pioneer credit

Prospectus

Pioneer Credit Limited ACN 103 003 505

LEAD MANAGER AND UNDERWRITER

EVANS & PARTNERS

FINANCIAL ADVISER

Azure Capital

IMPORTANT INFORMATION

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Shares being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.


Important Notices

This Prospectus is dated Friday 4 April 2014 and a copy of this Prospectus was lodged with ASIC on that date. ASIC and ASX and their respective officers take no responsibility for the content of this Prospectus.

The expiry date of the Prospectus is 13 months after the date this Prospectus was lodged with ASIC (**Expiry Date**). No Shares will be allotted or issued on the basis of this Prospectus after the Expiry Date.

Application will be made for the listing of the Shares offered by this Prospectus on the ASX within 7 days after the date of this Prospectus. The fact that ASX may list the Shares of the Company is not to be taken in any way as an indication of the merits of the Company or the listed Shares. ASX takes no responsibility for the contents of this Prospectus, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Prospectus.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Application Form, which accompanies this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This Prospectus does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

Exposure Period

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Potential investors should be aware that this examination may result in the identification of deficiencies in the Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act.

Applications for Shares under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on persons who lodge applications prior to the expiry of the Exposure Period.

Not investment advice

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation of particular needs. It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in Pioneer.

In particular, you should consider the assumptions underlying the forecast financial information and the risk factors that could affect the performance of Pioneer and the Group. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant or other independent professional adviser before deciding whether to invest in Pioneer. Some of the key risk factors that should be considered by prospective investors are set out in Section 6. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

Except as required by law, and only to the extent required, no person named in this Prospectus, nor any other person, warrants or guarantees the performance of Pioneer or the repayment of capital or any return on investment made pursuant to this Prospectus. This Prospectus includes information regarding past performance of the Pioneer. Investors should be aware that past performance is not indicative of future performance.

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus that is not contained in this Prospectus. Any information not so contained may not be relied upon as having been authorised by Pioneer, the Lead Manager or any other person in connection with the Offer. You should rely only on information contained in this Prospectus.

No cooling-off rights

Cooling-off rights do not apply to an investment in Shares issued under the Prospectus. This means that, in most circumstances, you cannot withdraw your application once it has been accepted.

Electronic Prospectus

ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

A copy of this Prospectus can be downloaded from the website of the Company at www.pioneercredit.com.au. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the Application Form it was not provided together with the electronic Prospectus and any relevant supplementary or replacement Prospectus or any of those documents were incomplete or altered.

Foreign jurisdictions

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Shares or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia.

The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. For details of selling restrictions that apply to the Shares in certain jurisdictions outside of Australia, refer to Section 9.15

This document does not constitute an offer Shares of Pioneer in any jurisdiction in which it would be unlawful. Shares may not be offered or sold in any country outside Australia except to the extent permitted in Section 9.15.

This Prospectus may not be distributed to, or relied by, persons in the United States or who are US Persons. The Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state in the United States, and may not be offered or sold in the United States, or to or for the account or benefit of a US Person, except in a transaction exempt from the registration requirements of the US Securities Act and applicable United States state securities laws.

Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in Pioneer are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

Pioneer does not propose to give any taxation advice and, to the maximum extent permitted by law, Pioneer, its Directors, officers and each of their respective advisers accept no responsibility or liability for any taxation consequences of subscribing for Shares under this Prospectus. Applicants should consult their own professional tax advisers in regard to taxation implications of the Offer.

Website

No document or information included on our website is incorporated by reference into this Prospectus.

Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as "may", "could", "believes", "estimates", "expects", "intends" and other similar words that involve risks and uncertainties. In addition, consistent with customary market practice in offerings in Australia, forecast financial information has been prepared and included in this Prospectus in Section 5. Any forward-looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause actual events or outcomes to differ materially from the events or outcomes expressed or anticipated in these statements, many of which are beyond the control of Pioneer. Forecast financial information and the forward-looking statements should be read in conjunction with, and qualified by reference to, the risk factors as set out in Section 6, the general and specific assumptions set out in Section 5, the sensitivity analysis set out in Section 5 and other information contained in this Prospectus.

The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on such forward-looking statements. Pioneer has no intention to update or revise forward-looking statements, or to publish prospective Financial Information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law. This Prospectus, including the industry overview in Section 2, uses market data and third party estimates and projections. There is no assurance that any of the third party estimates or projections contained in this information will be achieved. Pioneer has not independently verified this information. Estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the risk factors set out in Section 6.

Photographs and diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person endorses the Prospectus or its contents or that the assets shown in them are owned by Pioneer. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

Governing law

The Prospectus and the contracts that arise from the acceptance of the applications and bids under this Prospectus are governed by the law applicable in Western Australia and each applicant and bidder submits to the exclusive jurisdiction of the courts of Western Australia.

Defined terms and interpretation

Certain terms or abbreviations used in this Prospectus have defined meanings which are explained in Section 11. A reference to a Section is a reference to a Section in this Prospectus.



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Letter from the Chairman

Dear Investor

My experiences as a director and investor have made me cautious. My time as a chairman has given me a deep sense of responsibility to shareholders.

I have learned that even the best credentialed companies can have uneven earnings.

My focus then has been on making careful choices based on the quality of the executive team, a business idea that has the ability to provide value to customers and a cost base that makes for efficiency supported by a value rich culture that is authentic and energising.

The decision to accept this role as Chairman of Pioneer was made carefully with regard to all of these factors. It is a decision that I am increasingly pleased to have made and it brings with it a real sense of privilege to join a special company that I believe has a great future.

This Prospectus sets out the details of this investment opportunity.

Like me, you will read it with caution and careful attention to the detail.

You will make your own choice.

If you do, it will be because you see the prospect of gaining a satisfactory return on your investment. Our plan is to be very focussed on delivering that. But you might also invest because like us, you see a special attitude for those in Pioneer in helping customers with debt issues get back on their feet by working with them in an expert way.

You might see this as an excellent business idea with a track record of producing results for Shareholders and customers.

The credentials of our Managing Director Keith John and his team will be of help to you in making your assessment of the business.

This Prospectus details the growth of the Company and will provide you with an understanding of what has been achieved with this business model of helping rather than chasing. You will also note that this was achieved with limited capital. The Prospectus also sets out the hard facts of the performance of the business and that combined with the description of the way in which the Company does business will hopefully lead you to consider investment in our future.

I believe Pioneer has excellent prospects as set out in this Prospectus and look forward to being part of its future. I would be delighted to welcome you as a fellow Shareholder.

Yours sincerely

Michael Smith
Chairman
Pioneer Credit Limited

Key Offer Statistics

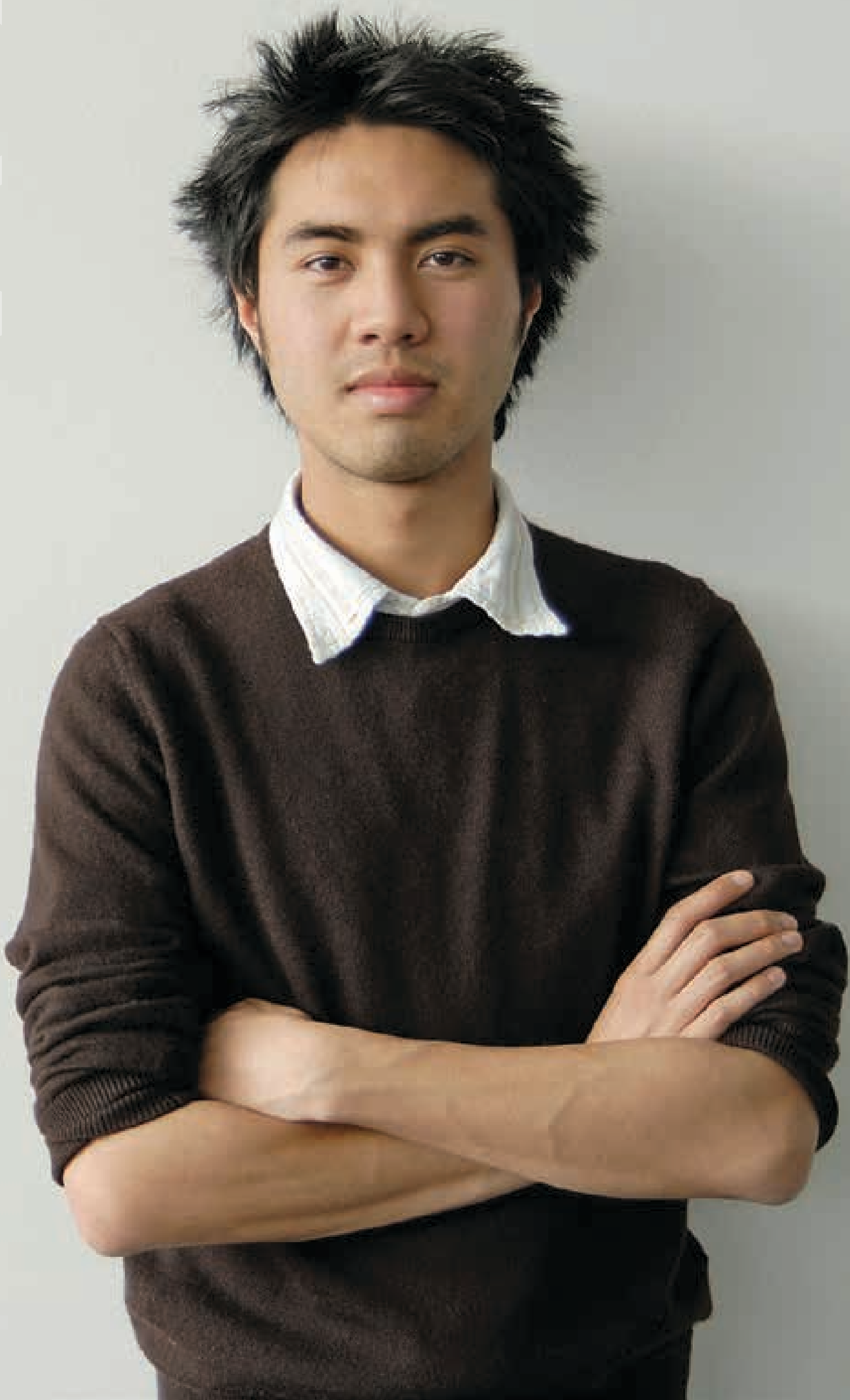
OFFER PRICE PER SHARE[1]	**$1.60 PER SHARE**
NUMBER OF SHARES TO BE OFFERED UNDER THE OFFER	**25.2 MILLION**
NUMBER OF SHARES ON ISSUE AT COMPLETION OF THE OFFER	**45.4 MILLION**
NUMBER OF SHARES TO BE HELD BY EXISTING SHAREHOLDERS AT COMPLETION OF THE OFFER[2,3,4]	**20.2 MILLION**
NUMBER OF SHARES TO BE HELD BY NEW SHAREHOLDERS AT COMPLETION OF THE OFFER	**25.2 MILLION**
MARKET CAPITALISATION AT THE OFFER PRICE[5]	**$72.2 MILLION**
ENTERPRISE VALUE AT THE OFFER PRICE[6]	**$70.4 MILLION**
ENTERPRISE VALUE / PRO FORMA FORECAST FY14F EBIT[7]	**10.0x**
MARKET CAPITALISATION / PRO FORMA FORECAST FY14F NPAT[7,8]	**16.3x**
ENTERPRISE VALUE / PRO FORMA FORECAST FY15F EBIT[7]	**6.8x**
MARKET CAPITALISATION / PRO FORMA FORECAST FY15F NPAT[7,8]	**11.0x**
MARKET CAPITALISATION / PRO FORMA NET ASSETS[7,9]	**1.6x**
FORECAST INDICATIVE FY15F DIVIDEND YIELD[7,10]	**4.5%**

1. Shares may not trade at the Offer Price after Listing.
2. Includes 0.7 million Shares issued on exercise of options held by management prior to the Offer. These Shares cannot be traded until the Employee Option Loan provided to management to exercise the options is repaid. Further details are provided in Section 9.5(b).
3. Excludes Shares issued to Existing Shareholders who are not part of Pioneer's key management team. Further details of substantial Shareholders and interests of major Shareholders can be found in Section 1.9.
4. 20.2 million of these Shares will be subject to voluntary escrow arrangements. Further details can be found in Section 9.7.
5. Market capitalisation at the Offer Price is determined by multiplying the number of Shares at completion of the Offer by the Offer Price.
6. Enterprise value is calculated by adding market capitalisation at the Offer Price to pro forma net debt at 31 December 2013. Further details on the pro forma Historical Balance Sheet adjustments can be found in Section 5.8.
7. Section 5 contains full details of the Financial Information. The Financial Information presented in this table is intended as a summary only and should be read in conjunction with the more detailed disclosure of the financial information in Section 5 as well as the risk factors set out in Section 6.
8. This ratio is commonly referred to as a price to earnings, or PE, ratio. It is calculated by dividing the Offer Price by forecast pro forma NPAT per Share or the market capitalisation at the Offer Price by forecast pro forma NPAT.
9. Calculated by dividing the market capitalisation at the Offer price by the pro forma net assets at 31 December 2013. Further details on the pro forma Historical Balance Sheet adjustments can be found in Section 5.8.
10. The indicative FY15F dividend yield is not a forecast and is calculated by the implied forecast dividend per Share (based on the Board's proposed dividend policy of distributing 50% of pro forma NPAT as a fully franked dividend) by the Offer Price. Further details can be found in Section 5.14.

Key Dates

LODGEMENT OF PROSPECTUS WITH ASIC	**FRIDAY 4 APRIL 2014**
OPENING DATE OF OFFER	**TUESDAY 15 APRIL 2014**
CLOSING DATE OF OFFER	**WEDNESDAY 23 APRIL 2014**
ISSUE OF SHARES UNDER THIS PROSPECTUS	**THURSDAY 1 MAY 2014**
EXPECTED COMMENCEMENT OF TRADING OF SHARES ON THE ASX ON A DEFERRED SETTLEMENT BASIS	**THURSDAY 1 MAY 2014**
EXPECTED DESPATCH OF HOLDING STATEMENTS	**THURSDAY 1 MAY 2014**
EXPECTED COMMENCEMENT OF TRADING OF SHARES ON THE ASX ON A NORMAL SETTLEMENT BASIS	**MONDAY 5 MAY 2014**

The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offer early without notice.



1) Investment Summary

Important Notice

This Section is a summary only and not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety. The Shares offered under this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends nor can any guarantee be given about the future value of the Shares.

1.1 Overview of Pioneer and its business model

Who is Pioneer?	Pioneer is an Australian financial services provider, specialising in acquiring and servicing unsecured retail debt portfolios. These portfolios consist of people with financial obligations to Pioneer. These people become the cornerstone of Pioneer's customer relationships. Pioneer works with its customers over time so that they can meet their obligations and progress towards financial recovery and through this process evolve as a 'new consumer'.
What industry does Pioneer operate in?	Pioneer operates in the debt purchase sector of the Australian receivables management industry where Pioneer purchases debt that is generally more than 180 days overdue from its Vendor Partners and seeks to receive payments from its customers over time.
Why is the Offer being conducted?	The purpose of the Offer is to allow the Existing Shareholders to be paid a return on their investment and to raise additional capital to enable Pioneer to purchase additional debt portfolios. For further details see 'Application of Funds' in Section 5.13.
How does Pioneer generate income?	Pioneer acquires and services unsecured retail debt books in Australia, with a focus on the banking and finance sector. Pioneer's primary business is purchasing unsecured retail debt portfolios that are generally more than 180 days overdue from its Vendor Partners (or in some cases as a secondary purchaser) at a discount to their face value. Once purchased, Pioneer seeks to work closely with its customers until the debts are repaid. Payments are collected by a variety of means including by Payment Arrangement with the customer whereby payment is generally collected (often with interest) over a number of years. As at 31 December 2013 the balance of Pioneer's accounts under Payment Arrangement was approximately $83 million[1]. Pioneer purchases debt portfolios predominantly via Forward Flow Agreements. A forward flow agreement is where a purchaser agrees to purchase, and a vendor agrees to sell, a proportion of its portfolio meeting agreed characteristics, for an agreed term, at an agreed price. Pioneer buys debt on a monthly basis from leading financial institutions under these Forward Flow Agreements which have an average remaining term of 16 months. Pioneer expects to enter into further similar agreements in the future. A summary of Pioneer's Forward Flow Agreements is set out in Section 9.5(a).
How does Pioneer expect to fund its activities?	Pioneer expects to fund its activities in three principal ways: • using the proceeds of the Offer in the manner set out at Section 5.13; • by drawing on its Senior Debt Facility to fund up to 50% of new investment in debt portfolio acquisitions. The terms of the Senior Debt Facility are summarised in Section 9.5(d); and • operating cash flows.

1 Excludes Part IX accounts with a current balance of $5.6 million at 31 December 2013.

1.1 Overview of Pioneer and its business model

Corporate governance	Pioneer has established a corporate governance framework, the key features of which are outlined in Section 4.3. In establishing its corporate governance framework, Pioneer has referred to the Corporate Governance Principles and Recommendations with 2010 Amendments (2nd Edition) as published by ASX Corporate Governance Council (**Principles & Recommendations**). Pioneer's intended compliance with and departures from the recommendations as at the date of admission of Pioneer to the ASX are also set out in Section 4.3. Pioneer's governance-related documents can be found on its website at www.pioneercredit.com.au under the section marked "Corporate Governance".

1.2 Key strengths and investment highlights[2]

Outlined below are a number of Pioneer's key strengths and investment highlights.

Leading Australian purchaser of financial services debt, with strong customer service philosophy	• Pioneer purchases predominantly tier 1 debt with more than 90% of investment from "big four" bank credit card and personal loan debt. • Pioneer is not a "debt collection agency". Pioneer owns its debt portfolio and views the underlying debtors as its own customers, rather than people from whom debt is merely "collected".
Simple, specialised and scalable business model	• Pioneer focuses on personal loan and credit card debt that is more than 180 days overdue and maintains strong purchasing discipline. • Pioneer focuses on recovering debt in full by giving customers adequate time to pay by entering into Payment Arrangements, with minimal discounts offered. • Pioneer enters two types of Payment Arrangements: i) Fixed Schedule Payment Arrangements – whereby agreed periodic payments are made until the account is closed with interest at an agreed rate; and ii) Non Scheduled Payment Arrangements – whereby the customer agrees to pay but does not commit to a fixed schedule. • Pioneer's Payment Arrangement book was approximately $83 million[3] at 31 December 2013. • Pioneer aims for returns of greater than 50% IRR on the basis of Customer Payments, which equates to greater than 20% after cash costs on a pre-tax basis. As Pioneer utilises debt and equity to fund portfolio purchases, the level of gearing considered in calculating this is in the range of 30% to 40%.

2 Section 5 contains full details of historical and Forecast financial information. The historical and Forecast financial information presented in this table is intended as a summary only and should be read in conjunction with the more detailed disclosure of the financial information in Section 5 as well as the risk factors set out in Section 6.

3 Excludes Part IX accounts with a current balance of $5.6 million at 31 December 2013.

4 Data provided by the Kessler Financial Services Australia Pty Ltd, which provides advisory services to financial institutions.

5 Shown inclusive of accounts returned to Vendor Partners due to agreed Recourse Criteria.

Predictable and repeatable revenue model	• Pioneer's primary strategy is to develop relationships with customers and secure commitments to agreed payment schedules known as Payment Arrangements, making Pioneer's revenue predictable and repeatable. • In FY13A approximately 59% of Customer Payments came from customers who had entered into Fixed Schedule Payment Arrangements. • Pioneer's Fixed Schedule Payment Arrangement book balance as at 31 December 2013 was $63 million (including accrued interest) from approximately 6,800 customers. • Pioneer's Non Scheduled Payment Arrangement book as at 31 December 2013 was $20 million (including accrued interest) from approximately 2,100 customers. • Over the forecast period, $22 million of Customer Payments are booked in from the Fixed Schedule Payment Arrangement book as at 31 December 2013, assisting with Customer Payments visibility. • In FY13A and H1 FY14A, 95% of contracted Customer Payments under Payment Arrangement were made either on time or within an acceptable timeframe. • Pioneer has built strong relationships with its Vendor Partners and has entered into Forward Flow Agreements meaning that future debt purchases and their associated cost can be forecast with a high degree of accuracy: i) Pioneer predominantly buys debt under Forward Flow Agreements. Pioneer has seven purchasing programs under Forward Flow Agreements with an average remaining term of 16 months – of these, five are with major banks; ii) 100% of remaining FY14F and 84%[6] of FY15F purchases will be made under Forward Flow Agreements that are already under contract; and iii) current run-rate of forward flow purchases is approximately $2.5 million per month (100% of purchases during H2 FY14F).
Consistent and demonstrable growth	• Pioneer's half-yearly Customer Payments have grown from $6.2 million in H1 FY12A to $16.2 million in H1 FY14A, a compound half yearly growth rate of 27%. The Directors are forecasting an implied compound half yearly growth rate of 26% from H1 FY14A to H2 FY15F. • Debt portfolios purchased increased to $14.4 million in H1 FY14A from $8.6 million in H1 FY12A[7]. • Number of Account Managers grew from 36 people at the end of FY12A to 104 people at the end of H1 FY14A, and is expected to be more than 180 people by the end of FY15F. • Pioneer has established systems and operations providing additional benefits from scale as the business grows.

6 Assumes Forward Flow Agreements that expire over the forecast period roll-over on the existing terms.

7 Shown inclusive of accounts returned to Vendor Partners due to agreed Recourse criteria.

1.2 Key strengths and investment highlights

Attractive market and significant growth opportunity	• In FY13, the Australian debt purchase sector was estimated to attract $325 million in investment.[4] In this period Pioneer purchased approximately $27 million of debt[5], representing approximately 8% of the market. • Pioneer has a number of growth opportunities including: i) growth within existing market segment – Pioneer believes its estimated 8% market share can be significantly increased; ii) expansion into new market segments – opportunities to utilise expertise and relationships to move into other debt markets (including, but not limited to, mortgage residuals, Part IX accounts and car leases); and iii) participation in secondary sales – the Directors expect the secondary debt market to develop further, creating new debt purchasing opportunities. Pioneer purchased a secondary portfolio in 2013 and does not propose to be a seller into the secondary debt market. • Seller of financial products – Pioneer's ultimate goal is to assist its customers improve their financial health and regain an acceptable credit rating. Pioneer is targeting offering first trial products to customers in late FY15.
Strong and growing cash flow and earnings generation	• Forecast revenue is supported by Pioneer's existing portfolio: i) high Customer payments visibility for H2 FY14F and FY15F forecasts. 89% of debts to be purchased in H2 FY14F and FY15F are already contracted under Forward Flow Agreements; ii) Pioneer's Pro Forma FY14F Operating Cash Flow Before Interest, Debt Purchases & Financing is forecast to be $12.6 million in FY14F (Pro Forma Forecast) and $25.3 million in FY15F; iii) during the forecast period cash is utilised in new purchases which will drive growth in future years; and iv) EBIT growth forecast of 21% in FY14F (Pro Forma Forecast) and 47% in FY15F.
Strong balance sheet will enable ongoing investment in growth	• Pioneer will be well capitalised post-Offer with a strong balance sheet to support ongoing investment in new debt portfolio acquisitions and growing its Customer Service Team. • Pioneer entered into a new Senior Debt Facility which includes a Cash Advance Facility with a limit of $47 million in March 2014 (with drawdown conditional on successful completion of the Offer).
Experienced board and management team	• Pioneer's founder and Managing Director, Keith John and the Directors are committed to driving the future success of Pioneer. Michael Smith, current Chairman of iiNet Limited, Synergy and the Australian Institute of Company Directors will act as Non-executive Chairman. • Pioneer's management team has a wealth of experience in the industry across areas including analytics, operations management, information technology, and compliance.

1.3 Key risk factors

	Set out below are a summary of the key risks to which the Group is exposed to. A full explanation of the key risks summarised below and further risks associated with an investment in Pioneer are outlined in Section 6.
Availability and pricing of debt portfolios	Pioneer needs to be able to purchase debt portfolios at appropriate prices in order to continue its profitable growth. The availability of debt portfolios at appropriate prices is impacted by a number of factors including: • the level of credit being extended by financial institutions and credit providers to consumers, and the percentage of such credit in arrears; • levels of unemployment and rates of consumer savings; • the appetite of corporate institutions to outsource arrears management; and • negative publicity or reputational damage to the PDL industry as a whole. Accordingly, risks for the Group are that: • insufficient portfolios become available for purchase; • increased competition in the purchase debt portfolio market which could lead Pioneer to pay higher purchase price for debt portfolios resulting in lower margins; and • Pioneer not being able to acquire future portfolios at appropriate prices.
Purchase of debt portfolios	When Pioneer acquires debt portfolios, it assumes the risk that the accounts of the subject of the portfolios will not be repaid in full or at all. As a result Pioneer may not fully recover the price it paid for those portfolios or achieve an acceptable economic return on those portfolios.
Existing portfolios and recovery of accounts	Pioneer's strategy for maximising Customer Payments is to minimise discounts offered for early payment, and encourage customers to enter into a Payment Arrangement, under which the customer commits to repay the full account over time. Not all customers agree to enter a Payment Arrangement and not all customers with a Payment Arrangement pay on time, all of the time, or at all. As such it may take a significant amount of time to recover on accounts and there is no guarantee that the Group will recover any or all of the accounts comprising a portfolio. Changes in macroeconomic factors such as an increase in interest rates and cost of living may impact on recovery of accounts.
Staffing	Pioneer's success depends on identifying, hiring, training and retaining skilled personnel and senior management. There is a risk that Pioneer may not be able to hire, train and retain the number of personnel that has been assumed in the Forecasts.
Reliance on key personnel	Pioneer is heavily reliant on the expertise and abilities of its key personnel in overseeing the day-to-day operations of its business. The loss of one or more key personnel could have a negative impact on the success of the Company. In addition, if Keith John ceases to be involved in the business or no longer holds a Managing Director or an executive director position within the Group, this will be considered a Review Event under the Group's Senior Debt Facility with BankWest. If a Review Event occurs, the parties to the Facility Agreement must, during the period of 60 days after BankWest requests, meet and consult with BankWest in good faith concerning the Review Event and, if requested by BankWest, agree a strategy to rectify or restructure the circumstances giving rise to the Review Event including restructuring the Facilities to the satisfaction of BankWest. If no such meeting has taken place within the 60 day period referred to above, BankWest may change any of the terms of the Facility Agreement or any related documents or cancel one or more of the Facilities.
Loss of key clients	A significant decrease in the volume of portfolios available for purchase from any significant Vendor Partner on acceptable terms would force the Company to seek alternative sources of portfolios to purchase. In addition to the factors that impact the supply of portfolios generally, Vendor Partners with whom the Group has strategic relationships may not continue to sell debt portfolios to the Group on desirable terms or in acceptable quantities, and the Group may not be able to replace such purchases with purchases from other debt vendors.

1.3 Key risk factors

Regulatory environment

The Group operates in an industry with a strict legal and regulatory framework. Any failure by the Group to comply with its ACL and applicable laws and regulations relating to the purchase of debt portfolios, collection on the accounts it acquires, the broader consumer credit industry and privacy matters could result in the suspension, termination or impairment of the Group's ACL or the termination of certain Forward Flow Agreements and therefore could adversely affect the Group's reputation, its business and/or result in substantial losses.

Changes in the regulatory environment could impact on Pioneer's ability to profitability manage its business.

Release of Shares held in escrow at the expiration of the Escrow Period

The Escrowed Shareholders have entered into voluntary escrow arrangements in respect of the Shares they will hold on Listing. These escrow restrictions apply from the date of ASX's letter granting conditional approval to admit Pioneer to the official list of ASX to 10 trading days after the date on which Pioneer releases to the ASX its results for the full financial year ending 30 June 2015 (FY15) (being the end of the forecast period (**Escrow Period**), with some early release conditions in limited specific circumstances.

The escrow arrangements, outlined in more detail in Section 9.7, will result in the release of approximately 20.2 million Shares (representing approximately 44.5% of the Shares immediately post-Offer) at the end of the Escrow Period.

Following release from escrow, Shares held by the Escrowed Shareholders will be able to be freely traded on the ASX. A significant sale of Shares by Existing Shareholders, or the perception that such sale has occurred or might occur, could adversely affect the price of the Shares.

1.4 Summary of historical and forecast performance

What is Pioneer's historical and forecast financial performance?

A selected summary of Pioneer's historical and forecast financial information is set out below. Prospective investors should read Section 5 for full details of Pioneer's historical and forecast financial information and the assumptions underlying this information.

(A$ millions)	Historical			Pro Forma Forecast	
	FY12A	FY13A	H1 FY14A	FY14F	FY15F
Revenue	9.6	16.6	11.1	25.3	39.1
EBITDA Adjusted	8.0	13.0	7.9	19.1	29.2
EBIT	3.1	5.8	2.6	7.0	10.3
NPAT				4.5	6.6
EPS				0.10	0.15

1.5 Dividend policy

What is Pioneer's dividend policy?

Pioneer currently intends to declare a fully franked dividend of 7.3 cents per share following the announcement of the FY14 results to be paid in October 2014. Thereafter Pioneer intends to target a payout ratio of 50% of statutory NPAT paid semi-annually. No assurances can be given by any person, including the Directors, about the payment of any dividend and the level of franking on any such dividend in future periods.

The Board may revisit Pioneer's dividend policy from time to time. In doing so, the Board may consider a number of factors, including the general business environment, the operating results and financial condition of Pioneer, future funding requirements, capital management initiatives and taxation considerations.

1.6 Use of funds raised

What is the proposed use of proceeds of the Offer?

Sources of Funds	$ Millions
Funds Raised From The Offer	**40.2**

Use Of Funds	$ Millions
Payment Of Dividends	4.7
Return Of Capital	11.1
Debt Purchases	21.2
Offer Costs	3.3
Total	**40.2**

Refer to Section 5.13 for further details.

What is the financial impact of the Offer?

The Offer will allow Pioneer to pay Existing Shareholders a return on their existing investment in Pioneer and provide capital for growing debt portfolio acquisitions. The Offer will also provide Pioneer access to a wide range of institutional and retail investors and a public capital markets profile.

On a pro forma basis, reflecting the effect of the Offer, as at 31 December 2013 Pioneer had net assets of $46.0 million and net cash of $2.3 million (including amounts owed under the Senior Debt Facility and the Vendor Finance arrangement).

Post completion of the Offer, Pioneer expects to have an enterprise value of $70.4 million at the Offer Price (on a 31 December 2013 pro forma basis).

1.7 Board of Directors and key management personnel

Who are the Directors and senior management of Pioneer?

Directors

- Michael Smith, Non-Executive Chairman
- Keith John, Managing Director
- Mark Dutton, Non-Executive Director
- Rob Bransby, Non-Executive Director

Senior management

- Keith John, Managing Director
- Leslie Crockett, Chief Financial Officer
- Bernard Prefumo, Chief Information Officer
- James Singh, Legal Practice Director
- Richard Brown, Head of Compliance
- Lisa Stedman, Head of Operations
- Jolie Baasch, Head of Analytics

1.8 Overview of the Offer

Who is issuing the Prospectus?	Pioneer Credit Limited (ACN 103 003 505), a company incorporated in Western Australia, Australia.
What is the Offer?	The Offer is an initial public offering of 25.2 million Shares in Pioneer to raise up to $40.2 million (before costs and expenses). The Shares being offered will represent 55.5% of the total shares in Pioneer on issue following Listing[8].
How is the Offer structured and who is eligible to participate?	The Offer comprises: • the Broker Firm Offer, which consists of an offer of Shares to eligible sophisticated and retail investors in Australia who have received a firm allocation from their Syndicate Broker; • the Institutional Offer, consisting of an offer to Institutional Investors in Australia and a number of other eligible jurisdictions to bid for Shares; and • the Employee Offer, under which eligible employees of Pioneer may apply to subscribe for Shares on the terms and conditions set out in Section 8.7.
Is there any underwriting arrangement pursuant to the Offer?	The Broker Firm Offer and Institutional Offer have been fully underwritten by Evans and Partners Pty Ltd. A summary of the Underwriting Agreement, including the events which would entitle the Lead Manager to terminate the Underwriting Agreement, is set out in Section 9.5(c).
Will the Shares be listed?	Pioneer will apply to the ASX for its admission to the official list of the ASX and quotation of Shares on the ASX (which is expected to be under the code "PNC") within seven days of the date of this Prospectus. Listing is conditional on the ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.
Will any Shares be subject to escrow arrangements?	The Escrowed Shareholders will be subject to voluntary escrow arrangements. These escrow restrictions apply from the date of ASX's letter granting conditional approval to admit Pioneer to the official list of ASX to 10 trading days after the date on which Pioneer releases to the ASX its results for the full financial year ending 30 June 2015 (FY15) (being the end of the forecast period, with some early release conditions in limited specific circumstances). The escrow arrangements, outlined in more detail in Section 9.7, will result in approximately 20.2 million Shares (representing approximately 44.5% of the Shares immediately post Offer) being subject to escrow.

How many Shares will be on issue after Listing?

Existing Shareholder	Notes	Shares (Million)	Interest (%)
Shares on issue prior to the Offer	1	20.2	44.5%
Shares to be issued pursuant to the Offer		25.2	55.5%
Shares on issue at completion of the Offer	2	**45.4**	**100.0%**

1. The number of Shares on issue as at the date of this Prospectus includes CRPS and management shares currently on issue. The CRPS and management shares will automatically vary into Shares shortly prior to Listing.
2. Assuming 100% participation by Eligible Employees under the Employee Offer.

What is the allocation policy?	The allocation of Shares between the Broker Firm Offer and the Institutional Offer and to participants within the Broker Firm Offer and Institutional Offer will be determined by the Lead Manager in consultation with Pioneer. For Broker Firm Offer Applicants, Syndicate Brokers will determine how they allocate Shares among their clients. For Employee Offer Applicants, eligibility is determined by Pioneer in its sole discretion. Any employee of Pioneer who has been offered an allocation of Shares under the Employee Offer and elects to take it up on the terms proposed, will receive their allocation in full.

8 Assumes 100% participation by Eligible Employees under the Employee Offer.

Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on an acquisition of Shares under the Offer.
What are the tax implications of investing in the Shares?	The Directors are unable to provide advice as to the taxation implications of the Offer or an investment in Shares in relation to an individual investor and as such investors are encouraged to seek their own professional advice before making an investment in Shares.
How can I apply?	Broker Firm Applicants may apply for Shares by completing a valid Application Form attached to or accompanying this Prospectus, and lodging it with the Syndicate Broker who invited them to participate in the Offer. The Opening Date for the Offer is Tuesday 15 April 2014 and the Closing Date for Offer is 5.00pm WST on Wednesday 23 April 2014, or such later date as the Directors, in their absolute discretion, may determine. To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.
Is there a minimum Application size under the Offer?	Applications for Shares must be for a minimum of 1,500 Shares and thereafter in multiples of 500 Shares. Payment for the Shares must be made in full at the issue price of $1.60 per Share.
How will the Shares be allotted?	Subject to ASX granting conditional approval for quotation on the ASX, the Shares to be issued pursuant to the Offer will be allotted as soon as practicable after the Closing Date. Pending the allotment and issue of the Shares or payment of refunds pursuant to this Prospectus, all Application Monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be despatched by standard post on or around Thursday 1 May 2014.
When can I sell my Shares on ASX?	It is expected that trading of Shares on the ASX will commence on or about Thursday 1 May 2014 on a deferred settlement basis. It is expected that despatch of holding statements will occur on or about Thursday 1 May 2014 and that Shares will commence trading on the ASX on a normal settlement basis on Monday 5 May 2014. It is the responsibility of each Applicant to confirm their holding before trading their Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk.
Can the Offer be withdrawn?	Subject to the terms of the Underwriting Agreement, Pioneer reserves the right not to proceed with the Offer at any time before the issue of Shares to successful applicants. If the Offer does not proceed, Application Monies will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.
Where can I find out more information about this Prospectus or the Offer?	If you are unclear in relation to any matter in relation to this Prospectus or are uncertain as to whether Pioneer is a suitable investment for you, you should seek professional guidance from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.

1.9 Significant interests of key persons and other parties connected with Pioneer or the Offer

Director / related party	Payment	Further detail
Michael Smith	$120,000 per annum plus superannuation pursuant to a letter of appointment.	Section 9.6(b)
	Pioneer has also issued Mr Smith 300,000 Options.	
Keith John	$300,000 per annum plus superannuation pursuant to an employment contract.	Section 9.6(a)
	Mr John is also entitled to a short term benefit equal to 100% of salary. For the year ending 30 June 2014, $150,000 is payable on completion of the Offer and the balance of $150,000 on achievement of forecast NPAT (refer Section 5).	
	Avy Nominees Pty Ltd (**Avy**) as trustee for The John Family Primary Investments Trust (**John Trust**) will receive rental payments totalling $228,750 (plus GST) per annum and car parking rental payments totalling $33,600 (plus GST) per annum pursuant to three lease agreements.	Section 9.6(e)
	Mr John is a beneficiary of the John Trust and the sole director and secretary of Avy.	
	Pioneer will pay Avy as trustee for The John Family Building & Design Trust (trading as Alana John Design) (**Alana Design**) $10,000 (plus GST and incidentals) per month for the provision of design and project management services.	Section 9.6(f)
	Pre Offer dividend and return of capital.	Section 5.8
Mark Dutton	$70,000 per annum plus superannuation pursuant to a letter of appointment.	Section 9.6(b)
	Pre Offer dividend and return of capital.	Section 5.8
Rob Bransby	$70,000 per annum plus superannuation pursuant to a letter of appointment.	Section 9.6(b)
Deeds of indemnity, Insurance and access	Pioneer has entered into a deed of indemnity, insurance and access with each of its Directors and the Company Secretary. Under these deeds, Pioneer agrees to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of Pioneer. Pioneer is also required to maintain insurance policies for the benefit of the relevant officer and must also allow the officers to inspect board papers in certain circumstances.	
Disclosure of Interests	The interest of each of the Directors in the securities of Pioneer at the completion of the Offer is set out in the table below.	

