransby +	24,500			2,266			26,766
Executive Directors							
Mr Keith R. John	300,000	150,000	4,800	41,625	17,289		513,714
Mr James Singh ++	54,991			5,087			60,078
Other Key Management Personnel							
Leslie Crockett	229,923	43,750	4,800	26,040	(466)	136,500	440,547
Lisa Stedman	153,692	22,275	9,540	16,277	686	162,000	364,470

+ Mr Michael Smith and Mr Rob Bransby were appointed Directors on 7 February 2014.
++ Mr James Singh resigned as a Director on 7 March 2014. Mr Singh retained his executive position within the Group.

(i) Service agreements

Terms of employment for the executives are formalised in Service Agreements. The Service Agreements specify remuneration, benefits and notice period. Participation in any STI or LTI plan is subject to the Board's discretion. There are no benefits payable to any executive on termination. Significant provisions of each Service Agreement are set out below.

Employee	Position	Salary	Short term incentive	Term of agreement and notice period
Mr Keith R. John	Managing Director	$300,000 per annum plus superannuation (currently 9.5%)	Up to 100% of base salary.	Continuing agreement with 12 months' notice by either party to the Employment Agreement
Mr Leslie Crockett	Chief Financial Officer	$250,000 per annum plus superannuation (currently 9.5%)	Up to 35% of base salary.	Continuing agreement with 6 months' notice by either party to the Employment Agreement
Ms Lisa Stedman	Chief Operating Officer	$200,000 per annum plus superannuation (currently 9.5%)	Up to 55% of base salary.	Continuing agreement with 6 months' notice by either party to the Employment Agreement

Remuneration report (continued)

(i) Service agreements (continued)

Non-Executive Directors

On appointment to the Board all Non-Executive Directors enter into a Service Agreement with the Company in the form of a letter of appointment summarising the Board policies and terms including remuneration, relevant to the office of Director. A copy of the policy and procedure for selection and (re) appointment of Directors can be found on www.pioneercredit.com.au/corporate/investor-centre/corporate-governance-policies/

Mr Michael Smith was appointed a Non-Executive Director on 7 February 2014, and was elected Chairman.

Mr Rob Bransby was appointed a Non-Executive Director on 7 February 2014.

Mr Mark Dutton continues his appointment to the Board as a Non-Executive Director.

The Company pays Mr Smith a fee of $120,000 per annum plus statutory superannuation and has issued him 300,000 Unlisted Options, the terms and conditions of which are set out below. Messrs Dutton and Bransby are paid a fee of $70,000 per annum plus statutory superannuation. A Non-Executive Director is not entitled to receive performance based remuneration. They may be entitled to fees or other amounts as the Board determines where they perform duties outside the scope of the ordinary duties of a Director. They may also be reimbursed for out of pocket expenses incurred.

(j) Details of share based compensation and bonuses

Employee Incentive Scheme

Prior to 30 June 2013, certain employees participated in an Employee Incentive Scheme. Under the Scheme 700,000 options were issued, of which 300,000 were issued to the Chief Financial Officer and the Chief Operating Officer equally. Under the Scheme vesting of the options was at the sole discretion of the Board.

In advance of the completion of the Initial Public Offer and in recognition of the participants performance since joining the Company, up to and including admission to the ASX on 1 May 2014, the Board determined that the options vest. Every option was exercised and pursuant to the terms attaching to those options they were ultimately converted to Ordinary Shares.

Participants have been provided with a limited recourse loan by the Company to exercise these options on the following terms:

- Interest is charged at the Indicator Interest Rate - Bank variable housing interest rate last published by the Reserve Bank of Australia before the start of each year of income on 1 July.
- Minimum annual principal repayments are required, with full repayment required upon the earlier of:
  - seven years; and
  - termination of the borrower’s employment with Pioneer.
- All distributions (dividends, capital returns and any other payments in respect of the shares) and sale proceeds, net of the borrower’s income tax liability, are applied first to interest and principal repayments. The borrower only becomes entitled to any distributions from the Company upon discharge of the loan;
- Borrowers are prevented from dealing in their shares until the loan is discharged, except with the permission of the Board; and
- Recourse to Pioneer is limited to the value of the shares acquired from exercising the Options. The liability of the borrower to the lender to repay the principal loan amount is limited to the proceeds of any share sale, and the lender agrees that payment of such amounts to it will constitute full and final satisfaction of the principal loan amount. Under AASB 2 "Share-based Payment", the substance of the share purchase arrangement is an option and until the exercise of the options shares issued to employees are treated as treasury shares. No loan receivable from the employees is recognised until such time. The repayment of the loan by the employee is treated as payment of the exercise price.

Remuneration report (continued)

(j) Details of share based compensation and bonuses (continued)

Unlisted Options

Pioneer has 300,000 Options on issue which have been issued to Mr Smith, the Chairman, on the following terms and conditions:

(a) Each Option will entitle the Option holder to purchase one Share for the exercise price (refer clause (e) below) subject to satisfaction of the vesting conditions (refer clause (b) below).

(b) The vesting conditions are as follows
(i) 50,000 Options vest on the second anniversary of the Offer; and
(ii) 250,000 Options vest on the third anniversary of the Offer.

(c) Options may be forfeited upon termination of Mr Smith's position as a Director of Pioneer.

(d) Unexercised Options will expire two years after vesting.

(e) The exercise price of each Option is 20% greater than the Offer Price. The Offer Price is the price of the securities sold by Pioneer in its Initial Public Offer. The price was $1.60 per share; the exercise price of each Option is $1.92.

(f) The Option holders may not sell, assign, transfer or otherwise deal with, or grant a Security Interest over an Option except with the written consent of Pioneer.

(g) Vested Options that have not expired may be exercised by paying the exercise price (refer clause (e) above) to or as directed by Pioneer. Upon vesting the Options may not be exercised until the first business day following that time which the Fair Market Value of the underlying Share exceeds the exercise price.

(h) The Board may declare that all or a specified number of any unvested Options which have not expired immediately vest if, in the opinion of the Board a Change of Control has occurred, or is likely to occur.

The Board may declare that all or a specified number of any unvested Options which have not expired immediately vest if in the opinion of the Board any person or corporation has a relevant interest (as defined in the Corporations Act) in more than 90% of the Shares.

The Board may in its absolute discretion declare the vesting of an Option during such period as the Board determines where:
(i) Pioneer passes a resolution for the voluntary winding up of Pioneer;
(ii) an order is made for the compulsory winding up of Pioneer; or
(iii) Pioneer passes a resolution in accordance with Listing Rule 11.2 to dispose of its main undertaking.

If there is any internal reconstruction, reorganisation or acquisition of Pioneer which does not involve a significant change in the identity of the ultimate shareholders of Pioneer, this clause applies to any Option which has not vested by the day the reconstruction takes effect. The Board may declare in its sole discretion whether and to what extent Options will vest.

(i) In the event of any reorganisation (including consolidation, sub-division, reduction, return or cancellation) of the issued capital of Pioneer, the rights attaching to the Options will be varied to comply with ASX Listing Rules.

(j) An Option holder is not entitled to participate in any new issue of securities of Pioneer as a result of holding the Options.

(k) Subject to the terms of the Options and the ASX Listing Rules, the Board may at any time by written instrument, amend all or any of the provisions of terms of the Options.

Any amendment to the provisions of these terms must not materially reduce your rights before the date of the amendment, unless the amendment is introduced primarily:

(i) for the purpose of complying with or conforming to present or future State, Territory or Commonwealth legislation, the ASX Listing Rules or the constitution of Pioneer; or
(ii) to correct any manifest error, or mistake.

Subject to these terms, any amendment made under this rule may be given retrospective effect as specified in the written instrument by which the amendment is made.

Remuneration report (continued)

(j) Details of share based compensation and bonuses (continued)

For the purposes of this section, the following terms have the meaning set out below:

Change of Control means:

(i) in the case of a takeover bid (as defined in section 9 of the Corporations Act), an offer or who previously had voting power of less than 50% in Pioneer obtains voting power of more than 50%;
(ii) a Court approves under section 411(4)(b) of the Corporations Act, a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of Pioneer or its amalgamation with any other company or companies;
(iii) any person becomes bound or entitled to acquire shares in Pioneer under:
(a) section 414 of the Corporations Act (compulsory acquisition following a scheme or contract);
(b) Chapter 6A of the Corporations Act (compulsory acquisition of securities); or
(c) a selective capital reduction is approved by shareholders of Pioneer pursuant to section 256C(2) of the Corporations Act which results in a person who previously had voting power of less than 50% in Pioneer obtaining voting power of more than 50%; or
(iv) in any other case, a person obtains voting power in Pioneer which the Board (which for the avoidance of doubt will comprise those Directors holding office immediately prior to the person acquiring that voting power) determines, acting in good faith and in accordance with their fiduciary duties, is sufficient to control the composition of the Board.

Fair Market Value means the last price at which the underlying Shares traded on the ASX during a regular trading session.

Security Interest means a mortgage, charge, pledge, lien or other encumbrance of any nature.

Securities Trading Policy

Pioneer Credit Limited's securities trading policy applies to all Directors and executives. The purchase or sale of Company securities is permitted only during certain periods. Executives must not enter into any hedging arrangements over unvested options under the Company's employee option plans. The Company would consider a breach of this policy as gross misconduct which may lead to disciplinary action and potentially dismissal.

Shares provided on exercise of remuneration options

Prior to 30 June 2013, certain employees participated in an Employee Incentive Scheme. Under the Scheme 300,000 options were issued to the Chief Financial Officer and the Chief Operating Officer equally. Vesting of the options was at the sole discretion of the Board.

In advance of the completion of the Initial Public Offer and in recognition of the participants performance since joining the Company, up to and including admission to the ASX on 1 May 2014, the Board determined that the options vest. Every option was exercised and pursuant to the terms attaching to those options they were ultimately converted to Ordinary Shares.

Participants have been provided with a limited recourse loan by the Company to exercise these options.

The loans end on the earlier of seven years from draw down date or the employee's employment with the Company is terminated. Interest is payable at a rate of 0% between draw down date and 30 June 2014, and thereafter at the benchmark interest rate (Indicator Interest Rate - Bank variable housing interest rate last published by the Reserve Bank of Australia before the start of each of the Company's year of income), calculated daily.

The modified plan is accounted for as a 'share option scheme', accordingly the loan is not recognised in the financial statements and shares not yet fully paid are recognised as Treasury Shares. By balance date a number of loans had been settled in full.

Remuneration report (continued)

(j) Details of share based compensation and bonuses (continued)

Name	Mr Leslie Crockett	Ms Lisa Stedman
Issue Date *	3-Dec-12	1-Oct-11
Grant and Vesting Date *	19-Mar-14	19-Mar-14
Exercise Date **	8-Apr-13	8-Apr-13
Conversion to Fully Paid Ordinary Shares	28-Apr-14	28-Apr-14
Expiry Date	3-Dec-16	1-Oct-15
Exercise Price	1.43	1.26
Value per Option at Grant Date	0.91	1.08
Number of shares issued and converted	150,000	150,000
Limited recourse "loan" balance payable at 30 June 2014***	92,161	-

* Issue date refers to the date of the original employee incentive arrangement, grant date not achieved until the Directors exercised their discretion to approve vesting, and employees agreed to the modification

** On exercise the Options converted to management shares which the Board determined would convert to fully paid ordinary shares

*** Employees agreed, subject to the options having vested and Pioneer Credit Limited advancing limited recourse loans on the terms described above, to exercise all of the options held.

(k) Loans to Key Management Personnel

A loan to / (from) a Director in the form of a short term rolling credit facility was in place during the year. The nature of the loan relates to a form of historical working capital facility from the founder and Managing Director and with the move to becoming a listed Company has been discontinued.

The loan was unsecured and did not pay nor attract interest.

There are no other loans made to Directors or other key management personnel of the Group, including their close family members and entities related to them.

Name	Loan to Director / (from Director) at start of the year	Net Interest not charged	Loan to Director / (from Director) at the end of the year
Keith John	(54,055)	5,576	-

The amounts shown for net interest not charged in the table above represents the difference between the amount paid and payable/ received and receivable for the year and the amount of net interest that would have been charged/ received on an arm's length basis.

No write-downs or allowances for doubtful receivables have been recognised in relation to any loans made to Key Management Personnel.

(l) Equity instruments held by Key Management Personnel

The tables on the following page show the number of:

(i) options over ordinary shares in the Company;
(ii) rights to deferred shares granted under the executive STI scheme, and
(iii) shares in the Company,

that were held during the financial year by key management personnel of the Group, including their close family members and entities related to them.

There were no shares granted during the reporting period as compensation. No options have been granted to any Director or executives since the end of the financial year.

