

Collection House Limited

ASX Half Year information - 31 December 2011

Lodged with the ASX under Listing Rule 4.2A.
This information should be read in conjunction with the
30 June 2011 Annual Report

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Collection House Limited
For the half-year ended 31 December 2011
(Previous corresponding period: Half-year ended 31 December 2010)

Results for Announcement to the Market

		%		\$'000
Revenue from continuing activities (Appendix 4D item 2.1)	up	14.72 %	to	44,379
Profit / (loss) from continuing activities after tax attributable to members (Appendix 4D item 2.2)	up	24.08 %	to	6,357
Net profit / (loss) for the period attributable to members (Appendix 4D item 2.3)	up	24.08 %	to	6,357

Dividends / distributions (Appendix 4D item 2.4)	Amount per security	Franked amount per security
Current period		
Final dividend (year ended 30 June 2011, paid 25 November 2011)	3.10	3.10
Interim dividend (year ended 30 June 2012, to be paid 23 March 2012)	3.20	3.20
Previous corresponding period		
Final dividend (year ended 30 June 2010, paid 26 November 2010)	3.00	3.00
Interim dividend (year ended 30 June 2011, paid 25 March 2011)	3.10	3.10

Key Ratios	2011	2010
	December	December
Basic earnings per share (cents)	6.43	5.26
Diluted earnings per share (cents)	6.38	5.21
Net tangible assets per share (cents)	86.05	89.59
Return on Equity (%)	6.14	5.46

Record date for determining entitlements to the interim dividend
Payment date for interim dividend

9 March 2012
23 March 2012

Explanation of Results (Appendix 4D item 2.6)
Refer to Directors Report - Review of operations

Explanation of Dividends (Appendix 4D item 2.6)
Refer to Directors Report - Dividends

Control gained or lost over entities in the half-year (Appendix 4D items 4.1 to 4.3)

PH Collections (Australasia) Pty Ltd was acquired by the Group on 1 July 2011. The acquisition did not have a material impact on profit or loss or net assets for the Group.

Dividend Reinvestment Plans (Appendix 4D item 6)

During the period, \$0.849m was raised under a Dividend Reinvestment Plan. The last date for the receipt of the election notice to participate was 11 November 2011.



23 February 2012

Increased Collections Support Earnings Spike

Key Financial Highlights

Leading Australian receivables manager Collection House Limited (ASX Code: CLH) today reported a 24% spike in after-tax earnings to \$6.4M on the back of a 12% jump in Purchased Debt Ledger ('PDL') collections and commission revenue to \$62.7M for the December 2011 half-year, compared to the previous corresponding period.

The profit result represents earnings per share of 6.4 cents, enabling an increased 3.2 cents per share interim dividend to be declared on the expanded capital base, following a successful capital raising in November. The fully franked dividend represents a 50% pay-out ratio and will be paid to shareholders on 23 March 2012.

The Dividend Re-investment Plan will be operative in respect to this dividend and the share dividend discount price is 5%.

Increased PDL Investment

Chief Executive Officer Matt Thomas said the increased PDL collections follows significantly higher investment levels in PDLs, particularly from the December 2010 half-year. Current purchasing commitments for the full year equate to investment of \$61m, within the \$60-70m target range set for FY12. All PDLs will be sourced in familiar Australian/NZ markets.

PDL purchases in the current half-year totalled \$31M, an increase of 27% compared to the previous corresponding period. This investment in fresh debt during the current 6 months has been complemented by an equally important investment in 50 new people to collect this additional debt.

Optimal productivity of the recent hires can be expected following 6 months of training and experience, so the combined economic impact of rising employee productivity and increased operational scale should support continued earnings growth into the next financial year.

Increased Repayment Arrangement Book

Continuing the trend of recent years the repayment arrangement book (including litigated and insolvency accounts) grew by 12% to \$229M as at 31 December 2011. This substantial increase in the value of debt supported by regular repayment payment arrangements serves to generate cash for an extended period with a higher degree of certainty. Moreover, many individual debtors who maintain an agreed repayment arrangement may have their credit rating restored in the future, so all parties to the arrangement derive meaningful benefits.



PDL Debt Funding

PDL debt funding has been contained to 46% of the PDL carrying value as at 31 December 2011, despite the significant ramp-up in PDL volumes during the current reporting period. The Board considers that the slightly reduced dividend pay-out ratio compared to recent years is appropriate for the current debt level. The measurably higher repayment arrangement book and resultant dependable cash-flows also support the current PDL debt funding ratio. This view is shared by our bankers, which is important given the present robust PDL pipeline.

Key Financial Highlights

\$m	1H10	1H11	1H12	% pcp
Net Profit After Tax	5.5	5.1	6.4	24.1
PDL Collections and Commission	52.8	55.9	62.7	12.1
Return on Equity (Annualised)	9.7%	10.5%	11.9%	13.3
EBITDA	25.9	28.6	32.4	13.3
EBIT	9.2	10.1	12.3	21.8
EBIT Margin	25%	26%	28%	7.7
PDL debt funding /PDL carrying value%	47%	46%	46%	0.2
EPS (c)	5.7	5.3	6.4	22.2
DPS (c)	2.8	3.1	3.2	3.2



Outlook

Second half results will be supported by higher PDL inventory levels and the continuation of improving results in the Commission Collections business segment (1st half revenue up 15% pcp). The benefit of higher productivity levels from recently hired collection staff and the planned use of offshore collection staff from the final quarter should assist the improving EBIT margin trend of the past 2 years.

