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Collection House Limited

ASX Half Year information - 31 December 2015

Lodged with the ASX under Listing Rule 4.2A.
This information should be read in conjunction with the
30 June 2015 Annual Report

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Collection House Limited
For the half-year ended 31 December 2015
(Previous corresponding period: Half-year ended 31 December 2014)

Results for Announcement to the Market
31 December 2015

		%		\$'000
Revenue from continuing operations	Up	1.2%	to	64,552
Profit / (loss) from continuing activities after tax attributable to members (Appendix 4D item 2.2)	Down	(25.5%)	to	8,315
Net profit / (loss) for the period attributable to members (Appendix 4D item 2.3)	Down	(25.5%)	to	8,315

Dividends / distributions (Appendix 4D item 2.4)	Amount per security	Franked amount per security
Current period		
Final dividend (year ended 30 June 2015 - paid 16 October 2015)	4.7	4.7
Interim dividend (year ended 30 June 2016 - to be paid 1 April 2016)	3.9	3.9
Previous corresponding period		
Final dividend (year ended 30 June 2014 - paid 17 October 2014)	4.1	4.1
Interim dividend (year ended 30 June 2015 - paid 27 March 2015)	4.4	4.4

Key Ratios	2015	2014
	December	December
Basic earnings per share (cents)	6.3	8.6
Diluted earnings per share (cents)	6.2	8.5
Net tangible assets per share (cents)	104.5	99.8
Return on Equity (%)	4.8	6.8

Record date for determining entitlements to the interim dividend

10 March 2016

Payment date for interim dividend

1 April 2016

Explanation of results (Appendix 4D item 2.6)

Refer to Directors' Report - Review of operations and financial results

Explanation of dividends (Appendix 4D item 2.6)

Refer to Directors' Report - Dividends

Dividend Reinvestment Plans (Appendix 4D item 6)

During the period, \$1.73m was raised under the Collection House Limited (Group) Dividend Reinvestment Plan (DRP). The DRP remains active in respect of the interim dividend for the period to 31 December 2015. The last date for receipt of applications to participate in the 2016 interim year DRP is 11 March 2016. The payment date is 1 April 2016.

The issue price offered to the eligible shareholders will be an amount equal to the volume weighted average price of the Company's shares sold during the 10 trading days on and from the ex-dividend date namely, Wednesday 9 March 2016, less an attractive 5% discount.

The DRP offer will be made to all Australian and New Zealand Resident shareholders who hold ordinary shares in the Group on the record date.

DIRECTORS' REPORT

The Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Collection House Limited (the Company) and the entities it controlled at the end of, or during, the half year ended 31 December 2015.

DIRECTORS

The following persons were Directors of the Group during the whole of the financial period and up to the date of this report, unless stated otherwise:

David Liddy	Chairman (Non-Executive)
Dennis Punches	Deputy Chairman (Non- Executive) (Retired 23 October 2015)
Matthew Thomas	Managing Director/CEO (Executive)
Kerry Daly	Director (Non-Executive)
David Gray	Director (Non-Executive)
Philip Hennessy	Director (Non-Executive)
Julie-Anne Schafer	Director (Non-Executive)

PRINCIPAL ACTIVITIES

The principal activities of the Group during the period 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. There were no significant changes in the nature of the activities of the Group during the period.

1H FY2016 HIGHLIGHTS

- Profit before tax for the half year was \$11.4 million (1H15: \$15.9 million)
- Earnings per share (EPS) 6.3 cents (1H15: 8.6 cents)
- Shareholders equity was \$173.9 million (30 June 2015: \$170.7 million)
- Interim fully franked dividend of 3.9 cents to be paid 1 April 2016 (1H15 4.4 cents fully franked)

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

The consolidated Net Profit After Tax (NPAT) was \$8.3 million for the six months to 31 December 2015 (\$11.2 million 31 December 2014). This was in line with the guidance given in December 2015 and inclusive of once off restructuring expenses of \$1.2 million. Total revenue for the Group was \$64.6 million, an increase of 1.2% compared to 31 December 2014.