Director	Shares	Options[1]
Michael Smith	62,500	300,000
Keith John[2]	8,056,230	Nil
Mark Dutton[3]	206,483	Nil
Rob Bransby	35,000	Nil

Notes:

1. The terms and conditions of these Options are set out in Section 9.4.
2. Keith John has a beneficial interest in 7,605,656 Shares.
3. Mark Dutton indirectly owns 206,483 Shares through a beneficial interest of approximately 2.7% in Banksia Management Pty Ltd ATF The Banksia Capital Fund and approximately 2.7% in BC Fund II Pty Ltd ATF Banksia Capital Fund II.

Substantial Shareholders and interests of major Shareholders

Existing Shareholder	Existing interest (%)	Shares held prior to the Offer (Million)	Shares held at completion of the Offer (%)	Shares held at completion of the Offer (Million)
Keith John[1]	39.8%	8.1	17.7%	8.1
Banksia Capital	37.8%	7.6	16.8%	7.6
Other Key Management	12.4%	2.5	5.5%	2.5
Other Existing Shareholders[2]	10.0%	2.0	4.5%	2.0
Total	**100.0%**	**20.2**	**44.5%**	**20.2**

1. Keith John holds a beneficial interest prior to the Offer of 7.6 million shares (37.6%).
2. Excludes Shares acquired by other Existing Shareholders under the Offer.

2) Industry Overview

2.1 Australian receivables management sector

Historically, businesses with large volumes of accounts receivables including financial institutions, banks, telecommunication providers, utilities or government agencies would, in their regular course of business either manage the recovery of accounts in arrears in-house or engage a third party to manage the recovery on a commission or fee for service basis. Within Australia, over time, the sale of debt portfolios (i.e. firms selling outstanding debts) has emerged as an alternative form of receivables management.

The Australian receivables management sector is categorised by two primary business models:

- **Contingent collection model:** Where the collector acts as a representative of the originator of a loan or credit contract and attempts to collect the outstanding liability. The collector earns revenue based on a fixed rate or percentage of amount collected.
- **Debt purchase model:** Where the collector purchases and takes legal ownership of the underlying account. The purchaser therefore has the right to recover customer payments under the terms of the original loan or credit contract. Recovery of the account, either by receipt of a lump sum or receipts under a longer dated Payment Arrangement, and often after an adjustment for the movement in fair value of the account, is recorded as revenue by the purchaser.

While both the contingent collections and debt purchase models result in institutions outsourcing the role of arrears recovery to an external counterparty, the debt purchase method also represents the transfer of credit risk from the loan originator to the debt acquirer.

Pioneer's primary business is to act as an acquirer and servicer of unsecured retail debt portfolios in the debt purchase market. Pioneer does not participate in the contingent collections market.

The receivables management sector has been subject to an increased level of regulation over recent years and participants operate across both Australian Federal and State regulations. Further detail on the regulatory framework for the sector is described in Section 2.6.

2.2 The debt purchase sector

Participants in the debt purchase market typically acquire debt portfolios directly in the primary market from companies such as financial institutions, banks or utilities. A form of secondary market for debt portfolios exists, under which debt purchase market participants occasionally on-sell portfolios to other market participants. Both the primary and secondary markets for portfolios involve bilateral agreements between the acquirer and the vendor.

Market participants either acquire accounts on a one-off basis through a bilateral agreement, or through a 'forward flow' agreement. Under forward flow agreements the acquirer commits to purchase accounts, at an agreed price, over regular intervals for a certain period of time. The vendor commits to sell or deliver accounts with pre-agreed characteristics.

Debt purchase market participants serve a number of industry sectors including banks, other financial institutions, telecommunications, utilities, consumer finance providers and others. Pioneer focuses on purchasing debt from the banking and finance sector and invests predominantly in credit card and personal loan accounts. Pioneer has not and does not currently purchase telecommunications, utility or compromised type debt.

Financial institutions and banks typically seek to sell debt portfolios with underlying accounts based on either non-performing credit cards or personal loans previously originated by the vendor. The Directors believe that the size of the individual loans originated by banks and financial institutions is typically larger than non-performing accounts from the telecommunication, utility and other sectors.

Given the capital required to acquire portfolios, the Directors believe that the Australian debt purchase sector is relatively concentrated, with a limited number of major participants, including Pioneer, accounting for a substantial share of the total market. In FY13 the Australian debt purchase sector was estimated to attract $325 million in investment[9]. The Directors believe that the primary market is still developing, while the secondary market is immature and so far as the Directors are aware, is of a much smaller scale than the primary market. Additional information on industry participants is described in Section 2.3.

The Directors believe that the key drivers of growth in the debt purchase sector include: credit growth within the economy, rate of financing in arrears, adoption of outsourcing of collections by companies and the rate of the increase in the unemployment rate. These factors are described further in Section 2.5.

2.3 Debt purchase industry participants and competitive landscape

The broader receivables management sector was initially characterised by a large number of small participants in a fragmented market largely operating under a contingent collections model. More recently, a small number of large firms have emerged to serve the debt purchase market primarily driven by, the Directors believe, the significant capital required to acquire portfolios, the costs associated with regulatory compliance, and the demands of vendors for acquirers to have sufficient systems and sophistication to ensure the vendor's reputation or brand is not impacted through the acquirer's interaction with the underlying customer (i.e. the original borrower).

The Directors have observed that debt purchase market vendors often seek expressions of interest from multiple purchasers when evaluating portfolio sales. While the price offered to acquire a portfolio is considered a key factor by vendors, the Directors believe that the brand and reputation of the acquirer are also important factors considered by primary market vendors when considering divestment of a portfolio.

2.4 Barriers to entry

The Directors believe that barriers to entry in the debt purchase sector exist due to the following factors:

- **Relationships, reputation and brand:** It is important for participants to have developed good relationships with vendors and have a reputation as an acquirer of accounts who will treat the customers of the vendor well. Customers of acquirers can also remain customers of the vendor. The Directors believe that based on the Company's dealings with them, the leading institutions in the Australian financial services sector are increasingly concerned with the treatment of their customers following the sale of accounts and that Pioneer has among the best relationships in the sector with those vendors with which it deals with regularly.
- **Servicing:** The ability to attract, train and retain quality customer service staff and thereafter lead them to resolve customer financial issues, is critical to the success of an investment in debt portfolios. Pioneer continues to demonstrate its success in achieving this with payments received on its portfolios at rates that are at least comparable to other published sector results. Pioneer's rate of customer disputes is very low. Of the matters that have been referred by a customer to the Ombudsman for resolution, no complaints have ever been closed in the customer's favour. The Directors believe this is a result unique among the largest participants in the debt purchase sector.
- **Data and analytics:** Participation in the market requires the ability to appropriately price portfolio purchases, using data from historical portfolio performance and repayment rates. The Directors believe that in order to better understand customers, leading participants in the industry are increasingly investing in data analytics. Utilising sophisticated technology and highly-trained staff, the analytics process enables companies to develop insights into customers and improve customer targeting. The Directors expect that the ongoing cost of investing in analytics may be prohibitive for smaller companies.

9 Data provided by the Kessler Financial Services Australia Pty Ltd, which provides advisory services to financial institutions.

- **Capital:** Access to equity and debt capital is a significant barrier for businesses that wish to acquire portfolios as opposed to simply collecting accounts on a contingent basis. This is particularly evident in the financial services sector where a return on capital is generally regarded as taking significantly longer than in other sectors and as such more capital is required to continue to grow a business than would generally be regarded as being readily available to emerging businesses.
- **Scale:** For participants focused on acquiring portfolios from major banking and financial institutions, scale is important as it enables investment in the systems, training and processes required in order to demonstrate the ability to effectively comply with all regulatory requirements and to ensure customer interactions and relationships are of high quality.
- **Regulatory compliance:** The costs associated with adhering to all federal, state or territory regulation for each jurisdiction that a market participant operates in can be prohibitive for new entrants.

2.5 Industry outlook

The Directors believe there are a number of drivers that impact the size of the debt purchase sector in Australia. These include:

- **Credit:** The size of the debt purchase sector is directly linked to the size of the credit extended to consumers and the percentage of such credit in arrears or considered "non-performing". Over the past 10 years personal credit extended in Australia has grown at a simple average rate of approximately 4.3% per annum.[10] In aggregate, personal credit in Australia is approximately $141 billion, excluding housing loans.[11] Average Australian household debt (including housing loans) is equal to approximately 148% of household disposable income.[12] As of 31 December 2013 aggregate credit card debt in Australia was $50 billion,[13] equivalent to an average balance of approximately $3,200 per card holder.[14] Credit arrears are a function of a borrower's ability to pay, which is often related to a borrower's ability to generate an income through employment, as well as access to any savings in the event of unemployment or financial stress.
- **Unemployment rate:** The Directors believe that an increasing unemployment rate is a potential driver of an increase in the number of non-performing loans, and as such, portfolio acquisition opportunities. In March 2008, the Australian unemployment rate was at a historical low of 4.1%[15], but has subsequently increased to 5.8% (as at December 2013).[16]
- **Low savings rate:** One consequence of a low savings rate is that borrowers may have difficulty in meeting loan obligations if they experience a major change within their life (for example, job loss, significant illness or relationship breakdown). In addition this may result in further portfolio acquisition opportunities. The average savings rate in Australia is currently just over 10%[17].
- **Outsourcing:** The Directors believe that continued outsourcing of arrears management programs by corporate institutions is expected to be positive for the debt purchasing market.

2.6 Regulatory environment

Participants within the Australian debt purchase sector operate in a highly regulated environment.

Oversight is provided by a number of regulatory authorities including ASIC and the ACCC.

The National Credit Act requires purchasers to hold an Australian Credit Licence. Australian Credit Licences are issued by ASIC which, in addition to other enforcement powers, has the power to cancel or suspend any licence or to ban a company or its people from engaging in credit activities.

Australian Credit Licence holders are subject to certain requirements, such as minimum training requirements, compliance reporting, enhanced standards of conduct and mandatory membership of an ASIC approved external dispute resolution (**EDR**) scheme to assist with resolving customer disputes that are unable to be resolved using internal company dispute resolution processes.

In addition to the requirements under the National Credit Act, industry participants have obligations to their customers as set out in the ACCC-ASIC Guidelines for Debt Collection and are also subject to the provisions of the Privacy Act, which regulates the handling of personal information about individuals.

10 Reserve Bank of Australia. (January, 2014) Growth in Selected Financial Aggregates, as at December 2013.

11 Reserve Bank of Australia (January, 2014) Lending and Credit Aggregates, as at December 2013.

12 Reserve Bank of Australia. (December 2013) Household Finances - Selected Ratios, as at September 2013.

13 Reserve Bank of Australia (February 2014) Credit and Charge Card Statistics, as at 31 December 2013.

14 Reserve Bank of Australia (February 2014) Credit and Charge Card Statistics, as at 31 December 2013.

15 Australian Bureau of Statistics. (January 2014) Labour Force Australia, Cat No. 6202.0 Table 1. Labour force status by Sex – Trend, as at 31 December 2013.

16 Australian Bureau of Statistics. (January 2014) Labour Force Australia, Cat No. 6202.0 Table 1. Labour force status by Sex – Trend, as at 31 December 2013.

17 Reserve Bank of Australia (February 2014) The Australian Economy and Financial Markets, as at January 2014.

3) Pioneer Credit's Business

3.1 Background

Pioneer is an Australian financial services provider, specialising in acquiring and servicing unsecured retail debt portfolios. These portfolios consist of people with financial obligations to Pioneer. These people become the cornerstone of Pioneer's customer relationships. Pioneer works with its customers over time so that they can meet their obligations and progress towards financial recovery, and through this process evolve as a 'new consumer'.

Pioneer's primary business involves the acquisition and servicing of unsecured retail debt portfolios comprised of personal loans and credit card accounts that are generally more than 180 days overdue and at a discount to their face value. Pioneer then works with the customers that make up those portfolios to facilitate payment of the account over time.

Pioneer primarily acquires debt portfolios from some of Australia's major banks and financial institutions and has been invited by all of Australia's "big four" banks to submit offers to purchase portfolios from them. Pioneer also has strong relationships with other major originators and sits on all "big four" bank debt sale panels.

Pioneer has sought to develop strong relationships with the major banks in Australia and the Directors believe it is differentiated from its competitors by its strong customer service philosophies and its Leadership Principles (refer Section 3.4).

Pioneer does not undertake contingent collections. Pioneer is focused solely on building its own customer base acquired from leading banking and financial institutions. More information on the Pioneer business model can be found in Section 3.5 and Pioneer's customer service philosophies and Leadership Principles are summarised in Section 3.4.

Pioneer also undertakes other activities which are relatively minor in terms of their contribution to Pioneer's revenue but are integral in strengthening the relationships Pioneer enjoys with its partners. These are summarised in Section 3.7 below.

Headquartered in Perth, Western Australia, Pioneer also has representative offices in Sydney, Melbourne, Brisbane and Manila, in the Philippines.

3.2 Key milestones in Pioneer's recent history

The diagram below highlights key milestones in Pioneer's development since being reacquired by Keith John in 2009.

1. In the month ended 31 December 2009 Pioneer invested over $1.0 million in a debt portfolio. By contrast, for the month ending 30 June 2014, Pioneer is forecast to purchase $3.0 million in debt, all of which will come from existing Forward Flow Agreements.
2. Banksia Capital is a Western Australian based investment manager focused on high growth private companies. In 2010 Banksia Capital invested approximately $2.8 million in Pioneer and inclusive of subsequent investments has invested approximately $8.1 million in Pioneer in total. Banksia Capital will hold 16.8% of the Shares in Pioneer upon completion of the Offer. Mark Dutton, a founder and director of Banksia Capital is a Non-Executive Director of Pioneer.
3. In October 2010 Pioneer entered into its first Forward Flow Agreement with a major Australian bank.
4. Pioneer generated Customer Payments of $14.3 million for FY12A. For further detail on Pioneer's historical financial performance see Section 5.
5. In August 2012, Pioneer moved its customer service centre to BankWest Tower, at 108 St George's Terrace, in the heart of Perth's CBD. The Directors believe moving to Perth's CBD has led to significant benefits in terms of recruitment, retention and performance in the customer service centre. Pioneer's customer service centres are summarised in Section 3.4 below.
6. During FY13A Pioneer invested approximately $26.5 million[18] in new debt portfolios, valued at its acquisition price, not its face value.
7. Pioneer generated EBIT of $5.8 million for FY13A. For further detail on Pioneer's financial performance see Section 5.
8. In August 2013, Pioneer launched a second customer service centre in Manila, Philippines which as at 31 December 2013 engaged 31 staff. Pioneer's decision to open a customer service centre in Manila was driven by a belief that it would be a cost effective yet productive solution for the management of select accounts (primarily smaller debt balances) ensuring that the Company's customer service philosophies and compliance programme can continued to be delivered across both low and high value accounts. Pioneer's customer service centres are summarised in Section 3.4 below.

3.3 Pioneer's organisation structure and core competencies

The Directors believe that Pioneer's success has been driven by the quality of its management team, the strength of its customer relationships and the culture that has been instilled across the organisation.

Pioneer maintains a relatively small number of head office staff, located across both Perth and Sydney, which oversees the key management functions of the business. Total staff numbers as at 31 December 2013 are approximately 178.

The activities of Pioneer are organised around its management team, which is highly experienced, stable and has demonstrated its competence through its management of Pioneer's growth to date. Of the seven members of Pioneer's senior management team for whom a biography is set out contained in Section 4, four have been with Pioneer since Pioneer was re-acquired in 2009.

Operationally, as at 31 December 2013, Pioneer had 147 customer service staff. Customer service staff includes Team Performance Coaches (Team Leaders) and Account Managers whose role it is to build and maintain relationships with customers. This team forms the heart of Pioneer's operations and is charged with building and maintaining relationships with Pioneer's customers, as well as continuously improving its systems and performance efficiency to ensure that Pioneer continues to offer the highest standards of customer service. Pioneer's key customer service philosophies are embodied in its Leadership Principles (refer Section 3.4 for more detail), and are core to the way in which the Customer Service Team functions.

As a financial services business, Pioneer operates in a highly regulated environment. Management has sought to ensure adequate controls are in place to continually monitor operations and places compliance at the heart of the business. Five people work within the Company's compliance team, and all customer contact is monitored as part of ongoing endeavours to ensure that Pioneer is at the forefront of compliance best practice.

18 Shown inclusive of accounts returned to Vendor Partners due to agreed Recourse criteria.

Pioneer manages a dispute resolution scheme to provide a mechanism for customers who are dissatisfied with the service they have received from the business. The scheme is run independently from Pioneer's operations, with a direct reporting line to Pioneer's Managing Director. Customer complaints that cannot be resolved internally are referred to an external dispute resolution provider. Pioneer's rate of customer disputes is very low. Of the matters that have been referred by a customer to the Ombudsman for resolution, no complaints have ever been closed in the customer's favour. The Directors' believe this is a result unique among the largest participants in the debt purchase sector.

In response to the growing requirements to enhance consumer insights, Pioneer has developed a strong focus on analytics and understanding its customers' characteristics and behaviours. Pioneer has invested in the recruitment of an expert analytics team as well as the information technology systems required to deliver analytical information about its existing debt portfolios as well as portfolios it is conducting due diligence on or pricing for potential acquisition. The Directors believe in the importance of analytics to Pioneer's productivity, and in the continuous improvement of its analytics capability to continue to grow and improve Pioneer's profitability.

Pioneer also owns a boutique legal firm, Sphere Legal. In addition to providing legal services as required to Pioneer in the recovery of some accounts, Sphere Legal also provides a range of cost-effective legal services to clients, several of which have other business relationships with Pioneer. These include commercial services, commercial litigation, debt recovery and rates recovery. Sphere Legal employs two solicitors and four paralegals, based in Perth. For further information regarding Sphere Legal see Section 3.7.

The Company's organisation structure is set out below.

Turnover

Minimising staff turnover is a key objective for Pioneer management. Pioneer spends substantial time and financial resources on training and staff development, particularly in the customer service centres. Furthermore, the Directors believe that longevity of service is likely to lead to improved productivity.

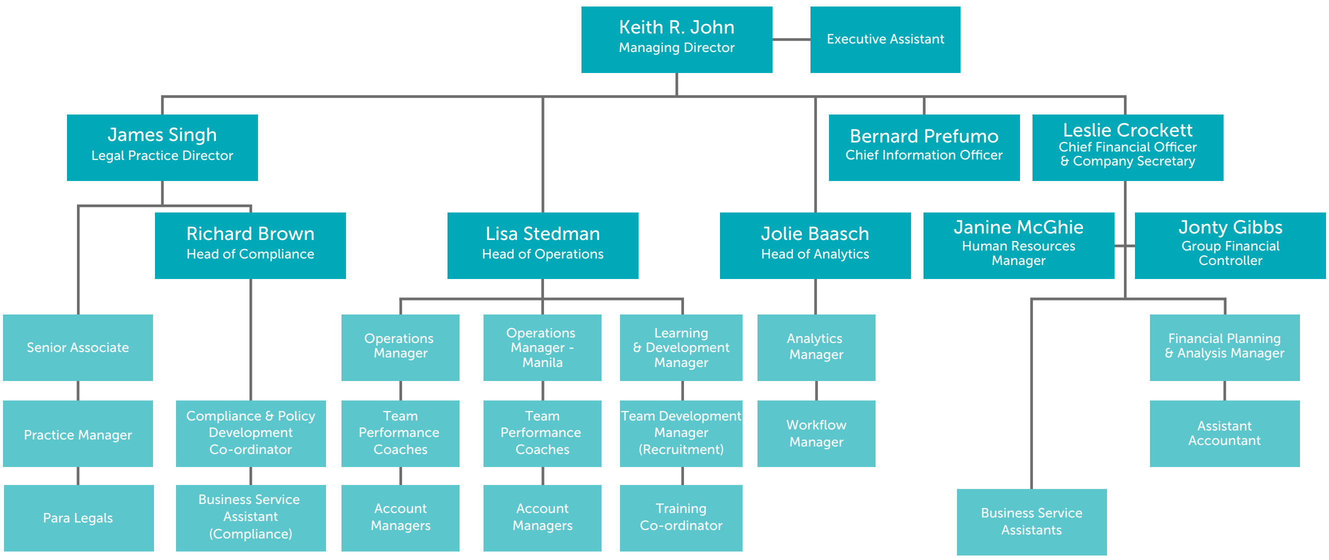
Pioneer tends to experience greater staff turnover during the first six months of service when staff are generally on probationary terms and undertaking their initial training. From January to December 2013, the number of Australian staff, which had been with Pioneer for more than six months, ceasing employment was 16% of total headcount at the end of the period.

3.4 Key customer service and Leadership Principles

A core strategic goal of Pioneer is to be a trusted brand in the Australian financial services market associated with quality operations and strong customer service focus. The Directors believe that by doing so Pioneer has:

- a better ability to compete for the acquisition of debt portfolios – Pioneer's philosophy is to compete not only on price but also on the quality of its customer service. The Directors believe that sellers of debt are acutely conscious of ensuring former customers are well treated and may in fact re-acquire the customer one day or have other products with them; and
- a better ability to achieve higher rates of productivity, Customer Payments and therefore revenue, as Pioneer believes that customers respond positively to its strong service mentality and collaborative approach.

Figure 3.3.1 Pioneer's organisation structure



Pioneer Approach and Leadership Principles

The key elements of Pioneer's approach to business are set out below.

- **Customer and accounts** – Pioneer does not treat its customers as debtors or their accounts as debts – they are regarded within Pioneer as "customers" who hold "accounts".
- **Compassion and respect** – Pioneer Account Managers are trained to show compassion to a customer and to treat each customer with respect. Account Managers are trained to make a thorough attempt to understand the customer circumstances and arrive at a workable and realistic solution while requiring the customer to respect the fact that they are legally obligated to pay the account to Pioneer.
- **Personal account management** – Pioneer allocates one Account Manager per customer in a genuine effort to provide personalised account management to each customer. This enables the customer to build a rapport with their Account Manager to facilitate better outcomes for each of Pioneer (who ends up with a customer that can manage its reset payment obligations and subsequently has less chance of defaulting) and the customer who end up with agreed payment terms that are suitable to their current needs.
- **Relationship** – Pioneer Account Managers are trained to build relationships with their customers and maintain close contact, even through periods where there are no known problems with the customer's account. Pioneer regularly has "thank you" hours where Account Managers contact performing customers to thank them for their payments.
- **Supervision and teamwork** – The customer service centres are closely managed by members of Pioneer's senior leadership team as well as 12 Team Performance Coaches (as at 31 December 2013).
- **Training** – Pioneer has developed and undertakes a significant training program for customer service staff as outlined below.
- **Leadership Principles** – Pioneer has six Leadership Principles which are embedded across the organisation.

Pioneer Leadership Principles

Technical Competence

Be consistent and relentless in exhibiting best practice and sharpening your skills

Always act with integrity

Clear Communication

Learn to connect with people in a way they can relate to

Unwavering Passion

The fire inside you and the love for what you do and for your team needs to be visible to all around you

Fearless Vision

Forward plan to carve the path to exceptional results. Don't be afraid to look outside the square and commit to what you see

Unlimited Accessibility

Be available when no-one else is

Selfless Loyalty

Put your team and your company first without question

Training

All new staff complete an induction with new customer service staff undertaking a training program over a full 12 weeks, with compliance and skills based testing periodically throughout this period. This training commences with two weeks in a purpose-built training facility, followed by 10 weeks of customised individual coaching to further embed foundational skill development. This is guided by seven mandatory coaching delivery areas coached by a Pioneer Team Performance Coach and supervised by the Learning and Development Manager. This 12 week induction period culminates in a verbal assessment to reaffirm skill, knowledge and behaviour.

From day one of the induction program, all staff are introduced to Pioneer's Leadership Principles. The Leadership Principles set out above, are the cornerstone of the business and are embedded throughout the organisation. They provide an effective values structure for informed decision-making and form the core of what Pioneer expects in terms of behaviour from all staff.

Since the Leadership Principles program was introduced in 2011, it has, among other things, formed the basis of campaigns to drive revenue and motivate Customer Service Team members. The Directors believe the program has delivered good results, in terms of the success of the customer service centres, productivity and growth in Pioneer's business. Staff that demonstrate the Leadership Principles consistently are recognised and rewarded.

In addition to the training provided to new staff, Pioneer also has a range of other internal learning and development programs for its staff including a Certificate IV in Customer Contact, its Leadership Series (built around Pioneer's Leadership Principles) for aspiring leaders in the business and a range of technical workshops focused either on refresher aspects of skills, policy or compliance requirements or advanced skills development.

Pioneer also runs a coaching program internally for all customer service staff that focuses on individual learning strengths and needs.

Every person in a customer service or operational role in the business has a career pathway that is managed through their employment with Pioneer.

Customer Service Centres

Pioneer has customer service centres in Perth and Manila.

The Perth CBD centre is Pioneer's primary customer service centre. Pioneer currently occupies one floor and has rights to expand up to four floors to enable Pioneer to accommodate the Directors' planned workforce expansion.

The Manila customer service centre, established in August 2013, is focused on servicing smaller value customers which are referred to the centre by Pioneer's analytics team using a model which selects accounts based on suitability according to proprietary business rules. The centre is managed by expatriate Australian staff and all recruitment, learning and development and compliance is overseen and driven by Australian trained staff.

3.5 Pioneer's business model

Pioneer's primary activity is the servicing of purchased customer accounts. This revenue stream accounted for materially all of Pioneer's Customer Payments revenue in FY13A.

Pioneer's business model is characterised by two key activities:

- investment in unsecured retail debt portfolios; and
- working with its customers over time so that they can meet their obligations and progress towards financial recovery.

In summary, Pioneer's objective is to invest in debt portfolios and then recover an amount on the accounts that make up those portfolios that exceeds the purchase cost by an amount that is large enough to pay all of Pioneer's operating expenses and generate a profit and adequate return on capital.

Purchasing

Pioneer seeks to purchase only portfolios that it understands well and has the competency and experience to conduct due diligence on, price appropriately, and then recover an amount that is at least in line with its expectations at the time of purchase.

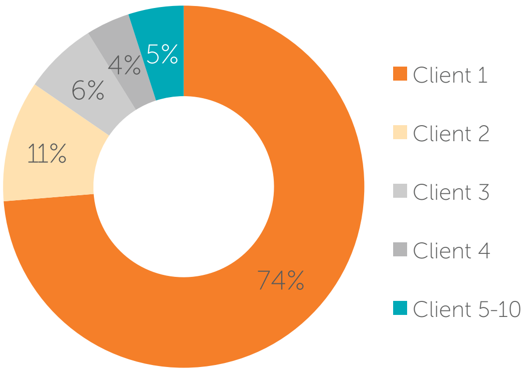
The majority of Pioneer's purchases are unsecured personal loan and credit card portfolios. Pioneer also purchases consumer leases, consumer rental agreements and transactional accounts. Pioneer believes its skills and infrastructure can be leveraged to expand into other segments in the future (see Section 3.8 for more information).

By utilising Pioneer's past experience and conducting due diligence on a new portfolio, the analytics team assist Pioneer in determining how much to offer to purchase a portfolio.

Pioneer has been invited to purchase debt from most significant financial institutions in Australia who have portfolios to sell, including all "big four" banks, however its primary customer relationship is with one of the four major banks across several divisions. Since 2008 Pioneer has purchased approximately $67.7 million in debt[19] (measured by acquisition value) and of this approximately 85% was with one financial group. Pioneer has purchased portfolios from three of the "big four" banks, as well as other financial services providers. A segmentation of Pioneer's purchases over the above period is shown below:

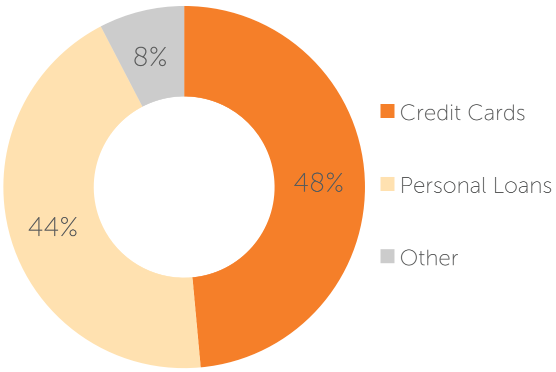
19 Shown inclusive of accounts returned to Vendor Partners due to agreed Recourse criteria.

Figure 3.5.1 – Historical aggregate debt purchases by client (%)



Note: Client 2 is a subsidiary of Client 1 and weightings for debt purchases by client and type of debt based on debt purchases inclusive of accounts returned to Vendor Partners due to agreed Recourse criteria.

Figure 3.5.2 – Historical aggregate debt purchases by type of debt (%)

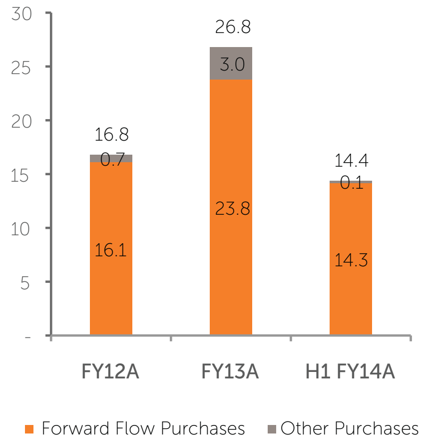


Note: Weightings for debt purchases by client and type of debt based on debt purchases inclusive of accounts returned to Vendor Partners due to agreed Recourse criteria.

The Directors believe the majority of retail debt sold in Australia is under forward flow agreements and this is certainly the case in Pioneer's business. A forward flow agreement is where a purchaser agrees to purchase (in this case Pioneer) and a vendor agrees to sell (in Pioneer's case a bank or financial services business) a portion of its portfolio meeting agreed characteristics for an agreed term (typically of 12 – 24 months), at an agreed price in terms of a fixed percentage of the face value of the debt to be purchased by Pioneer. Pioneer currently has seven purchase programs under Forward Flow Agreements with an average term of 16 months from 31 December 2013; of these, five are with major banks. Forward Flow Agreements have a history of renewal with five of the existing agreements being the extension or renewal of older Forward Flow Agreements.

The Directors believe Pioneer's Forward Flow Agreements will underpin its debt purchasing and revenue growth, Pioneer's strategy to continue to grow debt purchasing through entry into new Forward Flow Agreements where possible.

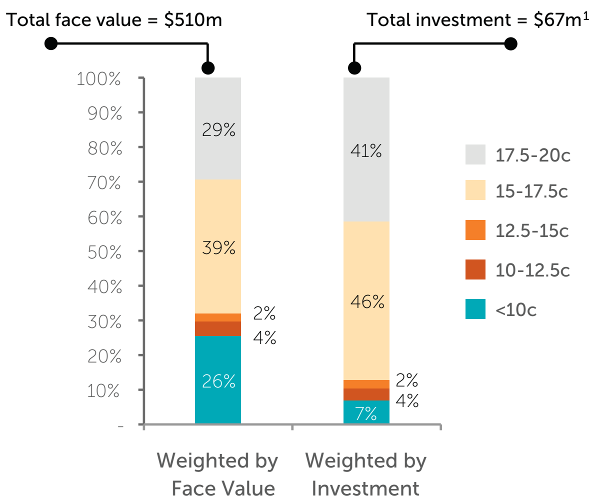
Figure 3.5.3 – Historical forward flow contribution to debt purchases ($m)



Note: Shown inclusive of accounts returned to Vendor Partners due to agreed Recourse criteria.

A key criterion in determining the success of Pioneer's debt purchasing activity is the price paid for a portfolio. Pioneer aims to strike a balance between building a relationship with the Vendor Partner and paying a price that will increase the likelihood that it will make a commercial return. Pricing is typically reported as a percentage of the face value of the debt or "cents in the dollar". A breakdown of Pioneer's total aggregate purchase costs (net of accounts returned to the Vendor Partner due to agreed Recourse criteria) by price category to 31 December 2013 is set out below.

Figure 3.5.4 – Historical aggregate debt purchases weighted by face value and investment ($m, %)



Note: Face value at investment and excluding accounts returned to Vendor Partners due to agreed Recourse criteria.

In selecting and pricing portfolios for purchases, Pioneer aims to achieve a cash annual internal rate of return on its investment on the basis of the Customer Payments generated by the portfolio of greater than 50%, and a cash annual internal rate return after allowing for cash costs, on a pre-tax basis, of greater than 20%. As Pioneer utilises debt and equity to fund portfolio purchases, the level of gearing considered in calculating this is in the range of 30% to 40%. While these are Pioneer's targets, it uses them for guidance only and, particularly as it takes a number of years to fully liquidate a portfolio and the return is driven by a range of factors, some of which are outside Pioneer's control, no assurance is given that these returns have or will be achieved.

Receiving payments

For a borrower to become a customer of Pioneer they would generally have been in default of their payment obligations to the vendor of the account for at least 180 days. While there are a range of reasons why this may be case, Pioneer's experience is the majority of customers, at the time their account is acquired by Pioneer, do not have the financial capacity to meet their obligations as opposed to being unwilling to do so. They may have experienced an event which has affected their financial position and Pioneer believes that many customers who experience such events recover from them in time. Pioneer therefore does not believe in aggressively pursuing a customer to seek payment or offering large discounts to close the account, but has a preference to spend time understanding the customers circumstances and, if possible, entering into a Payment Arrangement with them.

A Payment Arrangement is an agreement between Pioneer and a customer whereby the customer agrees to make either scheduled periodic payments until the account is closed with interest at an agreed rate (**Fixed Schedule Payment Arrangement**) or agrees to pay but does not commit to a fixed schedule (**Non Scheduled Payment Arrangement**). Under a Non Scheduled Payment Arrangement, the customer enters into an agreement with Pioneer as to the amount to be repaid and the interest rate Pioneer will charge. These customers do not commit to a fixed payment amount or schedule, generally due to their circumstances, but instead retain flexibility to determine the timing and quantum of their repayments. Pioneer only recognises Customer Payments as and when it receives those payments from customers.

As noted above, Pioneer's strategy for maximising its Customer Payments over time is to minimise discounts offered for early payment, and encourage customers who cannot meet the payment schedule under their existing loan agreement, to enter into a Payment Arrangement. This combined with Pioneer's customer service ethos and Leadership Principles, form the basis of its strategy for generating Customer Payments on its portfolio.

When entering into a Payment Arrangement, Pioneer will often compromise the amount of default interest that would be payable in the future on the account but not discount the principal value, either at all or by any significant margin. The customer then agrees to pay a periodic amount (most commonly weekly, fortnightly or monthly) with interest at the agreed rate, until the account is finalised. In many cases Pioneer customers who start a Payment Arrangement with Pioneer will at some stage during the agreement increase the payment rate or settle the account in full prior to the end of the term of the arrangement.

At 31 December 2013 Pioneer had approximately $63 million in accounts subject to a Fixed Schedule Payment Arrangement and $20 million in accounts subject to a Non Scheduled Payment Arrangement. This amount includes interest that has already accrued but excludes interest to be accrued in the future.

Some key features of Pioneer's Fixed Schedule Payment Arrangement book are set out below:

Number of accounts	approximately 6,800
Average balance	$9,304
Weighted average age of the Payment Arrangement	1.4 years
Weighted average interest rate	14.9%

Some key features of Pioneer's Non Scheduled Payment Arrangement book are set out below:

Number of accounts	approximately 2,100
Average balance	$9,320
Weighted average interest rate	15.2%

The charts below highlight the importance of Payment Arrangements to Pioneer's historical Customer Payments performance and the Payment Arrangement book balance through time:

Figure 3.5.5 – Customer Payments segmentation (%)

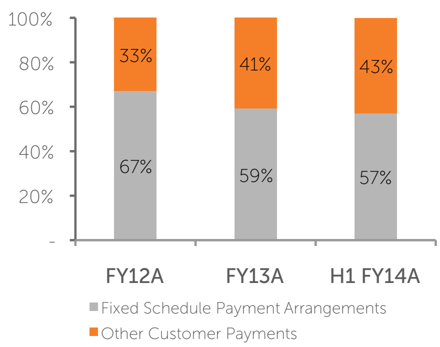
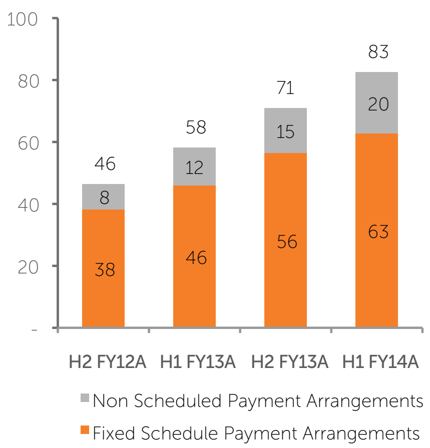


Figure 3.5.6 – Payment Arrangement book balance ($m)[1]



Not all customers with a Payment Arrangement pay on time, all of the time, while some customers with a Payment Arrangement make extra payments or increase their payment rate in order to reduce their account. While the retention rate of Payment Arrangement obligations changes through time, in FY13A and H1 FY14A, 95% of contracted Customer Payments under Fixed Schedule Payment Arrangement were made either on time or within an acceptable timeframe (based on booked in payments at the start of each month and actual payments received during the month).