Despite an uncertain economic outlook and fragile consumer confidence, we are well positioned to deal with these circumstances should they persist throughout the remainder of the financial year.

Accordingly, and in view of our increased investment in Purchased Debt and improving outlook for Commission Collections business, the Board updates expectations of net profit after tax to \$11.5 – 12m for the FY12 full year.








Chairman John Pearce said of the result; “Our key performance measures are trending in the right direction as we continue to work toward narrowing the gap between our reported net asset per share value of \$0.99 and the current share price”.

For more information please contact:

Matthew Thomas
Chief Executive Officer
Collection House Limited
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The Collection House Group
www.collectionhouse.com.au

Collection House Limited	Debt collection and receivables management	
Lion Finance Pty Ltd	Debt purchasing and recovery	
Jones King Lawyers Pty Ltd	Legal services including insolvency administration	
Midstate Credit Management Services Pty Ltd	Debt collection services, specialising in Local Government	
Collective Learning and Development Pty Ltd	Credit management and related training services	
Cashflow Accelerator Pty Ltd	Credit risk assessment and cash flow optimisation services	
Founding Partner of Financial Basics Foundation	Financial Education for young people	

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Collection House Limited (the Company) and the entities it controlled at the end of, or during, the half year ending 31 December 2011 (the Group).

DIRECTORS

The names of the directors of the Company in office during the half-year and until the date of this report are:

John Pearce
Dennis Punches
Tony Coutts
Kerry Daly
David Gray
Bill Kagel (retired 28 October 2011)

PRINCIPAL ACTIVITIES

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

OVERVIEW OF OPERATIONS

The Company achieved a strong 25% rise in profit before tax and significant items to \$9.2 million (2010 - \$7.5 million) for the six month period, the fifth consecutive year of improvement in the business. Earnings per share (EPS) was 6.4 cents.

Each of the Company's operating segments delivered an underlying pre-tax profit. The directors declared a fully-franked interim dividend of 3.2 cents a share, payable on 23 March 2012. This is up 3.2 per cent on the franked dividend of 3.1 cents a share for the previous corresponding period.

On 5 August 2011, the Company confirmed an interest rate swap transaction for an amount of \$26.0m at a fixed rate of 4.50% per annum effective as at 11 August 2011 and continuing until 12 August 2013. On 19 September 2011 the Company confirmed an interest rate swap transaction for an amount of \$25.9m at a fixed rate of 4.20% per annum effective as at 19 October 2011 and continuing until 21 October 2013. A financial asset or financial liability has not been recognised in relation to the arrangement, as it is not considered to have a material impact on results.

During the period, \$0.849M was raised under a Dividend Reinvestment Plan and \$5M by way of a placement with sophisticated and professional investors. The \$5M placement comprised 2 tranches; the first tranche valued at \$3.04M settled on 29 November and the second tranche worth \$1.96 which subsequently settled on 23 January 2012.

PH Collections (Australasia) Pty Ltd was acquired by the Company in July 2011 and was successfully integrated into Jones King Lawyers Pty Ltd. The acquisition contributed \$0.2m to pre tax earnings for the half.

During the relevant period, 172,500 unlisted and vested options were exercised by current or previous employees under the Employment Share Option Plan (ESOP). In addition, 1,200,000 unlisted and vested options were exercised by the former MD/CEO, Mr Tony Aveling, in accordance with his Employment Agreement. For further details relating to the terms of the ESOP and the former MD/CEO options, refer to the 2011 Annual Report.

The strong earnings result was due to a range of factors including:

- A continued disciplined approach to debt purchases while growing the Purchased Debt Ledger (PDL) book
- Application of technology and analytics has contributed to improving productivity levels particularly in the PDL business, with higher value has been obtained from older purchased accounts through analytics
- Strengthening of operational and tactical relationships improving our ability to meet client needs and obtain new clients
- Improving results in the Commission Collections Services business evidencing better success rates
- Disciplined management of operating expenses.

Key Financial Results – Consolidated – (Million)

	1H 2010	1H 2011	1H 2012
Profit Before Tax	\$6.9	\$7.4	\$9.2
Significant items	–	\$0.1	–
Profit Before Tax and significant items	\$6.9	\$7.5	\$9.2
Taxation	-\$1.4	-\$2.3	-\$2.9
Net Profit After Tax	\$5.5	\$5.1	\$6.4
PDL Collections and Commission	\$52.8	\$55.9	\$62.7
EBITDA*	\$25.9	\$28.6	\$32.4
EBIT	\$9.2	\$10.1	\$12.3
EBIT Margin	25%	26%	28%
EPS (cents)	5.7	5.3	6.4
DPS (cents)	2.8	3.1	3.2

* EBITDA includes Fair Value through Profit and Loss adjustment

Key Financial Results - by Segment - (Million)

	Collection Services		Account asset management		Consolidated	
	1H 2011	1H 2012	1H 2011	1H 2012	1H 2011	1H 2012
Revenue						
Sales from external customers	16.4	18.9			16.4	18.9
Collections from Purchased Debt Ledgers			39.7	43.9	39.7	43.9
Fair Value Movement in Purchased Debt Ledgers			(17.2)	(18.3)	(17.2)	(18.3)
Total segment revenue	16.4	18.9	22.5	25.7	38.9	44.6
Intersegment elimination					(0.2)	(0.2)
Consolidated revenue					38.7	44.4
Results						
Segment result	3.2	3.7	9	11.0	12.2	14.7
Interest expense & borrowing costs					(2.8)	(3.1)
Unallocated revenue less unallocated expenses					(2.0)	(2.4)
Profit before Tax					7.4	9.2
Taxation					(2.3)	(2.9)
Net Profit After Tax					5.1	6.4

Lion Finance Pty Ltd

Total PDL purchases for this special purpose subsidiary increased 27% half on half. This increase in PDL purchases saw collections increase 10.7%.