Key Financial Results - by Segment - Reviewed (\$'000)

	Collection Services		Purchased Debt Ledgers		Consolidated	
	1H 2016 \$ '000	1H 2015 \$ '000	1H 2016 \$ '000	1H 2015 \$ '000	1H 2016 \$ '000	1H 2015 \$ '000
Revenue						
Sales	28,245	23,409			28,245	23,409
Interest income			36,302	40,290	36,302	40,290
Total segment revenue	28,245	23,409	36,302	40,290	64,547	63,699
All other segment revenue					5	79
Consolidated revenue	28,245	23,409	36,302	40,290	64,552	63,778
Results						
Segment result	4,963	4,586	12,119	16,704	17,082	21,290
Interest expense & borrowing costs					(3,089)	(2,908)
All other segment expenses					(2,610)	(2,495)
Profit before income tax					11,383	15,887
Income tax expense					(3,068)	(4,724)
Profit for the half-year					8,315	11,163

Collection Services

Collection Services revenue was up 20.7% on the corresponding prior half-year being the strongest revenue growth in 5 years. The Group's Government Service division will commence operations during Q4 with keystone client, Australian Tax Office. Further contracts are being sought to scale up this new division.

Collection Services results were \$5.0 million for the half up 8.2% on prior half (1H15 \$4.6 million).

Purchased Debt Ledgers (PDL)

PDL collections were down 7.8% to \$59.4 million due to lower volumes of new PDLs combined with an unfavourable economic environment.

\$30.1 million invested in PDLs during the 1H16, down 26.0% on 1H15, reflecting the Group's purchasing discipline. Over \$29 million has been committed for purchases for the remainder of FY16.

55,000 accounts with face value of \$387 million are under active repayment arrangements as at 31 December 2015.

DIVIDENDS

The directors recommended payment of an interim fully franked dividend of 3.9 cents per fully paid ordinary share (2014 – 4.4 cents fully franked) to be paid on 1 April 2016.

EARNINGS PER SHARE

Basic earnings per share for the financial half year were 6.3 cents (2014 – 8.6 cents): a decrease of 26.7%.

MATTERS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

The directors have recommended the payment of an interim fully franked ordinary dividend of \$5.2 million (3.9 cents per fully paid share) to be paid on 1 April 2016 out of retained profits as at 31 December 2015.

Other than the matter discussed above, no matter or circumstance has arisen since 31 December 2015 that has significantly affected, or may significantly affect:

- (a) the Group's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Group's state of affairs in future financial years.

ROUNDING OF AMOUNTS

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

AUDITOR

The auditors have provided the Board of directors with a signed Independence Declaration in accordance with section 307C 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



David Liddy
Chairman

17 February 2016



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Collection House Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2015 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Scott Guse

Scott Guse
Partner

Brisbane
17 February 2016

Collection House Limited
Income statement
For the half-year ended 31 December 2015

		Half-year Consolidated	
	Notes	31 December 2015 \$'000	31 December 2014 \$'000
Revenue	3	<u>64,552</u>	63,778
Revenue from continuing operations		64,552	63,778
Direct collection costs		(10,419)	(8,161)
Employee expenses		(29,681)	(28,728)
Depreciation and amortisation expense		(1,526)	(1,222)
Operating lease rental expense		(3,356)	(2,965)
Restructuring expenses		(1,673)	-
Other expenses		(3,425)	(3,907)
Finance costs		<u>(3,089)</u>	<u>(2,908)</u>
Profit before income tax		11,383	15,887
Income tax expense	4	<u>(3,068)</u>	<u>(4,724)</u>
Profit from continuing operations for the half-year		<u>8,315</u>	<u>11,163</u>
Profit is attributable to:			
Equity holders of Collection House Limited		<u>8,315</u>	11,163
		<u>8,315</u>	<u>11,163</u>
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share	13	6.3	8.6
Diluted earnings per share	13	6.2	8.5

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 2015

	Half-year Consolidated	
	31 December 2015 \$'000	31 December 2014 \$'000
Profit for the half-year	8,315	11,163
Other comprehensive income, net of income tax		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of foreign operations	<u>31</u>	<u>(375)</u>
Other comprehensive income for the half-year, net of income tax	<u>31</u>	<u>(375)</u>
Total comprehensive income for the half-year	<u>8,346</u>	<u>10,788</u>
Total comprehensive income for the half-year is attributable to:		
Equity holders of Collection House Limited	<u>8,346</u>	<u>10,788</u>
	<u>8,346</u>	<u>10,788</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 2015