Entering into Payment Arrangements is therefore also an important determinant of Pioneer's revenue performance.

Nonetheless, some of Pioneer's payment receipts are from customers who do not have Payment Arrangements. Such receipts include, but are not limited to, lump sum payments from customers to settle their account, payments from customers who have been reducing their account over time but do not have a Payment Arrangement, and payments from customers with whom Pioneer has entered an arrangement pursuant to Part IX of the Bankruptcy Act.

Not all customers enter into Payment Arrangements or pay out their account on agreed terms and in Pioneer's view some of those customers have the financial capacity to pay but are unwilling to do so. Such customers may be referred to Sphere Legal. The number of customers that Pioneer has referred to Sphere legal is only 2.3% of its portfolio by number and 4.3% of its acquired portfolios by face value as of 31 December 2013.

3.6 Pioneer's customer portfolios and how they drive Pioneer's revenue

The Directors believe that a number of factors give Pioneer's forward looking Customer Payments, and in turn revenue a high degree of predictability. These include:

- the history of Pioneer's payment receipts on previously acquired accounts;
- the characteristics of its existing portfolios;
- its book of Payment Arrangements; and
- its portfolio of Forward Flow Agreements.

For example, an analysis of the weighted average of Pioneer's historic portfolios aged between 18 and 54 months demonstrates that Customer Payments are typically generated in the first two years of ownership of a portfolio as shown in the table below:

Year	Percentage of purchase price
Year 1	81%
Year 2	60%

Over the following three to six years and potentially beyond, the Directors believe Pioneer's portfolios have and will generate further Customer Payments, via both the payment of the principal amount owing on each account, and also through interest received.

1 Excludes Part IX accounts with a current balance of $5.6 million at 31 December 2013.

3.7 Other services provided by Pioneer

Sphere Legal is a Perth-based law firm, with representative offices in Sydney, Melbourne and Brisbane. Sphere Legal provides a range of legal services to both Pioneer and many other Australian businesses. The business is a wholly owned subsidiary of Pioneer.

Commencing business in 2009, the firm provides general commercial law and litigation services across a range of industries, primarily focused on financial services ranging from small financiers through to the largest financial institutions in the country.

Where Pioneer is concerned Sphere Legal provides both specialist legal advice with respect to its compliance programme, and general commercial advice on normal operational matters along with enforcement action where customers have the financial capacity to, but do not wish to, meet their obligations.

For Sphere Legal the purpose however is not simply about enforcing a client's rights - it's about connecting with the customer and communicating with that customer where that may have failed in the past so that they can re-engage with Pioneer to reasonably meet their commitments. The customer service ethos of Pioneer is likewise engrained in the culture of Sphere Legal.

In addition to the above Sphere Legal also provides a strong and valued set of relationships with some of Pioneer's Vendors Partners and continues to work with Pioneer to broaden and strengthen its relationships in the banking and financial services sector.

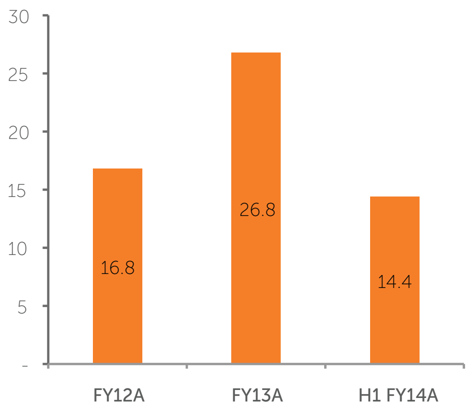
Sphere Legal currently employs a Legal Practice Director (refer to management biography of James Singh) along with a Senior Associate, Practice Manager and a team of paralegals.

3.8 Pioneer's growth strategies

Growth in existing business

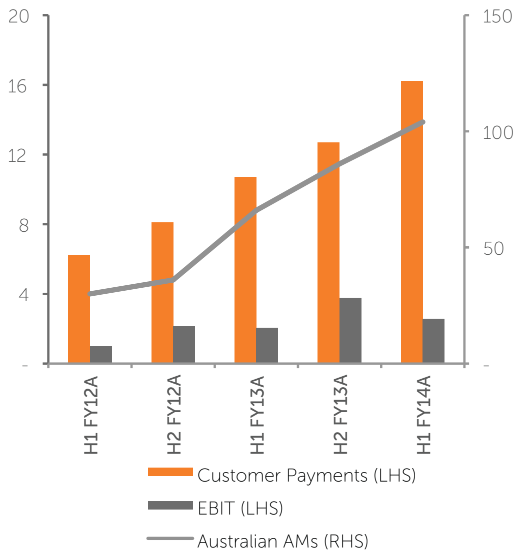
Pioneer's business has experienced strong growth and the Directors believe it can continue to do so. The information below demonstrates the historical growth in debt purchasing, Customer Payments and EBIT. Increased investment in debt portfolios is a critical driver of Customer Payments and EBIT.

Figure 3.8.1 – Debt purchases ($m)



Note: Debt purchases shown inclusive of accounts returned to Vendor Partners due to agreed Recourse criteria.

Figure 3.8.2 –Customer Payments ($m), EBIT ($m) & Australian AMs (num)



In FY13 the Australian debt purchase sector was estimated to attract $325 million[20] in investment of which $27 million[21] was made by Pioneer. The Directors believe Pioneer can increase its market share in the future, which would lead to further growth. In particular the Directors believe that:

- Pioneer has to date been capital constrained – even though purchasing grew from approximately $17 million in FY12A to approximately $27 million in FY13A. The Director's believe, based on the number and quality of purchase opportunities Pioneer has seen in the past, that by completing the Offer and strengthening its balance sheet, it will be in a position to fund growth in acquisitions.
- Pioneer has been personnel constrained because of the capital required to accommodate, recruit and appropriately train additional customer service staff. Pioneer opened its new Perth CBD customer service centre in August 2012 and the Directors believe that operations have only recently reflected their full capacity given the time needed to recruit and properly train staff. More recently Pioneer has been unable to grow its Customer Service Team due to accommodation constraints, although Pioneer is now in the process of expanding its Perth CBD customer service centre to include another floor in the BankWest Tower which will provide capacity for a further 90 Customer Service Team members, all of whom are expected to be recruited during H1 FY15F. Pioneer also opened a customer centre in Manila, Philippines in August 2013 (on a six month trial basis). The Directors believe there is significant scope for this centre to grow, and have recently commissioned the site to full operational status with 30 additional customer service staff currently being recruited.

Secondary purchasing, that is the purchase of a debt portfolio from a competitor or other party who itself has purchased the debt portfolio from the original lender and worked on it for a period of time, presents another growth opportunity for Pioneer within its existing business. This is an opportunistic area but one which may grow. Pioneer made one secondary purchase in 2013. Typically a secondary purchase would involve the purchase of accounts at significant discount to the original cost of acquisition from the portfolio vendor. Pioneer would undertake such a purchase if it believes it can apply its customer service philosophies and methods to achieve revenues from the portfolio.

Due to Pioneer's customer service philosophies it has not in the past, and does not envisage in the future, selling customer portfolios in the secondary market.

Expansion opportunities

In addition to growing the existing business, the Directors are also focused on how Pioneer can continue to grow beyond its core business, and even accelerate its growth given it will have greater access to capital as a listed entity.

Pioneer currently purchases predominantly credit card debt, personal loans and consumer rental and consumer lease agreements. However, the broader receivables management market involves the sale of other types of debt, including but not limited to unpaid utility balances, car loan residuals, telecommunication accounts and pre-bankruptcy Part IX accounts.

The Directors believe that Pioneer's core skills and infrastructure, such as its management, administrative and Customer Service Teams, analytics team, compliance systems and information technology and telephony systems, are all scalable and can be leveraged to include other types of debt in the future.

A second growth opportunity for Pioneer in the medium to long term is to become a seller of financial products on behalf of its Vendor Partners. The Directors believe the brand recognition and reputation being built with its customers will be transferable into originating financial products for those customers once they have returned their financial position to its pre-arrears position. Once these customers are eligible to re-enter the banking system, they may consider Pioneer a logical and trusted choice as a financier. While Pioneer does not have a specific plan as to what products it intends to offer for sale, it is currently hoping to trial a product in late FY15. Among other things, before it can proceed to roll out this business model, Pioneer will need to apply to vary its Australian Credit Licence to authorise it to originate financial products and engage in credit activities other than as a credit provider, as well as create new systems and processes, undertake staff training and enter into arrangements with its Vendor Partners.

The development of this second growth opportunity, if successful, may spawn what the Directors call the 'new consumer'. By leveraging the relationships Pioneer already has with its Vendor Partners, Pioneer believes that this second growth opportunity may increase Pioneer's value proposition to its Vendor Partners compared to other sector participants.

3.9 Community engagement

Pioneer has a strong focus on community engagement and supports a range of community focused organisations throughout each year. Pioneer's involvement includes providing financial support to these organisations through either direct contributions or through running programmes throughout its Customer Service Centres that improve recognition of a particular cause while also raising funds for it.

Since 2009 Pioneer has continued its founder's long term support of ToyBox International. ToyBox is a charity dedicated to supporting Australia's sick and disadvantaged children. Pioneer supports ToyBox financially while also providing it select legal advice on a pro-bono basis through Sphere Legal. Pioneer also provides to ToyBox a range of management services to facilitate the better receipting of supporter donations throughout each year.

In 2013 Pioneer also expanded its founder's long term relationship with The Shepherd Centre, an Australian charity organisation teaching deaf children to listen and speak.

Pioneer's exclusive sponsorship of The Shepherd Centre's Financial Hardship Program sees six families of deaf children receive 12 months of life-changing treatment and therapy, providing each child with the tools they need to learn to listen and speak. The lifelong benefits the six children receiving sponsorship from Pioneer will gain from the program is immeasurable.

20 Data provided by the Kessler Financial Services Australia Pty Ltd, which provides advisory services to financial institutions.

21 Shown inclusive of accounts returned to Vendor Partners due to agreed Recourse criteria.

4) Directors and Senior Management

4.1 Board

Michael Smith (Non-Executive Chairman)

Michael was appointed Non-Executive Chairman of Pioneer in February 2014.

Michael is the Managing Director of strategic marketing consultancy firm Black House, the Chairman of iiNet Limited and Synergy and the National President of the Australian Institute of Company Directors. Michael is the Deputy Chairman of Automotive Holdings Group Ltd, Non-Executive Director of 7-Eleven Stores Pty Ltd, and a Board member of Giving West and Creative Partnership Australia.

He is a Fellow of the Australian Institute of Company Directors, Australian Marketing Institute and the Australian Institute of Management. Michael is also a Chartered Management Consultant.

Keith John (Managing Director)

Keith is the founder of Pioneer and has been in the receivables management industry since 1988. He formerly served as a director of ACA International Inc (the US based representative body of the worldwide receivables management industry) and TCM Group International Inc (one of the largest independent network of affiliated receivables management agents in the world).

Keith is a Director to the Board of the Australian Collectors and Debt Buyers Association Ltd.

In 2006 he was recognised as one of Western Australia's most exceptional young business leaders in the WABN '40 Under 40' Award.

Mark Dutton[20] (Non-Executive)

Mark was appointed Non-Executive Director of Pioneer in May 2010.

Mark was the Founder and is a Director at Banksia Capital, and is a Non-Executive Director of Mineral Resources Limited. He was previously a Partner at Navis Capital and a Director at Foundation Capital and at BancBoston Capital.

Prior to commencing his private equity career, Mark worked in Audit and Corporate Finance at PwC in the UK and Russia.

Mark is a Chartered Accountant and is a member of the Institute of Chartered Accountants of England & Wales. Mark also holds an MA in Management Studies and Natural Sciences from the University of Cambridge.

Rob Bransby (Non-Executive)

Rob was appointed as a Director of Pioneer in February 2014.

Rob is the CEO and Managing Director of Western Australia's largest private health insurer, HBF which he joined in August 2005 following a successful career in banking during 25 years at National Australia Bank.

Rob is a Non-Executive Director of Goldfields Money Ltd, President of Private Healthcare Australia and is the Australian representative on the International Federation of Health Plans (iFHP) Council of Management.

Rob is also a Senior fellow of the Financial Services Institute of Australia (FINSIA) and the Australian Institute of Management (AIM).

[20] Marc Dutton is also a Board nominee on behalf of Banksia Management Pty Ltd ATF the Banksia Capital Fund and BC Fund II Pty Ltd ATF Banksia Capital Fund II Fund.

4) Directors and Senior Management CONTINUED

4.2 Senior management

Keith John (Managing Director)

Refer to Section 4.1 for Keith John's biography.

Leslie Crockett (Chief Financial Officer)

Leslie commenced with Pioneer in September 2012 and was appointed CFO in December 2012. He has experience in a range of industries including financial services, property development, construction, retail and manufacturing.

Leslie has served as the divisional finance executive for a leading ASX listed property development, construction and real estate investment group.

A Chartered Accountant with an international academic background, Leslie has previously been a consultant at Deloitte Touche Tohmatsu in the United States.

Leslie holds a Diploma of Business from Melbourne Business School.

Bernard Prefumo (Chief Information Officer)

Bernard commenced with Pioneer in 2009.

As Chief Information Officer, Bernard is responsible for a range of operational projects to ensure Pioneer maintains its position as an industry leader.

Bernard has a Bachelor of Business from Edith Cowan University and a Graduate Diploma in Information Technology from Curtin University.

James Singh (Legal Practice Director)

James commenced with Pioneer in 2009, establishing Sphere Legal as a new division to manage Pioneer's legal requirements.

James has 25 years commercial legal experience in litigation and professional indemnity through his career as a Solicitor and Barrister in Sydney and Perth. He has a Master of Laws from the University of New South Wales.

Richard Brown (Head of Compliance)

Richard commenced with Pioneer in 2009. He is responsible for Pioneer's compliance framework, ensuring the company's compliance with the conditions of its ACL.

Richard is highly regarded in his field and contributes to compliance and regulatory practices across the industry.

He has a Bachelor of Communications from Edith Cowan University.

Lisa Stedman (Head of Operations)

Lisa commenced with Pioneer in 2011. Previously, Lisa was the State General Manager for a national health club chain managing 550 staff and 35,000 members across 12 locations in Western Australia.

Lisa has transformed Pioneer's Customer Service Team, through building a high performance culture.

Lisa is a graduate of the University of Exeter with an Honours degree in Exercise and Sports Science.

Jolie Baasch (Head of Analytics)

Jolie has consulted to Pioneer since 2009 and formally joined in early 2012.

Jolie has previously worked at Ernst & Young, PricewaterhouseCoopers and several large financial services companies.

Jolie has a Bachelor of Commerce (Statistics) from ANU, a Masters of Business Administration from the Australian Graduate School of Management and is a Fellow of the Institute of Analytical Professionals Australia.

4.3 Corporate governance

The Board is responsible for establishing the Company's corporate governance framework, the key features of which are set out in this Section. In establishing its corporate governance framework, the Board has referred to the Principles & Recommendations.

In accordance with ASX Listing Rule 1.1 Condition 13, the corporate governance statement set out in this Section 4.3 discloses the extent to which the Company intends to follow the recommendations as at the date of admission of the Company to the ASX. The Company will follow each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices will follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices will not follow a recommendation, the Board has explained it reasons for not following the recommendation and disclosed what, if any, alternative practices the Company will adopt instead of those in the recommendation.

The following governance-related documents can be found on the Company's website at www.pioneercredit.com.au, under the section marked "Corporate Governance":

Charters

Board

Audit Committee

Nomination Committee

Remuneration Committee

Policies and Procedures

Policy and Procedure for Selection and (Re) Appointment of Directors

Process for Performance Evaluations

Policy on Assessing the Independence of Directors

Diversity Policy (summary)

Code of Conduct (summary)

Policy on Continuous Disclosure (summary)

Compliance Procedures (summary)

Procedure for the Selection, Appointment and Rotation of External Auditor

Shareholder Communication Policy

Risk Management Policy (summary)

Whistleblower Policy (summary)

Securities Trading Policy

Board

Roles and responsibilities of the Board and Senior Executives (Recommendations: 1.1, 1.3)

The Company has established the functions reserved to the Board, and those delegated to senior executives and has set out these functions in its Board Charter.

The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives, and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

Senior executives are responsible for supporting the Managing Director and assisting the Managing Director in implementing the running of the general operations and financial business of the Company in accordance with the delegated authority of the Board. Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, directly to the Chair or the lead independent director, as appropriate.

The Company's Board Charter is disclosed on the Company's website.

Skills, experience, expertise and period of office of each Director (Recommendation: 2.6)

A profile of each Director setting out their skills, experience, expertise and period of office is set out in Section 4.1 of this Prospectus. The Company will also include this information in its Annual Report.

The mix of skills and diversity for which the Board is looking to achieve in its membership is represented by the current Board. The Board comprises directors with significant experience as non-executive directors of public companies; marketing experience; accounting and financial expertise; experience in the management and growth of businesses and extensive experience in the industry in which Pioneer operates. The Board considers that these skills and experience are appropriate for Pioneer.

Director independence (Recommendations: 2.1, 2.2, 2.3, 2.6)

The Board does not have a majority of directors who are independent.

As noted above, the Board considers that the composition of the Board is adequate for the Company's current size and operations, and includes an appropriate mix of skills and expertise, relevant to the Company's business. These skills include members with significant experience as non-executive directors of public companies, relevant experience in the management and growth of businesses together with extensive experience in the industry in which Pioneer operates.

The Board will review its composition as the Company's circumstances change. The Board will have regard to the Company's Diversity Policy and the balance of independence on the Board in identifying appropriate candidates for any appointments for the Board.

The independent directors of the Company are Michael Smith and Rob Bransby. These directors are independent as they are non-executive directors who are not members of management and who are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

The Board considers the independence of directors having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds.

The Board has agreed on the following guidelines, as set out in the Company's Board Charter for assessing the materiality of matters:

- Balance sheet items are material if they have a value of more than 5% of pro forma net assets.
- Profit and loss items are material if they will have an impact on the current year operating result of 5% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, could affect the Company's rights to its assets, if accumulated would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 5% or more on balance sheet or profit and loss items, or will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 5%.
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost which triggers any of the quantitative tests, contain or trigger change of control provisions, are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

The non-independent directors of the Company are the Company's Managing Director, Keith John and non-executive director, Mark Dutton. Mark Dutton is a director at Banksia Capital, a substantial shareholder of the Company.

The independent Chair of the Board is Michael Smith.

The Managing Director is Keith John who is not Chair of the Board.

Independent professional advice (Recommendation: 2.6)

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval from the Chair for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice. Where it is the Chair who is seeking the independent professional advice, the role of the Chair to consider and provide approval as set out above will be carried out by the Chair of the Audit Committee.

Selection and (Re)Appointment of Directors (Recommendation: 2.6)

In determining candidates for the Board, the Nomination Committee will follow a prescribed process whereby it will evaluate the mix of skills, experience, expertise and diversity of the existing Board. In particular, the Nomination Committee is to identify the particular skills and diversity that will best increase the Board's effectiveness. Consideration will also be given to the balance of independent directors. Potential candidates will be identified and, if relevant, the Nomination Committee will recommend an appropriate candidate for appointment to the Board. Any appointment made by the Board will be subject to ratification by shareholders at the next general meeting.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Each director other than the Managing Director, must not hold office (without re-election) past the third annual general meeting of the Company following the director's appointment or three years following that director's last election or appointment (whichever is the longer). However, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one director or one third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting. Re-appointment of directors is not automatic.

The Company's Policy and Procedure for the Selection and Re (Appointment) of Directors is disclosed on the Company's website.

Board committees

Nomination Committee (Recommendations: 2.4, 2.6)

The Board has established a Nomination Committee comprising Michael Smith (Chair), Rob Bransby and Mark Dutton.

The Company has adopted a Nomination Committee Charter which describes the role, composition, functions and responsibilities of the Nomination Committee. The Company's Nomination Committee Charter is disclosed on the Company's website.

Audit Committee (Recommendations: 4.1, 4.2, 4.3, 4.4)

The Board has established an Audit Committee comprising Rob Bransby (Chair), Michael Smith and Mark Dutton. The Audit Committee is structured in compliance with Recommendation 4.2 as it comprises three non-executive directors, a majority of whom are independent and the Chair of the Audit Committee is not also Chair of the Board.

The Company has adopted an Audit Committee Charter which describes its role, composition, functions and responsibilities of the Audit Committee.

Details of each of the director's qualifications are set out in the Prospectus in Section 4.1. All Audit Committee members consider themselves to be financially literate and have industry knowledge. Further, Mr Bransby is an experienced financial services executive and Mr Dutton is a member of the Institute of Chartered Accountants.

The Company has established a Procedure for the Selection, Appointment and Rotation of its External Auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

The Company's Audit Committee Charter and Procedure for Selection, Appointment and Rotation of External Auditor are disclosed on the Company's website.

Remuneration Committee (Recommendations: 8.1, 8.2, 8.3, 8.4)

The Board has established a Remuneration Committee comprising Michael Smith (Chair), Rob Bransby and Mark Dutton.

The Remuneration Committee is structured in accordance with Recommendation 8.2 as it comprises three non-executive directors, a majority of whom are independent and it is chaired by an independent director.

The Board has adopted a Remuneration Committee Charter which describes the role, composition, functions and responsibilities of the Remuneration Committee.

Details of remuneration, including the Company's policy on remuneration, will be contained in the "Remuneration Report" which will form part of the Company's Annual Report. The Company's policy is to remunerate non-executive directors at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to individual performance. From time to time the Company may grant options to non-executive directors. The grant of options is designed to attract and retain suitably qualified non-executive Directors. The maximum aggregate amount of fees (including superannuation payments) that can be paid to non-executive directors is subject to approval by shareholders at a General Meeting.

Executive remuneration consists of a base salary and performance incentives. Long term performance incentives may include options, performance rights, share appreciation rights or other equity based products granted at the discretion of the Board on the recommendation of the Remuneration Committee and subject to obtaining the relevant approvals. The grant of equity based products is designed to recognise and reward efforts as well as to provide additional incentive to continue those efforts for the benefit of the Company, and may be subject to the successful completion of performance hurdles. Executives are offered a competitive level of base pay at market rates (for comparable companies), which are reviewed at least annually to ensure market competitiveness.

There are no termination or retirement benefits for non-executive directors (other than for superannuation).

The Company's Securities Trading Policy includes a statement of the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

The Company's Remuneration Committee Charter and Securities Trading Policy are disclosed on the Company's website.

Performance evaluation

Senior executives (Recommendations: 1.2, 1.3)

The Managing Director will review the performance of the senior executives. The Managing Director will conduct a performance evaluation of the senior executives by meeting individually with each senior executive on a six-monthly basis to review performance against the senior executive's responsibilities as outlined in his or her contract with the Company.

The Managing Director's performance evaluation will be reviewed by the Nomination Committee. The Nomination Committee will conduct a performance evaluation of the Managing Director annually by roundtable discussion with the Managing Director to review performance against KPIs set for the previous year, and to establish KPIs for the forthcoming year.

Board, its committees and individual directors (Recommendations: 2.5, 2.6)

The Chair will have the overall responsibility for evaluating the Board and, when deemed appropriate, Board committees and individual directors. The process employed by the Chair for evaluating the performance of the Board, individual directors and any applicable committees may involve:

- meeting with and interviewing each director;
- facilitating a round-table discussion by the Board;
- on-going observation and discussion;
- circulation of questionnaires; and
- outsourcing to independent specialist consultants.

Measures against which the performance of the Board, its committees and individual directors will be measured include:

- assessment of the skills, performance and contribution of individual members of the Board;
- the performance of the Board as a whole and of its various committees;
- awareness of directors of their responsibilities and duties as directors of the Company and of corporate governance and compliance requirements;
- awareness of directors of the Company's strategic direction;
- understanding by the directors of the Company's business and the industry and environment in which it operates;
- avenues for continuing improvement of Board functions and further development of director skill base.

The method by which performance evaluations are carried out each year will be reported by the Company in its corporate governance statement in its Annual Report.

The Company's Process for Performance Evaluation is disclosed on the Company's website.

Ethical and responsible decision making Code of Conduct (Recommendations: 3.1, 3.5)

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company and its subsidiary's integrity, the practices necessary to take into account its legal obligations and the reasonable expectations of its stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Company has also established a Whistleblower Policy. The aim of the policy is to ensure that directors, officers and employees comply with the obligations set out in the Code of Conduct and to encourage reporting of violations (or suspected violations) and provide effective protection from victimisation or dismissal to those reporting by implementing systems for confidentiality and report handling.

A summary of the Company's Code of Conduct and Whistleblower Policy is disclosed on the Company's website.

Diversity (Recommendations: 3.2, 3.3, 3.4, 3.5)

The Company has established a Diversity Policy, which provides that the Board will set measurable objectives for achieving gender diversity that are appropriate for the Company, and for the Board to assess annually the objectives set and progress towards achieving them.

The Board will report the measurable objectives set, and the Board's progress towards achieving the measurable objectives in its Annual Report.

The Company will report on the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board in its Annual Report.

A summary of the Company's Diversity Policy is disclosed on the Company's website.

Continuous Disclosure (Recommendations: 5.1, 5.2)

The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability at a senior executive level for that compliance.

A summary of the Company's Policy on Continuous Disclosure and Compliance Procedures are disclosed on the Company's website.

Shareholder Communication (Recommendations: 6.1, 6.2)

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

The Company's Shareholder Communication Policy is disclosed on the Company's website.

Risk Management Recommendations: 7.1, 7.2, 7.3, 7.4)

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegates day-to-day management of risk to the Managing Director, who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Managing Director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

The Board has established a separate Audit Committee to monitor and review the integrity of financial reporting and the Company's internal financial control systems and risk management systems.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management, which, if proposed to be exceeded, requires prior Board approval;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's ACL;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.

In February 2014, the Board resolved to review, formalise and document the management of its material business risks and will implement this system in the 2013/2014 financial year. This system will include the preparation of a risk register by management to identify the Company's material business risks and risk management strategies for these risks. In addition, the process of management of material business risks will be allocated to members of senior management. The risk register will be reviewed quarterly and updated, as required.

The Company will disclose the categories of risk reported on or referred to as part of the Company's systems and processes for managing material business risks in each Annual Report.

The Board will require management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board will require management to report to it confirming that those risks are being managed effectively. The Board will receive a report from management as to the effectiveness of the Company's management of its material business risks for the relevant reporting period.

The Managing Director and the Chief Financial Officer intend to provide a declaration to the Board in accordance with section 295A of the Corporations Act and will assure the Board that such declaration is founded on a sound system of risk management and internal controls and that the system is operating effectively in all material respects in relation to financial reporting risks.

A summary of the Company's Risk Management Policy is disclosed on the Company's website.

ASX Corporate Governance Council recommendations checklist

The following table sets out the Company's position with regard to adoption of the Principles & Recommendations upon its admission to ASX:

CGC's Principles and Recommendations		Comply (Yes/ No)
Principle 1: Lay solid foundations for management and oversight		
1.1	Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	Yes
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Yes
1.3	Companies should provide the information indicated in the *Guide to Reporting on Principle 1.*	Yes
Principle 2: Structure the Board to add value		
2.1	A majority of the Board should be independent directors.	No
2.2	The chair should be an independent director.	Yes
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Yes
2.4	The Board should establish a nomination committee.	Yes
2.5	Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.	Yes
2.6	Companies should provide the information indicated in the *Guide to Reporting on Principle 2*.	Yes
Principle 3: Promote ethical and responsible decision-making		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.	Yes

4) Directors and Senior Management CONTINUED

CGC's Principles and Recommendations		Comply (Yes/ No)
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress in achieving them.	Yes
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	Yes
3.5	Companies should provide the information indicated in the *Guide to Reporting on Principle 3*.	Yes
Principle 4: Safeguard integrity in financial reporting		
4.1	The Board should establish an audit committee.	Yes
4.2	The audit committee should be structured so that it: • consists only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the Board • has at least three members.	Yes
4.3	The audit committee should have a formal charter.	Yes
4.4	Companies should provide the information indicated in the *Guide to Reporting on Principle 4*.	Yes
Principle 5: Make timely and balanced disclosure		
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes
5.2	Companies should provide the information indicated in the *Guide to Reporting on Principle 5*.	Yes
Principle 6: Respect the rights of shareholders		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes
6.2	Companies should provide the information indicated in the *Guide to Reporting on Principle 6*.	Yes
Principle 7: Recognise and manage risk		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes
7.2	The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Yes
7.3	The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes
7.4	Companies should provide the information indicated in *Guide to Reporting on Principle 7*.	Yes
Principle 8: Remunerate fairly and responsibly		
8.1	The Board should establish a remuneration committee.	Yes
8.2	The remuneration committee should be structured so that it: • consists of a majority of independent directors • is chaired by an independent director • has at least three members	Yes
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Yes
8.4	Companies should provide the information indicated in the *Guide to Reporting on Principle 8*.	Yes

5) Financial Information

5.1 Overview

The financial information for Pioneer has been prepared by Pioneer and includes:

- Historical Financial Information for Pioneer comprising:
  - summary historical consolidated income statements and statements of cash flows of Pioneer for FY12A, FY13A and the six months ended 31 December 2013 (H1 FY14A) (the **Historical Income Statements** and the **Historical Statements of Cash Flows** respectively); and
  - summary historical consolidated statement of financial position at 31 December 2013 (the **Historical Balance Sheet**),

(together the **Historical Financial Information**)

  - the summary pro forma consolidated statement of financial position at 31 December 2013 (the **Pro Forma Historical Balance Sheet**).
- Forecast Financial Information for Pioneer comprising:
  - the **Statutory Forecast**: the Directors' summary consolidated statutory forecast income statement and statement of cash flows for the 12 month period ending 30 June 2014 (FY14F); and
  - the **Pro Forma Forecast**: the Directors' summary consolidated pro forma forecast income statements and statements of cash flows for FY14F and the 12 month period ending 30 June 2014 (FY15F),

(together the **Forecasts**)

The Historical Financial Information, Pro Forma Historical Balance Sheet and the Forecasts together form the **Financial Information**.

Also summarised in this Section are the:

- basis of preparation and presentation of the Financial Information (see Section 5.2); and
- Directors' general and specific best estimate assumptions (see Section 5.4) underlying the Forecasts and key sensitivities in respect of the Forecasts (see Section 5.6).

All amounts disclosed in Section 5 are presented in Australian dollars and rounded to the nearest $0.1 million, unless otherwise noted.

5.2 Basis of preparation

General

Pioneer has a 30 June financial year end and the Financial Information has been prepared on this basis. The Financial Information has been prepared in accordance with the recognition and measurement principles of the Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. Compliance with Australian Accounting Standards ensures that the Financial Information complies with the recognition and measurement principles of International Financial Reporting Standards (IFRS) as adopted by the International Accounting Standards Board (IASB). The significant accounting policies adopted by Pioneer are disclosed in Appendix A to this Prospectus.

The Financial Information presented in this Prospectus is in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act 2001. The Statutory Forecast reflects the impact of the Offer and how Pioneer expects to report its results if it achieves its forecasts.

Financial Information may not add due to rounding.

Historical Financial Information

For the year ended 30 June 2012 the Directors determined that Pioneer was not a reporting entity and prepared special purpose financial statements. The audit of the special purpose financial statements at 30 June 2012 was conducted by Bentleys Audit & Corporate (WA) Pty Ltd.

As at 30 June 2013 the Directors determined that Pioneer was not a reporting entity and therefore was not required to produce general purpose financial statements. However, the Directors have voluntarily chosen to prepare a general purpose financial report. The audit of the general purpose financial statements at 30 June 2013 was conducted by PricewaterhouseCoopers who issued an unqualified audit opinion.

For the H1 FY14A period a non-statutory interim financial report was prepared using the same accounting policies adopted in the 30 June 2012 and 30 June 2013 financial statements and disclosed in the preparation of the annual general purpose financial statements. As Pioneer was not a disclosing entity at the reporting date and as this was the first time an interim financial report was prepared, a special purpose financial report was prepared and reviewed. The review was conducted by PricewaterhouseCoopers Securities Limited who issued an unqualified review conclusion.

The historical consolidated income statements of Pioneer have been presented before net finance costs and tax expense on the basis that Pioneer's capital structure following completion of the Offer will be materially different to that in place during the period prior to completion of the Offer. Accordingly, the statutory historical interest expense and income tax expense are not a meaningful representation of Pioneer's future earnings profile.

In presenting the Historical Financial Information in this Prospectus, certain line items have been grouped differently to Pioneer's audited and reviewed financial statements in order to present a more meaningful comparison across the historical and forecast periods.

Pro Forma Historical Balance Sheet

The Pro Forma Historical Balance Sheet presented in Section 5.8 has been prepared by Pioneer and shows the Historical Balance Sheet at 31 December 2013 after adjusting for certain pro forma adjustments identified by the Directors to reflect the effect of the Offer as if it had occurred on that date. The pro forma adjustments are detailed in Section 5.8.

The Pro Forma Historical Balance Sheet has been reviewed by KPMG Transaction Services. Its Investigating Accountant's Report can be found in Section 7.

Forecasts

The Forecasts have been prepared with due care and attention based on an assessment of present economic and operating conditions, specific and general best estimate assumptions regarding future events and actions as set out in Section 5.4.

The Forecasts are subject to the risks set out in Section 6. This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring and is not intended to be a representation that the assumptions will occur.

The Directors believe the best estimate assumptions when taken as a whole to be reasonable at the time of preparing this Prospectus. However, this information is not fact and investors are cautioned not to place undue reliance on the Forecasts.

Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecasts and that this may have a material positive or material negative effect on the actual financial performance or financial position of Pioneer. Accordingly, neither Pioneer nor any other person can give investors any assurance that the outcomes presented in the Forecasts will arise.

The Forecasts should be read in conjunction with the general and specific assumptions and the sensitivities, as set out in Sections 5.4 and 5.6 as well as the risk factors as set out in Section 6 and other information in this Prospectus. The assumptions are by their nature subject to significant uncertainties and contingencies, many of which are outside the control of Pioneer and its Directors, and are not reliably predictable.

The Forecasts have been reviewed by KPMG Transaction Services. Its Investigating Accountant's Report can be found in Section 7.

Presentation on statutory and pro forma basis

The summary consolidated forecast income statement and statement of cash flows for FY14F are presented on both a statutory and pro forma basis. It comprises 6 months actual reviewed historical financial results for the period ended 31 December 2013 and 6 months forecast results ending 30 June 2014. No pro forma adjustments to the Statutory Forecast are necessary for FY15F.

The Statutory Forecast has been prepared on the basis of how Pioneer expects to report the results of the business under Australian Accounting Standards. The Pro Forma Forecast has been presented on a basis consistent with the Statutory Forecast after adjusting for the following pro forma adjustments to reflect the capital structure that will be in place upon completion of the Offer:

- exclusion of one-off costs of the Offer, including but not limited to brokerage fees, ASX listing fees, legal fees, accountancy fees and advisor fees;
- exclusion of interest expenses relating to Pioneer's capital structure prior to the Offer;
- exclusion of a loan establishment fee and associated legal costs for renewal of the existing Senior Debt Facility ahead of the original expiry date and consistent with the requirements of the Offer (approval being conditional on completion of the Offer);
- exclusion of costs associated with restructuring the existing long term incentive share based compensation plan in preparation for the Offer; and
- exclusion of a tax expense arising as a result of an under provision for tax in the FY12A and FY13A financial years.

Section 5.15 contains a reconciliation between the Statutory and Pro Forma Forecast.

5.3 Non-IFRS financial measures

In this Prospectus Pioneer has used certain non-IFRS financial measures to report historical and forecast financial performance. These measures are outlined and explained below:

Statement of financial performance information

Customer Payments – Pioneer receives payments from its customers from the liquidation of debt portfolios. For presentation purposes, revenue generated from the provision of services is included in Customer Payments.

EBITDA Adjusted – Calculated by adding the change in value of purchased debt ledgers to EBITDA. EBITDA is Earnings Before Interest, Tax, Depreciation and Amortisation.

EBIT – Earnings Before Interest and Tax and is calculated by removing Depreciation and Amortisation from EBITDA.

Net Interest Expense – Net Interest Expense is calculated by adding Interest Received back to Interest Expense.

NPAT - Net Profit After Tax is calculated by deducting Net Interest Expense and Tax from EBIT

Statement of cash flows information

Operating Cash Flow Before Debt Purchases, Interest, Financing & Tax – calculated by adding non-cash items, changes in working capital and changes in provisions to EBITDA Adjusted.

Operating Cash Flow Before Interest, Debt Purchases & Financing – calculated by deducting tax paid and Property, Plant & Equipment (PP&E) expenditure from Operating Cash Flow Before Debt Purchases, Interest, Financing & Tax.

Net Cash Flow Before Interest & Financing – calculated by deducting debt purchase expenditure from Operating Cash Flow Before Interest, Debt Purchases & Financing.

Debt Purchases – Debt Purchases are purchases of additional retail debt portfolios from Vendor Partners.

5.4 Assumptions underpinning the Forecasts

(a) General assumptions

- there are no material changes in the competitive landscape in which Pioneer operates;
- general market expectations for the Australian and global macroeconomic climate do not materially change;
- there are no significant changes to Australian government legislation relevant to Pioneer including taxation and licensing;
- there are no material interruptions to Pioneer's operations;
- current material contracts and agreements remain in place, specifically Forward Flow Agreements for debt portfolio purchases;
- there is no loss of key management personnel and Pioneer maintains its ability to recruit and train Account Managers (AM);
- Pioneer's financing options remain in line with current expectations including the establishment of the Senior Debt Facility as described in Section 5.1;
- Pioneer does not undertake any material corporate transactions, disposals or significant restructuring activities outside of those required for the Offer;
- Pioneer does not experience any difficulties in its operations due to the risk factors outlined in Section 6 or otherwise; and
- the Offer proceeds materially as per the Offer timetable.