The repayment arrangement book (payment arrangements, legal arrangements and insolvency agreements) grew 12% half on half to \$229m and now provides up to 55% of total collections monthly.

Commission Collections Services

The Commission Collections business continues to be very competitive and a number of opportunities have not been secured due to available margins being below acceptable and historic levels. Despite this, revenue half on half grew 15.3 percent. Our strategy of promoting specialised or value-added services to selected key organisations is therefore showing some success, and we will continue to capitalise on and reinforce our organisational strengths of people and culture, ethics and compliance, diversity and technology.

OUTLOOK

Near term

Technology and analytics will continue to support productivity improvements, as will increased offshore support by late FY12.

Board and Management are committed to delivering a fifth consecutive year of earnings growth.

Volatility in economic conditions and uncertainty regarding employment is reflecting in consumer confidence, and this can have an impact on recovery rates. However we have successfully grown the business through such conditions before (GFC) and the flow on effect is possible lower consumer debt prices and/or higher debt volumes.

Based on past experience, the second half is more challenging from a business perspective, but strong levels of debt purchases and successful execution of strategic priorities in the first half have left the Company well placed to deliver positive outcomes in the future. Accordingly, and in view of our increased investment in Purchased Debt Management and improved outlook for the Commission Collections Services, the Board updates its expectations of net profit after tax of \$11.5 – 12m for the FY12 full year.

Lion Finance

An estimated \$61m in PDL purchases have been secured primarily in forward flow contracts. The increased investment in purchased debt ledgers will drive revenue growth and continue the upward trend in customer arrangements.

The majority of our PDL purchases were funded from operating cash flow and the recently completed capital raising and dividend reinvestment plan, leaving in excess of \$15m head room in our debt facility.

Commission Collections Services

The Commission Collections business (comprising Collection House and Midstate Credit Management Services Pty Ltd) remains challenging however, during the half, significant new contracts were entered into. Revenues increased 15% from the prior corresponding half and these improved results are expected to continue.

Long term

Collection House has established a sustained track record of increasing profitability and dividend payments for shareholders over recent years.

STRATEGIC INITIATIVES

During the period, the Company has:

- focussed on increasing the number of repayment arrangements with customers. Debts under repayment arrangements are more profitable than those which are not
- focussed on maximising productivity of staff across the Company
- increased revenue from the PDL portfolio. Set against a relatively stable cost base, this has the effect of increasing profitability
- Rolled out the first stage of the renewal of its proprietary IT based collections platform. The next generation "C5" will take advantage of new technology and provide better information and support to both operational and support staff, and better meet the needs of our clients
- Developed a new marketing plan, which is currently being implemented
- Continued to invest in staff development and incentives

- Invested in new tools which allow better portfolio analytics and segmentation to improve collection strategies and profitability.

Looking forward, the Company will continue to focus on these initiatives in the short term.

In the longer term, there are other opportunities to explore including:

- better capital management
- entering fresh markets
- releasing new products and services
- gaining new clients
- growing the legal services business.

COLLECTION HOUSE LIMITED - OVERVIEW

Who we are

Collection House Limited is a public Company which listed on the Australian Securities Exchange on 4 October 2000. The Collection House Group of Companies employs over 560 trained personnel in 9 Australasian locations.

The Group focuses on providing receivables management, debt purchasing and debt collection services in all Australian states and territories and throughout New Zealand. The Company aims to position itself as a significant player in large corporate debt collection and purchasing markets in Australia and New Zealand, with a reputation for reliability, integrity, high quality services, and as an ethical and compassionate collector of debts, a good employer and corporate citizen.

The Company has two operating divisions, Commission Collections Services conducted in the name of Collection House along with its subsidiary Midstate Credit Management Services Pty Ltd and Account asset management conducted by our debt purchase subsidiary Lion Finance Pty Ltd. The Company operates in New Zealand through our wholly owned subsidiary Collection House (NZ) Limited, collecting both contingent debt and referred purchased debt.

Included in the Commission Collections Services business is the wholly owned incorporated legal practice Jones King Lawyers Pty Ltd, which provides in-house legal services to the Commission Collections Services business, PDL subsidiary and acts for third party clients.

Our markets

The Collection House Group operates in the Australian and New Zealand debt collection markets.

The Commission Collections Services business collects debts on a commission basis for large corporate customers. Our market segments for this business are large financial institutions, both bank and non-bank, and a range of corporate customers, including telecommunications, and insurance. This business also provides a full receivables management service to customers on a fee for service basis if required. The Commission Collections Services business does not operate in the small end of this market place, as this segment can be better served by others.

The PDL subsidiaries specialise in purchasing distressed and overdue debts from a range of debt issuers who are no longer willing or able to collect them. Its market segments for this business are large banks and finance companies, and telecommunications companies.

The Company is the second largest operator in its chosen markets in both Australia and New Zealand.

Our strengths

The Company has a number of strengths which support its operations:

- Many years of experience in its chosen markets. The Company has been operating in its chosen markets as an ASX-listed entity since 2000, and before that as a private organisation for a number of years. Over that time, the Company has gained significant experience and knowledge of the businesses which it currently operates.
- Experience across the full debt collection spectrum in both Australia and New Zealand. An experienced, professional and stable board of directors and executive team. The board of directors and senior management of the Company are all experienced professionals with a strong knowledge of debt collection. Both the board and senior management have remained stable over many years, providing strength and continuity to the Company.