		Consolidated	
	Notes	31 December 2015 \$'000	30 June 2015 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		749	7,222
Receivables		11,364	10,265
Purchased debt ledgers	6	57,225	57,167
Other current assets		<u>1,038</u>	<u>1,089</u>
Total current assets		<u>70,376</u>	<u>75,743</u>
Non-current assets			
Purchased debt ledgers	6	203,314	198,822
Property, plant and equipment		4,637	5,475
Intangible assets	7	<u>37,141</u>	<u>35,614</u>
Total non-current assets		<u>245,092</u>	<u>239,911</u>
Total assets		<u>315,468</u>	<u>315,654</u>
LIABILITIES			
Current liabilities			
Payables		13,164	16,013
Current tax liabilities		363	2,027
Provisions		3,720	3,067
Other financial liabilities		<u>2,421</u>	<u>2,149</u>
Total current liabilities		<u>19,668</u>	<u>23,256</u>
Non-current liabilities			
Borrowings	8	119,000	119,000
Deferred tax liabilities		2,270	1,854
Provisions		324	402
Other financial liabilities		<u>281</u>	<u>477</u>
Total non-current liabilities		<u>121,875</u>	<u>121,733</u>
Total liabilities		<u>141,543</u>	<u>144,989</u>
Net assets		<u>173,925</u>	<u>170,665</u>
EQUITY			
Contributed equity	9	109,674	105,307
Reserves		(1,020)	2,188
Retained profits		<u>65,271</u>	<u>63,170</u>
Total equity		<u>173,925</u>	<u>170,665</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 2015

Consolidated	Attributable to members of Collection House Limited			
	Contributed equity \$'000	Reserves \$'000	Retained earn- ings \$'000	Total equity \$'000
Balance at 1 July 2014	102,285	1,959	51,745	155,989
Profit for the half-year	-	-	11,163	11,163
Other comprehensive income	-	(375)	-	(375)
Total comprehensive income for the half-year	-	(375)	11,163	10,788
Transactions with owners in their capacity as owners:				
Contributions of equity net of transaction costs	1,415	-	-	1,415
Dividends provided for or paid	-	-	(5,318)	(5,318)
Employee share options - value of employee services	-	612	-	612
	1,415	612	(5,318)	(3,291)
Balance at 31 December 2014	103,700	2,196	57,590	163,486
Balance at 1 July 2015	105,307	2,188	63,170	170,665
Profit for the half-year	-	-	8,315	8,315
Other comprehensive income	-	31	-	31
Total comprehensive income for the half-year	-	31	8,315	8,346
Transactions with owners in their capacity as owners:				
Contributions of equity net of transaction costs	1,721	-	-	1,721
Dividends provided for or paid	-	-	(6,214)	(6,214)
Employee share options - value of employee services	2,646	(3,239)	-	(593)
	4,367	(3,239)	(6,214)	(5,086)
Balance at 31 December 2015	109,674	(1,020)	65,271	173,925

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

Collection House Limited
Statement of cash flows
For the half-year ended 31 December 2015

		Half-year Consolidated	
		31 December 2015	31 December 2014
Notes		\$'000	\$'000
Cash flows from operating activities			
	Receipts from customers (inclusive of goods and services tax)	89,229	90,195
	Payments to suppliers and employees (inclusive of goods and services tax)	<u>(51,649)</u>	<u>(46,242)</u>
		37,580	43,953
	Income taxes paid	<u>(4,315)</u>	<u>(6,197)</u>
	Net cash inflow from operating activities	<u>33,265</u>	<u>37,756</u>
Cash flows from investing activities			
	Payments for property, plant and equipment	(88)	(691)
	Payments for purchased debt ledgers	<u>(30,055)</u>	<u>(40,452)</u>
	Proceeds from sale of purchased debt ledgers	-	-
	Payments for intangible assets	<u>(1,899)</u>	<u>(1,071)</u>
	Net cash (outflow) from investing activities	<u>(32,042)</u>	<u>(42,214)</u>
Cash flows from financing activities			
	Proceeds from issues of shares and other equity securities	1,721	1,415
	Proceeds from borrowings	-	10,319
	Repayment of borrowings	<u>(225)</u>	<u>(500)</u>
	Borrowing costs	<u>(729)</u>	<u>(701)</u>
	Interest paid	<u>(2,254)</u>	<u>(1,795)</u>
	Dividends paid to Company's shareholders	<u>(6,214)</u>	<u>(5,318)</u>
10	Net cash inflow (outflow) from financing activities	<u>(7,701)</u>	<u>3,420</u>
Net increase (decrease) in cash and cash equivalents		(6,478)	(1,038)
Cash and cash equivalents at the beginning of the half-year		7,222	381
Effects of exchange rate changes on cash and cash equivalents		<u>5</u>	<u>8</u>
5	Cash and cash equivalents at end of the half-year	<u>749</u>	<u>(649)</u>

The above statement of cash flows 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 2015 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 2015 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, other than the ones noted below.

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

The Group has adopted all of the relevant new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

- AASB 2015-3 Amendment to Australian Accounting Standards arising from the withdrawal of AASB 1031 *Materiality*

The adoption of the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior half-years.

