



Collection House Limited
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Collection House Limited ABN 74 010 230 716
ASX preliminary final report for the year ended 30 June 2020
Lodged with the ASX under listing Rule 4.3A

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Collection House Limited

Appendix 4E

		%		\$'000
Revenue from continuing operations	Down	10	to	145,399
Profit / (loss) from continuing operations after tax attributable to members	Down	244	to	(44,297)
Net profit / (loss) for the period attributable to members (Appendix 4E item 2.3)	Down	244	to	(44,297)

Dividends / distributions (Appendix 4E item 2.4)	Amount per security	Franked amount per security
Current period		
Final dividend (year ended 30 June 2020)	nil	nil
Previous corresponding period		
Final dividend (year ended 30 June 2019 - paid 25 October 2019)	4.1	4.1
Interim dividend (year ended 30 June 2019 – paid 28 March 2019)	4.1	4.1

Key Ratios	2020	2019
	June	June
Basic earnings per share (cents)	(31.2)	22.3
Net tangible assets per share (cents)	79.30	139.15

Record date for determining entitlements to the final dividend

N/A

Payment date for final dividend

N/A

(Appendix 4E item 2.5)

Explanation of Results (Appendix 4E item 2.6)

Refer to accompanying announcement

Explanation of Dividends (Appendix 4E item 2.6)

Refer to Refer to accompanying announcement

Dividend Reinvestment Plans (Appendix 4E item 8)

The dividend reinvestment plans will not operate during the standstill period.

Status of Audit (Appendix 4E item 15)

The 30 June 2020 financial statements and accompanying disclosures for Collection House Limited are unaudited. For the reasons specified in the accompanying announcement the finalisation of a refinancing transaction post year end, may require the Company to reassess the presentation of its assets and liabilities as at 30 June 2020 and for this reason the final audited financial statements may vary from the unaudited preliminary financial results. The underlying financial results which reflect the true economic performance of the business will not be impacted by any accounting adjustments associated with the refinancing process. When the audited results for the year ended 30 June 2020 are released, they are not expected to be subject to a modified audit opinion.

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Place of business	Level 12, 100 Skyring Terrace Newstead QLD 4006 PO Box 2247 Fortitude Valley BC QLD 4006
Principal registered office in Australia	Level 12, 100 Skyring Terrace Newstead QLD 4006
Share register	Computershare Investor Services Pty Ltd GPO Box 2975 Melbourne VIC 3000 Telephone: 1300 850 505 Facsimile: +61 7 3237 2152 www.computershare.com.au
Auditor	KPMG 71 Eagle Street Brisbane QLD 4000
Stock exchange listings	Collection House Limited shares are listed on the Australian Securities Exchange (ASX). The home exchange is Sydney. ASX Code: CLH

Collection House Limited
Unaudited Income statement
For the year ended 30 June 2020

	Notes	Consolidated	
		30 June 2020 \$'000	30 June 2019* \$'000
Revenue	1	145,399	161,057
Revenue from continuing operations		145,399	161,057
Direct collection costs		(22,728)	(25,968)
Employee expenses	2	(57,426)	(57,100)
Impairment – Purchase Debt Ledgers		(89,855)	-
Depreciation and amortisation expense**	2	(10,409)	(4,624)
Rental and Lease expenses	2	(983)	(8,189)
Restructuring expenses		(63)	(775)
Other expenses		(18,441)	(13,140)
Finance costs**	2	(9,751)	(7,658)
Profit/(Loss) before income tax		(64,257)	43,603
Income tax benefit/expense		19,960	(12,913)
Profit/(Loss) from continuing operations		(44,297)	30,690
Profit/(Loss) for the year attributable to equity holders of Collection House Limited		(44,297)	30,690
		Cents	Cents
Earnings/(Loss) per share for profit attributable to the equity holders of the Company:			
Basic earnings/(loss) per share		(31.2)	22.3
Diluted earnings/(loss) per share		(31.2)	22.0

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

**The Group has initially applied AASB 16 at 1 July 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying AASB 16 is recognised in retained earnings at the date of initial application.*

*** The Group has presented interest expense on lease liability separately from the depreciation charge for the right-of-use assets. Interest expense on the lease liability is a component of finance costs, which is separately presented in Group's income statement.*

Collection House Limited
Unaudited Statement of Comprehensive Income
For the year ended 30 June 2020

	Consolidated	
	30 June 2020	30 June 2019*
Notes	\$'000	\$'000
Profit/(Loss) for the year	(44,297)	30,690
Other comprehensive income, net of income tax		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Fair Value adjustment – Equity investments	(3,633)	-
Exchange differences on translation of foreign operations	<u>-</u>	<u>(642)</u>
Other comprehensive income for the year, net of income tax	<u>(47,930)</u>	<u>(642)</u>
Total comprehensive income for the year attributable to equity holders of Collection House Limited	<u>(47,930)</u>	<u>30,048</u>