- An experienced, professional and stable employee team. The Company focuses on and commits significant resources to training and looking after its employee team because we believe that the employees are the most important asset that it has. Stability within the employee team is as important, as it is within the executive team, in order to maintain and take advantage of employee experience and knowledge in the Company.
- A strong corporate and compliance culture which promotes professionalism, ethical collections and employee ownership in everything we do.
- A sophisticated and proprietary technology platform which is evolving in line with our chosen markets and customer needs.
- A database of over 7 million accounts with which the Company has dealt.

Our drivers of financial success:

There are a number of critical factors which drive the success of the Company.

Critical factors which are common across the Company:

- *Good information sources*

The key to successful debt collection is accurate and reliable information. Accurate information facilitates everything which the Company does. The Company has invested significant resources into developing a strong and usable proprietary IT based collections platform which underpins all activity across the Company.

The collections platform is under continuous improvement and development which allows the Company to take advantage of technology advances as they occur, and to meet the needs of external clients on a timely basis.

- *Productive employees*

Productive employees are a critical factor in the Company's success. With constant pressure on costs, and employee costs being a significant item for the Company, ensuring that all employees, both operational and support, are productive remains critical to our success.

- *A strong understanding of all aspects of the debt collection process*

The Company considers that it is critical that all aspects of the debt collection process are understood in detail.

For operational staff, this means understanding how to collect debts in a professional, ethical and compliant but cost effective manner.

For support staff, this means understanding the dynamics of the debt collection process as it relates to their work, and providing effective and meaningful support to operational staff.

- *Reliable, timely and accurate internal and external reporting systems*

All activities of the Company need to be monitored and controlled on a timely basis. At Collection House, this is facilitated by the provision of reporting on a continuous basis to all levels of management.

Our collections platform is the centrepiece of the Company's reporting systems, feeding statistical data to operational managers, financial data to the finance team for financial reporting, and other relevant data to the other support teams.

Critical factors related to Commission Collections Services

- *The ability to service the needs of clients in a manner that generate profits for the Company.*

Meeting the needs of clients is critical to this business. Margins are under constant pressure from clients, and there are many organisations prepared to undercut Collection House to get business. The Company's response to this is to provide pro-active and superior service to clients to meet their needs. Our clients require ongoing reporting of performance and regular and timely remittance of funds collected on their behalf.

Critical factors related to Account asset management

- *The ability to accurately determine the price which the Company will pay for debts.*

The price paid for a debt is a critical input to being able to make a profit on any debt purchase. The Company has invested significant resources in being able to accurately price debts prior to putting in a bid to purchase.

The ability to correctly price debts is reliant upon having access to good sources of information, and skilled employees making the pricing determination. The Company has access to the complete history of its own debt collection activities, and uses this information extensively together with other publicly available information to understand a particular debt portfolio prior to purchase.

Our employees are highly skilled and trained and are able to make accurate assessments of the correct price which should be paid for debts.

- *The ability to accurately determine the value of the purchased debt portfolio as any point in time.*

As important as purchasing debts at the correct price is knowing the true value of the portfolio on an ongoing basis. With this knowledge, the Company is able to manage the portfolio on an ongoing basis and take corrective action if required.

The same information systems and employee skills which enable to the Company to accurately price debts enable the Company to effectively manage the debt portfolio on a day to day basis.

- *The ability to put debtors onto a payment plan. Converting as many of the debts in the portfolio as possible into regular paying arrangements is critical to the business success of the Company.*

Having a plan in place increases the recoverability of a debt, which increases the profitability of the portfolio and the Company. The Company puts significant resources into negotiating as many purchased debts as possible onto arrangement, as soon as possible.

DIVIDENDS

Subsequent to 31 December 2011, the directors recommended payment of an interim fully franked dividend of 3.2 cents per fully paid ordinary share (2010 – 3.1 cents fully franked) to be paid on 23 March 2012.

EARNINGS PER SHARE

Basic earnings per share for the financial half-year were **6.4** cents (2010 - **5.3** cents): an increase of **22.2%**.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

(a) Interim Dividend

A fully franked interim dividend has been declared of **3.2** cents per fully paid ordinary share, for a total of \$3.4million. No provision has been raised in these accounts.

(b) Private Placement – Second Tranche

As disclosed in the Overview of Operations on page 6, an additional 2,800,000 ordinary shares were issued upon settlement of a second tranche on 23 January 2012.

Other than the above, the directors are not aware of any other material matter or circumstance that has occurred subsequent to the half-year end that has significantly affected, or may significantly affect, the operations of the Company or economic entity, the results of those operations or the state of affairs of the Company or economic entity in subsequent financial years.

ROUNDING OF AMOUNTS

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

AUDITOR

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

The auditors have provided the Board of directors with a signed Independence Declaration in accordance with S307C of the Corporations Act 2001. This declaration is attached to the Directors' Report.

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

COLLECTION HOUSE LIMITED

John Pearce
Chairman



Brisbane
23 February 2012

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

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2011, there have been:

- a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) No contraventions of any applicable code of professional conduct in relation to the review.

