

ETHICAL


DYNAMIC

PROFESSIONAL

Collection House Limited

2005
ANNUAL REPORT

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300+
COLLECTION
OFFICERS

3.5 million
FILES UNDER
MANAGEMENT

10 million
CUSTOMER CONTACTS
PER YEAR

0.003%
COMPLAINT RATE p.a.

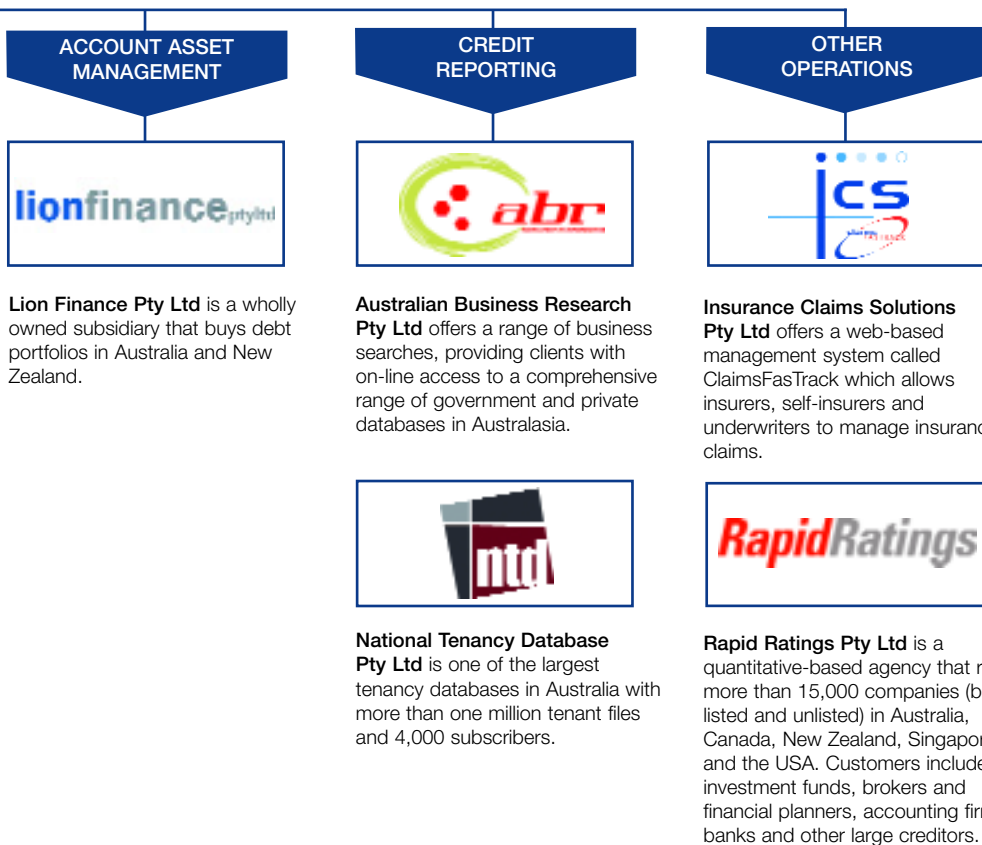
The Company

Collection House Limited is a group of companies headquartered in Brisbane, operating globally and delivering a broad range of financial services including: debt purchasing; debt collection; receivables management; insurance recovery and claims management; credit reporting; and corporate risk rating.



Note: throughout this Annual Report, unless otherwise specified, Collection House Limited and its associated entities may also be referred to as "the Company", "the Group" and the "the Entity".

Collection House first opened in Brisbane in 1992. It was listed on the Australian Stock Exchange in 2000 and now employs 630 staff in 13 offices located in all Australian mainland states and territories and in New Zealand.



Financial and Operational Overview

AUGUST 2005

- > Announcement of 2004/05 full-year profit of \$12.2m (up 14.7% on previous year).
- > Declaration of final dividend of 4.0 cents unfranked (8.0 cents unfranked for full-year).

JULY 2005

- > John Pearce was appointed Deputy Chairman of the Board effective 1 July, 2005.
- > Colin Day was appointed Chief Executive Officer and Board member effective 1 July, 2005.

JUNE 2005

- > Bo Göranson resigned as independent director effective 30 June, 2005.
- > John Pearce stepped down as Chief Executive Officer (remains Managing Director) effective 30 June, 2005.
- > Chairman issued guidance that revenue for the year was expected to exceed \$124m (6% increase over the previous year) delivering a full-year after-tax result in the range of \$12-\$13m (up from \$10.6m).

MAY 2005

- > Tony Aveling resigned as Deputy Chairman and as an independent director effective 30 June, 2005.

FEBRUARY 2005

- > Announcement of first-half profit of \$6.5m (up 62% on the previous corresponding period).
- > Declaration of interim dividend of 4.0 cents unfranked.

JANUARY 2005

- > Announcement of the purchase of \$100m debt portfolio.

DECEMBER 2004

- > Announcement of renewed forward debt purchase contract with a major Australian bank.
- > Announcement of imminent purchase of \$90m debt portfolio.

OCTOBER 2004

- > Announcement of 2004/05 first-quarter profit in line with company expectations of \$3.2m.

SEPTEMBER 2004

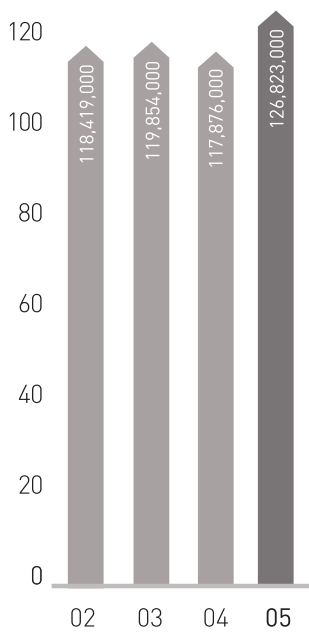
- > Sale of Downie Insolvency.

AUGUST 2004

- > Announcement of 2003/04 full-year profit of \$10.6m (up 30% on previous year).
- > Declaration of final dividend for 2003/04 of 4.0 cents unfranked (7.0 cents unfranked for full-year).
- > Sale of National Revenue Corporation (NZ).

REVENUE

\$(m)



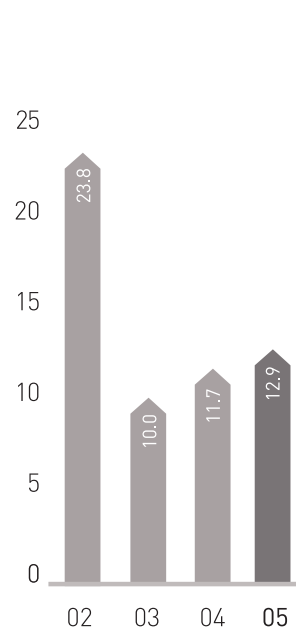
NET PROFIT ATTRIBUTABLE TO MEMBERS OF THE COMPANY

\$(m)



RETURN ON SHAREHOLDERS' FUNDS

\$(m)



... These are the values, promises, challenges and goals that distinguish our company as we approach a new year.



Chairman's Report

Fellow shareholders

On the cover of this Annual Report three words precede Collection House Limited – ethical, dynamic and professional. These are the values, promises, challenges and goals that distinguish our company as we approach a new year.

Once again this year, the Board and Management of Collection House Limited delivered increased profit through greater revenue, contained expenses, and a sharp focus on the exciting growth area of purchased debt. We follow a simple but effective strategy, and we plan more of the same in the years ahead.

However, it is worth noting that in meeting financial expectations this past year, your company also delivered on another key promise - to strategically position Collection House Limited to anticipate changing market and stakeholder expectation. I described it last October as becoming tomorrow's company today.

In recent years we have seen increasing emphasis by clients and vendors on protection of their reputation and brand in the conduct of business relationships. We have also seen the consumer movement and regulators giving special attention to debt collection practices. We concluded that future success depended on our ability to adapt effectively to a rapidly changing environment and commercial imperatives.

As we began 2004/05 I forecast that we would commit considerable resources and effort to making this company the Australian benchmark in ethical and compliant debt collection. We have succeeded.

Even though the cost has been significant in terms of foregone revenue, staff training, database review, as well as on-going monitoring and auditing, the benefits of our decision are apparent and already being acknowledged.

We now have policies, practices and performance that set us apart as a partner of choice for clients and vendors in financial services, insurance and government. During the year we were acknowledged by regulators, consumer groups and governments for our achievements and leadership in the quest for consistent and improved national standards in debt collection.

Collection House Limited is now better placed than ever before to take advantage of emerging commercial opportunities, particularly in the growing purchased debt market where we are now the largest buyer of impaired debt in Australia.

We turned the page to a new year not only with a stronger brand, but with a new Chief Executive Officer. Chief Operations Officer, Colin Day took over from John Pearce as CEO from 1 July, 2005. John remains Managing Director, and also becomes Deputy Chairman of the Board.

The Board is grateful to John for having returned as CEO for the past three years. Having his wealth of knowledge and experience available to Colin in transition offers us stability with momentum.

Unfortunately, we also bid farewell this year to two long-serving directors – Tony Aveling and Bo Göranson. I expressed at the time of the announcements the Board's gratitude for the outstanding contribution of these two talented and experienced directors and wished them well on your behalf.

We start a new year with the prospect of exciting opportunities and the confidence that we are in excellent shape to face the challenges ahead.

Yours sincerely



Dennis Panches
CHAIRMAN

... If there was any doubt about where the future success of our company lies, the answer is in the results for 2004/05.



Chief Executive Officer's Report

As the financial year concluded, it was my great pleasure to hand over the reins to a new Chief Executive Officer – a pleasure because of what Colin Day brings to the job, and a pleasure because I have handed over to him a company that is beginning to realise its significant potential.

If there was any doubt about where the future success of our company lies, the answer is in the results for 2004/05.

Consolidated revenue for the Group rose 7.6% and NPAT was up 14.7%.

However, almost 80% of our revenue came from the combined collection segments, and 43% from our purchased debt division (Account Asset Management) alone.

ACCOUNT ASSET MANAGEMENT

For the past three years I have pointed to the emerging importance of Lion Finance operations and our continuing focus on debt collection as core business. Now the results prove my point.

Account Asset Management (AAM) revenue was \$54.4m (up 27%) and its result was up 43.9% (from \$12.3m to

\$17.7m). Our impressive performance is consistent with experience in more mature purchased debt markets in the USA and Europe.

Success is based not only on the volume of debt purchased, but also the quality of the debt. During the year we bought quality debt ledgers with a face value of \$325.6m for an outlay of \$43.4m. This takes our purchases since 2000 to almost \$1.7b (face value) and confirms our position as the largest buyer of impaired debt in Australia and New Zealand. Pleasingly, we continue to purchase debt from operating cash flow and existing facilities.

Once again this year, the price expectations of some vendors were raised unrealistically by inexperienced new players to the market. However, we adhered to our pricing model that continues to deliver consistent profitability.

During the year the amortisation rate on our purchased debt portfolio increased to 35% (29% in 2004).

AAM is not only showing strong growth and impressive profit, but it is also building a healthy book of repayments-under-arrangement to

guarantee long-term income. The arrangements book increased by \$21m this year to more than \$135m.

CONTINGENT COLLECTION SERVICES

Revenue was slightly down in contingent collections as a result of both a highly competitive market and our own fine tuning of portfolios to ensure that we retain and pursue only contracts with sustainable margins.

We retain a strong banking and finance client base giving us opportunities for valuable forward flow arrangements.

The International Division recovered more than \$4.4m for Australian and international clients during the year. The volume of referrals from offshore continued to increase and we expect revenue growth of around 10% in 2005/06.

Countrywide and Midstate operations in Melbourne, rural Victoria and southern New South Wales have continued to expand this year, particularly in the local government market in both states; one of the major new clients signed this year was the City of Greater Geelong. The Midstate office in Albury

is also developing well and we are looking to expand further in rural New South Wales.

National Revenue Corporation operations were focussed on the Australian market with the sale of National Revenue Corporation New Zealand.

CREDIT REPORTING

Australian Business Research (ABR) again showed good profitability on slightly lower revenue giving a segment result similar to the previous year. As with our Contingent Collection Division, ABR has spent considerable time and effort fine tuning its client base. ABR also devoted significant effort during the year to upgrading information technology.

As the year ended, a new General Manager, Karen Hansen, was appointed to lead the company. During 2005/06 a decision will be made on the best way for Collection House Limited to maximise the return on its investment in ABR; this might include a public float.

National Tenancy Database (NTD) increased revenue by 5.9%. The growth was good given a second quarter downturn in the residential rental sector.

OTHER OPERATIONS

Rapid Ratings continues to make good progress in the USA and particularly on the Wall Street market. On this basis, the Board decided in June, 2005 to commit an additional \$3m over the next two financial years to further develop Rapid Ratings as a global commercial ratings agency.

A number of options are being considered for Rapid Ratings in the future including a public float.

INFORMATION TECHNOLOGY

An IT steering committee was established during the year to oversee and guide information technology in Collection House.

'Thin-client' technology was introduced across nine of the Company's 12 remote sites allowing the Company to more intelligently manage hardware, software and licences, as well as deliver cost savings.

The HEAT task management system has contributed to the efficiency of support service divisions. Similarly, there have been gains through the office equipment rationalisation project and instigation of a Business Intelligence Project to provide better and more manageable analytical tools internally and for our clients.

Internal communications have been improved by the expansion of the staff intranet which provides, among other benefits, better document management.

Telecommunication savings flowed from the further expansion of VOIP technology and from the re-negotiation of call costs with our provider.

Disaster recovery testing was carried out as part of the

ongoing Business Continuity Plan Development Program. A key element of the program was the installation of a second SAN at our disaster recovery site replicating core business data.

COMPLIANCE

We invested heavily during the year in compliance and ethical conduct, reviewing and revising policies, practices and performance.

In the process we completely restructured our compliance, privacy and risk management. This has allowed us to improve processes e.g. by expanding review and call monitoring functions.

Mid year, we appointed an internal auditor (CPA) to regularly review our collection policies, practices and performance as well as compliance and risk management.

We became the first debt collection agency outside the USA to be accredited under the Professional Practices Management System (PPMS) – the only industry-specific quality assurance program – developed by the American Collectors Association. PPMS overlays ISO 9000.

We also became the first debt collection agency in Australia to be admitted as a non-bank member of the Australian Banking and Financial Services Ombudsman Scheme. This provides independent external dispute resolution for our customers.

As part of our comprehensive program of review and reform we:

- > implemented a future vision package of initiatives that included introduction of an Important Customer Notice on all Lion Finance debt purchase correspondence

- to inform customers of their rights and obligations;
- > extensively modified staff training and recruitment; and
- > introduced transparent reporting of dispute and complaint statistics.

During 2004/05 we made more than 10 million customer contacts and recorded less than 350 complaints about our conduct. This is a complaint rate of 0.003%. Averaged across the working days of the year, this is less than one complaint per day.

During the year we worked closely with consumer organisations, welfare groups and regulators to promote consistent new national standards for collection of debt in Australia including the conduct of collection agents and creditors.

We promoted ongoing dialogue among stakeholders to achieve uniform laws and legislation relating to the collection of debt across all Australian jurisdictions as well as industry-wide Code of Conduct and Standards, providing effective and enforceable self regulation.

HUMAN RESOURCES

Staff numbers have remained constant with a total workforce of 632 in 2004/05 compared with 692 the previous year. Staff costs decreased a further 5.1% from \$37.0m to \$35.2m.

The proportion of women in management positions has again increased with an additional three females holding positions in the senior management team. Females make up 52% of the Company's workforce.

This year there has been a concentrated effort toward flexibility and work / life balance with the introduction

of nine day fortnights and changed rosters.

We have introduced incentives that recognise this balance, including holidays and weekends away and, more recently, supporting a portal which allows staff access to discounted holidays.

We recognise leadership will play a major role in the success of the Company and greater attention is being given to developing strategies and programs that harness the development of our key personnel.

All senior managers participate in the Leadership Profile Inventory which embraces the development of action plans to improve their leadership.

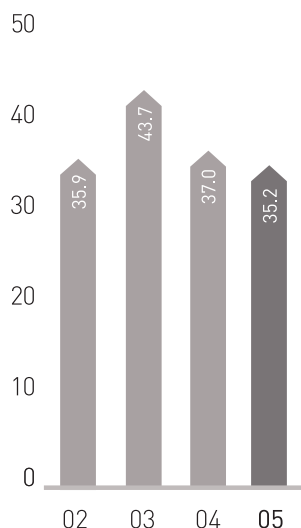
Training and development of staff has seen a comprehensive compliance regime incorporated into orientation of all new employees. Key competencies are being further developed and will ultimately assist in succession planning.



John Pearce
MANAGING DIRECTOR &
CHIEF EXECUTIVE OFFICER

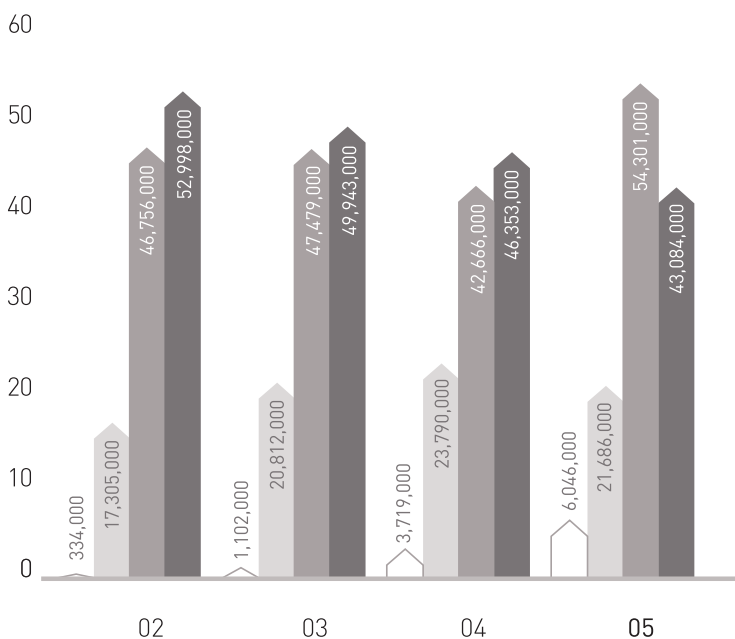
STAFF EXPENSES

\$(m)



REVENUE BY SEGMENT

\$(m)



- Contingent Collection Services
- Account Asset Management
- Credit Reporting
- Other Operations

Outlook



The results for the first months of 2005/06 indicate that we remain on track with our strategic priorities.

We expect our purchased debt operations to continue growing in the year ahead while Contingent Collection Services will remain steady.

The Credit Reporting segment should hold its ground while we confirm our future plans for both ABR and Rapid Ratings. We have several options to look at, including whether floating these two companies will give the best return on our investment.

Colin Day
CHIEF EXECUTIVE OFFICER

The Board of Collection House Limited

DENNIS PUNCHES

JOHN PEARCE

BARRIE ADAMS

TONY AVELING

BARRY CONNELLY



DENNIS PUNCHES BSc Chairman

Appointed to the Board in July 1998, and in 2000 as Chairman. Chairman of the Nominations Committee and a member of the Remuneration Committee. Current director of Intrum Justitia AB, Call Solutions Inc; Co-Chairman of the International Collectors Group and a Trustee for Wisconsin's Carroll College. Former director of Attention LLC Inc, Analysis and Technology Inc, and co-founder and former Chairman of Payco American Corporation. Resides Florida, USA. Age 69.

JOHN PEARCE FAIM, FAICM Managing Director & Chief Executive Officer

Co-founder of Collection House Limited and appointed to the Board in April 1993. In April 2003 returned to former position of Managing Director & Chief Executive Officer which had been held from mid 1998 until December 2002. Director of all Collection House subsidiaries and the Financial Basics Foundation. Chairman of the Brisbane Lions Foundation. Member of the International Fellowship of Certified Collectors. Resides Queensland, Australia. Age 60. (Stepped down as Chief Executive Officer effective

30 June, 2005). Managing Director and Deputy Chairman effective 1 July, 2005.

BARRIE ADAMS PSM, FCPA Lead Independent Director

Appointed to the Board in November 2002 and Chairman of the Audit & Risk Management Committee in January 2003. Member of the Nominations and the Remuneration Committees. Chairman of CITEC Business Enterprise Board, NuCashew Limited, Pro Super Holdings Limited and Financial Basics Foundation. Director of Corporate Influences Pty Ltd, Ingeus Limited and NuPlant Limited. Chairman of the Risk and Audit Committee of Ingeus Limited. Resides Queensland, Australia. Age 60.

TONY AVELING FAIM, **FAIBF, FAICD** Deputy Chairman Independent Director

Board member since May 2000 and member of the Audit & Risk Management Committee, Nominations Committee and Remuneration Committee. Previously Chief Executive of the Australian Bankers' Association; Chairman of the Australian Finance Conference; Chief Executive Business and Private Banking, Westpac Banking Corporation; Chief

Executive Officer, The Mortgage Company Ltd and Managing Director and Chief Executive Officer of Australian Guarantee Corporation Ltd. Honorary Governor of the Science Foundation for Physics, University of Sydney and Chairman of Global MoneyLine Limited. Resides Queensland, Australia. Age 62. (Resigned as Deputy Chairman and Independent Director effective 30 June, 2005).

BARRY CONNELLY BJ Independent Director

Appointed to the Board in June 2003. Subsidiary board appointments to Australian Business Research and Rapid Ratings in September 2003 and November 2003 respectively, the first of which as Chairman. Charter member of the Board of NASDAQ listed company, First Advantage. Retired President of the international Consumer Data Industry Association and former member of the Texas House of Representatives. Past board member of the Merchants Research Council, Charter Bank-Willowbrook. Resides in Texas and Maine, USA. Age 65.

TONY COUTTS Executive Director

General Manager of Collection House in 1995. Appointed an

TONY COUTTS

BO GÖRANSON

BILL HILLER

BILL KAGEL

STEPHEN WALKER

RHONDA KING

COLIN DAY



Executive Director in September 1998 with executive responsibilities as Director of Sales. Queensland State President of the Australian Collectors Association. Twenty years' experience in the finance and insurance industry including 18 years with Australian Guarantee Corporation Ltd. Resides Queensland, Australia. Age 46.

BO GÖRANSON
Independent Director

Director since May 2000. Non-executive director of Intrum Justitia AB. Director of Travel Focus Ltd (UK), Amfa Finans AB (Sweden), Market Maker AB (Sweden) and Redab Fulcull Ltd (UK). Past Chief Executive Officer and Chairman of Intrum Justitia AB. Resides London, England. Age 67. (Resigned as Independent Director effective 30 June, 2005).

BILL HILLER
Independent Director

Director since June 2003. Member of Nominations Committee and Audit & Risk Management Committee. Forty years' experience in the automotive finance industry including as General Manager – Automotive Finance for St George Bank Limited.

Former directorships include St George Motor Finance Limited, Autobyte.com.au Pty Ltd, the Australian Finance Conference and Cycle & Carriage Finance Limited. Resides Western Australia. Age 66.

BILL KAGEL
Independent Director

Joined the Board in February 2000. Appointed Chairman of the Remuneration Committee in June 2003. Over 40 years' debt collection industry experience. Co-founder and Senior Vice-President of Payco American Corporation, USA. Former director of Payco American Corporation and Outsourcing Solutions Inc. Resides Wisconsin, USA. Age 68.