**The Group has initially applied AASB 16 at 1 July 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying AASB 16 is recognised in retained earnings at the date of initial application.*

Collection House Limited
Unaudited Balance sheet
As at 30 June 2020

	Consolidated	
Notes	30 June 2020 \$'000	30 June 2019* \$'000
ASSETS		
Current assets		
Cash and cash equivalents	9,656	1,596
Receivables	12,847	12,871
Purchased debt ledgers	29,898	52,466
Other assets	222	167
Total current assets	52,623	67,100
Non-current assets		
Purchased debt ledgers	297,617	357,837
Equity investments	4,868	8,500
Property, plant and equipment**	28,297	2,710
Intangible assets	33,011	33,842
Deferred Tax Assets	27,234	-
Receivables	741	558
Total non-current assets	391,768	403,447
Total assets	444,391	470,547
LIABILITIES		
Current liabilities		
Payables	12,740	14,609
Borrowings	214,857	14,667
Current tax liabilities	1,226	3,782
Provisions	4,419	3,810
Other financial liabilities**	7,525	1,937
Total current liabilities	240,767	38,805
Non-current liabilities		
Borrowings	-	195,933
Deferred tax liabilities	-	1,505
Provisions	142	103
Other financial liabilities**	30,674	5,053
Total non-current liabilities	30,816	202,594
Total liabilities	271,583	241,399
Net assets	172,808	229,148
EQUITY		
Contributed equity	119,567	116,413
Reserves	(5,270)	365
Retained profits	58,511	112,370
Total equity	172,808	229,148

*The Group has initially applied AASB 16 at 1 July 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying AASB 16 is recognised in retained earnings at the date of initial application.

**Following the adoption of AASB 16, the Group has presented right of use assets within property, plant and equipment and lease liabilities within other financial liabilities.

Collection House Limited
Unaudited Statement of Changes in Equity
For the year ended 30 June 2020

Consolidated	Notes	Attributable to owners of Collection House Limited			Total equity \$'000
		Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	
Balance at 1 July 2018		113,727	157	92,693	206,577
Profit for the year		-	-	30,690	30,690
Other comprehensive income		-	(642)	-	(642)
Total comprehensive income for the year		-	(642)	30,690	30,048
Transactions with owners in their capacity as owners:					
Contributions of equity net of transaction costs		2,882	-	-	2,882
Acquisition of treasury shares		(300)	-	-	(300)
Withdrawal of treasury shares		104	-	-	104
Employee share rights - value of employee services		-	850	-	850
Dividends provided for or paid		-	-	(11,013)	(11,013)
		<u>2,686</u>	<u>850</u>	<u>(11,013)</u>	<u>(7,477)</u>
Balance at 30 June 2019		116,413	365	112,370	229,148
Balance at 1 July 2019*		116,413	365	112,370	229,148
Adjustment on application of AASB 16		-	-	(3,798)	(3,798)
Adjusted balance at 1 July 2019		116,413	365	108,572	225,350
Loss for the year		-	-	(44,297)	(44,297)
Other comprehensive income		-	(3,633)	-	(3,633)
Total comprehensive income for the year		-	(3,633)	(44,297)	(47,930)
Transactions with owners in their capacity as owners:					
Contributions of equity net of transaction costs		1,571	-	-	1,571
Share Issuance of treasury shares		197	-	-	197
Withdrawal of treasury shares		167	(167)	-	-
Acquisition of deferred shares		(315)	-	-	(315)
Employee Share Plan – FY20		(197)	197	-	-
Release of deferred shares		315	(315)	-	-
Release of Performance Rights Plan		1,416	(1,416)	-	-
Employee share rights - value of employee services		-	(301)	-	(301)
Dividends provided for or paid		-	-	(5,764)	(5,764)
		<u>3,154</u>	<u>(2,002)</u>	<u>(5,764)</u>	<u>(4,612)</u>
Balance at 30 June 2020		119,567	(5,270)	58,511	172,808

* The Group has initially applied AASB 16 at 1 July 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying AASB 16 is recognised in retained earnings at the date of initial application.

