Annual Report

for the year ended 30 June 2017

pioneer credit

Pioneer Credit Limited ABN 44 103 003 505
Annual Report - 30 June 2017

Lodged with the ASX under Listing Rule 4.3A.

Contents

These are the consolidated financial statements of Pioneer Credit Limited and its subsidiaries and are presented in Australian currency. Pioneer Credit Limited is a Company limited by shares, incorporated and domiciled in Australia. Its registered office is:

Level 6, 108 St Georges Terrace
Perth WA 6000

A description of the Company's principal activities is included in the Review of Operations on page 3 and in the Directors' Report on page 6 of this Annual Report, both of which are not part of these financial statements.

The financial statements were authorised for issue by the Board of Directors on 24 August 2017. The directors have the authority to amend and reissue the financial statements.

Pioneer Credit Limited ABN 44 103 003 505
Appendix 4E
Preliminary Final Report
for the year ended 30 June 2017
(previous corresponding period 30 June 2016)

Results for announcement to the market

Key information	30 June 2017 $'000	30 June 2016 $'000	Change $'000	%
Revenue from ordinary activities	56,308	47,856	8,452	17.66
Profit from ordinary activities after tax attributable to members	10,753	9,450	1,303	13.79
Net profit for the period attributable to members	10,753	9,450	1,303	13.79

Dividends per ordinary share / distributions

	Amount per security (cents)	Franked amount per security	Record date	Paid / Payable date
Final 2016 ordinary	6.20	100%	30/09/2016	31/10/2016
Interim 2017 ordinary	4.22	100%	31/03/2017	28/04/2017
Final 2017 ordinary	5.28	100%	30/08/2017	04/10/2017

There is no provision for a final dividend in respect of the year ended 30 June 2017. 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 once the dividend has been declared.

A Dividend Reinvestment Plan (DRP) was in operation from the final dividend for 2015 and applies for all subsequent dividends unless notice is given for its suspension or termination. The last date for receipt of an election notice for participation in the Final 2017 ordinary DRP is 01 September 2017.

Financial Statements

Full commentary on the results for the period and other significant information is provided in the 2017 Media Release, Results Presentation and Consolidated Financial Statements - 30 June 2017, released today which include:

- Consolidated Statement of Comprehensive Income together with notes to the statement
- Consolidated Balance Sheet together with notes to the balance sheet
- Consolidated Statement of Changes in Equity, showing movements
- Consolidated Statement of Cash Flows together with notes to the statement

Key Ratios

	30 June 2017 (cents)	30 June 2016 (cents)
Net tangible assets per fully paid ordinary share	149.87	127.42
Basic earnings per fully paid ordinary share	20.77	20.36

Entities over which control has been gained

Pioneer Credit Limited incorporated a 100% owned subsidiary, Pioneer Credit Solutions (NZ) Limited on 5 July 2016 and established the Pioneer Credit Limited Equity Incentive Plan Trust on 23 November 2016.

Investment in associate

Pioneer Credit Limited owns 11.28% of the ordinary shares in Goldfields Money Limited and its financial results are equity accounted for in these Consolidated Financial Statements.

No audit dispute or qualification on the financial statements

The Consolidated Financial Statements at 30 June 2017 and accompanying notes 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 2017

Contents

Corporate Directory

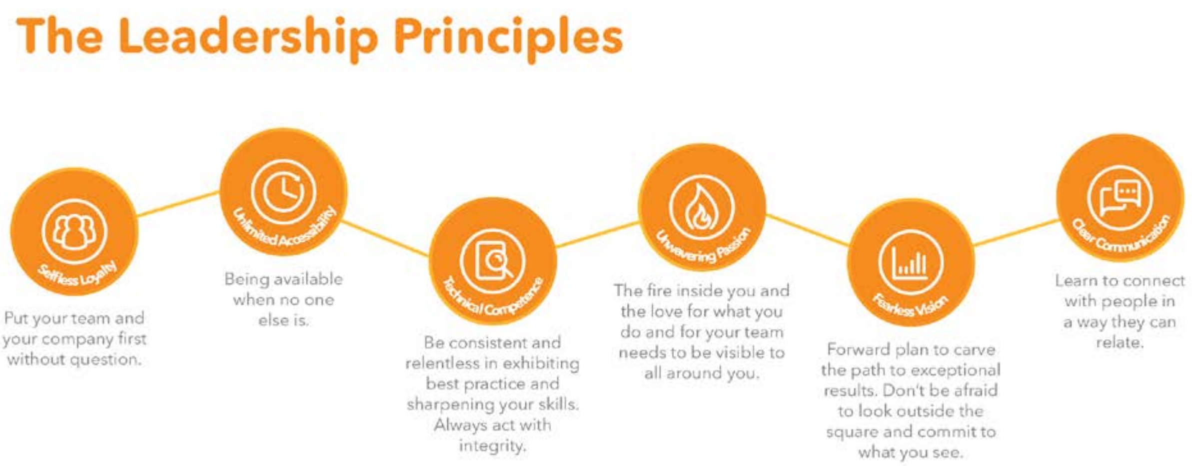
Directors	Mr Michael Smith (Chairperson) Mr Keith John Mr Mark Dutton Ms Andrea Hall
Company Secretary	Ms Susan Symmons
Notice of annual general meeting	The annual general meeting of Pioneer Credit Limited will be held at 10am on Friday 27 October 2017 at Level 8, Exchange Tower 2 The Esplanade Perth WA 6000
Principal registered office in Australia	Level 6 108 St Georges Terrace Perth WA 6000
Share registrar	Link Market Services Limited Level 12 250 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	K&L Gates Level 32 44 St Georges Terrace Perth WA 6000 +61 8 9216 0900
Bankers	Bankwest 300 Murray Street Perth WA 6000 +61 8 9369 5966 Westpac 109 St Georges Terrace Perth WA 6000 +61 8 9426 2580
Stock exchange listings	Pioneer Credit Limited shares are listed on the Australian Securities Exchange (ASX).
Website	www.pioneercredit.com.au

Review of Operations

Throughout FY17 Pioneer Credit Limited ("Pioneer" or "the Company") was focused on driving increased discipline throughout the organisation which contributed to record financial performance of 17.66% growth in revenue and 13.79% growth in statutory profit after taxation.

Pioneer has been and continues to be well positioned to take advantage of the changes in its competitive landscape which includes continued challenges in some competitors' businesses, an increasing brand and customer focused banking sector, and normalisation of price expectations. Pioneer has been and remains well positioned to continue investing at competitive price points through its differentiated servicing capabilities, supported by an increasingly strong underwriting capability within our growing expert credit risk analytics team.

Of the highlights during the year was the strengthening of Pioneer's balance sheet with a $110m syndicated senior debt facility and a $20m oversubscribed equity raising, the expansion of our portfolio acquisition programme into New Zealand (with a subsidiary of a major Australian bank) and an increase in our customer service team by over 100 people, all of whom were recruited based on their alignment to our Leadership Principles and their strong fit to Pioneer's culture.



Operating and financial review

The statutory net profit after taxation for the year ended 30 June 2017 was $10.75 million, up 13.79% on 2016.

Key financial highlights for the year ended 30 June 2017 compared to the prior period equivalent are:

- Cash receipts of $70.10m up 10.60%
- Statutory net profit after taxation of $10.75m up 13.79%
- EBITDA[1] of $35.04m up 12.34%
- EBIT of $17.44m up 13.24%
- Purchased Debt Portfolios held at fair value of $164.46m up 48.02%

[1] EBITDA is before Change in Value

PDP Investments

During the year Pioneer invested ~$55m in forward flow and traditional portfolios and in April 2017 completed an inventory portfolio investment of ~$14m to close out our strongest year of investment yet at $69.62m. With the strong pricing discipline observed for every investment opportunity this was a pleasing performance and evidence that vendors continue to prefer Pioneer for their differentiated service offering.

Pioneer Credit Connect ('Connect')

2017 was Connect's first full year of business with its management focused on broadening and strengthening the operating model.

The foundation of the Connect business is to:

- ✓ extend Pioneer's relationship with our customers beyond the payment of their initial account;
- ✓ provide customers with value based products and education to strengthen their financial health; and
- ✓ attract new customers to Pioneer to expand our customer base.

Two core products are offered through Connect:

- ✓ home loans under a traditional broking model or via our direct-to-lender business Switchmyloan; and
- ✓ a white labelled personal loan in partnership with Goldfields Money Limited.

Connect has also established strong partnerships with a business loan and a car loan provider. These provide Connect with alternatives to fully meet the diverse needs of our customers and deepen Pioneer's expertise across a wider range of products.

In November 2016 Credit Place was launched, providing a platform for customers to understand their credit worthiness and financial health through a free credit score, which continues with our goal to educate and support customers and strengthen their financial future.

Exceptional people providing exceptional customer service

The Leadership Principles are a values based framework by which the Company operates and embody the expectations of our people. As a business differentiated through its servicing model, all new team members undertake a robust training and development program which includes a ten-week induction, comprising two weeks in the classroom and a further eight weeks under the direction of the Talent and Capability Team. Progress is measured, tested and supported through this period to ensure that our customers will experience exceptional levels of service. Post induction each person participates in monthly development (across technical and soft skills) including unique to Pioneer, nationally accredited Certificate IV in Customer Engagement and Certificate IV in Leadership and Management programs. For emerging leaders Pioneer has developed the Leadership Series, based on its Leadership Principles, for our next generation of leaders.

The Company now employs close to 500 people across Australia and the Philippines with over 120 people joining our teams during the year, significantly increasing our operational capacity so that we are better equipped to service our customers at times that best suit them.

An important aspect of the disciplines across the Company is that we measure and report the outcomes achieved so that we can continue to develop and improve both the corporate and operational strategies.

Annually the Pioneer People and Culture Survey is undertaken which measures employee engagement and alignment of our people to our Leadership Principles.

With a participation rate of 90% during the year the highlights were:

- ✓ 98% of employees recommend Pioneer as a place to work; and
- ✓ 98% of our people agreed with the statement 'Pioneer consistently delivers excellent service to its customers'.

Balancing the views of our people are those of our customers, which are measured through internal call excellence audits and through the Net Promoter System, which is run by an independent third party provider and surveys customers at three key stages in their journey with Pioneer;

1) at the completion of their first conversation with one of our people;
2) once a customer first agrees a payment arrangement, and
3) at the finalisation of a customer's account with Pioneer.

Pioneer's Net Promoter Score for the year is +13. The average across most financial services companies is a negative score, clearly illustrating that Pioneer's differentiated offering is both successful and valued by its customers.

Community Engagement

Pioneer continues to support the communities in which we operate and during the year expanded the reach of our Pioneer Hearts programme. Our activities extended beyond 'in kind' support to partner groups through the provision of contact centre services to support programmes run by them, to include volunteering for Starlight Foundation at community events and for the first time through a corporate giving programme with the Australian Red Cross.

As a major sponsor of the 'Tour de Cure', a three day cycling event supporting cancer research, Pioneer provided significant financial support, a cyclist and support crew members from our team to participate in the event over 280 kilometres through New South Wales. A number of additional events were also held including a 'Spin Challenge'. Held in our Perth customer service centre, over 95% of our Perth team participated by keeping four spin bikes in motion for nine hours each, while our rider in the Tour de Cure was cycling each day. Our business partners were invited to take part in this event and provided generous donations in their own right to supplement the contributions of Pioneer and its people.

Our association with Toybox International continues to grow. For the second year our 'Fill the Christmas Toybox' initiative saw team members purchase gift tags for the Toybox which were then used to purchase a range of gifts for those less fortunate to be shared at Christmas.

In the Philippines we helped fund the building of a shelter for the homeless, we visited the disadvantaged in an outreach programme and we continued providing packs of essential everyday items, donated by our people, to those less fortunate than ourselves.

Pioneer's commitment to the communities in which we operate is very real, substantial, and an aspect of our Company for which we are proud. We are committed to growing our community programmes and to building upon the work we do with our more financially able and secure customers.

Capital Management

In December 2016 the Company agreed a three year $110m senior debt facility with Westpac Banking Corporation and Bankwest and in April 2017 completed an equity raising of $20m through an oversubscribed $15m placement to institutional and sophisticated investors and a $5m fully underwritten rights issue to existing shareholders.

The Company continues to manage its capital in a conservative manner. All covenants under its senior debt facility were met during the year and at 30 June 2017 the Company had a loan to portfolio asset value ratio of 47.62% compared to the covenant maximum of 55%, with an undrawn limit on the Facility of $26.26m. An interim dividend for the first-half of the financial year of 4.22 cents per share was paid and a final dividend of 5.28 cents per share has been declared, with a record date of 30 August 2017.

Outlook

The Company is pleased to affirm its guidance to the market for FY18 for portfolio investments of at least $70m and net profit after taxation of at least $16m.

Directors' Report

The Board of Directors present their report on the Consolidated Entity ('the Group' or 'the Company') consisting of Pioneer Credit Limited and the entities it controlled at or during the year ended 30 June 2017.

Directors

The following people were Directors of Pioneer Credit Limited during the financial year and at the date of this report:

Mr Michael Smith
Mr Keith John
Mr Mark Dutton
Ms Andrea Hall (appointed 7 November 2016)
Ms Anne Templeman-Jones (resigned 7 November 2016)
Mr Rob Bransby (resigned 31 March 2017)

Principal activities

Pioneer is a financial services provider which specialises in acquiring and servicing unsecured retail debt portfolios and introducing brokered personal credit and loan products.