STEPHEN WALKER
Non-Executive Director

Co-founder of Collection House and Board member since July 1992. Former Collection House Managing Director until 1998. Past member of Audit & Risk Management Committee and former director of National Revenue Corporation. Has owned and managed debt collection agencies in Australia and New Zealand. Resides Queensland, Australia. Age 54.

RHONDA KING BA, LLB
Company Secretary
Executive Director

A commercial lawyer since 1981, and partner or consultant to legal practices from 1984. Appointed Company Secretary of Collection House Limited and its subsidiaries in April 2003. Member of the Board and Company Secretary for Brisbane Lions Foundation. Member of the Board and joint Company Secretary for Financial Basics Foundation and Company Secretary for Rutherglen Cemetery Foundation. Resides Queensland, Australia. Age 48. (Appointed 24 August, 2005).

COLIN DAY
Chief Executive Officer

Appointed a director on 1 July, 2005. Has extensive experience in the IT and debt collection industries. In 1987, co-founded the Remington White Debt Collection Agency which was bought out by Collection House in July, 2000. Has performed a number of roles in the Collection House group since 2000, most recently as Chief Operations Officer. Resides Queensland, Australia. Age 51. (Appointed CEO and Board member effective 1 July, 2005).

COMMITTEES

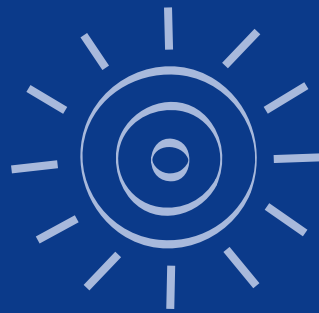
Audit & Risk Management:
Barrie Adams (Chairman); Tony Aveling (resigned 30 June, 2005); Bill Hiller; and Barry Connelly (appointed 1 July, 2005).

Nominations:
Dennis Panches (Chairman); Barrie Adams; Bill Hiller; and Tony Aveling (appointed 27 July, 2004, resigned 30 June, 2005).

Remuneration:
Bill Kagel (Chairman); Dennis Panches; Barrie Adams; Tony Aveling (appointed 27 July, 2004, resigned 30 June, 2005); and Bill Hiller (appointed 15 June, 2005).

Foundation Dream:

To ensure that all Australians leaving the secondary education system have an understanding of the credit system and financial management practices, so that they can make informed decisions on their financial affairs.



Financial Basics Foundation

making financial futures brighter

Financial Basics Foundation

Operation Financial Literacy, the first major initiative of the Financial Basics Foundation (FBF), was developed with the intention of being a ready-to-use financial literacy educational resource for teachers in secondary schools.

In 2003 the Foundation Board initiated and funded a series of pilot programs in 15 schools around Australia to develop financial literacy courses.

In 2004, the Foundation worked with these schools and education writers to produce a complete financial literacy program.

As a result, the Foundation was able to launch and distribute Operation Financial Literacy in March, 2005 to a very receptive audience.

Initial forecasts had set an achievable target of 100 schools registering their interest to receive the program.

As of June, 2005 470 schools across Australia have since registered and received copies of Operation Financial Literacy and a second print run has been ordered to keep up with the ongoing demand.

This continued interest along with some very positive feedback from teachers has been quite extraordinary and the Foundation Board is extremely pleased with this outcome.

In August, 2004 the Foundation Board was very pleased to announce a second major sponsor partnership arrangement between the Foundation and the Bank of Queensland. Bank of Queensland joins Collection House Limited as a major sponsor of the Foundation for the next three years.

The Foundation is currently working with the Bank of Queensland on a number of financial literacy initiatives.

Work has also begun on the development of an interactive investment game. The game, also targeted towards young people, will be played over a number of days and require participants to make financial investment choices, each with a degree of risk. The game will simulate the financial implications and outcomes of making these choices.

The Foundation Board believes that by continuing to develop and support a broad range of financial literacy initiatives we will achieve our dream.

The Foundation is pleased to welcome Tarryn McMullen, who joined the Board as a director, representing our major support sponsor, Bank of Queensland. The directors and Patron of the Foundation continue to give their time and expertise voluntarily and receive no remuneration for their contributions.

THE FINANCIAL BASICS FOUNDATION BOARD

Chairman Barrie Adams

Directors Julie Tealby
Rhonda King
John Pearce
Tarryn McMullen

Patron Leigh Matthews

Corporate Governance Statement

Good corporate governance is important to the Company and the Board is committed to maintaining high standards of corporate governance.

As detailed in this Corporate Governance Statement, the Company considers that its governance practices comply with all the Australian Stock Exchange (ASX) Corporate Governance Council's best practice recommendations, other than recommendations 2.1. and 2.2. An explanation for departure from these recommendations is provided on page 18.

A description of the Company's main corporate governance practices is set out in this Corporate Governance Statement. All practices were in place for the entire year unless otherwise stated. The Company has posted copies of its practices to its website at www.collectionhouse.com.au in accordance with the ASX Corporate Governance Council's recommendations.

BOARD RESPONSIBILITIES

Laying solid foundations for management and oversight

The Board is responsible for the corporate governance of the Company and its

controlled entities and operates in accordance with the principles set out in the Board Committees Overview, a summary of which is available from the corporate governance section of the Company's website at www.collectionhouse.com.au.

The principal role of the Board is to ensure the long term prosperity of the Company by setting broad corporate governance policies and ensuring that they are effectively implemented by management. The Board carries out this role principally by:

- > overseeing the Company and its operations;
- > appointing and removing, where appropriate, senior executives of the Company;
- > setting the strategic direction of the Company and providing strategic advice to management;
- > providing input into and approval of management's development of corporate strategy and performance objectives;
- > reviewing and ratifying systems of governance, risk management, and internal compliance and control, codes of conduct and legal compliance to ensure appropriate compliance frameworks and controls are in place; and

- > approval of budgets and monitoring progress against budget via the establishment and reporting of both financial and non financial key performance indicators.

The Board has delegated to executive management responsibility for a number of matters including:

- > managing the Company's day to day operations in accordance with the Board approved authorisations, policies and procedures;
- > developing the Company's annual budget and recommending it to the Board for approval and managing the day to day operations within the budget; and
- > implementing corporate strategy and making recommendations on significant corporate strategic initiatives.

While executive management reports directly to either the Managing Director or the Chief Executive Officer, executive management is required to submit monthly management reports to the Audit & Risk Management Committee (ARMC) and the Board so that directors are apprised of operational issues on an ongoing basis. A formal charter of delegated functions and authorities to

management has been approved by the Board and a summary is included on the Company website at www.collectionhouse.com.au.

STRUCTURING THE BOARD TO ADD VALUE

The Company's Constitution provides that:

- > the minimum number of directors shall be three and the maximum number of directors shall be ten unless amended by a resolution passed at a general meeting;
- > at each AGM at least two directors must retire from office. Re-appointment is not automatic. If retiring directors wish to continue to hold office they must submit themselves to re-election by shareholders; and
- > no director may be in office for longer than three years without facing re-election.

MEMBERSHIP AND EXPERTISE OF THE BOARD

The Board considers that its membership should comprise directors with an appropriate mix of skills, knowledge, experience and personal attributes that allow the directors individually, and the Board collectively, to:

- > discharge their duties and responsibilities under the law efficiently and effectively;
- > understand the business of the Company and the environment within which the Company operates so as to be able to provide sound stewardship for management and the Company's objectives, goals and strategic direction to maximise shareholder value; and
- > assess the performance of management in meeting those objectives.

BOARD COMPOSITION

The Board composition during 2004/05 is set out below with details of the backgrounds of each director set out at page 12 and 13.

DIRECTOR	BOARD MEMBERSHIP	DATE OF APPOINTMENT
Dennis Punches	Chairman	1 July, 1998
Tony Aveling	Deputy Chairman and Independent Director (resigned 30 June, 2005)	1 February, 2001
Barrie Adams	Lead Independent Director	27 November, 2002
John Pearce	Deputy Chairman and Managing Director (and Chief Executive Officer until 30 June, 2005)	5 April, 1993
Tony Coutts	Executive Director	17 September, 1998
Barry Connelly	Independent Director	5 June, 2003
Bo Göranson	Independent Director (resigned 30 June, 2005)	25 May, 2000
Bill Hiller	Independent Director	5 June, 2003
Bill Kagel	Independent Director	16 February, 2000
Stephen Walker	Non-Executive Director	31 August, 1990

There were some changes to the Board and the roles of certain directors that took effect at 30 June, 2005, or thereafter:

- > Tony Aveling, Deputy Chairman and Independent Director resigned on 30 June, 2005;
- > Bo Göranson, Independent Director, resigned on 30 June, 2005;
- > John Pearce, though being appointed Deputy Chairman and remaining as Managing Director, retired as Chief Executive Officer on 30 June, 2005;
- > Colin Day was appointed an Executive Director on 1 July, 2005 and was also appointed as Chief Executive Officer on 1 July, 2005; and
- > Rhonda King was appointed an Executive Director on 24 August, 2005, in addition to continuing as Company Secretary.

BOARD INDEPENDENCE

While the concept of director independence is variously defined, the Board has considered each of the directors in office as at the date of this report and determined that four of the current directors are independent.

The six directors who are not considered independent as at the date of this report are Dennis Punches (Chairman), John Pearce (Deputy Chairman and Managing Director), Tony Coutts (Executive Director), Colin Day (Chief Executive Officer), Stephen Walker (Non-Executive Director), and Rhonda King (Company Secretary and Executive Director).

Due only to their respective substantial shareholdings in the Company, Dennis Punches and Stephen Walker are not classed as independent directors. The Board maintains however, that their combined industry experience and knowledge of international and domestic trends in the collection industry are invaluable to the Company.

Directors' experience and shareholdings as at 24 August, 2005 are provided in greater detail on page 12, 13 and 26.

While our Chairman, Dennis Punches, is not classed as an independent director, his experience and knowledge of the industry, coupled with his ability to lead, has enabled him to be, and continue to be, a very valuable and effective Chairman with a scope well beyond that of other candidates, at either a national or international level.

The appointment of Barrie Adams, in June, 2003 as Lead Independent Director coupled with the remaining

non-executive directors, ensures that the Board can operate independently of executive management and provides for special professional expertise.

As noted, Colin Day is not deemed to be independent by virtue of his appointment as Chief Executive Officer (previously Chief Operations Officer) of the Company. Rhonda King is also not deemed independent by virtue of her role as Company Secretary. John Pearce is not deemed independent by virtue of his appointment as Chief Executive Officer during the 2004/05 financial year.

Notwithstanding, the Board does not consider there are any matters that may materially interfere with the exercise by Colin Day and Rhonda King of unfettered and independent judgment.

Directors appointed to the Board during the year and not at an AGM must seek re-election at the first AGM following their appointment to allow for shareholder consent.

ASX CORPORATE GOVERNANCE COUNCIL RECOMMENDATIONS

2.1: A majority of the Board should be Independent Directors

The Board considers that a majority of the Board is not independent in accordance with Recommendation 2.1. However, the Board considers that the individuals on the Board can, and do make quality, unfettered and independent judgments in the best interests of the Company on all relevant issues. Directors having a conflict of interest in relation to a particular item of business must do absent themselves from the Board meeting before commencement of discussion on the topic.

2.2: The Chairperson should be an Independent Director

The Company's Chairman, Dennis Punches is considered by the Board not to be independent in terms of the ASX Corporate Governance Council's definition of Independent Director. However, the Board considers that for the reasons set out previously, the Chairman is able to and does bring quality, unfettered and independent judgment to all relevant issues falling within the scope of the role of Chairman.

The Board does not consider that a majority of directors being independent is, on its own, a sufficiently compelling factor to justify additional appointments to the Board at this time.

In addition to ensuring that the Board has a broad range of necessary skills, knowledge, and experience to govern the Company and understand the challenges that the Company faces, the Board considers that its membership should represent an appropriate balance between directors with experience and knowledge of the Company and directors with an external perspective. The Board also considers that its size should be conducive to effective discussion and efficient decision-making. The Board believes that its current composition meets these requirements.

BOARD MEETINGS

The Board meets at least six times a year, both as a Board and in conjunction with executive management, to discuss the short and long-term strategy of the Company.

The Board receives a monthly report, which provides current information concerning the Company and each of its controlled entities. The

monthly Board report includes salient financial details together with information on the performance of operations, major initiatives as well as legal, governance and compliance issues that may arise.

The Board convenes by email and by telephone conference call to discuss matters of urgency and importance with management, make recommendations to management, discuss strategy and make resolutions as required by a circulating minute program, ratified at its next Board meeting for expediency and efficiency.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman is responsible for leading the Board, facilitating Board discussions and managing the Board's relationship with the Company's executive management.

The Chief Executive Officer is responsible for implementing the Company's strategies and policies. The roles of the Chairman and Chief Executive Officer are separate roles which are undertaken by separate people.

BOARD COMMITTEES

Three Board Committees have been established to assist the Board in discharging its responsibilities.

Audit & Risk Management Committee

The Audit & Risk Management Committee operates in accordance with its Board approved charter, a copy of which is available from the corporate governance section of the Company's website www.collectionhouse.com.au.

The principal functions of the ARMC include reviewing and

making recommendations to the Board and assisting it in the discharge of its responsibilities relating to accounting policy, continuous disclosure and risk management. The Committee's responsibilities also include:

- > assessing the adequacy of accounting, financial and operating controls;
- > reviewing the performance of external auditors;
- > reviewing and monitoring the adequacy and effectiveness of management's control of risk, compliance and internal controls across all controlled entities in the Company; and
- > ensuring the Company complies with all legislation and regulations impacting on its daily operations, with particular attention to the financial and reporting needs of the Company.

The ARMC is chaired by Barrie Adams, Lead Independent Director, and during 2004/05 had two other permanent members being Tony Aveling (resigned 30 June, 2005), and Bill Hiller. With Tony Aveling's resignation, the Board has now appointed Barry Connelly (appointed 1 July, 2005), as a permanent member of the Committee. The Board considers that these members have appropriate financial expertise and understanding of the industry in which the Company operates.

The Managing Director, Chief Executive Officer, Chief Financial Officer, General Counsel, Internal Auditor, executive management and the Company's external auditors are invited to ARMC meetings, at the discretion of the Committee. The Committee meets at least six times each year and more often as required.

Nominations Committee

The Nominations Committee operates in accordance with its Board approved charter, a summary of which is available from the corporate governance section of the Company's website www.collectionhouse.com.au.

The main functions of the Committee are to assess the desirable competencies of the Board members, review Board succession plans, provide a framework for the evaluation process of the performance of the Board, individual directors, the Chief Executive Officer and executive management and to make recommendations for the appointment and removal of directors.

The members of the Committee during 2004/05 were Dennis Panches, Barrie Adams, Bill Hiller, and Tony Aveling (resigned on 30 June, 2005). It is chaired by the Chairman of the Board. The Nominations Committee meets no less than once per year.

The Committee's policy for the appointment of directors is to select candidates whose skills, expertise, qualifications, networks, and knowledge of the industry in which the Company operates and other potential markets into which it may expand, complement those of existing Board members.

When selecting new directors for recommendation to the Board, the Committee reviews prospective directors' CVs, meets with them and speaks with their referees and others who have previously worked with them to assess their suitability.

The Board has also adopted a director's Letter of Appointment covering the matters referred to in Principle 1

of the ASX Corporate Governance Guidelines ensuring directors clearly understand their corporate duties and responsibilities.

In addition to the director's Letter of Appointment and the Board Charter, an induction process has been introduced for all new board members designed to inform directors of their fiduciary and non-fiduciary responsibilities, terms and conditions of the directorship including expectations of performance, policy relating to the availability of independent advice and counsel, and corporate governance.

Remuneration Committee

The Remuneration Committee operates in accordance with its Board approved charter, a copy of which is available from the corporate governance section of the Company's website www.collectionhouse.com.au.

The principal function of the Committee is to assist the Board in ensuring that the Company's remuneration levels are appropriate and sufficient to attract and retain the directors and key executives needed to run the Company.

The role of the Committee is to:

- > make recommendations to the Board on director's fees, remuneration and policies;
- > approve and monitor salary packages for executives and other senior personnel;
- > monitor organisational structure and succession planning strategies; and
- > evaluate and review current industry standards and practices.

During 2004/05 the Committee was chaired by Bill Kagel and comprised Dennis Panches, Barrie Adams, Bill Hiller (appointed 15 June, 2005)

and Tony Aveling (resigned 30 June, 2005).

The Committee meets at least annually with additional meetings being convened as required. The Committee has access to executive management of the Company and may consult independent experts where it considers this necessary in order to effectively discharge its responsibilities.

For details of directors attendances at Committee meetings refer to the Directors' Report.

EQUITY PARTICIPATION BY NON-EXECUTIVE DIRECTORS

The Board encourages non-executive directors to own shares in the Company.

REMUNERATION

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive management team by remunerating directors and key executives fairly and appropriately in accordance with market conditions and reflective of their contribution. The expected outcomes of this remuneration philosophy are:

- > retention and motivation of key executives;
- > attraction of quality management to the Company; and
- > performance incentives which allow executives to share the rewards of the success of the Company.

The Board is keen to encourage equity holdings by employees to align staff interests with those of shareholders. Many employees have participated in the Company's various share and option plans and the directors

believe this has historically been a significant contributing factor to the Company's success.

The Company's share plans were in place prior to the release of the ASX best practice recommendations and were included as part of the documentation provided to shareholders on listing of the Company in October, 2000. The Board considers that the composition of executive remuneration and equity related staff incentive plans are the domain of the Board subject to meeting the Company's statutory and ASX Listing Rule disclosure obligations.

No directors participate in share plans. Non-executive directors receive only cash compensation and reimbursement of expenses for their services.

For additional information relating to the Company's remuneration practices and details relating to directors' and executives' remuneration during the year, refer to the Directors' Report and Note 30 to the Financial Statements.

REVIEW OF BOARD AND EXECUTIVE PERFORMANCE

In order to ensure that the Board continues to discharge its duties effectively, the performance of all directors was reviewed during the reporting period by the Chairman.

The performance of the Chairman was reviewed during the reporting period by his fellow directors. A review of the Board has also taken place in accordance with the Company's performance evaluation process for directors and executives.

The Board also annually reviews the performance of

the executive management team.

IDENTIFYING AND MANAGING BUSINESS RISKS

There are a variety of risks that exist in the collection industry in which the Company operates and there are a range of factors, some of which are beyond the control of the Company and which may impact on the Company's performance.

The Board, in conjunction with the ARMC, reviews and approves the parameters under which such risks are managed including the responsibility for internal control systems, the procedure for identifying business risks and the methods to control their financial impact on the Company. The Board has approved a Risk Management Policy, a summary of which is available on the corporate governance section of the Company's website www.collectionhouse.com.au.

The policy is designed to ensure that strategic, operational, legal, brand reputation and financial risks are identified, evaluated, effectively and efficiently monitored to enable the achievement of the Company's business objectives.

The Chief Executive Officer and the executive management team are instructed and empowered by the Board to implement risk management strategies in cooperation with it and the ARMC, report to the Board and the ARMC on developments related to risk, and suggest to the Board new and revised strategies for mitigating and resolving risk.

During the year, a new role was created within the Company to further strengthen the Company's risk

management framework. The role of Internal Auditor was created to oversee and support risk management efforts from a Company perspective ensuring that these efforts were in accordance with the direction provided by the Board and executive management, and to ensure the adequacy of the risk management information framework throughout the Company.

Internal audit carries out regular systematic monitoring of control activities and reports to both relevant business unit management and the ARMC. Typically, the audit methodology includes performing risk assessments of the areas under review; performing audit tests, including selecting and testing audit samples; reviewing progress made on previously reported audit findings and discussing internal control or compliance issues with line management and agreeing on actions to be taken.

An information technology steering committee was also established to support management on technology risk matters across all operational areas in Australia and New Zealand with the focus including technology risk reviews and policy development.

As at the half-year ended 31 December, 2004 and full-year ended 30 June, 2005 the Chief Executive Officer and Chief Financial Officer certified to the Board that the Company's financial reports were complete and presented a true and fair view, in all material respects, of the financial conditions and operational results of the Company and the controlled entities at that date and were in accordance with relevant accounting standards. Also, the Board received half-year and full-year declarations from executive management that

the Company's risk management and internal compliance and control systems were at that date operating efficiently and effectively in all material respects.

Although no system of risk management can provide total assurance that the risks that the Company faces will be fully diminished, the Company's approach to risk management seeks to meet the Company's specific needs and minimise the risks to which it is exposed.

CORPORATE REPORTING

The CEO and CFO have made the following certifications to the Board:

- > that the Company's financial reports are complete and present, a true and fair view, in all material respects, of the financial conditions and operational results of the Company and the controlled Entities and are in accordance with relevant accounting standards;
- > that the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- > the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

The Company adopted this certification structure for the year ended 30 June, 2005.

CONFLICT OF INTEREST

If a director has a potential conflict of interest in a matter under consideration by the Board or a board committee, that director must abstain from deliberations on those matters. In that instance, the director is not permitted to exercise any influence over

other Board members or board committee members on that issue nor receive relevant Board or board committee papers or reports.

INDEPENDENT ADVICE

The Company permits any director or board committee to obtain advice about transactions or matters of concern, at the Company's cost. Approval for directors seeking independent advice is subject to the approval of the Chairman acting reasonably. Where appropriate, directors share such independent advice with other directors.

ETHICAL STANDARDS

The Company recognises the need for our directors, executives and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity.

The Board has adopted a Code of Conduct that sets out the principles and standards with which all officers and employees are expected to comply in the performance of their respective functions. A key element of that code is the requirement that directors, officers and employees act in accordance with the law and with the highest standards of propriety. The code and the methods of its implementation are reviewed annually.

A summary of the Company's Code of Conduct for directors and senior executives is available from the corporate governance section of the Company's website www.collectionhouse.com.au.

COMPANY POLICY AND PRACTICE FOR DEALING IN SECURITIES

The freedom of directors and executives to deal in the Company's securities is restricted in a number of

ways: by statute; by common law; and by the requirements of the ASX Listing Rules.

In addition to these restrictions, the Company has adopted an Insider Trading Policy for dealing in company securities.

The Insider Trading Policy provides that directors and executives may only deal in company securities, provided they are not in possession of material non-public information, in the 30 days following the Company's half-year and full-year financial results announcements and, if relevant, any shareholders' meeting.

Directors and executives may only deal in the Company securities outside of these times with the express prior approval of the Chairman or Managing Director.

A summary of the Insider Trading Policy is available from the corporate governance section of the Company's website www.collectionhouse.com.au.

SHAREHOLDER COMMUNICATIONS

The Board aims to ensure that shareholders are informed of all information necessary to assess the performance of the Company. Information is communicated to the shareholders through:

- > the Annual Report which is distributed to all shareholders (other than those who elect not to receive it);
- > the AGM and other shareholder meetings called to obtain approval for Board action as appropriate;
- > making available all information released to the Australian Stock Exchange on the Company's website immediately following confirmation of receipt by the ASX;

- > ensuring all press releases issued by the Company are posted on the Company's website;
- > encouraging active participation by shareholders at shareholder meetings;
- > actively encouraging shareholders to provide their email address to facilitate more timely and effective communication with shareholders at all times;
- > contacting shareholders who have provided their email addresses directly to provide details of upcoming events of interest; and
- > encouraging all shareholders who are unable to attend general meetings to communicate issues or ask questions by writing to the Company.