LAWLER HACKETTS AUDIT



Liam Murphy
Partner

Brisbane, 23 February 2012

Collection House Limited
Income statement
For the half-year ended 31 December 2011

	Notes	Half-year Consolidated	
		31 December 2011 \$'000	31 December 2010 \$'000
Commission		18,558	15,999
Other revenue		150	198
Collections of purchased debt ledgers		43,944	39,679
Change in Fair Value of purchased debt ledgers		<u>(18,273)</u>	<u>(17,191)</u>
Net gain on other financial assets - purchased debt ledgers		25,671	22,488
Revenue from continuing operations		44,379	38,685
Depreciation and amortisation expense		(1,968)	(1,337)
Other expenses		(2,641)	(2,275)
Employee expenses		(19,312)	(17,489)
Direct collection costs		(6,248)	(5,744)
Operating lease rental expense		(1,901)	(1,734)
Finance costs		<u>(3,095)</u>	<u>(2,714)</u>
Profit before income tax		9,214	7,392
Income tax expense	3	<u>(2,857)</u>	<u>(2,269)</u>
Profit from continuing operations for the half-year		<u>6,357</u>	<u>5,123</u>
Profit is attributable to:			
Equity holders of Collection House Limited		<u>6,357</u>	<u>5,123</u>
		<u>6,357</u>	<u>5,123</u>
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share	11	6.43	5.26
Diluted earnings per share	11	6.38	5.21

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

Collection House Limited
Statement of comprehensive income
For the half-year ended 31 December 2011

	Half-year Consolidated	
	31 December 2011	31 December 2010
Notes	\$'000	\$'000
Profit for the half-year	6,357	5,123
Other comprehensive income		
Exchange differences on translation of foreign operations	<u>(36)</u>	<u>(461)</u>
Total comprehensive income for the half-year	<u>6,321</u>	<u>4,662</u>
Total comprehensive income for the half-year is attributable to:		
Equity holders of Collection House Limited	<u>6,321</u>	<u>4,662</u>
	<u>6,321</u>	<u>4,662</u>

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

Collection House Limited
Balance sheet
As at 31 December 2011

		Consolidated	
		31 December	30 June
		2011	2011
Notes		\$'000	\$'000
ASSETS			
Current assets			
	Cash and cash equivalents	316	283
	Receivables	7,129	6,692
5	Other financial assets at fair value through profit or loss	35,966	44,598
	Other current assets	<u>15</u>	<u>17</u>
	Total current assets	<u>43,426</u>	<u>51,590</u>
Non-current assets			
5	Other financial assets at fair value through profit or loss	138,250	117,439
	Property, plant and equipment	5,838	6,221
	Intangible assets	23,439	22,813
	Other non-current assets	<u>323</u>	<u>414</u>
	Total non-current assets	<u>167,850</u>	<u>146,887</u>
	Total assets	<u>211,276</u>	<u>198,477</u>
LIABILITIES			
Current liabilities			
	Payables	7,850	6,948
	Borrowings	3,579	2,744
	Current tax liabilities	3,660	5,772
	Provisions	<u>2,138</u>	<u>2,072</u>
	Total current liabilities	<u>17,227</u>	<u>17,536</u>
Non-current liabilities			
6	Borrowings	80,600	73,900
	Provisions	308	360
	Deferred tax liabilities	<u>9,562</u>	<u>10,817</u>
	Total non-current liabilities	<u>90,470</u>	<u>85,077</u>
	Total liabilities	<u>107,697</u>	<u>102,613</u>
	Net assets	<u>103,579</u>	<u>95,864</u>
EQUITY			
7	Contributed equity	71,635	67,256
	Reserves	145	106
	Retained profits	<u>31,799</u>	<u>28,502</u>
	Total equity	<u>103,579</u>	<u>95,864</u>

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

Collection House Limited
Statement of changes in equity
For the half-year ended 31 December 2011

		Attributable to owners of Collection House Limited			
Consolidated	Notes	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 July 2010		67,256	294	24,321	91,871
Total comprehensive income for the half-year as reported in the 2010 financial statements		<u>-</u>	<u>(461)</u>	<u>5,123</u>	<u>4,662</u>
Transactions with owners in their capacity as owners:					
Dividends provided for or paid		-	-	(2,920)	(2,920)
Employee share options - value of employee services		<u>-</u>	<u>136</u>	<u>-</u>	<u>136</u>
Balance at 31 December 2010		<u>67,256</u>	<u>(31)</u>	<u>26,524</u>	<u>93,749</u>

		Attributable to owners of Collection House Limited			
Consolidated	Notes	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 July 2011		67,256	106	28,502	95,864
Total comprehensive income for the half-year as reported in the 2011 financial statements		<u>-</u>	<u>(36)</u>	<u>6,357</u>	<u>6,321</u>
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax		4,379	-	-	4,379
Dividends provided for or paid		-	-	(3,060)	(3,060)
Employee share options - value of employee services		<u>-</u>	<u>75</u>	<u>-</u>	<u>75</u>
Balance at 31 December 2011		<u>71,635</u>	<u>145</u>	<u>31,799</u>	<u>103,579</u>

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

Collection House Limited
Cash flow statement
For the half-year ended 31 December 2011