With more than 160,000 customers across Australia and New Zealand, in 2016 we expanded our product range to include loans provided by our valued vendor and banking partners that will assist progressing our customers to achieve financial independence and home ownership.

Dividends

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

Ordinary shares – Declared and paid during the year 2017	Total	Date of payment
Dividend on fully paid ordinary shares held at 30 September 2016	$3,070,926	31/10/2016
Dividend on fully paid ordinary shares held at 31 March 2017	$2,098,369	28/04/2017

Since the end of the financial year the Directors have declared a final dividend of 5.28 cents per fully paid ordinary share with a record date of 30 August 2017 to be paid on 4 October 2017.

Review of operations

The Review of Operations is set out on page 3 of this Annual Report.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

Events since the end of the financial year

No matter has arisen since 30 June 2017 that significantly affects the Group's operations, results or state of affairs or that may do so in future years.

Environmental regulation

The Company is not affected by any significant environmental regulations.

Information on Directors

Mr Michael Smith	Independent Non-Executive Chairman	
Experience and expertise	Mr Smith was appointed Chairman of Pioneer in February 2014. Mr Smith is the Managing Director of strategic marketing consultancy Black House, Non-Executive Chairman of 7-Eleven Stores Pty Ltd, Lionel Samson Sadleir Group and Starbucks Australia Advisory Board and a Non-Executive Director of Creative Partnerships Australia. Mr Smith is a Fellow of AICD and a D. Litt. (Hon) from UWA for his contribution to business and the arts. Mr Smith's previous roles include Deputy Chairman of Automotive Holdings Group Limited and Chairman of iiNet Limited, Synergy, Verve, Perth International Arts Festival, West Coast Eagles and Scotch College.	
Listed Company Directorships including those held at any time in the previous 3 years	iiNet Limited Automotive Holdings Group Ltd	19 Sep 2007 to 7 Sep 2015 6 May 2010 to 20 Nov 2015
Special responsibilities	Chairman of the Board Chairman of Nomination Committee Chairman of Remuneration Committee Member of Audit and Risk Management Committee	
Interests in shares and options	Ordinary Shares Unlisted Options	350,455 300,000

Mr Keith John	Managing Director	
Experience and expertise	Mr John has over 25 years experience in the financial services industry, is the founder of Pioneer Credit and is widely regarded as an expert in the impaired credit sector in Australia. Mr John has a strong interest in philanthropy and through his business and directorships supports numerous organisations across Australia. Mr John is Director of Midbridge Investments Pty Ltd and a Non-Executive Director of Goldfields Money Limited.	
Listed Company Directorships including those held at any time in the previous 3 years	Goldfields Money Limited	from 27 May 2016
Special responsibilities	Managing Director Member of Nomination Committee	
Interests in shares and rights	Ordinary Shares Indeterminate Rights	7,625,585 150,000

Mr Mark Dutton	Independent Non-Executive Director	
Experience and expertise	Mr Dutton was appointed a Director of Pioneer in May 2010. The founder of Banksia Capital, Mr Dutton was previously a Director of Mineral Resources Limited, Foundation Capital, BancBoston Capital, and a partner at Navis Capital. Mr Dutton has also worked in Audit and Corporate Finance at PricewaterhouseCoopers in the UK and Russia. Mr Dutton is a chartered accountant and a member of the Institute of Chartered Accountants of England & Wales. Mr Dutton holds an MA in Management Studies and Natural Sciences from Cambridge.	
Listed Company Directorships including those held at any time in the previous 3 years	Mineral Resources Limited	8 Nov 2007 to 20 Nov 2014
Special responsibilities	Member of Nomination Committee Member of Remuneration Committee Member of Audit and Risk Management Committee	
Interests in shares	Ordinary Shares	112,145

Ms Andrea Hall	Independent Non-Executive Director	
Experience and expertise	Ms Hall was appointed a Director of Pioneer in November 2016. Ms Hall is a director of Tap Oil Ltd, Insurance Commission of WA, Lottery West, Fremantle Dockers Football Club and C-Wise. A chartered accountant, Ms Hall has a Bachelor of Commerce from UWA, a Masters of Applied Finance, is a Fellow of the Institute of Chartered Accountants Australia and New Zealand and a former chair of the WA Council of Chartered Accountants Australia and New Zealand. Ms Hall was a Risk Consulting Partner at KPMG and has over 20 years experience in governance and risk management, financial management, internal audit and external audit.	
Listed Company Directorships including those held at any time in the previous 3 years	Tap Oil Limited	from 18 Oct 2016
Special responsibilities	Member of Nomination Committee Member of Remuneration Committee Chair of Audit and Risk Management Committee	
Interests in shares	Ordinary Shares	Nil

Meeting of Directors

The number of meetings held, and attended, by the Directors during the year ended 30 June 2017 was:

Name	Board Meetings		Committee Meetings					
			Audit and Risk		Remuneration		Nomination	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Mr Michael Smith	16	16	5	5	1	1	2	2
Mr Keith John	16	16	*	*	*	*	*	*
Mr Mark Dutton	15	16	4	5	1	1	2	2
Ms Andrea Hall +++	8	8	3	3	*	*	*	*
Ms Anne Templeman-Jones ++	8	8	2	2	*	*	*	*
Mr Rob Bransby +	13	13	*	*	0	0	1	1

Held Number of meetings held during the year, during the time the Director held office or was a committee member
* Not a member of the committee
\+ Mr Rob Bransby resigned 31 March 2017
++ Ms Ann Templeman-Jones resigned 7 November 2016
+++ Ms Andrea Hall appointed 7 November 2016

Company Secretary

Ms Susan Symmons joined Pioneer as General Counsel and Company Secretary on 1 October 2015. Ms Symmons has over 25 years' corporate experience including positions with Heytesbury Pty Ltd, Evans & Tate Limited, Automotive Holdings Group Limited and Helloworld Limited. Ms Symmons holds a Bachelor of Commerce from Curtin University and a Master of Business Law from UNSW and is a member of the Governance Institute of Australia.

Remuneration Report

This Remuneration Report explains the Board's approach to executive remuneration and the remuneration outcomes for the Company's Key Management Personnel for the year ended 30 June 2017.

1. Overview

1.1. Key Management Personnel ('KMP')

KMP includes all directors and executives who have responsibility for planning, directing and controlling material activities of the Company. In this report 'senior executives' refers to KMP excluding Non-Executive Directors.

The information in this remuneration report has been audited under the *Corporations Act 2001* S 308(3C).

List of KMP

Directors	
Mr Michael Smith	Independent Non-Executive Chairman
Mr Keith John	Managing Director
Mr Mark Dutton	Independent Non-Executive Director
Ms Andrea Hall	Independent Non-Executive Director (appointed 7 November 2016)
Ms Anne Templeman-Jones	Independent Non-Executive Director (resigned 7 November 2016)
Mr Rob Bransby	Independent Non-Executive Director (resigned 31 March 2017)

Senior Executives	
Ms Lisa Stedman	Chief Operating Officer
Mr Leslie Crockett	Chief Financial Officer
Mr Anthony Bird	Chief Risk Officer
Ms Susan Symmons	General Counsel and Company Secretary

1.2. Remuneration Policy and Link to Performance

In executing the Company's remuneration strategy, the Remuneration Committee makes recommendations which:

a) motivate senior executives to deliver long term sustainable growth within an appropriate control framework;
b) demonstrate a clear and strong correlation between performance and remuneration; and
c) align the interests of senior executives with those of the Company's shareholders.

2. Remuneration Governance

2.1. Role of the Remuneration Committee

The Remuneration Committee is a committee of the Board primarily responsible for providing recommendations on:

a) remuneration of Directors and senior executives;
b) incentive and equity-based remuneration plans;
c) key performance indicators to ensure remuneration is aligned to outcomes; and
d) the appropriateness of total payments proposed to Directors and senior executives.

The Corporate Governance Statement and the Remuneration Committee Charter provide further information on the role of this committee. These documents are available on the Company's website at: *http://corporate.pioneercredit.com.au/investor-centre/corporate-governance/.*

The Committee reviews its remuneration strategy at least annually to ensure that the Company's remuneration structures are fair and support the attraction and retention of quality people who are aligned with the long term interests of its stakeholders.

The Managing Director and senior executives do not participate in any decision relating to their own remuneration.

2.2. Use of remuneration consultants

To ensure the Remuneration Committee is fully informed when making decisions it will periodically seek external advice. Any appointment is made in accordance with the ASX Corporate Governance Principles and Recommendations and is made free from influence from KMP.

2.3. Pioneer Credit's Securities Trading Policy

The Securities Trading Policy imposes trading restrictions on all employees, contractors and consultants who are considered to be in possession of market sensitive information and restrictions in the form of closed periods for KMP who are prohibited from trading in the Company's securities, except in a 30 day trading window period commencing 7 days after the release of the final and half yearly financial results and after the Annual General Meeting.

KMP are prohibited from entering into contracts to hedge their exposure to any securities held in the Company.

3. Executive Remuneration

3.1. Executive Remuneration Strategy

The Board recognises that satisfying appropriate remuneration expectations is important in attracting and retaining quality people and does this through its remuneration strategy. During the year the Remuneration Committee completed a comprehensive review of this strategy and changed it to ensure alignment to the tenure of the assets the Company invests in.

During the year senior executives were not awarded a short term incentive ('STI') and rather were granted a Long Term Incentive ('LTI') in the form of performance rights which vest over periods from 3 to 5 years principally as a retention award. The Managing Director did not participate in this award.

From 1 July 2017 the Company will not use STIs for the Managing Director or for most senior executives and senior managers. The Chief Operating Officer and her direct reports, and only those directly responsible for revenue outcomes, will remain eligible to receive a STI, with strict conditions attaching to quality and the maintenance of the Company's exemplary compliance record. These executives and managers may also be eligible for performance rights.

As an acquirer of assets that typically liquidate over a period of up to 10 years, the Board recognises the importance of incentivising employees so that they remain accountable for the most significant part of the life of the PDPs. Pioneer's updated remuneration strategy now rewards only long term sustainable business performance.

3.2. Fixed Remuneration

Fixed remuneration consists of base salary and superannuation as per the *Superannuation Guarantee (Administration) Act 1992*.

The Managing Director reviews the performance of his senior executives by meeting each at least monthly to discuss their performance and then separately assesses the performance of the executive team as a whole. The review process is consultative in nature and contains a subjective assessment of the executive’s performance to their KPIs and responsibilities and the updating and setting of future expectations.

The Managing Director's performance is reviewed by the Nomination Committee by roundtable discussions with him.

Remuneration for all senior executives is reviewed at least annually and there are no guaranteed increases in any executive’s employment contract. Any remuneration reviews are determined independent of any performance review, however will not contradict each other.

3.3. Short Term Incentive

No STI was awarded to senior executives or senior managers of the Company for FY17 and the Remuneration Committee has determined that, with the exception of the Chief Operating Officer and her direct reports, no STIs will be awarded to senior executives in the future.

3.4. Long-term incentives

3.4.1. About Pioneer’s long term incentive

At the Annual General Meeting held on 29 October 2014, shareholders approved the Pioneer Credit Equity Incentive Plan (‘the Plan’). The Company will seek shareholder approval to refresh the Plan at the 2017 Annual General Meeting.

Objective

The Plan provides eligible participants with an equity incentive that recognises ongoing contribution to the achievement by the Company of its strategic goals and to provide a means of attracting and retaining skilled and experienced employees.

Participation

Participation in the Plan is at the discretion of the Board.

Assessment of performance

The Board reviews and approves the performance assessment and LTI awards for the senior executives. The grant approved in 2017 recognised performance and contribution of the participants in delivering shareholder value evidenced by sustainable earnings growth through disciplined capital management and operational excellence in customer service.

Due to the nature of Pioneer’s business, as an acquirer of assets that typically liquidate over a period of up to 10 years, the Board recognises the importance of appropriately incentivising employees such that they are accountable for the most significant part of tenure of acquired assets. The performance assessment of management ensures a focus on continuing to acquire appropriate assets at the optimal prices, rather than driving short term results.

Sustained performance is required by senior executives over the life of the assets the Company acquires and is consistent with the Board’s commitment to maintaining an executive team that is focused on making decisions for the long-term health and growth of the Company.

Payment method

LTI awards are provided in grants of Performance Rights which vest into Shares on the achievement of service conditions. Indeterminate Rights exist where the Board, in their absolute and unfettered discretion, determine for the rights to vest into Shares on the achievement of service conditions or to make a cash payment equivalent to the value of vested rights.

3.4.2. Long term incentive awards in place during the year

An LTI award was made under the Plan on 1 July 2016 as follows:

Instrument	Performance rights for ordinary shares		
Quantum	200,000 performance rights		
Grant Date	1 July 2016		
Key performance measures	Employment at vesting date		
Performance period	1 July 2016 to 1 July 2020		
Dividends	No dividends are paid on performance rights		
Fair Value, Vesting date and Vesting period schedule	$1.51	1 July 2018	28%
	$1.42	1 July 2019	46%
	$1.33	1 July 2020	26%

The Managing Director did not participate in this award.

4. Non-Executive Director Arrangements

On appointment to the Board all Non-Executive Directors enter into an agreement with the Company which sets out the policy to remunerate Non-Executive Directors at a fixed fee for time and responsibilities not linked to individual performance.

Fees paid to Non-Executive Directors were considered during the year and it was agreed that they would remain unchanged with the exception of the approval of an additional fee to the Chair of Audit and Risk Management Committee of $8,500 per annum plus superannuation to reflect the additional time and work involved in chairing this Committee.