A copy of the Board approved Shareholder Communications Guidelines is available from the corporate governance section of the Company's website www.collectionhouse.com.au.

COMPANY COMMITMENT TO CONTINUOUS DISCLOSURE

The Board has approved a Continuous Disclosure Policy to ensure the fair and timely disclosure of price sensitive information to the investment community as required by applicable law.

The Company Secretary has been appointed the Disclosure Officer of the Company and is required to keep abreast of all material information and where appropriate ensure disclosure of share price sensitive information.

A copy of the Continuous Disclosure Policy is available from the corporate governance section of the Company's website www.collectionhouse.com.au.

EXTERNAL AUDIT INDEPENDENCE

The Company's policy is to appoint external auditors who demonstrate quality and independence. The performance of the auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into account an assessment of performance, existing value and tender costs. Hacketts Chartered Accountants were appointed as the external auditors in 2000.

It is the policy of Hacketts to provide an annual Declaration of Independence to the ARMC.

In addition, the Company has put in place a policy which lists the types of services that Hacketts will not be able to undertake in order to maintain the independence and integrity of its services to the Company.

The ARMC meets with the external auditor of the Company, independently of executive management, at least twice a year. It met nine times during the reporting period with senior executives and external consultants and auditors as required. The ARMC reports to the Board at least at each Board meeting.

A formal program has been established for the ARMC at each of its meetings in order to ensure, among other things, that appropriate consideration is given to the Committee's overall responsibility to:

- > oversee and appraise the scope and quality of audits conducted by the Company's external auditors;
- > monitor the relationship with and independence of external auditors; and
- > make recommendations to the Board on the

appointment, removal and terms of engagement of external auditors.

The External Auditor is requested to attend the AGM and be available to answer shareholder questions about the conduct of the audit and the preparation of the content of the audit report.

An analysis of fees paid to external auditors, including a breakdown of fees for non-audit services, is provided in the Directors' Report and in Note 31 to the Financial Statements.

WHISTLEBLOWER PROTECTION

The Board has approved a Whistleblower Protection Policy that specifically outlines procedures for dealing with allegations of improper conduct. Concerns can be raised in a number of ways, including in writing, anonymously through the Company's online whistleblower reporting system, or by telephone. Any concerns that are reported are assessed and handled by disclosure coordinators in conjunction with the Company's General Counsel.

The Company does not tolerate known or suspected incidents of fraud, corrupt conduct, adverse behaviour, legal or regulatory non-compliance, or questionable accounting and auditing matters by its employees.

Nor does the Company tolerate taking reprisals against those who come forward to disclose such conduct. The Company will take all reasonable steps to protect employees who make such disclosures from any reprisal or detrimental action following the disclosure.

HEALTH AND SAFETY

The Company aims to provide and maintain a safe and healthy work environment within all operations. The Company acts to meet this commitment by implementing work practices and procedures throughout the Company that comply with the relevant regulations governing the workplace. Employees are expected to take all practical measures to ensure a safe and healthy working environment in keeping with their defined responsibilities and regulations.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The Australian Accounting Standards Board (AASB) is adopting International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after 1 January, 2005. The AASB will issue Australian equivalents to IFRS, and the Urgent Issues Group will issue abstracts corresponding to International Accounting Standards Board (IASB) interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee. The adoption of Australian equivalents to IFRS will be first reflected in the consolidated Entity's financial statements for the half-year ending 31 December, 2005 and the year ending 30 June, 2006.

COMPANY SECRETARY

The Company Secretary is Rhonda King. Under the Company's Constitution, the appointment and removal of the Company Secretary is a matter for the Board. Among other matters, the Company Secretary advises the Board on governance procedures

and seeks to support the effectiveness of the Board by monitoring Board policy and procedures and coordinating the completion and despatch of the Board meeting agendas and papers. The Company Secretary must also ensure that each director receives any requested information in a timely manner.

Rhonda King was in practice as a commercial lawyer from 1981, and as a partner or consultant from 1984, until accepting the appointment as Company Secretary of the Company and its subsidiaries in April, 2003.

All directors have access to the advice and services of the Company Secretary.

Directors' Report

Your directors present their report on the consolidated Entity comprising Collection House Limited (the Company) and its controlled Entities for the financial year ended 30 June, 2005.

DIRECTORS

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

D G Punches
Chairman

A R Aveling
Deputy Chairman
(resigned effective 30 June, 2005)

B E Adams
Lead Independent Director

D B Connelly
Independent Director

B S Göranson
Independent Director
(resigned effective 30 June, 2005)

W L Hiller
Independent Director

W W Kagel
Independent Director

S Walker
Non-Executive Director

J M Pearce
Managing Director & Chief Executive Officer
(Managing Director and Deputy Chairman effective 1 July, 2005)

A F Coutts
Executive Director

C K Day
Chief Executive Officer
(effective 1 July, 2005).

Additional information about each of the directors is included in the Board of Collection House Limited and Corporate Governance sections of this report.

COMPANY SECRETARY

The Company Secretary at the end of the financial year was R G King.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated Entity during the year were the provision of debt collection services throughout Australasia. There were no significant changes in the nature of the activities of the consolidated Entity during the year.

Dividends

Details of dividends in respect of the reporting period are outlined below:

TYPE	CENTS PER SHARE	TOTAL AMOUNT \$'000	FRANKED / UNFRANKED	DATE OF PAYMENT
Declared and paid during the year				
> Final 2004 ordinary	4.0	3,888	Unfranked	26 November, 2004
> Interim 2005 ordinary	4.0	3,888	Unfranked	16 March, 2005
Declared after end of year				
> Final 2005 ordinary	4.0	3,889	Unfranked	25 November, 2005

NOTE

Dealt with in the financial report as:

> Dividends	22	7,776
> Noted as a subsequent event	34	3,889

REVIEW OF OPERATIONS

	CONTINGENT COLLECTION SERVICES		ACCOUNT ASSET MANAGEMENT		CREDIT REPORTING		OTHER OPERATIONS		INTER-SEGMENT ELIMINATIONS / UNALLOCATED		CONSOLIDATED	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Sales to external customers	43,084	46,353	54,301	42,666	21,686	23,790	6,046	3,719	-	-	125,117	116,528
Inter-segmental sales	2,489	6,009	-	-	248	272	-	-	(2,737)	(6,281)	-	-
Total sales revenue	45,573	52,362	54,301	42,666	21,934	24,062	6,046	3,719	(2,737)	(6,281)	125,117	116,528
Other revenue	1,320	160	103	67	61	847	50	9	172	265	1,706	1,348
Total segmental revenue	46,893	52,522	54,404	42,733	21,995	24,909	6,096	3,728	(2,565)	(6,016)	126,823	117,876
Segment result	5,958	6,956	17,695	12,334	3,073	3,134	(2,221)	(2,243)	(156)	1,637	24,349	21,818
Less: unallocated expenses											(6,710)	(6,537)
Profit from ordinary activities before income tax expense											17,639	15,281
Less: income tax expense											5,825	5,056
Profit from ordinary activities after income tax expense											11,814	10,225
Less: outside equity interest											(396)	(416)
Net profit attributable to members of the Company											12,210	10,641

**OPERATING AND
FINANCIAL REVIEW**

A summary of the consolidated sales and results for the reporting period by significant industry segment is set out above.

Company Overview

The consolidated Statement of Financial Performance shows a consolidated net profit of \$12.2m, compared to \$10.6m in 2004. This represents an increase of 14.7%.

A strong performance was recorded by the contingent collection services and account asset management segments with a combined segment result of \$23.7m, (\$19.3m in 2004). This represents an increase of 22.8%. During the year the amortisation rate on purchased debt increased to 35% from 29% in 2004. The result from the account asset management segment was \$17.7m, (\$12.3m in 2004). This represents an increase of 43.9%.

The consolidated Entity's net assets increased by 4.8%.

The consolidated revenue for the period increased by 7.6% to \$126.8m. Revenue continues to confirm Collection House as one of Australasia's dominant receivables management companies.

Staffing levels continue to be contained. At the end of the financial year there were 632 staff compared with 692 the previous year. Staffing costs decreased from \$37.0m to \$35.2m. A decrease of 5.1%.

During the year savings were realised in telecommunication, postage, printing, and advertising. The program of cost containment and reduction will continue in the coming year and further savings are expected.

Capital expenditure in 2005 was \$2.2m compared with \$2.0m in 2004. The Company has provided an additional \$0.15m for bad and doubtful debts.

The Entity acquired debt ledgers with a total cost of \$43.4m (\$27.9m in 2004). The purchases were made from operating cash flow and the use of existing facilities. During the year the Entity

increased its borrowings by \$10.1m compared with a decrease in 2004 of \$1.4m. Cash flow from operations increased to \$43.4m, (\$32.1m in 2004). This represents an increase of 35.2% over 2004. During the year, current assets decreased by \$7.6m, current liabilities decreased by \$2.4m and current receivables decreased by \$4.2m to \$12.9m.

The Entity has enjoyed the benefits of a period of consolidation in 2005 following two years of heavy acquisition activity. The Board has confirmed its confidence in Collection House's current and future trading position. In line with dividend policy, the Board has declared an unfranked final dividend of 4.0 cents, payable on 25 November, 2005. With the unfranked interim dividend of 4.0 cents paid in March 2005, the total dividend for 2004/05 is 8.0 cents (unfranked) per share, consistent with the Company dividend policy.

State of affairs

Significant changes in the state of affairs of the consolidated Entity during the

financial year were as follows:

1. The consolidated Entity purchased \$325.6m face value of debt for \$43.6m.
2. The consolidated Entity acquired a further 5.9% of Collection House Business Diagnostics Pty Ltd.
3. The consolidated Entity sold the business of Downie Insolvency.
4. The consolidated Entity sold the business of National Revenue Corporation (NZ).

**Events subsequent to
reporting date**

A final unfranked dividend has been declared of 4.0 cents for a total of \$3.9m. No provision has been raised in these accounts.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated Entity, the results of those

operations, or the state of affairs of the consolidated Entity, in future financial years.

Directors' meetings

The number of meetings of the Company's Board and of each board committee held during the year ended 30 June, 2005 and the numbers of meetings attended by each director of the Company during the financial year were:

NUMBER OF BOARD MEETINGS ATTENDED BY DIRECTORS

DIRECTOR NAME	MEETINGS HELD TO 30 JUNE, 2005 (excluding AGM and circulating minutes)	MEETINGS ATTENDED	CIRCULATING MINUTES
Dennis Punches	7	7	5
John Pearce	7	7	5
Barrie Adams	7	7	5
Tony Coutts	7	7	5
Stephen Walker	7	7	5
Tony Aveling	7	7	5
Bo Göranson	7	4	5
Bill Kagel	7	7	5
Barry Connelly	7	7	5
Bill Hiller	7	6	5

Likely developments

The benefits of cost reduction will be further realised in the new financial year. The account asset management segment will continue its growth trend. The improvement of margins in the credit reporting segment should continue. Rapid Ratings and Insurance Claims Solutions are expected to make an improved contribution.

The Board is considering future strategic direction for Rapid Ratings and ABR and consideration is being given to future public listing for both subsidiaries. Consideration is at a very preliminary stage and no specific timeline has been set.

Further information about likely developments in the operations of the consolidated Entity and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the consolidated Entity.

Environmental regulations

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

NUMBER OF ARMC MEETINGS ATTENDED BY COMMITTEE MEMBERS

COMMITTEE MEMBER	MEETINGS HELD	MEETINGS ATTENDED
Barrie Adams	9	9
Tony Aveling	9	9
Bill Hiller	9	9

Tony Aveling ceased to be a member of the ARMC on 30 June, 2005 and Barry Connelly was appointed to the ARMC from 1 July, 2005.

NUMBER OF NOMINATIONS COMMITTEE MEETINGS ATTENDED BY COMMITTEE MEMBERS

COMMITTEE MEMBER	MEETINGS HELD	MEETINGS ATTENDED
Dennis Punches	3	2
Barrie Adams	3	2
Bill Hiller	3	3
Tony Aveling (from 27 July, 2004)	3	3

Tony Aveling ceased to be a member of the Nominations Committee on 30 June, 2005.

NUMBER OF REMUNERATION COMMITTEE MEETINGS ATTENDED BY COMMITTEE MEMBERS

COMMITTEE MEMBER	MEETINGS HELD (excluding circulating minutes)	MEETINGS ATTENDED	CIRCULATING MINUTES
Bill Kagel	3	3	2
Dennis Punches	3	3	2
Barrie Adams	3	2	2
Tony Aveling (from 27 July, 2004)	3	3	2
Bill Hiller (from 15 June, 2005)	3	-	-

Tony Aveling ceased to be a member of the Remuneration Committee on 30 June, 2005.

DIRECTORS' SHAREHOLDING REGISTER

Collection House Limited

	Ordinary Shares	Options
D G Punches	14,054,835	-
A R Aveling	250,000	-
B E Adams	-	-
J M Pearce	14,189,900	-
D B Connelly	20,000	-
A F Coutts	4,034,000	100,000
B S Göranson	4,772,427	-
W L Hiller	5,200	-
W W Kagel	500,000	-
S Walker	6,750,000	-
C K Day	325,000	100,000

Directors' Shareholding Register

The relevant interest of each director and their associates in the shares or options over issued shares by the Company at 24 August, 2005 is as listed above.

Remuneration Report

The objective of the Company's executive reward and seniority framework is to ensure promotion and reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good governance practices:

- > competitiveness and reasonableness;
- > acceptability to shareholders;
- > performance linkage / alignment of effective compensation;
- > transparency; and
- > capital management.

In consultation with key members of the Board who have many years industry operational experience and the Human Resources Manager, the Company has structured an executive remuneration framework that is market competitive and

complimentary to the reward strategy of the organisation.

Alignment to shareholders interests:

- > has economic profit as a core component of plan design;
- > focuses on sustained growth in share price and delivering constant return on assets as well as focussing the executive on key non-financial drivers of value; and
- > attracts and retains high calibre executives.

Alignment to program participants interests:

- > rewards capability and experience;
- > reflects competitive reward for contribution to shareholder growth;
- > provides a clear structure for earning rewards; and
- > provides recognition for contribution.

The framework provides a mix of short and long-term incentives. As executives gain seniority within the Group, the higher the salary and incentives offered.

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Payments are allowed for additional responsibilities for Board chairmanship, deputy chairmanship, the Lead

Independent Director role, and for membership of Board committees and subsidiary boards. It should be noted that the Chairman has voluntarily reduced his fee to \$50,000 per annum as from 1 April, 2003. William Kagel, a non-executive director and Chair of the Remuneration Committee has also waived the fee normally due to him for this role. Directors' fees and payments are reviewed annually by the Remuneration Committee. The Committee's recommendations are forwarded for approval by the Board. Non-executive directors do not receive share options.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for shareholder approval. The total maximum currently stands at \$500,000.

Executive directors' payments

Remuneration for executive directors is reviewed on an annual basis.

The current base remuneration of Tony Coutts was reviewed in December, 2003 when Tony reduced the hours of his position. An option agreement was put in place for Tony Coutts providing the issue of options for 500,000 shares at \$1 per share to him. The options are exercisable at the rate of 100,000 per annum and may

only be exercised if Tony remains employed with the Company. The terms of the option agreement were disclosed in the Prospectus.

John Pearce, the Managing Director & Chief Executive Officer elected to receive no remuneration during the 2004/05 financial year. John has waived any fee payable during 2005/06 for his roles as Managing Director and Deputy Chairman.

Retirement allowances for directors

There are no retirement allowances paid to non-executive directors.

Executive pay

Executive pay comprises:

- > a base salary;
- > incentives provided through the employee share plan and the executive option plan; and
- > other remuneration such as superannuation and a car park.

Each senior executive's performance is reviewed at least annually in accordance with the terms of the Company's approved evaluation form together with agreed key performance indicators. Changes in seniority and executive reward are based on the results of this evaluation.

Participation in the employee share plan is based on a

simple formula involving seniority and length of employment.

Participation in the option plan is via Board approval. The Chief Executive Officer prepares a list of executives and their proposed level of participation in the plan.

The nominees and the level of options to be issued are based on performance. That list is referred to the Remuneration Committee. The final list of nominees and their participation level in the plan is recommended by the Remuneration Committee to the Board for approval. Options in the past have been issued on the basis of individual performance. The option plan was reviewed and options in the 2004/05 financial year were issued on the basis of not only individual performance but also company performance hurdles. The performance hurdle for the 2004/05 financial year was an increase in the share price of 10%.

The Remuneration Committee reviews the terms of the option plan on an annual basis.

Director and executive payments

Details of the nature and amount of each element of emoluments of each director of the Company, of the five executives of the consolidated Entity receiving the highest emoluments and of the six executives with the greatest authority for the strategic direction and management of the consolidated Entity are set out above.

DIRECTOR AND EXECUTIVE PAYMENTS

BASE SALARY		OPTIONS ISSUED ¹	BONUS/ CAR ALLOWANCE	SUPER-ANNUATION	NON-CASH BENEFITS	TOTAL
\$		\$	\$	\$	\$	\$
DIRECTORS						
Non-executive:						
D G Punches ²	50,000	-	-	-	2,576	52,576
B E Adams	120,000	-	-	10,800	2,576	133,376
A R Aveling	70,000	-	-	6,300	2,576	78,876
B Connelly	50,000	-	-	-	2,576	52,576
B S Göranson	40,000	-	-	-	2,576	42,576
W L Hiller	60,000	-	-	5,400	2,576	67,976
W W Kagel	40,000	-	-	-	2,576	42,576
S Walker	40,000	-	-	3,600	2,576	46,176
Executive:						
J Pearce ³	-	-	-	-	6,404	6,404
Managing Director & Chief Executive Officer						
A Coutts ⁴	182,623	174,000	7,777	22,521	6,404	393,325
Executive Director						
Executive officers of the consolidated Entity – highest remuneration (excluding directors)						
M Watkins ⁵	253,077	8,700	-	22,777	6,404	290,958
General Counsel						
A Ralston	190,000	-	-	17,100	6,404	213,504
Chief Financial Officer						
D McAlpine ⁵	130,000	6,525	58,878	15,953	6,404	217,760
Subsidiary Director						
B Doherty ⁵	174,265	17,400	-	15,684	6,536	213,885
Chief Collections Officer						
M Thomas ⁵	176,234	17,400	-	13,747	2,576	209,957
Chief Information Officer						
Executive officers of the consolidated Entity – responsible for strategic direction (excluding directors)						
C Day ⁵	164,432	17,400	-	14,799	6,404	203,035
Chief Operations Officer						
B Doherty ⁵	174,265	17,400	-	15,684	6,536	213,885
Chief Collections Officer						
C Stewart ⁵	160,000	25,540	-	14,400	6,404	206,344
General Manager, Corporate Communication & Marketing						
A Ralston ⁵	190,000	-	-	17,100	6,404	213,504
Chief Financial Officer						
M Watkins ⁵	253,077	8,700	-	22,777	6,404	290,958
General Counsel						
M Thomas ⁵	176,234	17,400	-	13,747	2,576	209,957
Chief Information Officer						

1 Other than the options for Tony Coutts, the value disclosed above is calculated at the date of grant using a Black-Scholes model. Further details of options granted during the year are set out on page 29.

2 Dennis Punches requested that the annual salary of \$80,000 be reduced to \$50,000 effective 1 April, 2003. That reduction continued through the 2004/05 financial year.

3 John Pearce opted to receive no remuneration effective 8 April, 2003. That request continued through the 2004/05 financial year.

4 Tony Coutts exercised 100,000 options in October, 2004 at an exercise price of \$1 per share. It was considered impractical to estimate the value of the options exercised as at the date of grant on 14 July, 2000. Therefore, consistent with the 2001/02 calculation, the benefit to Tony Coutts on the exercise of his options is included as the relevant value.

5 These executives were entitled to participate in the Company's executive option plan and were issued options during the year. The details of these options are disclosed on page 29.

Service agreements

Remuneration and other terms of employment for the Managing Director, Chief Executive Officer, Executive Director-Sales, Chief Financial Officer and other executives are formalised in employment agreements. Major provisions of these agreements are set out below:

JM Pearce – Managing Director & Chief Executive Officer

- > agreement terminable by either party on three months' notice;
- > entitlement to any salary has been waived;
- > retired as Chief Executive Officer on 30 June, 2005; and
- > remains as Managing Director and has been appointed as Deputy Chairman effective from 1 July, 2005.

AF Coutts – Executive Director – Sales

- > agreement terminable by either party on three months' notice;
- > base salary reviewed and agreed with the Board in December, 2003. Salary prior to review was \$353,250 per annum and following review was agreed at \$183,161 per annum effective from 1 January, 2004; and
- > options provided by separate option agreement entered into in 2000, the terms of which were disclosed in the Prospectus.

A Ralston – Chief Financial Officer

- > agreement terminable by either party on three months' notice; and
- > annual base salary of \$190,000.

CK Day – Chief Operations Officer (to 30 June, 2005)

- > agreement terminable by either party on three months' notice; and
- > annual base salary of \$190,000.

CK Day – Chief Executive Officer (from 1 July, 2005)

- > term of one year with the option of two renewals, each for two years;
- > annual base salary of \$330,000;
- > annual bonus of \$200,000 payable at the discretion of the Board;
- > also granted 100,000 options per annum for three years, exercisable at a price being the average market price for CLH shares for the five days prior to and including 30 June, 2005. The options may only be exercised if certain performance targets are met: the target for the first year is to increase return on equity for CLH shares to 14.4%; in the second year the target is a 16.8% return; and in the third year it is 19.2%; and
- > agreement terminable in the first year on a six months' notice period, and in each of the following periods it is 12 months.

C Stewart – General Manager, Corporate Communication & Marketing

- > agreement terminable by C Stewart on one month's notice and by Collection House on 12 months' notice; and
- > annual base salary of \$160,000.

B Doherty – Chief Collections Officer

- > agreement terminable by either party on three months' notice; and
- > annual base salary of \$174,265.

M Thomas – Chief Information Officer

- > agreement terminable by either party on three months' notice; and
- > annual base salary of \$175,000.

M Watkins – General Counsel

- > agreement terminable by either party on three months' notice; and

> annual base salary of \$235,000.

Share options granted to directors and executives

Options over unissued ordinary shares of the Company granted during or since the end of the financial year to any of the directors and the executives listed above as part of their remuneration are opposite in Table 1.

Options were issued under the Company executive option plan to eligible employees.

Options issued on 30 September, 2004 were subject to a performance hurdle that the Company share price increase by 10% by 30 June, 2005. The hurdle was not reached and as a consequence, the options lapsed.

No option holder has any right under the options to participate in any other share issue of the Company or of any other entity.

Shares under option

Unissued shares of the Company under option at the time of this report are opposite in Table 2.

Shares issued on the exercise of options

The ordinary shares of the Company issued during the year ended 30 June, 2005 on the exercise of options are shown opposite in Table 3.

The amount unpaid under loans to employees under the employee loan scheme to purchase Company shares, as at 30 June, 2005 was \$132,860.

Relationship between remuneration policy and company performance

The Company considers that its remuneration policy fairly recompenses employees without being overly generous to the detriment of profit available for distribution to shareholders (see Table 4 opposite).

Company remuneration policy also ensures options over shares in the Company are issued on the basis of individual performance. In the 2004/05 financial year, issued options could not be exercised until a performance hurdle was satisfied. That hurdle, being an improvement in share price of 10% by 30 June, 2005 was not achieved and the options lapsed.