	Half-year Consolidated	
Notes	31 December 2011 \$'000	31 December 2010 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	64,491	57,495
Payments to suppliers and employees (inclusive of goods and services tax)	<u>(32,356)</u>	<u>(30,344)</u>
	32,135	27,151
Interest received	20	33
Income taxes paid	<u>(6,224)</u>	<u>(1,445)</u>
Net cash (outflow) inflow from operating activities	<u>25,931</u>	<u>25,739</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(252)	(1,777)
Payments for other financial assets at fair value through profit or loss	(30,452)	(23,971)
Payments for intangible assets	<u>(950)</u>	<u>(61)</u>
Net cash (outflow) inflow from investing activities	<u>(31,654)</u>	<u>(25,809)</u>
Cash flows from financing activities		
Proceeds from issues of shares	4,379	-
Proceeds from borrowings	6,903	3,489
Borrowing costs	(814)	(706)
Repayment of borrowings	-	(255)
Interest paid	(2,282)	(2,007)
Dividends paid to company's shareholders	<u>(3,060)</u>	<u>(2,920)</u>
Net cash inflow (outflow) from financing activities	<u>5,126</u>	<u>(2,399)</u>
Net increase (decrease) in cash and cash equivalents	(597)	(2,469)
Cash and cash equivalents at the beginning of the half-year	(2,456)	(142)
Effects of exchange rate changes on cash and cash equivalents	<u>(3)</u>	<u>(461)</u>
Cash and cash equivalents at end of the half-year	<u>(3,056)</u>	<u>(3,072)</u>

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

1 Basis of preparation of half-year report

This consolidated interim financial report for the half-year reporting period ended 31 December 2011 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by Collection House Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the reclassification of interest expense and borrowing costs between operating and financing activities in the Cash Flow Statement, as detailed in note 1(b) below.

(a) New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period

For the half-year reporting period to 31 December 2011, a number of new and revised Accounting Standard requirements became mandatory for the first time, some of which are relevant to the Group. A discussion of these new and revised requirements that are relevant to the Group is provided below:

(i) AASB 124: Related Party Disclosures (December 2009)

AASB 124 (December 2009) introduces a number of changes to the accounting treatment of related parties compared to AASB 124 (December 2005, as amended), including the following:

The definition of a "related party" is simplified, clarifying its intended meaning and eliminating inconsistencies from the definition, including:

- the definition now identifies a subsidiary and an associate with the same investor as related parties of each other;
- entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other;
- the definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other; and
- the definition now clarifies that a post-employment benefit plan and an employer sponsor of such a plan are related parties of each other.

A partial exemption is provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.

Application of AASB 124 (December 2009) did not have a significant impact on the financial statements of the Group.

(ii) AASB 2010–4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]

This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. Key changes include:

- clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements;
- adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
- amending AASB 101 to clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- adding a number of examples to the list of events and transactions that require disclosure under AASB 134; and
- making sundry editorial amendments to various Standards and Interpretations.

Application of the amendments in AASB 2010–4 did not have a significant impact on the financial statements of the Group.

(continued)

1 Basis of preparation of half-year report (continued)

(iii) AASB 1054: Australian Additional Disclosures and AASB 2011-1: Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113]

AASB 1054 sets out the Australian-specific disclosures that are additional to IFRS disclosure requirements. The disclosure requirements in AASB 1054 were previously located in other Australian Accounting Standards

Application of AASB 1054 did not have a significant impact on the financial statements of the Group.

(b) Change in accounting policy and disclosure

The Group has reviewed its accounting policy with regard to the classification of interest paid and borrowing costs in the Cash Flow Statement. Interest paid and borrowing costs were previously disclosed in operating activities. However, under the provisions available to it in AASB 107 Statement of Cash Flows, the Group has decided that a reclassification of these expenses to financing activities better represents the movement of funds to/from all external parties, and improves the disclosure of the flow of funds used to finance the Group's income generating activities.

Changes have been applied retrospectively in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, resulting in a restatement of comparative balances in the Cash Flow Statement. This reclassification has no impact on the financial position, performance or earnings per share of the Group for the current and preceding periods.

The effects of the voluntary change in accounting policy for the period ended 31 December 2010 are as follows:

	Previously stated \$'000	Adjustment \$'000	Currently stated \$'000
Changes in operating activities arising from cash flow movements			
Receipts from customers (inclusive of goods and services tax)	57,495	-	57,495
Payments to suppliers & employees (inclusive of goods and services tax)	(31,050)	706	(30,344)
	26,445	706	27,151
Interest received	33	-	33
Interest paid	(2,007)	2,007	-
Income taxes paid	(1,445)	-	(1,445)
Net cash (outflow) inflow from operating activities	23,026	2,713	25,739
Changes in financing activities arising from cash flow movements			
Proceeds from borrowings	3,489	-	3,489
Borrowing costs	-	(706)	(706)
Repayment of borrowings	(255)	-	(255)
Interest paid	-	(2,007)	(2,007)
Dividends paid to company's shareholders	(2,920)	-	(2,920)
Net cash (outflow) inflow from financing activities	314	(2,713)	(2,399)

(continued)

2 Segment information

(a) Description of segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The consolidated entity is organised on a global basis into the following divisions by product and service type.

Commission Collection Services

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

Account Asset Management

The collection of debts from client ledgers acquired by the Group;