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.

5. Statutory Remuneration Disclosures

The following table details KMP remuneration in accordance with applicable accounting standards.

5.1. Statutory Remuneration Tables

Non-executive Directors								
Year	Fixed remuneration				Variable remuneration			
	Cash salary	Non-monetary benefits	Annual and long service leave	Post-employment benefits	Cash bonus	Post-employment benefits	Options	Total
Mr Michael Smith								
2017	120,461	-	-	11,444	-	-	19,872	151,777
2016	120,923	-	-	11,488	-	-	29,031	161,442
Mr Mark Dutton								
2017	70,269	-	-	6,676	-	-	-	76,945
2016	70,539	-	-	6,701	-	-	-	77,240
Ms Andrea Hall[1]								
2017	51,327	-	-	4,876	-	-	-	56,203
2016	-	-	-	-	-	-	-	-
Ms Anne Templeman-Jones[2]								
2017	33,269	-	-	3,161	-	-	-	36,430
2016	70,539	-	-	6,701	-	-	-	77,240
Mr Rob Bransby[3]								
2017	52,769	-	-	5,013	-	-	-	57,782
2016	70,539	-	-	6,701	-	-	-	77,240
Total								
2017	328,095	-	-	31,170	-	-	19,872	379,137
2016	332,540	-	-	31,591	-	-	29,031	393,162

Executive Director								
Year	Fixed remuneration				Variable remuneration			
	Cash salary	Non-monetary benefits	Annual and long service leave	Post-employment benefits	Cash bonus	Post-employment benefits	Rights	Total
Mr Keith John								
2017	465,985	11,796	49,775	32,922	-	-	107,093	667,571
2016	425,246	10,920	13,484	37,516	84,400	8,018	89,243	668,827

Other Key Management Personnel

Year		Fixed remuneration			Variable remuneration			
	Cash salary	Non-monetary benefits	Annual and long service leave	Post-employment benefits	Cash bonus	Post-employment benefits	Rights	Total
Ms Lisa Stedman								
2017	322,435	11,796	7,999	29,450	-	-	138,189	509,869
2016	290,877	10,920	8,564	27,326	51,100	4,855	89,243	482,885
Mr Leslie Crockett								
2017	309,185	11,796	18,345	29,870	-	-	133,250	502,446
2016	278,611	10,920	(624)	26,180	56,000	5,320	89,243	465,650
Mr Anthony Bird [4]								
2017	274,050	-	5,974	28,889	-	-	21,567	330,480
2016	108,000	-	12,153	10,260	30,042	2,854	-	163,309
Ms Susan Symmons [5]								
2017	215,268	-	1,323	20,502	-	-	26,157	263,250
2016	152,248	-	8,520	14,469	-	-	-	175,237
Total								
2017	1,586,923	35,388	83,416	141,633	-	-	426,256	2,273,616
2016	1,254,982	32,760	42,097	115,751	221,542	21,047	267,729	1,955,908

Total KMP remuneration expensed

Year		Fixed remuneration			Variable remuneration			
	Cash salary	Non-monetary benefits	Annual and long service leave	Post-employment benefits	Cash bonus	Post-employment benefits	Options - Rights	Total
2017	1,915,018	35,388	83,416	172,803	-	-	446,128	2,652,753
2016	1,587,522	32,760	42,097	147,342	221,542	21,047	296,760	2,349,070

[1] Ms Andrea Hall was appointed as Director on 7 November 2016
[2] Ms Anne Templeman-Jones resigned as Director on 7 November 2016
[3] Mr Rob Bransby resigned as Director on 31 March 2017
[4] Mr Anthony Bird commenced in Perth as a member of KMP on 2 February 2016
[5] Ms Susan Symmons commenced in Perth as a member of KMP on 1 October 2015

5.2. Proportion of fixed and variable remuneration

The following table shows the proportion of remuneration that is fixed and that which is linked to performance.

Name		Fixed remuneration	At risk – STI	At risk – LTI
Executive Director				
Mr Keith John	2017	85%	-	15%
Other Key Management Personnel				
Ms Lisa Stedman	2017	73%	-	27%
Mr Leslie Crockett	2017	73%	-	27%
Mr Anthony Bird	2017	93%	-	7%
Ms Susan Symmons	2017	90%	-	10%

5.3. Contractual arrangements with senior executive

The terms of employment for the Company's senior executives are formalised in service agreements. There are no benefits payable to any executive on termination. The significant provisions of each service agreement during FY17 are set out below.

Employee	Position	Salary	Term of agreement and notice period
Mr Keith John	Managing Director	$464,200 per annum plus superannuation	Continuing agreement with 12 months' notice by either party
Ms Lisa Stedman	Chief Operating Officer	$321,200 per annum plus superannuation	Continuing agreement with 6 months' notice by either party
Mr Leslie Crockett	Chief Financial Officer	$308,000 per annum plus superannuation	Continuing agreement with 6 months' notice by either party
Mr Anthony Bird	Chief Risk Officer	$273,000 per annum plus superannuation	Continuing agreement with 6 months' notice by either party
Ms Susan Symmons	General Counsel and Company Secretary	$210,000 per annum plus superannuation	Continuing agreement with 3 months' notice by either party

6. Equity Instruments held by KMP

The tables below show the number of options over ordinary shares, performance rights or indeterminate rights; and shares in the Company held during the financial year by KMP, including their close family members and entities related to them.

There were no shares or options granted during the reporting period as compensation.

Option holdings

Name	Issued balance at the start of the year	Granted as compensation	Vested	Exercised	Balance at the end of the year	Vested and exercise-able	Unvested
Mr Michael Smith	300,000	-	300,000	-	300,000	300,000	-

Performance rights or indeterminate rights

Name	Balance at the start of the year	Other changes during the year	Balance at the end of the year	Held nominally
Executive Director				
Mr Keith John	150,000	-	150,000	-
Other Key Management Personnel				
Ms Lisa Stedman	150,000	50,000	200,000	-
Mr Leslie Crockett	150,000	50,000	200,000	-
Mr Anthony Bird	-	50,000	50,000	-
Ms Susan Symmons	-	50,000	50,000	-

Shareholdings

Name	Balance at the start of the year	Other changes during the year	Balance at the end of the year	Held nominally
Non-Executive Directors				
Mr Michael Smith	332,002	18,453	350,455	350,455
Mr Mark Dutton	312,723	(200,578)	112,145	112,145
Ms Andrea Hall	-	-	-	-
Executive Director				
Mr Keith John	8,454,571	(828,986)	7,625,585	7,625,585
Other Key Management Personnel				
Ms Lisa Stedman	70,000	(66,920)	3,080	-
Mr Leslie Crockett	163,984	5,433	169,417	14,684
Mr Anthony Bird	24,750	30,830	55,580	52,500
Ms Susan Symmons	-	22,516	22,516	8,304

7. Terms and Conditions of Share-Based Payment Arrangements

7.1. Performance Rights and Indeterminate Rights

Performance and Indeterminate Rights were issued on 1 September 2015 and the sum of $321,278 was recognised in FY17 as a share based payment.

Performance Rights were issued to senior executives (excluding the Managing Director) on 1 July 2016 and the sum of $104,979 was recognised in FY17 as a share based payment.

The key terms of the rights issued during FY17 are:

a) Vested rights will be converted on a one-for-one basis to ordinary shares in the Company at no cost; and
b) Rights will vest over years 3 to 5 from the grant date with the proportion vesting dependent on the deliverables of each incentivised person.

7.2. Unlisted Options

There are 300,000 vested options on issue for which in FY17 the sum of $19,872 has been recognised as a share based payment.

The key terms (now existing) of the Options are:

a) Each Option entitles the holder to purchase one share for the exercise price (refer clause d));
b) Options may be forfeited upon termination of the holder's position as a Director of the Company;
c) Unexercised options will expire two years after vesting;
d) The exercise price of each option is $1.92;
e) The holder may not sell, assign, transfer or otherwise deal with, or grant a security interest over an option except with the written consent of the Company;
f) In the event of any reorganisation (including consolidation, sub-division, reduction, return or cancellation) of the issued capital of the Company, the rights attaching to the options will be varied to comply with ASX Listing Rules;
g) 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.

8. Loans given to KMP

No loans were made to KMP during the financial year.

9. Other transactions with KMP

Leases entered into with related parties.

Mr Keith John is the Sole Director and Secretary of Avy Nominees Pty Limited, the trustee of The John Family Primary Investments Trust (JFPIT). JFPIT is the owner of 190 Bennett Street, East Perth which is leased by the Company. The lease expires on 1 January 2019, is at arm's length terms and for the year ended 30 June 2017 the total amount of $82,320 was paid to JFPIT in respect of the lease.

Shares issued on the exercise of options

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

Insurance of officers

During the year the Company paid a premium of $45,833 to insure its Directors and Secretaries.

The exposures insured include legal costs that may be incurred in defending proceedings that may be brought against people in their capacity as officers of the Group, and any other payments arising from liabilities incurred in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty or the improper use 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

The Company has agreed to indemnify its auditors, PricewaterhouseCoopers, to the extent permitted by law, against any claim by a third party arising from its breach of their audit engagement agreement. The indemnity stipulates that the Company 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 engage the auditor for matters additional to their statutory audit duties.

The Board has considered advice received from the Audit and Risk Management Committee, and 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* because:

a) all non-audit services have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
b) 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.

	2017 $	2016 $
Taxation services		
PricewaterhouseCoopers Australia		
Tax compliance services	4,713	11,348
Total remuneration for taxation services	4,713	11,348
Other services		
PricewaterhouseCoopers Australia		
Compliance and accounting advice	7,380	67,092
International Network firms of PricewaterhouseCoopers Australia		
Payroll and registration services	11,792	7,022
Total remuneration for other services	19,172	74,114
Total remuneration for non-audit services	23,885	85,462

A copy of the Auditor’s Independence Declaration under section 307C of the *Corporations Act 2001* is on page 20.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 (Rounding in Financial/Directors’ Reports) relating to the ‘rounding off’ of amounts in the Directors’ Report. Amounts in the Directors’ Report have been rounded off in accordance with that instrument 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 John
Managing Director

Perth
24 August 2017

Auditor's Independence Declaration

As lead auditor for the audit of Pioneer Credit Limited for the year ended 30 June 2017, 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
24 August 2017

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

Liability limited by a scheme approved under Professional Standards Legislation.

Corporate Governance Statement

The Board of Directors is committed to achieving the highest standards of corporate governance and has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2017 Corporate Governance Statement is dated 30 June 2017 and reflects the corporate governance practices in place throughout the 2017 financial year and was approved by the Board on 26 July 2017. The Group's Corporate Governance Statement can be viewed at: *http://corporate.pioneercredit.com.au/investor-centre/corporate-governance/*

Financial Statements

Pioneer Credit Limited ABN 44 103 003 505
Annual Report - 30 June 2017

Contents

These are the consolidated financial statements of Pioneer Credit Limited and its subsidiaries and are presented in Australian currency. Pioneer Credit Limited is a Company limited by shares, incorporated and domiciled in Australia. Its registered office is:

Level 6, 108 St Georges Terrace
Perth WA 6000

The financial statements were authorised for issue by the Board of Directors on 24 August 2017. The Directors have the authority to amend and reissue the financial statements.

Consolidated statement of comprehensive income

	Note	2017 $'000	2016 $'000
Revenue from operations	2	**56,266**	47,809
Other income	2	**42**	47
		56,308	47,856
Employee expenses		**(25,046)**	(21,191)
Rental expenses		**(2,549)**	(2,549)
Information technology and communications		**(2,351)**	(2,121)
Direct expenses		**(2,345)**	(1,703)
Professional expenses		**(1,899)**	(1,120)
Depreciation and amortisation	3	**(1,335)**	(1,184)
Travel and entertainment		**(458)**	(383)
Other expenses		**(1,632)**	(1,444)
Finance expenses	3	**(3,311)**	(2,412)
Share of net loss of associate accounted for using the equity method		**(135)**	(22)
Profit before income tax		**15,247**	13,727
Income tax expense	4	**(4,494)**	(4,277)
Profit for the period from continuing operations		**10,753**	9,450
Total comprehensive income for the year is attributable to:			
Owners of Pioneer Credit Limited		**10,753**	9,450
Earnings per share for profit attributable to the ordinary equity holders of the Company:		**Cents**	Cents
Basic earnings per share	20(a)	**20.77**	20.36
Diluted earnings per share	20(b)	**20.30**	20.08

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

Consolidated balance sheet

	Note	2017 $'000	2016 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**3,139**	4,894
Trade and other receivables	5(a)	**3,732**	1,225
Other current assets	5(a)	**350**	380
Financial assets at fair value through profit or loss	5(b)	**65,901**	51,379
Total current assets		**73,122**	57,878
Non-current assets			
Investments accounted for using the equity method	13	**2,458**	2,593
Property, plant and equipment	6(a)	**3,456**	4,115
Deferred tax assets	6(b)	**1,189**	1,163
Intangible assets	6(c)	**1,339**	1,847
Other non-current assets	5(a)	**36**	80
Financial assets at fair value through profit or loss	5(b)	**98,560**	59,730
Total non-current assets		**107,038**	69,528
Total assets		**180,160**	127,406
LIABILITIES			
Current liabilities			
Trade and other payables	5(c)	**3,638**	3,414
Borrowings	5(d)	**6,410**	5,701
Current tax liabilities		**561**	917
Accruals and other liabilities	5(c)	**3,138**	2,576
Total current liabilities		**13,747**	12,608
Non-current liabilities			
Borrowings	5(d)	**73,984**	47,709
Provisions and other liabilities		**2,141**	2,332
Total non-current liabilities		**76,125**	50,041
Total liabilities		**89,872**	62,649
Net assets		**90,288**	64,757
EQUITY			
Contributed equity	7(a)	**71,255**	52,091
Other reserves	7(g)	**2,394**	1,611
Retained earnings	7(h)	**16,639**	11,055
Capital and reserves attributable to the owners of Pioneer Credit Limited		**90,288**	64,757
Total equity		**90,288**	64,757