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 and management (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.

Collection Services

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

Purchased Debt Ledgers

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

All other segments

All other segments includes unallocated revenue and expenses, intersegment eliminations, interest, borrowings and income tax expenses.

(b) Segment information provided to the Board of Directors

31 December 2015	Collection services \$'000	Purchased debt ledgers \$'000	All other segments \$'000	Consolidated \$'000
Segment revenue				
Sales to external customers	28,009	-	-	28,009
Intersegment sales	236	-	5	241
Total sales revenue	28,245	-	5	28,250
Interest income	-	36,302	-	36,302
Total segment revenue	28,245	36,302	5	64,552
Segment result				
Segment result	4,963	12,119	(2,610)	14,472
Interest expense and borrowing costs			(3,089)	(3,089)
Profit before income tax				11,383
Income tax expense			(3,068)	(3,068)
Profit for the half-year				8,315
Segment assets and liabilities				
Segment assets	162,858	262,042	(109,432)	315,468
Segment liabilities	20,014	112,406	9,123	141,543
31 December 2014				
	Collection services \$'000	Purchased debt ledgers \$'000	All other segments \$'000	Consolidated \$'000
Segment revenue				
Sales to external customers	23,168	-	-	23,168
Intersegment sales	241	-	79	320
Total sales revenue	23,409	-	79	23,488
Interest income	-	40,290	-	40,290
Total segment revenue	23,409	40,290	79	63,778
Segment result				
Segment result	4,586	16,704	(2,495)	18,795
Interest expense and borrowing costs			(2,908)	(2,908)
Profit before income tax				15,887
Income tax expense			(4,724)	(4,724)
Profit for the half-year				11,163
Segment assets and liabilities				
Segment assets	165,140	248,678	(112,022)	301,796
Segment liabilities	22,156	115,538	616	138,310

3 Revenue

	Half-year Consolidated	
	31 December 2015 \$'000	31 December 2014 \$'000
Interest income	36,302	40,290
Commission	28,065	23,220
Other revenue	185	268
Revenue from continuing operations	64,552	63,778

Adjustments to the carrying amount of purchased debt ledgers as a result of changes in estimated cash flows were immaterial during the reporting period. These have been included in interest revenue above.

4 Income tax expense

	Half-year Consolidated	
	31 December 2015 \$'000	31 December 2014 \$'000
(a) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	<u>11,383</u>	<u>15,887</u>
	11,383	15,887
Tax at the Australian tax rate of 30% (2014 - 30%)	3,415	4,766
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payments	(205)	184
Non-deductible expenses	30	30
Tax exempt income/loss	(119)	(89)
Sundry items	1	24
	<u>3,122</u>	<u>4,915</u>
Adjustments for current tax of prior periods	<u>(54)</u>	<u>(191)</u>
Income tax expense	<u>3,068</u>	<u>4,724</u>

5 Reconciliation of cash at the end of the year

The cash at the end of the financial period as shown in the statement of cash flows is reconciled to cash and cash equivalents as shown in the balance sheet as follows:

	Consolidated	
	31 December	31 December
	2015	2014
	\$'000	\$'000
Cash at bank and in hand	749	594
Bank overdrafts included in current borrowings	-	(1,243)
Balances per statement of cash flows	<u>749</u>	<u>(649)</u>

6 Purchased debt ledgers

Other financial assets subsequently measured at amortised cost

	Consolidated	
	31 December	30 June
	2015	2015
	\$'000	\$'000
Current	57,225	57,167
Non-current	203,314	198,822
Total other financial assets subsequently measured at amortised cost	<u>260,539</u>	<u>255,989</u>

PDLs are measured at amortised cost using the effective interest method in accordance with AASB 9: *Financial Instruments*.

The effective interest rate is the implicit interest rate based on forecast collections determined in the period of acquisition of an individual PDL and equates to the Internal Rate of Return (IRR) of the forecast cash flows without any consideration of collection costs.

