pioneer credit

PIONEER CREDIT PTY LTD

CONSOLIDATED FINANCIAL STATEMENTS

(FORMERLY PIONEER CREDIT MANAGEMENT SERVICES PTY LTD)

ABN 44 103 003 505

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2012

PIONEER CREDIT PTY LTD

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DIRECTORS REPORT

The directors present their report together with the financial reports of Pioneer Credit Pty Ltd and its controlled entities for the financial year ended 30 June 2012.

Directors

The names of the directors in office at any time during the whole of the financial year and up to the date of this report are:

- Mr Mark Dutton (Chairman)
- Mr Keith John
- Mr James Singh

Review of Operations

The consolidated profit of the consolidated group for the financial year after providing for income tax amounted to $ 2,053,800 (2011 - $ 211,624).
A review of the operations of the company during the financial year and the results of those operations show changes in market demand and competition which have seen an increase in debt purchase revenue. The increase in debt purchase revenue has contributed to an increase in the company's operating profit before tax.

Significant Changes in the State of Affairs

No significant changes in the company's state of affairs occurred during the financial year.

Principal Activities

The principal activities of the consolidated group are debt purchase, collections and legal services in relation to debt recovery during the financial year.
No significant change in the nature of these activities occurred during the year.

Events Subsequent to the End of the Reporting Period

On the 28th February 2013 Pioneer Credit Pty Ltd issued 3,541,666 Class C Convertible Redeemable Preference Shares ("CPRS") raising $ 4,250,000.

On 7 May 2013 the company executed a revised financing facility agreement with Bankwest, a division of Commonwealth Bank of Australia. The purpose of the facility is a commercial advance to assist in the continual acquisition of new debt book purchases to a facility limit of $19,000,000 as well as a working capital overdraft facility of $1,000,000, bank guarantee facility of $250,000 and direct debit facility of $1,500,000. Total facility limit is $ 21,750,000.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Likely Developments and Expected Results of Operations

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the consolidated group.

Environmental Regulation

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

Dividends

No dividends were paid during the year and no recommendation is made as to the dividends.

Options

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Indemnification of Officers

The company indemnities any person who is or has been an officer of the company, during or since the end of the financial year. Insurance premiums have been paid for Professional and Management Liability Insurance.

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under s 307C of the Corporations Act 2001 is set out on page 3.

This directors' report is signed in accordance with a resolution of the Board of Directors:

Director ....

Keith Roy John

Dated this ....30th.... day of ....August..../2013

Bentleys
THINKING AHEAD

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To The Board of Directors

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

As lead audit director for the audit of the financial statements of Pioneer Credit Pty Ltd for the financial year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

Bentleys

BENTLEYS
Chartered Accountants

CHRIS WATTS CA
Director

DATED at PERTH this 2 day of September 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 $	2011 $ (Restated)
Revenue	2	9,564,694	4,530,365
Collection Expenses		(914,096)	(462,833)
Gross Profit		8,650,598	4,067,532
Other Revenue		21,846	130,904
Depreciation and Amortisation	4	(126,919)	(98,752)
Employee Benefits Expenses		(3,930,210)	(2,388,548)
Finance Costs	3	(614,140)	(311,615)
Other Expenses		(1,435,873)	(1,187,897)
Profit Before Income Tax		2,565,302	211,624
Income Tax Expense		(511,502)	-
Profit for the year		2,053,800	211,624
Profit Attributable to:			
Members of the parent entity		2,053,800	211,624
Total Comprehensive Income attributable to:			
Members of the parent entity		2,053,800	211,624