Remuneration report (continued)

(l) Equity instruments held by Key Management Personnel (continued)

Options holdings

Name	Issued balance at the start of the year	Granted as compensation	Vested	Exercised	Balance at the end of the year	Vested and Exercisable	Unvested
Mr Michael Smith	-	300,000	-	-	300,000	-	300,000
Mr Leslie Crockett	150,000	150,000	150,000	150,000	-	-	-
Ms Lisa Stedman	150,000	150,000	150,000	150,000	-	-	-

Share Holdings

Name	Balance at the start of the year	Received during the year on the exercise of options and conversion to ordinary shares	Other changes during the year	Balance at the end of the year	Held nominally
Non Executive Directors					
Mr Michael Smith	-	-	62,500	62,500	62,500
Mr Mark Dutton	193,932	-	112,551	306,483	306,483
Mr Rob Bransby	-	-	35,000	35,000	-
Executive Directors					
Mr Keith R. John	7,960,165	-	153,051	8,113,216	8,113,216
Mr James Singh	434,540	-	2,348	436,888	-
Other key management personnel					
Mr Leslie Crockett	-	150,000	13,984	163,984	13,984
Ms Lisa Stedman	104,167	150,000	20,833	275,000	125,000

(m) Other transactions with Key Management Personnel

Leases entered into with related parties

The Managing Director, Mr John is a beneficiary of the John Family Primary Investments Trust and the sole Director and secretary of Avy Nominees Pty Limited. This entity has entered into lease agreements with Pioneer Credit Limited for the premises at 118 Royal Street, East Perth, 188 Bennett Street, East Perth and 190 Bennett Street, East Perth. The lease contracts are at arms length.

Remuneration report (continued)

(m) Other transactions with Key Management Personnel (continued)

Design consulting agreement

The Managing Director, Mr John is a beneficiary of the John Family Building and Design Trust and the sole Director and secretary of Avy Nominees Pty Limited. Pioneer Credit Limited and Avy Nominees Pty Limited are parties to an agreement for design and project management services for the commercial fit-out of Pioneer Credit Limited's office premises. The agreement commenced on 1 November 2013 and continues on a monthly until terminated by either party on one month's notice. Alana John Design receives $10,000 (plus GST and incidentals) per month for the provision of the services. For the year ended 30 June 2014 the total amount of $107,294 has been paid.

The table includes aggregate amounts of each of the above types of other transactions with key management personnel.

	2014 $
Amounts recognised as expense	
Rental expenses and other services	382,842
Contributions to superannuation funds on behalf of Directors	53,660
Remuneration paid to Directors	592,635
	1,029,137

Shares under option

Unissued ordinary shares of Pioneer Credit Limited under option at the date of this report are as follows:

Name	Date options granted	Expiry date	Issue price	Number under option
Mr Michael Smith	7-Feb-14	1-May-18	1.92	50,000
Mr Michael Smith	7-Feb-14	1-May-19	1.92	250,000

Shares issued on the exercise of options

The following ordinary shares of Pioneer Credit Limited were issued during the year ended 30 June 2014 on the exercise of options granted to all qualifying participants in the Employee Incentive Scheme. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

Date options granted	Issue price of shares	Number of shares issued
19-Mar-14	1.43	300,000
19-Mar-14	1.26	400,000
		700,000

Insurance of officers

During the financial year, Pioneer Credit Limited paid a premium of $21,043 (2013 $7,075) to insure the Directors and secretaries of the Company and its Australian-based controlled entities.

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.

Indemnity of auditors

Pioneer Credit Limited has agreed to indemnify their auditors, PricewaterhouseCoopers, to the extent permitted by law, against any claim by a third party arising from it's breach of their audit engagement agreement. The indemnity stipulates that Pioneer Credit Limited will meet the full amount of any such liabilities including a reasonable amount of legal costs.

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 Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and / or the Group are important.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers Australia) for non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

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

	2014 **$**	2013 $
Other assurance services		
PricewaterhouseCoopers Australian firm		
Special Purpose Review Half Year	**62,943**	-
Due Diligence Services	-	59,029
	62,943	59,029
Taxation services		
PricewaterhouseCoopers Australian firm		
International Tax consulting	**12,500**	-
Tax compliance services	**13,464**	-
	25,964	-
Other services		
PricewaterhouseCoopers Australian firm		
Preparation of general purpose accounts	-	30,000
	-	30,000
	88,907	89,029

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 22.

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.

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

Keith R. John
Managing Director

Perth

28 August 2014

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Auditor's Independence Declaration

As lead auditor for the audit of Pioneer Credit Limited for the year ended 30 June 2014, 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.

This declaration is in respect of Pioneer Credit Limited and the entities it controlled during the period.

William P R Meston
Partner
PricewaterhouseCoopers

Perth
28 August 2014

PricewaterhouseCoopers, ABN 52 780 433 757
Brookfield Place, 125 St Georges Terrace, PERTH WA 6000, GPO Box D198, PERTH WA 6840
T: +61 8 9238 3000, F: +61 8 9238 3999, www.pwc.com.au

Corporate Governance Statement

The Board is responsible for establishing the Company's corporate governance framework, the key features of which are set out in this Section. In establishing its corporate governance framework, the Board has referred to the Principles & Recommendations.

In accordance with ASX Listing Rule 1.1 Condition 13, the corporate governance statement set out in this Section 4.3 discloses the extent to which the Company intends to follow the recommendations as at the date of approval of this Annual Report. The Company will follow each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices will follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices will not follow a recommendation, the Board has explained it reasons for not following the recommendation and disclosed what, if any, alternative practices the Company will adopt instead of those in the recommendation.

The following governance-related documents can be found on the Company's website at www.pioneercredit.com.au/corporate/investor-centre/corporate-governance-policies/:

Charters
Board
Audit Committee
Nomination Committee
Remuneration Committee

Policies and Procedures
Policy and Procedure for Selection and (Re) Appointment of Directors
Process for Performance Evaluations
Policy on Assessing the Independence of Directors
Diversity Policy (summary)
Code of Conduct (summary)
Policy on Continuous Disclosure (summary)
Compliance Procedures (summary)
Procedure for the Selection, Appointment and Rotation of External Auditor
Shareholder Communication Policy
Risk Management Policy (summary)
Whistleblower Policy (summary)
Securities Trading Policy

Principle 1: Lay solid foundations for management and oversight

Board

Roles and responsibilities of the Board and Senior Executives

(Recommendations: 1.1, 1.3)

The Company has established the functions reserved to the Board, and those delegated to senior executives and has set out these functions in its Board Charter.

The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives, and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

Senior executives are responsible for supporting the Managing Director and assisting the Managing Director in implementing the running of the general operations and financial business of the Company in accordance with the delegated authority of the Board. Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, directly to the Chair or the lead independent Director, as appropriate.

The Company’s Board Charter is disclosed on the Company’s website.

Principle 2: Structure the board to add value

Skills, experience, expertise and period of office of each Director

(Recommendation: 2.6)

A profile of each Director setting out their skills, experience, expertise and period of office is set out in the Directors’ Report.

The mix of skills and diversity for which the Board is looking to achieve in its membership is represented by the current Board. The Board comprises Directors with significant experience as non-executive Directors of public companies; marketing experience; accounting and financial expertise; experience in the management and growth of businesses and extensive experience in the industry in which Pioneer operates. The Board considers that these skills and experience are appropriate for Pioneer.

Director independence

(Recommendations: 2.1, 2.2, 2.3, 2.6)

The Board does not have a majority of Directors who are independent.

As noted above, the Board considers that the composition of the Board is adequate for the Company’s current size and operations, and includes an appropriate mix of skills and expertise, relevant to the Company’s business. These skills include members with significant experience as non-executive Directors of public companies, relevant experience in the management and growth of businesses together with extensive experience in the industry in which Pioneer operates.

Principle 2: Structure the board to add value (continued)

The Board will review its composition as the Company's circumstances change. The Board will have regard to the Company's Diversity Policy and the balance of independence on the Board in identifying appropriate candidates for any appointments for the Board.

The independent Directors of the Company are Mr Michael Smith and Mr Rob Bransby. These directors are independent as they are non-executive Directors who are not members of management and who are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement.

The Board considers the independence of Directors having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds.

The Board has agreed on the following guidelines, as set out in the Company's Board Charter for assessing the materiality of matters:

- Balance sheet items are material if they have a value of more than 5% of pro-forma net assets
- Profit and loss items are material if they will have an impact on the current year operating result of 5% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, could affect the Company's rights to its assets, if accumulated would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 5% or more on balance sheet or profit and loss items, or will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 5%.
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost which triggers any of the quantitative tests, contain or trigger change of control provisions, are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

The non-independent Directors of the Company are the Company's Managing Director, Mr Keith R. John and non-executive Director, Mr Mark Dutton. Mr Mark Dutton is a Director at Banksia Capital, a substantial shareholder of the Company.

The independent Chair of the Board is Mr Michael Smith.

The Managing Director is Mr Keith R. John who is not Chair of the Board.

Independent professional advice

(Recommendation: 2.6)

To assist Directors with independent judgement, it is the Board's policy that if a Director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a Director then, provided the Director first obtains approval from the Chair for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice. Where it is the Chair who is seeking the independent professional advice, the role of the Chair to consider and provide approval as set out above will be carried out by the Chair of the Audit Committee.

The non-independent Directors of the Company are the Company's Managing Director, Mr Keith R. John and non-executive Director, Mr Mark Dutton. Mr Mark Dutton is a Director at Banksia Capital, a substantial shareholder of the Company.

Principle 2: Structure the board to add value (continued)

Selection and (Re)Appointment of Directors

(Recommendation: 2.6)

In determining candidates for the Board, the Nomination Committee will follow a prescribed process whereby it will evaluate the mix of skills, experience, expertise and diversity of the existing Board. In particular, the Nomination Committee is to identify the particular skills and diversity that will best increase the Board's effectiveness. Consideration will also be given to the balance of independent Directors. Potential candidates will be identified and, if relevant, the Nomination Committee will recommend an appropriate candidate for appointment to the Board. Any appointment made by the Board will be subject to ratification by shareholders at the next general meeting.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Each Director other than the Managing Director, must not hold office (without re-election) past the third annual general meeting of the Company following the Director's appointment or three years following that Director's last election or appointment (whichever is the longer). However, a Director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one Director or one third of the total number of Directors must resign. A Director who retires at an annual general meeting is eligible for re-election at that meeting. Re-appointment of Directors is not automatic.

The Company’s Policy and Procedure for the Selection and Re (Appointment) of Directors is disclosed on the Company’s website.

Board committees

Nomination Committee

(Recommendations: 2.4, 2.6)

The Board has established a Nomination Committee comprising Mr Michael Smith (Chair), Mr Rob Bransby and Mr Mark Dutton.

The Company has adopted a Nomination Committee Charter which describes the role, composition, functions and responsibilities of the Nomination Committee. The Company’s Nomination Committee Charter is disclosed on the Company’s website.

Audit Committee

(Recommendations: 4.1, 4.2, 4.3, 4.4)

The Board has established an Audit Committee comprising Mr Rob Bransby (Chair), Mr Michael Smith and Mr Mark Dutton. The Audit Committee is structured in compliance with Recommendation 4.2 as it comprises three non-executive Directors, a majority of whom are independent and the Chair of the Audit Committee is not also Chair of the Board.

The Company has adopted an Audit Committee Charter which describes its role, composition, functions and responsibilities of the Audit Committee.

Details of each of the Director's qualifications are set out in the Directors’ Report. All Audit Committee members consider themselves to be financially literate and have industry knowledge. Further, Mr Bransby is an experienced financial services executive and Mr Dutton is a member of the Institute of Chartered Accountants.

Principle 2: Structure the board to add value (continued)

Remuneration Committee

(Recommendations: 8.1, 8.2, 8.3, 8.4)

The Board has established a Remuneration Committee comprising Mr Michael Smith (Chair), Mr Rob Bransby and Mr Mark Dutton.

The Remuneration Committee is structured in accordance with Recommendation 8.2 as it comprises three non-executive Directors, a majority of whom are independent and it is chaired by an independent Director. This committee is discussed in further detail under Principle eight.

Performance evaluation

Senior executives

(Recommendations: 1.2, 1.3)

The Managing Director will review the performance of the senior executives. The Managing Director will conduct a performance evaluation of the senior executives by meeting individually with each senior executive on a six-monthly basis to review performance against the senior executive's responsibilities as outlined in his or her contract with the Company.

The Managing Director's performance evaluation will be reviewed by the Nomination Committee. The Nomination Committee will conduct a performance evaluation of the Managing Director annually by roundtable discussion with the Managing Director to review performance against KPIs set for the previous year, and to establish KPIs for the forthcoming year.

Board, its committees and individual directors

(Recommendations: 2.5, 2.6)

The Chair will have the overall responsibility for evaluating the Board and, when deemed appropriate, Board committees and individual Directors. The process employed by the Chair for evaluating the performance of the Board, individual Directors and any applicable committees may involve:

- meeting with and interviewing each Director;
- facilitating a round-table discussion by the Board;
- on-going observation and discussion;
- circulation of questionnaires; and
- outsourcing to independent specialist consultants.