During the last five years the Company's financial performance has been solid with a profit being declared in each half year, an improving net asset position, and a return to shareholders by way of dividend each half year.

Indemnification and insurance of officers

During the financial year, Collection House Limited paid premiums of \$74,707 to insure the directors and officers of the Company and its controlled entities.

The insurance policies indemnify the insured directors and officers for any payment they shall become legally liable to make arising from any claim made against them in their capacity as directors and officers of the organisation, to the extent allowed by law.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors and officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

TABLE 1: SHARE OPTIONS GRANTED TO DIRECTORS AND EXECUTIVES

ISSUED TO	ISSUE DATE	EXERCISE PRICE PER SHARE	NUMBER OF SHARES	EXPIRY DATE	EXERCISED
Michael Watkins	30 September, 2004	\$1.36	20,000	30 June, 2005	No
Don McAlpine	30 September, 2004	\$1.36	15,000	30 June, 2005	No
Matthew Thomas	30 September, 2004	\$1.36	40,000	30 June, 2005	No
Colin Day	30 September, 2004	\$1.36	40,000	30 June, 2005	No
Brendan Doherty	30 September, 2004	\$1.36	40,000	30 June, 2005	No
Chris Stewart	22 July, 2004	\$1.18	20,000	30 June, 2005	Yes
	30 September, 2004	\$1.36	40,000	30 June, 2005	No

TABLE 2: SHARES UNDER OPTION

ISSUED TO	ISSUE DATE	EXERCISE PRICE PER SHARE	NUMBER OF SHARES	EXPIRY DATE
A Coutts	14 July, 2000	\$1.00	100,000	3 November, 2005
C Day	1 July, 2005	\$1.42	100,000	30 June, 2007
			<u>200,000</u>	

TABLE 3: SHARES ISSUED ON THE EXERCISE OF OPTIONS

ISSUE DATE OF OPTIONS	ISSUE PRICE OF SHARES	NUMBER OF SHARES ISSUED
14 July, 2000	\$1.00	100,000
22 July, 2004	\$1.18	20,000

TABLE 4: RELATIONSHIP BETWEEN REMUNERATION POLICY AND COMPANY PERFORMANCE

FINANCIAL YEAR	NUMBER OF EMPLOYEES AT YEAR END	NPAT	NET ASSETS	DIVIDENDS DECLARED	CHANGE IN SHARE PRICE	BASIC EARNINGS PER SHARE
2000-2001 (noting that the Company listed on 4 October, 2000)	649	\$9,324,000	\$71,603,000	6.5 cents fully franked	Listed at \$1.00 Ended: \$5.28	10.55 cents
2001-2002	957	\$18,655,000	\$80,866,000	12.5 cents fully franked	Commenced: \$5.13 Ended: \$3.10	19.60 cents
2002-2003	753	\$8,197,000	\$82,152,000	5.5 cents fully franked	Commenced: \$3.02 Ended: \$1.19	8.59 cents
2003-2004	692	\$10,641,000	\$90,398,000	7.0 cents unfranked	Commenced: \$1.16 Ended: \$1.43	11.00 cents
2004-2005	632	\$12,210,000	\$94,773,000	8.0 cents unfranked	Commenced: \$1.54 Ended: \$1.40	12.57 cents

Proceedings on behalf of the Company

No person has applied to the Courts under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in or on behalf of the Company with leave of the court under section 237 of the Corporations Act 2001.

Rounding

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report and financial report have been rounded off in accordance with that class order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Non-audit services

The Board of Directors in accordance with advice from the Audit & Risk Management Committee is satisfied that the provision of the non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditors' independence for the following reasons.

- > During the year the Company's auditors have performed no other services in addition to their statutory duties. All non-audit services are subject to the corporate governance procedures adopted by the Company. A copy of the auditors'

Independence Declaration as required under Section 307C of the Corporations Act is included in the Directors' Report. Details of the amounts paid to the auditors of the Company, Hacketts, are set out below.

AUDITORS' REMUNERATION

	2005	2004
Audit services: Amounts received or due and receivable by the auditors, Hacketts, for: > audit of the financial statements	\$170,000	\$160,000
Other services: Amounts received or due and receivable by the auditors for: > other assurance services > other non-assurance services	\$70,000 -	\$65,000 \$26,500

Auditors' Independence Declaration

Our 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 in the Directors' Report.

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



COLLECTION HOUSE LIMITED

John Pearce
MANAGING DIRECTOR
Brisbane, 24 August, 2005

23 August 2005

The Board of Directors
Collection House Limited
488 Queen Street
BRISBANE Q 4000

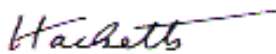
Auditor's Independence Declaration

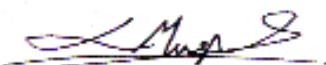
In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Collection House Limited.

As lead audit partner for the audit of the financial report of Collection House Limited for the year ended 30 June 2005, I declare that to the best of my knowledge and belief, there have been:

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

Yours faithfully


Hacketts

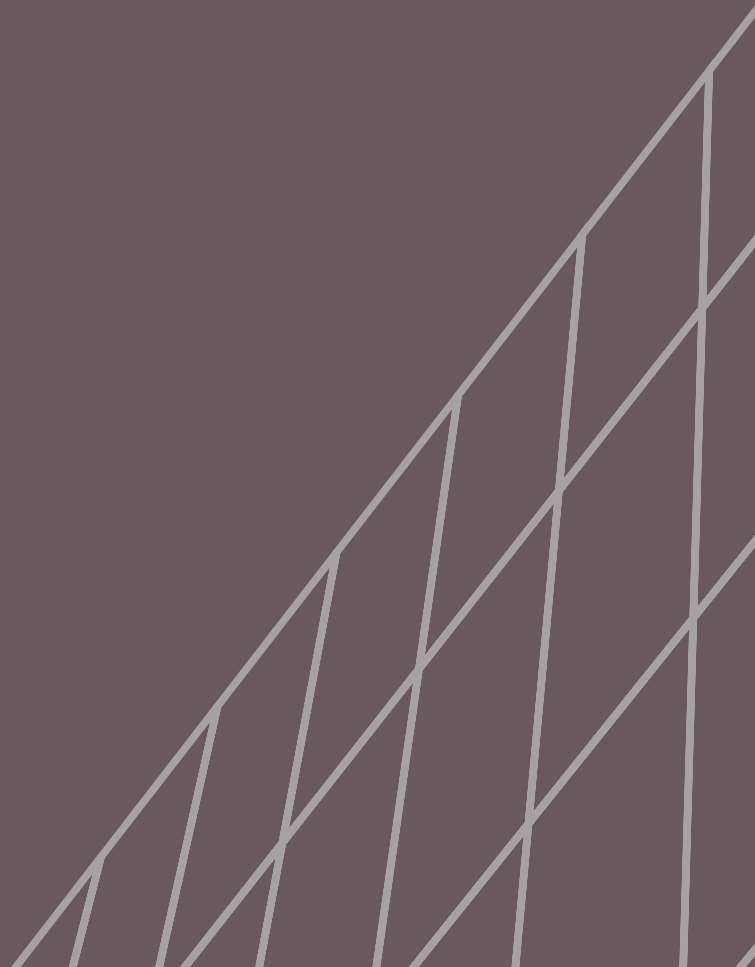

Liam J Murphy
Audit Partner

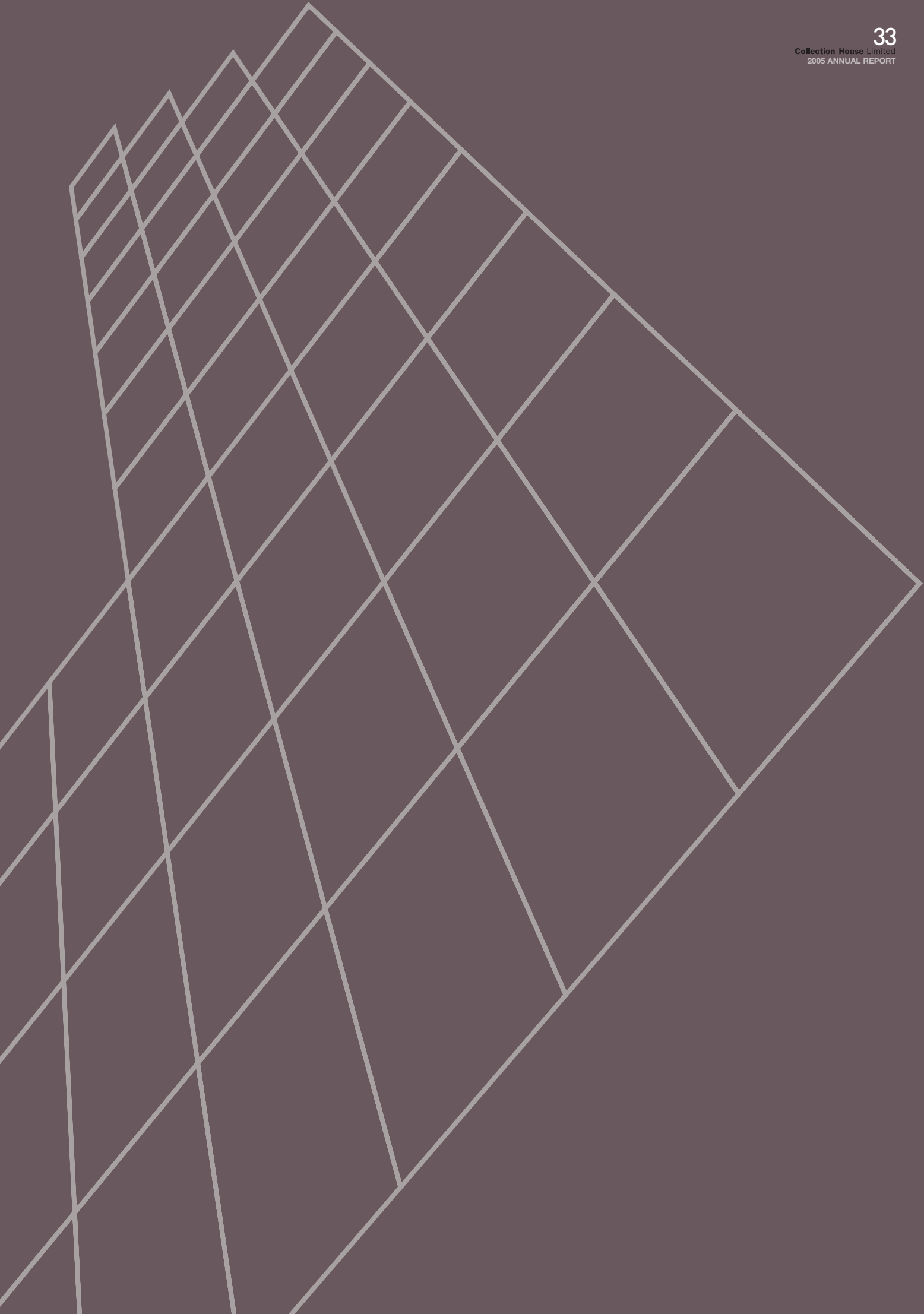
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Financial Statements

For the year ended 30 June, 2005





Statements of Financial Performance

Collection House Limited and its controlled entities

For the year ended 30 June, 2005

	Note	CONSOLIDATED		THE COMPANY	
		2005	2004	2005	2004
		\$'000	\$'000	\$'000	\$'000
Revenue from rendering of services	4	125,117	116,528	46,368	47,917
Other revenues from ordinary activities	4	1,706	1,348	12,399	9,815
Total revenue from ordinary activities	4	126,823	117,876	58,767	57,732
Expenses from ordinary activities, excluding borrowing costs expense	5(a)	(105,460)	(99,229)	(47,807)	(46,994)
Borrowing costs	5(b)	(3,724)	(3,366)	(3,704)	(3,267)
Profit from ordinary activities before related income tax expense		17,639	15,281	7,256	7,471
Income tax (expense) / benefit relating to ordinary activities	6(a)	(5,825)	(5,056)	1,699	301
Profit from ordinary activities after related income tax (expense) / benefit		11,814	10,225	8,955	7,772
Profit from extraordinary item after related income tax expense		-	-	-	-
Net profit		11,814	10,225	8,955	7,772
Net (profit) / loss attributable to outside equity interests	23	396	416	-	-
Net profit attributable to members of the Company	21	12,210	10,641	8,955	7,772
Non-owner transaction changes in equity:					
Net exchange difference relating to self-sustaining foreign operations	20	(144)	268	-	-
Total revenues, expenses and valuation adjustments attributable to members of the Company recognised directly in equity		(144)	268	-	-
Total changes in equity from non-owner related transactions attributable to the members of the Company	24	12,066	10,909	8,955	7,772
		cents	cents		
Basic earnings per share	7	12.57	11.00		
Diluted earnings per share	7	12.56	10.97		

The above statements of financial performance are to be read in conjunction with the accompanying notes to the financial statements.

Statements of Financial Position

Collection House Limited and its controlled entities

For the year ended 30 June, 2005

	Note	CONSOLIDATED		THE COMPANY	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Current assets					
Cash assets	8	2,399	4,697	558	150
Receivables	9(a)	12,937	17,114	19,459	17,919
Current tax assets		763	2,211	763	1,918
Other	10(a)	1,437	1,113	1,011	683
Total current assets		17,536	25,135	21,791	20,670
Non current assets					
Receivables	9(b)	1,013	79	101,381	78,219
Purchased debt	11	112,339	86,872	-	-
Other financial assets	12	-	-	21,947	21,844
Property, plant and equipment	13	10,356	11,782	7,148	8,826
Databases	14	10,414	10,241	-	-
Intangible assets	15	25,884	28,071	11,211	11,974
Deferred tax assets	6(c)	5,927	4,982	4,461	3,739
Other	10(b)	46	51	28	29
Total non current assets		165,979	142,078	146,176	124,631
Total assets		183,515	167,213	167,967	145,301
Current liabilities					
Payables	16(a)	6,391	7,364	3,319	2,497
Interest-bearing liabilities	17(a)	216	2,919	2,429	2,825
Current tax liabilities		1,309	206	-	-
Provisions	18(a)	2,123	1,900	1,779	1,562
Total current liabilities		10,039	12,389	7,527	6,884
Non current liabilities					
Payables	16(b)	-	-	9,761	3,507
Interest-bearing liabilities	17(b)	54,290	44,129	54,290	44,108
Deferred tax liabilities	6(b)	24,052	19,991	22,506	18,581
Provisions	18(b)	361	306	343	259
Total non current liabilities		78,703	64,426	86,900	66,455
Total liabilities		88,742	76,815	94,427	73,339
Net assets		94,773	90,398	73,540	71,962
Equity					
Contributed equity	19(a)	67,156	66,757	67,156	66,757
Reserves	20	380	524	-	-
Retained profits	21	28,060	23,626	6,384	5,205
Total Company interest		95,596	90,907	73,540	71,962
Outside equity interests	23	(823)	(509)	-	-
Total equity	24	94,773	90,398	73,540	71,962

The above statements of financial position are to be read in conjunction with the accompanying notes to the financial statements.

Statements of Cash Flows

Collection House Limited and its controlled entities

For the year ended 30 June, 2005

	Note	CONSOLIDATED		THE COMPANY	
		2005	2004	2005	2004
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Cash receipts in the course of operations		129,621	118,078	49,002	48,333
Cash payments in the course of operations		(82,666)	(82,485)	(54,353)	(44,287)
		46,955	35,593	(5,351)	4,046
Dividends received		-	2	12,000	-
Interest received		307	400	340	492
Borrowing costs paid		(3,725)	(3,366)	(3,704)	(3,267)
Income taxes paid		(158)	(548)	(98)	714
Net cash provided by / (used in) operating activities	33 (b)	43,379	32,081	3,187	1,985
Cash flows from investing activities					
Proceeds on disposal of businesses and related non current assets		264	780	-	-
Proceeds on sale of investments		-	50	-	50
Payment for controlled entities (net of cash acquired)		(103)	(127)	(103)	(127)
Payments for property, plant and equipment		(2,229)	(1,991)	(1,106)	(384)
Payments for intangible assets		(86)	-	(6)	(5)
Payments for databases		(173)	(50)	-	-
Payments for purchased debt		(43,414)	(27,888)	-	-
Other cash flows from investing activities		275	(52)	281	(71)
Net cash used in investing activities		(45,466)	(29,278)	(934)	(537)
Cash flows from financing activities					
Proceeds from issue of shares		244	1,544	244	1,544
Proceeds from borrowings		10,377	-	10,182	-
Repayment of borrowings		(323)	(1,398)	(130)	(1,218)
Repayment of loans to related parties		-	-	(4,099)	-
Dividends paid		(7,776)	(3,868)	(7,776)	(3,868)
Net cash provided by financing activities		2,522	(3,722)	(1,579)	(3,542)
Net increase / (decrease) in cash held		435	(919)	674	(2,094)
Cash at the beginning of the financial period		2,101	2,879	(2,446)	(352)
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies		(137)	141	-	-
Cash at the end of the financial period	33(a)	2,399	2,101	(1,772)	(2,446)

The above statements of cash flows are to be read in conjunction with the accompanying notes to the financial statements.

Notes to Financial Statements

Collection House Limited and its controlled entities

For the year ended 30 June, 2005

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of this financial report are:

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

It has been prepared on the basis of historical costs, and except where stated, does not take into account changing money values or fair values of non current assets.

These accounting policies have been consistently applied by each entity in the consolidated Entity and, unless otherwise stated, are consistent with those of the previous year.

(b) Principles of consolidation

Controlled entities

The financial statements of controlled entities are included in the consolidated financial statements from the date control commences until the date control ceases.

Outside interests in the equity and results of the entities that are controlled by the Company are shown as a separate item in the consolidated financial statements.

Transactions eliminated on consolidation

Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation.

(c) Revenue recognition

Revenues are recognised at the fair value of the consideration received net of the amount of Goods and Services Tax (GST) payable to the taxation authority. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Rendering of services

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

Specific revenues are recognised as follows:

Sale of non current assets

The gross proceeds of non-current asset sales are included as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Any related balance in the asset revaluation reserve is transferred to the capital profits reserve on disposal.

Dividends

Revenue from dividends and distributions from controlled entities is recognised by the parent Entity when they are declared by the controlled entities.

Revenue from dividends from other investments is recognised when received.

Interest

Interest received is recognised as it accrues, taking into account the effective yield on the financial asset.

(d) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(e) Foreign currency**Transactions**

Foreign currency transactions are translated to Australian currency at the rate of exchange at the date of the transaction. Amounts receivable and payable in foreign currencies at balance date are translated at the rate of exchange on that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the statement of financial performance in the financial year in which the exchange rates change, except where:

- > relating to amounts payable or receivable in foreign currency forming part of a net investment in a self-sustaining foreign operation. In this case, the exchange difference, together with any related income tax expense / benefit, is transferred to the foreign currency translation reserve on consolidation; and
- > relating to acquisition of qualifying assets (see Note 1(f)).

Translation of controlled foreign operations

The assets and liabilities of foreign operations, including associates and joint venturers, that are self-sustaining are translated at the rate of exchange at balance date. Equity items are translated at historical rates. The statements of financial performance are translated at a weighted average rate for the year. Exchange differences arising on translation are taken directly to the foreign currency translation reserve, until the disposal or partial disposal, of the operations.

The balance of the foreign currency translation reserve relating to a foreign operation that is disposed of, or partially disposed of, is transferred to retained profits in the year of disposal.

(f) Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings, foreign exchange losses net of any hedged amounts on borrowings, including trade creditors and lease finance charges.

Ancillary costs incurred in connection with the arrangement of borrowings are capitalised and amortised over the life of the borrowings. Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets that take more than 12 months to get ready for their intended use or sale. In these circumstances borrowing costs are capitalised to the cost of the asset.

(g) Taxation

The consolidated Entity adopts the income statement liability method of tax effect accounting.

Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statement of financial position as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits relating to tax losses are only brought to account when their realisation is virtually certain. The tax effects of capital losses are not recorded unless realisation is virtually certain.

Tax consolidation

The Company is the head Entity in the tax consolidated Group comprising all of the Australian wholly owned subsidiaries set out in

Note 27. The head Entity recognises all of the current and deferred tax assets and liabilities of the tax-consolidated Group (after elimination of intragroup transactions).

The tax-consolidated Group has entered into a tax funding agreement that requires wholly owned subsidiaries to make contributions to the head Entity for current tax assets and liabilities and deferred tax balances arising from external transactions during the year.

Under the tax funding agreement, the contributions are calculated on a “stand alone basis” so that the contributions are equivalent to the tax balances generated by external transactions entered into by wholly owned subsidiaries. The contributions are payable as set out in the agreement and reflect the timing of the head Entity’s obligations to make payments for tax liabilities to the relevant tax authorities. The assets and liabilities arising under the tax funding agreement are recognised separately as tax-related amounts receivable or payable with a consequential adjustment to income tax expense / revenue.

(h) Acquisition of assets

All assets acquired including property, plant and equipment and intangibles other than goodwill are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. When equity instruments are issued as consideration, their market price at the date of acquisition is used as fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity subject to the extent of proceeds received, otherwise these costs are expensed.

Where settlement of any part of cash consideration is deferred, the amounts payable are recorded at their present value, discounted at the rate applicable to the Company if similar borrowings were obtained from an independent financier under comparable terms and conditions.

The costs of assets constructed or internally generated by the consolidated Entity, other than goodwill, include the cost of materials and direct labour. Directly attributable overheads and other incidental costs are also capitalised to the asset. Borrowing costs are capitalised to qualifying assets as set out in Note 1(f).

Expenditure, including that on internally generated assets, is only recognised as an asset when the Entity controls future economic benefits as a result of the costs incurred, it is probable that those future economic benefits will eventuate, and the costs can be measured reliably. Costs attributable to feasibility and alternative approach assessments are expensed as incurred.

Subsequent additional costs

Costs incurred on assets subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the consolidated Entity in future years. Costs that do not meet the criteria for capitalisation are expensed as incurred.

(i) Revisions of accounting estimates

Revisions to accounting estimates are recognised prospectively in current and future periods only.

(j) Receivables

The collectibility of debts is assessed at reporting date and specific provision is made for any doubtful accounts.

Trade and other receivables are recognised and carried at original invoice amount less any provision for doubtful debts. Bad debts are written off as incurred.

(k) Investments

Controlled entities

Investments in controlled entities are carried in the Company’s financial statements at the lower of cost and recoverable amount.

Other entities

Investments in other listed entities are measured at fair value, being the quoted market prices at reporting date.

Investments in other unlisted entities are carried at the lower of cost and recoverable amount.

(l) Leased assets

Leases under which the Company or its controlled entities assume substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Finance leases

Finance leases are capitalised. A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease.

Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are expensed.

Operating leases

Payments made under operating leases are expensed on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

(m) Purchased debt

Purchased debt is recorded at cost.

Purchased debt is depreciated on a basis that is representative of the pattern of benefits to be derived from the asset. Depreciation is calculated based on total projected collections.

Change in accounting policy for the measurement of purchased debt

Significant legal and court costs associated with purchased debt and incurred subsequent to acquisition have been capitalised in recognition that it is expected beyond reasonable doubt future economic benefits will flow to the consolidated Entity as a result of the expenditure being incurred.

These costs are amortised on a straight line basis over the period of their expected benefit, which is not expected to exceed two years.