Collection House Limited
Unaudited Statement of Cash Flows
For the year ended 30 June 2020

	Consolidated	
	30 June	30 June
	2020	2019*
Notes	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers and debtors (inclusive of goods and services tax)	182,660	213,402
Payments to suppliers and employees (inclusive of goods and services tax)	(107,606)	(115,625)
	75,054	97,777
Income taxes paid	(9,705)	(10,956)
Net cash inflow (outflow) from operating activities	65,349	86,821
Cash flows from investing activities		
Payments for property, plant and equipment	(762)	(1,086)
Payment for leasehold improvements	(188)	(714)
Payments for purchased debt ledgers	(40,049)	(132,633)
Receipts from sale of investment	492	-
Payment for equity instrument	-	(8,500)
Payments for intangible assets	(2,034)	(2,901)
Net cash (outflow) inflow from investing activities	(42,541)	(145,834)
Cash flows from financing activities		
Proceeds from borrowings	16,546	78,702
Repayment of borrowings	(12,292)	(837)
Payment of lease liabilities **	(5,707)	-
Borrowing costs	(1,351)	(1,591)
Interest paid	(7,557)	(5,618)
Dividends paid to Company's shareholders	(5,764)	(11,013)
Proceeds from issues of shares and other equity securities	1,253	2,882
Purchase of treasury shares	-	(300)
Net cash (outflow) inflow from financing activities	(14,872)	62,225
Net increase (decrease) in cash and cash equivalents	7,936	3,212
Cash and cash equivalents at the beginning of the financial year	1,596	(2,092)
Effects of exchange rate changes on cash and cash equivalents	124	476
Cash and cash equivalents at end of year	9,656	1,596
Cash at bank and on hand	9,656	1,596
Cash and cash equivalent at end of year	9,656	1,596

**The Group has initially applied AASB 16 at 1 July 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying AASB 16 is recognised in retained earnings at the date of initial application.*

***The Group has classified:*

- *cash payments for the principal portion of lease payments as financing activities*
- *cash payments for the interest portion as operating activities*
- *short-term lease payments and payments for leases of low value assets are not included in the measurement of the lease liability within operating activities*

1 Revenue

	Consolidated	
	30 June 2020 \$'000	30 June 2019 \$'000
Interest income	73,013	75,419
Commission	63,938	67,232
Gain on sale of PDLs	6,367	14,500
Call option income	617	3,409
Other revenue	1,464	497
Revenue from continuing operations	145,399	161,057

2 Expenses

	Consolidated	
	30 June 2020 \$'000	30 June 2019* \$'000
Profit before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Leasehold improvements, plant and equipment	6,454	893
Total depreciation	6,454	893
<i>Amortisation</i>		
Computer software	3,441	3,138
Customer contracts	158	199
Stamp Duty	356	394
Total amortisation	3,955	3,731
Total depreciation and amortisation	10,409	4,624
<i>Finance expenses</i>		
Interest and finance charges paid/payable	7,809	7,658
Lease interest – AASB16	1,942	-
Finance costs expensed	9,751	7,658
<i>Rental and Lease expenses</i>		
Lease expenses	25	-
Rent and outgoings	958	8,189
Rental and Lease expenses	983	8,189
<i>Employee Expenses</i>		
Employee Expenses	64,075	57,100
Job Keeper Receipts**	(6,649)	-
Total expense relating to Employee Expenses	57,426	57,100

*The Group has initially applied AASB 16 at 1 July 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying AASB 16 is recognised in retained earnings at the date of initial application.

** The payments received from the ATO for the Job Keeper scheme are to be accounted for as a Government Grant. Grant-related income is presented as part of profit or loss. The Job Keeper payments received are deducted in the reporting of the related expense, under employee expenses.

3 Key financial results by segment

	Collection Services		Purchased Debt Ledgers (PDLs)		Consolidated	
	30 June 2020 \$ '000	30 June 2019 \$ '000	30 June 2020 \$ '000	30 June 2019 \$ '000	30 June 2020 \$ '000	30 June 2019 \$ '000
Revenue						
Sales	65,325	67,604	-	-	65,325	67,604
Interest and other income	-	-	80,286	93,660	80,286	93,660
Total segment revenue	65,325	67,604	80,286	93,660	145,611	161,264
Intersegment elimination					(212)	(207)
Consolidated revenue	65,325	67,604	80,286	93,660	145,399	161,057

Results

Segment result	4,774	9,264	(54,723)	52,090	(49,959)	61,354
Interest expense and borrowing costs					(9,751)	(7,658)
Unallocated revenue less unallocated expenses					(4,557)	(10,093)
Profit before tax					(64,257)	43,603
Taxation					19,960	(12,913)
NPAT					(44,297)	30,690

4 Reconciliation of unaudited statutory accounting profit to underlying profit

	Consolidated	
	30 June 2020 \$'000	30 June 2019 \$'000
Net accounting profit/(loss) after tax	(44,297)	30,690
Deduct after tax profit from asset sale program (PEP)	(4,457)	(9,771)
Add back PDL impairment adjustment after deferred tax benefit	62,899	-
Add back after tax cost refinancing process advisory costs	2,034	-
Add back after tax cost of restructuring activities	44	822
Underlying profit after tax	<u>16,223</u>	<u>21,741</u>