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

Consolidated statement of changes in equity

	Note	Contributed equity $'000	Share based payment reserve $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2016		52,091	1,611	11,055	64,757
Total comprehensive income for the year		-	-	10,753	10,753
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs	7(a)	19,258	-	-	19,258
Acquisition of treasury shares	7(a)	(1,105)	-	-	(1,105)
Dividend reinvestment plan	7(a)	740	-	-	740
Treasury shares and share based payments	7(g)	-	783	-	783
Current tax and deferred tax through equity		271	-	-	271
Dividends declared and paid	11(b)	-	-	(5,169)	(5,169)
		19,164	783	(5,169)	14,778
Balance at 30 June 2017		71,255	2,394	16,639	90,288
Balance at 1 July 2015		45,464	1,073	6,341	52,878
Total comprehensive income for the year		-	-	9,450	9,450
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs	7(a)	5,567	-	-	5,567
Dividend reinvestment plan	7(a)	989	-	-	989
Treasury shares and share based payments	7(g)	-	538	-	538
Current tax and deferred tax through equity		71	-	-	71
Dividends declared and paid	11(b)	-	-	(4,736)	(4,736)
		6,627	538	(4,736)	2,429
Balance at 30 June 2016		52,091	1,611	11,055	64,757

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

Consolidated statement of cash flows

	Note	2017 $'000	2016 $'000
Cash flows from operating activities			
Receipts from liquidations of PDPs and services (inclusive of goods and services tax)		**70,101**	63,380
Payments to suppliers and employees (inclusive of goods and services tax)		**(36,835)**	(31,050)
		33,266	32,330
Interest received	2	**42**	47
Interest paid		**(2,026)**	(1,719)
Net income taxation paid		**(4,605)**	(4,520)
Net cash inflow from operating activities	8(a)	**26,677**	26,138
Cash flows from investing activities			
Payments for property, plant and equipment		**(88)**	(412)
Payments for intangible assets	6(c)	**(27)**	(354)
Acquisitions of financial assets at fair value through profit or loss		**(68,711)**	(43,410)
Payment for investment in associate		**-**	(293)
Payment for subsidiary, net of cash acquired		**-**	(150)
Proceeds from the sale of property, plant and equipment		**-**	5
Net cash outflow from investing activities		**(68,826)**	(44,614)
Cash flows from financing activities			
Proceeds from issue of ordinary shares	7(a)	**19,890**	5,805
Proceeds from issue of ordinary shares to employees		**117**	-
Transaction costs on issue of ordinary shares		**(904)**	(238)
Payments for shares acquired by the Pioneer Credit Limited Incentive Plan Trust		**(1,105)**	-
Proceeds from borrowings	10(d)	**96,344**	30,221
Repayment of borrowings	10(d)	**(69,560)**	(10,884)
Dividends paid to Company's shareholders	11(b)	**(5,169)**	(4,736)
Proceeds from issue of ordinary shares under dividend reinvestment plan	7(a)	**740**	989
Treasury shares loan repayment	7(c)	**41**	45
Net cash inflow from financing activities		**40,394**	21,202
Net (decrease) / increase in cash and cash equivalents		**(1,755)**	2,726
Cash and cash equivalents at the beginning of the financial year		**4,894**	2,168
Cash and cash equivalents at the end of the year		**3,139**	4,894

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

Contents of the notes 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, including:

- accounting policies that are relevant for an understanding of the items recognised in the financial statements;
- analysis and sub-totals; and
- information about estimates and judgements made in relation to particular items.

1. Segment information

The Company is organised into one main business segment which is a financial services provider which specialises in acquiring and servicing unsecured retail debt portfolios and introducing brokered personal credit and loan products.

All of the Company's activities are interrelated and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The Company operated in Australia and New Zealand and does not have any major customers which comprise more than 10% of revenue.

The Company continues to monitor the appropriateness of segment reporting particularly with the introduction of a new subsidiary during the period.

2. Revenue from operations

	2017 $'000	2016 $'000
From continuing operations		
Liquidations of PDPs	70,656	61,918
Change in value of PDPs	(16,268)	(14,610)
Net gain on financial assets from PDPs	54,388	47,308
Services	1,878	501
	56,266	47,809

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

The Group recognises revenue when an amount can be reliably measured and it is probable that future economic benefits will flow to it. 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.

Liquidations of purchased debt portfolios (PDPs)

Net gains on financial assets are disclosed in the consolidated statement of comprehensive income as liquidations of PDPs, net of any change in fair value of the portfolios and are recognised to the extent that it is probable that a benefit will flow to the Group and can be reliably measured. The Group recognises PDPs 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.

Services income

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

Other income

	2017 $'000	2016 $'000
Interest income	42	47

Interest income is recognised using the effective interest method.

3. Other expense items

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

	2017 $'000	2016 $'000
Finance expenses		
Bank fees and borrowing expenses	1,078	693
Interest and finance charges paid / payable for financial liabilities not at fair value through profit and loss	2,233	1,719
	3,311	2,412
Employee benefits expense		
Options	20	29
Share based payments	877	464
	897	493
Depreciation and amortisation		
Depreciation	800	979
Amortisation	535	205
	1,335	1,184

4. Income tax expense

This note provides an analysis of the Group's income tax expense, what amounts are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax position.

Income tax expense

	2017 $'000	2016 $'000
Current tax		
Current tax on profits for the year	4,459	4,359
Adjustments for current tax of prior periods	(27)	11
Deferred income tax	62	(93)
Total current tax expense	4,494	4,277
Income tax is attributable to:	15,247	13,727
Profit from continuing operations		
Deferred income tax (revenue) expense included in income tax expense comprises:		
Increase (decrease) direct to equity	86	(59)
Increase in deferred tax assets	(24)	(34)
	62	(93)

Numerical reconciliation of income tax expense to prima facie tax payable

	2017 $'000	2016 $'000
Profit from continuing operations before income tax expense	15,247	13,727
Tax at the Australian tax rate of 30.0% (2016 30.0%)	4,574	4,118
Non-deductible entertainment costs	46	16
Non-deductible provision for fringe benefits tax	10	(10)
Non-deductible share based payments	269	148
Employee share trust funding contribution	(332)	-
(Over) under provision for prior year taxation	(27)	11
Employee share scheme	(46)	-
Other non-deductibles and assessable income	-	(6)
Income tax expense	4,494	4,277

Amounts recognised directly in equity

	2017 $'000	2016 $'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	185	130
Deferred tax –credited/(debited) directly to equity	86	(59)
Net current and deferred tax – credited directly to equity	271	71

5. Financial assets and financial liabilities

This note provides information about the Group's financial instruments, including:

- an overview of all financial instruments held by the Group;
- specific information about each type of financial instrument;
- accounting policies; and
- information on determining the fair value of instruments, including estimation uncertainty involved.

The Group holds the following financial instruments:

Financial assets

	Note	Assets at FVTPL $'000	Financial assets at amortised cost $'000	Total $'000
2017				
Cash and cash equivalents		-	3,139	3,139
Trade and other receivables *	5(a)	-	3,732	3,732
Financial assets at FVTPL [1]	5(b)	164,461	-	164,461
		164,461	6,871	171,332
2016				
Cash and cash equivalents		-	4,894	4,894
Trade and other receivables *	5(a)	-	1,225	1,225
Financial assets at FVTPL [1]	5(b)	111,109	-	111,109
		111,109	6,119	117,228

*excluding prepayments

[1] fair value through profit and loss

Financial liabilities

	Note	Financial liabilities $'000	Total $'000
2017			
Trade and other payables **	5(c)	3,638	3,638
Borrowings	5(d)	80,394	80,394
Accruals, provisions and other liabilities		3,820	3,820
		87,852	87,852
2016			
Trade and other payables **	5(c)	3,414	3,414
Borrowings	5(d)	53,410	53,410
Accruals, provisions and other liabilities		2,809	2,809
		59,633	59,633

**excluding non-financial liabilities

The Group's exposure to risks associated with financial instruments is discussed in note 10. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of the financial assets above.

5.a) Trade and other receivables

	2017			2016		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Trade receivables	3,360	-	3,360	1,163	-	1,163
Other receivables	372	-	372	62	-	62
Prepayments	350	36	386	380	80	460
	4,082	36	4,118	1,605	80	1,685

Classification as trade and other receivables

Trade receivables are amounts due 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 recovery of an amount is expected in one year or less it is classified as a current asset. If not, it is presented as a non-current asset. Trade receivables are generally due 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 10(c) and 24(e) respectively.

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 and for the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

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 10(a) to 10(c).

None of the receivables are impaired.

5.b) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include the following:

	2017 $'000	2016 $'000
PDPs		
Current	65,901	51,379
Non-current	98,560	59,730
	164,461	111,109

Movement on financial assets at fair value is as follows:

	Note	2017 $'000	2016 $'000
Current and non-current			
At beginning of period		111,109	81,922
Additions for the period		69,620	43,797
Liquidations of PDPs	2	(70,656)	(61,918)
Net gain on financial assets from PDPs	2	54,388	47,308
		164,461	111,109

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

The Company classifies PDPs at fair value through profit and loss (FVTPL) as per AASB 139 *Financial Instruments: Recognition and Measurement*, paragraph 9 part (b)(ii) because:

- at initial recognition the Company designates PDPs acquired as at fair value through profit or loss;
- PDPs are managed and their performance regularly evaluated on a fair value basis in accordance with a documented risk management and investment strategy;
- Management information about the PDPs is collated on a fair value basis and provided to KMP; and
- this relevant information is reported in the comprehensive disclosures provided.

The strategy is to provide an overall return on the Company's portfolio of investments, as opposed to any particular individual customer contract. A documented investment strategy is maintained for PDPs and under the Risk Management Policy the management and measurement of its PDPs is properly documented in its Risk Register.

The performance management emphasis of the Group is focused on growth in its payment arrangement portfolios and the total return to the Group measured as net profit after taxation. The documented and approved remuneration and incentive strategy remains aligned to our strategic priorities of shareholder value, evaluation of financial performance on a total return basis, operational excellence, risk management and appropriate long term strategic goals.

When management decisions are made with respect to an investment in the portfolio or the liquidation of the portfolio, they are made from the point of view of the group of financial assets as a whole. Management reporting provides information on returns expressed in terms of overall portfolio return multiples on investment and internal rate of return. An important factor in the investment strategy is to manage a reasonable level of volatility of returns in expectation of overall long term growth.

PDPs are initially recorded at acquisition cost, which on the basis of the transaction being at arm's length is considered to be fair value, and thereafter at fair value through profit or loss on the balance sheet, with transaction costs expensed as incurred. Fair value can be best evidenced as a quoted market price in an active market. As there is not a quoted market for PDPs, fair value is based on the present value of expected future cash flows or other valuation techniques based on current market conditions. These valuation techniques rely on market observable inputs wherever possible and otherwise maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

Any fair value net gains or losses on financial assets are disclosed in the consolidated statement of comprehensive income as Liquidations of PDPs net of any change in value. Liquidations of PDPs are the recognised flow of economic benefits from the acquiring and servicing of PDPs including all cash-flow sources from each portfolio's respective purchase agreement.

Note 5(b)(iv) below explains how the fair value of PDPs is determined including information regarding the key assumptions used.

PDPs 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, for which the present value is classified as a current asset.

ii) Amounts recognised in profit or loss

Changes in the fair value 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 10. For information about the methods and assumptions used in determining fair value of PDPs please refer to note 5(b)(v) below.

iv) Fair value and fair value measurements

a) Fair value hierarchy

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.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2017				
Financial assets at FVTPL	-	-	164,461	164,461
2016				
Financial assets at FVTPL	-	-	111,109	111,109

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.

b) Transfers between levels

There were no transfers between levels in 2017 or 2016.

c) Valuation techniques used to derive fair values

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Level 3

If one or more of the significant inputs is not based on observable market data (unobservable inputs), the instrument is included in Level 3. Inputs are derived and extrapolated where possible from observable characteristics that market participants would take into account when pricing the asset at the measurement date. Assumptions used would be those that market participants would use when pricing, assuming that market participants act in their economic best interest. Inputs are calibrated against current market assumptions, historic transactions and economic models, where available. Unobservable inputs are those for which market data is not available and that are developed using the best information available about the assumptions that market participants would use when pricing the asset, as can be the case for PDPs.

Model risk therefore arises due to the potential of key judgements impacting the appropriateness of model outputs and reports used. Model risk is mitigated and controlled at its source through effective challenge and critical analysis by objective parties qualified and experienced in the line of business in which the model is used. In addition, consistent with recognised industry guidance, model validation intended to verify that models are performing as expected in line with their design objectives and business uses has been performed to help ensure the models are sound. Commensurate with model use, complexity and materiality, model validation by way of back testing, stability testing and sensitivity analysis were performed and the results, outcomes and actions validated the conceptual soundness of the models. Given that unobservable inputs are those where market data is not available, and the inherent limitations of historic information predicting future liquidations, additional model risk mitigation is achieved through appropriate cautious downward calibration of the expected future cash flows.