PIONEER CREDIT PTY LTD
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	Note	2012 $	2011 $ (Restated)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	13	943,059	1,635,493
Trade and other receivables	14	137,690	399,507
Inventories	5	10,878,804	2,785,679
Other current assets	6	153,669	50,781
TOTAL CURRENT ASSETS		12,113,222	4,871,460
NON-CURRENT ASSETS			
Property, plant and equipment	15	228,581	203,233
Intangible assets	7	5,008,664	5,022,955
Inventories	8	8,369,041	4,667,006
TOTAL NON-CURRENT ASSETS		13,606,286	9,893,194
TOTAL ASSETS		25,719,508	14,764,654
LIABILITIES			
CURRENT LIABILTIES			
Trade and other payables	16	1,782,334	2,344,742
Financial liabilities	9	2,505,266	444,720
Provisions	18	110,604	89,640
Tax liabilities	17	537,518	19,619
TOTAL CURRENT LIABILITIES		4,935,722	2,898,721
NON-CURRENT LIABILITIES			
Financial liabilities	10	6,775,088	5,537,851
TOTAL NON-CURRENT LIABILITIES		6,775,088	5,537,851
TOTAL NON-CURRENT LIABILITIES TOTAL LIABILITIES		11,710,810	8,436,572
NET ASSETS		14,008,698	6,328,082
EQUITY			
Issued capital	11	8,640,706	3,013,890
Reserves	12	3,230,718	3,230,718
Retained earnings		2,137,274	83,474
TOTAL EQUITY		14,008,698	6,328,082

PIONEER CREDIT PTY LTD
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2012

	Issued Capital				
	Ordinary Shares	**Convertible Preference Share 'A'**	**(Accumulated losses) / Retained Earnings**	**Asset Revaluation**	**Total**
	$	$	$	$	$
Balance At 1 July 2010	3,013,890	-	(128,150)	3,230,718	6,116,458
Comprehensive Income					
Loss for the Year	-	-	(556,098)	-	(556,098)
Retrospective adjustment upon change in accounting policy (Note 1)	-	-	767,722	-	767,722
Total Comprehensive Income for the year attributable to members of the entity (Restated)	-	-	211,624	-	211,624
Transactions with owners, In their capacity as Owners					
Ordinary Shares	-	-	-	-	-
Dividends Paid or provided for	-	-	-	-	-
Total Transactions with Owners	-	-	-	-	-
Balance At 30 June 2011	3,013,890	-	83,474	3,230,718	6,328,082
Balance At 1 July 2011	3,013,890	-	83,474	3,230,718	6,328,082
Comprehensive Income					
Profit for the Year			2,053,800		2,053,800
Other comprehensive Income for the year	-	-	-	-	-
Total Comprehensive Income for the year attributable to members of the entity	-	-	2,053,800	-	2,053,800
Transactions with owners, In their capacity as Owners					
Ordinary Shares	88,965	-	-	-	88,965
CPRS "A" Conversion	-	5,537,851	-	-	5,537,851
Dividends Paid or provided for	-	-	-	-	-
Total Transactions with Owners	88,965	5,537,851	-	-	5,626,816
Balance At 30 June 2012	3,102,855	5,537,851	2,137,274	3,230,718	14,008,698

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 $	2011 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		14,580,255	5,753,074
Payments to suppliers and employees		(7,349,729)	(2,832,943)
Interest received		21,810	86,897
Interest paid		(119,275)	(15,584)
Payments for inventories		(16,580,746)	(7,380,035)
Finance Costs		(14,778)	(210)
Income tax paid		(17,345)	(33,182)
Net cash used in operating activities	20 (a)	(9,479,808)	(4,421,983)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(124,436)	(172,992)
Net Cash used in Investing Activities		(124,436)	(172,992)
CASH FLOWS FROM FINANCING ACTIVIES			
Proceeds from Share Issue		3,507,900	2,787,851
Proceeds from Borrowings		5,744,261	-
Repayment of Borrowings		(634,621)	-
Proceeds from loans from Affiliates		294,270	280,616
Net Cash provided by Financing Activities		8,911,810	3,068,467
Net Decrease in cash held		(692,434)	(1,526,508)
Cash at Beginning of financial year		1,635,493	3,162,002
Cash at End of financial year	20 (b)	943,059	1,635,494

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PREPARATION

Statement of compliance

These financial statements include the consolidated financial statements and notes of Pioneer Credit Pty Ltd controlled entities (consolidated group). The directors have determined the consolidated group is a large proprietary company and is classified as a non-reporting entity, a special purpose financial report needs to be prepared that complies with the Corporations Act, AASB 101: Presentation of Financial Statements, AASB 107: Statement of Cash Flows, AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors, AASB 1031: Materiality, AASB 1048: Interpretation of Standards. These Standards must be complied with for each entity which is required to prepare a financial report in accordance with Ch 2M of the Corporations Act. The financial reports are prepared for the use of the directors and members of the company.