(b) Specific assumptions

Revenue assumptions

Pioneer defines **Revenue** as the liquidation of cash flows from purchased debt ledgers, the change in value of purchased debt ledgers and income from services.

The Forecasts are based on the following specific assumptions relating to revenue:

- Pioneer incurs a net change in the value of its debt portfolios during a period of 32% of Customer Payments (excluding services revenue) during the period, in line with historical adjustment rates. This is recognised in Revenue;
- growth in payments from customers managed by the Australian based AMs is based on the forecast increase in the number of AMs employed by Pioneer and the historical average Customer Payments per AM adjusted by the Directors to reflect expected deviations due to the expansion of the Australian based Customer Service Team;
- growth in payments from customers managed by Manila based AMs is based on the historical average Customer Payments per AM achieved by Australian-based AMs with a large discount;
- the increase in the number of AMs employed by Pioneer is based on success rates of historical recruitment drives, available floor capacity and an improved retention rate of AMs; and
- services revenue from Sphere Legal is based on historical Sphere Legal revenue.

Debt purchase assumptions

The Forecasts are based on the following specific assumptions relating to debt purchases:

- purchases continue under existing Forward Flow Agreements in accordance with their current terms;
- two Forward Flow Agreements that reach the end of their term before June 2015 are renewed on terms substantially the same as the current terms; and
- in FY15F, Pioneer will purchase an additional $6.0 million of new debt, in addition to the purchase commitments contained in existing Forward Flow Agreements.

Expense assumptions

The Forecasts for Pioneer are based on the following specific assumptions relating to expenses:

- employee expenses are forecast for each individual using known current salary information and expected wage increases of 3% per annum. New employees of Pioneer are forecast to be employed on the same terms as existing Pioneer employees;
- overheads (excluding staff costs) are based on recent run-rates, with certain items adjusted based on forecast changes;
- Pioneer will expand its Perth based customer service centre to include an additional floor in the BankWest Tower from 1 July 2014. The cost of the additional floor space is on the terms set out in the existing lease agreement;
- incremental costs associated with being a company listed on the ASX (above those already incurred by Pioneer as a non-listed public company) are estimated to be $0.1 million and $0.4 million in FY14F and FY15F respectively. These costs are included in both the Statutory Forecast and Pro Forma Forecast; and
- depreciation and amortisation is forecast based on existing schedules with incremental amounts included for expected Property, Plant and Equipment (PP&E) and Intangible asset additions over the forecast period.

Interest assumptions

The Forecasts are based on the following specific assumptions relating to interest:

- interest received is based on an assumed interest rate applied to Pioneer's cash and cash equivalent holdings; and
- Pioneer is able to utilise and pays interest on the Senior Debt Facility (including an overdraft facility) provided by BankWest – further details can be found in Section 5.10.

5.5 Historical and Forecast Income Statements

Historical and Forecast Income Statements

($ millions)	Notes	Historical			Statutory Forecast	Pro Forma Forecast	
		FY12A	FY13A	H1 FY14A	FY14F	FY14F	FY15F
Customer Payments	1	14.3	23.4	16.2	37.0	37.0	57.4
Change In Value Of Purchased Debt Ledgers	2	(4.8)	(6.8)	(5.1)	(11.7)	(11.7)	(18.3)
Revenue		9.6	16.6	11.1	25.3	25.3	39.1
Operating Expenses	3	(6.4)	(10.4)	(8.4)	(20.7)	(17.9)	(28.2)
EBITDA Adjusted	**4**	**8.0**	**13.0**	**7.9**	**16.3**	**19.1**	**29.2**
Depreciation & Amortisation		(0.1)	(0.4)	(0.2)	(0.4)	(0.4)	(0.6)
EBIT		**3.1**	**5.8**	**2.6**	**4.2**	**7.0**	**10.3**
Net Interest Expense	5				(1.1)	(0.6)	(0.8)
Profit Before Tax					**3.2**	**6.4**	**9.5**
Tax Expense					(1.6)	(2.0)	(2.9)
NPAT					**1.6**	**4.5**	**6.6**

Notes:

1. Includes revenue from the provision of services rendered primarily in relation to Sphere Legal.
2. Change in value of purchased debt ledgers is based on the change in value from the closing period of the prior balance date and the closing balance date.
3. All operating expenses are included except interest charges, depreciation and amortisation (D&A).
4. EBITDA Adjusted is calculated by adding the change in value of purchased debt ledgers to EBITDA.
5. Net interest expense includes interest received.

Management discussion and analysis of Historical and Forecast Income Statement

Revenue overview

Pioneer purchases debt portfolios and receives payments from customers acquired through this process. The cash flows from the portfolios are recognised as revenue along with the change in value of purchase debt ledgers and additional revenue generated from services rendered primarily by Sphere Legal. Interest accruals are not recognised until actually paid.

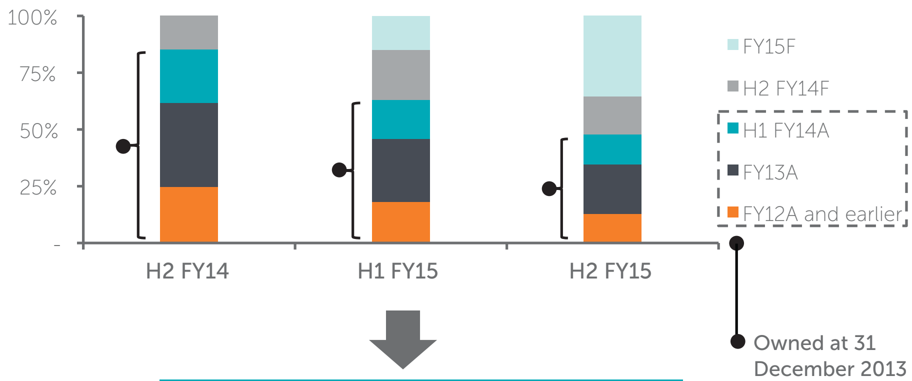
Pioneer forecasts Customer Payments (excluding services revenue) based on the number of AMs it intends to employ and the expected dollar of Customer Payments per AM. The Directors believe that the number of AMs is the single largest driver of Customer Payments. Pioneer also focuses on growing the Payment Arrangement book in order to secure recurring revenue. As discussed in Section 3 Pioneer generates some of its Customer Payments from two types of Payment Arrangements:

1. Fixed Schedule Payment Arrangements whereby a customer agrees to make scheduled periodic payments until the account is closed with interest at an agreed rate; and
2. Non Scheduled Payment Arrangements whereby a customer agrees to pay but does not commit to a fixed schedule. An agreement is still reached as to the amount to be repaid and the interest rate Pioneer will charge.

As at 31 December 2013, the balance of Pioneer's Payment Arrangement book was approximately $83 million[23], up from approximately $58 million in December 2012 (42%). Over the same period, Pioneer's Fixed Schedule Payment Arrangement book has grown from $46 million to $63 million (36%). Booked in Customer Payments from the Fixed Schedule Payment Arrangement book at 31 December 2013 are $9.1 million in H2 FY14F and $13.1 million in FY15F.

The Directors believe that a debt portfolio inventory of an appropriate size must be maintained to allow the Customer Service Team to generate an efficient amount of Customer Payments per AM. The Customer Service Team will generate Customer Payments relating to accounts owned by Pioneer as at 31 December 2013 and from additional debt purchased throughout the forecast period. Accordingly, the Directors believe that Figure 5.5.1 represents an approximate breakdown of Customer Payments contribution (excluding service revenue) by date of debt purchase. The Directors believe that approximately 81% of FY14F Customer Payments (excluding service revenue) and 55% of FY15F Customer Payments (excluding service revenue) will be generated from existing debt owned at 31 December 2013.

Figure 5.5.1 – Forecast Customer Payments (excluding service revenue) segmentation by date of debt purchase



		Pro Forma Forecast	
	H2 FY14F	FY14F	FY15F
FY12A and Earlier	24.6%	30.2%	15.3%
FY13A	37.2%	40.3%	24.6%
H1 FY14F	23.4%	21.0%	15.0%
H2 FY14F	14.8%	8.6%	19.1%
FY15F	-	-	25.9%
Total	100%	100%	100%

23 Excludes Part IX accounts with a current balance of $5.6 million at 31 December 2013

Australian Customer Payments and Customer Service Team Growth

Customer Payments grew from $14.3 million in FY12A to $23.4 million in FY13A (63%) as Pioneer expanded its Customer Service Team from 52 AMs as at July 2011 to 86 in June 2013. This growth was facilitated by a move to higher quality premises in the BankWest Tower in August 2012, increasing AM employment capacity from 57 to 91. The move to the BankWest Tower was intended to increase Pioneer's recruitment efficiency and effectiveness by increasing staff retention rates (overall team performance increases as trained AMs were retained).

Pioneer achieved Customer Payments in H1 FY14A of $16.2 million, driven by an increase in the number of AMs employed from June 2013 of 84 AMs to 104 AMs by 31 December 2013. During H1 FY14A, Pioneer maintained a simple average number of AMs of 91 compared with 64 in FY13A, and 41 in FY12A. Historically, Pioneer observed average Customer Payments per AM decreased when the Customer Service Team experienced significant growth, due to the training of new AMs and the time taken for a newly employed AM to achieve the same level of Customer Payments as a more experienced AM. Conversely, when AM employment levels are stable, Customer Payments per AM increases, which is reflected in the H2 FY14F forecast.

Pioneer is forecasting an increase in Customer Payments of $13.6 million from $23.4 million in FY13A to $37.0 million in FY14F (58%) driven by a maturing and stable level of AMs employed. The forecast increase in Customer Payments in H2 FY14F is driven by Pioneer's observed historical seasonality of increasing Customer Payments per AM in the middle months of the calendar year. Conversely, in the latter months of the calendar year Pioneer typically experiences lower than average Customer Payments per AM. In addition H2 FY14F is expected to be a period of stability in the number of AMs employed with a significant number having joined Pioneer during H1 FY14A. The Directors believe that in H2 FY14F, AMs currently employed will generate Customer Payments consistent with higher historical average Customer Payments per AM. The Directors are forecasting Pioneer will employ 108 Australian AMs by the end of June 2014.

FY15F Customer Payments are forecast to be $57.4 million (approximately $24.9 million in H1 FY15F and approximately $32.5 million in H2 FY15F), representing an increase of 55% ($20.4 million) from FY14F of $37.0 million. The Directors are forecasting to increase the number of Australian AMs employed from 104 as at 31 December 2013 to 168 at the end of H1 FY14F and 183 by the end of FY15F, facilitated by the additional AM employment capacity from a second floor in the BankWest Tower from July 2014. The lease for the additional floor has been executed and Pioneer maintains a right to expand to a total of four floors. The Directors are forecasting a portion of the Customer Payments outlined above to be generated by the Manila based AMs as discussed below.

Manila Customer Payments

The Directors are forecasting to generate Customer Payments and revenue from Pioneer's Manila based operations. Pioneer has limited historical information from which to base forecast revenue from the Manila Customer Service Team as operations only commenced in August 2013. However, the Directors believe that the efficiency achieved to date is supportive of the forecasts. The Directors forecast average Customer Payments per Manila based AMs to be significantly lower than average Customer Payments per Australian based AMs.

Customer Payments from the Manila operation are currently constrained by the volume of retail debt portfolios Pioneer allocates to its Manila Customer Service Centre to manage due to contractual limitations in the vendor contracts.

However, Pioneer has invested significant time and effort in ensuring the Manila Customer Service Team display the same key leadership skills, and conduct operations in the same compassionate manner as the Australian based Customer Service Team. Vendor Partners are undertaking a due diligence exercise to assess the strength of the Manila Customer Service Team, in order to determine whether debt portfolios sold to Pioneer can be managed by Pioneer's Manila operations. Initial feedback from the Vendor Partners has been positive. The Directors believe that over time, a greater quantum of higher value debt portfolios will be managed by Pioneer's Manila operation, although this is not currently factored into the forecast.

The Directors believe that the Manila Customer Service Team represents a significant opportunity for Pioneer as it is a scalable operation. Pioneer had 29 Manila AMs and two Team Leaders as of 31 December 2013. The Directors are forecasting the number of AMs employed in Manilla to grow to 90 AMs by the end of FY15F.

Purchased Debt Ledgers held at Fair Value through Profit and Loss

The fair value of financial instruments that are not traded in an active market, such as Pioneer's Purchased Debt Ledgers, are determined using model valuation techniques. Such valuation techniques maximise the use of observable market data where available, but unobservable inputs are used and do rely on information that is not readily available to be observed in an active market due to market illiquidity and complexity of the product. The valuation of Purchased Debt Ledgers relies upon unobservable market data as there is no active secondary market due to contractual restrictions and barriers to entry in the industry.

The specific valuation technique used to determine the fair value of Purchased Debt Ledgers financial instruments is a discounted cash flow (DCF) method, which incorporates the following variables:

- expected recovery rate – expressed as a percentage of the face value;
- face value – of inventory and forward flow debt purchased;
- cash flow liquidation period – the period over which cash flows liquidate;

- discount rate - factors in a risk free interest rate and appropriate credit adjustment for risk not built into the underlying cash flows expected to be recovered; and
- cost – acquisition cost of recently acquired purchased debt ledgers.

In FY12A, FY13A and H1 FY14A Pioneer recognised a net change in value of Purchased Debt Ledgers of $4.8 million, $6.8 million and $5.1 million respectively. PricewaterhouseCoopers issued an unqualified audit opinion and PricewaterhouseCoopers Securities Limited issued an unqualified review conclusion over the 30 June 2013 and 31 December 2013 financial statements, respectively.

Operating expenses

Pioneer's key operating expenses include:

- **Labour costs** – Pioneer's most significant expense item is employee labour costs: salaries, wages and other employment related costs of AMs, Team Performance Coaches, management and executives. Labour costs are primarily fixed in nature.
- **Occupancy costs** – rent, utilities and other occupancy related costs associated with the premises occupied by Pioneer. Pioneer leases all of its premises and Pioneer's leases typically include periodic rent increases. Facility and occupancy costs are primarily fixed in nature, although subject to annual inflation.
- **Telecommunication Costs** – reflects the cost of Pioneer communication with its customers.
- **Other operating costs** – includes corporate overhead costs such as information technology costs, human resources, legal, audit, other professional fees, travel, transportation and finance fees.

Pioneer incurred operating expenses of $6.4 million in FY12A and $10.4 million in FY13A which represented 44% and 45% of Customer Payments, respectively. In H1 FY14A, operating expenses of $8.4 million (52% of Customer Payments) were incurred. The Directors forecast Pioneer will incur $17.9 million in operating expenses in FY14F (48% of Customer Payments) based on the pro forma forecast statement of financial performance and $28.2 million in operating expenses in FY15F (49% of Customer Payments) reflecting current costs and increased in line with Pioneer's growth requirements.

Depreciation and Amortisation

Pioneer's depreciation and amortisation charge is relatively small compared to other expenses as the majority of capitalised investment is related to new debt purchases. Depreciation and Amortisation relating to PP&E and Intangibles is based on the existing schedule as at 31 December 2013 and increased to account for capital expenditure throughout the forecast period.

PP&E expenditure relates to information technology and telephony upgrades and other costs associated with the expansion of Pioneer's Customer Service Team including, but not limited to, air conditioning, office fit-out and telephony. Depreciation and Amortisation has historically represented 1-2% of Customer Payments and the Directors believe this will continue in FY14F (based on the pro forma forecast of financial performance) and FY15F.

Net interest expense

Historically Pioneer has incurred interest expenses related to:

1. debt facilities and overdraft facilities; and
2. Convertible Redeemable Preference Shares (CRPS) outstanding under the capital structure in existence prior to completion of the Offer.

   CRPS interest expense recognised in H1 FY14A is removed in the Pro Forma Forecast in order to reflect Pioneer's capital structure post completion of the Offer.

   Further details regarding the new Senior Debt Facility (including an overdraft facility) can be found in Section 5.10.

   Pioneer also generates interest income on its bank balance which is netted off against the interest expense.

Profit Metrics

Pioneer has generated positive EBITDA Adjusted, EBIT and NPAT in FY12A, FY13A and H1 FY14A. The Directors believe this will continue in FY14F and FY15F.

EBITDA Adjusted – was $13.0 million in FY13A and is forecast to grow by $6.1 million (47%) to $19.1 million in FY14F (Pro Forma Forecast). The Directors believe in FY15F EBITDA Adjusted will grow by $10.1 million to $29.2 million (53% YoY).

EBIT – was $5.8 million in FY13A and the Directors forecast growth of $1.2 million (21%) to $7.0 million in FY14F (Pro Forma Forecast) and growth of $3.3 million (47% YoY) to $10.3 million in FY15F. H1 FY15F EBIT is forecast to be approximately $2.4 million and H2 FY15F EBIT is forecast to be approximately $7.8 million. This is reflective of Pioneer's typical revenue seasonality and forecast investment in expansion of its customer service capacity.

NPAT – the Pro Forma Forecast of FY14F NPAT is $4.5 million and $6.6 million in FY15F. Note that Pioneer is subject to the Australian company tax rate of 30% on taxable profit.

Historical and Forecast Income Statement key metrics

(%)	Historical		Pro Forma Forecast	
	FY12A	FY13A	FY14F	FY15F
YoY Customer Payment Growth	n.a	63%	58%	55%
YoY EBIT Growth	n.a	87%	21%	47%
EBIT Margin (Revenue)	33%	35%	28%	26%

YoY Customer Payments Growth – Pioneer's Customer Payments grew 63% in FY13A as its Customer Service Team increased from 36 AMs at the end of June 2012 to 86 at the end of June 2013, which was facilitated by the move to new premises with increased AM employment capacity. The forecast increase in Customer Payments by 58% in FY14F (Pro Forma Forecast) is due to:

a) the Australian Customer Service Team expanding 21% from June 2013 to 104 AMs by 31 December 2013 (and remaining at approximately this level until the end of FY14F); and

b) a stable and increasingly more experienced workforce, resulting in higher expected Customer Payments per AM efficiency compared to previous periods which experienced a large increase in AMs employed. Pioneer achieved $16.2 million in Customer Payments during H1 FY14A.

FY15F Customer Payments is expected to grow 55% due to the forecast large increase in AMs employed. The Directors believe that Customer Payments will increase but that average Customer Payment per AM efficiency will decrease in the short term as the Customer Service Team will have a number of new, less experienced AMs.

EBIT Margin (on Revenue) – Pioneer achieved an EBIT margin of 33% and 35% in FY12A and FY13A, respectively. The Directors believe this margin will reduce over the forecast period to 28% and 26% in FY14F (Pro Forma Forecast) and FY15F, respectively, driven by increased employment costs associated with the expanding Customer Service Team including investment in additional floor capacity, induction and training. In the short term, new AMs employed do not generate customer payments at the same rate as an experienced AM, but Pioneer incurs the full employment costs, resulting in a lower EBIT margin. The Directors believe the EBIT margin in the Forecasts is sustainable into the long term.

5.6 Forecast Income Statement sensitivity analysis

The Forecasts included in Section 5.5 are based on a number of key assumptions which have been outlined above and which are subject to change. The Forecasts are also subject to a number of risks outlined in Section 6.

Investors should be aware that future events cannot be predicted with certainty and as a result, deviations from the figures forecast in this Prospectus are to be expected. To assist investors in assessing the impact of these assumptions on the Forecasts, the sensitivity of the forecast NPAT for FY14F and FY15F to changes in certain assumptions is set out below.

The sensitivity analysis is intended to provide a guide only and variations in actual performance could exceed the ranges shown.

Forecast Income Statement sensitivity analysis (NPAT)

($ millions, %)	Notes	Pro Forma Forecast			
		FY14F		FY15F	
Existing NPAT Forecast		4.5		6.6	
-/+ 3% Change in Customer Payments Per Australian AM	1	-/+ 0.3	(6.2%) / 6.1%	-/+ 0.8	(11.6%) / 11.4%
-/+ 3% Change In Customer Payments Per Manila AM	1	-/+ 0	(0.5%) / 0.5%	-/+ 0.1	(1.3%) / 1.2%
+/- 5% Change In Operating Costs (Exc. Offer Costs)		-/+ 0.1	(2.5%) / 2.4%	-/+ 0.3	(4.3%) / 4.2%
+/- 5% Change In PP&E Expenditure		-/+ 0	-	-/+ 0	(0.3%) / 0.1%

Notes:

1. Excluding service revenue.

Care should be taken in interpreting these sensitivities. The estimated impact of changes in each of the variables has been calculated in isolation to changes in other variables, in order to illustrate the likely impact on the forecast. In practice, changes in variables may offset each other or be additive, and it is likely that Pioneer would respond to any adverse change in one variable by seeking to minimise the net effect on Pioneer's NPAT.

5.7 Historical and Forecast Statements of Cash Flows

The table below sets out Pioneer's Historical and Forecast Statements of Cash Flows for FY12A, FY13A, FY14F and FY15F.

Historical and Forecast Statements of Cash Flows

($ millions)	Notes	Historical			Statutory Forecast	Pro Forma Forecast	
		FY12A	FY13A	H1 FY14A	FY14F	FY14F	FY15F
EBITDA Adjusted	1	**8.0**	**13.0**	**7.9**	**16.3**	**19.1**	**29.2**
Less: Offer Costs Recognised in Equity	2	-	-	-	(1.5)		-
Add: Non-Cash Items		-	-	-	0.9	0.1	0.1
Changes in Working Capital		(0.4)	0.3	2.5	(2.3)	(2.4)	(0.4)
Changes in Provisions		0.0	0.1	0.0	-	-	-
Operating Cash Flow Before Debt Purchases, Interest, Financing & Tax		**7.7**	**13.4**	**10.4**	**13.4**	**16.9**	**28.9**
Tax Paid	3	(0.0)	(0.8)	(1.0)	(3.2)	(3.2)	(2.8)
PP&E Expenditure		(0.1)	(0.9)	(0.3)	(1.1)	(1.1)	(0.7)
Operating Cash Flow Before Interest, Debt Purchases & Financing		**7.5**	**11.7**	**9.1**	**9.1**	**12.6**	**25.3**
Debt Purchases	4	(16.6)	(26.5)	(14.2)	(30.2)	(30.2)	(37.9)
Net Cash Flow Before Interest & Financing		**(9.1)**	**(14.8)**	**(5.1)**	**(21.1)**	**(17.6)**	**(12.6)**
Interest Paid	5				(0.8)	(0.8)	(1.1)
Interest Received	5				0.2	0.2	0.3
Net Cash Flow Before Financing					**(21.7)**	**(18.2)**	**(13.4)**
Proceeds from Equity Issued	6				40.9	0.1	-
Loans & Borrowings Drawdowns	7				10.2	10.2	18.9
Loans & Borrowings Repayments	7				(4.2)	(4.2)	(6.4)
Proceeds from Vendor Finance Arrangement	8				13.3	13.3	14.1
Repayment of Vendor Finance Arrangement	8				(12.4)	(12.4)	(14.3)
Other					(0.1)	(0.1)	-
Dividend to Satisfy CRPS Interest Payable	9				(1.4)	-	-
Return of Capital	10				(11.1)	-	-
Repayments From Management Recourse Loan	11				0.7	-	0.1
Dividends Paid	12				(3.9)	-	(2.1)
Net Cash Flows					**10.3**	**(11.4)**	**(3.2)**

Notes:

1. EBITDA Adjusted already excludes the non-cash net change in value of purchased debt ledgers.
2. Consistent with the AASB requirements, a portion of Offer costs are recognised in equity.
3. Pioneer moved to a Pay As You Go (PAYG) instalment tax system in FY13A.
4. Historical debt purchases shown exclusive of accounts returned to Vendor Partners due to agreed Recourse criteria. No Recourse assumption has been made over forecast period.
5. Interest paid on debt facilities and Interest received from Cash and Cash equivalents.
6. For the Statutory Forecast, proceeds from a small CRPS issuance in H1 FY14A, the Offer plus $0.6 million dividend distribution on CRPS re-invested. For the Pro Forma Forecast, this is additional CRPS issued in during H1 FY14A only.
7. Drawdown on and repayment of loans and borrowings used to facilitate debt purchases excluding Vendor Finance.
8. Vendor Finance extended to Pioneer and repaid under the vendor financing arrangement. Pioneer accounts for Vendor Finance in Loans and Borrowings although the cash flows have been split out in the Forecast Statement of Cash Flows for illustrative purposes.
9. Payment of dividend to satisfy accrued interest payable on CRPS, includes portion re-invested.
10. Return of capital to Existing Shareholders.
11. Repayment of management share based payment arrangement limited recourse loan (refer to Section 9.5(b) for a summary of the loans).
12. Fully franked dividend distribution to Existing Shareholders of $3.9 million and ongoing fully franked dividend distribution to shareholders post completion of the Offer.

Management discussion and analysis of the Historical and Forecast Statement of Cash Flows

EBITDA Adjusted

All Customer Payments relating to debt purchases are both a revenue and cash item. EBITDA is calculated before the net change in value of purchased debt ledgers as outlined in Section 5.5. In order to ascertain the Operating Cash Flow Before Interest & Tax, the net change in value of purchased debt ledgers is added back to EBITDA in order to calculate EBITDA Adjusted.

Pioneer achieved EBITDA Adjusted of $8.0 million, $13.0 million and $7.9 million in FY12A, FY13A and H1 FY14A respectively. Over the forecast period Pioneer expects to achieve EBITDA Adjusted of $19.1 million in FY14F (Pro Forma Forecast) and $29.2 million in FY15F.

Changes in working capital

Historically Pioneer has had a stable level of working capital through efficient management of debtors and creditors. The increase in working capital in H1 FY14A is driven by debt purchase creditor terms, which is forecast to be unwound in the second half of FY14F. The Directors believe that Pioneer's additional working capital requirements will be minimal in FY15F as the collection cycle of Pioneer is settled with a minimal trade debtor cycle in the normal course of business. The working capital cycle for trade creditors is generally minimal with overhead suppliers settled on a 30 day end of month payment cycle along with the payment of debt purchases. In the opinion of the Directors, subject to the completion of the Offer, the Company will have sufficient working capital to carry out its objectives as stated in this Prospectus and referred to in Section 1.6 and Section 5.13.

Operating cash flows

Pioneer has had a strong history of converting accounting measures of profitability into operating cash flow. The Statutory Forecast of operating cash flows is consistent with the forecast increase in EBITDA Adjusted less working capital and costs associated with the Offer.

Tax paid

Pioneer commenced PAYG payments in May 2013 after recouping losses in FY12A. As a result, in addition to the tax payment associated with the FY13A tax return to be lodged during FY14F (net of initial PAYG payments) Pioneer will also be paying tax with respect to the FY14F financial year. This transition period results in a higher tax payment in FY14F with a corresponding refund in FY15F lowering the cash tax paid. The Forecasts assume that Pioneer will be required to pay PAYG based on the current rate of payment. The Directors believe there is scope for the PAYG rate paid to be revised in line with operating income.

Debt purchases

As discussed in Section 5.7, the majority of Pioneer's investing cash outflows relate to debt purchases. A minor number of accounts acquired by Pioneer are returned to Vendor Partners due to agreed Recourse criteria. Debt purchases in Pioneer's financial statements are quoted excluding such Recourse and the cash expenditure on debt purchases before Recourse is correspondingly higher than the ultimate cash expenditure incurred (due to the return of Pioneer's investment proceeds by Vendor Partners on Recourse accounts).

Debt purchases, including accounts returned to vendor due to agreed Recourse criteria, grew from $16.8 million in FY12A to $26.8 million in FY13A, representing an increase of 60%. The Directors forecast that Pioneer will purchase $30.2 million in FY14F[24]. All debt purchases in H2 FY14F ($16.0 million) are forecast to be supplied from Pioneer's existing Forward Flow Agreements with various Vendor Partners. Of the $37.9 million forecast debt purchases in FY15F, 84% is forecast to be sourced from existing Forward Flow Agreements ($31.9 million)[24]. See Section 9.5(a) for further details of Pioneer's Forward Flow Agreements. The Forecasts assume existing Forward Flow Agreements that expire over the forecast period are extended or roll-over on the existing terms.

Property, Plant & Equipment and intangibles

Pioneer incurred minimal PP&E expenditure in FY12A and $0.9 million in FY13A, a significant portion of which was leasehold improvements for the new BankWest Tower floor. The balance in FY13A was incurred as part of ongoing growth in information technology and telephony infrastructure. The Directors forecast similar PP&E expenditure to facilitate ongoing information technology and telephony improvements as part of continuous operational efficiency improvement.

Historical and Forecast Statements of Cash Flows key metrics

($ millions, %, x)	Notes	Historical		Pro Forma Forecast	
		FY12A	FY13A	FY14F	FY15F
Debt Purchases	1	16.6	26.5	30.2	37.9
YoY Increase in Debt Purchases		-	60%	14%	26%
Receipts From Customers / Op. Debt Value		-	1.2x	0.9x	1.0x
Operating Cashflow Customer Payments	2	53%	57%	46%	50%

Notes:

1. For the historical period, debt purchases are shown above exclusive of accounts returned to Vendor partners due to agreed Recourse criteria for the historical periods. No Recourse assumption has been made for the Forecasts.
2. Operating Cashflow Operating Cashflow Before Debt Purchases, Interest, Financing & Tax

In FY14F the Directors forecast to increase debt purchases by 14% from FY13A, representing a reduction in growth experienced in FY13A due to increasing absolute levels of debt purchased as well as recent capital constraints. In FY15F, the Directors forecast to increase debt purchases by 26% from FY14F[25] using the proceeds from the Offer, drawdowns of the Senior Debt Facility, the existing Vendor Finance arrangement and operating cash flows.

The ratio of Receipts From Customers to Opening Debt Value provides an indication of the cash generated from Pioneer's debt portfolio relative to the carrying value of the debt portfolio. As Pioneer purchases debt at a discount to its face value, the debt is carried at a value that is significantly below face value. In FY13A Pioneer generated Receipts From Customers of 1.2x the value of its debt portfolio at the start of the period. The Directors forecast this ratio to be approximately 0.9x and 1.0x in FY14F and FY15F respectively.

24 No Recourse assumption has been made over the forecast period.

25 Shown inclusive of accounts returned to Vendor Partners due to agreed Recourse criteria.

The Directors believe that Operating Cash Flow Before Interest & Tax as a percentage of Customer Payments is important as it reflects the cash generated by Pioneer from historic debt purchases. Pioneer intends to materially increase debt purchases to ensure that the Customer Service Team has sufficient inventory to generate forecast Customer Payments. In FY13A, Pioneer generated Operating Cash Flow Before Interest & Tax of $13.4 million. In FY13A Pioneer achieved an Operating Cash Flow margin (Operating Cash Flow divided by Customer Payments) of 57% and the Directors forecast to achieve 46% and 50% in FY14F and FY15F, respectively. The forecast reduction is due to investment in working capital and growth in the Customer Service Team and supporting facilities and infrastructure. Consistent with historical Customer Payments per AM efficiency patterns, the Directors do not believe the full potential benefit of this investment in growth will be realised during the forecast period.

5.8 Historical Consolidated Balance Sheet and Pro Forma Historical Consolidated Balance Sheet

Historical Balance Sheet and Pro Formal Historical Balance Sheet

Pro Forma Historical Balance Sheet at 31 December 2013 is set out below and presents the Historical Balance Sheet of Pioneer at 31 December 2013, adjusted for certain pro forma events including the impact of the Offer and the proposed new financing structure as if it had been in place as at 31 December 2013.

Consolidated Statement Of Financial Position	Statutory Equivalent [1]		
($ millions)	Historical 31 December 2013	Adjustments	Pro Forma 31 December 2013
Assets			
Cash And Cash Equivalents	0.9	21.8	22.7
Trade And Other Receivables	1.1	-	1.1
Financial Assets At Fair Value	23.6	-	23.6
Other Current Assets	0.2	-	0.2
Total Current Assets	**25.8**	**21.8**	**47.6**
Trade And Other Receivables	-	0.2	0.2
Property, Plant And Equipment	0.7	-	0.7
Deferred Tax Assets	0.3	0.7	1.1
Intangible Assets	0.1	-	0.1
Financial Assets At Fair Value	24.4	-	24.4
Total Non-Current Assets	**25.5**	**1.0**	**26.5**
Total Assets	**51.3**	**22.8**	**74.1**
Liabilities			
Trade And Other Payables	5.8	-	5.8
Loans And Borrowings	8.4	-	8.4
Current Tax Liabilities	1.2	(0.2)	1.0
Accruals, Provisions And Other Liabilities	1.0	-	1.0
Total Current Liabilities	**16.3**	**(0.2)**	**16.1**
Loans And Borrowings	12.0	-	12.0
Convertible Redeemable Preference Shares Net Of Transaction Costs	8.9	(8.9)	-
Total Non-Current Liabilities	**21.0**	**(8.9)**	**12.0**
Total Liabilities	**37.2**	**(9.1)**	**28.1**
Net Assets	**14.1**	**31.9**	**46.0**
Equity			
Ordinary Share Capital	3.7	40.8	44.5
Reserves	-	1.5	1.5
Retained Earnings	5.0	(5.0)	-
Total Equity Attributable To Equity Holders Of The Company	**8.7**	**37.3**	**46.0**
Convertible Redeemable Preference Shares Net Of Transaction Costs	5.4	(5.4)	-
Total Equity	**14.1**	**31.9**	**46.0**

1 No pro forma normalisation of non-recurring costs.

Pro forma Historical Balance Sheet adjustments

The pro forma adjustments made to the Historical Consolidated Balance Sheet of Pioneer as at 31 December 2013 (being the most recently reviewed balance sheet) reflect the following events and assumptions:

- **Proceeds from the Offer** – an increase in ordinary share capital reflecting new capital raised of $40.2 million.
- **Shareholder distributions** – Pioneer intends to distribute $15.0 million to Existing Shareholders who hold Shares prior to completion of the Offer made up as a fully franked dividend to the maximum of retained earnings. In the Pro Forma Historical Balance Sheet this is equal to $2.9 million with the balance of $12.1 million as a return of capital. Although the total distribution of $15.0 million is constant, the actual allocation is intended to be a $3.9 million fully franked dividend and a $11.1 million return of capital based on the forecast retained earnings at the Offer date. Pioneer will also distribute a $1.4 million dividend to satisfy interest payable to the Offer date on the Convertible Redeemable Preference Shares (CRPS). $0.6 million of this will be reinvested in additional CRPS before conversion to Shares.
- **Costs associated with the Offer** – the total Offer costs to be recognised by Pioneer are estimated to be $3.3 million. This resulted in a $1.1 million reduction to retained earnings, net of tax together with a reduction in equity of $1.1 million, net of tax. It is assumed these costs are deductible for tax purposes over five years, resulting in an increase in the deferred tax asset of $0.7 million and reduction in current tax payable of $0.2 million.
- **Share based payment scheme** – in connection with the Offer, Pioneer has established a share based payment scheme and has offered the existing management team limited recourse loans to fund the exercise of vested options to management shares (refer to Section 9.5(b) for a summary of the loans). At the date of exercise, the cost of the arrangement is recognised as a share based payment expense with a corresponding increase in reserves. On completion of the Offer, management shares will convert to Shares and holders will receive proceeds of $0.7 million relating to dividends and the return of capital which must be applied to reduce the balance of the limited recourse loans.
- **Pro forma retained earnings** – decreases by $5.0 million comprising of $0.1 million share based compensation relating to the Employee Offer (up to $1,000 provided to eligible employees at no financial cost), $0.2 million in respect of H2 FY14F accrued dividends on CRPS, $2.9 million being the dividend paid to Existing Shareholders, $0.8 million expense arising on modification of the existing share based payment arrangement and the expensed net after tax costs of the Offer of $1.1 million.
- **Conversion of Convertible Redeemable Preference Shares** – Convertible Redeemable Preference Shares held at the date of the Offer will be converted to Shares resulting in an increase in ordinary share capital of $13.2 million.

These adjustments include assumptions relating to matters that are not known as at the Prospectus Date, such as the Offer Price and amount raised. The Pro Forma Historical Balance Sheet is therefore provided for illustrative purposes only and is not represented as being necessarily indicative of Pioneer's view on its future financial position.

5.9 Capitalisation and indebtedness

The table below sets out the capitalisation and indebtedness of Pioneer as at 31 December 2013 before and following completion of the Offer (the Historical Balance Sheet and Pro Forma Historical Balance Sheet respectively).

Capitalisation and indebtedness

($ millions)	Notes	31 December 2013	
		Historical	Pro Forma
Cash and Cash Equivalents	1	(0.9)	(22.7)
Current Borrowings		8.4	8.4
Non-Current Borrowings		12.0	12.0
Net Borrowings		**19.5**	**(2.3)**
Contributed Equity	2	9.1	44.5
Reserves	3	-	1.5
Retained Profits / Losses		5.0	-
Total Equity		**14.1**	**46.0**
Total Indebtedness and Capitalisation		**33.6**	**43.7**

Notes:

1. Cash and Cash equivalents as per the Reviewed Accounts at 31 December 2013. Pro forma Cash and Cash Equivalents refer to Section 5.8.
2. Contributed equity as per the Reviewed Accounts at 31 December 2013. Pro Forma reflects the net result of capital introduced through the Offer, conversion of CRPS to Shares and the return of capital to Existing Shareholders.
3. Pro forma reserves comprise the recognition of the cost of modification of the existing share based payment arrangement and the proceeds to the limited recourse loan repayment (refer to Section 9.5(b) for a summary of the loans).