Measures against which the performance of the Board, its committees and individual Directors will be measured include:

- assessment of the skills, performance and contribution of individual members of the Board;
- the performance of the Board as a whole and of its various committees;
- awareness of Directors of their responsibilities and duties as directors of the Company and of corporate governance and compliance requirements;
- awareness of Directors of the Company's strategic direction;
- understanding by the Directors of the Company's business and the industry and environment in which it operates;
- avenues for continuing improvement of Board functions and further development of Director skill base.

The method by which performance evaluations are carried out each year will be reported by the Company in its corporate governance statement in its Annual Report.

The Company's process for performance evaluation is disclosed on the Company's website.

Principle 3: Promote ethical and responsible decision making

Code of Conduct

(Recommendations: 3.1, 3.5)

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company and its subsidiaries' integrity, the practices necessary to take into account its legal obligations and the reasonable expectations of its stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Company has also established a Whistleblower Policy. The aim of the policy is to ensure that Directors, officers and employees comply with the obligations set out in the Code of Conduct and to encourage reporting of violations (or suspected violations) and provide effective protection from victimisation or dismissal to those reporting by implementing systems for confidentiality and report handling.

A summary of the Company’s Code of Conduct and Whistleblower Policy is disclosed on the Company’s website.

Diversity

(Recommendations: 3.2, 3.3, 3.4, 3.5)

The Company has established a Diversity Policy, which provides that the Board will set measurable objectives for achieving gender diversity that are appropriate for the Company, and for the Board to assess annually the objectives set and progress towards achieving them.

The Company reports the following proportions as at 30 June 2014;

	Objective		Actual	
	Number	%	Number	%
Number of women employees in the whole organisation	91	50	108	59
Number of women in senior executive positions	2	25	2	28.6
Number of women on the Board	1	25	0	0

A summary of the Company’s Diversity Policy is disclosed on the Company’s website.

Principle 4: Safeguard integrity in financial reporting

The Board has established a separate Audit Committee to monitor and review the integrity of financial reporting and the Company's internal financial control systems and risk management systems.

The Audit Committee comprises Rob Bransby (Chair), Michael Smith and Mark Dutton. The Audit Committee is structured in compliance with Recommendation 4.2 as it comprises three non-executive Directors, a majority of whom are independent and the Chair of the Audit Committee is not also Chair of the Board.

The Company has adopted an Audit Committee Charter which describes its role, composition, functions and responsibilities of the Audit Committee.

The Managing Director and the Chief Financial Officer have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal controls and that the system is operating effectively in all material respects in relation to financial reporting risks.

Principle 4: Safeguard integrity in financial reporting (continued)

The Company has established a Procedure for the Selection, Appointment and Rotation of its External Auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

The Company's Audit Committee Charter and Procedure for Selection, Appointment and Rotation of External Auditor are disclosed on the Company's website.

Principle 5: Make timely and balanced disclosures

Continuous Disclosure

(Recommendations: 5.1, 5.2)

The Company ensures that shareholders and the market are fully informed of its strategy, performance and details of any information or events that could have a material impact on the value of the Company's securities.

The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability at a senior executive level for that compliance.

A summary of the Company's Policy on Continuous Disclosure and Compliance Procedures are disclosed on the Company's website.

Principle 6: Respect the rights of shareholders

Shareholder Communication

(Recommendations: 6.1, 6.2)

The Company recognises the rights of its shareholders and other interested stakeholders to have access to balanced, understandable and timely information concerning the operations of the Company.

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

The Company's Shareholder Communication Policy is disclosed on the Company's website.

Principle 7: Recognise and manage risk

Risk Management

Recommendations: 7.1, 7.2, 7.3, 7.4)

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegates day-to-day management of risk to the Managing Director, who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Managing Director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management, which, if proposed to be exceeded, requires prior Board approval;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's ACL;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.

The Board requires management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board has received a report from management as to the effectiveness of the Company's management of its material business risks for the relevant reporting period.

A summary of the Company's Risk Management Policy is disclosed on the Company's website.

Principle 8: Remunerate fairly and responsibly

Remuneration Committee

(Recommendations: 8.1, 8.2, 8.3, 8.4)

The Board has established a Remuneration Committee comprising Michael Smith (Chair), Rob Bransby and Mark Dutton.

The Remuneration Committee is structured in accordance with Recommendation 8.2 as it comprises three non-executive Directors, a majority of whom are independent and it is chaired by an independent Director.

The Board has adopted a Remuneration Committee Charter which describes the role, composition, functions and responsibilities of the Remuneration Committee.

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" as part of the Company's Annual Report. The Company's policy is to remunerate non-executive Directors at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive Directors is not linked to individual performance. From time to time the Company may grant options to non-executive Directors. The grant of options is designed to attract and retain suitably qualified non-executive Directors. The maximum aggregate amount of fees (including superannuation payments) that can be paid to non-executive Directors is subject to approval by shareholders at a General Meeting.

Principle 8: Remunerate fairly and responsibly (continued)

Executive remuneration consists of a base salary and performance incentives. Long term performance incentives may include options, performance rights, share appreciation rights or other equity based products granted at the discretion of the Board on the recommendation of the Remuneration Committee and subject to obtaining the relevant approvals. The grant of equity based products is designed to recognise and reward efforts as well as to provide additional incentive to continue those efforts for the benefit of the Company, and may be subject to the successful completion of performance hurdles. Executives are offered a competitive level of base pay at market rates (for comparable companies), which are reviewed at least annually to ensure market competitiveness.

There are no termination or retirement benefits for non-executive Directors (other than for superannuation).

The Company's Securities Trading Policy includes a statement of the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

The Company’s Remuneration Committee Charter and Securities Trading Policy are disclosed on the Company’s website.

ASX Corporate Governance Council recommendations checklist

The following table sets out the Company’s position with regard to adoption of the Principles & Recommendations upon its admission to ASX:

CGC’s Principles and Recommendations Comply		**(Yes / No)**
Principle 1: Lay solid foundations for management and oversight		
1.1	Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	Yes
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Yes
1.3	Companies should provide the information indicated in the Guide to Reporting on Principle 1.	Yes
Principle 2: Structure the Board to add value		
2.1	A majority of the Board should be independent Directors.	No
2.2	The chair should be an independent Director.	Yes
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Yes
2.4	The Board should establish a nomination committee.	Yes
2.5	Companies should disclose the process for evaluating the performance of the Board, its committees and individual Directors.	Yes
2.6	Companies should provide the information indicated in the Guide to Reporting on Principle 2.	Yes
Principle 3: Promote ethical and responsible decision-making		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: - the practices necessary to maintain confidence in the Company’s integrity - the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders - the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measureable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.	Yes
3.3	Companies should disclose in each annual report the measureable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress in achieving them.	Yes

ASX Corporate Governance Council recommendations checklist (continued)

3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	Yes
3.5	Companies should provide the information indicated in the Guide to Reporting on Principle 3.	Yes
Principle 4: Safeguard integrity in financial reporting		
4.1	The Board should establish an audit committee.	Yes
4.2	The audit committee should be structured so that it:	Yes
	- consists only of non-executive Directors	
	- consists of a majority of independent Directors	
	- is chaired by an independent chair, who is not chair of the Board	
	- has at least three members.	
4.3	The audit committee should have a formal charter.	Yes
4.4	Companies should provide the information indicated in the Guide to Reporting on Principle 4.	Yes
Principle 5: Make timely and balanced disclosure		
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes
5.2	Companies should provide the information indicated in the Guide to Reporting on Principle 5.	Yes
Principle 6: Respect the rights of shareholders		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes
6.2	Companies should provide the information indicated in the Guide to Reporting on Principle 6.	Yes
Principle 7: Recognise and manage risk		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes
7.2	The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	Yes
7.3	The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes
7.4	Companies should provide the information indicated in the Guide to Reporting on Principle 7.	Yes
Principle 8: Remunerate fairly and responsibly		
8.1	The Board should establish a remuneration committee.	Yes
8.2	The remuneration committee should be structured so that it:	Yes
	- consists of a majority of independent Directors	
	- is chaired by an independent Director	
	- has at least three members	
8.3	Companies should clearly distinguish the structure of non-executive Directors' remuneration from that of executive Directors and senior executives.	Yes
8.4	Companies should provide the information indicated in the Guide to Reporting on Principle 8.	Yes

Pioneer Credit Limited ABN 44103003505
Annual report - 30 June 2014

Contents

These financial statements are the consolidated financial statements of the Consolidated Entity consisting of Pioneer Credit Limited and its subsidiaries. A list of subsidiaries is included in note 13. The financial statements are presented in the Australian currency.

Pioneer Credit Limited is a Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Pioneer Credit Limited
188-190 Bennett Street
Perth Western Australia 6004

The financial statements were authorised for issue by the Directors on 28 August 2014. The Directors have the power to amend and reissue the financial statements.

Consolidated statement of comprehensive income

	Notes	**2014 $'000**	2013 $'000
Revenue from operations	2	**25,761**	16,673
Employee expense		**11,718**	6,135
Direct expenses		**2,747**	1,306
Rental expenses		**1,294**	1,014
Finance expenses	4	**1,443**	973
Other expenses		**1,023**	374
Professional expenses		**2,908**	616
Travel and entertainment		**570**	269
Information technology and communications		**1,320**	555
Depreciation and amortisation expense	4	**379**	376
Profit before income tax		**2,359**	5,055
Income tax expense	5	**1,312**	1,535
Profit from continuing operations		**1,047**	3,520
Total comprehensive income for the year		**1,047**	3,520
Total comprehensive income for the year is attributable to:			
Owners of Pioneer Credit Limited		**1,047**	3,520
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share	20	**7.97**	56.96
Diluted earnings per share	20	**7.97**	56.96

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

Consolidated balance sheet

	Notes	**2014 $'000**	2013 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**4,458**	967
Trade and other receivables	6(a)	**2,570**	778
Other current assets	6(a)	**246**	144
Current tax receivables		**327**	-
Financial assets at fair value through profit or loss	6(b)	**29,183**	21,081
Total current assets		**36,784**	22,970
Non-current assets			
Receivables	6(a)	**-**	223
Property, plant and equipment	7(a)	**2,537**	715
Intangible assets	7(c)	**161**	-
Other non-current assets		**61**	-
Deferred tax assets	7(b)	**1,198**	203
Financial assets at fair value through profit or loss	6(b)	**29,560**	17,850
Total non-current assets		**33,517**	18,991
Total assets		**70,301**	41,961
LIABILITIES			
Current liabilities			
Trade and other payables	6(c)	**11,352**	2,481
Borrowings	6(d)	**5,376**	6,571
Current tax liabilities		**-**	1,219
Accruals, provisions and other liabilities	6(c)	**2,599**	1,280
Total current liabilities		**19,327**	11,551
Non-current liabilities			
Borrowings	6(d)	**2,012**	8,838
Provisions and other liabilities		**1,360**	-
Other financial liabilities	6(e)	**-**	8,497
Total non-current liabilities		**3,372**	17,335
Total liabilities		**22,699**	28,886
Net assets		**47,602**	13,075
EQUITY			
Contributed equity	8(a)	**45,464**	9,091
Other reserves	8(b)	**1,037**	-
Retained earnings	8(c)	**1,101**	3,984
Capital and reserves attributable to owners of Pioneer Credit Limited		**47,602**	13,075
Total equity		**47,602**	13,075

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

Consolidated statement of changes in equity

	Contributed equity $'000	Convertible Redeemable Preference Shares $'000	Retained earnings $'000	Share Based Payment Reserve $'000	Total equity $'000
Balance at 1 July 2012	3,341	5,423	464	-	9,228
Total comprehensive income for the year	**-**	**-**	**3,520**	-	**3,520**
Transactions with owners in their capacity as owners:					
Current and deferred tax through equity	-	(6)	-	-	(6)
CRPS B accrued interest conversion	333	-	-	-	333
	333	(6)	-	-	327
Restated balance at 30 June 2013	**3,674**	**5,417**	**3,984**	-	**13,075**

	Notes	Contributed equity $'000	Convertible Redeemable Preference Shares $'000	Retained earnings $'000	Share Based Payment Reserve $'000	Total equity $'000
Balance at 30 June 2013		3,674	5,417	3,984	-	13,075
Total comprehensive income for the year		**-**	**-**	**1,047**	**-**	**1,047**
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	8(a)	38,543	-	-	-	38,543
CRPS B & C Conversion to contributed equity	6(e)	7,754	-	-	-	7,754
CRPS A Conversion to contributed equity		5,413	(5,413)	-	-	-
Current and deferred tax through equity		656	(4)	-	-	652
Treasury shares issued and share based payments	8(a), 8(b)	403	-	-	1,037	1,440
Employee share scheme		91	-	-	-	91
Return of Capital and Dividend paid	12(b)	(11,070)	-	(3,930)	-	(15,000)
		41,790	(5,417)	(3,930)	1,037	33,480
Balance at 30 June 2014		**45,464**	**-**	**1,101**	**1,037**	**47,602**