The consolidated financial statements were authorised for issue by the Board of directors on 26 August 2013.

Basis of measurement

The consolidated financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Functional and presentation currency

The consolidated financial statements are presented in Australian dollars, which is the consolidated group's functional currency.

Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated group.

Key estimates and judgements

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

Purchase Debt Ledgers ("PDL")

PDLs are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition PDLs are measured at fair value through profit and loss.

Impairment

An impairment loss in respect of PDLs measured at fair value is calculated as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in the income statement. When a subsequent change in estimated future cash flows causes the amount of impairment loss to reverse, the reversal in impairment loss is taken through the income statement to the extent of the original impairment loss.

SIGNIFICANT ACCOUNTING POLICIES

Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Consolidated Group as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the consolidated group.

Principles of consolidation

A controlled entity is any entity over which Pioneer Credit Pty Ltd has the power to govern the financial and operating policies so as to obtain benefits from its activities. In accessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.
As at balance date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Business combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the acquisition method.
The acquisition method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identified assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control. Any acquisition-related costs are expensed incurred.
In addition, contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the income statement.
Where settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Changes to Prior Year Accounting Policy

During the year AASB 139 was adopted where the comparatives have been reinstated. The effect of the adjustment was the Allocable Cost Amount (ACA) of $1,716,000 which was applied to goodwill relating to the adjusted cost base of PDLs and accumulated amortisation of $767,722, has been reversed in the reinstated accounts.

	2012 $	2011 $ (Restated)	2011 $ (Previously reported)
Goodwill			
Goodwill (at Directors valuation 18/03/2010)	4,946,718	4,946,718	4,946,718
Allocable Cost Amount Adjustment	-	-	(1,716,000)
	4,946,718	4,946,718	3,230,718
Purchased Debt Ledgers			
Purchased Debt Ledgers at Cost	26,851,905	9,246,078	9,246,078
Less: Accumulated Amortisation	(7,604,060)	(1,793,393)	(1,793,393)
Allocable Cost Amount Adjustment	-	-	1,716,000
Less : Accumulated Amortisation (ACA)	-	-	(767,722)
	19,247,845	7,452,685	8,400,963

Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any and accumulated depreciation.

Plant and equipment
Plant and equipment are measured at historical cost.

Depreciation
The depreciable amount of all fixed assets is recognised in the income statement and depreciated on a straight-line or reducing balance basis over the assets' estimated useful lives. The estimated useful lives for the current and comparative periods are as follows:

Class of Asset	Depreciation Rate
Plant and Equipment	5-66.7%

Financial assets and liabilities

Trade and other receivables
Trade and other receivables are financial assets are measured at historical costs

Purchased Debt Ledgers (PDL's)

PDLs are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, PDLs are measured at fair value through profit or loss.

Impairment

An impairment loss in respect of PDLs measured at fair value is calculated as the difference between the carrying amount and the present value of estimated future cash flows. Impairment losses are recognised in the income statement. Impairment is measured annually at reporting date. Impairment losses are recognised in income statement in accordance with AASB 139. When a subsequent change in estimated future cash flows causes the amount of impairment loss to reverse, the reversal in impairment loss is taken through the income statement to the extent of the original impairment loss.

Financial liabilities

Financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are recognised at amortised cost, comprising the original debt less principal payments and amortisation.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Convertible Preference Shares "A" are classified as equity as the result of an amendment in terms as agreed on the 19th of September 2011.

Convertible Preference Shares "B" are classified as long term liability.