Where the fair value of financial instruments that are not traded in an active market is determined using present value of expected future cash flows valuation techniques, these valuation techniques maximise the use of observable market data where it is available and rely as little as possible on Group-specific estimates.

The valuation technique used is a discounted cash flow which incorporates, at least, the following variables:

- Expected liquidation rate — Expressed as a percentage of the face value over time.
- Face value — Of the PDPs.
- 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 expected cash flows.
- Cost — Acquisition cost of acquired PDPs.

d) Fair value measurements using significant unobservable inputs

Continuous improvement in valuation techniques

Consistent with previous reporting periods, the Group has continued to use a discounted cash flow valuation model and has continued to improve the valuation process based on maximising the use of observable statistical evidence. This has included continued improvement in the use of characteristics analysis to ascertain the most informative performance predictive indicators and applying logistic regression statistical techniques to generate the key assumptions that determine the expected liquidation rate over time. The evolution of time and expansion of the business has allowed for additional internally developed and externally obtained data to be included in the valuation process. In addition independent expertise in analytics and model deployment has further developed the statistical methodology incorporated. This allows the Group to benefit from an independent party with experience across multiple analytics assignments. Prior reporting period improvements in the valuation process have previously supported the cash flow liquidation period to a capped maximum of ten years and this cap has been maintained.

To ensure we continue to realise appropriate value across all of the portfolio, the Group has continued the journey of exploring portfolio sale opportunities within the secondary sale market for portfolios of accounts where we believe the value to be realised from a portfolio sale provides the greatest expected value. Where progressed the Group engages experts in the financial services brokerage market to facilitate the sale process including, but not limited to, portfolio valuation, issuer approval, sales execution and post sales processes.

The learnings obtained from the sales processes concluded have improved the ability to derive and extrapolate valuation inputs where directly relevant, based on observable characteristics used by market participants, and where possible these observable inputs have been applied in the fair value model resulting in improving the application of valuation techniques.

Valuation inputs and relationship to fair value

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

Description	Fair value $'000	Valuation technique	Unobservable inputs	Range of inputs	Relationship to fair value
Financial Assets at Fair Value Through Profit or Loss	$164,461	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 $1.798m, an increase results in an increase in fair value on total estimated cash flows of $1.761m.
			Expected liquidation rate	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 $5.510m, an increase results in an increase in fair value on total estimated cash flows of $5.176m.
			Cash flow liquidation period	Impact of an eleven year liquidation period versus a ten year liquidation period	Results in an increase in fair value of $0.716m.
			Discount rate	Variance in risk-adjusted discount rate by 100 bps	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 $3.288m, an increase results in a decrease in fair value of $3.167m.
			Discount rate	Variance in risk-adjusted discount rate by 300 bps	The higher the risk-adjusted rate the lower the fair value. A reduction in rate by 300 bps results in an increase in fair value by $10.251m, an increase results in a decrease in fair value of $9.160m.

It is noted that the weighted average discount rate for originated customer accounts, substantially comprising credit cards and personal loans, has fluctuated within a range of 17.6% to 20.9% over the last four years, forming the basis of the above sensitivity range. In determining the weighted average discount rate, the key input is the current market rate for originated loans and advances with similar characteristics, for example credit card or personal loan rates, appropriately risk adjusted.

For subsequent measurement, under AASB 139 *Financial Instruments: Recognition and Measurement*, the other potential method for recognition and measurement is, if the prescribed definition is met, 'Loans and receivables' measured using the effective interest rate method at amortised cost.

The difference between the carrying value under an interest rate method measurement approach and fair value is expected to be within the reasonably possible ranges if the discount rate were to be varied as described in the table above.

v) Valuation Process

A key assumption in the valuation of the PDPs is in determining the expected liquidation rate. Assumptions about the liquidation rate are based on customer, operational and product characteristics, payment history, market conditions and management experience.

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

Subsequent to purchase, fair value adjustments are made in line with expected liquidations. An assessment of gross nominal future cash flow is made over periods to a maximum of ten years depending on the level of liquidation history and forecasting accuracy confidence based on observable evidence within a portfolio. Where the fair value of financial instruments that are not traded in an active market is determined using present value of expected future cash flows valuation techniques, these valuation techniques maximise the use of observable market data where it is available and rely as little as possible on Group specific estimates. 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, noting that the cash flows to which the rates are applied are appropriately risk adjusted.

The valuation of PDPs requires estimation of:

a) the expected future cash flows;
b) the expected timing of receipt of those cash flows; and
c) a discount rate.

Under the effective interest rate method the valuation would, in contrast to using the discount rate in c), instead utilise the original effective interest rate (nominated by the purchaser) extrapolated at investment date and this rate would not change over time. The requirement to estimate cash flows and their timing is the same under both methods.

At the end of each reporting period, under the effective interest rate method, an entity shall assess whether there is any objective evidence of impairment. If any such evidence exists, the entity shall determine the amount of any impairment. Similarly if expectations of future cash flows were to subsequently increase a gain would be recognised, up to the original amortised cost, calculated by discounting these incremental cash flows at the original effective interest rate.

The Group has adopted the fair value basis as it considers this more relevant to the users of the financial statements. The main inputs used by the Group in measuring the fair value of financial instruments are derived and evaluated as follows:

• Expected liquidation rate	Product characteristics, liquidation history and management experience with historic performance of comparable portfolios and market observable inputs considered to be directly relevant based on observable characteristics used by market participants in determining price.
• Face value	Determined at the date the PDP was acquired.
• Cash flow liquidation period	Up to ten years depending on liquidation history. The weighted average liquidation period is 2.7 years.
• Discount rate	Incorporates a risk free rate and appropriate credit risk adjustment for risks not built into the underlying expected cash flows. The weighted average discount rate used to calculate fair value is 20.1%.
• Cost	Acquisition cost of acquired PDPs.

Separate validation of a discounted cash flow approach to fair value is also undertaken. The validation comprises a review of key elements contributing to movements in value including an analysis of the quantum, tenure and qualitative characteristics of the payment arrangements portfolio as well as an assessment of the performance of other key observable portfolio characteristics.

5.c) Trade and other payables

	2017 $'000	2016 $'000
Current		
Trade payables	3,638	3,414
Payroll tax and other statutory liabilities	340	196
Other payables	2,798	2,053
	6,776	5,663

See note 6(d) for detail on current provisions.

Risk exposure

Information about the Group's exposure is provided in note 10.

Fair Value

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

5.d) Borrowings

	2017			2016		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Secured						
Bank loans	-	73,543	73,543	-	47,046	47,046
Lease liabilities	384	441	825	508	663	1,171
Other loans	5,934	-	5,934	5,129	-	5,129
	6,318	73,984	80,302	5,637	47,709	53,346
Unsecured						
Other loans	92	-	92	64	-	64
	6,410	73,984	80,394	5,701	47,709	53,410

Secured liabilities and assets pledged as security

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

All property of the Group comprises the Group total assets of $180,160,000 (2016 $127,406,000).

See note 10(d) for details of the financing arrangements available to the Group to which the security relates.

Compliance with loan covenants

The Group has complied with the financial covenants of its borrowing facilities during FY17, see note 11(c) for details.

Fair Value

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

Risk exposure

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 10.

Finance lease

	2017 $'000	2016 $'000
Commitments in relation to the finance lease are payable as follows:		
Within one year	394	526
Later than one year but not later than two years	476	394
Later than two years	-	345
Minimum lease payments	870	1,265
Future finance charges	(45)	(94)
Total lease liabilities	825	1,171
The present value of finance lease liabilities is as follows:		
Within one year	384	508
Later than one year but not later than two years	441	361
Later than two years	-	302
Minimum lease payments	825	1,171

6. Non-financial assets and liabilities

This note provides information about the Group's non-financial assets and liabilities, including:

- specific information about each type of non-financial asset and non-financial liability;
- accounting policies; and
- information about determining the fair value of the assets and liabilities, including judgements and estimation uncertainty involved.

6.a) Property, plant and equipment

	Plant and equipment $'000	Furniture, fittings & equipment $'000	Leasehold improvements $'000	Total $'000
At 1 July 2016				
Cost	1,904	285	4,143	6,332
Accumulated depreciation	(1,110)	(107)	(1,000)	(2,217)
Net book amount	794	178	3,143	4,115
Year ended 30 June 2017				
Opening net book amount	794	178	3,143	4,115
Additions	58	21	62	141
Depreciation charge	(288)	(43)	(469)	(800)
Closing net book amount	564	156	2,736	3,456
At 30 June 2017				
Cost	1,962	306	4,205	6,473
Accumulated depreciation	(1,398)	(150)	(1,469)	(3,017)
Net book amount	564	156	2,736	3,456
At 1 July 2015				
Cost	1,766	249	3,889	5,904
Accumulated depreciation	(904)	(92)	(573)	(1,569)
Net book amount	862	157	3,316	4,335
Year ended 30 June 2016				
Opening net book amount	862	157	3,316	4,335
Additions	364	92	308	764
Depreciation charge	(427)	(71)	(481)	(979)
Disposals	(5)	-	-	(5)
Closing net book amount	794	178	3,143	4,115
At 30 June 2016				
Cost	1,904	285	4,143	6,332
Accumulated depreciation	(1,110)	(107)	(1,000)	(2,217)
Net book amount	794	178	3,143	4,115

Non-current assets pledged as security

Refer to note 5(d) for information on non-current assets pledged as security by the Group.

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. Certain leasehold improvements and leased plant and equipment are depreciated on a straight line basis over the term of the lease.

Plant and equipment	15% - 66.7%
Furniture, fittings and equipment	15% - 50%
Leasehold improvements	20% - 50%
Lease incentive	Over the term of the lease

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

Lease incentive asset

The lease incentive received relates to operating leases entered into by the Company and has been accounted for as such with a corresponding liability recognised in Other Liabilities. The lease incentive liability will be released on a straight line basis over the lease term and reduce the rental expense on the consolidated statement of comprehensive income.

6.b) Deferred tax balances

Deferred tax assets

	2017 $'000	2016 $'000
The balance comprises temporary differences attributable to:		
Employee benefits (annual leave)	207	170
Retirement obligations (superannuation payable)	65	60
	272	230
Other		
Other expenses (audit, accounting, payroll tax)	202	338
Share issue expenses	478	494
Other (formation costs, black hole costs)	249	109
Prepayments	(12)	(8)
	917	933
Net deferred tax assets	1,189	1,163

Movements

	Employee benefits $'000	Retirement Benefit Obligations $'000	Other $'000	Total $'000
At 1 July 2016	170	60	933	1,163
(Charged) / credited				
- To profit or loss	37	5	(102)	(60)
- Directly to equity	-	-	86	86
At 30 June 2017	207	65	917	1,189
At 1 July 2015	128	43	958	1,129
(Charged) / credited				
- To profit or loss	42	17	34	93
- Directly to equity	-	-	(59)	(59)
At 30 June 2016	170	60	933	1,163

6.c) Intangible assets

	Goodwill $'000	Software and licenses $'000	Total $'000
At 1 July 2016			
Cost	140	2,099	2,239
Accumulated amortisation	-	(392)	(392)
Net book amount	140	1,707	1,847
Year ended 30 June 2017			
Opening net book amount	140	1,707	1,847
Additions	-	27	27
Amortisation charge	-	(535)	(535)
Closing net book amount	140	1,199	1,339
At 30 June 2017			
Cost	140	2,126	2,266
Accumulated amortisation	-	(927)	(927)
Net book amount	140	1,199	1,339
At 1 July 2015			
Cost	-	571	571
Accumulated amortisation	-	(187)	(187)
Net book amount	-	384	384
Year ended 30 June 2016			
Opening net book amount	-	384	384
Additions	140	1,528	1,668
Amortisation charge	-	(205)	(205)
Closing net book amount	140	1,707	1,847
At 30 June 2016			
Cost	140	2,099	2,239
Accumulated amortisation	-	(392)	(392)
Net book amount	140	1,707	1,847

Amortisation methods and useful lives

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

Software and licenses 1-3 years

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

Finance lease

See note 5(d) for information on the finance lease with respect to software licences acquired.

Goodwill

Goodwill is attributable to the acquisition of Switchmyloan Pty Limited in March 2016.

See note 12 for additional information on subsidiaries.

6.d) Provisions

	2017 $'000	2016 $'000
Non-current		
Employee benefits	345	248
Lease make good	337	312
	682	560

Employee benefits - Long service leave

The liabilities for long service 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 recognised in the provision for employee benefits and measured as the present value of expected future payments to be made 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 rates published in the 'Group of 100 Discount Rate Report and Discount Curve'. Re-measurement as a result of experience, adjustments and changes in actuarial assumptions are recognised in profit or loss. 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 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

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

Lease make good

The Group is required to make good each of its leased premises to their original condition at the end of each lease. A provision has been recognised for the present value of the estimated expenditure required. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease or the useful life of the assets.