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

Consolidated statement of cash flows

	Notes	**2014 $'000**	2013 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**35,779**	22,571
Payments to suppliers and employees (inclusive of goods and services tax)		**(9,423)**	(8,788)
		26,356	13,783
Interest received		**67**	32
Interest paid		**(708)**	(411)
Income taxes paid		**(3,201)**	(792)
Net cash inflow from operating activities	9(a)	**22,514**	12,612
Cash flows from investing activities			
Payments for property, plant and equipment	7(a)	**(701)**	(911)
Payments for intangible assets		**(226)**	-
Payments for financial assets at fair value through profit or loss		**(31,626)**	(26,456)
Repayment of loans from related parties		**(1,621)**	(4,223)
Proceeds of loans from related parties		**1,567**	4,291
Net cash (outflow) from investing activities		**(32,607)**	(27,299)
Cash flows from financing activities			
Proceeds from issues of convertible redeemable preference shares		**99**	4,250
Capital raising costs	3	**(4,233)**	-
Proceeds from borrowings		**26,061**	21,123
Repayment of borrowings		**(34,782)**	(10,606)
Dividends paid to Company's shareholders	12(b)	**(3,930)**	-
Proceeds from issue of ordinary shares	8(a)	**41,120**	-
Return of capital	8(a)	**(11,070)**	-
Treasury shares	8(a)	**319**	-
Net cash inflow from financing activities		**13,584**	14,767
Net increase in cash and cash equivalents		**3,491**	80
Cash and cash equivalents at the beginning of the financial year		**967**	887
Cash and cash equivalents at end of year		**4,458**	967

Non-cash investing and financing activities see note 9(b)

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Contents of the notes to the consolidated financial statements

1 Significant changes in the current reporting period

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

In October 2013 Pioneer Credit Pty Ltd embarked on the process of transitioning to a publicly-listed Company, and was converted to a public company on 7 February 2014 in anticipation of completing an Initial Public Offering (IPO).

In April 2014 a successful book build was completed with the process fully underwritten by the Lead Manager, Evans & Partners. Following completion of the book build and lodgement of the prospectus, Pioneer Credit Limited was admitted to the official list of ASX Limited on 1 May 2014.

Key financial highlights include:

- pre-IPO issue of preference shares under a dividend reinvestment plan amounting to $591,742
- pre-IPO conversion of preference shares and reclassification to ordinary shares in the sum of $8.406m
- pre-IPO modification of the employee share incentive scheme and conversion to ordinary shares amounting to $403,497, relatedly the share based payment reserve movement of $1.037m arose primarily as a result of the recognition of the share based payment expense of $705,000 on this modification
- pre-IPO declaration and distribution of a return of capital on ordinary shares held on 30 April 2014, $11.070m
- pre-IPO declaration and distribution of a dividend on ordinary shares held at 30 April 2014, $3.930m
- capital raising completed on the issue of 25,000,000 ordinary shares under the Initial Public Offer, yielding $40m with incremental costs directly attributable to the new share issue amounting to $2.175m
- included in the statutory profit are the costs associated with the IPO charged to the consolidated statement of comprehensive income amounting to $2.058m
- to encourage broad based employee ownership the Company issued fully paid ordinary shares under the Employee Offer amounting to $215,520, with a related share based payment expense of $90,520

An expanded Senior Debt Facility was entered on 20 March 2014 with the Group's existing bankers with a total facility limit of $54.060m. Details of the facility are disclosed in note 11(d)(i) to the consolidated financial statements.

How numbers are calculated

This section provides additional information about those individual line items in the financial statements that the Directors consider most relevant in the context of the operations of the entity.

2 Revenue

Revenue from operations	2014 $'000	2013 $'000
From continuing operations		
Operating revenues		
Liquidation of cash flows from purchased debt portfolios	**37,230**	22,870
Change in value of purchased debt portfolios	**(11,814)**	(6,773)
Net gain on financial assets - purchased debt portfolios	**25,416**	16,097
Services	**278**	544
Other revenue		
Interest	**67**	32
	25,761	16,673

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

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 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 using the methods outlined below.

(i) Customer payments, Debt purchase income

Net gains on financial assets are disclosed in the consolidated statement of comprehensive income as cash flows from purchased debt portfolios net of any change in fair value of the portfolios. The Group classifies purchased debt portfolios as financial assets at fair value through profit or loss.

The net gain on these assets is disclosed as revenue in the consolidated statement of comprehensive income.

Net gains or losses on financial assets measured at fair value are recognised as they accrue.

(ii) Interest income

Interest income is recognised using the effective interest method.

(iii) Services Income

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

3 Individually significant items

The following items are significant to the financial performance of the Group, and so are listed separately here. These specific costs have been included in profit before income tax.

	2014 $'000	2013 $'000
Initial Public Offering Costs		
Costs incurred to list on the stock exchange	**4,233**	-
Costs apportioned to capital raising	**(2,175)**	-
	2,058	-
Commercial claim		
Settlement Provision	**420**	-
Legal Costs	**228**	-
	648	-

(a) Initial Public Offering costs

Pioneer Credit Limited was admitted to the official list of ASX Limited on Thursday 1 May 2014. Consistent with the requirements of Australian Accounting Standards, the incremental costs that are directly attributable to issuing new shares have been deducted from equity (net of any income tax benefit), and costs that related to the stock market listing, or were otherwise not incremental and directly attributable to issuing new shares, were recorded as an expense in the consolidated statement of comprehensive income. The nature of this cost item is that it will not recur in the future.

(b) Commercial claim

At 30 June 2013, the Group determined that a contingent liability existed for a claim against it of approximately $420,000 in respect to a commercial dispute. This dispute has now been settled and the Group has recognised the prior year contingent liability in the current year.

The nature of this item is that it is unlikely to recur in the normal course of business.

4 Other income and expense items

This note provides a breakdown of specific costs included in profit before income tax.

Expenses

	2014 $'000	2013 $'000
Employee benefits expenses inclusive of on-costs		
Share Based Payment Modification	**744**	-
Share Based Payments	**95**	-
Chairman Options	**14**	-
	853	-
Finance costs		
Interest and finance charges paid/payable for financial liabilities not at fair value through profit or loss	**923**	585
Interest on Convertible Redeemable Preference Shares	**520**	388
	1,443	973

Expenses (continued)

Depreciation and amortisation		
Amortisation	**65**	-
Depreciation	**314**	376
	379	376

5 Income tax expense

(a) Income tax expense

	2014 $'000	2013 $'000
Current tax	**1,672**	1,499
Prior period under-provision	**175**	-
Deferred tax	**(535)**	36
	1,312	1,535
Income tax expense is attributable to:		
Profit from continuing operations	**2,359**	5,055
Deferred income tax (revenue) expense included in income tax expense comprises:		
(Decrease) increase direct to equity	**460**	(6)
Decrease (Increase) in deferred tax assets	**(996)**	42
	(536)	36

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

	2014 $'000	2013 $'000
Profit from continuing operations before income tax expense	**2,359**	5,055
Tax at the Australian tax rate of 30.0% (2013 - 30.0%)	**708**	1,517
Non-deductible entertainment costs	**29**	23
Non-deductible provision for fringe benefits tax	**1**	1
Assessable interest not recognised in P&L	**-**	2
Deductible interest not recognised in P&L	**-**	(2)
Deferred tax expenses recognised directly in equity	**-**	(6)
Non-deductible CRPS Interest	**156**	-
Non-deductible Share Based Payments	**243**	-
Underprovision for prior year taxation	**175**	-
Income tax expense	**1,312**	1,535

(c) Amounts recognised directly in equity

	2014 $'000	2013 $'000
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:		
Current tax - credited directly to equity	**192**	-
Net deferred tax - credited directly to equity	**460**	6
	652	6

6 Financial assets and financial liabilities

The Group holds the following financial instruments:

	Notes	Assets at FVTPL $'000	Financial assets at amortised cost $'000	Total $'000
Financial assets				
2014				
Cash and cash equivalents		**-**	**4,458**	**4,458**
Trade and other receivables *	6(a)	**-**	**2,570**	**2,570**
Financial assets at fair value through profit or loss	6(b)	**58,743**	**-**	**58,743**
		58,743	**7,028**	**65,771**
	Notes			
2013				
Cash and cash equivalents		-	967	967
Trade and other receivables *	6(a)	-	1,001	1,001
Financial assets at fair value through profit or loss	6(b)	38,931	-	38,931
		38,931	1,968	40,899

* excluding prepayments

	Notes	Liabilities at FVTPL $'000	Liabilities at amortised cost $'000	Total $'000
Financial liabilities				
2014				
Trade and other payables **	6(c)	**-**	**11,352**	**11,352**
Borrowings	6(d)	**-**	**7,388**	**7,388**
Accruals, provisions and other liabilities		**-**	**2,523**	**2,523**
		-	**21,263**	**21,263**
	Notes			
2013				
Trade and other payables **	6(c)	-	2,481	2,481
Borrowings	6(d)	-	15,409	15,409
Accruals, provisions and other liabilities		-	1,280	1,280
Other financial liabilities	6(e)	-	8,497	8,497
		-	27,667	27,667

** excluding non-financial liabilities

The Group's exposure to various risks associated with the financial instruments is discussed in note 11. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

(a) Trade and other receivables

	2014 Current $'000	**2014 Non-current $'000**	**2014 Total $'000**	2013 Current $'000	2013 Non-current $'000	2013 Total $'000
Trade receivables	877	-	877	652	-	652
Current tax receivable	105	-	105	-	-	-
Other receivables	1,693	-	1,693	126	223	349
Prepayments	246	61	307	144	-	144
	2,921	61	2,982	922	223	1,145

Further information relating to loans related to related parties and Key Management Personnel is set out in note 17.

(i) Classification as trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current. The Group's impairment and other accounting policies for trade and other receivables are outlined in notes 11(c) and 24(e) respectively.

(ii) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group.

(iii) Fair value of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

(iv) Impairment and risk exposure

Information about the impairment of trade and other receivables, their credit quality and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 11(a) and 11(c).

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

(b) Financial assets at fair value through profit or loss

	2014 $'000	2013 $'000
The amount of the financial assets at fair value is classified as follows:		
Current	**29,183**	21,081
Non-current	**29,560**	17,850
	58,743	38,931

	2014 $'000	2013 $'000
Current and non-current		
At beginning of year	**38,931**	19,248
Payments for purchased debt portfolios	**31,626**	26,456
Liquidation of cash flows from purchased debt portfolios	**(37,230)**	(22,870)
Net gain on financial assets - purchased debt portfolios	**25,416**	16,097
	58,743	38,931

Changes in fair values of financial assets at fair value through profit or loss are recorded in the consolidated statement of comprehensive income.

(i) Classification of financial assets at fair value through profit or loss

The Group has designated purchased debt portfolios as financial assets at fair value through profit or loss.

Purchased debt portfolios 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 portfolios are initially recorded at acquisition cost and thereafter at fair value in the balance sheet, transaction costs are expensed as incurred. In the absence of a sufficiently active market the fair value of a particular portfolio is determined based on a valuation technique. The valuation is based on the present value of expected future cash flows. Note (iv) below explains how the fair values of purchased debt portfolios are determined, including information regarding the key assumptions used.

The fair value gains or losses on financial assets are disclosed in the consolidated statement of comprehensive income as part of cash flows from purchased debt portfolios net of any change in fair value of the portfolios.

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

(ii) Amounts recognised in profit or loss

Changes in fair values of financial assets at fair value through profit or loss are recorded as part of revenue.

(iii) Risk exposure and fair value measurements

Information about the Group's exposure to price risk is provided in note 11. For information about the methods and assumptions used in determining fair value please refer to note 6() below.

(iv) Fair value and fair value measurements

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

(b) Financial assets at fair value through profit or loss

30 June 2014	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets				
Financial assets at FVTPL	**-**	**-**	**58,743**	**58,743**

30 June 2013	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Financial assets at FVTPL	-	-	38,931	38,931

There were no transfers between levels in both 2014 and 2013.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(ii) Valuation techniques used to derive level 3 fair values

If one or more of the significant inputs is not based on observable market data (unobservable inputs), the instrument is included in level 3. Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. This is the case for purchased debt portfolios for which there is not considered to be a sufficiently active secondary market.