7 Intangible assets

	Consolidated	
	31 December	30 June
	2015	2015
	\$'000	\$'000
Goodwill	19,723	19,719
Computer software	9,300	3,363
Customer contracts	1,807	2,009
Other intangible assets	108	127
Work-in-progress	6,203	10,396
Total intangible assets	<u>37,141</u>	<u>35,614</u>

8 Non-current liabilities - Borrowings

	Consolidated	
	31 December 2015 \$'000	30 June 2015 \$'000
Secured - bank loans	<u>119,000</u>	119,000
Total non-current borrowings	<u>119,000</u>	<u>119,000</u>

9 Contributed equity

	Company		Company	
	31 December 2015 Shares	30 June 2015 Shares	31 December 2015 \$'000	30 June 2015 \$'000
Ordinary shares				
Fully paid	<u>133,073,247</u>	131,199,651	<u>109,674</u>	105,307
	<u>133,073,247</u>	<u>131,199,651</u>	<u>109,674</u>	<u>105,307</u>

(a) Movements in ordinary share capital:

Date	Details	Number of shares	\$'000
1 July 2014	Opening balance	129,717,785	102,285
17 October 2014	Dividend reinvestment plan issues	725,442	1,424
27 March 2015	Dividend reinvestment plan issues	756,424	1,617
	Less: Transaction costs arising on share issues	-	(19)
30 June 2015	Closing Balance	<u>131,199,651</u>	<u>105,307</u>
1 July 2015	Opening balance	131,199,651	105,307
1 September 2015	Performance Rights Plan	1,019,670	2,546
16 October 2015	Dividend reinvestment plan issues	789,260	1,729
11 December 2015	Performance Rights Plan	64,666	100
17 October 2015	Less: Transaction costs arising on share issues	-	(8)
31 December 2015	Closing Balance	<u>133,073,247</u>	<u>109,674</u>

10 Dividends

Half-year Parent entity	
31 December 2015 \$'000	31 December 2014 \$'000

(a) Ordinary shares

Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the half years ending 31 December 2015 and 2014 were as follows:

Paid in cash	4,485	3,894
Satisfied under the Dividend Reinvestment Plan	<u>1,729</u>	<u>1,424</u>
	6,214	5,318

(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 3.9 cents per fully paid ordinary share (2014 – 4.4 cents, fully franked), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 1 April 2016 out of a positive net asset balance and retained profits at 31 December 2015, but not recognised as a liability at the end of the half-year, is

	<u>5,190</u>	<u>5,740</u>
	5,190	5,740

(c) Franked dividends

The franked portions of the interim dividend recommended after 31 December 2015 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax.

11 Contingencies

(a) Contingent liabilities

There have been no material changes in contingent liabilities specifically relating to the relocation of the Brisbane head office including the current premises and new premises at Skyring Terrace subsequent to the contingent liabilities disclosed in the last annual report for the year ended 30 June 2015.

12 Commitments

There have been no material changes in commitments subsequent to the commitments disclosed in the last annual report for the year ended 30 June 2015.

13 Earnings per share

	Half-year Consolidated	
	31 December 2015 Cents	31 December 2014 Cents
(a) Basic earnings per share		
From continuing operations attributable to the ordinary equity holders of the Company	<u>6.3</u>	<u>8.6</u>
Total basic earnings per share attributable to the ordinary equity holders of the Company	<u>6.3</u>	<u>8.6</u>

(b) Diluted earnings per share		
From continuing operations attributable to the ordinary equity holders of the Company	<u>6.2</u>	<u>8.5</u>
Total diluted earnings per share attributable to the ordinary equity holders of the Company	<u>6.2</u>	<u>8.5</u>

	Half-year Consolidated	
	31 December 2015 \$'000	31 December 2014 \$'000
(c) Reconciliations of earnings used in calculating earnings per share		
<i>Basic earnings per share</i>		
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	<u>8,315</u>	<u>11,163</u>
	<u>8,315</u>	<u>11,163</u>

<i>Diluted earnings per share</i>		
Profit attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share	<u>8,315</u>	<u>11,163</u>
	<u>8,315</u>	<u>11,163</u>

	Half-year Consolidated	
	31 December 2015 Number	31 December 2014 Number
(d) Weighted average number of shares used as the denominator		
<i>Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share</i>	132,271,396	130,013,481
Adjustments for calculation of diluted earnings per share:		
Options	-	-
Performance rights	<u>2,206,848</u>	<u>837,536</u>
<i>Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share</i>	<u>134,478,244</u>	<u>130,851,017</u>

14 Events occurring after the reporting period

A fully franked interim dividend has been declared of 3.9 cents per fully paid ordinary share for a total of \$5.2 million. No provision has been raised in these accounts.

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 6 to 18 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 2015 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 Managing Director & Chief Executive Officer and Chief Financial Officer.

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

David Liddy

Chairman



Brisbane

17 February 2016



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

We have reviewed the accompanying half-year financial report of Collection House Limited, which comprises the consolidated balance sheet as at 31 December 2015, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes 1 to 14 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

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 Group's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Collection House Limited, 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*.

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 is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

Scott Guse
Partner

Brisbane

17 February 2016