5.10 Description of Banking Facilities and Vendor Finance arrangement

Senior Debt Facility

Pioneer first obtained a senior debt facility in October 2011. During March 2014 Pioneer entered into a new Senior Debt Facility. Pioneer's ability to utilise the Senior Debt Facility is conditional on successful completion of the Offer. The main source of funds available to Pioneer under the Senior Debt Facility is through a $47 million Cash Advance Facility.

Key details of the Cash Advance Facility are:

- **Limit** – $47 million.
- **Drawdowns** – The facility will be available for drawdowns until July 2017 and are limited to the lower of $2.5 million per month or 50% of the cash acquisition cost of debt purchases for the month.
- **Fees and Margins** – The Senior Debt Facility attracts an establishment fee plus a margin over BBSY on drawn funds. There is also a line fee on the facility limit.
- **Repayments** – Any drawn funds must be repaid in quarterly instalments over four years. Any repayments may be redrawn up to the facility limit.

A more detailed summary of the Senior Debt Facility is set out in Section 9.5(d).

Overdraft facility

A $1.0 million overdraft facility is also available to Pioneer under the Senior Debt Facility to assist with working capital requirements. Interest is to be paid monthly in arrears based on an agreed reference rate. A line fee is also applicable based on the overdraft facility limit.

Vendor Finance arrangements

Pioneer has entered into a Vendor Finance arrangement with a Vendor Partner on a single portfolio where purchases have been and continue to be made under a Forward Flow Agreement. The Vendor Finance arrangement is described below:

- when Pioneer acquires a tranche of debt under the Forward Flow Agreement it pays an agreed percentage of the purchase price in the month of acquisition;
- the balance of the principal is repaid over time as Pioneer receives Customer Payments; and
- once the principal balance is repaid, Pioneer thereafter pays the Vendor Partner an ongoing fee based on Customer Payments received for six years from the date of execution of the sale authority.

As per the existing terms, new debt purchases under the applicable Forward Flow Agreement are forecasted to be funded under the Vendor Finance arrangement until the arrangement's current term expires in August 2015.

5.11 Liquidity and capital resources

Following completion of the Offer, Pioneer's principal sources of funds will be cash flow from operations and borrowings under the Senior Debt Facility described in Section 9.5(d). The majority of Pioneer's investing cash flows relate to debt purchases as outlined in Section 5.7. Pioneer's historical and forecast debt purchases and working capital requirements are set out in Section 5.7.

The Directors believe that Pioneer will have sufficient cash flow from operations to meet operational requirements during the forecast period. The Directors also believe that Pioneer's operational cash flows, together with borrowings under the Banking Facilities, will position Pioneer to grow its business in accordance with the Forecasts.

5.12 Pro forma capital structure

Assuming 100% take-up of the Employee Offer, under the Offer Pioneer will raise a total of $40.2 million and Pioneer's capital structure will be affected as outlined below.

Pro forma capital structure

Pro Forma Capital Structure	Million Shares	%
Shares on issue as at the date of this Prospectus	20.2	44.5%
Shares to be issued pursuant to the Offer	25.2	55.5%
Total Shares on completion of the Offer	45.4	100.0%

Notes:

1. The number of Shares on issue as at the date of this Prospectus includes CRPS and management shares currently on issue. The CRPS and management shares will automatically vary into Shares shortly prior to Listing.
2. Please also refer to Section 5.8 for further details of the effect of the Offer.
3. The rights attaching to the Shares are summarised in Section9.3.
4. Assumes 100% take-up under the Employee Offer.
5. Pioneer will also have 300,000 Options on issue, the terms and conditions of Options are set out in Section 9.4.

5.13 Application of funds

The Company intends to apply funds raised from the Offer, together with existing cash reserves, following admission of Pioneer to the official list of ASX, as follows:

Application of funds

Funds Available	Notes	$ Millions
Existing Cash Reserves	1	0.9
Funds Raised From The Offer		40.2
Total		**41.1**

Use Of Funds	Notes	$ Millions
Payment Of Dividends	2	4.7
Return Of Capital		11.1
Debt Purchases	3	22.1
Offer Costs	4	3.3
Total		**41.1**

Notes:

1. Cash balance as at 31 December 2013 Reviewed Accounts (pro forma).
2. Presented net of CRPS A dividend reinvestment – refer to Section 5.8 for further details of Existing Shareholder distributions. Includes dividend to satisfy CRPS interest payable.
3. The Directors forecast that approximately $8.6 million in debt purchases will have occurred before the completion of Offer.
4. Refer to Section 5.8 for further details relating to the estimated expenses of the Offer.

5.14 Dividend policy

Dividends

Depending on available profits and the financial position of Pioneer, it is the current intention of the Directors to distribute a fully franked dividend, the value of which is to be calculated by reference to 50% of pro forma NPAT for the period from 1 January 2014 until 30 June 2014.

Beyond 30 June 2014 the Directors intend to target a payout ratio of 50% of statutory NPAT per annum. The level of the payout ratio is expected to vary between periods and will depend on a range of factors discussed below. In particular, if growth or investment opportunities arise, the future payout ratio may be less than the above target.

The payment of a dividend by Pioneer is at the discretion of the Board and will be a function of a number of factors, including the general business environment, the operating results and the financial condition of Pioneer, future funding requirements, capital management initiatives, taxation considerations (including any franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends by Pioneer and any other factors that Directors may consider relevant.

Franking

The dividend expected to be paid to Shareholders with reference to the period from 1 January to 30 June 2014 is expected to be fully franked. After this, dividends are expected to be franked to the maximum extent permissible by reference to taxation requirements including, but not limited to, the balance of the Pioneer tax consolidated franking account. No assurances can be given by any person, including the Directors, about the payment of any dividend and the level of franking on any such dividend in future periods.

5.15 Pro forma & statutory reconciliations

FY14F Pro Forma and Statutory Forecast Income Statement reconciliation

($ millions)	Notes	FY14F
Statutory Forecast Income Statement		**1.6**
Add: Offer Costs Charged to Profit and Loss	1	1.8
Add: Loan Establishment Fee and Legal Costs	2	0.2
Add: Share Based Payment	3	0.8
Add: CRPS Interest	4	0.5
Add: Tax Expense Relating to FY12A & FY13A	5	0.2
Less: Tax Effect of Other Pro Forma Adjustments	6	(0.6)
FY14F Pro Forma Forecast Income Statement		**4.5**

Notes:

1. Costs associated with the Offer charged to the income statement.
2. Costs of establishing the Senior Debt Facility.
3. Expense arising on the modification of the existing management share based payment arrangement.
4. CRPS interest incurred under the pre-Offer structure.
5. Additional tax expense relating to FY12A and FY13A.
6. Accounting expense effect of other pro forma adjustments.

FY14F Pro Forma and Statutory Statement of Cash Flows reconciliation

($ millions)	Notes	FY14F
Statutory Net Cash Flows		**10.3**
Add: Dividends Paid	1	3.9
Less: Repayments from Management Recourse Loan	2	(0.7)
Add: Return of Capital	3	11.1
Add: Dividend to Satisfy CRPS Interest Payable	4	1.4
Less: Proceeds from Equity Issued	5	(40.8)
Add: Offer Costs	6	3.3
Add: Loan Establishment Fee and Legal Costs	7	0.2
Pro Forma Net Cash Flows		**(11.4)**

Notes:

1. Fully franked dividend distribution to Existing Shareholders. Excludes dividend to satisfy CRPS interest payable.
2. Repayment of limited recourse loan under management share based payment arrangement.
3. Return of capital to Existing Shareholders.
4. Dividend to satisfy interest payable on CRPS, includes portion re-invested.
5. Proceeds from the Offer plus re-invested dividend distribution.
6. Costs associated with the Offer.
7. Costs of establishing the Senior Debt Facility conditional on the Offer.

6) Risk Factors

General

This Section describes potential risks associated with the Group's business. It does not list every risk that may be associated with the Group, and the occurrence or consequences of some of the risks described in this Section are partially or completely outside the control of Pioneer, its Directors and senior management.

Before applying for Shares, any prospective investor should be satisfied that they have a sufficient understanding of the risks involved in making an investment in Pioneer and whether it is a suitable investment, having regard to their own investment objectives, financial circumstances and taxation position. If you do not understand any part of this Prospectus or are in any doubt as to whether to invest in Shares, it is recommended that you seek professional guidance from your stockbroker, solicitor, accountant or other independent and qualified professional adviser before deciding whether to invest.

There are specific risks which relate directly to the Group's business. In addition, there are other general risks, many of which are largely beyond the control of Pioneer and the Directors. The selection of risks has been based on an assessment of a combination of the probability of the risk occurring and the impact if it did occur. This assessment is based on the knowledge of the Directors as at the Prospectus Date. There is no guarantee or assurance that the risks will not change or that other risks will not emerge.

There can be no guarantee that the Group will deliver on its business strategy, or that the forecasts or any forward looking statement contained in this Prospectus will be achieved or realised. Investors should note that past performance is not a reliable indicator of future performance.

Key Risks

Availability and pricing of debt portfolios

In order to continue its profitable growth, Pioneer needs to be able to purchase debt portfolios at appropriate prices and manage the accounts comprising the portfolio to maximise recovery on those accounts.

The availability of debt portfolios at appropriate prices is affected by a number of factors, some of which are outside the Company's control, including:

- the level of credit being extended to consumers, and the percentage of such credit in arrears;
- the level of unemployment and rate of consumer savings which can have a major impact on the level of credit in arrears. Credit arrears are a function of a borrower's ability to pay, which is often related to a borrower's ability to generate an income through employment, as well as access to any savings in the event of unemployment or financial stress;
- the appetite of corporate institutions to outsource arrears management. This can be affected by a number of matters, including but not limited to, a change in economic outlook, a change in laws or regulations, a change in accounting policies or practices, the consolidation of creditors, increased reliance on debt collection agencies or increased sophistication in internal collection efforts; and
- negative publicity or reputational damage to the receivables management industry as a whole which may be caused by debt collection techniques employed by sector participants that are not in line with the expectations of the general community or cause, among other things, distress in the general community through unfair treatment, harassment or any other number of unfair practices. These practices may become publicised and result in the Group's Vendor Partners restricting, or ceasing to sell debt portfolios.

Accordingly, risks for the Group include:

- insufficient portfolios becoming available for purchase. A number of factors can impact the number and suitability of portfolios available for purchase including but not limited to: economic conditions which result in the Group's Vendor Partners or potential new debt sellers having sufficient (or any) under-performing portfolios to sell; and
- increased competition in the PDL market which could result in competitors offering higher prices for debt portfolios. This could result in lower margins for the Group, if Pioneer has to increase its portfolio acquisition costs.

Purchase of debt portfolios	When Pioneer acquires debt portfolios from its Vendor Partners, it assumes the risk that the accounts within the portfolios will not be repaid in full or at all. However, the Directors recognise that there are a number of steps undertaken by Pioneer before proceeding with an acquisition. In order to minimise this risk: • Pioneer seeks to purchase only portfolios that comprise the type of accounts that it understands well and has the competency and experience to conduct due diligence on, price the portfolio appropriately, and then recover an amount that is at least in line with its expectations at the time of purchase. • Currently Pioneer focuses on certain types of portfolios as it considers these to be its core competencies. The majority of Pioneer's purchases are personal loan and credit card portfolios. Pioneer also purchases consumer leases, consumer rental agreements and transactional accounts. • Pioneer seeks to purchase accounts from reputable financial institutions including Australia's major banks and does not purchase accounts held by customers that it understands were regarded as credit impaired or "non-conforming" applicants at the time of applying for the loan from the original Vendor Partner.
Existing portfolios and recovery of accounts	The Group purchases portfolios which often consist of a substantial number of accounts without contact details and for which the seller of the portfolio has made numerous attempts to collect. Such accounts may subsequently be deemed uncollectable and written off. Pioneer's strategy for maximising its Customer Payments over time is to minimise discounts offered for early payment, and encourage customers who cannot meet the payment schedule under their existing loan agreement, to enter into a new arrangement, known as a payment arrangement. Not all customers with a payment arrangement pay on time, all of the time, or at all. In addition, some customers will not enter into a payment arrangement. Therefore it may take a significant amount of time to recover on accounts and there is no guarantee that the Group will recover any or all of the accounts comprising a portfolio. Changes in macroeconomic factors such as an increase in interest rates and cost of living may impact on recovery of accounts. In addition, the Group may not be able to identify macroeconomic trends or make changes in its purchasing strategies in a timely manner. Whilst Pioneer expects its existing portfolios to provide Customer Payments in the future, there can be no guarantee Customer Payments will be consistent with historical performance or will meet forecast rates. The statistical models and analytical tools that the Group uses in its business to assess and analyse debt portfolios may prove to be inaccurate and the Group may not achieve anticipated Customer Payments which could lead to valuation impairments on portfolios. If the assumptions used by the Group in its models are incorrect or if some of the accounts in a portfolio behave differently from the way the Group expects, this could result in a loss of value in a portfolio after purchase and a continuing deterioration in value over time as actual revenue can deviate significantly from the revenue estimates produced by the Company's pricing model as accounts age. If the value of the Group's portfolios deteriorate, or Pioneer is unable to collect sufficient amounts on its portfolios, the Group may not be able to take advantage of opportunities for further portfolio purchases as they arise. Ultimately, all portfolios have a finite life and must be replaced with new portfolios.

Staffing	The Group's success depends on identifying, hiring, training and retaining skilled personnel and senior management. The Group needs to retain its existing trained workforce and attract new personnel as the Group grows. Competition for such personnel is keen and there can be no assurance that the Group will always be successful in attracting and retaining such personnel. If a significant number of staff were to leave the Group, within a short period of time, the Group may suffer operational difficulties. In addition, the Forecast assumes an increase in the Customer Service Team from 104 people as at 31 December 2013 to 183 people at the end of the Forecast period. To achieve such an increase, after allowing for attrition in the customer service workforce, will require extensive and ongoing recruitment and training of the new recruits throughout FY15. There is a risk that Pioneer may not be able to source the number of personnel that has been assumed, at the times that has been assumed, and successfully train and retain them as has been assumed. To mitigate the risk of the loss of key staff Pioneer believes it is appropriate that key team members own Shares in Pioneer. All members of Pioneer's management team are already shareholders in the Company. In addition Pioneer is making the Employee Offer to increase the rate of Share ownership by the Company's employees.
Reliance on key personnel	Pioneer is substantially reliant on the expertise and abilities of its key personnel in overseeing the day-to-day operations of its business. There can be no assurance given that there will be no detrimental impact on Pioneer if one or more of these employees cease their relationship with the Group. In addition, if Keith John, ceases to be involved in the business or no longer holds a Managing Director or an executive director position within the Group, this will be considered a Review Event under the Group's Senior Debt Facility with BankWest. If a Review Event occurs, the parties to the Facility Agreement must, during the period of 60 days after BankWest requests, meet and consult with BankWest in good faith concerning the Review Event and, if requested by BankWest, agree a strategy to rectify or restructure the circumstances giving rise to the Review Event including restructuring the Facilities to the satisfaction of BankWest. If no such meeting has taken place within the 60 day period referred to above, BankWest may change any of the terms of the Facility Agreement or any related documents or cancel one or more of the Facilities. Please refer to Section 9.5(d) for further details.
Loss of key relationships	A significant decrease in the volume of portfolios available for purchase from any significant Vendor Partner on acceptable terms would force the Company to seek alternative sources of portfolios to purchase. In addition to the factors that impact the supply of portfolios generally, Vendor Partners with whom the Group has strategic relationships may not continue to sell debt portfolios to the Group on desirable terms or in acceptable quantities, and the Group may not be able to replace such portfolios with portfolios from other debt vendors. A debt vendor's decision to sell a portfolio to the Group is based on various factors, including the price and terms offered and the quality of the Group's reputation, scale, track record of completed transactions and compliance history. The loss of a key relationship with a Vendor Partner could jeopardise the Group's existing relationships with other Vendor Partners or its ability to establish new relationships with other Vendor Partners. The Group may be unable to find alternative sources from which to purchase portfolios and, even if such purchases could be successfully replaced, the search could take time or the portfolio could be of lower quality or higher cost, any of which could materially and adversely affect the Group's business, financial condition and results of operations. The loss of a significant key relationship, or the loss of a number of key relationships at the same time, could prevent or restrict the Group's ability to purchase portfolios at current or forecast levels. This could impact profitability materially.

Regulatory and legislative risks

The Group operates in an industry with a strict legal and regulatory framework. Any failure by the Group to comply with its ACL and applicable laws and regulations relating to the purchase of debt portfolios, collection on the accounts it acquires, the broader consumer credit industry and privacy matters could result in the suspension, termination or impairment of the Group's ACL or the termination of certain Forward Flow Agreements and therefore could adversely affect the Group's reputation, its business and/or result in substantial losses.

Changes in the regulatory environment relating to the credit industry generally could have an effect on the Group's future business, operations and financial performance. Pioneer is not currently aware of any specific material changes in relevant regulations or policy which is likely to materially adversely affect the Group or its business.

The Group must ensure that there are no breaches of its Australian Credit Licence, the National Consumer Credit Protection Act 2009 (Cth), the Privacy Act 1988 (Cth), the National Consumer Credit Protection Regulations 2010 and the National Credit Code or other relevant existing legislation in relation to its practices.

Breaches of legislation or licence conditions, or adverse changes in government policy can have significant consequences for the Group. Potential consequences include:

- civil and/or criminal penalties;
- loss or suspension of licences;
- temporary or permanent banning orders being made;
- variation or imposition of additional licence conditions;
- imposition of enforceable undertakings or fines;
- termination of certain Forward Flow Agreements;
- significantly increased compliance costs;
- being forced to change business practices;
- litigation action being taken against the Group;
- reputational damage or reduction of the desirability of the Company brand; and
- adverse effects on the Group's ability to retain existing business and attract new business.

The Directors are aware of the importance of regulatory compliance and potential adverse publicity associated with any actual or alleged non-compliance. Regular staff training and close supervision assists with ensuring that a culture of regulatory compliance is maintained by the Group. The Group has compliance systems to identify and rectify actual or potential instances of non-compliance. These compliance systems include employee counselling and training in relation to actual and potential breaches and senior management involvement in relation to any actual or potential non-compliance. This also assists in ensuring rapid resolution of any customer complaints and disputes.

The Group devotes significant resources to regulatory compliance. There is a risk that any new or changed legislation or regulations could require the Group to increase its spending on regulatory compliance and/or change its business practices. This could adversely affect Pioneer's profitability. There is a risk that such regulations could also make it uneconomic for Pioneer to continue to operate in places that it currently does business.

Funding to purchase new portfolios

The Group's business depends on its ability to purchase debt portfolios at appropriate prices and then recover on the accounts in those portfolios.

In the past, the Group has funded debt purchases by a combination bank debt, equity capital, cash generated through revenues from operations and acquiring portfolios on Vendor Finance. Once listed, Pioneer expects that its sources of funding will be satisfied through equity capital markets, debt funding or cash generated through revenues from operations. The ability of the Group to obtain this funding will be dependent on the Group's performance and prospects as well as other factors outside the control of the Group including but not limited to general economic conditions and stock market conditions.

Forward Flow Agreements	The Group purchases a significant amount of its debt portfolios under Forward Flow Agreements. Forward Flow Agreements involve the purchasing of portfolios based upon a contract that requires the purchase of multiple tranches from a Vendor Partner on pre-determined price. The Forward Flow Agreements to which PCAS is a party: • typically contain termination clauses that allow the Forward Flow Agreement to be terminated by the Vendor Partner in certain limited circumstances; and • typically contain provisions which require PCAS to "re-assign" particular accounts in specified circumstances, a summary of these circumstances is set out in Section 9.5(a). As a result, PCAS may be required to "re-assign" an account to a Vendor Partner on which it was successfully recovering which could lead to a decrease in revenue and profitability. In a market of increased competition, the Group may be required to purchase portfolios at increased prices or alternatively reduce the number of portfolios it acquires if the Group is unable to fund a price increase at the then volume of purchase. The Company generally contemplates future fluctuations in the value of the portfolios that it purchases through Forward Flow Agreements, but the statistical models and analytical tools that the Group uses in its business to assess and analyse debt portfolios may prove to be inaccurate. This could materially and adversely affect the Group's business, financial condition and results of operations.
Forecasts	There can be no guarantee that the assumptions on which the Forecasts set out in the Prospectus are based will ultimately prove to be valid or accurate. The Forecasts are based upon estimates and assumptions about certain events and circumstances which have not yet taken place and they may be subject to variation, nor can there be any guarantee that the assumptions on which the Forecasts are based will ultimately prove to be valid or accurate. Accordingly, there can be no assurance that the Forecasts results will be achieved.
Management of financial growth	The Group has been conducting the same business for a number of years. The ability of Pioneer to achieve its forecasted financial performance is dependent on a number of factors, not all of which are within the control of the Group. In the future, Pioneer may require additional capital, whether by equity or debt, to explore and develop further business opportunities. There can be no assurance that the Group will be able to raise such capital on favourable terms, if at all. The inability to raise additional capital, if required, may have a detrimental impact on the Group's financial performance and the ability of the Group to expand its business.
Growth opportunities requiring ACL variation	As noted in Section 3.8, a second growth opportunity for Pioneer in the medium to long term is to become a seller of financial products on behalf of its Vendor Partners. Among other things, before it can proceed to roll out this business model Pioneer will need to apply to vary its ACL to authorise it to originate financial products, as well as create new systems and processes, undertake staff training and enter into arrangements with its Vendor Partners. There is no guarantee that Pioneer will be permitted to vary its ACL to allow it to pursue this growth opportunity.

Increased competition	Pioneer faces competition from new and existing purchasers of portfolios. Pioneer's current competitors and any new competitors may have or may in the future develop substantially greater or better financial, technical, personnel or other resources such as more effective pricing and collection models, more efficient operating structures, greater adaptability to changing market needs and more established relationships in the debt purchase industry. Pioneer may be unable to compete with businesses that offer higher prices for portfolios and other businesses may develop other competitive advantages that Pioneer cannot match. This may reduce Pioneer's access to, and success in, purchasing new portfolios. There can be no guarantee that the structure of and competition within the market that Pioneer competes will not change in a manner adverse to the interests of the Group. In addition, there can be no guarantee that the Group's efforts to maintain or increase its market share will be successful or that any new ventures proposed will be achieved.
Access to and use of data	The Company relies on publicly available data provided by multiple credit reference agencies, servicing partners and other sources. If any third party sources were to stop providing this data for any reason, including a change in laws or regulations, or if they were to considerably raise the price of their services, the Group's business could be materially and adversely affected. If competitors are able to develop or procure similar or more effective systems or methods to develop and process data, or if the Company becomes unable to continue to acquire, aggregate or use such information and data in the manner or to the extent in which it is currently permitted, the Group may lose a competitive advantage and the Group's business, prospects, financial condition and results of operations could be materially and adversely affected.
Potential legal liabilities	Pioneer may in the future be named as a defendant in litigation. Such claims against Pioneer, regardless of merit, could lead to costly and lengthy litigation processes and divert management personnel from their regular responsibilities. If such claims are adversely determined against Pioneer, the Group could be ordered to pay damages or be subject to injunctive or enforcement orders which in turn could have an adverse effect on Pioneer's reputation, financial condition and financial performance.
Share price volatility	Prospective investors should be aware that the value of an investment in Pioneer may go down as well as up and that the market price of the Shares may not reflect the underlying value of Pioneer. There can be no guarantee that the value of an investment in Pioneer will increase. Investors may therefore realise less than, or lose all of, their original investment. The share prices of publicly quoted companies can be highly volatile. The price at which the Shares are quoted and the price which investors may realise for their Shares may be influenced by a large number of factors, some of which are general or market specific, others which are sector specific and others which are specific to Pioneer and its operations. These factors include, without limitation, the performance of the Company and the overall stock market, large purchases or sales of Shares by other investors, changes in legislation or regulations and changes in general economic, political or regulatory conditions and other factors which are outside of the control of Pioneer. There can be no guarantee that the price of the Shares will reflect their actual or potential market value or the underlying value of Pioneer's net assets and the price of the Shares may decline below the Offer Price.
Release of Shares held in escrow at the expiration of the Escrow Period	The Escrowed Shareholders have entered into voluntary escrow arrangements in respect of the Shares they will hold on Listing. These escrow restrictions apply from the date of ASX's letter granting conditional approval to admit Pioneer to the official list of ASX to 10 trading days after the date on which Pioneer releases to the ASX its results for the full financial year ending 30 June 2015 (being the end of the Forecast period (**Escrow Period**), with some early release conditions in limited specific circumstances. The current escrow arrangements, outlined in more detail in Section 9.7, will result in the release of approximately 20.2 million Shares (representing approximately 44.5% of the Shares immediately post Offer) at the end of the Escrow Period. Following release from escrow, Shares held by Escrowed Shareholders will be able to be freely traded on the ASX. A significant sale of Shares by Existing Shareholders, or the perception that such sale has occurred or might occur, could adversely affect the price of the Shares.

Trading in Shares may not be liquid	There is currently no public market through which the Shares of Pioneer may be sold. There can be no guarantee that an active and liquid trading market in the Shares will develop or that the price of the Shares will increase. There may be relatively few potential buyers or sellers of the Shares on the ASX at any time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price that Shareholders paid.
Risk of Shareholder dilution	The Company may issue further Shares or other securities in subsequent fundraising. Pioneer may also issue additional securities to finance future activities. Pioneer cannot predict the size of future issues or the effect, if any, that future issues of securities will have on the market price of the Shares. Issues of substantial numbers of Shares, or the perception that issue or sales of substantial numbers of Shares could occur, may adversely affect prevailing market prices of the Shares. With any additional issue of Shares, investors will suffer dilution to their voting power and Pioneer may experience dilution in its earnings per share.
Economic factors	General economic conditions (both domestically and internationally), may adversely impact the price of Shares as well as Pioneer's ability to pay dividends. Pioneer is unable to forecast the market price for its Shares and they may trade on the ASX at a price that is below the offer price under this Prospectus.
Stock market investment	Share market conditions may affect the value of Pioneer's quoted Shares regardless of Pioneer's operating performance. Share market conditions are affected by many factors such as: • general economic outlook; • interest rates and inflation rates; • currency fluctuations; • changes in investor sentiment toward particular market sectors; • the demand for, and supply of, capital; and • terrorism or other hostilities. The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither Pioneer nor the Directors warrant the future performance of Pioneer or any return on an investment in Pioneer.
Unforseen expenses	Pioneer may be subject to significant unforseen expenses or actions. This may include unplanned operating expenses, future legal actions or expenses in relation to future unforseen events. The Directors expect that Pioneer will have adequate working capital to carry out its stated objectives however there is the risk that additional funds may be required to fund Pioneer's future objectives.
Speculative Investment	The above list of risk factors should not to be taken as exhaustive of the risks faced by Pioneer, the Group or by investors in Pioneer. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of Pioneer and the value of the Shares. Therefore, the Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

7) Investigating Accountant's Report

KPMG Transaction Services
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The Directors
Pioneer Credit Ltd
188 - 190 Bennett Street
East Perth WA 6004

4 April 2014

Dear Directors

Limited Assurance Investigating Accountant's Report and Financial Services Guide

Investigating Accountant's Report

Introduction

KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Transaction Services is a division) ("KPMG Transaction Services") has been engaged by Pioneer Credit Ltd ("Pioneer") to prepare this report for inclusion in the prospectus to be dated 4 April 2014 ("Prospectus"), and to be issued by Pioneer, in respect of the proposed IPO of Pioneer ("the Offer").

Expressions defined in the Prospectus have the same meaning in this report.

Scope

You have requested KPMG Transaction Services to perform a limited assurance engagement in relation to the pro forma historical and forecast financial information described below and disclosed in the Prospectus.

The pro forma historical and forecast financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Pro Forma Historical Balance Sheet

You have requested KPMG Transaction Services to perform limited assurance procedures in relation to the pro forma historical balance sheet of Pioneer (the responsible party) included in the Prospectus.

The pro forma historical balance sheet has been derived from the historical balance sheet of Pioneer, after adjusting for the effects of pro forma adjustments described in Section 5.8 of the Prospectus. The pro forma balance sheet consists of Pioneer's pro forma historical Statement of Financial Position as at 31 December 2013 as set out in Section 5.8 of the Prospectus issued by Pioneer (the "Pro Forma Historical Balance Sheet"). The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in Section 5.2 and Appendix A of the Prospectus. Due to its nature, the Pro Forma Historical Balance Sheet does not represent the company's actual or prospective financial position.

The Pro Forma Historical Balance Sheet has been compiled by Pioneer to illustrate the impact of the events or transactions described in Section 5.8 on Pioneer's financial position as at 31 December 2013. As part of this process, information about Pioneer's financial position has been extracted by Pioneer from Pioneer's financial statements for the six month period ended 31 December 2013.

The special purpose financial statements of Pioneer for the six month period ended 31 December 2013 were reviewed by Pioneer's external auditor in accordance with Australian Auditing Standards. The review conclusion issued to the members of Pioneer relating to those financial statements was unqualified.

For the purposes of preparing this report we have performed limited assurance procedures in relation to Pro Forma Historical Balance Sheet in order to state whether, on the basis of the procedures described, anything comes to our attention that would cause us to believe that the Pro Forma Historical Balance Sheet is not prepared, in all material respects, by the directors in accordance with the stated basis of preparation. As stated in Sections 5.2 of the Prospectus, the stated basis of preparation is:

- the extraction of the historical balance sheet from the reviewed financial statements of Pioneer for the six month period ended 31 December 2013 ("Historical Balance Sheet");

- the application of pro forma adjustments, determined in accordance with Australian Accounting Standards and Pioneer's accounting policies, to the Historical Balance Sheet of Pioneer to illustrate the effects of the Offer on Pioneer described in Section 5.8 of the Prospectus.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

The procedures we performed were based on our professional judgement and included:

Historical balance sheet

- consideration of work papers, accounting records and other documents, including those dealing with the extraction of the Historical Balance Sheet of Pioneer from its reviewed financial statements for the six month period ended 31 December 2013;

Pro forma adjustments:

- consideration of the pro forma adjustments described in the Prospectus;
- enquiry of directors, management, personnel and advisors;
- the performance of analytical procedures applied to the Pro Forma Historical Balance Sheet; and
- a review of accounting policies for consistency of application.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion about whether the Pro Forma Historical Balance Sheet is prepared, in all material respects, by the directors in accordance with the stated basis of preparation.

Directors' Forecasts and directors' best-estimate assumptions

You have requested KPMG Transaction Services to perform limited assurance procedures in relation to the forecast Income Statement and Statement of Cash Flows of Pioneer (the responsible party) for the periods ending 30 June 2014 and 30 June 2015, as described in Section 5.1 of the Prospectus (the "Statutory Forecast" and the "Pro Forma Forecast," together the "Directors' Forecasts"). The directors' best-estimate assumptions underlying the Directors' Forecasts are described in Section 5.4 of the Prospectus. As stated in Section 5.2 of the Prospectus, the basis of preparation of the Directors' Forecasts is the recognition and measurement principles contained in Australian Accounting Standards and Pioneer's accounting policies.

We have performed limited assurance procedures in relation to the Directors' Forecasts, set out under the headings "Statutory Forecast" and "Pro Forma Forecast" in the table titled Historical and Forecast Income Statements in Section 5.5 and the table titled Historical and Forecast Statements of Cash Flows in Section 5.7 of the Prospectus, and the directors' best-estimate assumptions underlying it in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions do not provide reasonable grounds for the Directors' Forecasts;
- in all material respects the Directors' Forecasts is not:
  - prepared on the basis of the directors' best-estimate assumptions as described in the Prospectus; and
  - presented fairly in accordance with the recognition and measurement principles contained in Australian Accounting Standards and Pioneer's accounting policies;
- the Directors' Forecasts themselves are unreasonable.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our limited assurance procedures consisted primarily of:

- comparison and analytical review procedures;
- discussions with management and directors of Pioneer of the factors considered in determining their assumptions; and
- examination, on a test basis, of evidence supporting:
  - the assumptions and amounts in the Directors' Forecasts; and
  - the evaluation of accounting policies used in the Directors' Forecasts.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

The directors of Pioneer are responsible for the preparation of:

- the Pro Forma Historical Balance Sheet, including the selection and determination of the pro forma transactions and/or adjustments made to the historical balance sheet and included in the Pro Forma Historical Balance Sheet;
- the Directors' Forecasts, including the directors' best-estimate assumptions on which the Directors' Forecasts is based and the sensitivity of the Directors' Forecasts to changes in key assumptions.

The directors' responsibility includes establishing and maintaining such internal controls as the directors determine are necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Conclusions

Review statement on the Pro Forma Historical Balance Sheet

Based on our procedures, which are not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Balance Sheet, as set out under the heading "Pro Forma 31 December 2013" in the table titled Consolidated Statement of Financial Position in Section 5.8 of the Prospectus is not prepared or presented fairly, in all material respects, on the basis of the pro forma transactions and/or adjustments described in Section 5.8 of the Prospectus, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, and Pioneer's accounting policies.

Review statement on the Directors' Forecasts and the directors' best-estimate assumptions

Based on our procedures, which are not an audit, nothing has come to our attention which causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the Directors' Forecasts for the years ending 30 June 2014 and 30 June 2015 do not provide reasonable grounds for the Directors' Forecasts; and
- in all material respects, the Directors' Forecasts:
  - are not prepared on the basis of the directors' best-estimate assumptions as described in Section 5.4 of the Prospectus; and
  - are not presented fairly in accordance with the recognition and measurement principles contained in Australian Accounting Standards, and Pioneer's accounting policies; and
- the Directors' Forecasts itself are unreasonable.

The Directors' Forecasts have been prepared by Pioneer management and adopted and disclosed by the directors in order to provide prospective investors with a guide to the potential financial performance of Pioneer for the years ending 30 June 2014 and 30 June 2015.

There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Directors' Forecasts since anticipated events or transactions frequently do not occur as expected and the variation may be material. The directors' best-estimate assumptions on which the Directors' Forecasts are based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of Pioneer. Evidence may be available to support the directors' best-estimate assumptions on which the Directors' Forecasts are based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in Pioneer, which are detailed in the Prospectus, and the inherent uncertainty relating to the Directors' Forecasts. Accordingly, prospective investors should have regard to the investment risk factors and sensitivities as described in Section 6 and Section 5.6 respectively, of the Prospectus. The sensitivity analysis described in Section 5.6 of the Prospectus demonstrates the impact on the Directors' Forecasts of changes in key best-estimate assumptions. We express no opinion as to whether the Directors' Forecasts will be achieved.

We have assumed, and relied on representations from certain members of management of Pioneer, that all material information concerning the prospects and proposed operations of Pioneer has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Independence

KPMG Transaction Services does not have any interest in the outcome of the proposed Offer, other than in connection with the preparation of this report and participation in due diligence procedures for which normal professional fees will be received. KPMG is not the auditor of Pioneer, although from time to time, KPMG also provides Pioneer with certain other professional services for which normal professional fees are received.

General advice warning

This report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

Restriction on use

Without modifying our conclusions, we draw attention to Section 5.2 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the financial information to which it relates, for any purpose other than that for which it was prepared.

KPMG Transaction Services has consented to the inclusion of this Investigating Accountant's Report in the Prospectus in the form and context in which it is so included, but has not authorised the issue of the Prospectus. Accordingly, KPMG Transaction Services makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Prospectus.

Yours faithfully

Matthew Kelly
Authorised Representative

KPMG Transaction Services
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Financial Services Guide
Dated 4 April 2014

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by **KPMG Financial Advisory Services (Australia) Pty Ltd ABN 43 007 363 215**, Australian Financial Services Licence Number 246901 (of which KPMG Transaction Services is a division) (**'KPMG Transaction Services'**), and Matthew Kelly as an authorised representative of KPMG Transaction Services (**Authorised Representative**), authorised representative number 404260.

This FSG includes information about:

- KPMG Transaction Services and its Authorised Representative and how they can be contacted
- the services KPMG Transaction Services and its Authorised Representative are authorised to provide
- how KPMG Transaction Services and its Authorised Representative are paid
- any relevant associations or relationships of KPMG Transaction Services and its Authorised Representative
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- the compensation arrangements that KPMG Transaction Services has in place.

The distribution of this FSG by the Authorised Representative has been authorised by KPMG Transaction Services. This FSG forms part of an Investigating Accountant's Report (Report) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (PDS). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits and costs of acquiring the particular financial product.

Financial services that KPMG Transaction Services and the Authorised Representative are authorised to provide

KPMG Transaction Services holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for the following classes of financial products:

- deposit and non-cash payment products;
- derivatives;
- foreign exchange contracts;
- government debentures, stocks or bonds;
- interests in managed investments schemes including investor directed portfolio services;
- securities;

KPMG Financial Advisory Services (Australia) Pty Ltd is affiliated with KPMG.

KPMG is an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

- superannuation;
- carbon units;
- Australian carbon credit units; and
- eligible international emissions units,

to retail and wholesale clients. We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. The Authorised Representative is authorised by KPMG Transaction Services to provide financial product advice on KPMG Transaction Services' behalf.

KPMG Transaction Services and the Authorised Representative's responsibility to you

KPMG Transaction Services has been engaged by Pioneer Credit Ltd (Pioneer) to provide general financial product advice in the form of a Report to be included in prospectus dated 4 April 2014 (Prospectus) prepared by Pioneer in relation to the proposed initial public offering of its shares and listing on the ASX (Transaction).