The fair value of financial instruments that are not traded in an active market, the purchased debt portfolios, is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

The specific valuation technique used to determine the fair value of financial instruments is a Discounted Cash Flow (DCF) approach, which incorporates the following variables:

- Expected liquidation rate - expressed as a percentage of the face value
- Face value - of purchased debt portfolios acquired
- Cash flow liquidation period - the period over which cash flows liquidate
- Discount rate - factors in a risk free interest rate and appropriate credit adjustment for risks not built into the underlying cash flows expected to be recovered
- Cost - acquisition cost of recently acquired purchased debt portfolios

(iii) Fair value measurements using significant unobservable inputs (level 3)

See the table in note 6(b) for changes in level 3 instruments for the year ended 30 June 2014 and 30 June 2013.

Analysis of change in fair value year ended 30 June 2014.

	2014 $'000
Actual versus forecast cash flow	6,978
Change in future forecast cash flows	18,438
Net gain on financial assets - purchased debt portfolios	**25,416**

(b) Financial assets at fair value through profit or loss

(iii) Fair value measurements using significant unobservable inputs (level 3) (continued)

Transfers between levels and changes in valuation techniques

There were no transfers between the levels of the fair value hierarchy in both years ended 30 June 2014 and 30 June 2013.

There were also no significant changes made to any of the valuation techniques applied in both years ended 30 June 2014 and 30 June 2013.

Valuation inputs and relationships to fair value

The following table summarises the quantitative impact on those elements of the purchased debt portfolios that are sensitive to the significant unobservable inputs used in level 3 fair value measurements:

(b) Financial assets at fair value through profit or loss

(iii) Fair value measurements using significant unobservable inputs (level 3) (continued)

Valuation inputs and relationships to fair value (continued)

Description	Fair Value $'000	Valuation Technique	Unobservable Inputs	Range of Inputs	Relationship to Fair Value
Financial Assets at FVTPL	58,743	Discounted Cash Flow and Validation	Expected liquidation rate	1% change in liquidation rate	A reduction in liquidation rate by 1% results in a decrease in fair value on total estimated cash flows by $1,810,289, an increase results in an increase in fair value on total estimated cash flows of $1,810,289.
				3% change in liquidation rate	A reduction in liquidation rate by 3% results in a decrease in fair value on total estimated cash flows by $5,430,695, an increase results in an increase in fair value on total estimated cash flows of $5,430,695.
			Cash flow liquidation period	Impact of a seven year liquidation period versus a six year liquidation period	Results in a decrease in fair value of $1,087,460.
			Discount rate	Variance in risk-adjusted discount rate by 100bps	The higher the risk-adjusted rate the lower the fair value. A reduction in rate by 100 bps results in an increase in fair value by $716,864, an increase results in a decrease in fair value of $694,237.

A reasonably possible change in liquidation rates has been determined to be plus or minus 3%. A 1% change in liquidation rates has also been disclosed for informational purposes.

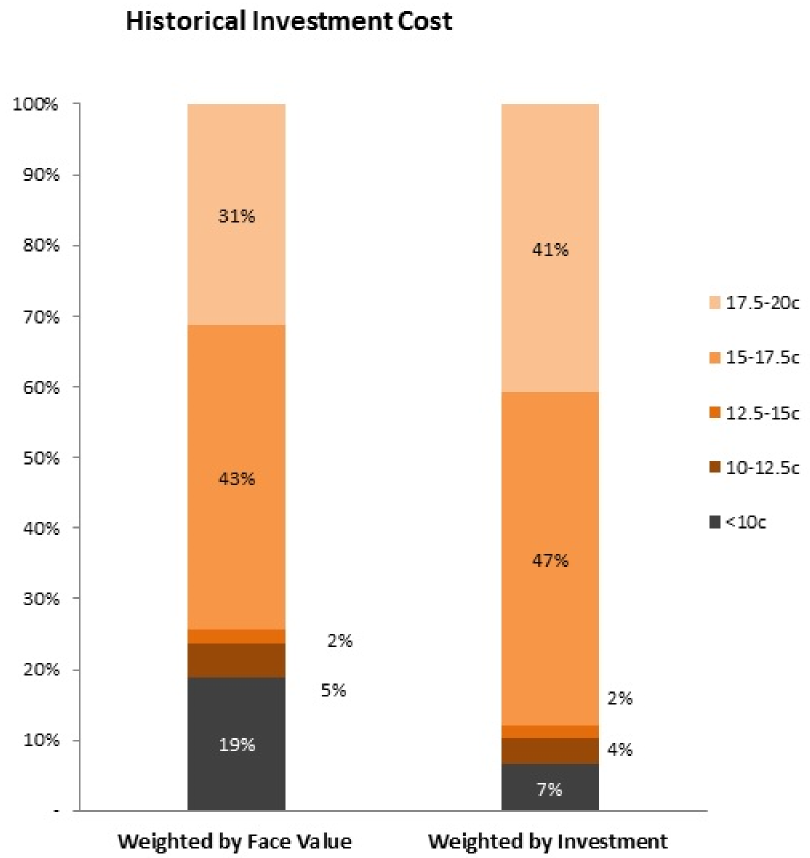
Historical aggregate debt purchases weighted by face value and investment

A breakdown of the Company's total aggregated purchase costs (net of amounts returned to the Vendor Partner due to agreed recourse criteria) by price category to 30 June 2014 is set out below.

(b) Financial assets at fair value through profit or loss

(iii) Fair value measurements using significant unobservable inputs (level 3) (continued)

Valuation inputs and relationships to fair value (continued)



Face value $596.780m with investment at cost (not fair value) $84.706m.

Valuation Process

The key assumption in the valuation of the purchased debt portfolios is in determining the liquidation rate. Assumptions about the liquidation rate are made based on product characteristics, payment history, market conditions and management experience.

At time of purchase, the price paid is generally determined by an open market tender process in which participants perform their own due diligence and determine the price they are willing to pay. Existing in house knowledge of the portfolio under offer or similar equivalents is utilised along with a consideration of macro and micro economic factors and are assessed using the experience of senior management.

Subsequent to purchase, fair value adjustments are made in line with expected revenue liquidations. An assessment of gross nominal future cash flow is made over periods varying from six to eight years depending on the level of liquidation history within a portfolio. Discount rates used to present value the gross nominal future cash flows incorporate a risk free rate and appropriate credit adjustment for risks not built into the underlying cash flows expected to be recovered.

The main level 3 inputs used by the Group in measuring the fair value of financial instruments are derived and evaluated as follows:

- Expected liquidation rate: Product characteristics, payment and liquidation history and management experience with historic performance of comparable portfolios.

(b) Financial assets at fair value through profit or loss

(iii) Fair value measurements using significant unobservable inputs (level 3) (continued)

Valuation Process (continued)

- Face value: Determined at the date the purchased debt portfolio was acquired.
- Cash flow liquidation period: Periods range from six to eight years depending on liquidation history.
- Discount rate: incorporate a risk free rate and appropriate credit adjustment for risks not built into the underlying cash flows expected to be recovered.
- Cost: recently acquired purchased debt portfolios may be valued at cost, where it is considered to approximate fair value.

Consistent with the manner in which purchased debt portfolios are managed, performance is evaluated on a fair value basis. Independent validation of the fair value determined under the DCF approach is also undertaken. The validation comprises an overall review of key elements contributing to cash liquidations including analysis of the quantum, tenure and qualitative characteristics of the payment arrangements performance as well as assessment of performance on other key observable customer statuses.

(c) Trade and other payables

		2014			2013	
	Current $'000	**Non-current $'000**	**Total $'000**	Current $'000	Non-current $'000	Total $'000
Trade payables	11,352	-	11,352	2,481	-	2,481
Payroll tax & other statutory liabilities	276	-	276	1,331	-	1,331
Other payables	1,885	-	1,885	1,168	-	1,168
	13,513	-	13,513	4,980	-	4,980

See note 7(d) for detail on current provisions.

Risk exposure

Information about the Group's exposure to foreign exchange risk is provided in note 11.

The carrying amounts of trade payables and Payroll tax and other statutory liabilities are assumed to be the same as their fair values, due to their short-term nature.

(d) Borrowings

		2014			2013	
	Current $'000	**Non-current $'000**	**Total $'000**	Current $'000	Non-current $'000	Total $'000
Secured						
Bank loans	804	2,012	2,816	3,044	8,838	11,882
Other loans	4,471	-	4,471	3,527	-	3,527
	5,275	2,012	7,287	6,571	8,838	15,409
Unsecured						
Other loans	101	-	101	-	-	-
	101	-	101	-	-	-
	5,376	2,012	7,388	6,571	8,838	15,409

* Further information relating to loans related to related parties and Key Management Personnel is set out in note 17.

(d) Borrowings

(i) Secured liabilities and assets pledged as security

Security over all the assets and undertakings of each Pioneer Credit Limited, Pioneer Credit Acquisition Services Pty Limited, Sphere Legal Pty Limited and Pioneer Credit (Philippines) Pty Limited and unlimited cross guarantees and indemnities from each of these entities.

All property of the Group comprises the Group total assets of $70,301,000 (2013: $41,961,000)

See note 11(d)(i)for details of the financing arrangements available to the Group to which the security relates.

(ii) Compliance with loan covenants

Pioneer Credit Limited has complied with the financial covenants of its borrowing facilities during the 2014 and 2013 reporting periods, see note 12 for details.

(iii) Fair value

For the majority of the borrowings, the fair values are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

(iv) Risk exposures

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 11.

(e) Non-current liabilities - Other financial liabilities

(i) Convertible redeemable preference shares

	2014 $'000	2013 $'000
Convertible redeemable preference shares - B	**-**	3,419
Convertible redeemable preference shares - C	**-**	4,250
Transaction costs	**-**	(14)
Convertible redeemable preference share dividend payable	**-**	842
	-	8,497

In the current financial year, the company was admitted to the official list of the ASX Limited and completed the conversion of all classes of convertible redeemable preference shares and reclassification to fully paid ordinary shares.

Prior to conversion, convertible redeemable preference shares were convertible by the holder or redeemable by the Company at any time before possible future events not wholly in the control of the Company or holder (exit date). Convertible redeemable preference shares conferred on their holders the right to receive notices of and to attend and vote at general meetings of the Company. The holder of each convertible redeemable preference share present in person or by proxy or by representative would on a show of hands be entitled to one vote and on a poll to one vote for each Ordinary Share into which it is convertible at the meeting date. Convertible redeemable preference shares ranked in preference to ordinary shares. Convertible redeemable preference shares accrued a dividend at a fixed 8% per annum. The Company had discretion over payment of accrued dividends, except where an event giving rises to an exit date occurs, at which point they become payable in cash.

7 Non-financial assets and liabilities

(a) Property, plant and equipment

	Plant and equipment $'000	Furniture, fittings and equipment $'000	Machinery and vehicles $'000	Leasehold improvements $'000	Total $'000
At 1 July 2012					
Cost or fair value	384	42	41	-	467
Accumulated depreciation	(204)	(10)	(24)	-	(238)
Net book amount	180	32	17	-	229
Year ended 30 June 2013					
Opening net book amount	180	32	17	-	229
Additions	495	84	-	332	911
Disposals	(40)	(9)	-	-	(49)
Depreciation charge	(229)	(12)	(4)	(131)	(376)
Closing net book amount	406	95	13	201	715
At 30 June 2013					
Cost or fair value	702	110	41	332	1,185
Accumulated depreciation	(296)	(15)	(28)	(131)	(470)
Net book amount	406	95	13	201	715
Year ended 30 June 2014					
Opening net book amount	406	95	13	201	715
Additions	485	34	-	182	701
Depreciation charge	(214)	(22)	(2)	(76)	(314)
Lease incentive	-	-	-	1,435	1,435
Closing net book amount	677	107	11	1,742	2,537
At 30 June 2014					
Cost or fair value	1,187	145	41	1,949	3,322
Accumulated depreciation	(510)	(38)	(30)	(207)	(785)
Net book amount	677	107	11	1,742	2,537

(i) Non-current assets pledged as security

Refer to note 6(d)(i) for information on non-current assets pledged as security by the Group.

(ii) Depreciation methods and useful lives

Depreciation of property, plant and equipment is calculated using the diminishing balance method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

- Furniture, fittings and equipment 15 - 50%
- Leasehold improvements 20 - 50%
- Machinery and vehicles 25%
- Plant and equipment 15 - 66.7%

See note 24 for the other accounting policies relevant to property, plant and equipment.

(iii) Lease incentive asset

The lease incentive received relates to leasehold improvements in general and has been accounted for as such, with a corresponding liability recognised in Other liabilities.

The lease incentive asset is depreciated over 9 years, being the term of the lease.