The policy of capitalising legal and court costs was adopted with effect from 1 July, 2004. The previous policy was to expense such costs as incurred. The new policy was adopted in recognition that the costs represent future economic benefits and as such should be brought to account in the same period as those benefits.

The change in accounting policy resulted in a decrease in the consolidated expenses from ordinary activities excluding borrowing costs of \$665,000 in the Statement of Financial Performance for the year ended 30 June, 2005 with a corresponding increase in the consolidated carrying value of purchased debt in the Statement of Financial Position as at 30 June, 2005. The decrease in consolidated expenses has been reflected as a decrease in direct collection costs of \$1,075,000 and an increase in amortisation of \$410,000 as disclosed in Note 5(a). The change in accounting policy has no effect on the expenses or carrying value of assets of the Company.

The restatements of the consolidated profit from ordinary activities before income tax, income tax expense, retained earnings and purchased debt above show the information that would have been disclosed had the new accounting policy always been applied.

	2005	2004	HALF-YEAR 2005
	\$'000 (Restated)	\$'000 (Restated)	\$'000 (Restated)
Profit from ordinary activities before related income tax expense			
Previously reported amount	16,974	15,281	9,837
Adjustment for change in accounting policy for measurement of purchased debt	665	657	620
Restated amount	17,639	15,938	10,457
Income tax (expense) / benefit relating to ordinary activities			
Previously reported amount	(5,625)	(5,056)	(3,598)
Adjustment for change in accounting policy for measurement of purchased debt	(200)	(198)	(186)
Restated amount	(5,825)	(5,254)	(3,784)
Retained profits			
Previously reported amount	27,595	23,626	26,244
Adjustment for change in accounting policy for measurement of purchased debt	465	459	434
Restated amount	28,060	24,085	26,678
Purchased debt (net)			
Previously reported carrying amount at the end of the previous financial year	111,674	86,872	92,769
Adjustment for change in accounting policy for measurement of purchased debt	665	657	620
Restated carrying amount at the end of the previous financial year	112,339	87,529	93,389

(n) Databases

The databases are considered an identifiable intangible asset and are recorded at cost or fair value. Fair value is supported by a directors' valuation.

Databases are not amortised as they are regularly maintained and as a consequence will not depreciate, be consumed or lose value from use. The cost of all maintenance is expensed in the period incurred.

(o) Goodwill

On acquisition of the assets of another entity, or equity in a controlled entity, the identifiable net assets acquired are measured at fair value. The excess of the cost of acquisition plus incidental costs over the fair value of the identifiable net assets acquired, including any liability for restructuring costs, is brought to account as goodwill.

Goodwill is amortised on a straight-line basis over periods not greater than 20 years.

(p) Other intangibles

Licences and intellectual property are recorded at cost and are not amortised where they will not lose value from use, be consumed or depreciate.

All costs associated with the maintenance and protection of these assets are expensed in the period incurred.

(q) Recoverable amount of non current assets

The carrying amounts of non current assets valued on a cost basis are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write-down is recognised as an expense in the reporting period in which it occurs.

In assessing recoverable amounts of non current assets the relevant cash flows have been discounted to their present value.

(r) Depreciation and amortisation

All assets, including intangibles, have limited useful lives and are depreciated / amortised using the straight-line method over their estimated useful lives taking into account estimated residual values with the exception of purchased debt which is depreciated on a basis that is representative of the pattern of benefits to be derived from the asset refer Note 1(m).

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only.

	2005	2004
<i>The estimated useful lives for each class of depreciable asset are:</i>		
Leasehold improvements	Term of Lease	Term of Lease
Plant and equipment	4 to 8 years	4 to 8 years
Computer equipment	3 to 5 years	3 to 4 years
Software	2 to 12 years	4 to 10 years
Goodwill	max 20 years	max 20 years

(s) Employee benefits

Wages, salaries, annual leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries, annual leave expected to be settled within 12 months of the year end represent present obligations resulting from employee services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated Entity expects to pay as at reporting date including related on-costs.

Long service leave

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees services provided up to balance date.

The provision is calculated using estimated future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attaching to national government bonds at balance date which most closely match the terms of maturity of the related liabilities.

Employee share and option plans

Where shares or options are issued to employees, including directors, as remuneration for past services, the shares or options issued are recorded in contributed equity at the fair value of consideration received, if any.

Transaction costs associated with issuing shares and options are recognised in equity subject to the extent of the proceeds received, otherwise expensed. Other administrative costs are expensed.

Superannuation plans

The Company and other controlled entities contribute to several defined contribution superannuation plans. Contributions are expensed in the period to which they relate.

(t) Trade and other creditors

These amounts represent liabilities for goods and services provided to the Company and controlled entities prior to balance date and which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition.

(u) Interest bearing liabilities

All borrowings are recognised at their principal amounts subject to set off arrangements which represent the present value of future cash flows associated with servicing the debt. Where interest is payable in arrears the interest expense is accrued over the period it becomes due, is recorded at the contracted rate as part of "Other creditors and accruals".

Where interest is paid in advance, the interest expense is recorded as a part of "Prepayments" and released over the period to maturity.

(v) Provisions

A provision is recognised when there is a legal, equitable or constructive obligation as a result of a past event and it is probable that a future sacrifice of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain.

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is treated as part of the expense related to the particular provision.

Dividends

A provision for dividends payable is recognised in the reporting period in which the dividends are declared, for the entire undistributed amount, regardless of the extent to which they will be paid in cash.

(w) Earnings per share

Basic Earnings Per Share (EPS) is calculated by dividing the net profit attributable to members of the Company for the reporting period, after excluding any costs of servicing equity (other than ordinary shares and converting preference shares classified as ordinary shares for EPS calculation purposes), by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary shares and dilutive potential ordinary shares adjusted for any bonus issue.

NOTE 2 CHANGES IN ACCOUNTING POLICIES**Managing the transition to Australian equivalents to International Financial Reporting Standards (AIFRS)**

The Australian Accounting Standards Board (AASB) is adopting International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after 1 January, 2005. The AASB has issued Australian equivalents to IFRS, and the Urgent Issues Group has issued interpretations corresponding to IASB interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee. These Australian equivalents to IFRS are referred to hereafter as AIFRS. The adoption of AIFRS will be first reflected in the consolidated Entity's financial statements for the half year ending 31 December, 2005 and the year ending 30 June, 2006.

Entities complying with AIFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of AIFRS to that comparative period. Most adjustments required on transition to AIFRS will be made, retrospectively, against opening retained earnings as at 1 July, 2004.

The consolidated Entity has established a project team to manage the transition to AIFRS, including training of staff and system and internal control changes necessary to gather all the required financial information. The project team is chaired by the Chief Financial Officer and reports to the Audit & Risk Management Committee. The project team has prepared a detailed timetable for managing the transition and is currently on schedule.

The project team has analysed all of the AIFRS and has identified the accounting policy changes that will be required. In some cases choices of accounting policies are available, including elective exemptions under Accounting Standard AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards. These choices have been analysed to determine the most appropriate accounting policy for the consolidated Entity.

A detailed analysis of the impacts of adopting the AIFRS is set out in Note 35.

NOTE 3 SEGMENT INFORMATION

Individual business segments have been identified on the basis of grouping individual products or services subject to similar risks and returns. The business segments reported are: Contingent Collection Services, Account Asset Management, Credit Reporting, and Other Operations.

Business Segments

The consolidated Entity comprises the following main business segments, based on the consolidated Entity's management reporting system:

Contingent 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 Company;

Credit Reporting

The provision of consumer credit enquiry information on a fee-for-service basis; and

Other Operations

Includes insurance claims services and corporate risk rating. None of these activities constitutes a separately reportable segment.

Geographic Segments

The Company operates in two geographical areas:

Australia and New Zealand.

Accounting policies

Segment results, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, property, plant and equipment, databases and goodwill and other intangible assets, net of related provisions. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage. Segment liabilities consist primarily of trade and other creditors, interest bearing liabilities and employee entitlements. Segment assets and liabilities do not include income taxes.

Unallocated items mainly comprise interest or dividend-earning assets and revenue, interest bearing loans, borrowing costs and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Inter-segment transfers

Segment revenues and expenses and results include transfers between segments. Such transfers are priced on an arms length basis and are eliminated on consolidation.

NOTE 3 SEGMENT INFORMATION (CONTINUED)**PRIMARY REPORTING - BUSINESS SEGMENTS**
as at 30 June, 2005**COLLECTION
SERVICES**

	2005	2004
	\$'000	\$'000
Sales to external customers	43,084	46,353
Inter-segmental sales	2,489	6,009
Total sales revenue	45,573	52,362
Other revenue	1,320	160
Total segmental revenue	46,893	52,522
Segment result	5,958	6,956
Less: unallocated expenses		
Profit from ordinary activities before income tax expense		
Less: Income Tax Expense		
Profit from ordinary activities after income tax expense		
Less: outside equity interest		
Net profit attributable to members of the Company		
Margin on sales revenue	13%	13%
Segment assets	121,289	110,832
Unallocated assets		
Total assets		
Segment liabilities	32,545	37,195
Unallocated liabilities		
Total liabilities		
<i>Ratio Assets: Liabilities</i>	3.7	3.0
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	1,266	640
Depreciation and amortisation expense	1,257	1,491
Other non-cash expenses	189	904

SECONDARY REPORTING - GEOGRAPHICAL SEGMENTS
as at 30 June, 2005

Australia
New Zealand

ACCOUNT ASSET MANAGEMENT		CREDIT REPORTING		OTHER OPERATIONS		INTER-SEGMENT ELIMINATIONS / UNALLOCATED		CONSOLIDATED	
2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
54,301	42,666	21,686	23,790	6,046	3,719	-	-	125,117	116,528
-	-	248	272	-	-	(2,737)	(6,281)	-	-
54,301	42,666	21,934	24,062	6,046	3,719	(2,737)	(6,281)	125,117	116,528
103	67	61	847	50	9	172	265	1,706	1,348
54,404	42,733	21,995	24,909	6,096	3,728	(2,565)	(6,016)	126,823	117,876
17,695	12,334	3,073	3,134	(2,221)	(2,243)	(156)	1,637	24,349	21,818
								(6,710)	(6,537)
								17,639	15,281
								5,825	5,056
								11,814	10,225
								(396)	(416)
								12,210	10,641
33%	29%	14%	13%	(37%)	(60%)	(6%)	26%	19%	19%
115,493	88,409	23,180	22,033	4,058	3,958	(87,112)	(65,216)	176,908	160,016
								6,607	7,197
								183,515	167,213
99,066	71,955	4,277	5,324	14,688	9,699	(87,112)	(65,344)	63,464	58,829
								25,278	17,986
								88,742	76,815
1.2	1.2	5.4	4.1	0.3	0.4	1.0	1.0	2.1	2.2
43,414	28,133	722	1,409	695	539	-	-	46,097	30,721
19,032	11,861	911	1,186	110	205	2,871	2,784	24,181	17,527
44	29	(95)	(239)	94	(6)	14	80	246	768

SEGMENT REVENUES FROM SALES TO EXTERNAL CUSTOMERS				SEGMENT ASSETS		ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLES AND OTHER NONCURRENT SEGMENT ASSETS	
2005	2004			2005	2004	2005	2004
\$'000	\$'000			\$'000	\$'000	\$'000	\$'000
116,201	110,461			175,192	159,621	43,194	28,831
8,916	6,067			8,323	7,592	2,903	1,890
125,117	116,528			183,515	167,213	46,097	30,721

	CONSOLIDATED		THE COMPANY	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
NOTE 4 REVENUE FROM ORDINARY ACTIVITIES				
Rendering of services revenue from operating activities	125,117	116,528	46,368	47,917
<i>Other revenues:</i>				
<i>From operating activities</i>				
Interest:				
Other parties	306	358	340	340
Related parties	-	42	-	152
	306	400	340	492
<i>From outside operating activities</i>				
Gross proceeds from sale of businesses and related assets	1,234	780	-	-
Dividends	-	2	12,000	9,200
Rent received	10	3	4	2
Other	156	163	55	121
	1,400	947	12,059	9,323
Total other revenues	1,706	1,348	12,399	9,815
Total revenue from ordinary activities	126,823	117,876	58,767	57,732

NOTE 5 PROFIT FROM ORDINARY ACTIVITIES BEFORE RELATED INCOME TAX EXPENSE

(a) Expenses from ordinary activities, excluding borrowing costs expense, included in the statement of financial performance classified by nature:				
Employee expenses	35,223	37,042	22,892	20,621
Depreciation and amortisation expenses	24,181	17,527	3,446	3,631
Search fees	12,826	14,476	418	464
Direct collection costs	16,106	14,648	13,863	15,064
Insurance claims costs	4,029	2,771	-	-
Net bad and doubtful debts (expense) / write-back including movements in provision for doubtful debts	27	1,186	(59)	943
Operating lease rental expense representing minimum lease payments	3,551	3,470	2,163	2,329
Consultancy fees	619	549	138	102
Legal expenses	757	245	666	222
Other expenses from ordinary activities	8,141	7,315	4,280	3,618
	105,460	99,229	47,807	46,994
(b) Profit from ordinary activities before income tax expense has been arrived at after charging /(crediting) the following items:				
<i>Depreciation of:</i>				
Leasehold improvements, plant and equipment	3,548	3,885	2,687	2,722
Purchased debt	18,622	11,861	-	-
	22,170	15,746	2,687	2,722
<i>Amortisation of:</i>				
Goodwill	1,589	1,619	751	751
Other intangibles	8	142	8	142
Legal and court cost capitalised	410	-	-	-
Leased plant and equipment	4	20	-	16
	2,011	1,781	759	909
Total depreciation and amortisation	24,181	17,527	3,446	3,631
<i>Borrowing costs:</i>				
Related parties	11	63	-	-
Other parties:				
- Bank loans and overdraft	3,651	3,286	3,643	3,267
- Other borrowings	62	17	61	-
	3,724	3,366	3,704	3,267
<i>Net (gain) / loss on disposal:</i>				
Property, plant and equipment	21	-	14	10
Businesses and related assets	(284)	(599)	-	-
Write down of other non current assets to recoverable amount	-	213	-	213

NOTE 5 PROFIT FROM ORDINARY ACTIVITIES BEFORE RELATED INCOME TAX EXPENSE (CONTINUED)

(c) Revision of accounting estimates

Plant and equipment

During the year, the estimated total useful lives to a controlled entity of certain items of computer software were revised. The net effect of the changes in the current financial year was a decrease in the depreciation expense of the consolidated Entity of \$72,799. Assuming the assets are held until the end of their estimated useful lives, depreciation of the consolidated Entity in future years in relation to these assets will be (increased) / decreased by the following amounts:

Year ending 30 June	CONSOLIDATED \$'000	THE COMPANY \$'000
2006	56	-
2007	82	-
2008	56	-
2009	28	-
2010	(59)	-
2011	(59)	-
2012	(59)	-
2013	(59)	-
2014	(59)	-

	CONSOLIDATED		THE COMPANY	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000

NOTE 6 TAXATION

(a) Income tax expense / (benefit)

Prima facie income tax expense / (benefit) calculated at 30% (2004: 30%) on the profit / (loss) from ordinary activities	5,292	4,585	2,177	2,242
<i>Increase in income tax expense due to:</i>				
Non-deductible depreciation and amortisation	547	460	227	332
Sundry items	510	246	5	30
Effect of higher rates of tax on overseas income	83	10	-	-
Income tax expense related to current and deferred tax transactions of the wholly owned subsidiaries in the tax-consolidated Group.	-	-	6,155	5,742
<i>Decrease in income tax expense due to:</i>				
Recovery of income tax expense under a tax funding agreement	-	-	(6,155)	(5,742)
Non-assessable inter-company dividends from members of the tax-consolidated Group	-	-	(3,600)	(2,760)
Rebateable dividend	-	-	-	-
Sundry items	-	-	-	-
Income tax expense on the profit from ordinary activities before individually significant income tax items	6,432	5,301	(1,191)	(156)
<i>Individually significant income tax items:</i>				
Net deferred tax balances recognised by the head Entity in relation to wholly owned subsidiaries within the tax consolidated Group upon implementation of tax consolidation	-	-	-	10,600
Recovery of income tax expense under a tax funding agreement at transition	-	-	-	(10,600)
	6,432	5,301	(1,191)	(156)
<i>Income tax under / (over) provided in prior year</i>				
Research & development allowance	(379)	-	(280)	-
Other	(228)	(245)	(228)	(145)
Income tax expense / (benefit) attributable to profit from ordinary activities	5,825	5,056	(1,699)	(301)
<i>Income tax expense / (benefit) attributable to profit from ordinary activities is made up of:</i>				
Current income tax provision	3,123	408	1,589	359
Deferred income tax provision	3,671	5,192	3,551	5,012
Future income tax benefit	(362)	(299)	(176)	216
Tax related receivables from wholly owned subsidiaries	-	-	(6,155)	(5,743)
Under / (over) provision in prior year	(607)	(245)	(508)	(145)
	5,825	5,056	(1,699)	(301)
(b) Deferred tax liabilities				
<i>Provision for deferred income tax</i>				
Provision for deferred income tax comprises the estimated expense at the applicable rate of 30% (2004: 30%) for Australian entities and the relevant rates for foreign entities.	24,052	19,991	22,506	18,581

	CONSOLIDATED		THE COMPANY	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
NOTE 6 TAXATION (CONTINUED)				
(c) Deferred tax assets				
<i>Future income tax benefit</i>				
Future income tax benefit comprises the estimated future benefit at the applicable rate of 30% (2004: 30%) for Australian entities and the relevant rates for foreign entities.				
	5,927	4,982	4,461	3,739
Tax losses				
The part of the future income tax benefit shown above that relates to income tax losses is the future income tax benefit of tax losses recognised in the deferred tax asset balance at 30 June, 2005 will only be obtained if:				
(i) the relevant company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised, or the benefit can be utilised by another company in the consolidated Entity in accordance with Division 170 of the Income Tax Assessment Act 1997;				
(ii) the relevant company and / or the consolidated entity continues to comply with the conditions for deductibility imposed by the law; and				
(iii) no changes in tax legislation adversely affect the relevant company and / or the consolidated Entity in realising the benefit.				
<i>Future income tax benefits not taken into account</i>				
The potential future income tax benefit of a controlled entity, which is a company, arising from tax losses has not been recognised as an asset because recovery of tax losses is not virtually certain or assured beyond any reasonable doubt. If the company should start to derive profits in a future year, the future income tax benefit relating to the prior year losses will be recognised when it is determined that the profits are sustainable.				
Tax losses carried forward	676	-	-	-

CONSOLIDATED

	2005 cents	2004 cents
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NOTE 7 EARNINGS PER SHARE

Basic earnings per share	12.57	11.00
Diluted earnings per share	12.56	10.97

CONSOLIDATED

	2005 \$'000	2004 \$'000
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Earnings reconciliation

Net profit	11,814	10,225
Net (profit) / loss attributable to outside equity interests	396	416
Basic (and diluted) earnings	12,210	10,641

CONSOLIDATED

	2005 Number	2004 Number
Weighted average number of ordinary shares used in the calculation of basic earnings per share.	97,135,427	96,627,658
Effect of directors and executive share options on issue.	53,166	276,745
Weighted average number of potential ordinary shares used in the calculation of diluted earnings per share.	97,188,593	96,904,403

On 23 July, 2004 20,000 executive share options were issued. The diluted EPS calculation includes that portion of these options assumed to be issued for nil consideration, weighted with reference to the date of conversion. The weighted average number included is 4,697.

On 29 October, 2004 100,000 options issued to an executive director were converted to ordinary shares. Details relating to the options are set out in Note 29. The diluted EPS calculation includes that portion of these options assumed to be issued for nil consideration, weighted with reference to the date of conversion. The weighted average number included is 24,343.

On 30 June, 2005 20,000 executive share options were converted to ordinary shares. Details relating to the options are set out in Note 29. The diluted EPS calculation includes that portion of these options assumed to be issued for nil consideration, weighted with reference to the date of conversion. The weighted average number included is nil.

		CONSOLIDATED		THE COMPANY	
	Note	2005	2004	2005	2004
		\$'000	\$'000	\$'000	\$'000
NOTE 8 CASH ASSETS					
Cash at bank and on hand		2,399	4,697	558	150
	33(a)	2,399	4,697	558	150
<i>Bank overdraft right of set-off</i>					
With effect from 1 July, 2004 the Company holds a contractual right of set-off between the current overdraft balance and the cash-at-bank balances. The details are as follows:					
Cash at bank and on hand		4,775	4,697	604	150
Bank overdraft set-off under terms of facility effective 1 July, 2004		(2,376)	-	(2,376)	-
		2,399	4,697	(1,772)	150
Disclosed as:					
Cash at bank and on hand		2,399	4,697	558	150
Bank overdraft		-	(2,596)	(2,330)	(2,596)
NOTE 9 RECEIVABLES					
(a) Current					
Trade debtors		12,950	17,909	6,717	8,878
Less: provision for doubtful trade debtors		(1,497)	(1,753)	(1,057)	(1,163)
		11,453	16,156	5,660	7,715
Other debtors		1,396	786	613	1,033
Loans to controlled entities		-	-	13,098	8,999
Other loans ⁽¹⁾		88	172	88	172
		12,937	17,114	19,459	17,919
(b) Non current					
Loans to controlled entities		-	-	101,338	78,140
Other debtors		970	-	-	-
Other loans ⁽¹⁾		43	79	43	79
		1,013	79	101,381	78,219
⁽¹⁾ Other loans include share loans to employees and represent amounts receivable from employees under all employee share plans. The loan balance is fully recoverable over the period of the employee share scheme.					
Refer to Note 17 for information on non current assets pledged as security by the Company or its controlled entities.					
NOTE 10 OTHER ASSETS					
(a) Current					
Other deposits		338	332	254	241
Prepayments		1,099	781	757	442
		1,437	1,113	1,011	683
(b) Non current					
Other		46	51	28	29
		46	51	28	29
NOTE 11 PURCHASED DEBT					
Purchased debt - at cost		169,601	126,187	-	-
Accumulated depreciation		(57,927)	(39,315)	-	-
		111,674	86,872	-	-
Legal and court costs capitalised (net)	1(m)	665	-	-	-
		-	-	-	-
		112,339	86,872	-	-
Refer to Note 17 for information on non current assets pledged as security by the Company or its controlled entities.					
NOTE 12 OTHER FINANCIAL ASSETS					
Non current					
<i>Non-traded investments</i>					
Shares in controlled entities - at cost	27(a)	-	-	21,947	21,844
Interests in other entities - at cost		-	-	-	-
		-	-	21,947	21,844
Refer to Note 17 for information on non current assets pledged as security by the Company or its controlled entities.					