You have not engaged KPMG Transaction Services or the Authorised Representative directly but have received a copy of the Report because you have been provided with a copy of the Prospectus. Neither KPMG Transaction Services nor the Authorised Representative are acting for any person other than Pioneer.

KPMG Transaction Services and the Authorised Representative are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General Advice

As KPMG Transaction Services has been engaged by Pioneer, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Prospectus before making any decision in relation to the Transaction.

Fees KPMG Transaction Services may receive and remuneration or other benefits received by our representatives

KPMG Transaction Services charges fees for preparing reports. These fees will usually be agreed with, and paid by Pioneer. Fees are agreed on either a fixed fee or a time cost basis. In this instance, Pioneer has agreed to pay KPMG Transaction Services approximately $200,000 for preparing the Report. KPMG Transaction Services and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Report.

KPMG Transaction Services officers and representatives (including the Authorised Representative) receive a salary or a partnership distribution from KPMG's Australian professional advisory and accounting practice (the KPMG Partnership). KPMG Transaction Services' representatives (including the Authorised Representative) are eligible for bonuses based on overall productivity. Bonuses and other remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.

Further details may be provided on request.

Referrals

Neither KPMG Transaction Services nor the Authorised Representative pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures KPMG Transaction Services is controlled by and operates as part of the KPMG Partnership. KPMG Transaction Services' directors and Authorised Representatives may be partners in the KPMG Partnership. The Authorised Representative is a partner in the KPMG Partnership. The financial product advice in the Report is provided by KPMG Transaction Services and the Authorised Representative and not by the KPMG Partnership.

From time to time KPMG Transaction Services, the KPMG Partnership and related entities (KPMG entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

KPMG entities have provided, and continue to provide, a range of accounting, tax and advisory services to Pioneer and for which professional fees are received. Over the past two years professional fees of $91,000 have been received from Pioneer. None of those services have related to the transaction or alternatives to the transaction.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, Pioneer or has other material financial interests in the transaction.

Complaints resolution

Internal complaints resolution process

If you have a complaint, please let either KPMG Transaction Services or the Authorised Representative know. Formal complaints should be sent in writing to The Complaints Officer, KPMG, PO Box H67, Australia Square, Sydney NSW 1213. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 9335 7000 and they will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

External complaints resolution process

If KPMG Transaction Services or the Authorised Representative cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:

Address: Financial Ombudsman Service Limited, GPO Box 3, Melbourne Victoria 3001

Telephone: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au.

The Australian Securities and Investments Commission also has a freecall infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

KPMG Transaction Services has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact Details

You may contact KPMG Transaction Services or the Authorised Representative using the contact details:

KPMG Transaction Services
A division of KPMG Financial Advisory Services (Australia) Pty Ltd
10 Shelley St
Sydney NSW 2000
PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7000
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Matthew Kelly
C/O KPMG
PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7000
Facsimile: (02) 9335 7200

8) Details of the Offer

8.1 Description of the Offer

This Prospectus relates to an initial public offering of 25.2 million Shares in the Company at an Offer Price of $1.60 per Share. On Listing, 20.2 million Shares being 44.5% of the issued Shares of Pioneer (assuming 100% participation of Eligible Employees under the Employee Offer) will be held by Escrowed Shareholders and will be subject to a voluntary escrow arrangement as described in Section 9.7. The total number of Shares on issue on Listing will be 45.4 million[26]. All Shares will rank equally with each other.

The Offer comprises the Broker Firm Offer (see Section 8.5), the Institutional Offer (see Section 8.6) and the Employee Offer (see Section 8.7). There is no general public offer of Shares. The allocation of Shares between the Broker Firm Offer and the Institutional Offer has been determined by the Lead Manager and the Company, having regard to the allocation policies outlined in Sections 8.5 and 8.6. The allocation of Shares through the Employee Offer has been determined by the Company, having regard to the allocation policies outlined in Section 8.7.

The Broker Firm Offer and Institutional Offer are fully underwritten by the Lead Manager. A summary of the Underwriting Agreement, including the events which would entitle the Lead Manager to terminate the Underwriting Agreement, is set out in Section 9.5(c).

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

8.2 Purpose of the Offer

The purpose of this Offer is to:

(i) allow the Existing Shareholders to be paid a return on their current investment; and

(ii) raise additional capital to enable Pioneer to grow its investment in debt portfolios.

8.3 Sources and uses of Funds

The Offer is expected to raise $40.2 million for the Company. Proceeds received by the Company will be applied as described in the table below.

Sources of Funds	$ Millions
Funds Raised From The Offer	**40.2**

Use Of Funds	$ Millions
Payment Of Dividends	4.7
Return Of Capital	11.1
Debt Purchases	21.2
Offer Costs	3.3
Total	**40.2**

26 Assuming 100% participation by Eligible Employees under the Employee Offer.

8.4 Terms of the Offer

What is the type of security being offered?	Shares (being fully paid ordinary shares in Pioneer).
What are the rights and liabilities attached to the security being offered?	A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 9.3.
What is the consideration payable for each Share?	The Offer Price is $1.60 per Share.
What is the Broker Firm Offer period?	The key dates, including details of the Broker Firm Offer period, are set out on page 9.
What are the cash proceeds to be raised?	$40.0 million will be raised under the Broker Firm Offer and Institutional Offer.
What is the minimum and maximum application size under the Broker Firm Offer?	The minimum application under the Broker Firm Offer is 1,500 Shares and thereafter in multiples of 500 Shares. The Lead Manager and Pioneer reserve the right to reject any Application or to allocate a lesser number of Shares than applied for. There is no maximum value of Shares that may be applied for under the Broker Firm Offer.
What is the allocation policy?	The allocation of Shares between the Broker Firm Offer and the Institutional Offer has been determined by the Lead Manager and Pioneer, having regard to the allocation policies outlined in Sections 8.5 and 8.6. The allocation of Shares to the Employee Offer has been determined by Pioneer, having regard to the allocation policy outlined in Section 8.7.
When will I receive confirmation whether my application has been successful?	It is expected that initial holding statements will be despatched by standard post on or about Thursday 1 May 2014.

Will the Shares be quoted?	Pioneer will apply for admission to the official list of the ASX and quotation of Shares on the ASX under the code "PNC". Listing is conditional on the ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act. Pioneer will be required to comply with the ASX Listing Rules, subject to any waivers obtained by Pioneer from time to time. The ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that the ASX may admit Pioneer to the official list is not to be taken as an indication of the merits of Pioneer or the Shares offered for subscription.
When are the Shares expected to commence trading?	It is expected that trading of the Shares on the ASX will commence on or about Thursday 1 May 2014 on a deferred settlement basis. Trading will be on a deferred settlement basis until Pioneer has advised the ASX that holding statements have been despatched to Shareholders. It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial statement of holding do so at their own risk. Pioneer and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial statement of holding, whether on the basis of a confirmation of allocation provided by any of them or by a Syndicate Broker or otherwise.
Is the Offer underwritten?	The Lead Manager is fully underwriting the Institutional Offer and Broker Firm Offer. A summary of the Underwriting Agreement is set out in Section 9.5(c).
Are there any escrow arrangements?	Yes. Details are provided in Section 9.7.
Has any ASIC relief or ASX confirmations / waivers been obtained or been relied on?	Yes. Details are provided in Section 9.14.
Are there any tax considerations?	The Directors are unable to provide advice as to the taxation implications of the Offer or an investment in the Shares in relation to an individual investor and as such investors are encouraged to seek their own professional advice before making an investment in the Shares.
Are there any brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer.
What should I do with any enquiries?	All enquiries in relation to this Prospectus should be directed to the Pioneer Credit Limited Offer Information Line on 1800 992 793 (within Australia) or +61 1800 992 793 (outside Australia) from 8:30am to 5:30pm (AEST), Monday to Friday, during the Broker Firm Offer period. If you are unclear in relation to any matter in relation to this Prospectus or are uncertain as to whether Pioneer is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.

8.5 Broker Firm Offer

(a) Who can apply?

The Broker Firm Offer is open to persons who have received an invitation to participate in the Offer from a Syndicate Broker and who have a registered address in Australia. If you have been invited to participate by a Syndicate Broker, you will be treated as an Applicant under the Broker Firm Offer in respect of that allocation. You should contact your Syndicate Broker to determine whether they may allocate Shares to you under the Broker Firm Offer.

(b) How to apply

You should complete and lodge your Application Form with the Syndicate Broker who invited you to participate in the Offer. Application Forms must be completed in accordance with the instructions given to you by your Syndicate Broker and the instructions set out on the Application Form. Applications for Shares may only be made on an Application Form attached to or accompanying this Prospectus or in its paper copy form which may be downloaded in its entirety from www.pioneercredit.com.au.

By making an Application, you declare that you were given access to this Prospectus (and any supplementary or replacement prospectus), together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The minimum application under the Broker Firm Offer is $2,400 worth of Shares and in multiples of $800 thereafter. There is no maximum value of Shares that may be applied for under the Broker Firm Offer. The Company may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer application procedures or requirements, in its discretion in compliance with applicable laws.

The Broker Firm Offer opens on Tuesday 15 April 2014 and is expected to close at 5:00pm WST on Wednesday 23 April 2014. Pioneer and the Lead Manager may elect to extend the Offer or any part of it, or accept late applications either generally or in particular cases. The Offer, or any part of it, may be closed at any earlier date and time, without further notice (subject to the ASX Listing Rules and the Corporations Act). Your Syndicate Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their applications as early as possible. Please contact your Syndicate Broker for instructions.

(c) How to pay

Applicants under the Broker Firm Offer must pay their Application Monies in accordance with instructions received from their Syndicate Broker.

(d) Application Monies

Pioneer reserves the right to decline any Application in whole or in part, without giving any reason. Applicants under the Broker Firm Offer whose applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund of all or part of their Application Monies, as applicable. Interest will not be paid on any monies refunded.

Applicants whose applications are accepted in full will receive the whole number of Shares calculated by dividing the Application Amount by the Offer Price. Where the Offer Price does not divide evenly into the Application Amount, the number of Shares to be allocated will be determined by the Applicant's Syndicate Broker.

Cheque(s) or bank draft(s) must be in Australian Dollars and drawn on an Australian branch of an Australian financial institution, must be crossed 'Not Negotiable' and must be made payable in accordance with the directions of the Syndicate Broker from whom the Applicant received a firm allocation.

Applicants should ensure that sufficient funds are held in the relevant account(s) to cover the amount of the cheque(s) or bank draft(s). If the amount of your cheque(s) or bank draft(s) for Application Monies (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is less than the amount specified on your Application Form, you may be taken to have applied for such lower dollar amount of Shares as for which your cleared Application Monies will pay (and to have specified that amount on your Application Form) or your application may be rejected.

(e) Acceptance of Applications

An Application in the Broker Firm Offer is an offer by an Applicant to Pioneer to subscribe for Shares in the amount specified in the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement Prospectus) and the Application Form. To the extent permitted by law, an Application is irrevocable.

An Application may be accepted by Pioneer and the Lead Manager in respect of the full number of Shares specified in the Application Form or any of them, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract.

(f) Broker Firm Offer Allocation Policy

The allocation of firm shares to Syndicate Brokers has been determined by the Lead Manager and Pioneer. Shares which have been allocated to Syndicate Brokers for allocation to their Australian resident clients will be issued or transferred to the Applicants who have received a valid allocation of Shares from those Syndicate Brokers. It will be a matter for those Syndicate Brokers how they allocate Shares among their clients, and they (and not Pioneer or the Lead Manager) will be responsible for ensuring that their clients who have received an allocation from them, receive the relevant Shares.

(g) Final Allocation Policy in the Broker Firm Offer

Applicants in the Broker Firm Offer will be able to call the Pioneer Credit Limited Offer Information Line on 1800 992 793 (within Australia) or +61 1800 992 793 (outside Australia) from 8:30am to 5:30pm (AEST), Monday to Friday after the allocation policy is announced to confirm their allocations. Applicants under the Broker Firm Offer will also be able to confirm their allocation through the Syndicate Broker from whom they received their allocation.

However, if you sell Shares before receiving a holding statement, you do so at your own risk, even if you obtained details of your holding from the Registry or confirmed your allocation through a Syndicate Broker.

8.6 Institutional Offer

(a) Invitations to Bid

The Institutional Offer consisted of an invitation to certain Institutional Investors in Australia and a number of other eligible jurisdictions to bid for Shares. The Lead Manager has advised Institutional Investors of the application procedures for the Institutional Offer.

(b) Institutional Offer Allocation Policy

The allocation of Shares between the Broker Firm Offer and Institutional Offer has been determined by the Lead Manager in consultation with Pioneer.

Participants in the Institutional Offer have been advised of their allocation of Shares by the Lead Manager.

The allocation policy was influenced by a number of factors including:

- number of Shares bid for by particular bidders;
- the timeliness of the bid by particular bidders;
- Pioneer's desire for an informed and active trading market following Listing on the ASX;
- Pioneer's desire to establish a wide spread of institutional shareholders;
- overall level of demand under the Broker Firm Offer, and Institutional Offer;
- the size and type of funds under management of particular bidders;
- the likelihood that particular bidders will be long-term shareholders; and
- other factors that Pioneer and the Lead Manager considered appropriate.

8.7 Employee Offer

The Employee Offer allows eligible employees of the Company to take advantage of the concessions under the Australian tax legislation, available to encourage broad based employee share ownership, to acquire up to $1,000 worth of Shares free of tax and/or $5,000 worth of Shares on a tax-deferred basis, subject to the terms and conditions summarised below.

Australian resident permanent employees of Pioneer are, at the invitation of the Board, eligible to participate in the Employee Offer if they have 3 months or more service with Pioneer as at 30 April 2014 in which case they will receive either $500 or $1,000 worth of Shares tax-free at no financial cost to the recipient, the amount to be decided at the absolute discretion of the company.

Provided that the eligible employee's adjusted tax income in the year they receive the Shares is under $180,000 (or such other amount prescribed by the Australian tax legislation as a condition to the taxation concession), no tax will be paid on the receipt of the Shares.

In addition, up to $5,000 of Shares may be acquired by eligible employees resident in Australia by way of salary sacrifice, and Shares acquired on this basis will be eligible for deferred income tax treatment if certain conditions are satisfied. Eligible employees who take up an allocation, if offered by Pioneer, will have the value of the Shares deducted from their gross bi-weekly salary in equal instalments over a period of 12 months.

A participant in the Employee Offer must not sell, transfer or create a security interest or otherwise deal in the Shares acquired under the Employee Offer until the earlier of:

- In respect of the $500 or $1,000 grants, the end of three years from the time the Shares are acquired by the participant;
- In respect of the $5,000 salary sacrifice plan, two years after the Shares have been granted; or in either case
- the time when the participant ceases to be employed by Pioneer.

Shares acquired under the Employee Offer will be held under a trading lock. Shares in the Employee Offer otherwise carry the same rights and entitlements of fully paid ordinary Shares, including dividend and voting rights.

Pioneer may issue Shares, or acquire Shares on or off market, to allocate to a participant in the Employee Offer. If Shares are issued in respect to the initial offer, they will be issued at a price equal to the Offer Price under this Prospectus. Subsequent issues, if any, will be issued at a market price, as determined by the Board, prior to the issue of the Shares.

Subject to the Income Tax Assessment Act 1997 (Cth), the Corporations Act and the Listing Rules, the Board retains discretion to vary the terms and conditions of the Employee Offer to allow vesting, transfer or other dealing in any Share in the event of any change of control of Pioneer.

8.8 Underwriting Arrangements

The Broker Firm Offer and Institutional Offer are fully underwritten by the Lead Manager, Evans and Partners. The Lead Manager and Pioneer have entered into the Underwriting Agreement under which the Lead Manager agrees, subject to certain conditions and termination events, to underwrite Applications for all Shares under the Broker Firm Offer and Institutional Offer. The Underwriting Agreement sets out a number of circumstances under which the Lead Manager may terminate the agreement and its underwriting obligations. A summary of certain terms of the agreement and underwriting arrangements, including the termination provisions, is provided in Section 9.5(c).

8.9 Discretion Regarding the Offer

Pioneer may withdraw the Offer at any time before the issue of Shares to successful Applicants or bidders under the Broker Firm Offer and the Institutional Offer. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest) in accordance with the requirements of the Corporations Act.

Pioneer and the Lead Manager also reserve the right (subject to the ASX Listing Rules and the Corporations Act) to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Shares than the amount applied or bid for. Applications received under the Offer are irrevocable and may not be varied or withdrawn except as required by law.

8.10 ASX Listing, Registers and Holding Statements Deferred Settlement Trading

(a) Application to the ASX for listing of Pioneer and quotation of Shares

Pioneer will apply for admission to the official list of ASX and quotation of the Shares on the ASX within seven days of the date of this Prospectus. Pioneer expects the ASX code to be PNC.

The ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that the ASX may admit Pioneer to the official list of the ASX is not to be taken as an indication of the merits of Pioneer or the Shares offered under this Prospectus.

If permission is not granted for the official quotation of the Shares on the ASX within three months after the date of this Prospectus (or any later date permitted by law), all Application Monies received by Pioneer will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

Subject to certain conditions (including any waivers obtained by Pioneer from time to time), Pioneer will be required to comply with the ASX Listing Rules.

(b) CHESS and Issuer Sponsored Holdings

Pioneer will apply to participate in the ASX's Clearing House Electronic Sub-register System (CHESS) and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, being an electronic CHESS sub-register or an issuer sponsored sub-register.

For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Shares will be registered on the issuer sponsored sub-register.

Following Listing, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number for CHESS holders or, where applicable, the Security Holder Reference Number of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their Shareholding. Share certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring Syndicate Broker in the case of a holding on the CHESS sub-register or through the Share Registry in the case of a holding on the issuer sponsored sub-register. Pioneer and the Share Registry may charge a fee for these additional issuer sponsored statements.

(c) Deferred Settlement Trading and Selling of Shares on Market

It is expected that trading of the Shares on the ASX on a deferred settlement basis will commence on or about Thursday 1 May 2014.

Trading on the ASX will be on a deferred settlement basis until Pioneer has advised the ASX that initial holding statements have been despatched to Shareholders. Trading on the ASX is expected to commence on a normal settlement basis (that is, on a T+3 basis) on or about Monday 5 May 2014.

Following the issue of Shares, successful Applicants will receive a holding statement setting out the number of Shares issued to them under the Offer. It is expected that holding statements will be despatched by standard post on or about Thursday 1 May 2014. If you sell Shares before receiving a holding statement, you do so at your own risk. It is the responsibility of each person who trades in Shares to confirm their holding before trading in Shares.

Pioneer and the Lead Manager disclaim all liability, whether in negligence or otherwise, if you sell Shares before receiving your holding statement, even if you obtained details of your holding from the Registry or confirmed your firm allocation through a Syndicate Broker.

8.11 Description of Shares

Refer to Section 9.3 for an outline of the Constitution and rights attached to Shares.

9) Additional Information

9.1 Registration

Pioneer Credit was registered in Western Australia on 29 November 2002 as a private company and converted to a public company on 7 February 2014.

9.2 Company tax status

Pioneer is and will be subject to tax at the Australian corporate tax rate.

9.3 Rights attaching to Shares

The following is a broad summary of the more significant rights, privileges and restrictions attaching to Pioneer's Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of shareholders in Pioneer. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are:

(i) set out in Pioneer's Constitution to be adopted, a copy of which is available for inspection at Pioneer's registered office during normal business hours; and

(ii) in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and the general law.

All Shares issued pursuant to this Prospectus will, from the time that they are issued, rank equally with Pioneer's existing issued Shares.

(a) Voting

Subject to the Constitution and any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of Shareholders or classes of Shareholders:

(i) every Shareholder entitled to vote may vote in person or by proxy, attorney or representative;

(ii) on a show of hands every Shareholder who is present in person or by proxy, attorney or representative has one vote; and

(iii) on a poll every Shareholder who is present in person or by proxy, attorney or representative has one vote for every Share held, but, in respect of partly-paid shares, shall have a fraction of a vote for each partly-paid share.

A poll may be demanded before a vote for show of hands is taken, or before or immediately after the declaration of the result of the show of hands by the chair of the meeting, by at least five Shareholders present and entitled to vote on the resolution or by any one or more Shareholders representing at least 5% of the votes that may be cast on the resolution on a poll.

(b) Dividends

Subject to the Corporations Act, the ASX Listing Rules, the rights of any preference Shareholders and the rights or restrictions attached to a share or class of shares, the Directors may pay a dividend in respect of Shares as, in their judgment, the financial position of Pioneer justifies.

Dividends shall (subject to the rights of any preference shareholders and to the right of the holders of any shares created or raised under any special arrangement as to a dividend), be payable in the proportion which the amounts paid (not credited) on shares bears to the total amounts paid and payable (excluding amounts credited) on the share. Interest is not payable by Pioneer in respect of the dividend.

The Directors may authorise the payment to Shareholders of an interim dividend as the Directors may determine.

(c) Transfer of Shares

Subject to the Constitution and to the rights or restrictions attached to any share or class of shares, a Shareholder may transfer Shares by a Proper ASTC Transfer (as defined in the *Corporations Regulations 2001* (Cth)); or an instrument in writing in any usual form or in any other form that the Directors approve.

The Directors may ask ASX Settlement to apply a holding lock to prevent a Proper ASTC Transfer or may decline to register an instrument of transfer of Shares received, where permitted or required by the ASX Listing Rules or the ASX Settlement Operating Rules or, except for a Proper ASTC Transfer, under the terms of the issue of the Shares or where the transfer is not in registrable form, where Pioneer has a lien on the Shares transferred, where the transfer may breach a law of Australia, when the holding would be less than a marketable parcel (in the case of paper-based transfers), or where the transfer is not permitted under the terms of an employee incentive scheme.

Pioneer must give written notice of the refusal, or the request for a holding lock, and the precise reasons for it:

(i) to the holder of the Shares, if Pioneer asks ASX Settlement to apply a holding lock to prevent a Proper ASTC Transfer; or

(i) to the party lodging the transfer, if Pioneer declines to register any other transfer.

(d) General Meetings and Notice

Each Shareholder is entitled to receive notice of and to attend general meetings for Pioneer and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act or the ASX Listing Rules.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

(e) Winding Up

Subject to the Constitution and to the rights of Shareholders entitled to Shares with special rights in a winding up, if the Company is wound up and the property of Pioneer is more than sufficient to pay all of the debts and liabilities of Pioneer and the costs, charges and expenses of the winding up, all monies and property to be distributed between Shareholders shall be distributed to them in proportion to the Shares held by them. The amount that would otherwise be distributed to the holder of a partly paid share must be reduced by the amount unpaid on that share at the date of the distribution; and if the effect would be to reduce the distribution to the holder of a partly paid share to a negative amount, the holder must contribute that amount to Pioneer.

A liquidator may, with the sanction of special resolution of Pioneer, divide among the Shareholders the whole or any part of the property of Pioneer and may determine how the division is to be carried out between Shareholders or different classes of Shareholders.

In the event of a breach of the ASX Listing Rules or a breach of a restriction agreement entered into by Pioneer under the ASX Listing Rules relating to Restricted Securities (as defined in the ASX Listing Rules), the Shareholder holding the Restricted Shares in question shall cease to be entitled to be paid any dividends, distribution or any voting rights in respect of those Restricted Securities during the period of such breach.

(f) Variation of Class Rights

The rights attached to any class of shares may unless their terms of issue state otherwise, be varied with the written consent of the holder of 75% of the shares of the class or by special resolution passed at a separate meeting of the holder of shares of the class.

The provisions of the Constitution relating to general meetings shall apply so far as they are capable of application and with necessary alternations to every such separate meeting except that a quorum is constituted by two persons who together hold or represent by proxy, attorney or representative, at least 25% of the issued shares of that class.

The rights conferred on the holders of any class of shares are to be taken as not having been varied by the creation or issue of further shares ranking equally with them.

(g) Changes to Capital Structure

Pioneer may by ordinary resolution and subject to the Corporations Act and applicable ASX Listing Rules:

(i) increase its share capital by the issue of new shares of such amount as is specified in a resolution;

(ii) consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares;

(iii) sub-divide all or any of its shares into shares of smaller amount than is fixed by the Constitution, but so that in the sub-division the proportion between the amount paid and the amount (if any) unpaid on each such share of a smaller amount is the same as it was in the case of the share from which the share of a smaller amount is derived; and

(iv) cancel shares that, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person or have been forfeited and reduce its share capital by the amount of the shares so cancelled.

(h) Shareholder Liability

As the Shares issued under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(i) Alteration to the Constitution

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

(j) ASX Listing Rules

If Pioneer is admitted to the official list of the ASX, notwithstanding anything in the Constitution, if the ASX Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the ASX Listing Rules require to be done. If the ASX Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the ASX Listing Rules require the Constitution to contain a provision or not to contain a provision the Constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the Constitution is or becomes inconsistent with the ASX Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

9.4 Terms and conditions of Options

Pioneer has 300,000 Options on issue which have been issued to Mr Michael Smith, Pioneer's Chairman, on the following terms and conditions:

(a) Each Option will entitle the Option holder to purchase one Share for the exercise price (refer clause (e) below) subject to satisfaction of the vesting conditions (refer clause (b) below).

(b) The vesting conditions are as follows

(i) 50,000 Options vest on the second anniversary of the Offer; and

(ii) 250,000 Options vest on the third anniversary of the Offer.

(c) Options may be forfeited upon termination of Mr Smith's position as a Director of Pioneer.

(d) Unexercised Options will expire two years after vesting.

(e) The exercise price of each Option is 20% greater than the Offer Price.

(f) The Option holder may not sell, assign, transfer or otherwise deal with, or grant a Security Interest over, an Option except with the written consent of Pioneer.

(g) Vested Options that have not expired may be exercised by paying the exercise price (refer clause (e) above) to or as directed by Pioneer. Upon vesting the Options may not be exercised until the first business day following that time which the Fair Market Value of the underlying Share exceeds the exercise price.

(h) The Board may declare that all or a specified number of any unvested Options which have not expired immediately vest if, in the opinion of the Board a Change of Control has occurred, or is likely to occur.

The Board may declare that all or a specified number of any unvested Options which have not expired immediately vest if in the opinion of the Board any person or corporation has a relevant interest (as defined in the Corporations Act) in more than 90% of the Shares.

The Board may in its absolute discretion declare the vesting of an Option during such period as the Board determines where:

(i) Pioneer passes a resolution for the voluntary winding up of Pioneer;

(ii) an order is made for the compulsory winding up of Pioneer; or

(iii) Pioneer passes a resolution in accordance with Listing Rule 11.2 to dispose of its main undertaking.

If there is any internal reconstruction, reorganisation or acquisition of Pioneer which does not involve a significant change in the identity of the ultimate shareholders of Pioneer, this clause applies to any Option which has not vested by the day the reconstruction takes effect. The Board may declare in its sole discretion whether and to what extent Options will vest.

(i) In the event of any reorganisation (including consolidation, sub-division, reduction, return or cancellation) of the issued capital of Pioneer, the rights attaching to the Options will be varied to comply with ASX Listing Rules.

(j) An Option holder is not entitled to participate in any new issue of securities of Pioneer as a result of holding the Options.

(k) Subject to the terms of the Options and the ASX Listing Rules, the Board may at any time by written instrument, amend all or any of the provisions of terms of the Options.

Any amendment to the provisions of these terms must not materially reduce your rights before the date of the amendment, unless the amendment is introduced primarily:

(i) for the purpose of complying with or conforming to present or future State, Territory or Commonwealth legislation, the ASX Listing Rules or the constitution of Pioneer; or

(ii) to correct any manifest error or mistake.

Subject to these terms, any amendment made under this rule may be given retrospective effect as specified in the written instrument by which the amendment is made.

For the purposes of this Section 9.4, the following terms have the meaning set out below:

Change of Control means:

(i) in the case of a takeover bid (as defined in section 9 of the Corporations Act), an offeror who previously had voting power of less than 50% in Pioneer obtains voting power of more than 50%;

(ii) a Court approves under section 411(4)(b) of the Corporations Act, a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of Pioneer or its amalgamation with any other company or companies;

(iii) any person becomes bound or entitled to acquire shares in Pioneer under: (a) section 414 of the Corporations Act (compulsory acquisition following a scheme or contract); (b) Chapter 6A of the Corporations Act (compulsory acquisition of securities); or (c) a selective capital reduction is approved by shareholders of Pioneer pursuant to section 256C(2) of the Corporations Act which results in a person who previously had voting power of less than 50% in Pioneer obtaining voting power of more than 50%; or

(iv) in any other case, a person obtains voting power in Pioneer which the Board (which for the avoidance of doubt will comprise those directors holding office immediately prior to the person acquiring that voting power) determines, acting in good faith and in accordance with their fiduciary duties, is sufficient to control the composition of the Board.

Fair Market Value means the last price at which the underlying Shares traded on the ASX during a regular trading session.

Security Interest means a mortgage, charge, pledge, lien or other encumbrance of any nature.

9.5 Material Contracts

(a) Forward Flow Agreements and debt portfolio agreements

The Company's subsidiary, PCAS has entered into Forward Flow Agreements and debt portfolio purchase agreements with various Vendor Partners.

The Forward Flow Agreements regulate the acquisition by PCAS of accounts from the Vendor Partners from time to time. The Forward Flow Agreements to which PCAS is a party have terms which vary in length of between 12 and 24 months. By contrast, the debt portfolio purchase agreements regulate one-off purchases of accounts by PCAS from the Vendor Partners.

For the purpose of this Section 9.5(a) of the Prospectus, the Forward Flow Agreements and debt portfolio purchase agreements will each be referred to as an **Account Acquisition Agreement** and collectively as **Account Acquisition Agreements**.

(i) Purchase price of customer accounts

The accounts acquired under the Account Acquisition Agreements are acquired for an agreed purchase price being a specified number of cents per dollar of the account being acquired.

(ii) Events triggering **Recourse** (being the buy-back of accounts by a Vendor Partner)

Buy-back of accounts

The majority of the Account Acquisition Agreements provide that a Vendor Partner may buy-back accounts from PCAS where the Vendor Partner becomes aware of an issue that could reasonably be seen to have the potential to cause adverse publicity for the Vendor Partner (**Sensitive Issues**).

Under such Account Acquisition Agreements, in the circumstance where a Vendor Partner elects to buy back accounts affected by a Sensitive Issue, that Vendor Partner is required to pay PCAS the relevant reimbursement amount, which typically comprises:

- the price paid by PCAS for the relevant accounts; less
- the customer payment received by PCAS in relation to that account; plus
- any amounts owed by PCAS to the Vendor Partner under the relevant Account Acquisition Agreement.

Each of these Account Acquisition Agreements sets out various examples of issues that would be considered by the relevant Vendor Partner to each constitute a Sensitive Issue. In this regard, collectively, the Account Acquisition Agreements provide that Sensitive Issues may include issues relating to any of the following:

- elderly, disabled or bankrupt customers;
- customers suffering illness or financial hardship;
- customers who are activists or represented by an activist;
- customers who are members of a minority group or who are represented by a minority group;
- customers who are represented by a lobby group;
- customers who complain to any relevant ombudsman service or the Privacy Commissioner or any other government consumer agency or relevant regulatory authority;
- customers who have made, or on whose behalf there have been made, threats of media publicity;
- customers who have an unresolved alternative dispute resolution scheme or process on foot with the Vendor Partner, the Financial Ombudsman Service or any other government agency, tribunal or relevant regulatory authority;
- an account which is statute barred in accordance with the statute of limitations legislation in any Australian jurisdiction, as at the purchase date;
- legal proceedings, media attention and/or publicity, regulatory or consumer group investigations, which have a material risk to the reputation, good name or brand of the Vendor Partner or PCAS (whether related to the relevant Account Acquisition Agreement or otherwise);
- an event of insolvency in relation to PCAS; and
- a change in control of PCAS.

Discretion of PCAS to require the Vendor Partner to buy-back accounts

Each of the Account Acquisition Agreements sets out certain circumstances in which PCAS may require the Vendor Partner to buy-back accounts, collectively, such circumstances include where:

- a customer files a defence in any court proceedings brought by PCAS to recover the account and the Vendor Party determines, in its sole discretion, acting reasonably, that the claim against the customer is unlikely to succeed in whole or in part because of a defect in or a default by the Vendor Partner under any contract or for lack of relevant documentation;

- as at the purchase date, the account is the subject of litigation to which the Vendor Partner or any of their related bodies corporate are a party and in relation to which a notice evidencing an intention to defend the litigation has been lodged by the customer;
- an account purchased by PCAS under the Account Acquisition Agreement was not intended to be sold by the Vendor Partner for whatever reason (except where the customer and the Vendor Partner, either directly or indirectly, negotiate for the payment of the account, whether in full, or in part, in settlement on or after the purchase date);
- as at, prior to or post the purchase date, an account has been identified by the Vendor Partner as a transaction or identity fraud account or in respect of which the Vendor Partner has made errors;
- as at the purchase, any action to recover the account under a credit contract has been barred by legislation;
- an account that, at the purchase date, has been forgiven, satisfied in full or in regard to which a compromise has been reached with respect to the discharge of liability;
- an account which is subject to a current payment arrangement and which the Vendor Partner has decided in its discretion to exclude:
- an account in respect of which the statutory limitation on its recovery has been reached, or will be reached within 12 months from the purchase date;
- on or before the purchase date, the customer is deceased or elderly;
- an account which, at the purchase date, is the subject of unresolved alternate dispute resolution proceedings with the financial ombudsmen service, or any other external dispute resolution scheme;
- an account has an outstanding balance of over $100,000;
- the customer has been declared bankrupt or an insolvent in administration as that expression is defined in the Corporations Act or under the Bankruptcy Act;
- an account that, as at the purchase date, had been released to a commercial agency other than PCAS for collection;
- an event occurs in relation to an account which the Vendor Partner considers could damage the reputation of the Vendor Partner;
- an account has been assigned to a third party;
- in respect of an account, the Vendor Partner is unable to provide documents requested by PCAS in accordance with the Consumer Credit Legislation or the Account Acquisition Agreement;
- an account does not comply with the definition of "products" (being secured or unsecured loans provided by a credit provider, which may be regulated by consumer credit legislation or not so regulated); and
- in certain circumstances the Account Acquisition Agreement is terminated.

(iii) Termination

Several of the Account Acquisition Agreements (each being a forward flow agreement) provide certain termination rights in favour of the Vendor Partner.

Certain Account Acquisition Agreements gives the Vendor Partner the right to immediately terminate PCAS' future account purchase rights where:

(A) PCAS behaves in a manner which in the reasonable opinion of the Vendor Partner might tend to adversely affect the reputation or public image of the Vendor Partner including action taken against PCAS by a regulatory authority; or

(B) there is a material change in control of PCAS without the Vendor Partner's prior consent; or

(C) an event of insolvency occurs in relation to PCAS; or

(D) PCAS is in material breach of any of its obligations under the Account Acquisition Agreement or a transaction contemplated by it.

Pursuant to the same Account Acquisition Agreement, the Vendor Partner may immediately terminate the Account Acquisition Agreement by written notice to PCAS if:

(E) PCAS' PCI DSS Certificate of Compliance (**Certificate**) is cancelled or suspended; or

(F) the Vendor Partner becomes aware of any fact that would cause PCAS' Certificate to be cancelled or suspended; or

(G) the Vendor Partner reasonably forms an opinion that PCAS' Certificate will be cancelled or suspended.

Another of the Account Acquisition Agreements gives the Vendor Partner the right to terminate that Account Acquisition Agreement upon occurrence of any of the events referred to in Section 9.5(a)(iii)(B) – (G) of this Prospectus. In addition, that Vendor Partner may also terminate that Account Acquisition Agreement if in the reasonably held opinion of that Vendor Partner, PCAS fails to act in an efficient, honest, professional, proper, ethical and fair manner, and not to do or omit to do anything that may diminish the reputation, name or business standing of that Vendor Partner. Further, if that Vendor Partner and PCAS are unable to agree any pricing review that Account Acquisition Agreement will terminate with effect from the date preceding the date from which the pricing review would have otherwise been effected.

(iv) Warranties and indemnities

The Account Acquisition Agreements contain the usual warranties and indemnities expected in contracts of their type.

The Account Acquisition Agreements include warranties that PCAS will:

- act consistently with the conditions of its ACL;
- comply with terms of the relevant documentation between the Vendor Partners and the customer relating to the accounts purchased by PCAS; and
- comply with all Australian Commonwealth, State and local laws and codes of practice (including consumer credit legislation) in relation to the collection of accounts.

The Vendor Partners give limited warranties in favour of PCAS under the Account Acquisition Agreements. Typically, the Vendor Partners do not give warranties in favour of PCAS in relation to matters such as:

- the compliance by the Vendor Partner with documentation between that Vendor Partner and the customer in relation to the relevant account;
- the enforceability or recoverability of the accounts purchased;
- the existence of any of the accounts or the accuracy of any related documentation handed over to PCAS as part of the purchase.

Under the Account Acquisition Agreements, PCAS generally indemnifies the Vendor Partner:

- against and shall pay the Vendor Partner the amount of all losses, liabilities, costs and expenses actually incurred by the Vendor Partner as a result of any failure by PCAS to perform all obligations of the Vendor Partner in respect of the contracts between the Vendor Partner and the customer relating to the accounts; and
- against any claim or loss (excluding consequential loss or loss of profits) that the Vendor Partner pays, suffers or incurs, directly or indirectly, by reason of, or in any way arising out of, or in connection with: any breach or non-compliance with the relevant Account Acquisition Agreement; any negligent act or omission, fraud or wilful misconduct on the part of PCAS; or PCAS not observing the requirements of the consumer credit legislation, privacy laws or applicable legislation relating to personal information in connection with the accounts.