(b) Deferred tax balances

Deferred tax assets

	2014 $'000	2013 $'000
The balance comprises temporary differences attributable to:		
Employee benefits (annual leave)	**86**	62
Retirement benefit obligations (superannuation payable)	**39**	40
	125	102
Other		
Other expenses (audit, accounting, payroll tax)	**171**	50
Short Term Incentive	**-**	16
Share issue expenses	**888**	13
Other (Formation Costs, Blackhole Costs)	**14**	22
Sub-total other	**1,073**	101
Net deferred tax assets	**1,198**	203

Movements	**Employee Benefits $'000**	**Retirement Benefit Obligation $'000**	**Other $'000**	**Total $'000**
At 1 July 2012	**33**	**12**	**200**	**245**
(Charged)/credited				
- to profit or loss	**29**	**28**	**(93)**	**(36)**
- directly to equity	**-**	**-**	**(6)**	**(6)**
At 30 June 2013	**62**	**40**	**101**	**203**
(Charged)/credited				
- to profit or loss	**24**	**(12)**	**523**	**535**
- directly to equity	**-**	**-**	**460**	**460**
At 30 June 2014	**86**	**28**	**1,084**	**1,198**

(c) Intangible assets

	Software $'000
At 30 June 2013	
Net book amount	-
Year ended 30 June 2014	
Additions - acquisition	226
Amortisation charge	(65)
Closing net book amount	161
At 30 June 2014	
Cost	226
Accumulated amortisation	(65)
Net book amount	161

(i) Amortisation methods and useful lives

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

- Software 1-3 years

See note 24(g) for the other accounting policies relevant to intangible assets, and note 24(p) for the Group's policy regarding impairments.

(d) Provisions

		2014			2013		
	Notes	**Current $'000**	**Non-current $'000**	**Total $'000**	Current $'000	Non-current $'000	Total $'000
Employee Benefits		**-**	**84**	**84**	-	-	-
Commercial claim		**279**	**-**	**279**	-	-	-
		279	**84**	**363**	-	-	-

(i) Information about individual provisions and significant estimates

Employee benefits

Long service leave

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore 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 end of the reporting period 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 end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

(d) Provisions

The obligations are presented as current liabilities in the consolidated balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

Commercial claim

See note 3(b) for details of the provision raised relating to the commercial claim.

(ii) Movements in provisions

2013	Employee benefits $'000	Commercial claim $'000	Total $'000
Carrying amount at end of year	-	-	-

2014	Employee benefits $'000	Commercial $'000	Total $'000
Charged/(credited) to profit or loss	84	420	504
Amounts used during the year	-	(141)	(141)
Carrying amount at end of year	84	279	363

(iii) Amounts not expected to be settled within 12 months

No employee of the Group will be eligible to take long service leave within the next 12 months.

8 Equity

(a) Contributed equity

(i) Share capital

	Notes	**2014 Shares**	2013 Shares	**2014 $'000**	2013 $'000
Ordinary shares - fully paid	8(a)(ii)	**44,973,990**	6,366,745	**45,464**	3,674
Convertible Redeemable Preference "A" shares (net of costs & tax)		**-**	5,537,851	**-**	5,417
		44,973,990	11,904,596	**45,464**	9,091

(ii) Movements in ordinary share capital

Date	Details	Number of shares	$'000
1 July 2012	Opening balance	11,626,816	8,764
	Shares issued in lieu of CRPS B interest payable	277,780	333
	Deferred tax through equity	-	(6)
	Closing balance	11,904,596	9,091

(a) Contributed equity

1 July 2013	Opening balance	11,904,596	9,091
	Deferred tax through equity	-	652
	CRPS A Re- investment	591,742	592
	CRPS B Conversion (net of transaction costs)	3,419,035	3,406
	CRPS C Conversion (net of transaction costs)	3,623,917	4,349
	Management Options	300,000	403
	Return of Capital	-	(11,070)
	Employee Offering	134,700	216
	Initial Public Offering	25,000,000	40,000
	Transaction costs arising on share issue (note 3)	-	(2,175)
	Closing balance	44,973,990	45,464

(iii) Ordinary shares

All authorised ordinary shares have been issued.

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.

At a general meeting of shareholders; every shareholder entitled to vote may vote in person or by proxy, attorney or representative; on a show of hands every shareholder who is present in person or by proxy, attorney or representative has one vote; and on a poll every shareholder who is present in person or by proxy, attorney or representative has one vote for every share held, but, in respect of partly-paid shares, shall have a fraction of a vote for each partly-paid share.

Shares acquired under the Employee Offer are held under a trading lock. Shares in the Employee Offer otherwise carry the same rights and entitlements of fully paid ordinary Shares, including dividend and voting rights.

Pre-initial public offering shareholders, which includes management share holders, have entered into voluntary escrow arrangements in respect of the shares they held on listing on the Australian Stock Exchange. The escrow period is the same for all escrowed shareholders, being the period from 1 May 2014 to 10 trading days after the date on which Pioneer releases to the ASX its results for the full financial year ending 30 June 2015, which is expected to be on or before 28 August 2015.

During the escrow period, the escrowed shareholders may deal in any of their shares to the extent the dealing is required by applicable law (including an order of court of competent jurisdiction). The restriction on ‘disposing’ is broadly defined and includes, among other things, selling, assigning, transferring or otherwise disposing of any interests in the Shares, encumbering or granting a security interest over the Shares, doing or omitting to do, any act if the act or omission would have the effect of transferring effective ownership or control of any of the Shares or agreeing to do any of those things.

(iv) Treasury shares

Details	Number of shares	$'000
Management Options	400,000	1,024
Balance 30 June 2014	400,000	1,024

(v) Employee share scheme

Information relating to the employee share scheme, including details of shares issued under the scheme, is set out in note 18.

(vi) Options

Information relating to the Chairman's Options and Management Options, 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 18.

(b) Other reserves

The following table shows a breakdown of the balance sheet line item 'other reserves' and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table.

	2014 $'000	2013 $'000
Movements:		
Share-based payments		
Chairman's Options	**13**	-
Management Options	**1,024**	-
Balance 30 June 2014	**1,037**	-

(i) Nature and purpose of other reserves

Share-based payments

The share-based payments reserve is used to recognise:

- the grant date fair value of options issued to employees but not exercised over the vesting period
- the grant date fair value of shares issued to employees over the vesting period

(c) Retained earnings

Movements in retained earnings were as follows:

	2014 $'000	2013 $'000
Balance 1 July	**3,984**	464
Net profit for the year	**1,047**	3,520
Dividends	**(3,930)**	-
Balance 30 June	**1,101**	3,984

9 Cash flow information

(a) Reconciliation of profit after income tax to net cash inflow from operating activities

	2014 $'000	2013 $'000
Profit for the period	**1,047**	3,520
Depreciation and amortisation	**379**	376
Write off of assets	**-**	49
Non-cash employee benefits expense - share-based payments	**808**	-
Accrued interest on convertible redeemable preference shares	**520**	387
Fair value losses on financial assets at fair value through profit or loss	**11,814**	6,773
Capital raising costs disclosed in financing activities (note 3)	**2,058**	-
Change in operating assets and liabilities:		
(Increase) decrease in trade receivables	**(1,729)**	(842)
(Increase) decrease in deferred tax assets through profit or loss	**(535)**	36
Increase (decrease) in trade payables	**8,263**	917
(Decrease) increase in provision for income taxes payable	**(1,354)**	708
Increase in accruals and other liabilities	**1,243**	688
Net cash inflow (outflow) from operating activities	**22,514**	12,612

(b) Non-cash investing and financing activities

	2014 $'000	2013 $'000
Shares issued in lieu of CRPS B dividend payable	**-**	333
Employee share scheme (note 18(c))	**91**	-
	91	333

Risk

This section of the notes discusses the Group's exposure to various risks and shows how these could affect the Group's financial position and performance.

10 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.

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

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.

Fair value measurement of financial instruments

The fair value of financial instruments that are not traded in a sufficiently active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions, including considering market conditions existing at the end of each reporting period. The Group uses its judgement and makes assumptions as to the allocation of purchased debt portfolios between current and non-current asset allocations. For details of the key assumptions used and the impact of changes to these assumptions see note 6(b).

11 Financial risk management

The Group's activities expose it to a variety of financial risks: market 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 the different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rates, preparation and review of aging analysis for credit risk and projected cash flow analysis across portfolio categories to manage the risk associated with the purchased debt portfolio.

Risk management is the responsibility of key management personnel policies under approval by the board of Directors to ensure that the total risk exposure of the Group is consistent with the Group strategy, is in line with Group covenants and is within the risk tolerance guidelines of the Group. To manage interest rate and credit risk arising from the investment in purchased debt portfolios, the Group undertakes pricing analysis at tender stage. Pricing is determined by a bidding process in a tender market place with each purchaser relying on their own analysis. Analysis by the Group includes consideration of information supplied under due diligence at tender stage, as well as macro and micro economic elements to which senior management experience and judgement is applied. In many cases there exists in-house knowledge of the performance of portfolios with similar characteristics and in other cases data analysis is restricted to the information supplied at due diligence. Purchased debt portfolios are subsequently managed and performance is evaluated on a fair value basis.

The Group periodically considers the need to make use of derivative financial instruments and hedging arrangements to manage interest rate risk. There are currently no such arrangements in place.

During the year under review, there has been no change to the Group's exposures to the above risks or the manner in which these risks are managed and measured.

(a) Summarised sensitivity analysis - Interest rate risk

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

		-100 bps	+100 bps
At 30 June 2014	**Carrying amount $'000**	**Profit $'000**	**Profit $'000**
Financial liabilities			
Borrowings	3,038	136	(136)
At 30 June 2013			
Financial liabilities			
Borrowings	11,882	79	(79)

Financial assets sensitive to interest rate risk comprise cash and cash equivalents only, for which the sensitivity is too insignificant to warrant meaningful disclosure.

(b) Market risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. This comprises;

(i) Foreign exchange risk

The Group has no financial instruments associated with foreign exchanges and as such there is no risk associated with fluctuations in foreign exchange rates.

(ii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term loans and borrowings issued at variable interest rates. The Group's fixed rate borrowings and receivables are carried at amortised cost and not subject to interest rate risk.

As at the end of the reporting period the Group had the following variable rate loans and borrowings outstanding:

Instruments used by the Group

	30 June 2014		30 June 2013	
	Weighted average interest rate %	**Balance $'000**	Weighted average interest rate %	Balance $'000
Bank overdrafts and bank loans	**5.13%**	**3,038**	5.02%	11,882

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on profit or loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions. The simulation is done on a half yearly basis to verify that the maximum loss potential is within the limit given by management.

(iii) Price risk

The Group has no financial instruments associated to market prices and as such there is no risk associated with fluctuations in market prices. Financial assets at fair value through profit and loss relate entirely to the purchased debt portfolio.

(c) Credit risk

Credit risk arises from cash and cash equivalents, credit exposures to customers, including outstanding receivables and committed transactions.

(c) Credit risk

(i) Risk management

Credit risk is managed on a Group basis. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. For customers, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management. The compliance with credit limits by corporate customers is regularly monitored by management.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The Group is also exposed to investment credit risk from the significant investment in purchased debt portfolios. Risk limits are set based on internal ratings in accordance with limits set by management. The compliance with Investment credit limits on the purchased debt portfolios is regularly monitored by management.

Impaired trade receivables

As at 30 June 2014, no current trade receivables of the Group were impaired, nor overdue.

(d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the dynamic nature of the business, management maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow. Cash flow is forecast on a day-to-day basis to ensure that sufficient funds are available to meet requirements on the basis of expected cash flows. Liquidity risk is further managed through maintaining a reputable credit profile.

(i) Financing arrangements

The Group had access to a Senior Debt Facility of $54,060,000 facility at the end of the financial year (2013: $21,750,000). The facility comprises a cash advance facility to fund the acquisition of purchased debt ledger portfolios, a bank guarantee facility, an overdraft facility, a direct debit authority facility and a credit card facility. The overdraft facility was unused at 30 June 2014 and the undrawn limit on the cash advance facility was $43,963,000 at 30 June 2014. The facility is subject to the Group meeting a number of financial undertakings, all of which have been met to date. The facility will expire on 31 July 2017. Management has no reason to believe that the facility will not be renewed and / or extended beyond this date.

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

(ii) Maturities of financial liabilities

The following table reflects an undiscounted contractual maturity analysis for financial liabilities. The timing of cash flows represented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectation that the facilities will be extended.