	CONSOLIDATED		THE COMPANY	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
NOTE 13 PROPERTY, PLANT AND EQUIPMENT				
Leasehold improvements				
<i>At cost</i>	453	426	364	335
<i>Accumulated depreciation</i>	(117)	(87)	(94)	(71)
	336	339	270	264
Plant and equipment				
<i>At cost</i>	17,469	17,715	14,898	14,913
<i>Accumulated depreciation</i>	(11,905)	(9,814)	(10,235)	(8,243)
	5,564	7,901	4,663	6,670
Leased plant and equipment				
<i>At capitalised cost</i>	375	35	-	-
<i>Accumulated amortisation</i>	(321)	(4)	-	-
	54	31	-	-
Computer software				
<i>At cost</i>	7,732	6,535	4,232	3,900
<i>Accumulated depreciation</i>	(4,088)	(3,035)	(2,642)	(2,008)
	3,644	3,500	1,590	1,892
Work-in-progress				
<i>At cost</i>	758	11	625	-
	758	11	625	-
Total property, plant and equipment net book value	10,356	11,782	7,148	8,826
Refer to Note 17 for information on non current assets pledged as security by the Company or its controlled entities.				
Reconciliations				
Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:				
<i>Leasehold improvements</i>				
Carrying amount at beginning of year	339	323	264	240
Additions	38	51	29	40
Disposals	(9)	(8)	-	-
Transfers	-	-	-	-
Depreciation	(32)	(27)	(23)	(16)
Carrying amount at end of year	336	339	270	264
<i>Plant and equipment</i>				
Carrying amount at beginning of year	7,901	10,259	6,670	8,613
Additions	203	212	40	134
Disposals	(61)	(17)	(20)	(18)
Transfers	(17)	17	-	81
Depreciation	(2,462)	(2,570)	(2,027)	(2,140)
Carrying amount at end of year	5,564	7,901	4,663	6,670
<i>Leased plant and equipment</i>				
Carrying amount at beginning of year	31	68	-	97
Disposals	(28)	-	-	-
Transfers	55	(17)	-	(81)
Amortisation	(4)	(20)	-	(16)
Carrying amount at end of year	54	31	-	-
<i>Computer software</i>				
Carrying amount at beginning of year	3,500	4,227	1,892	2,247
Additions	1,209	699	335	211
Disposals	(11)	(139)	-	-
Transfers	-	-	-	-
Depreciation	(1,054)	(1,287)	(637)	(566)
Carrying amount at end of year	3,644	3,500	1,590	1,892
<i>Work in progress</i>				
Carrying amount at beginning of year	11	-	-	-
Additions	785	11	625	-
Disposals	-	-	-	-
Transfers	(38)	-	-	-
Carrying amount at end of year	758	11	625	-
Total property, plant and equipment net book value	10,356	11,782	7,148	8,826

	Note	CONSOLIDATED		THE COMPANY	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
NOTE 14 DATABASES					
Databases		10,414	10,241	-	-
		10,414	10,241	-	-
Valuation of Databases					
Databases are measured on a fair value basis, being the amount for which the assets could be exchanged between knowledgeable and willing parties in an arms length transaction, having regard to the highest and best use of the asset for which other parties would be willing to pay.					
Refer to Note 17 for information on non current assets pledged as security by the Company or its controlled entities.					
NOTE 15 INTANGIBLE ASSETS					
Goodwill – at cost		31,275	32,008	14,911	14,911
Other intangibles		2,076	2,063	450	444
		33,351	34,071	15,361	15,355
Accumulated amortisation		(7,467)	(6,000)	(4,150)	(3,381)
		25,884	28,071	11,211	11,974
Refer to Note 17 for information on non current assets pledged as security by the Company or its controlled entities.					
NOTE 16 PAYABLES					
(a) Current					
Trade creditors		3,069	2,840	1,130	744
Other creditors and accruals		3,322	4,524	2,189	1,753
		6,391	7,364	3,319	2,497
(b) Non current					
Loans from controlled entities		-	-	9,761	3,507
NOTE 17 INTEREST BEARING LIABILITIES					
(a) Current					
Bank overdraft (secured)	8	-	2,596	2,330	2,596
Other loans (secured)		92	229	92	229
Other loans (unsecured)		103	-	7	-
Hire purchase liabilities	25	21	94	-	-
		216	2,919	2,429	2,825
(b) Non current					
Bank loans (secured)		54,290	44,016	54,290	44,016
Other loans (secured)		-	92	-	92
Hire purchase liabilities	25	-	21	-	-
		54,290	44,129	54,290	44,108
All bank loans and overdraft are denominated in Australian dollars and are secured by a fixed and floating charge over all of the assets and uncalled capital of the Company and certain of its controlled entities. Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default. Other loans are secured by a fixed and floating charge over the assets of a controlled entity.					
Financing arrangements					
The consolidated Entity has access to the following lines of credit:					
<i>Total facilities available at balance date</i>					
Bank offset facility (secured)		5,000	5,000	5,000	5,000
Bank bills		60,000	60,000	60,000	60,000
Bank guarantee facilities (secured)		872	872	500	500
Bank leasing and hire purchase facilities		265	265	150	150
		66,137	66,137	65,650	65,650
<i>Total facilities utilised at balance date</i>					
Bank offset facility (secured)		-	2,596	2,330	2,596
Bank bills		54,290	44,016	54,290	44,016
Bank guarantee facilities (secured)		852	711	480	314
Bank leasing and hire purchase facilities		21	115	-	-
		55,163	47,438	57,100	46,926

	CONSOLIDATED		THE COMPANY	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
NOTE 17 INTEREST BEARING LIABILITIES (CONTINUED)				
<i>Total facilities not utilised at balance date</i>				
Bank offset facility (secured)	5,000	2,404	2,670	2,404
Bank bills	5,710	15,984	5,710	15,984
Bank guarantee facilities (secured)	20	161	20	186
Bank leasing and hire purchase facilities	244	150	150	150
	10,974	18,699	8,550	18,724

NOTE 18 PROVISIONS**(a) Current**

Employee benefits	29	1,752	1,737	1,529	1,509
Other		371	163	250	53
		2,123	1,900	1,779	1,562

(b) Non current

Employee benefits	29	361	306	343	259
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Reconciliations

Reconciliations of the carrying amounts of each class of provision, except for employee benefits are set out below:

Other					
Carrying amount at beginning of year		163		53	
Provisions made during the year		696		528	
Payments made during the period		(488)		(331)	
Carrying amount at end of year		371		250	

NOTE 19 CONTRIBUTED EQUITY**(a) Share capital**

97,221,881 (2004: 96,876,381) ordinary shares, fully paid	67,156	66,757	67,156	66,757
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(b) Movements in ordinary share capital

Details	NUMBER OF SHARES		ISSUE PRICE	\$'000
Balance at the beginning of the year		96,876,381		66,757
Shares issued under the employee share ownership plan		225,500	\$ 1.22	275
Exercise of options pursuant to the executive director share option plan		100,000	\$ 1.00	100
Exercise of options pursuant to the executive share option plan		20,000	\$ 1.18	24
Balance at end of year		97,221,881		67,156

(c) Ordinary shares - terms and conditions

Ordinary shares entitle the holder to participate in dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of winding up of the Company, ordinary shareholders rank after creditors and are fully entitled to the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

Refer to Note 29 for details of shares issued on exercise of options.

	CONSOLIDATED		THE COMPANY	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
NOTE 20 RESERVES				
Foreign currency translation reserve	380	524	-	-
Movements during the year				
<i>Foreign currency translation reserve</i>				
Balance at beginning of year	524	256	-	-
Net exchange difference relating to self-sustaining foreign operations	(144)	268	-	-
Balance at end of year	380	524	-	-

		CONSOLIDATED		THE COMPANY	
	Note	2005	2004	2005	2004
		\$'000	\$'000	\$'000	\$'000

NOTE 20 RESERVES (CONTINUED)

Nature and purpose of reserves

Foreign currency translation reserve

The foreign currency translation reserve records the foreign currency differences arising from the translation of self-sustaining foreign operations, any translation of transactions that hedge the Company's net investment in a foreign operation or the translation of foreign currency monetary items forming part of the net investment in a self-sustaining operation. Refer to accounting policy Note 1(e).

NOTE 21 RETAINED PROFITS

Retained profits at beginning of year		23,626	16,853	5,205	1,301
Net profit attributable to members of the Company		12,210	10,641	8,955	7,772
Dividends recognised during the year	22	(7,776)	(3,868)	(7,776)	(3,868)
Retained profits at the end of the year		28,060	23,626	6,384	5,205

NOTE 22 DIVIDENDS

Dividends recognised in the current year by the Company are:

	CENTS PER SHARE	TOTAL AMOUNT \$'000	DATE OF PAYMENT	TAX RATE FOR FRANKING CREDIT	% FRANKED
2005					
Interim 2005 – ordinary	4.0	3,888	16 March 2005	30%	NIL
Final 2004 – ordinary	4.0	3,888	26 November 2004	30%	NIL
Total amount		7,776			
2004					
Interim 2004 – ordinary	3.0	2,902	18 March 2004	30%	NIL
Final 2003 – ordinary	1.0	966	28 November 2003	30%	100%
Total amount		3,868			
Subsequent events					
Since the end of the financial year, the directors have declared the following dividends:					
Final 2005 – ordinary	4.0	3,889		30%	NIL
The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June, 2005 and will be recognised in subsequent financial reports.					

THE COMPANY

	2005	2004
	\$'000	\$'000

Dividend franking account

Franking credits available to shareholders of Collection House Limited for subsequent financial years based on a tax rate of 30% (2004: 30%)

The above available amounts are based on the balance of the dividend franking account at year end adjusted for:

- (a) franking credits that will arise from the payment of the amount of the current current provision for income tax;
- (b) franking debits that will arise from the payment of dividends recognised as a liability at year end;
- (c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date; and
- (d) franking credits that may be prevented from being distributed in subsequent financial years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

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CONSOLIDATED

	2005	2004
	\$'000	\$'000

NOTE 23 OUTSIDE EQUITY INTERESTS**Outside equity interests in controlled entities comprise:**

Interest in retained profits / (losses) at the beginning of the financial year after adjusting for equity interests in entities acquired during the financial year	(746)	(443)
Interest in operating profit / (loss) after income tax	(396)	(416)
Interest in retained profits / (losses) at the end of the financial year	(1,142)	(859)
Interest in share capital	319	350
Interest in reserves	-	-
Total outside equity interest	(823)	(509)

		CONSOLIDATED		THE COMPANY	
	Note	2005	2004	2005	2004
		\$'000	\$'000	\$'000	\$'000

NOTE 24 TOTAL EQUITY RECONCILIATION

Total equity at beginning of year		90,398	82,152	71,962	66,514
Total changes in the Company interest in equity recognised in statement of financial performance		12,066	10,909	8,955	7,772
Transactions with owners as owners:					
Contributions of equity		399	1,544	399	1,544
Dividends	22	(7,776)	(3,868)	(7,776)	(3,868)
Total changes in outside equity interest	23	(314)	(339)	-	-
Total equity at end of year		94,773	90,398	73,540	71,962

NOTE 25 COMMITMENTS**Capital expenditure commitments***Plant and equipment*

Contracted but not provided for and payable:

Within one year		327	129	304	-
One year or later and no later than five years		-	-	-	-
Later than five years		-	-	-	-
		327	129	304	-

Investments

In 2003 the Company entered into an agreement to purchase a further 17.4% of the share capital of a controlled entity over a specified period of time. The future obligations under this agreement have not been provided for in the financial report and are payable:

Within one year		100	100	100	100
One year or later and no later than five years		100	200	100	200
		200	300	200	300

Hire purchase commitments*Hire purchase commitments are payable:*

Within one year		22	99	-	-
One year or later and no later than five years		-	22	-	-
Later than five years		-	-	-	-
		22	121	-	-
Less: hire purchase charges		1	6	-	-
		21	115	-	-

Hire purchase provided for in the financial statements:

Current	17(a)	21	94	-	-
Non current	17(b)	-	21	-	-
Total hire purchase commitments		21	115	-	-

Non-cancellable operating lease payment commitments*Future operating lease commitments are payable:*

Within one year		2,630	3,180	2,227	2,575
One year or later and no later than five years		2,169	4,440	1,775	3,183
Later than five years		-	-	-	-
Commitments not recognised in the financial statements		4,799	7,620	4,002	5,758

	CONSOLIDATED		THE COMPANY	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
NOTE 26 CONTINGENT LIABILITIES AND CONTINGENT ASSETS				
Details of contingent liabilities and contingent assets where the probability of future payments or receipts is not considered remote are set out below as well as details of contingent liabilities and contingent assets, which although considered remote, the directors consider should be disclosed.				
(a) On 29 October, 2002 the Company and certain of its controlled entities entered into an Interlocking Debt and Interest Guarantee which is supported by a fixed and floating charge over all of the assets and uncalled capital of those entities.				
(b) Bank guarantees (secured) exist in respect of satisfactory contract performance in the normal course of business for a controlled entity.	852	711	480	314
(c) The Company is having on-going discussions with the ACCC regarding some accounts handled by Collection House as long as four years ago. Collection House has fully co-operated and complied with the ACCC's requests for the provision of information and documents over the past two years. This issue remains unresolved and does not appear to be material at this time.				
(d) The Company has received a claim of \$684,140 for wrongful dismissal from its former CEO, Mr Russell Templeton. The Company is defending the action.				
No specific provision has been raised in the accounts to cover any of the above matters.				
In the directors' opinion disclosure of any further information about the above matters would be prejudicial to the interest of the Company. These events have been notified to our insurers under the professional indemnity policy.				
The directors are not aware of any other matters.				

ORDINARY SHARES Consolidated equity interest	
2005 %	2004 %

NOTE 27 CONTROLLED ENTITIES		
(a) Particulars in relation to controlled entities		
The Company		
Collection House Limited		
Controlled entities - incorporated in Australia		
ABR Publications Pty Ltd	100	100
Australian Business Research Pty Ltd	100	100
Australian Corporate Reporting Pty Ltd	100	100
Australian Creditors Association Pty Ltd ⁽¹⁾	100	100
Australian Legal Recoveries Pty Ltd ⁽¹⁾	100	100
Australian Stockdata Pty Ltd ⁽¹⁾	100	100
CHIP No.1 Pty Ltd ⁽¹⁾	71	71
Collection House ALR Pty Ltd ⁽¹⁾	100	100
Collection House Business Diagnostics Pty Ltd ⁽¹⁾	79	73
Collection House Technologies Pty Ltd	100	100
Colpro Pty Ltd	100	100
Countrywide Mercantile Services Pty Ltd	100	100
Creditnet Pty Ltd ⁽¹⁾	100	100
Downie Insolvency Unit Trust	100	100
Insurance Claims Solutions Pty Ltd	71	71
Jones King Lawyers Pty Ltd	100	100
Lion Finance Pty Ltd	100	100
Midstate Credit Management Services Pty Ltd	100	100
National Revenue Corporation Pty Ltd	100	100
National Tenancy Database Pty Ltd	100	100
R W Receivables Pty Ltd	100	100
Rapid Ratings Pty Ltd	79	73
Rent Check Australia Pty Ltd ⁽¹⁾	100	100
The Creditfax (Aust) Pty Ltd ⁽¹⁾	100	100
Controlled entities - incorporated in New Zealand		
abr.nz Limited	100	100
Collection House (NZ) Limited	100	100
Insurance Claims Solutions Limited (formerly New Zealand Creditors Association Limited) ⁽¹⁾	100	100
Lion Finance Limited	100	100
National Tenancy Database Limited (formerly National Revenue Corporation Limited) ⁽¹⁾	100	100
Rapid Ratings (NZ) Limited	100	100

⁽¹⁾ These controlled entities have not traded during the financial year.

NOTE 27 CONTROLLED ENTITIES (CONTINUED)**(b) Acquisition of controlled entities**

On 1 July, 2004 the Company acquired a further 5.9% of the issued share capital of Collection House Business Diagnostics Pty Ltd.

COLLECTION HOUSE BUSINESS DIAGNOSTICS PTY LTD		\$'000
Details of the acquisition is as follows:		\$'000
Cash consideration		103
Less cash balances acquired		-
		103
Fair value of net assets of entity acquired:		
Current assets		179
Non current assets		2,266
Current liabilities		(149)
Non current liabilities		(3,720)
		(1,424)
Less: outside equity interests		(1,340)
		(84)
Goodwill / (discount) on consolidation		187
Consideration		103

(c) Disposal of business and related assets

On 17 September, 2004 the consolidated entity disposed of the business and assets of Downie Insolvency. Vendor finance was provided for this transaction, and the outstanding balance is shown at Note 9(b).

On 20 August, 2004 the consolidated Entity disposed of the business and assets of National Revenue Corporation (NZ branch). Details of the disposals are as follows:

	TOTAL CONSIDERATION \$'000	CARRYING VALUE OF ASSETS SOLD \$'000	PROFIT ON DISPOSAL \$'000
Downie Insolvency	1,000	922	78
National Revenue Corporation (NZ branch)	234	28	206
	1,234	950	284

NOTE 28 ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE**(a) Interest rate risk exposures.**

The consolidated Entity's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and liabilities is set out below:

2005	NOTES	WEIGHTED AVERAGE INTEREST RATE %	FLOATING INTEREST RATE \$'000	FIXED INTEREST MATURING IN:			NON- INTEREST BEARING \$'000	TOTAL \$'000
				1 YEAR OR LESS \$'000	1 TO 5 YEARS \$'000	MORE THAN 5 YEARS \$'000		
Financial assets								
Cash assets	8	4.65%	2,393	-	-	-	6	2,399
Receivables	9(a), 9(b)	6.00%	-	88	43	-	13,819	13,950
Other current assets	10(a)	4.77%	-	338	-	-	1,099	1,437
Purchased debt	11		-	-	-	-	112,339	112,339
			2,393	426	43	-	127,263	130,125
Financial liabilities								
Payables	16		-	-	-	-	6,391	6,391
Hire purchase liabilities	17(a), 17(b)	7.80%	-	21	-	-	-	21
Bank overdraft	17(a)	8.23%	-	-	-	-	-	-
Other loans	17(a), 17(b)	6.36%	-	92	-	-	103	195
Bank loans	17(b)	6.41%	54,290	-	-	-	-	54,290
Employee benefits	18(a), 18(b)		-	-	-	-	2,113	2,113
			54,290	113	-	-	8,607	63,010
Net financial assets (liabilities)			(51,897)	313	43	-	118,656	67,115

NOTE 28 ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

2004	NOTES	WEIGHTED AVERAGE INTEREST RATE %	FLOATING INTEREST RATE \$'000	FIXED INTEREST MATURING IN:			NON- INTEREST BEARING \$'000	TOTAL \$'000
				1 YEAR OR LESS \$'000	1 TO 5 YEARS \$'000	MORE THAN 5 YEARS \$'000		
Financial assets								
Cash assets	8	4.17%	4,690	-	-	-	7	4,697
Receivables	9(a), 9(b)	6.00%	-	172	79	-	16,942	17,193
Other current assets	10(a)	3.47%	-	332	-	-	781	1,113
Purchased debt	11		-	-	-	-	86,872	86,872
			4,690	504	79	-	104,602	109,875
Financial liabilities								
Payables	16		-	-	-	-	7,364	7,364
Hire purchase liabilities	17(a), 17(b)	7.80%	-	94	21	-	-	115
Bank overdraft	17(a)	8.25%	2,596	-	-	-	-	2,596
Other loans	17(a), 17(b)	5.55%	-	229	92	-	-	321
Bank loans	17(b)	6.08%	44,016	-	-	-	-	44,016
Employee benefits	18(a), 18(b)		-	-	-	-	2,043	2,043
			46,612	323	113	-	9,407	56,455
Net financial assets (liabilities)			(41,922)	181	(34)	-	95,195	53,420

(b) Credit risk exposures

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

Recognised financial instruments

The credit risk on financial assets of the consolidated Entity which have been recognised in the Statement of Financial Position is the carrying value net of any provision.

The consolidated Entity minimises concentrations of credit risks by undertaking transactions with a large number of customers and does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Company or any of its controlled entities.

(c) Net fair value of financial assets and liabilities

Net fair values of financial assets and liabilities are determined by the consolidated Entity on the following basis:

Recognised financial instruments

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities is not materially different from their carrying values.

The net fair value of other monetary financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rate for assets and liabilities with similar risk profiles.

For unlisted equity investments, the net fair value is an assessment by the directors based on the underlying net assets, future maintainable earnings and any special circumstances pertaining to a particular investment.

	Note	CONSOLIDATED		THE COMPANY	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000

NOTE 29 EMPLOYEE BENEFITS

Aggregate liability for employee benefits, including on-costs:

Current

Other creditors and accruals	16(a)	337	375	288	203
Employee benefit provisions	18(a)	1,752	1,737	1,529	1,509

Non current

Employee benefit provisions	18(b)	361	306	343	259
		2,450	2,418	2,160	1,971

Number of employees

Number of employees at year end		632	692	499	580
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NOTE 29 EMPLOYEE BENEFITS (CONTINUED)**(a) Executive share option plan**

Participation in the executive share option plan is through Board approval. The Managing Director and Chief Executive Officer prepare a list of executives and their proposed level of participation in the plan. The nominees and the level of options to be issued are based on performance. This list is referred to the Remuneration Committee for review. The final list of nominees and their participation level in the plan is recommended by the Remuneration Committee to the Board for consideration prior to final approval. In past years, options have been issued solely on the basis of individual performance. The executive share option plan has been reviewed and future options will be issued with not only individual performance being considered but also company performance hurdles to be achieved before options may be exercised. The performance hurdle for the 2004/05 financial year was an increase in the share price of 10%. Options are exercisable at market price. Market price is determined by reference to the average volume weighted share price of the Company's shares for the five business days prior to and including 30 June. The Remuneration Committee reviews the terms of the executive share option plan on an annual basis.

Details of options over unissued shares as at the beginning and ending date of the financial report and movements during the year are as follows:

GRANT DATE	EXERCISE DATE ON OR AFTER	EXPIRY DATE	EXERCISE PRICE	OPTIONS AT START OF YEAR	OPTIONS GRANTED	OPTIONS EXERCISED	OPTIONS LAPSED	OPTIONS ON ISSUE AT END OF YEAR	OPTIONS VESTED AT END OF YEAR
				Number	Number	Number	Number	Number	Number
Consolidated and Company 2005									
14 July, 2000	4 Oct, 2004	3 Nov, 2004	\$1.00	100,000	-	(100,000)	-	-	-
14 July, 2000	4 Oct, 2005	3 Nov, 2005	\$1.00	100,000	-	-	-	100,000	100,000
1 July, 2004	23 July, 2004	30 June, 2005	\$1.18	-	20,000	(20,000)	-	-	-
1 Sept, 2004	1 July, 2005	30 Sept, 2005	\$1.36	-	736,000	-	(736,000)	-	-
				200,000	756,000	(120,000)	(736,000)	100,000	100,000
Consolidated and Company 2004									
14 July, 2000	4 Oct, 2003	3 Nov, 2003	\$1.00	100,000	-	(100,000)	-	-	-
14 July, 2000	4 Oct, 2004	3 Nov, 2004	\$1.00	100,000	-	-	-	100,000	100,000
14 July, 2000	4 Oct, 2005	3 Nov, 2005	\$1.00	100,000	-	-	-	100,000	100,000
31 Dec, 2002	1 Jan, 2003	31 Dec, 2003	\$2.51	1,125,000	-	-	(1,125,000)	-	-
1 Sept, 2003	2 Sept, 2003	30 June, 2004	\$1.18	-	970,000	(555,000)	(415,000)	-	-
				1,425,000	970,000	(655,000)	(1,540,000)	200,000	200,000

Options exercised during the financial year and number of shares issued to employees are as follows:

Exercise date	Fair value of shares at issue date	CONSOLIDATED		THE COMPANY	
		2005	2004	2005	2004
		Number	Number	Number	Number
1 - 31 October, 2003	\$221,000	-	125,000	-	125,000
1 - 30 November, 2003	\$298,500	-	170,000	-	170,000
1 - 31 January, 2004	\$267,750	-	130,000	-	130,000
1 - 29 February, 2004	\$206,600	-	90,000	-	90,000
1 - 31 March, 2004	\$23,225	-	12,500	-	12,500
1 - 30 April, 2004	\$11,400	-	7,500	-	7,500
1 - 30 June, 2004	\$169,850	-	120,000	-	120,000
1 - 31 October, 2004	\$174,000	100,000	-	100,000	-
1 - 30 June, 2005	\$28,000	20,000	-	20,000	-
		120,000	655,000	120,000	655,000

The fair value of shares issued on the exercise of options at their issue date is the market price of shares of the Company on the Australian Stock Exchange as at close of trading.