Cash and cash equivalents

Cash and cash equivalents comprise bank deposits and cash on hand. Bank overdrafts are shown within financial liabilities in current liabilities on the balance sheet. Bank overdrafts that are repayable on demand and form an integral part of the consolidated group's cash management strategy are included as a component of cash and cash equivalent for the purpose of the statement of cash flows.

Borrowing costs

All borrowing costs are recognised in the income statement in the period in which they are incurred including borrowing costs attributable to the acquisition of PDLs.

Long-term obligations

The liability for long service leave and annual leave is recognised in the provision for employee benefits and measured at the present value of the expected future payments to be made in respect of services provided by employees up to the end of the reporting period.

Leases

The consolidated group has no operating leases or financial leases as at 30th June 2012.

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the company, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the company will obtain ownership of the asset or over the lease term.

Lease payments for operating leases, where substantially all risk and benefits remain with the lessor, are recognised as expenses in the period in which they are incurred.

Provisions

A provision is recognised if, as a result of a past event, the consolidated group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Revenue

The major components of revenue are recognised as follows:
Interest revenue
Revenue from PDLs represents the component designated as interest income through the application of fair value in accordance with AASB 139.
Services revenue
Revenue from services rendered is recognised upon the delivery of the service to the customers. All revenue is stated net of the amount of goods and services tax.

Finance costs

Finance costs comprise interest expense on borrowings, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the income statement using the effective interest method.
Foreign currency gains and losses are reported on a net basis.

Income Tax

Income tax expense comprises current income tax expense.
Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at balance date. Current tax liabilities are therefore measured at the amounts expected to be paid to the relevant taxation authority.

These statements do not apply AASB 112 : Income Taxes for tax effect accounting.

Tax consolidation

Pioneer Credit Pty Ltd and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation legislation.

Goodwill

Goodwill is recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities acquired at date of acquisition.

Gains and losses on the disposal of a business include the carrying amount of goodwill relating to the business sold.

Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Note 2 - Revenue	2012 $	2011 $ (Restated)
Interest Revenue from Purchased Debt Ledgers		
Debt Purchase Income	13,539,094	4,094,290
EIR Adjustment	522,611	257,654
Amortisation	(5,306,129)	(1,270,777)
Total Interest Revenue from Purchased Debt Ledgers	8,755,576	3,081,167
Service Revenue	809,118	1,449,198
Total Revenue	9,564,694	4,530,365

Note 3 - Finance Costs	**2012 $**	**2011 $**
Amortised Borrowing Costs	8,217	210
Borrowing Costs	30,242	-
Interest Paid	119,275	15,584
Preference Share Interest	456,406	295,821
Total Finance Cost	614,140	311,615

Note 4 - Depreciation and Amortisation	**2012 $**	**2011 $**
Depreciation	99,088	73,629
Formation Costs	1,311	1,311
Blackhole Expenditure	26,520	23,812
	126,919	98,752

Note 5 - Inventories	**2012 $**	**2011 $ (Restated)**
Purchased Debt Ledgers		
Purchased Debt Ledgers at Cost	26,071,641	9,246,078
Less : Accumulated Amortisation	(7,913,964)	(1,975,238)
Net fair value recognised	1,090,168	181,845
	19,247,845	7,452,685
Current Portion	10,878,804	2,785,679
Non – current Portion **(Note 8)**	8,369,041	4,667,006

Note 6 - Other Current Assets	**2012 $**	**2011 $**
Prepayments	121,256	50,151
Prepaid Borrowing Expenses	32,413	630
	153,669	50,781

Note 7 - Intangible Assets	**2012 $**	**2011 $ (Restated)**
Formation Costs	1,311	2,622
Goodwill (At Directors Valuation 18/03/2010	4,946,718	4,946,718
Blackhole Expenditure	132,601	119,061
Less: Accumulated Amortisation	(71,966)	(45,446)
	5,008,664	5,022,955

Note 8 - Non-Current Inventories	**2012 $**	**2011 $ (Restated)**
Purchased Debt Ledgers at Cost	8,369,041	4,667,006