At 30 June 2014	**Within 1 year $'000**	**1 and 2 years $'000**	**Over 2 years $'000**
Trade payables	**11,352**	**-**	**-**
Borrowings (excluding finance leases)	**5,479**	**812**	**1,514**
Accruals, provisions and other liabilities	**2,439**	**-**	**84**
Total non-derivatives	**19,270**	**812**	**1,598**

(d) Liquidity risk

At 30 June 2013

Trade payables	2,481	-	-
Borrowings (excluding finance leases)	7,090	6,886	3,124
Accruals, provisions and other liabilities	1,280	-	-
Other financial liabilities	-	-	8,497
Total non-derivatives	10,851	6,886	11,621

12 Capital management

(a) Risk management

The Group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

(b) Dividends

(i) Ordinary shares

	2014 $'000	2013 $'000
Special dividend on fully paid ordinary shares held on 30 April 2014 of 19.415 cents (2013 : Nil) per share paid on 16 June 2014		
Final dividend	**3,930**	-

(ii) Return of Capital

	2014 $'000	2013 $'000
Return of capital on fully paid ordinary shares held on 30 April 2014 of 54.698 cents (2013 : Nil) per share paid on 17 June 2014		
Return of capital	**11,070**	-

(iii) Dividends not recognised at the end of the reporting period

	2014 $'000	2013 $'000
In addition to the above dividends, since year end the Directors have recommended the payment of a final dividend of 3.10 cents per fully paid ordinary share (2013 - Nil), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 17 October 2014 out of retained earnings at 30 June 2014, but not recognised as a liability at year end, is	**1,407**	-

(iv) Franked dividends

The franked portions of the final dividends recommended after 30 June 2014 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ended 30 June 2015.

(b) Dividends

	Consolidated entity	
	2014 **$'000**	2013 $'000
Franking credits available for subsequent reporting periods based on a tax rate of 30.0% (2013 - 30.0%)	**1,454**	848

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the year.

(c) Capital risk management

Although the Group is not subject to any externally imposed regulatory requirement, it has adopted a conservative and proactive capital management strategy. The Group has taken a prudent approach to gearing with the significant sources of funding being supplied by shareholder equity and variable rate financier borrowings, as well as appropriate trade working capital arrangements. All major capital related initiatives require board approval.

The Group completed a successful capital markets fund raising with the issue of 25,000,000 fully paid ordinary shares under the initial public offering on 1 May 2014. As a consequence this successful capital markets fund raising, the condition precedent on the renewed Senior Debt Facility was met. The Group is well funded at balance date and into the foreseeable future.

Management monitor key balance sheet ratios as part of the strategy as well as to demonstrate compliance with the financier covenant requirements. Three year rolling capital forecast analysis is regularly reviewed to assess the impact of growth and future opportunity on funding requirements with a focus on determining adequacy of short to medium term requirements.

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 Group’s projected growth.

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 balance of undrawn funds, the Company reduces the risk of liquidity and going concern issues.

Details of financing facilities are set out in note 11(d)(i).

Under the terms of the senior debt facility, the Group is required to comply with the following financial covenants at all times, tested monthly;

- Interest Cover Ratio for the preceding 12 month period, of at least 3:1;
- Debt Service Ratio for the preceding 12 month period of at least 3:1;
- Gearing Ratio not exceeding 45%; and
- Variance To Budget Ratio for the preceding 12 month period of at least 0.85:1

The Group has met all covenant obligations of the financier at all times during the current and prior years.

This strategy was followed during both financial years.

Group structure

This section provides information which will help users understand how the Group structure affects the financial position and performance of the Group as a whole.

13 Subsidiaries

Significant investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in note 24(b):

Name of entity	Country of incorporation	Class of shares	Equity holding 2014 %	2013 %
Pioneer Credit Acquisition Services Pty Limited	Australia	Ordinary	**100**	100
Sphere Legal Pty Limited	Australia	Ordinary	**100**	100
Pioneer Credit (Philippines) Pty Limited *	Australia	Ordinary	**100**	-
Pioneer Credit Acquisitions (UK) Limited **	United Kingdom	Ordinary	**100**	-

* Pioneer Credit (Philippines) Pty Limited was incorporated on 20 January 2014 and has not conducted any business since inception to the date of this report.

** Pioneer Credit Acquisitions (UK) Limited is an entity incorporated in the United Kingdom.

- Pioneer Credit Limited entered into a trust deed on 14 May 2014, in which Pioneer Credit Limited is the beneficiary.
- The beneficiary paid the whole of the consideration for all of the issued share capital of Pioneer Credit Acquisitions (UK) Limited (the Asset) and the trustees hold the Asset in trust for the beneficiary.
- The trustees hold the Asset and all rights pertaining to the Asset and all income and proceeds of the Asset upon trust for the beneficiary until the vesting date. Vesting date is the shorter of 80 years on the date of termination of the trust by the beneficiary.
- The trustees are related parties to Pioneer Credit Limited.
- The trustees deal with the Assets and all such rights, privileges, benefits, income and proceeds in such manner as Pioneer Credit Limited may from time to time in writing direct or not otherwise.
- The trustees share exercise all rights attaching to the Asset in such a manner as Pioneer Credit Limited may from time to time in writing direct and not otherwise.
- The most recent annual accounts filed on Pioneer Credit Acquisitions (UK) Limited were as at 28 February 2014. The only assets in the accounts were GBP3.00 cash on hand for the entire issued share capital. There were no liabilities.

Unrecognised items

This section of the notes provides information about items that are not recognised in the financial statements as they do not satisfy the recognition criteria.

14 Contingencies

The Director's are of the opinion that no contingent liabilities or contingent assets exist as at the date of this report.

15 Commitments

(a) Non-cancellable operating leases

The Group leases various offices under non-cancellable operating leases expiring within two to nine years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

	2014 $'000	2013 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**1,347**	769
Later than one year but not later than five years	**5,075**	459
Later than five years	**5,628**	-
	12,050	1,228

One lease agreement includes a lease incentive. The assets obtained by the Group have been recognised as Leasehold Improvements and are depreciated over the shorter of their useful life or the lease term. The lease incentive is presented as part of the lease liabilities and is reversed on a straight line basis over the lease term.

(b) Service Contract

The Group has entered into a services contract ending in August 2019, with an option to extend for a further three years.

	2014 $'000	2013 $'000
Commitments for minimum service payments in relation to non-cancellable contract are payable as follows:		
Within one year	**1,483**	-
Later than one year but not later than five years	**1,770**	-
	3,253	-

16 Events occurring after the reporting period

No matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial years.

Other information

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

17 Related party transactions

(a) Parent entities

The Parent entity within the Group is Pioneer Credit Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 13.

(c) Key management personnel

	2014 $	2013 $
Short-term employee benefits	**1,048,887**	721,389
Post-employment benefits	**95,977**	64,132
Long-term benefits	**17,509**	-
Share-based payments	**311,028**	-
	1,473,401	785,521

Detailed remuneration disclosures are provided in the remuneration report on pages 10 to 19.

(d) Transactions with other related parties

The following transactions occurred with related parties:

	2014 $	2013 $
Rental expenses and other services		
Other related parties	**382,842**	274,653
Superannuation contributions		
Contributions to superannuation funds on behalf of Directors	**53,660**	28,576
Other transactions		
Remuneration paid to Directors of the ultimate Australian parent entity	**592,635**	317,512

(e) Loans to / (from) related parties

	2014 $	2013 $
Loans to / (from) other related parties, short term rolling credit facility		
Beginning of the year	**(54,055)**	13,119
Loans from related parties	**(1,566,843)**	(4,290,757)
Loan repayments to related parties	**1,620,898**	4,223,583
End of year	**-**	(54,055)

Loans to / from related parties were brought to an end with listing on the Australian Stock Exchange. Related party loans did not accrue interest and were unsecured.

(f) Contributed capital held by related parties

The movements during the reporting period in the value of ordinary shares in the Parent entity held directly, indirectly or beneficially by key management person, including their related parties are:

(f) Contributed capital held by related parties (continued)

	2014 **$**	2013 $
Ordinary shares acquired	**405,869**	306,407
Modification of employee share option	**189,000**	-
Conversion of convertible redeemable preference shares	**12,320,215**	-
	12,915,084	306,407

(g) Convertible redeemable preference shares held by related parties

In the current financial year, the Company was admitted to the official list of the ASX Limited and completed on the conversion of all classes of convertible redeemable preference shares and reclassification to fully paid ordinary shares.

Prior to this conversion and reclassification, the movements during the reporting period in the value of convertible redeemable preference shares in the Parent entity held directly, indirectly or beneficially by key management person, including their related parties are:

	2014 **$**	2013 $
CRPS A	**562,307**	-
CRPS B	**41,781**	3,440,698
	604,088	3,440,698

(h) Terms and conditions

A special dividend and a return of capital was made on fully paid ordinary shares held on 30 April 2014.

See note 8(a)(iii) for general terms and conditions on ordinary shares.

18 Share-based payments

(a) Options

At 30 June 2014, the Company had the following share-based payment arrangement.

On 7 February 2014, the Company established a share option scheme that entitles the Chairman to purchase 300,000 shares (50,000 shares vest in April 2016 and 250,000 vest in April 2017) in the Company at an exercise price of $1.92. Under the scheme, each share option which vests converts to one ordinary share of Pioneer on payment of the exercise price.

Fair value of options granted

The fair value of the Chairman's share options has been measured using a binomial pricing model. Service conditions attached to the transactions were not taken into account in measuring grant date fair value.

	Tranche 1	**Tranche 2**
Fair value at grant date	$0.28	$0.31
Expected IPO price at grant date	$1.60	$1.60
Exercise price	$1.92	$1.92
Expected volatility (weighted-average)	35%	35%
Expected life (weighted-average)	4.22 years	5.22 years
Expected dividend yield	4.5%	4.5%
Risk-free interest rate (based on government bonds)	3.041%	3.266%

Expected volatility has been based on an evaluation of the historical volatility of the share price of similar entities, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

(b) Management Options

Prior to 30 June 2013, certain eligible employees participated in an Employee Incentive Scheme.

Under the Employee Incentive Scheme employees were issued 700,000 unvested options which vested at the sole discretion of the Board. Grant date was therefore deferred until the date on which there was shared understanding of the terms and conditions of the arrangement.

In advance of the completion of the Initial Public Offer, in recognition of the participant's performance since joining the Company up to and including the date of admission to the ASX on 1 May 2014, the Board determined that the options vest. 300,000 options were recognised at $1.43 on 19 March 2014 and 400,000 options were recognised at $1.26 on 19 March 2014, the then respective grant dates, as there were no further vesting conditions to be met.

On modification of the Employee Incentive Scheme, employees were required to immediately exercise the vested options to acquire Non-Ordinary Management (NOM) Shares, to be funded through a non-recourse loan. The NOM were ultimately converted to Ordinary Shares.

The loans end on the earlier of seven years from draw down date or the date the employee's employment with the lender is terminated. Interest is payable at a rate of 0% between draw down date and 30 June 2014, and thereafter at the benchmark interest rate (Indicator Interest Rate - Bank variable housing interest rate last published by the Reserve Bank of Australia before the start of each of the Lender's year of income), calculated daily.

The modified plan is accounted for as a 'share option scheme', accordingly the loan is not recognised in the financial statements and shares not yet fully paid are recognised as Treasury Shares. By balance date a number of loans had been settled in full.

Fair value of options granted

The fair value has been measured using the following inputs:

	Exercise Price	
	$1.26	**$1.43**
Fair value at grant date	$1.08	$0.91
Share price at grant date	$1.60	$1.60
Consideration paid	$1.26	$1.43
Loan expiry	28/12/2021	28/12/2021
Capital return per share	$0.55	$0.55
Special dividend	$0.19	$0.19
Interest rate on loan (post 30 June 2014)	5.95%	5.95%

Service conditions attached to the transactions were not taken into account in measuring fair value.

(c) Employee share scheme

During the year, to encourage broad based employee share ownership, the Company completed an Employee Offer which allowed eligible employees of the Company to be gifted up to $1,000 worth of Shares and/or to acquire $5,000 worth of Shares on a tax-deferred basis.

Through participation in the Employee Offer, 56,575 ordinary shares were issued to eligible employees for no cash consideration and 78,125 ordinary shares were issued to eligible employees by way of salary sacrifice. The Employee Offer shares issued were valued at $1.60 each. The shares issued for no consideration are an expense to the Company.

Key management personnel and other senior management were not eligible to participate in the Employee Offer.

A participant in the Employee Offer must not sell, transfer or create a security interest or otherwise deal in the Shares acquired under the Employee Offer until the earlier of:
• In respect of the up to $1,000 offer, the end of three years from the time the Shares are acquired by the participant;
• In respect of the $5,000 salary sacrifice offer, two years after the Shares have been granted; or in either case
• the time when the participant ceases to be employed by Pioneer.

Shares acquired under the Employee Offer will be held under a trading lock, otherwise carry the same rights and entitlements of fully paid ordinary Shares, including dividend and voting rights.