(b) Segment information provided to the Board of Directors

31 December 2011	Commission Collection Services \$'000	Account Asset Management \$'000	Total continuing operations \$'000	Consolidated \$'000
Segment revenue				
Sales to external customers	18,558	-	18,558	18,558
Intersegment sales	380	-	380	380
Total sales revenue	<u>18,938</u>	-	<u>18,938</u>	<u>18,938</u>
Collections of Purchased Debt Ledgers	-	43,944	43,944	43,944
Fair Value movement of Purchased Debt Ledgers	-	<u>(18,273)</u>	<u>(18,273)</u>	<u>(18,273)</u>
Net gain/(loss) on other financial assets	-	<u>25,671</u>	<u>25,671</u>	<u>25,671</u>
Total segment revenue	<u>18,938</u>	<u>25,671</u>	<u>44,609</u>	<u>44,609</u>
Intersegment elimination			<u>(230)</u>	<u>(230)</u>
Consolidated revenue			<u>44,379</u>	<u>44,379</u>
Segment result				
Segment result	<u>3,682</u>	<u>10,994</u>	<u>14,676</u>	<u>14,676</u>
Interest expense and borrowing costs			(3,095)	(3,095)
Unallocated revenue less unallocated expenses			<u>(2,367)</u>	<u>(2,367)</u>
Profit before income tax			9,214	9,214
Income tax expense			<u>(2,857)</u>	<u>(2,857)</u>
Profit for the half-year			<u>6,357</u>	<u>6,357</u>
Segment assets and liabilities				
Segment assets	<u>131,900</u>	<u>174,853</u>	<u>306,753</u>	<u>306,753</u>
Intersegment elimination			<u>(95,477)</u>	<u>(95,477)</u>
Total assets			<u>211,276</u>	<u>211,276</u>

(continued)

2 Segment information (continued)

31 December 2010	Commission Collection Services \$'000	Account Asset Management \$'000	Total continuing operations \$'000	Consolidated \$'000
Segment revenue				
Sales to external customers	15,999	-	15,999	15,999
Intersegment sales	<u>421</u>	-	<u>421</u>	<u>421</u>
Total sales revenue	16,420	-	16,420	16,420
Collections of Purchased Debt Ledgers	-	39,679	39,679	39,679
Change in Fair Value of Purchased Debt Ledgers	-	<u>(17,191)</u>	<u>(17,191)</u>	<u>(17,191)</u>
Net gain/(loss) on other financial assets	-	<u>22,488</u>	<u>22,488</u>	<u>22,488</u>
Total segment revenue	<u>16,420</u>	<u>22,488</u>	38,908	38,908
Intersegment elimination			<u>(223)</u>	<u>(223)</u>
Consolidated revenue			<u>38,685</u>	<u>38,685</u>
Segment result				
Segment result	<u>3,161</u>	<u>8,971</u>	12,132	12,132
Interest expense and borrowing costs			(2,712)	(2,712)
Unallocated revenue less unallocated expenses			<u>(2,028)</u>	<u>(2,028)</u>
Profit before income tax			7,392	7,392
Income tax expense			<u>(2,269)</u>	<u>(2,269)</u>
Profit for the half-year			<u>5,123</u>	<u>5,123</u>
Segment assets	<u>129,029</u>	<u>153,670</u>	282,699	282,699
Intersegment elimination			<u>(94,104)</u>	<u>(94,104)</u>
Total assets			<u>188,595</u>	<u>188,595</u>

3 Income tax expense

Half-year Consolidated	
31 December 2011 \$'000	31 December 2010 \$'000

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

Profit from continuing operations before income tax expense	<u>9,214</u>	<u>7,392</u>
Tax at the Australian tax rate of 30% (2010 - 30%)	2,764	2,218
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payments	23	41
Non-deductible expenses	25	19
Sundry items	<u>37</u>	<u>40</u>
	<u>2,849</u>	2,318
Adjustments for current tax of prior periods	<u>8</u>	<u>(49)</u>
Income tax expense	<u>2,857</u>	<u>2,269</u>

(continued)

4 Reconciliation of cash at the end of the year

The cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to cash and cash equivalents as shown in the balance sheet as follows:

	Consolidated	
	31 December 2011 \$'000	31 December 2010 \$'000
Cash at bank and in hand	316	377
Bank overdrafts included in current borrowings	<u>(3,372)</u>	<u>(3,449)</u>
Balances per cash flow statement	<u>(3,056)</u>	<u>(3,072)</u>

5 Other financial assets at fair value through profit or loss

	Consolidated	
	31 December 2011 \$'000	30 June 2011 \$'000
Current and Non-Current		
At beginning of the period	162,037	146,485
Additions (31 December 2011: 6 months; 30 June 2011: 12 months)	30,452	48,625
Collections disclosed in profit (31 December 2011: 6 months; 30 June 2011: 12 months)	(43,944)	(78,042)
Fair value gain / (loss) disclosed in profit	<u>25,671</u>	<u>44,969</u>
At end of period	<u>174,216</u>	<u>162,037</u>

	Consolidated	
	31 December 2011 \$'000	30 June 2011 \$'000
Current and Non-Current		
Other financial assets at fair value through profit or loss	<u>174,216</u>	<u>162,037</u>
	<u>174,216</u>	<u>162,037</u>

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

	Consolidated	
	31 December 2011 \$'000	30 June 2011 \$'000
Current	35,966	44,598
Non Current	<u>138,250</u>	<u>117,439</u>
Total other financial assets at fair value through profit or loss	<u>174,216</u>	<u>162,037</u>

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

(continued)

6 Non-current liabilities - Borrowings

	Consolidated	
	31 December	30 June
	2011	2011
	\$'000	\$'000
Secured - Bank loans	80,600	73,900
Total non-current borrowings	80,600	73,900

(a) Varied Multiple Option Facility

On 14 June 2011, the Company's Multiple Option Facility (MOF) with Westpac Banking Corporation (Westpac) was varied by an increase in the facility limit from \$85m to \$100m in support of additional growth, with the Loan Valuation Ratio (LVR) increased to 55 per cent reflecting a lower risk profile.