Movements in provisions

	Employee benefits $'000	Lease make good $'000	Total $'000
At 1 July 2016			
Carrying amount at start of year	248	312	560
Charged to profit or loss	97	(10)	87
Capitalised to balance sheet	-	35	35
At 30 June 2017	345	337	682
At 1 July 2015			
Carrying amount at start of year	180	189	369
Charged to profit or loss	68	31	99
Capitalised to balance sheet	-	92	92
At 30 June 2016	248	312	560

7. Equity

7.a) Contributed equity

Share capital

	2017 Shares	2016 Shares	2017 $'000	2016 $'000
Ordinary shares – fully paid (Treasury shares see note 7(c))	58,950,198	48,971,621	71,255	52,091

Movements in ordinary share capital

Date		Number of shares	$'000
1 July 2016	**Opening balance**	48,971,621	52,091
	Capital raise and rights issue, net of transaction costs	9,944,877	18,986
	Dividend reinvestment plan	384,253	740
	Employee share scheme	159,447	272
	Acquisition of treasury shares	(510,000)	(1,105)
	Current tax and deferred tax through equity	-	271
30 June 2017	**Closing balance**	58,950,198	71,255
1 July 2015	**Opening balance**	44,973,990	45,464
	Capital raise, net of transaction costs	3,415,031	5,567
	Dividend reinvestment plan	582,600	989
	Current tax and deferred tax through equity	-	71
30 June 2016	**Closing balance**	48,971,621	52,091

7.b) Ordinary shares

All authorised ordinary shares have been issued, have no par value and the Company does not have a limited amount of authorised capital.

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 has one vote; and on a poll every shareholder who is present 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.

7.c) Treasury shares

Date		Number of shares	$'000
1 July 2016	**Opening balance**	400,000	1,075
	Receipt on treasury shares	-	41
	Treasury shares acquired	510,000	1,105
30 June 2017	**Closing balance**	910,000	2,221
1 July 2015	**Opening balance**	400,000	1,030
	Receipt on treasury shares	-	45
30 June 2016	**Closing balance**	400,000	1,075

Treasury shares acquired in 2017 are shares in Pioneer Credit Limited that are held by the Pioneer Credit Limited Equity Incentive Plan Trust for the purpose of issuing shares under the Pioneer Credit Limited Equity Incentive Plan. Shares issued to employees are recognised on a first-in-first-out basis. The shares are acquired on market and are held as treasury shares until such time as they are vested. Forfeited shares are reallocated in subsequent grants. Under the terms of the trust deed, Pioneer Credit Limited is required to provide the trust with the necessary funding for the acquisition of the shares.

7.d) Employee share scheme

On 1 July 2016 the Company issued 159,447 fully paid ordinary shares to eligible employees under the $1,000 exempt plan and the $5,000 salary sacrifice scheme.

90,830 ordinary shares were issued to eligible employees for no consideration and 68,617 ordinary shares were acquired by eligible employees by way of salary sacrifice. The employee offer shares were valued at $1.71 each and the shares issued for no consideration are an expense to the Company.

7.e) Options

Information relating to Options is set out in note 18(a).

7.f) Equity Incentive Plan

Scheme 1

At the Annual General Meeting on 29 October 2014, the Company approved an employee incentive plan whereby certain eligible employees would be granted performance rights. Each Right entitles the holder to one fully paid ordinary share for no consideration, subject to vesting conditions being met.

The performance conditions for these Rights were met on the 20 August 2015 and 780,000 Rights were granted on 1 September 2015 which will vest in accordance with the following schedule (each a 'Vesting Date'):

- 1 July 2017: 60% Rights will vest;
- 1 July 2018: 25% Rights will vest; and
- 1 July 2019: 15% Rights will vest,

provided the holder of the Rights remains employed by the Group at the Vesting Date.

The terms of each tranche of Rights are summarised in the table below.

	Tranche 1	Tranche 2	Tranche 3
Fair value at grant date	$1.6009	$1.5155	$1.4347
Grant date	1-Sep-15	1-Sep-15	1-Sep-15
Share price at grant date	$1.77	$1.77	$1.77
Expiration period (years)	1.83	2.83	3.83
Dividend yield	5.48%	5.48%	5.48%
Vesting date	1-Jul-17	1-Jul-18	1-Jul-19
Exercise price	Nil	Nil	Nil

Scheme 2

On 1 July 2016, the Board approved a grant of Performance Rights with a tenure based vesting condition. Each Right entitles the holder to one fully paid ordinary share for no consideration, subject to vesting conditions being met.

320,000 Performance Rights were granted on 1 July 2016 which will vest in accordance with the following schedule (each a "Vesting Date"):

- 1 July 2018: 28% Rights will vest;
- 1 July 2019: 46% Rights will vest; and
- 1 July 2020: 26% Rights will vest,

provided the holder of the Rights remains employed by the Group at the Vesting Date.

The terms of each tranche of Rights are summarised in the table below.

	Tranche 1	**Tranche 2**	**Tranche 3**
Fair value at grant date	$1.51	$1.42	$1.33
Grant date	1-Jul-16	1-Jul-16	1-Jul-16
Share price at grant date	$1.71	$1.71	$1.71
Expiration period (years)	2	3	4
Dividend yield	6.2%	6.2%	6.2%
Vesting date	1-Jul-18	1-Jul-19	1-Jul-20
Exercise price	Nil	Nil	Nil

7.g) Other reserves

The following table shows a breakdown of the Statement of Changes in Equity line item Share Based Payments Reserve and the movements in this reserve during the period under review. A description of the nature and purpose of the reserve is provided below the table.

Share based payment reserve

	2017	**2016**
	$'000	**$'000**
At 1 July		
Opening balance	1,611	1,073
Options	20	29
Share based payment expense	722	464
Treasury shares	41	45
At 30 June	2,394	1,611

Nature and purpose of the share-based payments reserve

The share based payments reserve is used to recognise:

- the grant date fair value of options and rights issued but not exercised over the vesting period; and
- the grant date fair value of shares issued over the vesting period.

Employee share trust funding

On 12 April 2017 the Company commenced funding the Pioneer Credit Limited Equity Incentive Plan Trust ('the Trust') for the purpose of acquiring fully paid ordinary shares on market to satisfy rights that vest on or after 1 July 2017 under the Pioneer Credit Limited Equity Incentive Plan. As at 30 June 2017 the Trust held 510,000 shares acquired at an average price of $2.15 per share.

7.h) Retained earnings

Movements in retained earnings were as follows:

	2017 $'000	2016 $'000
Balance 1 July	11,055	6,341
Net profit for the year	10,753	9,450
Dividends	(5,169)	(4,736)
Balance 30 June	16,639	11,055

8. Cash flow information

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

	Note	2017 $'000	2016 $'000
Profit for the period		10,753	9,450
Depreciation and amortisation	3	1,335	1,184
Non-cash employee benefits expense – share-based payments	18(c)	897	493
Net profit on sale of assets		-	(5)
Share of loss of associate accounted for using the equity method		135	22
Change in value of PDPs	2	16,268	14,610
Non-cash financing amortisation		194	-
Change in operating assets and liabilities:			
(Increase)/decrease in trade receivables		(2,433)	961
Increase in deferred tax assets through profit or loss		(26)	(33)
Decrease in trade payables		(679)	(1,138)
Decrease in income tax payable		(85)	(210)
Increase in accruals and other liabilities		318	804
Net cash flow inflow from operating activities		26,677	26,138

8.b) Non-cash investing and financing activities

	2017 $'000	2016 $'000
Make good provision	35	92
Lease incentive liability released	(282)	(280)
Lease incentive recognised	18	260
Finance lease	-	1,171

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.

9. 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 Group 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 exercises judgement in applying the Group's accounting policies.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal 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 are determined using valuation techniques. The Group uses judgement to select valuation methods and make assumptions, including considering market conditions existing at the end of each reporting period and as to the allocation of PDPs between current and non-current asset allocations. For details of the key assumptions used and the impact of changes to these assumptions see note 5(b).

Investment in associate

The Group's assessment is that the investment in Goldfields Money Limited represents an investment in an associate, to be accounted for using the equity method of accounting and that there is no objective evidence that this investment is impaired.

Goldfields Money Limited is a publically traded entity. Management has exercised judgement in determining the share of equity income or loss from this associate.

See note 13 for more information on the investment in associate.

10. Financial risk management

The Group's activities expose it to a variety of risks and its overall risk management programme 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 which include sensitivity analysis of interest rates, preparation and review of ageing analysis for credit risk and projected cash flow analysis across the portfolio to manage the risk associated with the PDP.

Risk management is the responsibility of KMP. Policies approved by the Board ensure that total risk exposure is consistent with the Group strategy, is in line with covenants and is within internal risk tolerance guidelines. To manage interest rate and credit risk arising from the investment in PDPs, the Group undertakes pricing analysis prior to committing to any investment. This analysis includes consideration of information supplied under due diligence, as well as macro and micro economic elements to which senior executives' experience and judgement is applied. In many instances there is knowledge of the performance of portfolios with similar characteristics. PDPs are 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 exposure to the above risks or the manner in which these risks are managed or measured.

10.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, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

	Carrying amount $'000	-100 bps Profit $'000	+100 bps Profit $'000
At 30 June 2017			
Financial liabilities			
Borrowings	73,543	623	(623)
At 30 June 2016			
Financial liabilities			
Borrowings	47,046	399	(399)

Financial assets sensitive to interest rate risk comprise cash and cash equivalents only and their sensitivity to interest rate risk has not been included as the expense is not significant.

10.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:

Foreign exchange risk

New Zealand operations expose the Group to foreign exchange risk. This may result in the fair value of financial assets and liabilities fluctuating due to movements in exchange rates. Fluctuations in the New Zealand dollar relative to the Australian dollar may impact the Group's financial results, though the impact of any fluctuations are not expected to be material.

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 2017 Weighted average interest rate %	Balance $'000	30 June 2016 Weighted average interest rate %	Balance $'000
Bank overdrafts and bank loans	3.57%	73,543	4.28%	47,046

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.

Price risk

The Group has no financial instruments exposed 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 PDPs.

10.c) Credit risk

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

Risk management

Credit risk is managed on a Group basis. For corporate customers management assesses the credit quality of the customer. Individual risk limits are set by the Board.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and / or regions. The Group is exposed to investment credit risk from the significant investment in PDPs. Risk limits are set based on internal ratings in accordance with limits set by the Board which is regularly monitored by management.

Impaired trade receivables

As at 30 June 2017 no trade receivables were impaired or overdue.

10.d) Liquidity risk

Prudent liquidity risk management requires maintaining sufficient cash reserves and debt funding to meet obligations when due and through maintaining a reputable credit profile.

Management monitors 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.

Financing arrangements

In December 2016 the Group entered into a new cash advance facility of $100,000,000 with Bankwest and Westpac Banking Corporation.

The Group had access to a Senior Debt Facility of $110,000,000 at the end of the financial year comprising a cash advance facility to fund the acquisition of PDPs, 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 2017 and the undrawn limit on the cash advance facility was $26,258,435. 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 30 November 2019 and the Group has no reason to believe that the facility will not be renewed and / or extended beyond this date.

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 the Group's expectation that the facilities will be extended.

	Within 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Carrying amount $'000
At 30 June 2017				
Trade payables	3,638	-	-	3,638
Borrowings	9,195	3,110	74,839	80,394
Accruals, provisions and other liabilities	3,138	-	682	3,820
	15,971	3,110	75,521	87,852
At 30 June 2016				
Trade payables	3,414	-	-	3,414
Borrowings	7,732	47,611	345	53,410
Accruals, provisions and other liabilities	2,249	-	560	2,809
	13,395	47,611	905	59,633

11. Capital management

11.a) Risk management

The Group's objectives when managing capital are to:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders; and
- maintain an optimal capital structure to reduce the cost of capital.

11.b) Dividends

Ordinary shares

	2017 $'000	2016 $'000
2H16 dividend on fully paid ordinary shares held on 30 September 2016 of 6.20 cents per share paid on 31 October 2016	3,071	3,085
1H17 dividend on fully paid ordinary shares held on 31 March 2017 of 4.22 cents per share paid on 28 April 2017	2,098	1,651
	5,169	4,736

Dividends not recognised at the end of the reporting period

	2017 $'000	2016 $'000
Since year end the Directors have recommended the payment of a final fully franked dividend of 5.28 cents per fully paid ordinary share. The aggregate amount of the proposed dividend expected to be paid on 4 October 2017, but not recognised as a liability at year end is	3,219	3,071

Franking dividends

The franked portions of the final dividends recommended after 30 June 2017 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 2018.

	2017 $'000	2016 $'000
Franking credits available for subsequent reporting periods on a tax rate of 30.0%	7,386	5,005

The above amounts are calculated from the balance of the franking account as at the end of the reporting period.

11.c) Capital risk management

Although the Group is not subject to any externally imposed regulatory requirement with respect to its capital position, it maintains a conservative and proactive capital management strategy which includes taking 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.

The Board 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 financiers are in place to ensure that there is sufficient undrawn credit available to meet reasonably 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 cash flow, allowing undrawn balances to be maintained. Cash is monitored on a daily basis to ensure that immediate and short term requirements are met.

Details of financing facilities are set out in note 10(d).

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.