The amount disclosed above represents the accumulated fair value of all issues during the represented month.

The amounts recognised in the financial statements of the consolidated Entity and the Company in relation to share options exercised during the year were:

	CONSOLIDATED		THE COMPANY	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Employee loans	-	630	-	630
Bank	124	125	124	125
Issued capital	124	755	124	755

(b) Employee share ownership plan

An employee of the Company or its subsidiaries with at least three months' service is eligible to participate in the employee share plan in accordance with terms and conditions disclosed in the Company's Prospectus issued in 2000.

The plan provides for eligible employees to acquire ordinary shares in the Company at a price determined by the directors. For shares issued under the plan in the current year, the price is a 10% discount to market price. Market price was determined by reference to the average volume weighted share price of the Company's shares for the five business days prior to and including 30 June, 2004.

On application, employees must pay application monies of at least 10% of the value of the share offer. The Company may, at its discretion, lend the employee such monies as is required to complete the share purchase. Interest is charged monthly on outstanding loan balances at a rate determined by the directors, which is currently 6% per annum. Repayment of the loan balance is required within two years or the employee's right to the shares will be forfeited with the current net market price less the outstanding loan balance refunded to the employee.

The shares vest immediately upon acquisition but are not able to be traded until the later of ninety days from the acquisition date or the date on which the outstanding loan balance has been fully repaid. The details of the number of shares issued under this plan and the issue price is set out in Note 19. The amount recognised in the financial statements of the consolidated Entity and the Company in relation to employee shares issued during the year were:

	CONSOLIDATED		THE COMPANY	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Employee loans	155	425	155	425
Bank	120	421	120	421
Issued capital	275	846	275	846

Superannuation plans

All employees are entitled to varying levels of benefits on retirement, disability or death. The superannuation plans provide accumulated benefits. Employees contribute to the plans at various percentages of their wages and salaries. Where there is a legal requirement the Company contributes the appropriate statutory percentage of employees salaries and wages.

NOTE 30 DIRECTORS' AND EXECUTIVES DISCLOSURES

(a) Directors

The following persons were directors of the Company during the financial year:

NON-EXECUTIVE DIRECTORS

Dennis George Punches (Chairman)	Bo Sven Göranson
Anthony Robin Aveling (Deputy Chairman)	William Leslie Hiller
Barrie Edward Adams (Lead Independent Director)	William Walter Kagel
David Barry Connelly	Stephen Walker

EXECUTIVE DIRECTORS

John Marshall Pearce (Managing Director & Chief Executive Officer)
Anthony Francis Coutts

(b) Executives (other than directors) with the greatest authority for strategic direction and management

The following persons with the greatest authority for the strategic direction and management of the consolidated Entity ("specified executives") during the financial year were:

NAME	POSITION	EMPLOYER
Adrian Ralston	Chief Financial Officer	Collection House Limited
Brendan Doherty	Chief Collections Officer	Collection House Limited
Christopher Stewart	General Manager, Corporate Communication and Marketing	Collection House Limited
Colin Day	Chief Operations Officer (Chief Executive Officer from 1 July, 2005)	Collection House Limited
Matthew Thomas	Chief Information Officer	Collection House Limited
Michael Watkins	General Counsel	Collection House Limited

NOTE 30 DIRECTORS' AND EXECUTIVES DISCLOSURES (CONTINUED)**(c) Remuneration of directors and executives***Principles used to determine the nature and amount of remuneration*

The objective of the Company's executive reward and seniority framework is to ensure promotion and reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and creation of wealth for shareholders, and conforms to market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good governance practices:

- > competitiveness and reasonableness;
- > acceptability to shareholders;
- > performance linkage / alignment of effective compensation;
- > transparency; and
- > capital management.

In consultation with key members of the Board who have had many years industry operational experience and the Human Resources Manager, the Company has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

Alignment to shareholders interests:

- > has economic profit as a core component of plan design;
- > focuses on sustained growth in share price and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value; and
- > attracts and retains high calibre executives.

Alignment to program participants interests:

- > rewards capability and experience;
- > reflects competitive reward for contribution to shareholder growth;
- > provides a clear structure for earning rewards; and
- > provides recognition for contribution.

The framework provides a mix of short and long-term incentives. As executives gain seniority within the Group, higher salary and incentives are offered.

Non-executive directors

Fees and payments to non-executive directors reflect the demands that are made on, and the responsibilities of, the directors. Payments are allowed for additional responsibilities for Board chairmanship, deputy chairmanship, the lead independent director's role and for membership of Board committees and subsidiary boards. It should be noted that the chairman has voluntarily reduced his fee to \$50,000 per annum as from 1 April, 2003. William Kagel, a non-executive director and the chairperson of the Remuneration Committee has also waived the fee normally due to him for this role. Directors' fees and payments are reviewed annually by the Remuneration Committee. The committee's recommendations are forwarded for approval by the Board. Non-executive directors do not receive share options.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit which is periodically recommended for shareholder approval. The total maximum currently stands at \$500,000.

Executive directors' payments

Remuneration for executive directors is reviewed on an annual basis. The current base remuneration of Anthony Coutts was reviewed in December, 2003 when he reduced the hours of his position. In 2000 an option agreement was put in place for Anthony Coutts providing the issue of options for 500,000 shares at an exercise price of \$1 per share. The options are exercisable at a rate of 100,000 per annum and may only be exercised whilst Anthony remains employed by the Company. The terms of the option agreement were disclosed in the Company's Prospectus.

John Pearce, the Managing Director & Chief Executive Officer, elected to receive no remuneration during the 2004/05 financial year and has waived any fee payable during 2005/06 for his roles as Managing Director and Deputy Chairman.

Retirement allowances for directors

There are no retirement allowances paid to non-executive directors.

Executive pay

Executive pay comprises:

- > base salary;
- > incentives provided through the employee share plan and the executive share option plan; and
- > other remuneration such as superannuation and a car park.

Each senior executive's performance is reviewed at least annually in accordance with the terms of the Company approved evaluation form together with agreed key performance indicators. Changes in seniority and executive reward are based on the results of this evaluation.

Participation in the employee share plan is based on a simple formula applying to seniority and length of the employee's period of employment.

Participation in the option plan is via Board approval. The Chief Executive Officer first prepares a list of executives and their proposed level of participation in the plan. The nominees and the level of options to be issued are based on performance. That list is referred to the Remuneration Committee for review. The final list of nominees and their participation level in the plan is recommended by the Remuneration Committee to the Board for consideration prior to final approval. Options in the past have been issued on the basis of individual performance. The option plan was reviewed and options in 2004/05 financial year were issued on the basis of not only individual performance being considered but also company performance hurdles to be achieved before options may be exercised. The performance hurdle for the 2004/05 financial year was an increase in the share price of 10%.

The Remuneration Committee reviews the terms of the option plan on an annual basis.

Details of remuneration

The following tables provide details of the remuneration of all directors of the Company and each of the specified executives of the consolidated Entity, including their personally-related entities, for the year.

NAME	PRIMARY			POST-EMPLOYMENT		EQUITY VALUE OF OPTIONS ⁽²⁾	OTHER INSURANCE PREMIUMS	TOTAL
	CASH SALARY & FEES	CASH BONUS	NON-MONETARY BENEFITS	SUPERANNUATION BENEFITS	CONSULTANCY FEES			
	\$	\$	\$	\$	\$			
Directors of Collection House Limited 2005								
D G Punches	50,000	-	-	-	-	-	2,576	52,576
A R Aveling	70,000	-	-	6,300	-	-	2,576	78,876
B E Adams	120,000	-	-	10,800	-	-	2,576	133,376
J M Pearce ⁽¹⁾	-	-	3,828	-	-	-	2,576	6,404
D B Connelly	50,000	-	-	-	-	-	2,576	52,576
A F Coutts ⁽²⁾⁽³⁾	183,400	-	3,828	22,521	-	174,000	2,576	393,325
B S Göranson	40,000	-	-	-	-	-	2,576	42,576
W L Hiller	60,000	-	-	5,400	-	-	2,576	67,976
W W Kagel	40,000	-	-	-	-	-	2,576	42,576
S Walker	40,000	-	-	3,600	-	-	2,576	46,176
Total 2005	660,400	-	7,656	48,621	-	174,000	25,761	916,438

⁽¹⁾ Mr Pearce elected to receive no remuneration effective 8 April, 2003.

⁽²⁾ Mr Coutts exercised 100,000 options in October, 2004 at an exercise of \$1.00 per share. It was considered impractical to estimate the value of the options exercised as at the date of grant on 14 July, 2000. Therefore consistent with the 2003/04 calculation, the benefit to Mr Coutts on the exercise is included as the relevant value.

⁽³⁾ Other than the options for Mr Coutts, the fair value of options is calculated at the date of the grant using a Black-Scholes model.

NAME	PRIMARY			POST-EMPLOYMENT		EQUITY VALUE OF OPTIONS ⁽³⁾	OTHER INSURANCE PREMIUMS	TOTAL
	CASH SALARY & FEES	CASH BONUS	NON-MONETARY BENEFITS	SUPERANNUATION BENEFITS	CONSULTANCY FEES			
	\$	\$	\$	\$	\$			
Directors of Collection House Limited 2004								
D G Punches	50,000	-	-	79	-	-	2,231	52,310
A R Aveling	50,000	-	-	4,500	-	-	2,231	56,731
B E Adams	96,519	-	-	4,343	-	-	2,231	103,093
J M Pearce ⁽¹⁾	-	-	1,026	-	-	-	2,231	3,257
D B Connelly	44,038	-	-	59	-	-	2,231	46,328
A F Coutts ⁽²⁾⁽³⁾	282,278	-	1,026	30,790	-	180,000	2,231	496,325
B S Göranson	40,000	-	-	59	-	-	2,231	42,290
W L Hiller	50,000	-	-	4,500	-	-	2,231	56,731
W W Kagel	40,000	-	-	69	-	-	2,231	42,300
S Walker	40,000	-	-	3,600	-	-	2,231	45,831
Total 2004	692,835	-	2,052	47,999	-	180,000	22,310	945,196

⁽¹⁾ Mr Pearce elected to receive no remuneration effective 8 April, 2003.

⁽²⁾ Mr Coutts exercised 100,000 options in November, 2003 at an exercise of \$1.00 per share. It was considered impractical to estimate the value of the options exercised as at the date of grant on 14 July, 2000. Therefore consistent with the 2002/03 calculation, the benefit to Mr Coutts on the exercise is included as the relevant value.

⁽³⁾ Other than the options for Mr Coutts, the fair value of options is calculated at the date of the grant using a Black-Scholes model.

NOTE 30 DIRECTORS' AND EXECUTIVES DISCLOSURES (CONTINUED)

NAME	PRIMARY			POST-EMPLOYMENT		EQUITY VALUE OF OPTIONS ⁽¹⁾	OTHER INSURANCE PREMIUMS	TOTAL
	CASH SALARY & FEES	CASH BONUS	NON- MONETARY BENEFITS	SUPERANNUATION BENEFITS	CONSULTANCY FEES			
	\$	\$	\$	\$	\$			
Specified executives of the consolidated Entity 2005								
C Day	164,432	-	3,828	14,799	-	17,400	2,576	203,035
B Doherty	174,264	-	3,960	15,684	-	17,400	2,576	213,884
A Ralston	190,000	-	3,828	17,100	-	-	2,576	213,504
C Stewart	160,000	-	3,828	14,400	-	25,540	2,576	206,344
M Thomas	176,234	-	-	13,747	-	17,400	2,576	209,957
M Watkins	253,077	-	3,828	22,777	-	8,700	2,576	290,958
Total 2005	1,118,007	-	19,272	98,507	-	86,440	15,456	1,337,682

⁽¹⁾ The fair value of options is calculated at the date of the grant using a Black-Scholes model.

NAME	PRIMARY			POST-EMPLOYMENT		EQUITY VALUE OF OPTIONS ⁽¹⁾	OTHER INSURANCE PREMIUMS	TOTAL
	CASH SALARY & FEES	CASH BONUS	NON- MONETARY BENEFITS	SUPERANNUATION BENEFITS	CONSULTANCY FEES			
	\$	\$	\$	\$	\$			
Specified executives of the consolidated Entity 2004								
C Day (Chief Operations Officer from 8 June, 2004)	126,307	-	25,554	12,808	-	12,798	2,231	179,698
B Doherty	136,983	-	1,026	13,598	-	19,197	2,231	173,035
A Ralston (commenced on 29 October, 2003)	107,182	-	5,959	11,444	-	-	2,231	126,816
M Stanton (departed on 30 June, 2004)	175,787	-	1,026	15,105	45,144	12,798	2,231	252,091
C Stewart (commenced on 12 January, 2004)	65,030	-	-	6,369	-	-	2,231	73,630
M Thomas	150,000	-	-	13,500	-	19,197	2,231	184,928
M Watkins	253,076	-	1,026	22,777	-	15,998	2,231	295,108
Total 2004	1,014,365	-	34,591	95,601	45,144	79,988	15,617	1,285,306

⁽¹⁾ The fair value of options is calculated at the date of the grant using a Black-Scholes model.

(d) Equity Instruments*Options provided as remuneration*

Details of options over ordinary shares in the Company provided as remuneration to each director of Collection House Limited and each of the specified executives of the consolidated Entity are set out below. When exercisable each option is convertible into one ordinary share of Collection House Limited. Further information is set out in Note 29.

	OPTIONS GRANTED DURING THE YEAR	OPTIONS VESTED DURING THE YEAR
	Number	Number
<i>Directors of Collection House Limited</i>		
Nil	-	-
The options issued to a director of Collection House Limited were granted and vested on 14 July, 2000. The options are exercisable at specified exercise dates. Details of exercise dates are set out in Note 29.		
<i>Specified executives of the consolidated Entity</i>		
C Day	40,000	-
B Doherty	40,000	-
A Ralston	-	-
C Stewart	60,000	20,000
M Thomas	40,000	-
M Watkins	20,000	-

All options granted to specified executives expire on the earlier of their expiry date or termination of the individuals employment.

20,000 options were issued to C Stewart on 1 September, 2004 at an exercise price of \$1.18 per share and an expiry date of 30 June, 2005. Other options granted to specified executives were granted on 30 September, 2004; had an expiry date of 30 June, 2005; an exercise price of \$1.36 per share; and were only exercisable if the share price of the Company increased 10% by the end of the financial year. The performance hurdle was not met and these options lapsed. All options were provided at no cost to the recipients.

Exercise of options granted as remuneration

Details of ordinary shares in the Company provided as a result of the exercise of options to each director of Collection House Limited and each of the specified executives of the consolidated Entity are set out below:

NAME	NUMBER OF SHARES ISSUED ON EXERCISE OF OPTIONS DURING THE YEAR	AMOUNT PAID \$ PER SHARE
<i>Directors of Collection House Limited</i>		
A F Coutts	100,000	\$1.00
<i>Specified executives of the consolidated Entity</i>		
C Stewart	20,000	\$1.18

Option holdings

The number of options over ordinary shares in the Company held during the financial year by each director of Collection House Limited and each of the specified executives of the consolidated Entity, including their personally-related entities, are set out below:

NAME	BALANCE AT START OF YEAR Number	GRANTED AS REMUNERATION Number	EXERCISED Number	LAPSED Number	BALANCE AT END OF YEAR Number	VESTED AND EXERCISABLE AT END OF YEAR Number
<i>Directors of Collection House Limited</i>						
A Coutts	200,000	-	(100,000)	-	100,000	-
<i>Specified executives of the consolidated Entity</i>						
C Day	-	40,000	-	(40,000)	-	-
B Doherty	-	40,000	-	(40,000)	-	-
A Ralston	-	-	-	-	-	-
C Stewart	-	60,000	(20,000)	(40,000)	-	-
M Thomas	-	40,000	-	(40,000)	-	-
M Watkins	-	20,000	-	(20,000)	-	-

Options held by Mr Coutts are vested but not exercisable until 4 October, 2005.

Share holdings

The number of shares in the company held during the financial year by each director of Collection House Limited and each of the specified executives of the consolidated Entity, including their personally-related entities, are set out below:

NAME	BALANCE AT START OF YEAR Number	RECEIVED ON EXERCISE OF OPTIONS Number	OTHER CHANGES DURING THE Number	BALANCE AT END OF YEAR Number
<i>Directors of Collection House Limited</i>				
D G Punches	14,011,665	-	43,170	14,054,835
A R Aveling	250,000	-	-	250,000
B E Adams	-	-	-	-
J M Pearce	14,146,730	-	43,170	14,189,900
D B Connelly	20,000	-	-	20,000
A F Coutts	3,934,000	100,000	-	4,034,000
B S Göranson	4,772,427	-	-	4,772,427
W L Hiller	5,200	-	-	5,200
W W Kagel	500,000	-	-	500,000
S Walker	6,750,000	-	-	6,750,000
<i>Specified executives of the consolidated Entity</i>				
C Day	273,000	-	52,000	325,000
B Doherty	7,500	-	(5,500)	2,000
A Ralston	-	-	-	-
C Stewart	-	20,000	-	20,000
M Thomas	10,000	-	(8,000)	2,000
M Watkins	27,000	-	(3,000)	24,000

NOTE 30 DIRECTORS' AND EXECUTIVES DISCLOSURES (CONTINUED)**(e) Loans and other transactions with specified directors and executives***Loans*

Details of loans made to directors of Collection House Limited and specified executives of the consolidated Entity, including their personally-related entities are set out below:

	BALANCE AT START OF YEAR	INTEREST PAID AND PAYABLE FOR YEAR	BALANCE AT END OF YEAR	NUMBER IN GROUP AT END OF YEAR
Aggregates for directors and specified executives				
Group				
<i>Directors of Collection House Limited</i>				
2005	-	-	-	-
2004	-	-	-	-
Specified executives of the consolidated Entity				
2005	23,895	-	-	-
2004	-	266	23,895	1

All loans specified above have been extended in accordance with the terms of the Employee share ownership plan. Terms and conditions of loans are set out in Note 29. No amounts have been written down or recorded as allowances, as the balances are considered fully collectable.

Individuals with loans in excess of \$100,000 during the financial year

No individual's aggregate loan balance exceeded \$100,000 at any time during the financial year.

Other transactions with the Company or its controlled entities

A number of the directors of the Company and specified executives hold positions in other associated entities that result in them having control or significant influence over the financial or operating policies of those entities. The terms and conditions of any transactions with directors or specified executives were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non related entities on an arms length basis.

No payments were made to directors or to director related entities other than as appropriate payments for performance of their duties as directors.

	CONSOLIDATED		THE COMPANY	
	2005	2004	2005	2004
	\$	\$	\$	\$

NOTE 31 AUDITOR'S REMUNERATION**Audit services:**

Amounts received or due and receivable by the auditors for:

- Audit of the financial statements	170,000	160,000	170,000	160,000
- Other regulatory audit services	70,000	65,000	70,000	65,000

Other services:

Amounts received or due and receivable by the auditors for:

- Other non-assurance services	-	26,500	-	24,000
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NOTE 32 RELATED PARTIES**(a) Directors and specified executives**

Disclosures relating to directors and specified executives are set out in Note 30.

Directors' transactions in shares and share options

Mr A Coutts converted 100,000 options @ \$1.00 per share on 29 October, 2004.

Mr D Punches transferred 14,000,000 shares from Dennis Punches to Dennis Punches as trustee for the DG Punches Revocable Trust on 22 December, 2004.

Mr D Punches acquired 21,500 shares @ \$1.48 per share on 1 September, 2004.

Mr D Punches acquired 21,670 shares @ \$1.49 per share on 2 September, 2004.

Mr J Pearce and Mrs SA Pearce as trustees for the Collection House Superannuation Fund acquired 21,500 shares @ \$1.48 per share on 1 September, 2004. Mr J Pearce and Mrs SA Pearce as trustees for the Collection House Superannuation Fund acquired 21,670 shares @ \$1.49 per share on 2 September, 2004.

NOTE 32 RELATED PARTIES (CONTINUED)

(b) Non director-related parties

The classes of non director-related parties are:

- > wholly owned controlled entities;
- > partly owned controlled entities; and
- > directors of related parties and their director-related entities.

Transactions

Transaction between non director-related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The Company provided collection services to and received collection services from Collection House (NZ) Limited, Lion Finance Pty Ltd and Lion Finance Limited.

The Company provided administrative services to all operating subsidiaries.

A wholly owned controlled entity, Collection House Technologies Pty Ltd, provided IT support to the Company and other wholly owned controlled entities.

A wholly owned controlled entity, Collection House Legal Services Pty Ltd, provided legal services to the Company and other wholly owned controlled entities.

A wholly owned controlled entity, Australian Business Research Pty Ltd provided credit reporting services to the Company.

Loans were advanced by Collection House Limited to and were received from wholly owned controlled entities.

Loans were advanced by Collection House Limited to partly controlled entities.

Dividends were paid to the Company by Lion Finance Pty Ltd.

	THE COMPANY	
	2005	2004
	\$'000	\$'000
<i>Transactions with non-director related parties</i>		
Revenue from sale of services to: wholly owned controlled entities	17,889	15,440
Provision of IT Services to: controlling Entity	-	-
wholly owned controlled entities	-	209
Provision of legal services to: controlling Entity	-	-
wholly owned controlled entities	2,489	2,881
Provision of credit reporting services to: wholly owned controlled entities	248	272
Loan advances to: wholly owned controlled entities	26,683	21,072
partly owned controlled entities	614	2,413
Loan advances from: wholly owned controlled entities	6,254	1,756
Dividends received from: wholly owned controlled entities	12,000	9,200
Interest received from: partly owned controlled entities	-	110
<i>Current receivables from non-director related entities</i> wholly owned controlled entities	13,098	8,999
<i>Non current receivables from non-director related entities</i> wholly owned controlled entities (loans)	95,759	73,175
partly owned controlled entities (loans)	5,579	4,965
<i>Non current payables from non director-related entities</i> wholly owned controlled entities (loans)	9,761	3,507
<i>Percentage of equity interest</i>		
Details of equity interests held in classes of related parties are set out in Note 27.		