(b) Employee Option Loans and Employee Loans

In 2011 and 2012, senior executives of Pioneer were granted an aggregate total of 700,000 management options to acquire management shares, thereby aligning their interests to those of Shareholders.

Prior to the Offer, the Board determined that the management options should vest and become exercisable. Immediately prior to Listing, the rights attaching to the management shares will be varied to become Shares.

In March 2013, the management option holders were provided a loan by the Company to exercise their management option to acquire management shares.

The loans have been provided on the following terms:

- Interest is charged at the Indicator Interest Rate – Bank variable housing interest rate last published by the Reserve Bank of Australia before the start of each year of income on 1 July.
- Minimum annual principal repayments are required, with full repayment required upon the earlier of:
  - (i) seven years; and
  - (ii) termination of the borrower's employment with Pioneer.
- All distributions (dividends, capital returns and any other payments in respect of the Shares) and sale proceeds, net of the borrower's income tax liability, are applied first to interest and principal repayments – the borrower only becomes entitled to full distributions and sale proceeds upon discharge of the loan.
- Borrowers are prevented from dealing in their Shares until the loan is discharged, except with the permission of the Board.
- Recourse of Pioneer is limited to the value of the shares acquired from exercising the Options.

(c) Underwriting Agreement

The Broker Firm Offer and Institutional Offer is fully underwritten pursuant to an underwriting agreement dated Thursday 3 April 2014 between Pioneer and the Underwriter (**Underwriting Agreement**).

Co-lead managers, co-managers and brokers to the Offer

The Underwriter may at any time appoint, or have already appointed, co-lead managers, co-managers and brokers to the Offer with the prior written consent of Pioneer.

Fees

Pioneer will pay the Underwriter:

- an underwriting fee equal to 2.8% of the Offer proceeds; and
- a selling and management fee equal to 0.7% of the Offer proceeds,
- (together, the **Underwriter and Lead Manager Fee**).

In addition to Underwriter and Lead Manager Fee, Pioneer may pay to the Underwriter (in its sole discretion) an incentive fee of up to 1.0% of the Offer proceeds.

Any Broker Firm Fees payable to any co-lead managers, co-managers and Brokers appointed in relation to the Offer, and any applicable GST on those fees are payable by or on behalf of Pioneer. The broker firm fees must not exceed the maximum percentage of the Offer Price per Offer Share that may be paid to brokers, co-lead managers or co-managers as disclosed in the Prospectus (**Broker Firm Fee**).

Pioneer authorises and instructs:

(i) the Underwriter to pay any Broker Firm Fees due to any co-lead managers, co-managers and brokers by paying those fees out of the Underwriter and Lead Manager Fee at no additional cost to Pioneer and at a rate that does not exceed the Broker Firm Fee; and

(ii) the Underwriter to authorise and instruct the brokers to pay the Broker Firm Fees (or a lesser amount) on behalf of Pioneer out of the fees paid to them to any other Australian financial services licensee or authorised representative appointed by the brokers to procure applications for the Offer and at a rate that does not exceed the Broker Firm Fee.

Pioneer has also agreed to pay or reimburse the Underwriter for reasonable costs of, and incidental to, the Offer.

Termination Events

The Underwriter may terminate the Underwriting Agreement by notice to Pioneer if any of the events set out below occur before the allotment of Shares under the Offer. If an event referred to below marked with an asterisk (*) occurs, the Underwriter may not terminate the Underwriting Agreement unless it has reasonable grounds to believe that the event will have a materially adverse effect on the success of the Offer, the willingness of investors to subscribe for Shares under the Offer, or will, or is likely to give rise to a liability of the Underwriter under or as a result of the Underwriter being involved in a contravention of any applicable law.

- (*compliance with law*) in the reasonable opinion of the Underwriter, any of the Offer Documents, the Public Information or any aspect of the Offer does not comply with the Corporations Act (including if a statement in any of the Offer Documents or Public Information is or becomes misleading or deceptive or is likely to mislead or deceive, or a matter required to be included is omitted from an Offer Document or the Public Information (including, without limitation, having regard to the provisions of Part 6D.2, the ASX Listing Rules or any other applicable law or regulation));
- *(*new circumstances*) there occurs a new circumstance that arises after the Prospectus is lodged that would have been required to be included in the Prospectus if it had arisen before lodgement;
- (*supplementary prospectus*)
  - (i) Pioneer issues or, in the opinion of the Underwriter, is required to issue, a supplementary prospectus to comply with section 719 of the Corporations Act; or
  - (ii) Pioneer lodges a Supplementary Prospectus with ASIC in a form that has not been approved by the Underwriter in circumstances required by the Underwriting Agreement;
- (*market fall*) at any time the S&P/ASX 200 Index falls to a level that is 90% or less of the level as at the close of trading on the date of close of the bookbuild and is at or below that level at the close of trading:
  - (i) for 2 consecutive business days during any time after the date of the Underwriting Agreement; or
  - (ii) on the business day immediately prior to, either, the settlement date or the date of allotment of the Offer Shares;
- (*Escrow Agreement*) any Escrow Agreement is withdrawn, varied, terminated, rescinded, materially altered, materially amended or breached or there is a failure to comply with any of them;
- (*forecasts*)
  - (i) there are not, or there ceases to be, in the reasonable opinion of the Underwriter, reasonable grounds for any statement or estimate in the Offer Documents which relate to a future matter; or
  - (ii) any statement or estimate in the Offer Documents which relate to a future matter is, in the reasonable opinion of the Underwriter, unlikely to be met in the projected timeframe (including in each case financial forecasts);
- (*fraud*) Pioneer, or any of its respective directors or officers (as those terms are defined in the Corporations Act) engage, or have engaged since the date of the Underwriting Agreement, in any fraudulent conduct or activity whether or not in connection with the Offer;
- (*listing and quotation*) approval is refused or not granted, or approval is granted subject to conditions other than customary conditions, to:
  - (i) Pioneer's admission to the official list of ASX on or before the agreed listing approval date; or
  - (ii) the quotation of all of Pioneer's Shares, including the Offer Shares, on ASX or for Pioneer's Shares, including the Offer Shares, to be traded through CHESS on or before the Quotation Date,

  or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;
- (*notifications*) any of the following notifications are made in respect of the Offer:
  - (i) ASIC issues an order (including an interim order) under section 739 of the Corporations Act;
  - (ii) ASIC holds a hearing under section 739(2) of the Corporations Act;
  - (iii) an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Offer or an Offer Document or ASIC commences any investigation or hearing under Part 3 of the Australian Securities and Investments Commission Act 2001 (Cth) in relation to the Offer or an Offer Document;
  - (iv) any person (other than the Underwriter) who has previously consented to the inclusion of its name in any Offer Document withdraws that consent; or
  - (v) any person (other than the Underwriter) gives a notice under section 730 of the Corporations Act in relation to an Offer Document;
- (*certificate not provided*) Pioneer does not provide a closing certificate as and when required by the Underwriting Agreement;
- (*debt funding documents*)
  - (i) a provider of debt or other financial accommodation to Pioneer pursuant to the documents comprising the Senior Debt Facility (**Debt Funding Documents**) terminates or cancels its commitment to provide that financial accommodation, or declares an event of default or an acceleration of the obligation to repay that financial accommodation, or the availability period of that financial accommodation expires without it being provided; or
  - (ii) Pioneer or any other member of the Group breaches, or defaults under, any provision, undertaking, covenant or ratio under the Debt Funding Documents which has an adverse effect on the Group;

- (*material contracts*) if any of the obligations of the relevant parties under any of the contracts that are material to the business of the Group or the material contracts are not capable of being performed in accordance with their terms (in the reasonable opinion of the Underwriter) or if all or any part of any of such contracts:
  - (i) *is materially amended or varied without the consent of the Underwriter;
  - (ii) is terminated;
  - (iii) *is breached;
  - (iv) ceases to have effect, otherwise than in accordance with its terms; or
  - (v) is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, rescinded or avoided or of limited force and affect, or its performance is or becomes illegal;
- (*withdrawal*) Pioneer withdraws an Offer Document or the Offer or indicates that it does not intend to proceed with the Offer or any part of the Offer;
- (*insolvency events*) any Group Member becomes insolvent, or there is an act or omission which is likely to result in a Group Member becoming insolvent;
- (*timetable*) an event specified in the timetable up to and including the settlement date is delayed by more than 1 Business Days (other than any delay agreed between Pioneer and the Underwriter);
- (*unable to issue Offer Shares*) Pioneer is prevented from transferring or allotting and issuing (as applicable) the Offer Shares within the time required by the timetable, the Offer Documents, the ASX Listing Rules, by applicable laws, an order of a court of competent jurisdiction or a governmental authority;
- (*change to company*) other than as disclosed in the Pathfinder, Pioneer:
  - (i) alters the issued capital of Pioneer or a Group Member; or
  - (ii) disposes or attempts to dispose of a substantial part of the business or property of Pioneer or a Group Member,

  without the prior written consent of the Underwriter;
- (*regulatory approvals*) if a regulatory body withdraws, revokes or amends any regulatory approvals (including any ASX confirmations (as summarised in Section 9.14)) required for Pioneer to perform its obligations under the Underwriting Agreement or to carry out the transactions contemplated by the Offer Documents;
- (*force majeure*) there is an event or occurrence, including any statute, order, rule, regulation, directive or request (including one compliance with which is in accordance with the general practice of persons to whom the directive or request is addressed) of any governmental agency which makes it illegal for the Underwriter to satisfy an obligation under the Underwriting Agreement, or to market, promote or settle the Offer;
- (*change in management*) the termination of employment of any one of Keith John and Leslie Crockett, or a change in the composition of the board of directors of Pioneer occurs without the prior written consent of the Underwriter;
- (*vacancy in office*) the chairman, chief executive officer, chief financial officer or chief operating officer of Pioneer vacates his or her office without the prior written consent of the Underwriter;
- (*prosecution*) any of the following occur:
  - (i) a director or proposed director named in the Pathfinder or Prospectus of Pioneer is charged with an indictable offence;
  - (ii) any governmental agency commences any public action against Pioneer or any of its respective directors in its capacity as a director of Pioneer, or announces that it intends to take action; or
  - (iii) any director or proposed director named in the Pathfinder or Prospectus of Pioneer is disqualified from managing a corporation under Part 2D.6 of the Corporations Act;
- *(*disclosures in the due diligence report and any other information*) the due diligence report or verification material or any other information supplied by or on behalf of Pioneer to the Underwriter in relation to the Group or the Offer is (or is likely to), or becomes (or becomes likely to be), misleading or deceptive, including by way of omission;
- *(*adverse change*) any adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of Pioneer and the Group (insofar as the position in relation to an entity in the Group affects the overall position of Pioneer), including any adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of Pioneer or the Group from those respectively disclosed in any Offer Document or the Public Information;
- *(*change of law*) there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia, New Zealand, the United States, Canada, the United Kingdom, Japan, Hong Kong or any Member State of the European Union or any State or Territory of Australia a new law, or the Reserve Bank of Australia or New Zealand, or any Commonwealth or State authority, including ASIC, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of the Underwriting Agreement);
- *(*breach of laws*) there is a contravention by Pioneer or any other Group Member of the Corporations Act, the *Competition and Consumer Act 2010* (Cth), Australian Securities and Investments Commission Act 2001 (Cth) (any regulations under those acts), its constitution, or any of the ASX Listing Rules;
- *(*compliance with law*) any of the Offer Documents or any aspect of the Offer does not comply with the Corporations Act (and all regulations under that act), the ASX Listing Rules or any other applicable law or regulation;
- *(*representations and warranties*) a representation, warranty, undertaking or obligation contained in the Underwriting Agreement on the part of Pioneer is breached, becomes not true or correct or is not performed;

- *(*breach*) Pioneer defaults on one or more of its obligations under the Underwriting Agreement:
  - (i) on the settlement date or 1 business day before the settlement date;
  - (ii) between the date of the Underwriting Agreement and the date that is 1 business day prior to the settlement date and Pioneer does not remedy the default to the reasonable satisfaction of the Underwriter within 1 business day of the occurrence of that default;
- *(*constitution*) Pioneer varies any term of its constitution without the prior written consent of the Underwriter (such consent not be unreasonably withheld or delayed);
- *(*legal proceedings*) any of the following occurs:
  - (i) the commencement of legal proceedings against Pioneer, any other Group Member or against any director of Pioneer or any other Group Member in that capacity; or
  - (ii) any regulatory body commences any enquiry or public action against a Group Member;
- **(information supplied)* any information supplied (including any information supplied prior to the date of the Underwriting Agreement) by or on behalf of a Group Member to the Underwriter in respect of the Offer or the Group is, or is found to be, misleading or deceptive, or likely to mislead or deceive (including, by omission); and
- **(hostilities)* hostilities not presently existing commence (whether war has been declared or not) or an escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States, Canada, Japan, the United Kingdom, the People's Republic of China, South Korea, Israel, Syria, Singapore, or any member state of the European Union, or a major terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries;
- **(certificate incorrect)* a statement in any closing certificate is false, misleading, inaccurate or untrue or incorrect;
- **(disruption in financial markets)* any of the following occurs:
  - (i) a general moratorium on commercial banking activities in Australia, New Zealand, Canada, The People's Republic of China, Japan, Singapore, Hong Kong, Russia, the United Kingdom, the United States or a Member State of the European Union is declared by the relevant central banking authority in those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries;
  - (ii) any adverse effect on the financial markets in Australia, New Zealand, Japan, Canada, The People's Republic of China, Singapore, Hong Kong, the United Kingdom, the United States or a Member State of the European Union, or in foreign exchange rates or any development involving a prospective change in political, financial or economic conditions in any of those countries; or
  - (iii) trading in all securities quoted or listed on ASX, the New Zealand Stock Exchange, New York Stock Exchange, London Stock Exchange, Hong Kong Stock Exchange or the Tokyo Stock Exchange is suspended or limited in a material respect for 1 day (or a substantial part of 1 day) on which that exchange is open for trading.)

  In addition, if any conditions precedent are not satisfied by their respective deadline, the underwriter may (in its absolute and unfettered discretion) terminate its obligations under the Underwriting Agreement.

Conditions, warranties, undertakings and other terms

The Underwriting Agreement contains certain standard representations, warranties and undertakings by Pioneer to the Underwriter. The warranties relate to matters such as conduct by Pioneer and information provided by Pioneer, financial information, material contracts, licences, insurance, information in this Prospectus and the conduct of the Offer.

Pioneer's undertakings include, among others, that it:

- will not, during the period following the date of the Underwriting Agreement until 120 days after the completion of the Offer, issue or agree to issue any Shares or securities without the consent of the Underwriter, subject to certain exceptions such as any proposed transaction described in this Prospectus; and
- will, during the period following the date of the Underwriting Agreement until 120 days after the completion of the Offer, carry on its business in the ordinary course and not dispose of any material part of its business except as disclosed in this Prospectus.

Indemnity

Subject to certain exclusions relating to, amongst other things, negligence, fraud, or wilful misconduct of an indemnified party, Pioneer agrees to keep the Underwriter and certain affiliated parties indemnified from losses suffered in connection with the Offer.

(d) Senior Debt Facility

Overview

Pioneer, together with its subsidiaries, PCAS, Sphere and PC (Philippines) (and any after acquired subsidiaries (jointly and severally, the **Borrower**) have entered into a Facilities Agreement (the **Facility Agreement**) with BankWest under which BankWest has agreed to make available certain facilities, subject to the satisfaction of certain conditions precedent (each as summarised below).

Facility	Limit	Purpose	Term
Cash Advance Facility	$47,000,000	To assist with the acquisition of debt ledgers to form part of the loan book.	From the date of financial close until 31 July 2017, unless cancelled in full or permanently reduced to zero
Bank Guarantee Facility	$3,500,000	To issue bank guarantees necessary to secure an Obligor's obligations under leases of real property.	From the date of financial close until the date which is 1 year after financial close. However, note that this is subject to annual review on 31 December each year.
Overdraft Facility	$1,000,000	To assist with day to day working capital requirements. For the avoidance of doubt, the Overdraft Facility cannot be used to fund the acquisition of debt ledgers.	From the date of financial close until the date which is 1 year after financial close. However, note that this is subject to annual review on 31 December each year.
Direct Debit Authority Facility	$2,500,000	To facilitate the direct debiting of accounts of the group's customers.	From the date of financial close until the date which is 1 year after financial close. However, note that this is subject to annual review on 31 December each year.
Interest Rate Hedging Facility	$25,000,000	To allow the Borrowers to hedge their interest rate exposure under the Cash Advance Facility.	The same as for Cash Advance Facility.

(together, the **Facilities**)

Conditions precedent

Conditions precedent to funding the Facilities are customary for facilities of this nature and include, among other things evidence that the Offer has been successfully completed and that new equity of at least A$20,000,000 (after the deduction of all distributions declared, paid or made as part of the Offer, capital returns and the conversion of redeemable preference shares) has been raised by Pioneer as part of the Offer.

Security

The above facilities will be secured by security over all of the assets and undertakings of each of Pioneer, PCAS, Sphere and PC (Philippines) any after acquired subsidiaries (each an **Obligor**) and unlimited cross guarantees and indemnities from each of those parties.

Undertakings

Under the Facility Agreement, each Obligor gives undertakings that are customary for facilities of this nature including, among others, to ensure that, by 30 June 2014, BankWest is granted a right of entry in relation to the Group's leasehold interest in premises located in BankWest Place, Perth;

Negative undertakings

Under the Facility Agreement, each Obligor gives undertakings that are customary for facilities of this nature including, among other things, not to:

- declare or pay a distribution (including a dividend) if:
- a Review Event, Potential Default or Default subsists or would occur as a result of declaring, making or paying the distribution; or
- such distribution (excluding distributions reinvested as part of a reinvestment plan) exceeds an amount equal to 50% of the net profit after tax of the Group as shown in the Financial Statements of the Group for the most recent financial year. This does not include distributions which include a special dividend declared, paid or made with the prior written consent of BankWest and specifically identified as a 'special dividend', or any return of capital as part of the Offer; or
- engage in a hedge transaction except where required under the Facility Agreement.

Financial covenants

The Facility Agreement includes the following financial covenants which must be complied with at all times and are to be tested at the date of each compliance certificate, being 45 days after the end of each quarter, however the Group must internally test these each month:

- an Interest Cover Ratio for the preceding 12 month period, of at least 3:1;
- a Debt Service Ratio for the preceding 12 month period of at least 3:1;
- a Gearing Ratio not exceeding 45%;
- a Variance To Budget Ratio for the preceding 12 month period of at least 0.85:1.

Each financial covenant is to be calculated by reference to the Accounting Standards and based on the most recent financial statements and other information in respect of the Group.

An overview of the key terms of the financial covenants is set out below:

Interest Cover Ratio	This is the ratio of (in summary): (i) EBIT, for a relevant period, provided that, these amounts are to be normalised to exclude any costs associated with the Offer; to (ii) interest expense for a relevant period.
Debt Service Ratio	This is the ratio of (in summary): (i) EBITDA, for a relevant period, provided that, these amounts are to be normalised to exclude any costs associated with the Offer; to (ii) the aggregate interest expense for that period.
Gearing Ratio	This is the ratio (expressed as a percentage) of (in summary): (i) the sum of all Debt of the Group (excluding Debt on account of hedge transactions to which a Group member is party with another person who is not a Group member), less the sum of Debt owed between Group members (excluding such Debt on account of Hedge Transactions); and the sum of all Vendor Finance; to (ii) the aggregate balance of each debt ledger forming part of the Loan Book determined by reference to its acquisition cost net of the cumulative fair value adjustments, less the sum of all Vendor Finance.
Variance to Budget Ratio	This is the ratio of (in summary): (i) actual revenue for a period; to (ii) budgeted revenue for that period.

Default

The Facility Agreement provides for certain events of default (**Defaults**) which are customary for facilities of this nature and a business of the nature of the Group and include the following:

- non-payment with a 2 business day cure period for technical or administrative failure;
- breach of a financial covenant;
- a Review Event (as summarised below) occurs and an Obligor fails to comply with its remedy obligations;
- a failure to comply with a condition to a waiver of another Default;
- an Obligor fails to comply with any other obligation under a finance document, with a 10 business day cure period;
- a statement, representation or warranty made by an Obligor being incorrect or misleading in a material respect, with a 10 business day cure period;
- vitiation of all or a material provision of a finance document or other document material to an Obligor's business or the obligations under such document becoming illegal or impossible to perform;
- a debt of an Obligor in an amount exceeding, in aggregate, A$250,000 becomes due and payable or capable of being declared due and payable and not paid within any applicable grace period;
- a party to a document material to the business of the Group (other than BankWest or an Obligor) fails to comply with a material obligation under it and such failure to comply would have or be likely to have a material adverse effect;
- an event of default (however described) occurs under any other finance document;
- any judgment is obtained against an Obligor for an amount exceeding A$250,000 or its equivalent and is not stayed or set aside within 10 Business Days or, if appealable, is not being appealed in good faith;
- an Obligor stops, carrying on all or a material part of its business;
- an Obligor ceases to be the owner of any of its property other than property which, among other things, is disposed of as permitted under the Facility Agreement;
- a security ceases to be perfected for any reason (other than due to the fraud, gross negligence or wilful default of BankWest);
- a security interest over an asset of an Obligor, or a guarantee given by an Obligor, is enforced or becomes enforceable for an amount exceeding A$250,000;
- an Obligor becomes insolvent;
- an execution or distress takes place or an order to execute a judgment is made against an Obligor and is not stayed or withdrawn in 10 business days;
- a material authorisation is not obtained or maintained on terms acceptable to the Financier and alternative arrangements are not otherwise determined within 10 business days;
- a government agency takes any action there is any breach of any authorisation necessary for the Obligor to carry on its business, in each case which would have a material adverse effect;
- a government agency compulsorily acquires all or part (other than an immaterial part) of an Obligor's assets;

- without BankWest's consent, an Obligor takes action to reduce its share capital or passes a resolution relating to financial assistance (as defined in the Corporations Act) or external administration;
- anything analogous to the above takes place;
- any marketable securities of Pioneer are removed from the official list of ASX or suspended from trading for 5 business days; or
- any event, or series of events, occurs which would have or be likely to have a material adverse effect.

If a Default subsists, BankWest will be entitled to, among other things, cancel its commitments and declare the loans then outstanding to be due and payable in whole or part.

Review events

Each of the following events constitute a review event (**Review Event**) under the Facilities:

- if there is a change in Accounting Standards after financial close, there is variance of greater than 10% between the value of the Loan Book prepared on the basis of the Accounting Standards as at the date of the Facility Agreement and the amended Accounting Standards (expressed as percentage);
- a change of control occurs, being where:
  - a person who does not have any 'voting power' (as defined in section 610 of the Corporations Act) in a Borrower as at the date of financial close attains voting power in the Borrower of more than 20%;
  - Keith Roy John ceases to be involved in the business of the Obligors or ceases to hold a role of managing director or executive director in the Group; or
  - Keith Roy John ceases to beneficially hold (directly or indirectly) 50% or more of the shares in Pioneer held by him immediately following Pioneer's shares being first quoted on a securities exchange;
- a party to a document material to the business of the Group is, or becomes, entitled to terminate or rescind that document, or fails to comply with a material obligation under it; or
- a person is appointed under any legislation to investigate any part of the affairs of an Obligor and that investigation would have or be likely to have a material adverse effect.

If a Review Event occurs, the parties must, during the period of 60 days after BankWest requests, meet and consult with BankWest in good faith concerning the Review Event and, if requested by BankWest, agree a strategy to rectify or restructure the circumstances giving rise to the Review Event including restructuring the Facilities to the satisfaction of BankWest.

If no such meeting has taken place within the 60 day period referred to above, BankWest may, by written notice to each Obligor change any of the terms of the Facility Agreement or any related documents or cancel one or more of the Facilities.

Voluntary prepayment

A Borrower may repay all or part of the outstanding amount of the Cash Advance Facility by giving 2 business days' irrevocable notice to BankWest.

9.6 Contracts with Related Parties

(a) Executive and Senior employee contracts

Pioneer has entered into employment agreements (each an Employment Agreement) with Mr Keith John and Mr Leslie Crockett and Ms Lisa Stedman (each an Executive) on the following material terms and conditions.

Employee	Position	Salary	Short term incentive	Notice period
Keith John	Managing Director	$300,000 per annum plus superannuation (currently 9.25%)	100% of salary. For the year ending 30 June 2014, $150,000 is payable on completion of the Offer and the balance of $150,000 on achievement of forecast NPAT (refer Section 5).	12 months' notice by either party to the Employment Agreement
Leslie Crockett	Chief Financial Officer	$250,000 per annum plus superannuation (currently 9.25%)	35% of salary. For the year ending 30 June 2014, $43,750 is payable on completion of the Offer and the balance of $43,750 on achievement of forecast NPAT (refer Section 5).	6 months' notice by either party to the Employment Agreement
Lisa Stedman	Head of Operations	$162,000 per annum plus superannuation (currently 9.25%)	55% of salary. For the year ending 30 June 2014, $22,275 is payable on completion of the Offer and the balance of $66,825 on achievement of forecast NPAT (refer Section 5).	6 months' notice by either party to the Employment Agreement

Each of the Executives will be eligible to participate in incentive arrangements (both short and long term) offered by Pioneer from time to time.

The Employment Agreements may be terminated by:

(i) the Executive or Pioneer providing notice as set out in the table above;

(ii) Pioneer immediately dismissing the Executive without notice as a result of:

- the Executive's serious or persistent breach of the provisions of the Employment Agreement or failure to comply with reasonable direction of Pioneer and in both case the breach or failure to comply remains unremedied for 14 days after the Executive receiving notice;
- the Executive becoming insolvent;
- the Executive becoming of unsound mind;
- the Executive committing and act of dishonesty or being convicted of an offence that affects the ability of the Executive to carry out their duties;
- the Executive engaging in conduct that creates a serious and imminent risk to the health and safety of Pioneer's staff;
- the Executive carrying out their duties under the influence of alcohol or illicit drugs;
- the Executive engaging in conduct the has the capacity to adversely affect the reputation, viability or profitability of Pioneer;
- the Executive fails to comply any statutory, legal or regulatory standard necessary for the performance of the Executive duties; or
- the Executive otherwise engaging in serious or wilful misconduct.

If a notice is given under paragraph (a) above, then Pioneer may opt to pay the Executive the equivalent of any amount payable to the Executive in lieu of all or part of the notice period.

Each Executive is employed as a full-time employee of Pioneer. Pioneer will hold a performance review with each Executive annually. Pioneer shall review the Executive's remuneration package annually.

The Executive is entitled to 20 working days annual leave, 10 working days personal/carer's leave and at least the minimum level of long service leave prescribed by law. The Executive is entitled to parental leave, compassionate leave and community service leave in accordance with the terms of the Fair Work Act 2009 (Cth).

The Executive undertakes to keep confidential any confidential information of Pioneer and may not disclose such confidential information except in the proper course of his duties, where Pioneer has consented to disclosure or disclosure required by law. The undertaking persists during and post termination of the Employment Agreement.

The Executive acknowledges that any intellectual property made, written or developed by the Executive in the course of their employment is owned by Pioneer.

Each Executive has agreed that they will not for a period of 12 months after the termination date (or a period nine month's if 12 month's is held invalid, or a period of six month's if nine month's is held invalid) to approach solicit or entice away a client of Pioneer or a Company employee or engage in a business activity that is similar to Pioneer's business or in competition with Pioneer's business. This restraint applies across Australia (or across Western Australia New south Wales and Victoria if Australia is held invalid or across Western Australia if Western Australia New south Wales and Victoria is held invalid).

(b) Non-Executive Directors Letters of Appointment

Pursuant to a letter of appointment from Pioneer and accepted by Mr Michael Smith on 7 February 2014, Mr Smith was appointed a Non-Executive Director of Pioneer and elected Chairman.

Pursuant to a letter of appointment from Pioneer and accepted by Mr Mark Dutton on 7 February 2014, Mr Dutton is continuing his appointment to the Board as a Non-Executive Director.

Pursuant to a letter of appointment from Pioneer and accepted by Mr Rob Bransby on 7 February 2014, Mr Bransby was appointed a Non-Executive Director of Pioneer.

Pioneer will pay each of Messrs Dutton and Bransby a director's fee of $70,000 per annum plus statutory superannuation. Pioneer will pay Mr Smith a director's fees of $120,000 per annum plus statutory superannuation. Pioneer also issued to Mr Smith 300,000 Options (the terms and conditions of which are set out in Section 9.4).

Messrs Smith, Dutton and Bransby are also entitled to fees or other amounts as the Board determines where they perform special duties or otherwise perform special duties or otherwise perform services outside the scope of the ordinary duties of a director. They may also be reimbursed for out of pocket expenses incurred as a result of their directorships or any special duties.

(c) Directors' and Officers' deeds of indemnity, insurance and access

Pioneer has entered into a deed of access, indemnity and insurance with each of its Directors and Company Secretary. Under these deeds, Pioneer agrees to indemnify each officer to the extent permitted by law against any loss which the officer may incur, or be liable for, arising from or in connection with the officer acting as an officer of Pioneer.

Under the deeds, Pioneer is also required to enter into an insurance policy for the benefit of the officer that insures the officer for all liability to which the officer is exposed in providing services in the capacity of an officer of Pioneer for which insurance may be legally obtained. When the policy expires, Pioneer must ensure that it maintains an insurance policy for the officer during the officer's term of appointment that is on terms no less favourable to the officer (subject to the ability of Pioneer to reduce the scope of the insurance to the extent it considers reasonable if it is determined that the cost of maintaining it is such that it is not in the interests of Pioneer to maintain it, or Pioneer is unable to obtain the insurance on reasonable terms). Pioneer must also maintain the insurance for the benefit of the officer for a period of 7 years after the officer's resignation (Post-Appointment Period) which must be on terms no less favourable to the officer in any material respect than insurance in place for Pioneer's then current directors or, if such insurance is not in place, on terms which are typically maintained by other companies that operate a similar business to Pioneer and would have been available to Pioneer immediately before the officer's resignation date.

Under the deeds, an officer is also given access to Pioneer's board papers and files during business hours. During the period of the officer's appointment, this access is given for the purposes of fulfilling the officer's duties. During the Post-Appointment Period, access is given for a permitted purpose which includes defending an action or proceeding, appearing before an inquiry or hearing of a government agency, conducting or preparing to conduct an action or preparing for such things or any other purpose which Pioneer agrees to be a permitted purpose. Pioneer may deny or refuse access if it is sought for reasons contrary to the interests of Pioneer.

(d) Payments permitted by the Constitution

The Constitution of Pioneer provides that the Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by Pioneer in general meeting, where notice of the amount of the suggested increase and the maximum sum that may be paid shall have been given to shareholders in the notice convening the meeting. The aggregate remuneration for Non-Executive Directors has been set at an amount not to exceed $500,000 per annum.

Directors, companies associated with the Directors or their associates are reimbursed for all reasonable expenses incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of Pioneer and other miscellaneous expenses.

(e) Leases entered into with related parties

Pioneer (as tenant) has entered into three lease agreements for various premises with related parties as summarised below (together, the **East Perth Leases**):

Premises	Landlord	Rental payments
118 Royal Street, East Perth	Avy Nominees Pty Ltd (**Avy**) as trustee for The John Family Primary Investments Trust (**John Trust**). Keith John, Pioneer's Managing Director is a beneficiary of the John Trust and the sole director and secretary of Avy.	Rental payment – during the term (1 January 2010 to 31 December 2015), Pioneer (as tenant) will pay the lessor $74,400 (plus GST) per annum (plus GST) in equal instalments at the start of each calendar month. In addition, Pioneer will pay $9,600 (plus GST) per annum to rent two car bays. Pioneer must also pay a proportion of variable outgoings, rates and taxes, essential services costs and insurance based on the proportion of the lettable area of the building that it leases.
188 Bennett Street, East Perth	Avy as trustee for the John Trust and Teresa Anne Street as Trustee for the MA & TA Street Family Trust. Keith John, Pioneer's Managing Director is a beneficiary of the John Trust and the sole director and secretary of Avy. The interests of Avy in the lease are 2/3 and Teresa Anne Street as Trustee for the MA & TA Street Family Trust 1/3.	Rental payment – during the term (1 January 2010 to 31 December 2015), Pioneer (as tenant) will pay the lessor $89,550 (plus GST) per annum (plus GST) in equal instalments at the start of each calendar month. In addition, Pioneer will pay $14,400 (plus GST) per annum to rent three car bays. Pioneer must also pay a proportion of variable outgoings, rates and taxes, essential services costs and insurance based on the proportion of the lettable area of the building that it leases.
190 Bennett Street, East Perth	Avy as trustee for the John Trust. Keith John, Pioneer's Managing Director is a beneficiary of the John Trust and the sole director and secretary of Avy.	Rental payment – during the term (1 January 2010 to 31 December 2015), Pioneer (as tenant) will pay the lessor $94,650 (plus GST) per annum in equal instalments at the start of each calendar month. In addition, Pioneer will pay $14,400 (plus GST) per annum to rent three car bays. Pioneer must also pay a proportion of variable outgoings, rates and taxes, essential services costs and insurance based on the proportion of the lettable area of the building that it leases.

The East Perth Leases are on similar terms. If Pioneer fails to comply with any of its obligations under the relevant East Perth Lease (including paying rent etc.) and those failures are not remedied within thirty days or an insolvency event occurs in respect of Pioneer, the relevant landlord(s) may terminate that lease.

If the relevant landlord(s) decides to redevelop the building or premises the subject of the relevant East Perth Lease, then it may terminate that lease only if it notifies Pioneer 6 months before termination. If the redeveloped premises is going to be used as an office post-redevelopment, then the relevant landlord(s) must grant Pioneer an option to lease those premises.

Pioneer has agreed to indemnify the relevant landlord(s) for any loss, liability or expense (excluding for the negligence of the relevant landlord(s)) that it incurs by damaging anyone or anything, in or near the building (including the car parking area if caused by Pioneer), or to the building itself.

(f) Design consulting agreement

Pioneer and Avy as trustee for The John Family Building & Design Trust (trading as Alana John Design) (**Alana Design**) are parties to an agreement pursuant to which Alana Design provides design and project management services for the commercial fitout of Pioneer's office premises. The agreement commenced on 1 November 2013 and continues on a monthly until terminated by either party on one month's notice. Alana Design receives $10,000 (plus GST and incidentals) per month for the provision of the services.

9.7 Escrow arrangements

The Existing Shareholders and the existing holders of management options (which exercise into management shares and will convert to Shares prior to Listing) have entered into voluntary escrow arrangements in respect of the Shares they will hold on Listing as set out in the table below (**Escrowed Shareholders**). The Escrow Period is the same for all Escrowed Shareholders, being the period from the date of ASX's letter granting conditional approval to admit Pioneer to the official list of ASX to 10 trading days after the date on which Pioneer releases to the ASX its results for the full financial year ending 30 June 2015 (FY15) (being the end of the Forecast period (**Escrow Period**).

In accordance with the escrow arrangements, there are other limited circumstances in which an escrow may be released, namely:

- to allow the Escrowed Shareholder to accept an offer under a takeover bid in relation to its escrowed Shares if at least half of the Shares which are subject of the bid that are not escrowed Shares have accepted the takeover bid.
- to allow the escrowed Shares held by the Escrowed Shareholder to be transferred or cancelled as part of a merger by scheme of arrangement under Part 5.1 of the Corporations Act.

During the Escrow Period, the Escrowed Shareholders whose Shares are subject to escrow, may deal in any of their Shares to the extent the dealing is required by applicable law (including an order of a court of competent jurisdiction). The restriction on 'disposing' is broadly defined and includes, among other things, selling, assigning, transferring or otherwise disposing of any interests in the Shares, encumbering or granting a security interest over the Shares, doing or omitting to do, any act if the act or omission would have the effect of transferring effective ownership or control of any of the Shares or agreeing to do any of those things. Escrowed Shares will represent approximately 44.5% of the total Shares on issue immediately following Listing[27].

9.8 Litigation

As part of the Group's operations, the Group from time to time, seeks to enforces its rights to recover funds through the judicial system. Therefore, as at the date of this Prospectus, certain members of the Group are involved in a number of legal proceedings in various jurisdictions in which that Group member is the applicant seeking to recover amounts owing to it.

As at the date of this Prospectus, the Group is not involved in any material legal proceedings where a Group member is the respondent and the Directors are not aware of any material legal proceedings pending or threatened against the Group.

9.9 Ownership of subsidiaries

Pioneer Credit has three wholly owned subsidiaries, PCAS, Sphere Legal and PC (Philippines).

PCAS is the vehicle which purchases debt portfolios for the Group.

Sphere Legal provides legal services as required to Pioneer Credit in the recovery of some accounts. In addition, Sphere Legal also provides a range of cost-effective legal services to clients, several of which have other business relationships with Pioneer. These include commercial services, commercial litigation, debt recovery and rates recovery.

PC (Philippines) is an Australian registered entity. It was established for the purpose of facilitating employment of expatriate Australians in the Philippines in a legal and financially beneficial manner.

9.10 Privacy Act

If you complete an Application Form, you will be providing personal information to Pioneer. Pioneer collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that Pioneer or Pioneer's share registry holds about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

27 Assuming 100% participation of eligible employees under the Employee Offer.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Application Form, Pioneer may not be able to accept or process your application.