12. Subsidiaries

Significant investments in subsidiaries

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

Name of entity		Country of incorporation	Class of shares	Equity holding 2017 %	Equity holding 2016 %
Pioneer Credit Solutions Pty Limited		Australia	Ordinary	100	100
Sphere Legal Pty Limited		Australia	Ordinary	100	100
Pioneer Credit (Philippines) Pty Limited		Australia	Ordinary	100	100
Pioneer Credit Connect Pty Limited		Australia	Ordinary	100	100
Pioneer Credit Broking Services Pty Limited		Australia	Ordinary	100	100
Switchmyloan Pty Limited	1	Australia	Ordinary	100	100
Credit Place Pty Limited	2	Australia	Ordinary	100	100
Pioneer Credit Acquisition Services (UK) Limited	3	United Kingdom	Ordinary	100	100
Pioneer Credit Solutions (NZ) Limited	4	New Zealand	Ordinary	100	-

1 Switchmyloan Pty Limited was acquired on 2 March 2016

2 Credit Place Pty Limited was incorporated on 9 June 2016 and has not conducted any business since inception to the date of this report

3 Pioneer Credit Acquisition Services (UK) Limited is an entity incorporated in the United Kingdom and has not conducted any business since inception to the date of this report

4 Pioneer Credit Solutions (NZ) Limited was incorporated in New Zealand on 5 July 2016

13. Associates

Investment in associate

Set out below is the investment in an associate of the Group as at 30 June 2017. The associate has share capital consisting solely of ordinary shares, which are held directly by the Group and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of business / country of incorporation	% of ownership interest		Nature of relationship	Measurement method
		30 June 2017	30 June 2016		
Goldfields Money Limited (GMY)	Australia	11.28	14.10	Associate	Equity method

The Group acquired the shareholding in GMY in 2015. At 30 June 2017, the Group's share of the quoted market value of GMY was $2.553m while the carrying value, inclusive of transaction costs and equity method accounting is $2.458m.

The Australian Prudential Regulation Authority (APRA) imposes a 15% cap on any one's individual equity holding in an Authorised Deposit-taking Institution. There are no restrictions on the Group's ability to dispose of its holding in GMY and the Group's assessment at the end of the reporting period is that there is no objective evidence that the equity-accounted investment is impaired.

There were no significant transactions with the associate during the financial year and the Group is not aware of any contingent liabilities that may or may not exist within Goldfields Money at 30 June 2017.

Summarised financial information for the associate
GMY is a publically traded entity.

Summarised statement of financial position

	2017 $'000	2016 $'000
Total assets	215,201	156,414
Total liabilities	(194,994)	(139,546)
Net assets	20,207	16,868
Movement in net assets		
Opening net assets	16,868	14,907
Loss for the period	(996)	(95)
Other comprehensive income	147	-
Capital raise	4,288	2,106
Equity raising costs	(187)	(50)
Movement in reserves	87	-
Closing net assets	20,207	16,868
Group's share of net assets in %	11.28%	14.10%
Group's share of net assets in $	2,279	2,378

Summarised statement of comprehensive income

	2017 $'000	2016 $'000
Interest revenue	6,546	6,723
Interest expense	(3,789)	(3,613)
Non-interest revenue	1,476	508
Other expenses	(5,569)	(3,835)
Income tax benefit	340	122
Loss from continuing operations	(996)	(95)
Other comprehensive income	147	-
Total comprehensive loss	(849)	(95)
Dividends received from associates	-	-

Summarised commitments

	2017 $'000	2016 $'000
Capital commitments	141	-
Outstanding loan commitments	14,306	10,745
Outstanding overdraft commitments	956	657
Lease commitments		
Due not later than one year	69	47
Due later than one year and not later than five years	82	168
	151	215

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 Directors are of the opinion that no contingent liabilities or contingent assets exist as at the date of this report.

15. Commitments

15.a) Non-cancellable operating leases

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

	2017 $'000	2016 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	2,109	2,031
Later than one year but not later than five years	8,968	8,727
Later than five years	2,408	4,734
	13,485	15,492

Some lease agreements include a financial incentive which is generally used to fund premise fitouts. The assets acquired under these incentives 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.

15.b) Service contract

The Group has a services contract for the operation of its Philippines facility that ends August 2019. The minimum contractual commitments resulting from this agreement are outlined below.

	2017 $'000	2016 $'000
Commitments for minimum service payments in relation to non-cancellable contracts are payable as follows:		
Within one year	1,592	324
Later than one year but not later than five years	1,944	-
	3,536	324

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

17.a) Parent entity

The Parent entity within the Group is Pioneer Credit Limited.

17.b) Subsidiaries

Interests in subsidiaries are set out in note 12.

17.c) Associates

Interests in associates are set out in note 13.

17.d) Key Management Personnel

	2017 $	2016 $
Short-term employee benefit	1,950,406	1,841,824
Post-employment benefits	172,803	168,389
Long-term benefits	83,416	42,097
Share-based payments	446,128	296,760
	2,652,753	2,349,070

Detailed remuneration disclosures are provided in the Remuneration Report on pages 10 to 18.

17.e) Transactions with other related parties

The following transactions occurred with related parties:

	2017 $	2016 $
Rental expenses and other services		
Other related parties	82,320	223,062
Superannuation contributions		
Contributions to superannuation funds on behalf of Directors	64,092	77,125
Other transactions		
Remuneration paid to Directors of the ultimate Australian parent entity	921,045	960,460

17.f) Loans from related parties

There were no loans from or loan repayments to related parties in either 2017 and 2016.

17.g) Terms and conditions

See note 7(b) for general terms and conditions on ordinary shares.

18. Share-based payments

18.a) Options

On 7 February 2014, the Company established a share option scheme that entitles the holder to purchase 300,000 shares in the Company at an exercise price of $1.92.

The Options have been fully expensed by the Company at 30 June 2017.

	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
Date vested	4 April 2016	4 April 2017
Vesting expiry date (2 years after vesting)	4 April 2018	4 April 2019

18.b) Equity Incentive Plan

On 1 July 2016 the Company issued 159,477 fully paid ordinary shares to eligible employee under the $1,000 exempt plan and the $5,000 salary sacrifice scheme. See note 7(f) for details of the Equity Incentive Plan.

18.c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payments recognised during the period were:

	2017 $'000	2016 $'000
Options	20	29
Share based payments	877	464
	897	493

19. Remuneration of auditors

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

	2017 $	2016 $
PricewaterhouseCoopers Australia		
Audit and other assurance services		
Audit and review of financial statements	278,316	341,209
Total remuneration of PricewaterhouseCoopers Australia	278,316	341,209
Network firms of PricewaterhouseCoopers Australia		
Other services		
Other compliance and accounting advice	23,885	85,462
Total remuneration of Network firms of PricewaterhouseCoopers Australia	23,885	85,462
Non-PricewaterhouseCoopers Australia related audit firms		
Other services		
Other tax, compliance and accounting advice	148,174	113,940
Total remuneration of non-PricewaterhouseCoopers Australia related firms	148,174	113,940
	450,375	540,611

Amounts disclosed for auditor’s remuneration are inclusive of GST that is not recoverable from the tax authority. See note 24 (n).

20. Earnings per share

20.a) Basic earnings per share

	2017 Cents	2016 Cents
From continuing operations attributable to the ordinary equity holders of the Company	20.77	20.36
Total basic earnings per share attributable to the ordinary equity holders of the Company	20.77	20.36

20.b) Diluted earnings per share

	2017 Cents	2016 Cents
From continuing operations attributable to the ordinary equity holders of the Company	20.30	20.08
Total diluted earnings per share attributable to the ordinary equity holders of the Company	20.30	20.08

20.c) Reconciliation of earnings used in calculating earnings per share

	2017 $'000	2016 $'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	10,753	9,450
Diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the Company		
Used in calculating diluted earnings per share	10,753	9,450

20.d) Weighted average number of shares used as the denominator

	2017 Number	2016 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	51,772,980	46,407,084
Weighted average number of ordinary and potential shares used as the denominator in calculating diluted earnings per share	52,982,569	47,054,953

21. Deed of cross guarantee

Pioneer Credit Limited, Pioneer Credit Solutions Pty Limited, Sphere Legal Pty Limited, Pioneer Credit (Philippines) Pty Limited, Pioneer Credit Connect Pty Limited, Switchmyloan Pty Limited, Pioneer Credit Broking Services Pty Limited and Credit Place Pty Limited are parties to a deed of cross guarantee, entered into on 25 June 2015. Credit Place Pty Limited was joined to this deed of cross guarantee on 26 June 2017. Under the deed each Company guarantees the debts of the others. By entering into the deed, these 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 12.

Pioneer Credit Solutions (NZ) Limited and Pioneer Credit Acquisition Services (UK) Limited are not party to the deed of cross guarantee. They are stand-alone wholly-owned companies. The Directors have determined that Pioneer Credit Solutions (NZ) Limited and Pioneer Credit Acquisition Services (UK) Limited are not reporting entities.

As at 30 June 2017:

- Pioneer Credit Solutions (NZ) Limited has assets of $2.633m, liabilities of $2.416m of which $2.319m relates to amounts due to Group entities and contributed $0.311m to Group profit before income tax; and
- Pioneer Credit Acquisition Services (UK) Limited has assets of $6 and no liabilities. The UK entity generates no revenue.

22. Assets pledged as security

The carrying amount of assets pledged as security is disclosed in note 5(d).

23. Parent entity financial information

23.a) Summary financial information

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

	2017 $'000	2016 $'000
Balance sheet		
Current assets	370	402
Total assets	93,538	73,548
Current liabilities	4,850	5,781
Total liabilities	7,393	8,776
Shareholders' equity		
Issued capital	72,360	52,088
Share based payment reserve	1,289	1,611
Accumulated profits	12,496	11,073
	86,145	64,772
Profit for the year	6,592	10,095
Total comprehensive income	6,592	10,095

23.b) Guarantees entered into by the Parent entity

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

23.c) Contingent liabilities of the Parent entity

The Parent entity did not have any contingent liabilities as at 30 June 2017.

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

The Parent entity has no contractual commitments for the acquisition of property, plant or equipment at 30 June 2017.

24. Summary of significant accounting policies

This note provides a list of all significant accounting policies adopted in the preparation of these consolidated financial statements and have been consistently applied to all the years presented, unless otherwise stated.

Contents of the summary of significant accounting policies

24.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.

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).

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.

Functional and presentation currency

The consolidated financial statements are presented in Australian dollars.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires the Board 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 9.

Changes to presentation

Certain classifications on the consolidated statement of comprehensive income, consolidated balance sheet and consolidated statement of cash flows have been reclassified. The Group believes that this will provide more relevant information to stakeholders. The comparative information has been reclassified accordingly.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting periods and have not been early adopted by the Group. The Group’s assessment, including known or reasonably estimable information relevant to assessing the possible impact of standards not yet adopted and being introduced for future financial years and interpretations is set out below.

AASB 9 *Financial Instruments*

AASB 9 *Financial Instruments* will replace AASB 139 *Financial Instruments: Recognition and Measurement* and introduces changes in three key areas:

Classification, measurement and derecognition of financial assets and financial liabilities

All financial assets that do not meet certain restrictive conditions are measured at fair value through profit and loss, and investments in equity instruments will be measured at fair value.

If the relevant restrictive conditions are met, financial assets are measured at either amortised cost or fair value through other comprehensive income.

Determination of classification of financial assets will be based on the:

- assessment of whether the contractual cash flows solely represent the payment of principal and interest; and
- objective of the entity’s business model for managing the financial assets.

The accounting for financial liabilities remains largely unchanged.

Impairment

Where a financial asset is measured at either amortised cost or fair value through other comprehensive income, an entity shall recognise an allowance for expected credit losses.

Impairment of these types of financial assets will be based on an expected loss model that requires entities to recognise expected credit losses based on unbiased forward looking information replacing the existing incurred loss model which only recognises impairment if there is objective evidence that a loss has incurred. The new standard outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition.

Hedge accounting

Preliminary assessment under the new standard is that the standard introduces a more principles-based approach to hedge accounting. The new standard also introduces expanded disclosure requirements and changes in presentation. The Group does not currently utilise hedge arrangements and the impact to the existing financial statements of the new standard is considered low.

AASB 9 *Financial Instruments* is applicable to annual reporting periods commencing on or after 1 January 2018, and would be effective for the 30 June 2019 year end. The Group does not currently intend, as is permitted, to early adopt the new standard but has commenced a preliminary review program to thoroughly assess the requirements of the new standard and ensure that new provisions are complied with.

Currently there is no further known or reasonably estimable information relevant to assessing the possible impact of the new standard in the period of initial application.

AASB 15 *Revenue from Contracts with Customers*

AASB 15 *Revenue from Contracts with Customers* is applicable to annual reporting periods commencing on or after 1 January 2018, and unless early adopted would be effective for the 30 June 2019 year end. The Group does not currently intend to early adopt the new standard.

The new standard replaces AASB 118 *Revenu*e and introduces a single model for the recognition of revenue based on the satisfaction of performance obligations. It does not apply to financial instruments. Whilst it is not yet practical to reliably estimate the financial impact on the financial statements in the period of initial application it is not currently considered to be significant.

AASB 16 *Leases*

AASB 16 *Leases* amends the accounting for leases and will replace AASB 117 *Leases*. Lessees will be required to bring both operating and finance leases on balance sheet as a right of use asset along with the associated lease liability. Interest expense will be recognised in profit or loss using the effective interest rate method, and the right of use asset will be depreciated. The standard is applicable to annual reporting periods commencing on or after 1 January 2019, and unless early adopted would be effective for the 30 June 2020 year end. The Group has not yet determined whether to early adopt the new standard.

The potential financial impacts of the above to the Group have not yet been determined.

24.b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Pioneer Credit Limited as at 30 June 2017. Pioneer Credit Limited and its subsidiaries together are referred to in this financial report as the Group or the Company.

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 de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations undertaken 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.

Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights or otherwise demonstrates significant influence. Investments in associates are accounted for using the equity method of accounting (described below), after initially being recognised at cost.

Equity method

Under the equity method of accounting, investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses, of the investee, in profit or loss, and the Group's share of movements in other comprehensive income of the investee, in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group assesses at the end of each reporting period whether there is any objective evidence that the equity-accounted investment is impaired. Objective evidence of impairment for an investment in an equity instrument includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the investee operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost may also be objective evidence of impairment. Where there is objective evidence based on observable data that there may be an impairment, the carrying amount of the equity accounted investment is tested in accordance with the policy described in note 24(p).