Note 9 - Current Liabilities	**2012** **$**	**2011** **$**
Financial Liabilities		
Bank Overdrawn	-	53,439
Chattel Mortgage Liability – Secured	-	25,601
Less : Unexpired Charges	-	(1,691)
Bankwest Commercial Advance – Secured	1,678,076	-
Accrued Directors Fees	-	8,750
Accrued Interest Payable	787,187	330,780
Credit Cards	28	320
Insurance Premium Funding	39,975	27,521
	2,505,266	444,720

The bank guarantee, overdraft and commercial advances collectively know as the "bank facilities" has a fixed and floating charge over the groups all assets and undertaking.

The chattel mortgage liability is secured against a motor vehicle include as the Group's property, plant and equipment.

Note 10 - Non-Current	**2012** **$**	**2011** **$**
Financial Liabilities		
5,537,851 Convertible Redeemable Preference "A"	-	5,537,851
3,418,935 Convertible Redeemable Preference "B"	3,418,935	-
Bankwest Commercial Advance - Secured	3,356,153	-
	6,775,088	5,537,851

Convertible redeemable preference shares ("CRPS") are redeemable or convertible at the option of the holders at any time before the exit date. If the holder has not converted all CRPS, the Company must redeem all CPRS held by a holder on the Exit Date.

The CRPS pay an annual floating rate dividend which is currently set at 8% of face value.

On the 19th September 2011, the holders of CRPS "A" had converted their preference shares into ordinary shares at $1 each.

Note 11 - Issued Capital

	2012 $	2011 $
2,999,900 (2011: 2,999,900) Fully Paid Ordinary Shares	13,790	13,790
3,089,065 (2011: 3,000,100) Fully Paid Ordinary Shares	3,089,065	3,000,100
5,537,851 Convertible Redeemable Preference "A"	5,537,851	-
	8,640,706	3,013,890

During the year, the Company had issued $89,065 shares at $1 each.

On the 19th September 2011, the holders of CRPS "A" had converted their preference shares into ordinary shares at $1 each.

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

At the shareholders' meeting each ordinary share is entitled to one vote when a poll in called, otherwise each shareholder has one vote on a show of hands.

Note 12 - Reserves

	2012 $	2011 $
Asset Revaluation Reserve	3,230,718	3,230,718
	3,230,718	3,230,718

Note 13 - Cash and Cash Equivalents

	2012 $	2011 $
Cash on Hand	100	100
Deposits	56,517	660
Petty Cash	130	300
Cash at Bank - Westpac 29-0781	92,349	-
Cash at Bank - Westpac 25-9756	3,474	657,927
Cash at Bank - Westpac 31-4602	379,172	442,053
Cash at Bank - Westpac 21-7204	16,968	3,401
Cash at Bank - Westpac 29-0773	54,529	531,052
Cash at Bank - Bankwest 287610-0	339,820	-
	943,059	1,635,493

Note 14 - Trade and Other Receivables

	2012 $	2011 $
Sundry Debtors	4,013	26,520
Trade Debtors	94,921	372,987
Loans to Directors *	13,119	-
GST Refund	25,637	-
	137,690	399,507

*Loans to directors are non interest bearing and do not have any fixed repayment terms.

Note 15 - Property, Plant and Equipment

	2012 $	2011 $
Plant and Equipment:		
At Cost	466,378	318,712
Accumulated Depreciation	(237,797)	(115,479)
	228,581	203,233

Note 16 - Trade and Other Payables

	2012 $	2011 $
Loans to Directors*	-	194,813
Loan - Prefumo Family Trust*	-	669
Trust Account Liability	54,529	531,052
Customer Deposits	-	6,546
Accrued Payroll Liability	437,648	92,788
Payroll Tax Liability	12,581	8,397
Sundry Creditors	34	1,629
Trade Creditors	1,192,104	1,395,350
PAYG Witholding Payable	46,050	39,607
Superannuation Payable	39,388	62,414
GST Payable	-	11,477
	1,782,334	2,344,742

*Loans from directors are non interest bearing and do not have any fixed repayment terms.