NOTE 33 NOTES TO THE STATEMENTS OF CASH FLOWS

	Note	CONSOLIDATED		THE COMPANY	
		2005	2004	2005	2004
		\$'000	\$'000	\$'000	\$'000
(a) Reconciliation of cash					
For the purposes of the statements of cash flows, cash includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statements of financial position as follows:					
Cash assets	8	2,399	4,697	558	150
Bank overdraft	17(a)	-	(2,596)	(2,330)	(2,596)
		2,399	2,101	(1,772)	(2,446)
(b) Reconciliation of profit from ordinary activities after income tax to net cash provided by operating activities					
Profit from ordinary activities after income tax		11,814	10,225	8,955	7,772
Add / (less) items classified as investing / financing activities:					
Net (profit) / loss on sale of non current assets		(290)	(467)	(6)	142
Add / (less) non-cash items:					
Amortisation		1,589	1,781	759	909
Amounts set aside to provisions		211	50	200	-
Amounts capitalised to purchased debt		(1,075)	-	-	-
Unrealised exchange loss / (gain)		(7)	1	-	-
Depreciation		22,572	15,746	2,687	2,722
Write-down of non-current assets		36	213	21	213
(Decrease) / increase in income taxes payable		2,551	(256)	1,155	(160)
(Decrease) / increase in deferred taxes payable		4,061	4,721	3,925	18,153
(Increase) / decrease in deferred tax asset		(945)	43	(722)	(2,675)
(Increase) / decrease in trade debtors		4,955	58	2,161	(1,210)
(Increase) / decrease in other debtors		(612)	2,661	(16,553)	(21,862)
(Increase) / decrease in other assets		(319)	(348)	(328)	(229)
Increase / (decrease) in trade creditors		229	(855)	386	(611)
Increase / (decrease) in sundry creditors and accruals		(1,202)	(1,582)	436	(1,066)
Increase / (decrease) in provision for doubtful debts		(256)	565	(106)	325
Increase / (decrease) in employee provisions		70	(384)	220	(412)
Increase / (decrease) in other tax provisions		(3)	(91)	(3)	(26)
Net cash provided by / (used in) operating activities		43,379	32,081	3,187	1,985

NOTE 34 EVENTS SUBSEQUENT TO BALANCE DATE

Dividends declared

For dividends declared after 30 June, 2005 see Note 22.

Other Events

The directors are not aware of any other material events which have occurred after balance date.

NOTE 35 IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS

The known or reliably estimable impacts on the financial report for the year ended 30 June, 2005 had it been prepared using AIFRS are set out below. The expected financial effects of adopting AIFRS are shown for each line item in the statements of financial performance and statements of financial position, with descriptions of the differences. No material impacts are expected in relation to the statements of cash flows.

Although the adjustments disclosed in this note are based on management's best knowledge of expected standards and interpretations, and current facts and circumstances, these may change. For example, amended or additional standards or interpretations may be issued by the AASB and the IASB. Therefore, until the company prepares its first full AIFRS financial statements, the possibility cannot be excluded that the accompanying disclosures may have to be adjusted.

NOTE 35 IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS (CONTINUED)

IMPACTS ON THE STATEMENT OF FINANCIAL POSITION							
		CONSOLIDATED			THE COMPANY		
	Notes	2005		2005	2005		2005
		\$'000	Effect of	\$'000	\$'000	Effect of	\$'000
		AGAAP	change	AIFRS	AGAAP	change	AIFRS
Revenue from rendering of services		125,117	-	125,117	46,368		46,368
Other revenues from ordinary activities	(g)	1,706	(980)	726	12,399	(36)	12,363
Total revenue from ordinary activities		126,823	(980)	125,843	58,767	(36)	58,731
Expenses from ordinary activities, excluding borrowing costs expense		(105,460)	1,301	(104,159)	(47,807)	787	(47,020)
Borrowing costs		(3,724)	-	(3,724)	(3,704)	-	(3,704)
Profit from ordinary activities before related income tax expense		17,639	321	17,960	7,256	751	8,007
Income tax (expense) / benefit relating to ordinary activities	(a)	(5,825)	210	(5,615)	1,699	-	1,699
Profit from ordinary activities after related income tax expense / (benefit)		11,814	531	12,345	8,955	751	9,706
Profit from extraordinary item after related income tax expense		-	-	-	-	-	-
Net profit		11,814	531	12,345	8,955	751	9,706
Net (profit) / loss attributable to outside equity interests		396	-	396	-	-	-
Net profit attributable to members of the Company		12,210	531	12,741	8,955	751	9,706
Non-owner transaction changes in equity:							
Net exchange difference relating to self-sustaining foreign operations		(144)	-	(144)	-	-	-
Total revenues, expenses and valuation adjustments attributable to members of the Company recognised directly in equity		(144)	-	(144)	-	-	-
Total changes in equity from non-owner related transactions attributable to the members of the Company		12,066	531	12,597	8,955	751	9,706
Basic earnings per share (cents)		12.57		12.72			
Diluted earnings per share (cents)		12.56		12.72			
(a) Expenses from ordinary activities, excluding borrowing costs expense, included in the statement of financial performance classified by nature:							
Employee expenses		35,223	-	35,223	22,892	-	22,892
Depreciation and amortisation expenses	(b)	24,181	(1,589)	22,592	3,446	(751)	2,695
Impairment charges	(c)	-	1,268	1,268	-	-	-
Search fees		12,826	-	12,826	418	-	418
Direct collection costs		16,106	-	16,106	13,863	-	13,863
Insurance claims costs		4,029	-	4,029	-	-	-
Net bad and doubtful debts expense including movements in provision for doubtful debts		27	-	27	(59)	-	(59)
Operating lease rental expense representing minimum lease payments		3,551	-	3,551	2,163	-	2,163
Consultancy fees		619	-	619	138	-	138
Legal expenses		757	-	757	666	-	666
Other expenses from ordinary activities	(g)	8,141	(980)	7,161	4,280	(36)	4,244
		105,460	(1,301)	104,159	47,807	(787)	47,020

NOTE 35 IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS (CONTINUED)

IMPACTS ON THE STATEMENT OF FINANCIAL POSITION		CONSOLIDATED			THE COMPANY		
	Notes	2005 \$'000 AGAAP	Effect of change	2005 \$'000 AIFRS	2005 \$'000 AGAAP	Effect of change	2005 \$'000 AIFRS
Current assets							
Cash assets		2,399	-	2,399	558	-	558
Receivables		12,937	-	12,937	19,459	-	19,459
Current tax assets	(a)	763	-	763	763	-	763
Other		1,437	-	1,437	1,011	-	1,011
Total current assets		17,536	-	17,536	21,791	-	21,791
Non current assets							
Receivables	(a)	1,013	-	1,013	101,381	(22,167)	79,214
Purchased debt	(e)	112,339	-	112,339	-	-	-
Other financial assets		-	-	-	21,947	-	21,947
Property, plant and equipment	(c)	10,356	(699)	9,657	7,148	-	7,148
Databases	(c)	10,414	-	10,414	-	-	-
Intangible assets	(b,c)	25,884	1,029	26,913	11,211	751	11,962
Deferred tax assets	(a)	5,927	210	6,137	4,461	(179)	4,282
Other		46	(9)	37	28	-	28
Total non current assets		165,979	531	166,510	146,176	(21,595)	124,581
Total assets		183,515	531	184,046	167,967	(21,595)	146,372
Current liabilities							
Payables		6,391	-	6,391	3,319	-	3,319
Interest-bearing liabilities		216	-	216	2,429	-	2,429
Current tax liabilities	(a)	1,309	-	1,309	-	-	-
Provisions		2,123	-	2,123	1,779	-	1,779
Total current liabilities		10,039	-	10,039	7,527	-	7,527
Non current liabilities							
Payables		-	-	-	9,761	-	9,761
Interest-bearing liabilities		54,290	-	54,290	54,290	-	54,290
Deferred tax liabilities	(a)	24,052	458	24,510	22,506	(22,346)	160
Provisions		361	-	361	343	-	343
Total non current liabilities		78,703	458	79,161	86,900	(22,346)	64,554
Total liabilities		88,742	458	89,200	94,427	(22,346)	72,081
Net assets		94,773	73	94,846	73,540	751	74,291
Equity							
Contributed equity		67,156	-	67,156	67,156	-	67,156
Reserves	(f)	380	(380)	-	-	-	-
Retained profits	(a,b,c,f,g)	28,060	453	28,513	6,384	751	7,135
Total Company interest		95,596	73	95,669	73,540	751	74,291
Outside equity interests		(823)	-	(823)	-	-	-
Total equity		94,773	73	94,846	73,540	751	74,291
Opening Retained Profits		23,626	-	23,626	5,205	-	5,205
Plus current year profits		12,210	531	12,741	8,955	751	9,706
less dividends paid		(7,776)	-	(7,776)	(7,776)	-	(7,776)
plus tfrs into Retained Profits	(e)	-	(78)	(78)	-	-	-
Closing retained profits		28,060	453	28,513	6,384	751	7,135

Notes to the IFRS-adjusted Statement of Financial Performance and Statement of Financial Position**(a) Income tax**

Under AASB 112 *Income Taxes*, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method, items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and / or taxable income or loss and current and deferred taxes cannot be recognised directly in equity.

NOTE 35 IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS (CONTINUED)

If the policy required by AASB 112 had been applied during the year ended 30 June, 2005 the following would have resulted:

An increase in total consolidated deferred tax assets of \$210,000 at 30 June, 2005 together with a corresponding decrease in consolidated income tax expense, would have been recognised comprising the tax effect of the reduction in the carrying amount of property, plant and equipment as a result of the impairment charge.

An increase in total consolidated deferred tax liabilities of \$458,000 at 30 June, 2005 would have been recognised comprising the recognition of an additional deferred tax liability in relation to databases.

The UIG have determined the recognition of tax amounts under the tax consolidation regime in the AIFRS framework. Wholly owned subsidiaries in the tax consolidated group will be required to recognise their own tax balances directly, and the current tax liability or asset will be assumed by the head entity via an equity contribution or distribution.

A decrease in total Company deferred tax liabilities of \$22,346,000 at 30 June, 2005 would have been recognised comprising the derecognition by the Company of deferred tax liabilities of relating to subsidiaries in the Company's tax consolidated group in accordance with UIG 1052. There is no effect on the consolidated Entity.

A decrease in total Company deferred tax assets of \$179,000 at 30 June, 2005 would have been recognised comprising the derecognition of deferred tax balances (excluding those related to tax losses) relating to subsidiaries in the Company's tax consolidated group in accordance with UIG 1052. There is no effect on the consolidated Entity.

As a result the intercompany balances in the Company's financial statements will be reduced by \$22,167,000. There is no effect on the consolidated Entity.

(b) Intangible assets — goodwill

Under AASB 3 *Business Combinations*, amortisation of goodwill will be prohibited, and will be replaced by annual impairment testing focusing on the cash flows of the related cash generating unit.

This will result in a change to the current accounting policy, under which goodwill is amortised on a straight line basis over the period during which the benefits are expected to arise and not exceeding 20 years.

If the policy required by AASB 3 had been applied during the year ended 30 June, 2005 consolidated goodwill at 30 June, 2005 would have been \$1,589,000 higher and consolidated amortisation expense for the year ended 30 June, 2005 would have been \$1,589,000 lower.

The impact on the Company's financial statements would have resulted in goodwill being \$751,000 higher and amortisation \$751,000 lower.

(c) Impairment of Assets

Under AASB136 *Impairment of Assets*, the Company is required to test certain assets for impairment. Goodwill is required to be impairment tested annually, and other relevant assets are tested whenever there is evidence that there may be an impairment.

Individual assets in the balance sheet have not been tested for impairment as they cannot reasonably be associated with individual cashflows. As a result all of the assets of the group subject to AASB136 have been allocated to a cash generating unit, each of which can be associated with an independent cashflow and impairment testing carried out at this level. Impairment losses recognised in respect of a cash generating unit will be allocated first to reduce the amount of any goodwill allocated to the unit and then to reduce the carrying amount of other assets in the unit, pro rata based on their carrying amounts.

If the policy required by AASB136 had been applied during the year ended 30 June, 2005 the carrying amount of consolidated intangibles would have been \$560,000 lower, the carrying amount of consolidated other non current assets would have been \$9,000 lower and the carrying amount of consolidated property, plant and equipment would have been \$699,000 lower. A consolidated impairment charge of \$1,268,000 would have been passed through the Statement of Financial Performance.

There would have been no effect on the financial statements of the Company.

(d) Equity-based compensation benefits

Under AASB 2 *Share-based Payment* the group is required to recognise an expense equivalent to the fair value of options issued with a corresponding increase in equity, for those options issued under the executive share option plan after 7 November, 2002 and which vest after 1 January, 2005. This will result in a change to the current accounting policy under which no expense is recognised for equity based compensation.

If the policy required by AASB 2 had been applied during the year ended 30 June, 2005 there would have been no effect on the consolidated and Company retained profits at 30 June, 2005 as all options had vested by 1 January, 2005.

NOTE 35 IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS (CONTINUED)

(e) Financial instruments

AASB 139 requires all financial assets to be classified as either, at fair value through profit or loss, loans and receivables, held to maturity or as available for sale financial assets. This classification determines how the financial asset will be measured subsequent to initial recognition (at fair value or at amortised cost) and how any movements in its carrying amount will be recognised (directly in the profit and loss or deferred in equity). Financial assets are not subject to impairment testing under AASB136.

The Company will be utilising the exception within AASB 1 First Time Adoption of Australian equivalents to International Financial Reporting Standards in relation to financial instruments, and as such, the comparative year of its first AIFRS financial statements will not be presented in accordance with AASB 132 and AASB 139. The transition date for these two accounting standards will therefore be 1 July, 2005.

The purchased debt portfolio will be classified as an available for sale financial asset. Available for sale financial assets are initially recognised and subsequently measured at fair value.

The Company is revising its financial model to estimate the value of a debt portfolio in accordance with the requirement of AASB 139. The model is expected to provide the ability to forecast cash flows for existing and new portfolios, to provide estimates of the remaining value of existing portfolios, and to support the valuation and impairment-testing requirements of the standard. The model will assess a number of key characteristics of a debt portfolio in arriving at the estimated annual recovery. This will include reading files of the characteristics of past debtors and the details of past collection activities and results, and from that information build a model file which describes how the characteristics of a debt are linked to its collection outcomes.

(f) Foreign currency translation reserve: cumulative translation differences

On the initial application of AIFRS, the Group will elect to apply the exemption in AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* relating to the balance of the foreign currency translation reserve. The cumulative translation differences for all foreign operations represented in the foreign currency translation reserve will be deemed to be zero at the date of transition to AIFRSs.

As a result of this exemption, the balance of the foreign currency translation reserve of the group at 30 June, 2005 would have been \$382,000 lower and retained earnings would be higher by this amount.

There would have been no effect on the financial statements of the Company.

(g) Revenue disclosures in relation to the sale of non current assets

Under AIFRS, the revenue recognised in relation to the sale of non current assets is the net gain on the sale. This is in contrast to the current Australian GAAP treatment under which the gross proceeds from the sale are recognised as revenue and the carrying amount of the assets sold is recognised as an expense. The net impact on the profit or loss of this difference is nil.

If the policy required under AIFRS had been applied during the year ended 30 June, 2005 the consolidated revenue from ordinary activities would have been \$1,243,000 lower, the consolidated carrying amount of non current assets sold disclosed as an expense in the statement of financial performance would have been \$980,000 lower, and consolidated other income would have been \$263,000 higher.

The impact on the Company's statement of financial performance would result in revenue from ordinary activities being \$9,000 lower, the consolidated carrying amount of non current assets sold disclosed as an expense being \$36,000 lower, and the consolidated other income would have been \$27,000 lower.

Directors' Declaration

Collection House Limited and its controlled entities

For the year ended 30 June, 2005

In the opinion of the directors of Collection House Limited ("the Company"):

(a) the financial statements and notes, (set out on pages 34 to 70) are in accordance with the Corporations Act 2001 including:

(i) giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June, 2005 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

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

The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June, 2005.

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



DIRECTOR

John Marshall Pearce

Dated at Brisbane, 24 August 2005

Independent Audit Report

To the members of Collection House Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Collection House Limited ("the Company") and controlled entities, for the year ended 30 June, 2005. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with the Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- > examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- > assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

We are independent of the Company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. We have given the Directors of the Company a written Auditor's Independence Declaration, a copy of which is attached to the Directors' Report.

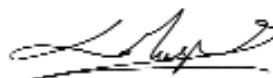
Audit Opinion

In our opinion, the financial report of Collection House Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June, 2005 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.



Hacketts Chartered Accountants
Brisbane 24 August, 2005



Liam Murphy
PARTNER

Shareholder Information

Distribution of Equity Security Holders

The shareholder information set out below was applicable as at 15 August, 2005.

Analysis of numbers of security holders by size of holding:

Category	NUMBER OF EQUITY SECURITY HOLDERS	
	Ordinary shares	Options
1 – 1,000	1,019	-
1,001 – 5,000	2,820	-
5,001 – 10,000	885	-
10,001 – 100,000	671	2
100,001 – 9,999,999,999	41	-
Total	5,436	

There were 128 holders of less than a marketable parcel of shares.

On-market buy back

There is no current on-market buy back.

Twenty largest shareholders

The twenty largest holders of quoted securities are:

	ORDINARY SHARES	
	Number held	Percentage of issued shares
George Laurens (Qld) Pty Ltd	14,000,000	14.40
Mr Dennis George Panches	14,000,000	14.40
Mr Stephen Walker	6,750,000	6.94
ANZ Nominees Limited	6,276,969	6.46
City Plaza Inc.	4,772,427	4.91
A Coutts & J Coutts	3,600,000	3.70
Citicorp Nominees Pty Limited	2,879,584	2.96
National Nominees Limited	1,732,303	1.78
Citicorp Nominees Pty Limited	1,705,508	1.75
J P Morgan Nominees Australia Limited	1,653,685	1.70
Equitas Nominees Pty Limited	1,000,000	1.03
Westpac Custodian Nominees Limited	831,441	0.86
ANZ Nominees Limited	782,137	0.80
Custodial Services Limited	533,100	0.55
Mr William Kagel	500,000	0.51
Mr Anthony Coutts	434,000	0.45
Mr Raymond Larkin	400,000	0.41
Ankla Pty Ltd	320,000	0.33
Mr Neil Francis Michael Day	273,500	0.28
Mr Krisno David Mumby	250,000	0.26
	62,694,654	64.48

Restricted Securities

All issued shares in Collection House Limited are quoted on the ASX and there are no shares subject to escrow or other regulated restrictions other than as follows:

Voluntary Restrictions on Securities

Employees who participate in the Collection House employee share plan are required to enter into voluntary escrow arrangements with the Company, undertaking not to dispose of any of these shares for three months from the date of issue of the relevant shares. There are no such restricted shares at the date of this Report.

Employees who participate in the Collection House employee share plan are required to enter into voluntary escrow arrangements with the Company, undertaking not to dispose of any of these shares for 12 months from the date of issue of the relevant shares. There are no such restricted shares at the date of this Report.

Under the Collection House employee share plan and Collection House executive option plan, employees may be entitled to acquire shares under an employee loan facility. Employee shares that are subject to an employee loan at the time that the voluntary escrow period expires remain restricted until the relevant employee loan is discharged. As at 15 August, 2005 there are 270,115 ordinary shares (0.27% of issued capital) that are restricted on this basis. The date that these shares cease to be restricted will depend upon the date that the employee loans are repaid in full.

Shares restricted under voluntary arrangements rank *pari passu* with all fully paid ordinary shares in all other respects.

ISSUED UNEXERCISED OPTIONS

	Number on issue	Number of holders
Options to take up ordinary shares in Collection House Limited	200,000	2

Substantial Shareholders

The number of shares held by substantial shareholders and their associates are set out below:

	Number held	Percentage
Ordinary shares		
George Laurens (Qld) Pty Ltd	14,189,900	14.59
Mr Dennis George Punches	14,054,835	14.45
Mr Stephen Walker	6,750,000	6.94
ANZ Nominees Limited	6,276,969	6.46
Options		
A Coutts	100,000	0.1
C Day	100,000	0.1

Voting Rights

The voting rights attaching to each class of equity securities are:

1. Ordinary shares

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

2. Options

There are no voting rights attached to the options. Voting rights will be attached to options once they are exercised.

Stock Exchange

The Company is listed on the Australian Stock Exchange under the code CLH. The home exchange is Brisbane.

Other information

Collection House Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

Corporate Directory

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Rhonda King

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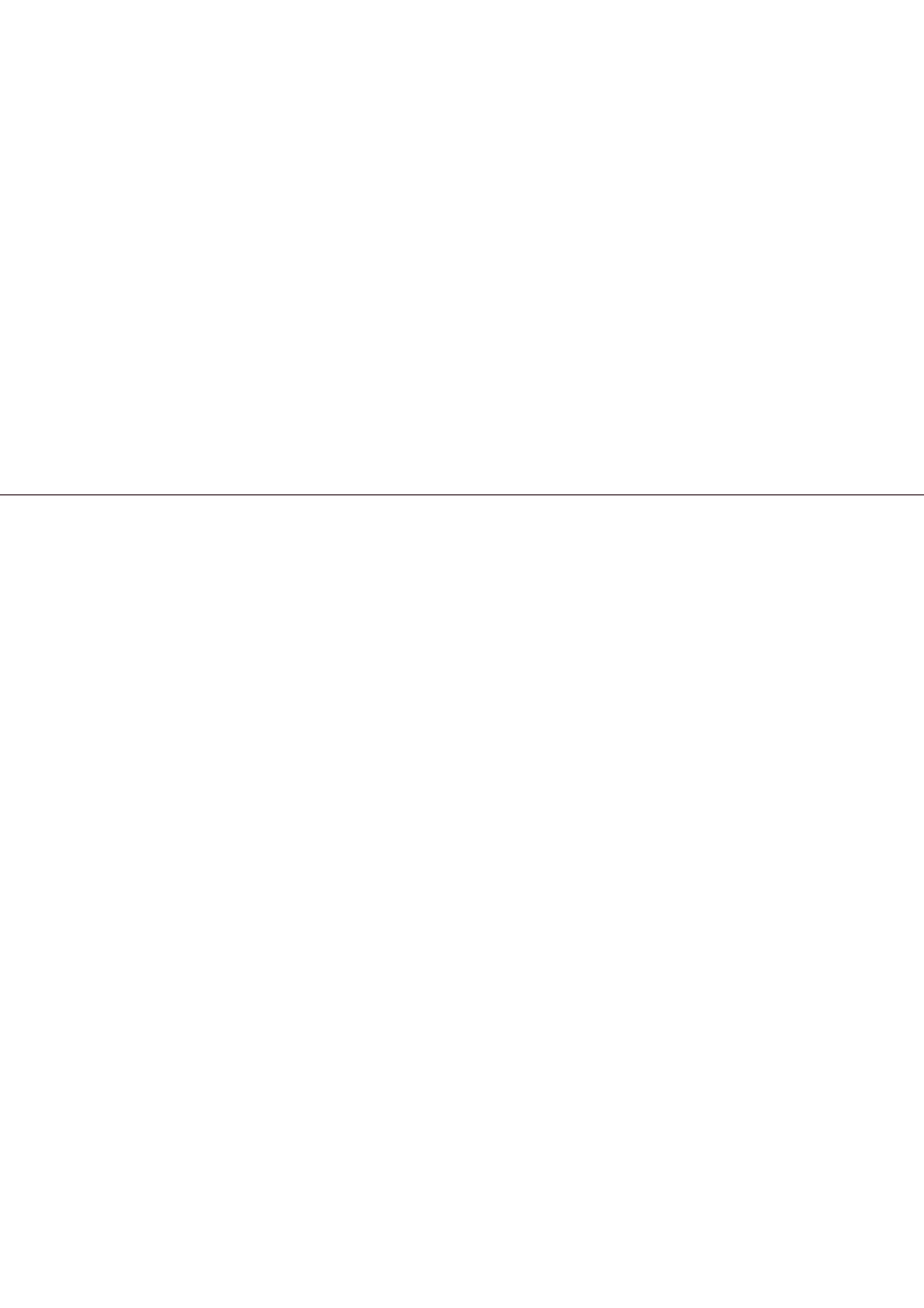
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