24.c) Income tax

The income tax expense for the period is the tax payable on the current period's 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.

The Group has implemented the tax consolidation legislation and its 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.

24.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 four 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.

24.e) Trade and 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.

The amount of any 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.

24.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 6(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 and 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.

24.g) Intangible assets

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.

Amortisation methods and periods

Refer to note 6(c) for details about amortisation methods and periods used by the Group for intangible assets.

Goodwill

Goodwill is measured as described in note 6(c). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

24.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 and 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.

24.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 borrowings and interest are measured at amortised cost using the effective interest rate 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.

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.

24.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.

24.k) Employee benefits

Short term obligations

Liabilities for wages and salaries, including non-monetary benefits such as annual 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 employees' 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 is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Share-based payments

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.

24.l) Contributed equity

Ordinary shares are classified as equity.

Where Pioneer Credit Limited purchases the Company's equity instruments as a result of a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of Pioneer Credit Limited as treasury shares. Shares held in Pioneer Credit Limited Equity Incentive Plan Trust are disclosed as treasury shares and deducted from contributed equity.

24.m) Earnings per share

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.

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.

24.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 which 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.

24.o) Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

24.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.

24.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 as described in note 15. 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.

24.r) Foreign Currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The consolidated financial statements are presented in Australian dollar, which is the Group’s functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Group companies

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

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

On consolidation, exchange differences arising from the translation of any net investment in foreign entities and of borrowings and other financial instruments designated as hedges of such investments are recognised in other comprehensive income.

Directors' declaration

In the Directors' opinion:

a) the financial statements and notes set out on pages 23 to 74 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 2017 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, liable 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 Managing Director 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 John
Managing Director

Perth
24 August 2017

Independent auditor's report

To the shareholders of Pioneer Credit Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Pioneer Credit Limited (the Company) and its controlled entities (together the Group or Pioneer Credit) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 30 June 2017
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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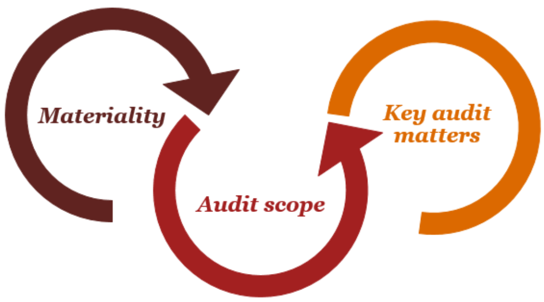
Liability limited by a scheme approved under Professional Standards Legislation.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality

- For the purpose of our audit we used overall Group materiality of $761,000, which represents approximately 5% of the Group's profit before tax.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose profit before tax as the benchmark because, in our view, it is the metric against which the performance of the Group is most commonly measured, and is a generally accepted benchmark. We selected 5% based on our professional judgement noting that it is within the range of commonly accepted quantitative thresholds for audit purposes.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- The Group is a financial services provider which specialises in acquiring and servicing unsecured retail debt portfolios and introducing brokered personal credit and loan products. The accounting processes are performed by a group finance function at the head office in Perth. We performed most of our audit procedures at the Group head office.
- We ensured the audit team included the appropriate skills and competencies required for the audit. We also used specialists in tax and valuation of assets and experts in actuarial modelling in the course of the audit.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>
1. Estimating the fair value of purchased debt portfolios (PDPs)

As explained in note 5.b) of the financial report, Pioneer Credit have a policy to account for PDPs at fair value, with movements in fair value recognised in the consolidated statement of comprehensive income.

Complexity arises in estimating the fair value of PDPs due to the following reasons:

• the nature of unsecured retail debt portfolios, which have many factors impacting value, such as: how the debt was originated and by which financial institution; the quality and depth of information on the customer; how much time has elapsed since a payment was made against the account; amount due; the time elapsed since the PDP was acquired; the personal circumstances and character of the customer; the current and forecast economic environment; and the quality of the operational model and servicing platform; and

• the lack of quoted market prices meaning there is a need to use alternative techniques, including sophisticated models, to estimate fair value.

The estimation of fair value of PDPs has a material impact on the profit and balance sheet and is inherently subjective, meaning it is a key audit matter.
</td><td>
As explained in note 5.b) of the financial report the Group's method for estimating fair value at 30 June 2017 was tailored for different components of the PDP asset. The two methods were:

a) statistical regression analysis and discounted cash flow modelling, and

b) price paid at acquisition date less cash payments received to reporting date (the cost method)

In the prior year there was one additional method for estimating fair value. 'Comparable market rate analysis' method is no longer used and these components of the PDP asset are now valued using the statistical regression analysis approach due to a broader depth of historical data available upon which to predict the future cash flows of these portfolios.

Our audit procedures differed depending on the valuation method used and are described below.
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1a. Statistical regression analysis and discounted cash flow modelling

This valuation approach is used for PDPs where liquidation is expected to be through the receipt of cash from the original customers. Pioneer Credit engaged an external consultancy firm with expertise in statistical regression and predictive analysis modelling to assist them in developing the models used for 30 June 2017.

As explained in note 5.b) of the financial report, the models use regression analysis to predict the timing and amount of future uncertain cash flows across PDPs based on analysis of historic data.

While there was no fundamental change in the underlying methodology – using historic data to predict future cash flows and discounting back to
</td><td>
The focus of our audit procedures, assisted by PwC actuarial experts and valuations specialists, included:

• Model design – whether the structure of the models is appropriate for determining the fair value of the PDPs

• Model inputs – testing the accuracy and completeness of the information used within the models

• Evaluating model outputs – tested the accuracy of the model output and considered whether the fair value met our expectations.

Our detailed procedures included:

Model design

We performed the following procedures, amongst others:

• understood, critically assessed and independently re-performed the statistical and actuarial analysis used by
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Key audit matter	*How our audit addressed the key audit matter*
present value, the detailed valuation approach and methodology for these PDPs at 30 June 2017 differed to 30 June 2016 due to the use of a new suite of models. The output from Pioneer Credit's statistical regression analysis model is a series of estimated future monthly cash flows from each category of customer. The estimated cash flows are calculated based on a customer's statistically determined likelihood of making payments. These cash flows are then adjusted for the Group's assessment of modelling risk before being discounted to present value to determine the fair value of the PDP portfolio. Modelling risk is explained in note 5.b) to the financial report. It is significant to the Group due to the inherent uncertainty of predicting future cash flows based on limited historic information. The key judgements involved in estimating fair value under this method are the discount rate and the timing and amount of cash flows from customers.	the Group to determine the construction of the cash flow models • considered if the model design appropriately included the factors that impact the amounts and timing of cash flows from customers • re-performed a selection of mathematical calculations in the models • considered the adequacy of the scope of work of the external consultant who assisted in the design of the models and whether the external consultant was appropriately qualified to perform the work. *Model input* We performed the following procedures, amongst others: • tested whether the assumptions and predictive factors within the models were consistent with historical experience and wider economic trends • tested a sample of customer characteristics, such as days since last payment and personal information, within the models to source documentation or systems information • assessed whether the discount rate used reflected the risks of the PDPs, including comparison of the discount rates used to externally available interest rates for similar products (e.g personal loans, credit cards). • performed sensitivity analysis on assumptions and challenged the Group on the assumptions that had a significant impact on the valuations such as expected liquidations and discount rate. *Evaluating model output* These procedures were performed to evaluate the models outputs, subsequent to the Group's risk adjustments. We performed the following procedures, amongst others: • considered if the movement in fair value of the PDPs over the year was consistent with our knowledge of the business and industry • compared the fair value at 30 June 2017 using the superseded models used by Pioneer Credit, to the fair value calculated by the current period model. We analysed key differences to identify if there were other factors that should be taken into account for the 30 June 2017 model or process, and if the movements were consistent with our understanding of the different approaches used in the current and previous models. • compared the fair value of PDPs to recent PDP purchases and sale values. Where there were differences in value, determined whether the reasons were consistent with our knowledge of the business and the industry. The models remain sensitive to the inherent uncertainty of predicting future cash flows based on limited historical information.

Key audit matter	*How our audit addressed the key audit matter*
1b. Cost method The Group determined that one material portfolio of PDPs, which was purchased within 3 months prior to 30 June 2017, had some different product characteristics to Pioneer's existing portfolio base. Fair value for this portfolio was estimated by the Group using the price paid for the PDPs at the acquisition date less cash receipts received to reporting date (the cost method). The key area of judgement for this portfolio's fair value is whether there has been any significant changes in the period after acquisition to 30 June 2017 that would impact fair value. At 30 June 2016, all PDPs purchased within 3 months relating to personal loans and credit card related debts used the cost method to determine fair value. As explained in note 5.b) of the financial report, most recently purchased PDPs now estimate fair value using the modelling approach referred to in 1a) above.	We agreed the recorded cost and purchase date of this portfolio through to the original purchase contract, and assessed if the contract resulted from a competitive tender process. We also considered the performance of the portfolio since acquisition date by assessing the level of cash receipts versus the PDP portfolio average as a whole and considered whether there were any indications that the carrying value of the investment was not appropriate.
2. Borrowings The purchase of new PDPs is typically funded through a combination of available cash generated through operations, capital raising and borrowings from financial institutions. At 30 June 2017, Pioneer Credit had a borrowing liability (current and non-current) of $80.39 million representing 89% of total liabilities. Borrowings as a percentage of the total PDP asset is 48.88% at 30 June 2017. Pioneer Credit refinanced the banking facilities during the year, replacing the old facility with a new facility from 2 separate lenders. The terms and conditions of the borrowings are detailed in note 10.d) of the financial report. The borrowing agreements contain financial covenants that Pioneer must comply with. The refinancing of borrowings was a significant event during the year. Further, borrowings is a key number in the balance sheet and will remain an important funding mechanism for continued growth. Therefore, in our view, borrowings is important to the readers understanding of the financial report. As a result of these items we consider accounting for borrowings to be a key audit matter at 30 June 2017.	We obtained confirmations from the Group's banks for all borrowings to test the amounts recorded in the financial statements. We read the most up-to-date agreements between Pioneer Credit and its financiers to obtain an understanding of the terms associated with the facilities and the amount of facility available for drawdown. Where debt is regarded as non-current, we tested the Group's assessment that they had the unconditional right to defer payment such that there were no repayments required within 12 months from the balance date.

Other information

The directors are responsible for the other information. The other information comprises the Results for announcement to the market, Corporate Directory, Review of operations and activities, Director's report, Corporate Governance Statement and Shareholder information included in the Group's annual report for the year ended 30 June 2017 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 10 to 18 of the directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of Pioneer Credit Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

PricewaterhouseCoopers

PricewaterhouseCoopers

William P R Meston
Partner

Perth
24 August 2017

Shareholder information

The shareholder information set out below was applicable as at 2 August 2017.

Distribution of securities

a) Analysis of numbers of equity security holders by size of holding

Holding	Holders	Ordinary shares
1 – 1,000	528	254,120
1,001 – 5,000	731	2,045,848
5,001 – 10,000	349	2,719,211
10,001 – 100,000	540	15,499,840
100,001 and over	67	40,446,778
	2,215	60,965,797

There were zero 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 securities are:

	Ordinary shares	
Name	Number held	Percentage of issued shares
Avy Nominees Pty Ltd	5,860,656	9.61%
JP Morgan Nominees Australia Limited	5,193,784	8.52%
Wroxby Pty Ltd	2,689,298	4.41%
National Nominees Limited	2,450,108	4.02%
HSBC Custody Nominees (Australia) Limited	2,168,450	3.56%
BNP Paribas Nominees Pty Ltd	1,897,414	3.11%
BNP Paribas Noms Pty Ltd	1,863,864	3.06%
Citicorp Nominees Pty Limited	1,773,272	2.91%
Midbridge Investments Pty Ltd	1,023,171	1.68%
Citicorp Nominees Pty Limited	937,942	1.54%
BNP Paribas Nominees Pty Ltd	839,647	1.38%
RBC Investor Services Australia Nominees Pty Limited	760,982	1.25%
Coolah Holdings Pty Ltd	725,000	1.19%
Niribi Pty Limited	698,629	1.15%
Sharlin Nominees Pty Limited	611,791	1.00%
Hoperidge Enterprises Pty Limited	545,000	0.89%
Carole Vines	450,574	0.74%
James Arthur Singh & Kristy Nicole Milward	450,425	0.74%
Bernard Owen Stephens & Erin Josephine Stephens	400,000	0.66%
Midbridge Investments Pty Ltd	366,145	0.60%

c) Unquoted equity securities

	Options	
Name	Number held	Number of holders
Mr Michael Smith	300,000	1

	Indeterminate rights	
Name	Number held	Number of holders
Mr Keith R John	60,000	1

	Performance rights	
Name	Number held	Number of holders
Employee Incentive Plan	1,742,000	15

d) Substantial holders

Substantial holders in the Company are set out below:

Name	Number held	Percentage of issued shares
Mr Keith R John	7,625,585	12.51%
OC Funds Management	4,419,000	7.25%
Celeste Funds Management Limited	3,247,941	5.33%

Securities subject to voluntary escrow

Escrow ends	Class	Number of shares
6 July 2018	Ordinary shares	65,684
18 July 2018	Ordinary shares	45,487
6 July 2019	Ordinary shares	70,906
18 July 2020	Ordinary shares	60,112

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.