On 5 August 2011, the Company confirmed an interest rate swap transaction for an amount of \$26m at a fixed rate of 4.50% per annum effective as at 11 August 2011 and continuing until 12 August 2013. On 19 September 2011 the Company confirmed an interest rate swap transaction for an amount of \$25.9m at a fixed rate of 4.20% per annum effective as at 19 October 2011 and continuing until 21 October 2013.

A financial asset or financial liability has not been recognised in relation to the arrangement, as it is not considered to have a material impact on the results.

Funds have been drawn down to fund purchased debt ledger acquisitions.

(continued)

7 Contributed equity

	Company		Company	
	31 December 2011 Shares	30 June 2011 Shares	31 December 2011 \$'000	30 June 2011 \$'000
Ordinary shares				
Fully paid	<u>104,237,794</u>	<u>97,321,881</u>	<u>71,635</u>	<u>67,256</u>
	<u>104,237,794</u>	<u>97,321,881</u>	<u>71,635</u>	<u>67,256</u>

(a) Movements in ordinary share capital:

Issues of ordinary shares during the half-year

Date	Details	Number of shares	\$'000
1 July 2010	Opening balance	<u>97,321,881</u>	<u>67,256</u>
30 June 2011	Closing balance	97,321,881	67,256
1 July 2011	Opening balance	97,321,881	67,256
27 July 2011	Employee options exercised	15,000	7
18 October 2011	Employee options exercised	1,207,500	595
26 October 2011	Employee options exercised	150,000	74
25 November 2011	Dividend reinvestment plan issues	1,210,745	849
29 November 2011	Share issue	4,332,668	3,037
	Less: Transaction costs arising on share issue		(183)
31 December 2011	Closing Balance	<u>104,237,794</u>	<u>71,635</u>

8 Dividends

Half-year Parent entity	
31 December 2011 \$'000	31 December 2010 \$'000

(a) Ordinary shares

Fully franked final dividend for the year ended 30 June 2011 of 3.1 cents (2010 - 3.0 cents, fully franked) per fully paid share paid on 25 November 2011.
Dividends satisfied under the Dividend Reinvestment Plan

<u>3,060</u>	2,920
<u>(849)</u>	-
<u>2,211</u>	<u>2,920</u>

(continued)

8 Dividends (continued)

(b) Dividends not recognised at the end of the half-year

In addition to the above dividends, since the end of the half-year the directors have recommended the payment of an interim dividend of 3.2 cents per fully paid ordinary share (2010 - 3.1 cents, fully franked), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 23rd March 2012 out of a positive net asset balance and retained profits at 31 December 2011, but not recognised as a liability at the end of the half-year, is

<u>3,425</u>	<u>3,017</u>
<u>3,425</u>	<u>3,017</u>

(c) Franked dividends

The franked portions of the interim dividend recommended after 31 December 2011 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax.

9 Contingencies

(a) Contingent liabilities

There have been no material changes in contingent liabilities subsequent to the contingent liabilities disclosed in the last annual report for the year ended 30 June 2011.

10 Commitments

There have been no changes in commitments subsequent to the commitments disclosed in the last annual report for the year ended 30 June 2011.

(continued)

11 Earnings per share

	Half-year Consolidated	
	31 December 2011 Cents	31 December 2010 Cents
(a) Basic earnings per share		
From continuing operations attributable to the ordinary equity holders of the company	6.43	5.26
Total basic earnings per share attributable to the ordinary equity holders of the company	6.43	5.26
(b) Diluted earnings per share		
From continuing operations attributable to the ordinary equity holders of the company	6.38	5.21
Total diluted earnings per share attributable to the ordinary equity holders of the company	6.38	5.21
(c) Reconciliations of earnings used in calculating earnings per share		
	Half-year Consolidated	
	31 December 2011 \$'000	31 December 2010 \$'000
<i>Basic earnings per share</i>		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	6,357	5,123
	6,357	5,123
<i>Diluted earnings per share</i>		
Profit attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	6,357	5,123
	6,357	5,123
(d) Weighted average number of shares used as the denominator		
	Half-year Consolidated	
	31 December 2011 Number	31 December 2010 Number
<i>Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share</i>	98,852,834	97,321,881
Adjustments for calculation of diluted earnings per share:		
Options	711,488	1,059,181
Share placement - January 2012	18,865	-
<i>Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share</i>	99,583,187	98,381,062

12 Events occurring after the reporting period

(a) Dividend

A fully franked interim dividend has been declared of 3.2 cents per fully paid ordinary share for a total of \$3.4 million. No provision has been raised in these accounts.

(b) Issue of shares

Additional 2,800,000 ordinary shares will be issued upon settlement of a second tranche on 23 January 2012 as part of the Private Placement @ 70.1 cents per share in November 2011.

Other than the above, the directors are not aware of any other material matter or circumstance that has occurred subsequent to half-year end that has significantly affected, or may significantly affect, the operations of the Group or economic entity, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial years.

In the directors' opinion:

- (a) the financial statements and notes set out on pages 13 to 27 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 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Collection House Limited will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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



John Pearce
Chairman

Brisbane
23 February 2012

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF COLLECTION HOUSE LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Collection House Limited ("the Company") and its controlled entities ("the consolidated entity"), which comprises the consolidated balance sheet as at 31 December 2011, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Collection House Limited and its controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Collection House Limited and its controlled entities is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Matters Relating to the Electronic Presentation of the Financial Report

This review report relates to the financial report of the consolidated entity for the half-year ended 31 December 2011 included on the website of the Collection House Limited. The directors of the Company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the financial report identified above and it does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on the Company's website.



LAWLER HACKETTS AUDIT



Liam Murphy
Partner

Brisbane, 23 February 2012