9.11 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

(a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;

(b) promoter of Pioneer; or

(c) underwriter (but not a sub-underwriter) to the issue of a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with ASIC, any interest in:

(a) the formation or promotion of Pioneer;

(b) any property acquired or proposed to be acquired by Pioneer in connection with:

(i) its formation or promotion; or

(ii) the Offer; or

(c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with the formation or promotion of Pioneer or the Offer.

Azure Capital has acted as financial adviser to Pioneer. Pioneer estimates it will pay Azure Capital a total of approximately $784,000 (excluding GST) for these services, based on Offer proceeds of $40.2 million being raised.

Evans and Partners has acted as Lead Manager in relation to the Offer and underwriter to the Institutional Offer and Broker Firm Offer. Pioneer has agreed to pay the Lead Manager fees as calculated in accordance with the Underwriting Agreement referred to in section 9.5(c).

The Lead Manager has appointed Bell Potter to act as Co Lead Manager in relation to the Offer. The Lead Manager will pay Bell Potter a broker firm fee of 1.5% of the gross proceeds of the Shares allocated to Bell Potter under the Broker Firm Offer and subject to Bell Potter complying with their obligations as Co Lead Manager, the Lead Manager will pay Bell Potter a fee of $80,000.

KPMG Transaction Services has acted as Investigating Accountant and has prepared the Investigating Accountant's Report which is included in Section 7. Pioneer has paid, or agreed to pay KPMG Transaction Services approximately $200,000 (excluding GST) for these services up until the Prospectus Date.

Gilbert + Tobin has acted as the solicitors to Pioneer in relation to the Offer. Pioneer estimates it will pay Gilbert + Tobin a total of approximately $200,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with ASIC, Gilbert + Tobin has received fees from the Company in the amount of $114,000.

9.12 Consents

Each of the parties referred to in this Section:

(a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and

(b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Azure Capital has given its written consent to being named as corporate advisor to Pioneer. Azure Capital has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Evans and Partners has given its written consent to being named as Lead Manager to the Offer and Underwriter to the Institutional Offer and Broker Firm Offer in this Prospectus. Evans and Partners has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Bell Potter has given its written consent to being named as Co Lead Manager to the Offer. Bell Potter has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

KPMG Transaction Services has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Section 7 in the form and context in which it is included. KPMG Transaction Services has not withdrawn its consent prior to lodgement of this Prospectus with ASIC. KPMG Transaction Services has not authorised the issue of the Prospectus and accordingly it takes no responsibility for any other statements, or material in, or omission from, the Prospectus.

Gilbert + Tobin has given its written consent to being named as the solicitors to Pioneer in this Prospectus. Gilbert + Tobin has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Bentleys Audit & Corporate (WA) Pty Ltd has given its written consent to being named as the former auditor of Pioneer and to the inclusion of the summary historical consolidated income statement and statement of cash flows of Pioneer for the year ending 30 June 2012 in Section 5 in the form and context in which the information is included. Bentleys Audit & Corporate (WA) Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

PricewaterhouseCoopers has given its written consent to being named as Pioneer's auditor and to the inclusion of the summary historical consolidated income statement and statement of cash flows of Pioneer for the year ending 30 June 2013 in Section 5 in the form and context in which the information is included. PricewaterhouseCoopers has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

PricewaterhouseCoopers Securities Limited has given its written consent to being named and to the inclusion of the summary historical consolidated income statement and statement of cash flows of Pioneer for the 6 months ending 31 December 2013 and the summary historical consolidated statement of financial position as at 31 December 2013 in Section 5 in the form and context in which the information is included. PricewaterhouseCoopers Securities Limited has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Kessler Financial Services Australia Pty Ltd has given its written consent to the inclusion of data attributed to it in Sections 1.2, 2.2 and 3.8 in the form and context which the information is included. Kessler Financial Services Australia Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

9.13 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director holds, or has held within the two years preceding lodgement of this Prospectus with ASIC, any interest in:

(a) the formation or promotion of Pioneer;

(b) any property acquired or proposed to be acquired by Pioneer in connection with:

(i) its formation or promotion; or

(ii) the Offer; or

(c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons:

(d) as an inducement to become, or to qualify as, a Director; or

(e) for services rendered in connection with:

(i) the formation or promotion of Pioneer; or

(ii) the Offer.

9.14 Modifications and confirmations

Pioneer has applied to ASX for the following confirmations:

- confirmation that ASX will consider that Pioneer's purchased debt ledgers are not "cash or in a form readily convertible to cash" for the purposes of ASX Listing Rule 1.3.2;
- confirmation that ASX will not exercise its discretion under listing rule 4.7B to require Pioneer to complete Appendix 4C quarterly reporting; and
- confirmation that the restrictions in clauses 1, 2, 3, 4, 7, 8, and 9 of Appendix 9B of the ASX Listing Rules do not apply to Pioneer's securities.

9.15 Foreign Selling Restrictions

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies Ordinance (Cap. 32) of Hong Kong (the **Companies Ordinance**), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Securities Act 1978 (New Zealand). The Shares are not being offered or sold in New Zealand, or allotted with a view to being offered for sale in New Zealand, and no person in New Zealand may accept a placement of Shares other than to:

- persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money; or
- persons who are each required to (i) pay a minimum subscription price of at least NZ$500,000 for the securities before allotment or (ii) have previously paid a minimum subscription price of at least NZ$500,000 for securities of Pioneer ("initial securities") in a single transaction before the allotment of such initial securities and such allotment was not more than 18 months prior to the date of this document.

Singapore

This document and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of Pioneer's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the Shares. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of FSMA) in the United Kingdom, and the Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

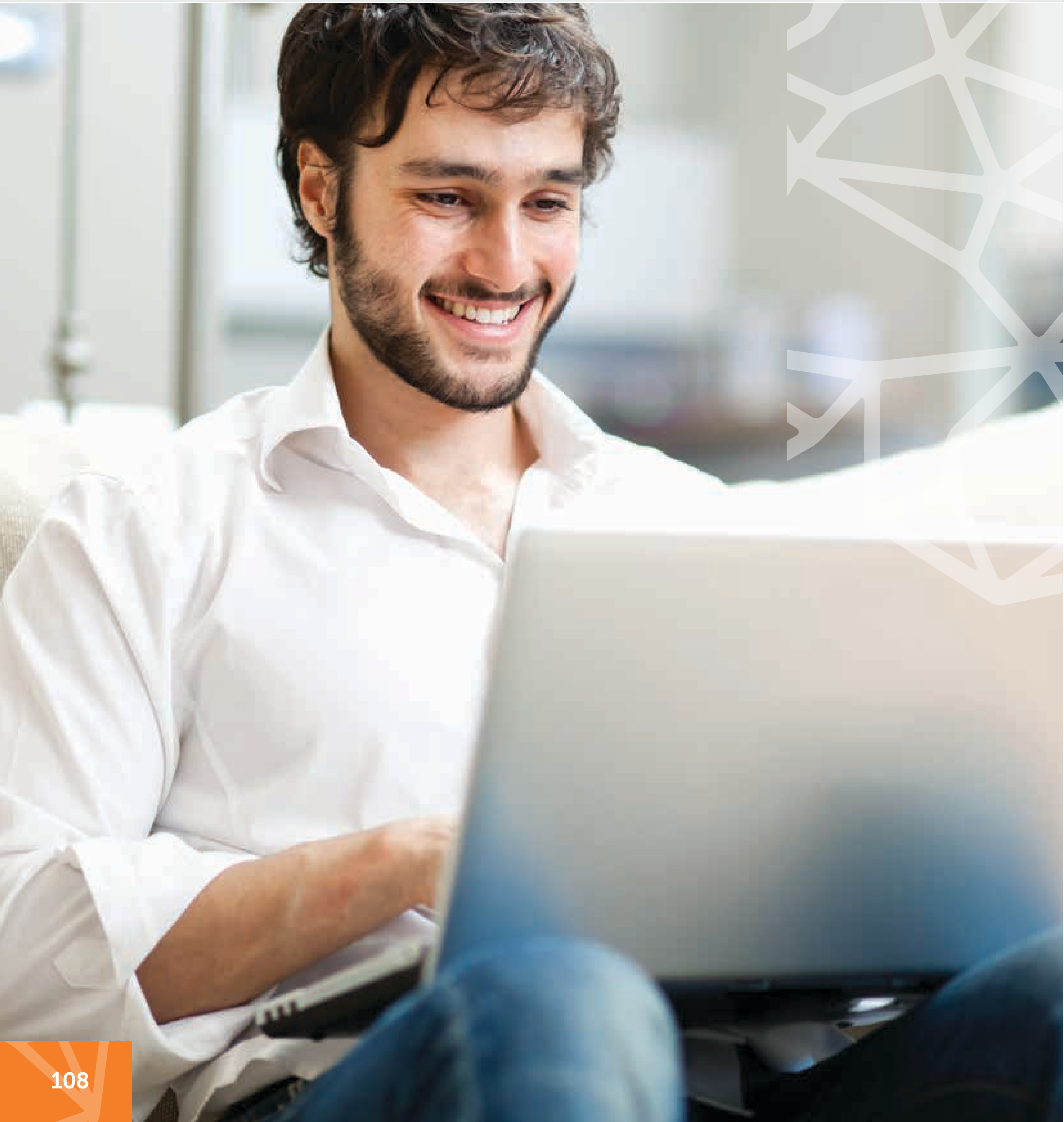
Any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received in connection with the issue or sale of the Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply to Pioneer.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

It is the responsibility of applicants outside Australia to obtain all necessary approvals for the allotment and issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the applicant that all relevant approvals have been obtained.

Each Applicant will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States and may not be offered, sold or resold in the United States except in transactions exempt from, or not subject to, registration requirements of the US Securities Act and applicable US state securities laws;
- it is not in the United States;
- it has not and will not send the Prospectus or any other material relating to the Offer to any person in the United States; and
- it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration requirements of the US Securities Act and in compliance with all applicable laws in the jurisdiction which Shares are offered and sold.



10) Directors' Consent

This Prospectus is issued by Pioneer and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented in writing to the lodgement of this Prospectus with ASIC.

Keith John
Managing Director

FOR AND ON BEHALF OF PIONEER CREDIT LIMITED

11) Definitions

Term	Meaning
AASB	Australian Accounting Standards Board.
ACCC	Australian Competition and Consumer Commission.
Account Acquisition Agreement	a forward flow agreement or debt purchase agreement between PCAS and a Vendor Party.
Accounting Standards	means accounting standards, principles and practices applying by law or otherwise generally accepted and consistently applied in Australia.
ACL	Australian Credit Licence issued under the National Credit Act.
AM	account manager.
Application Monies	the amount accompanying an Application Form submitted by an investor.
Applicant	an investor that applies for Shares using an Application Form pursuant to this Prospectus, and **Application** has a corresponding meaning.
Application Form	the application form attached to or accompanying this Prospectus relating to the Offer.
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited (ABN 98 008 624 691).
ASX Listing Rules	the listing rules of ASX.
ASX Settlement	ASX Settlement Pty Ltd (ABN 49 008 504 532).
ASX Settlement Operating Rules	the operating rules of the settlement facility provided by ASX Settlement as amended from time to time.
AUD, Dollar or $	Australian dollars.
Avy	Avy Nominees Pty Ltd (ACN 008 853 996).
Azure Capital	Azure Capital Limited (ACN 107 416 106).
Bankruptcy Act	*Bankruptcy Act 1966* (Cth).
BankWest	means Commonwealth Bank of Australia trading as BankWest ABN 48 123 123 124
Bell Potter	Bell Potter Securities Limited (ACN 006 390 772)
Board	means the board of Directors.
Borrower	has the meaning given in Section 9.5(d).
Broker Firm Fee	has the meaning given in Section 9.5(c).
Broker Firm Offer	the offer of Shares under this Prospectus to sophisticated and retail investors in Australia who have received a firm allocation from their Syndicate Broker.

Term	Meaning
Business Day	a day on which trading takes place on the stock market of ASX.
CBD	central business district.
Certificate	PCI DSS Certificate of Compliance.
Closing Date	the closing date for receipt of Application Forms under this Prospectus as set out on page 5 (unless extended or closed early by the Company).
Co Lead Manager	Bell Potter Securities Limited (ACN 006 390 772)
Company	Pioneer Credit Limited (ACN 103 003 505) and where the context requires, includes Pioneer's subsidiaries.
Constitution	the Company's Constitution as at the date of this Prospectus.
Corporations Act	the Corporations Act 2001 (Cth).
CRPS	convertible redeemable preference shares.
Customer Payments	payments received by Pioneer from its customers for the liquidation of its debt portfolios, plus any revenue received by Pioneer from other customers for the provision of services.
Customer Service Team	Pioneer's team of employed account managers.
DCF	discounted cash flow.
Defaults	has the meaning given in Section 9.5(d).
Directors	directors of the Company at the date of this Prospectus.
EBIT	earnings before interest and tax.
EBITDA	earnings before interest, tax, depreciation and amortisation.
EBITDA Adjusted	earnings before interest, tax, depreciation, amortisation and the change in value of purchased debt ledgers.
Employee Offer	the invitation for eligible employees of Pioneer to subscribe for Share on the terms and conditions set out in Section 8.7.
Escrow Agreement	the voluntary escrow agreement entered into between Pioneer and each of the Escrowed Shareholders as described in Section 9.7.
Escrow Period	the period from the date of ASX's letter granting conditional approval to admit Pioneer to the official list of ASX to 10 trading days after the date on which Pioneer releases to the ASX its results for the full financial year ending 30 June 2015 (FY15) (being the end of the Forecast period).
Escrowed Shareholders	the parties referred to in Section 9.7.
Evans and Partners	Evans and Partners Pty Ltd (ABN 85 125 338 785).
Existing Shareholders	the holders of Shares as at the date of this Prospectus.
Expiry Date	the date that is 13 months after the date of this Prospectus.

Term	Meaning
Exposure Period	the period of 7 days from the date of lodgement of this Prospectus with ASIC. This period may be extended by ASIC for a further period of up to 7 days.
Facilities	has the meaning given in Section 9.5(d).
Facility Agreement	has the meaning given in Section 9.5(d).
Fixed Schedule Payment Arrangement	has the meaning given in Section 3.4.
Forecast	has the meaning given in Section 5.1.
Forward Flow Agreements	the agreements pursuant to which PCAS purchases debt as summarised in Section 9.5(a).
FY	financial year (1 July to 30 June).
FY[x]A	financial year actual.
FY[x]F	financial year forecast.
Group	Pioneer and its subsidiaries.
Group Member	a member of the Group.
H1	1 July to 31 December.
H2	1 January to 30 June.
Investigating Accountant's Report or IAR	the Investigating Accountant's Report included in Section 7.
John Trust	John Family Primary Investments Trust.
KPMG Transaction Services	a division of KPMG Financial Advisory Services (Australia) Pty Ltd (ABN 43 007 363 215).
IFRS	International Financial Reporting Standards.
Institutional Investor	investors who are: • an investor to whom offers or invitations in respect of securities can be made without the need for a lodged prospectus (or other formality, other than a formality with which Pioneer is willing to comply), including in Australia persons to whom offers or invitations in respect of securities can be made without the need for a lodged Prospectus under section 708 of the Corporations Act; • institutional investors in certain other jurisdictions, as agreed by Pioneer and the Lead Manager to whom offers of Shares may lawfully be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approval by, any governmental agency (except one with which Pioneer is willing in its discretion to comply); and • provided that in each case such investors are not in the United States.
Institutional Offer	the invitation to bid for Shares made to Institutional Investors in Australia, and a number of other eligible jurisdictions.
IRR	internal rate of return.
Leadership Principles	Pioneer's Leadership Principles as summarised in Section 3.4.
Lead Manager	Evans and Partners.

Term	Meaning
Listing	the commencement of trading in shares on the Official List of the ASX.
Loan Book	means the loan book of the Group comprising purchased debt ledgers acquired and maintained by the Group in the ordinary course of its ordinary business.
National Credit Act	National Credit Consumer Protection Act 2009 (Cth).
Non Scheduled Payment Arrangements	has the meaning given in Section 3.5.
NPAT	net profit after tax.
Obligor	has the meaning given in Section 9.5(d).
Offer	the offer under this Prospectus of 25.2 million Shares to be issued by Pioneer, which includes the Broker Firm Offer, the Institutional Offer and Employee Offer.
Offer Documents	the following documents issued or published by, or on behalf of, and with the authorisation of, Pioneer in respect of the Offer, and in a form approved by the Underwriter: • the Pathfinder and any document that supplements or replaced the Pathfinder (including any addendum to the Pathfinder); • the Prospectus, any Application Form and any supplementary prospectus; and • the marketing, roadshow presentation and/or ASX announcement(s) used by or on behalf of Pioneer to conduct the Offer.
Offer Price	$1.60 per Share.
Offer Shares	the Shares being offered pursuant to this Prospectus.
Official Quotation	quotation on the official list of ASX.
Opening Date	the opening date for receipt of Application Forms under this Prospectus as set out on page 5.
Option	an option to acquire a Share, the terms of which are set out in Section 9.4.
Pathfinder	a draft Prospectus for the Offer that has been provided to institutional investors, the Co Lead Manager and brokers for the purposes of the roadshow and bookbuild.
Payment Arrangement	Fixed Schedule Payment Arrangements and/or Non Scheduled Payment Arrangements.
PCAS	Pioneer Credit Acquisition Services Pty Ltd (ACN 136 062 970), a wholly owned subsidiary of the Company.
PC (Philippines)	Pioneer Credit (Philippines) Pty Ltd (ACN 167 636 946), a wholly owned subsidiary of the Company.
PDL	purchased debt ledgers.
Pioneer	Pioneer Credit Limited (ACN 103 003 505) and where the context requires, includes Pioneer's subsidiaries.
PP&E	property, plant and equipment.
Privacy Act	Privacy Act 1988 (Cth).
Prospectus	this Prospectus.
Public Information	public and other media statements made by, or on behalf and with the knowledge and consent of Pioneer, or any other Group Member in relation to the business or affairs of Pioneer, the Group or the Offer.

Term	Meaning
Recourse	accounts returned to a Vendor Partner based on agreed recourse criteria as summarised in Section 9.5(a)(ii).
Registry	Link Market Services Limited (ACN 083 214 537).
Revenue	Pioneer defines Revenue as the liquidation of cash flows from purchased debt ledgers, the change in value of purchased debt ledgers and income from services.
Review Event	has the meaning given in Section 9.5(d).
Senior Debt Facility	the debt facility described in Section 9.5(d).
Share	a fully paid ordinary share in the capital of the Company and, where the context permits, means the Shares the subject of the Offer.
Shareholders	the holders of Shares.
Sphere Legal	Sphere Legal Pty Ltd (ACN 138 847 322), a wholly owned subsidiary of the Company.
Syndicate Broker	The Lead Manager and any ASX market participant selected by the Lead Manager to participate in the Broker Firm Offer.
Underwriter	Evans and Partners Pty Ltd (ABN 85 125 338 785).
Underwriter and Lead Manager Fee	has the meaning given in Section 9.5(c).
Underwriting Agreement	the underwriting agreement between the Company and the Underwriter as summarised in Section 9.5(c).
US Securities Act	US Securities Act of 1933.
Vendor Partner	an entity with whom PCAS has entered into an account Acquisition Agreement.
Vendor Finance	the arrangement described in Section 5.10.
WA	Western Australia.
WST	Western Standard Time.
YoY	year on year.

Appendix A

The significant accounting policies adopted in the preparation of the financial information included in Section 5 of this Prospectus are set out below. These accounting policies are consistent with the audited general purpose financial report of Pioneer Credit Limited for the year ended 30 June 2013 as well as the reviewed interim special purpose financial report as at 31 December 2013.

The financial information presented in this Prospectus is in conformity with Australian Accounting Standards, however is in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act 2001.

Basis of preparation

(a) Compliance with IFRS

The historic financial information of the Group complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(b) Basis of measurement

The historic financial information has been prepared on an accruals basis and is based on historical costs other than certain financial assets measured at fair value.

(c) Going concern

The consolidated financial information has been prepared on a going concern basis.

(d) Critical accounting estimates

The preparation of financial information requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions are significant to the financial information are as follows;

(i) fair value of financial assets (purchased debt ledgers); and

(ii) fair value of share options.

(e) Functional and presentation currency

The consolidated financial information is presented in Australian dollars, which is the Company's functional currency.

The Company is of a kind referred to in Class Order 98/100 dated 10 July 1998. In accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

Significant Accounting Policies

(a) Principles of consolidation

The consolidated financial information incorporates the assets and liabilities of all subsidiaries of Pioneer and the results of all subsidiaries. Pioneer and its subsidiaries together are referred to in this financial information as the Group or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) Customer payments, Debt purchase income

Net gains on financial assets are disclosed in the financial information as cash flows from purchased debt ledgers net of any change in value of the ledgers. The Group classifies purchased debt ledgers as financial assets at fair value through profit or loss.

Net gains or losses on financial assets measured at fair value are recognised as they accrue.

(ii) Interest income

Interest income is recognised using the effective interest method.

(iii) Services

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

(c) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial information. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(d) Cash and cash equivalents

For the purpose of presentation in the financial information, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the financial information.

(e) Trade & other receivables

Trade receivables are recognised initially at fair value, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(f) Property, plant and equipment

All property, plant and equipment acquired are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the diminishing balance method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

• Furniture, fittings and equipment	15 - 50%
• Leasehold improvements	20 - 50%
• Machinery and vehicles	25%
• Plant and equipment	15 - 66.7%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(g) Intangible Assets

Costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software. Amortisation is calculated on a straight-line basis over 2 years.

(h) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial reporting period year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

(i) Borrowings

All borrowings are initially recognised at fair value which is usually their principal amount, net of directly attributable transaction costs incurred. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method. Interest is recognised using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Convertible redeemable preference shares (CRPS) comprise of two components, the financial liability in respect of the principal raised and the dividend earned, and an equity instrument. This classes them as compound financial instruments. AASB 132 requires that the liability component be measured first and the difference between the proceeds of the issue and the fair value of the liability is assigned to the equity component. Under the current terms of the shares, there is no residual element to be assigned as an equity component and the full amount of the proceeds of the issue is carried as a liability. The dividends on these preference shares are recognised in profit or loss as finance costs, and where payable in arrears, is accrued over the period it becomes due, recorded at the contracted rate as part of borrowings.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(j) Employee benefits - Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(k) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated financial information.

Cash flows are presented on a gross basis.

(m) Financial assets at fair value through profit or loss – Purchased debt ledgers (PDL)

Purchased debt ledgers have been included in this category of financial assets as it is managed and its performance is evaluated on a fair value basis.

Purchased debt ledgers are initially recorded at acquisition cost and thereafter at fair value in the balance sheet, transaction costs are expensed as incurred. In the absence of a sufficiently active market the fair value of a particular ledger is determined based on a valuation technique. The valuation is based on the present value of expected future cash flows.

The fair value gains or losses on financial assets are disclosed in the financial information as part of customer payments net of any change in fair value of the ledgers.

Purchased debt ledgers are included as non-current assets, except for the amount of the ledger that is expected to be realised within 12 months of the balance sheet date, which is classified as a current asset.

(n) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(o) Share-based payment transactions

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do not meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

For share-based payment awards structured as a share purchase arrangement which include a limited recourse feature, shares rights issued to employees are treated as treasury shares and no loan receivable from employees is recognised until the right is exercised.

The fair value of the share-based payment awards granted to employees is measured using measurement inputs including share price on measurement date, exercise price of the instrument, expected volatility, weighted average expected life of the instruments, expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(p) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of Pioneer, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the period and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

Broker Code | Adviser Code

pioneer credit

Pioneer Credit Limited
ACN 103 003 505

Broker Firm Offer Application Form

Applicants under the Broker Firm Offer must contact their Broker for information on how to submit this Broker Firm Offer Application Form and Application Monies.

This Broker Firm Offer Application Form relates to the Prospectus dated 4 April 2014 issued by Pioneer Credit Limited ("Pioneer Credit" or "Company") in relation to the initial public offering of fully paid ordinary shares in PNC ("Shares"). The expiry date of the Prospectus is 13 months after 4 April 2014. This Application Form should be read in conjunction with the Prospectus. Capitalised words and certain terms used in this Application Form have the meanings given to them in the Prospectus.

This Application Form does not constitute an offer of securities in the United States or to any person to whom it would not be lawful outside Australia. The securities referred to herein have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "US Securities Act") or under the securities laws of any state or other jurisdiction of the United States. Any securities described in, or sold pursuant to, this Application Form may not be offered or sold in the United States absent registration under the US Securities Act or pursuant to an applicable exemption from registration, or to any person to whom it would not be lawful outside Australia.

The Application Form must not be released or distributed in the United States, or in any jurisdiction outside of Australia where distribution may be restricted by law.

This Application Form is important. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or professional adviser without delay. The Prospectus contains information relevant to a decision about investing in Shares. You should read the entire Prospectus carefully before completing this Application Form and applying for Shares. To meet the requirements of the Corporations Act, this Broker Firm Offer Application Form must not be distributed unless included in, or accompanied by the Prospectus.

The Closing Date of the Broker Firm Offer is 5:00pm (Perth Time) on 23 April 2014.

A Shares applied for ___ , ___ at Price per Share A$1.60 **B** Application Monies **A$**

(The minimum application under the Broker Firm Offer is 1,500 Shares and in multiples of 500 Shares thereafter.)

PLEASE COMPLETE YOUR DETAILS BELOW (refer overleaf for correct forms of registrable names)

C
Applicant #1
Surname/Company Name

Title | First Name | Middle Name

Joint Applicant #2
Surname

Title | First Name | Middle Name

Designated account e.g. <Super Fund> (or Joint Applicant #3)

D
TFN/ABN/Exemption Code
First Applicant | Joint Applicant #2 | Joint Applicant #3

TFN/ABN type – if NOT an individual, please mark the appropriate box: Company | Partnership | Trust | Super Fund

E
PLEASE COMPLETE ADDRESS DETAILS
PO Box/RMB/Locked Bag/Care of (c/-)/Property name/Building name (if applicable)

Unit Number/Level | Street Number | Street Name

Suburb/City or Town | State | Postcode

Email address (only for purpose of electronic communication of shareholder information)

F
CHESS HIN (if you want to add this holding to a specific CHESS holder, write the number here)
X

Please note: that if you supply a CHESS HIN but the name and address details on your Application Form do not correspond exactly with the registration details held at CHESS, your Application will be deemed to be made without the CHESS HIN and any Shares issued as a result of the Offer will be held on the issuer sponsored sub-register.

G
Telephone Number where you can be contacted during Business Hours ( ) | Contact Name (PRINT)

H
Cheques or bank drafts should be drawn up according to the instructions given by your Broker.
Cheque or Bank Draft Number | BSB - | Account Number

Total Amount A$

LODGEMENT INSTRUCTIONS
You must return your Application Form so it is received by your Broker by the deadline set out in their offer to you.
Registry communications to: Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235 Australia
Telephone (within and outside Australia): +61 1800 992 793

PNC BRO001

Your Guide to the Application Form

Please complete all relevant white sections of the Application Form in BLOCK LETTERS, using black or blue ink. These instructions are cross-referenced to each section of the form.
The Shares to which this Application Form relates are Pioneer Credit Limited ("Pioneer Credit" or "Company") Shares. Further details about the Shares are contained in the Prospectus dated 4 April 2014 issued by Pioneer Credit. The Prospectus will expire 13 months after 4 April 2014. While the Prospectus is current, Pioneer Credit will send paper copies of the Prospectus free of charge on request to eligible investors before the Closing Date. You can request a copy by telephoning the Pioneer Credit IPO Information Line on 1800 992 793 (toll free within Australia), open from 8.30am to 5.30pm (Sydney time), Monday to Friday.
The Corporations Act prohibits any person from passing onto another person an Application Form in relation to the offer of Shares, unless the Application Form is attached to or accompanies a complete and unaltered copy of the Prospectus (or an electronic copy of this Prospectus). A person who gives another person access to the Application Form must at the same time and by the same means give the other person access to the Prospectus, and any supplementary or replacement prospectus. Applications for Shares will only be accepted if made on an Application Form that was attached to or accompanies the Prospectus (or in its paper copy form which may be downloaded in its entirety with the electronic form of the Prospectus on www.pioneercredit.com.au). This Application Form is included in the Prospectus.
The Prospectus contains important information about investing in the Shares. You should read the Prospectus before applying for Shares.

A Insert the number of Shares you wish to apply for. The Application must be for a minimum of 1,500 Shares and thereafter in multiples of 500. You may be issued all of the Shares applied for or a lesser number.

B Insert the relevant amount of Application Monies. To calculate your Application Monies, multiply the number of Shares applied for by the issue price. Amounts should be in Australian dollars. Please make sure the amount of your cheque or bank draft equals this amount.

C Write the full name you wish to appear on the register of Shares and on the statement of shareholding. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct registrable title. Applicants using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHESS) participants should complete their name identically to that presently registered in the CHESS system.

D Enter your Tax File Number (TFN) or exemption category. Business enterprises may alternatively quote their Australian Business Number (ABN). Where applicable, please enter the TFN or ABN for each joint Applicant. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of TFN(s) and ABN(s) is not compulsory and will not affect your Application. However, if these are not provided, Pioneer Credit will be required to deduct tax at the highest marginal rate of tax (including the Medicare Levy) from payments.

E Please enter your postal address for all correspondence. All communications to you from Pioneer Credit and the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

F Pioneer Credit will apply to ASX to participate in CHESS, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Securities Exchange Limited. In CHESS, the Company will operate an electronic CHESS Subregister of Share holdings and an electronic Issuer Sponsored Subregister of Share holdings. Together the two Subregisters will make up the Company's principal register of Shares. The Company will not be issuing certificates to applicants in respect of Shares allotted. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold Shares allotted to you under this Application on the CHESS Subregister, enter your CHESS HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Company and allocated a Securityholder Reference Number (SRN).

G Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application Form.

H Please complete the details of your cheque or bank draft in this section. The total amount of your cheque or bank draft should agree with the amount shown in section B.
If you receive a firm allocation of Shares from your Broker make your cheque payable to your Broker in accordance with their instructions.

Acknowledgements: I/we declare that by lodging this Broker Firm Offer Application Form, I/we represent and warrant that I/we have read and understood the Prospectus to which this Broker Firm Offer Application Form relates. I/we acknowledge that the price that Successful Applicants in the Broker Firm Offer will pay will be the Final Price. By lodging this Broker Firm Offer Application Form, I/we represent, warrant and agree that I/we am/are and each person on whose behalf I am/we are submitting this Application Form is named on the front of this Application Form and has a registered address in Australia and is not located in the United States and is not acting for the account or benefit of any person in the United States. I/we understand that the Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States, and accordingly, the Shares may not be offered, sold or resold in the United States or in any other jurisdiction outside Australia except in transactions exempt from or not subject to registration under the US Securities Act and in compliance with all applicable laws in the jurisdiction in which such Shares are offered and sold. I/we have not, and I/we agree that I/we will not, send this Application Form or any materials relating to the Offer to any person in the United States; and I/we hereby authorise Pioneer Credit to complete and execute any documents necessary to effect transfer or allotment of any Shares.
Declaration: By submitting this Broker Firm Offer Application Form, I/we declare, represent and warrant that this Application Form is completed and lodged in accordance with the Prospectus and subject to the declarations/statements in the Prospectus including, without limitation, those set out in Section 8.5 and this Broker Firm Offer Application Form and declare that all declarations, details and statements made by me/us are complete and accurate. I/we agree to be bound by the Constitution of Pioneer Credit and the terms of the Offer and agree to the issue to me/us of any number of Shares equal to or less than the value indicated in section A above which may be issued to me/us pursuant to the Prospectus including, without limitation, those set out in Section 8.5. It is not necessary to sign the Application Form. Any Application may be rejected without giving reasons, including where the Broker Firm Offer Application Form is not properly completed or where a cheque submitted with the Broker Firm Offer Application Form is dishonoured. If your Broker Firm Offer Application Form is not completed correctly, is late or if the accompanying cheque is for the wrong amount, it may still be traded as valid. The minimum application under the Broker Firm Offer is 1,500 Shares and in multiples of 500 Shares thereafter. The decision as to whether to treat your Application as valid, and how to construe, amend or complete it, is final. An Application may be accepted in part only and Applicants may be allocated fewer Shares than the Applicant applied for. The decision on the number of Shares to be allocated to you is final. An Applicant will not, however, be treated as having offered to subscribe for a higher dollar value of Shares than are indicated on the Broker Firm Offer Application Form. The allocation of firm stock to Brokers was determined by the Lead Manager, in agreement with Pioneer Credit. It will be a matter for the Brokers as to how they make firm allocations among their Australian resident broker clients, and they (and not Pioneer Credit or the Lead Manager) will be responsible for ensuring that broker clients who have received a firm allocation from them receive the relevant Shares. If an Application Form is rejected, or is accepted in part only, the Applicant will receive a refund of all or part of their Application Monies without interest (as applicable). No refunds pursuant to rounding will be provided.
Lodgement instructions: Applicants who receive a firm offer of Shares from their Broker (as described in Section 8.5 of the Prospectus) should return their completed Broker Firm Offer Application Form and Application Monies to the Broker from whom they received their firm offer of Shares (unless instructed otherwise). The Broker Firm Offer opens on 15 April 2014 and is expected to close at 5:00pm (Perth Time) on 23 April 2014. Applications must be received by the Broker before 5:00pm (Perth Time) on the Closing Date or any earlier date as determined by your Broker. Applicants must not return this Application Form to the Share Registry.
Neither Link Market Services Limited nor Pioneer Credit accepts any responsibility if you lodge the Application Form at any other address or by any other means. If you have any enquiries concerning your Application Form, please contact your Broker or the Pioneer Credit IPO Information Line on 1800 992 793 (toll free within Australia), open from 8:30am to 5:30pm (Sydney time), Monday to Friday.

Correct Forms of Registrable Names: Note that ONLY legal entities are allowed to hold Shares. Applications must be in the name(s) of natural persons, companies or other legal entities in accordance with the *Corporations Act*. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mrs Katherine Clare Edwards	K C Edwards
Company Use Company's full title, not abbreviations	Liz Biz Pty Ltd	Liz Biz P/L or Liz Biz Co.
Joint Holdings Use full and complete names	Mr Peter Paul Tranche & Ms Mary Orlando Tranche	Peter Paul & Mary Tranche
Trusts Use the trustee(s) personal name(s)	Mrs Alessandra Herbert Smith <Alessandra Smith A/C>	Alessandra Smith Family Trust
Deceased Estates Use the executor(s) personal name(s)	Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C>	Estate of late Harold Post or Harold Post Deceased
Minor (a person under the age of 18 years) Use the name of a responsible adult with an appropriate designation	Mrs Sally Hamilton <Henry Hamilton>	Master Henry Hamilton
Partnerships Use the partners' personal names	Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C>	Fred Smith & Son
Long Names	Mr Hugh Adrian John Smith-Jones	Mr Hugh A J Smith Jones
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s)	Mr Alistair Edward Lilley <Vintage Wine Club A/C>	Vintage Wine Club
Superannuation Funds Use the name of the trustee of the fund	XYZ Pty Ltd <Super Fund A/C>	XYZ Pty Ltd Superannuation Fund

Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated spaces at section C on the Application Form.

Personal Information Collection Notification Statement: Personal information about you is held on the public register in accordance with Chapter 2C of the *Corporations Act 2001*. For details about Link Group's personal information handling practices including collection, use and disclosure, how you may access and correct your personal information and raise privacy concerns, visit our website at www.linkmarketservices.com.au for a copy of the Link Group condensed privacy statement, or contact us by phone on +61 1800 502 355 (free call within Australia) 9am–5pm (Sydney time) Monday to Friday (excluding public holidays) to request a copy of our complete privacy policy.

Corporate Directory

Directors

Michael Smith (Non-Executive Chairman)
Keith John (Managing Director)
Mark Dutton (Non-Executive Director)
Rob Bransby (Non-Executive Director)

Company Secretary

Leslie Crockett

Registered Office

188 – 190 Bennett Street
EAST PERTH WA 6004

Telephone + 61 8 9323 5000

Facsimile 1300 736 838

Website

www.pioneercredit.com.au

Proposed ASX Code

PNC

Solicitors to the Company

Gilbert + Tobin Lawyers

1202 Hay Street
WEST PERTH WA 6005

Telephone +61 8 9413 8400

Facsimile +61 8 9413 8444

Investigating Accountant

KPMG Transaction Services, a division of KPMG Financial Advisory Services (Australia) Pty Limited

235 St Georges Terrace
PERTH WA 6000

Telephone +61 8 9263 7171

Facsimile +61 8 9263 7129

Financial Advisor

Azure Capital Limited

Level 34, Exchange Plaza
2 The Esplanade
PERTH WA 6000

Telephone +61 8 6263 0888

Facsimile +61 8 6263 0878

Lead Manager and Underwriter

Evans and Partners Pty Ltd

Mayfair Building, 171 Collins Street
Melbourne VIC 3000

Telephone +61 3 9631 9802

Facsimile +61 3 8677 1732

Co Lead Manager

Bell Potter Securities Limited

Level 29, 101 Collins Street
Melbourne VIC 3000

Telephone +61 3 9256 8700

Facsimile +61 3 9256 8787

Share Registry*

Link Market Services Limited

Ground Floor
178 St Georges Terrace
Perth WA 6000

Telephone +61 1300 554 474

Facsimile +61 2 9287 0303

Pioneer Credit Limited Offer

Information Line

Telephone (within Australia): 1800 992 793

Telephone (outside Australia): +61 1800 992 793

* This entity has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus. Their name is included for information purposes only.

pioneercredit

Head office

188 - 190 Bennett Street
East Perth
Western Australia 6004
T 08 9323 5000

www.pioneercredit.com.au