(d) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2014 **$'000**	2013 $'000
Chairman's options	**13**	-
Management options	**705**	-
Employee share scheme	**91**	-
	809	-

19 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:

(a) PricewaterhouseCoopers

(i) Audit and other assurance services

	2014 **$**	2013 $
Audit and other assurance services		
Audit and review of financial statements	**194,743**	85,000
Total remuneration for audit and other assurance services	**194,743**	85,000
Total remuneration of PricewaterhouseCoopers	**194,743**	85,000

(b) Network firms of PricewaterhouseCoopers

(i) Audit and other assurance services

Other assurance services		
Initial public offering professional services	**62,943**	-

(ii) Other services

Other compliance and accounting advice	**25,964**	30,000
Benchmarking services	**-**	59,029
Total remuneration for other services	**25,964**	89,029
Total remuneration of network firms of PricewaterhouseCoopers	**88,907**	89,029

(c) Non-PricewaterhouseCoopers related audit firms

(i) Audit and other assurance services

Audit and other assurance services		
Audit and review of financial statements	**-**	53,000
Initial public offering professional services	**324,469**	-
	324,469	53,000
(ii) Other services		
Other tax, compliance and accounting advice	**89,909**	127,090
Total remuneration of non-PricewaterhouseCoopers related firms	**414,378**	180,090
Total remuneration	**698,028**	354,119

20 Earnings per share

(a) Basic earnings per share

	2014 Cents	2013 Cents
From continuing operations attributable to the ordinary equity holders of the Company	**7.97**	56.96
Total basic earnings per share attributable to the ordinary equity holders of the Company	**7.97**	56.96

(b) Diluted earnings per share

	2014 Cents	2013 Cents
From continuing operations attributable to the ordinary equity holders of the Company	**7.97**	56.96
Total diluted earnings per share attributable to the ordinary equity holders of the Company	**7.97**	56.96

(c) Reconciliation of earnings used in calculating earnings per share

	2014 $'000	2013 $'000
Basic earnings per share		
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share:		
From continuing operations	**1,047**	3,522
Diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the Company		
Used in calculating diluted earnings per share	**1,047**	3,522

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

	2014 Number	2013 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**13,129,482**	6,182,573
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	**13,129,482**	6,182,573

21 Deed of cross guarantee

Pioneer Credit Limited and Pioneer Credit Acquisition Service Pty Limited are parties to a deed of cross guarantee, entered into on 27 June 2014, under which each Company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and Directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

The consolidated financial statements of Pioneer Credit Limited include the subsidiaries as set out in note 13 to these consolidated financial statements. Of these, Sphere Legal Pty Limited is the only subsidiary that is not party to the deed of cross guarantee that is not dormant. In addition the Directors have determined that Sphere Legal Pty Limited Is not a reporting entity.

At 30 June 2014, Sphere Legal Pty Limited has total assets of $204,641 and generated net revenue of $240,030.

22 Assets pledged as security

The carrying amount of assets pledged as security is disclosed in note 6(d)(i).

23 Parent entity financial information

(a) Summary financial information

The individual financial statements for the Parent entity show the following aggregate amounts:

	2014 $'000	2013 $'000
Balance sheet		
Current assets	**2,297**	340
Total assets	**48,613**	17,075
Current liabilities	**1,810**	2,924
Total liabilities	**3,170**	11,420
Shareholders' equity		
Issued capital	**45,459**	9,091
Reserves		
Share based payment	**1,037**	-
Accumulated losses	**(1,053)**	(3,436)
	45,443	5,655
Profit (Loss) for the year	**6,313**	(181)
Total comprehensive income	**6,313**	(181)

(b) Guarantees entered into by the Parent entity

The Parent entity is bound under an unlimited commercial guarantee and indemnity as part of the Group, with security held over all property.

(c) Contingent liabilities of the Parent entity

The Parent entity did not have any contingent liabilities as at 30 June 2014 or 30 June 2013.

(d) Contractual commitments for the acquisition of property, plant or equipment

The Parent entity has no contractual commitments for the acquisition of the property, plant or equipment at 30 June 2014 (2013: Nil).

24 Summary of significant accounting policies

Contents of the summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Consolidated Entity consisting of Pioneer Credit Limited and its subsidiaries (the 'Group').

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Pioneer Credit Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the Pioneer Credit Limited Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Basis of measurement

The consolidated financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected financial assets and financial liabilities. The consolidated financial statements have been prepared on a going concern basis.

(iii) Functional and presentation currency

The consolidated financial statements are presented in Australian dollars, which is Pioneer Credit Limited's functional and presentation currency.

(iv) Critical accounting estimates

The preparation of financial statements 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 10.

(v) Changes to presentation

Certain classifications on the consolidated statement of comprehensive income and consolidated balance sheet have been reclassified. The Group believes that this will provide more relevant information to stakeholders as it is more in line with common practice in the industry the Group is operating in. The comparative information has been reclassified accordingly.

(vi) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for first time in their annual reporting period commencing 1 January 2013:

(a) Basis of preparation

- AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, AASB 128 *Investments in Associates and Joint Ventures*, AASB 127 *Separate Financial Statements* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*
- AASB 2012-10 *Amendments to Australian Accounting Standards - Transition Guidance and other Amendments* which provides an exemption from the requirement to disclose the impact of the change in accounting policy on the current period
- AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*
- AASB 119 *Employee Benefits (September 2011)* and AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)*
- AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle* and
- AASB 2012-2 *Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities*

The adoption of these standards only affected the disclosures in the notes to the financial statements.

(vii) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by Group
AASB 9 *Financial Instruments*	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. Since December 2013, it also sets out new rules for hedge accounting.	When adopted, the standard will affect the Group's accounting for financial assets and liabilities. The Group has designated purchased debt portfolios as at fair value through profit and loss and other financial assets at amortised costs. Financial liabilities are accounted for at amortised cost. There is no expectation that the current accounting policies will be changed.	Must be applied for financial years commencing on or after 1 January 2017 *. The Group has not yet decided whether to adopt any parts of AASB 9 early.

* The mandatory application of this standard may be further deferred once the IASB has agreed on a mandatory date for the equivalent international standard.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Pioneer Credit Limited ('Company' or 'Parent entity') as at 30 June 2014 and the results of all subsidiaries for the year then ended. Pioneer Credit Limited and its subsidiaries together are referred to in this financial report as the Group or the Consolidated Entity.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(b) Principles of consolidation

The acquisition method of accounting is used to account for business combinations by the Group.

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.

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.

(c) 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 adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from the 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 end of the reporting period 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.

Pioneer Credit Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(d) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, 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 in the balance sheet.

(e) Trade & other receivables

Trade receivables are recognised initially at fair value, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

(e) Trade & other receivables (continued)

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(f) Property, plant and equipment

All property, plant and equipment acquired are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The depreciation methods and periods used by the Group are disclosed in note 7(a).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. 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.

(g) Intangible assets

(i) Software

Costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.

(ii) Amortisation methods and periods

Refer to note 7(c) for details about amortisation methods and periods used by the Group for intangible assets.

(h) 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. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

(i) Borrowings

All borrowings are initially recognised at fair value which is usually their principal amount, net of directly attributable transaction costs incurred. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method. Interest is recognised using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Convertible redeemable preference shares (CRPS) comprise of two components, the financial liability in respect of the principal raised and the dividend earned, and an equity instrument. This classes them as compound financial instruments. AASB 132 requires that the liability component be measured first and the difference between the proceeds of the issue and the fair value of the liability is assigned to the equity component. Under the current terms of the shares, there is no residual element to be assigned as an equity component and the full amount of the proceeds of the issue is carried as a liability. The dividends on these preference shares are recognised in profit or loss as finance costs, and where payable in arrears, is accrued over the period it becomes due, recorded at the contracted rate as part of borrowings.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. 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 period.

(j) Provisions

Provisions for legal claims and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable 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.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as an interest expense.

(k) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Share-based payments - Chairman's Options

The grant date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date.

(k) Employee benefits

(iii) Share-based payments - Management Options

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

For share-based payment awards structured as a share purchase arrangement, which include a limited recourse feature, shares rights issued to employees are treated as treasury shares and no loan receivable from employees is recognised until the right is exercised.

The fair value of the share-based payment awards granted to employees is measured using inputs including share price on measurement date, exercise price of the instrument, expected volatility, weighted average expected life of the instruments, expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining grant date fair value.

(l) Contributed equity

Ordinary shares are classified as equity.

(m) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners 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 8(a)(iv)).

(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.

(n) 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 consolidated balance sheet.

Cash flows are presented on a gross basis.

(o) 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 statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(p) 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 tested 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). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(q) 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. 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 profit or loss 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 15(a)). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Directors' declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 33 to 85 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 Consolidated Entity's financial position as at 30 June 2014 and of its performance for the year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed Group identified in note 21 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 21.

Note 24(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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 Directors.

Keith R. John
Managing Director

Perth

28 August 2014

Independent auditor's report to the members of Pioneer Credit Limited

Report on the financial report

We have audited the accompanying financial report of Pioneer Credit Limited (the company), which comprises the consolidated balance sheet as at 30 June 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Pioneer Credit Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 24, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

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. Those 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 judgement, 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 consolidated 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*.

PricewaterhouseCoopers, ABN 52 780 433 757
Brookfield Place, 125 St Georges Terrace, PERTH WA 6000, GPO Box D198, PERTH WA 6840
T: +61 8 9238 3000, F: +61 8 9238 3999, www.pwc.com.au

Independent auditor's report to the members of Pioneer Credit Limited (cont'd)

Auditor's opinion

In our opinion:

(a) the financial report of Pioneer Credit Limited is in accordance with the *Corporations Act 2001,* including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its 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*.

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 24.

Report on the Remuneration Report

We have audited the remuneration report included in pages 10 to 19 of the directors' report for the year ended 30 June 2014. 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 of Pioneer Credit Limited for the year ended 30 June 2014 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 report of Pioneer Credit Limited (the company) for the year ended 30 June 2014 included on Pioneer Credit Limited's web site. The company's directors are responsible for the integrity of Pioneer Credit Limited's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report or the remuneration report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information included in the audited financial report and remuneration report presented on this web site.

PricewaterhouseCoopers

PricewaterhouseCoopers

William P R Meston
Partner

Perth
28 August 2014

Shareholder

The shareholder information set out below was applicable as at 21 August 2014.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Holding	Holders	Ordinary Shares
1 - 1,000	84	44,637
1,000 - 5,000	138	473,522
5,001 - 10,000	96	729,058
10,001 - 100,000	214	7,099,653
100,001 and over	47	37,027,120
	579	45,373,990

There were 25 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	Ordinary shares	
	Number held	Percentage of issued shares
ALANA NATASHA JOHN	7,168,186	15.80
BANKSIA MANAGEMENT PTY LIMITED	5,612,634	12.37
NATIONAL NOMINEES LIMITED	4,076,876	8.99
CITICORP NOMINEES PTY LIMITED	3,027,725	6.67
BC FUND II PTY LIMITED	2,033,915	4.48
J P MORGAN NOMINEES AUSTRALIA LIMITED	1,953,290	4.30
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,281,250	2.82
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	1,029,000	2.27
BERNARD JOCELYN PATRICK PREFUMO	903,706	1.99
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	895,862	1.97
NIRIBI PTY LIMITED	593,872	1.31
SHARLIN NOMINEES PTY LIMITED	519,558	1.15
AVY NOMINEES PTY LIMITED	450,574	0.99
JAMES ARTHUR SINGH & KRISTY NICOLE MILWARD	436,887	0.96
BNP PARIBAS NOMINEES PTY LIMITED	383,000	0.84
MIDBRIDGE INVESTMENTS PTY LIMITED	337,470	0.74
CS FOURTH NOMINEES PTY LIMITED	328,150	0.72
UBS NOMINEES PTY LIMITED	312,500	0.69
ESCOR INVESTMENTS PTY LIMITED	312,500	0.69
SANDINI PTY LIMITED	310,000	0.68
	31,966,955	70.43

B. Equity security holders (continued)

Unquoted equity securities

Name	Options: Number held	Options: Percentage of issued options
MICHAEL SMITH	300,000	100

C. Substantial holders

Substantial holders in the Company are set out below:

	Number held	Percentage
ALANA NATASHA JOHN	8,113,216	17.88%
BANKSIA MANAGEMENT PTY LIMITED & BC FUND II PTY LIMITED	7,646,548	16.85%
DISCOVERY ASSET MANAGEMENT PTY LIMITED	2,812,500	6.20%
SOLARIS INVESTMENT MANAGEMENT LIMITED	2,812,500	6.20%
COMMONWEALTH BANK OF AUSTRALIA	2,433,900	5.36%

D. Securities subject to voluntary escrow

Escrow ends	Class	Number of shares
10 days after release to ASX of 30 June 2015 results	Ordinary shares	20,239,290
1 May 2016	Ordinary shares	71,875
1 May 2017	Ordinary shares	48,445

E. Voting rights

At a general meeting of shareholders; every shareholder entitled to vote may vote in person or by proxy, attorney or representative; on a show of hands every shareholder who is present in person or by proxy, attorney or representative has one vote; and on a poll every shareholder who is present in person or by proxy, attorney or representative has one vote for every share held, but, in respect of partly-paid shares, shall have a fraction of a vote for each partly-paid share.