Note 17 - Tax Liabilities

	2012 $	2011 $
Income Tax Payable	511,502	19,619
FBT Payable	26,016	-
	537,518	19,619

Note 18 - Provisions

	2012 $	2011 $
Provision for Annual Leave	110,604	89,640

NOTE 19: CONTROLLED ENTITIES

a. Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)* 2012	Percentage Owned (%)* 2011
Subsidiaries of Pioneer Credit Pty Ltd:			
Pioneer Credit Acquisition Services Pty Ltd ("PCAS")	Australia	100	100
Sphere Legal Pty Ltd ("Sphere")	Australia	100	100

* Percentage of voting power is in proportion to ownership

Note 20 - Cash Flow Information

(a) Reconcillation of Cash Flow from Operations with Profit after Income Tax

	2012 $	2011 $
Profit After Tax	2,053,800	211,624
Non-cash flows in profit		
Depreciation	126,026	73,629
Amortisation	5,903,610	25,333
Fair value adjustment on debt books	(1,090,168)	-
Changes in Assets and Liabilities		
(Increase) / Decrease in trade and other receivables	149,133	(53,120)
(Increase) / Decrease in Inventories	(16,580,771)	(7,380,035)
(Increase) / Decrease in Other Assets	-	(85,164)
Increase / (Decrease) in trade and other payables	(580,301)	(126,768)
Increase / (Decrease) in provisions	538,863	2,982,664
Increase / (Decrease) in tax payable	-	(70,146)
	(9,479,808)	(4,421,983)

(b) Reconciliation of Cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	2012 $	2011 $
Cash at bank	943,059	1,635,493

Note 21 - Contingent Liabilities and assets

As at balance date 30th of June 2012, the company has determined that a contingent liability exists for a pending legal action of about $150,000. The claim has been made by the Financial Ombudsman Service (FOS) for outstanding fees, which has been counterclaimed.

The directors are of the opinion that no contingent assets exist as at the date of this report.

Note 22 - Events after balance sheet date

On the 28th February 2013 Pioneer Credit Pty Ltd issued 3,541,666 Class C Convertible Redeemable Preference Shares ("CPRS") raising $ 4,250,000.

On 7 May 2013 the company executed a revised financing facility agreement with Bankwest, a division of Commonwealth Bank of Australia. The purpose of the facility is a commercial advance to assist in the continual acquisition of new debt book purchases to a facility limit of $19,000,000 as well as a working capital overdraft facility of $1,000,000, bank guarantee facility of $250,000 and direct debit facility of $1,500,000. Total facility limit is $ 21,750,000.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Note 23 – Parent entity disclosure

(a) Financial Position

	2012 $	2011 $
Assets		
Current Assets	336,941	1,174,922
Non Current Assets	13,830,551	10,417,918
Total Assets	**14,167,492**	**11,592,840**

	2012 $	2011 $
Liabilities		
Current Liabilities	728,608	1,125,218
Non Current Liabilities	4,257,644	5,868,631
Total Liabilities	**4,986,252**	**6,993,849**
Net Assets	**9,181,240**	**4,598,991**
Equity		
Issued Capital	8,640,706	3,013,890
Reserves	3,357,127	3,357,127
Retained Earnings	(2,816,593)	(1,772,026)
Total Equity	**9,181,240**	**4,598,991**
(b) Financial Performance		
Profit for the year	(944,665)	(1,265,078)
Other Comprehensive Income	-	-
Total Comprehensive Income	**(944,665)**	**(1,265,078)**

(c) Contingent liabilities of the Parent Entity

At balance sheet date the Parent Entity's contingent liability is as per disclosed in note 21 above.

(d) Commitments for the acquisition of Property, Plant and Equipment by the Parent Entity

At balance sheet date no such commitments existed for the Parent Entity.

(e) Intercompany loans from controlled entities

The loans from controlled entities are non interest bearing and have no fixed repayment terms of repayment.

Note 24 – Capital commitments

The Group has not entered into any material capital expenditure commitments.

Note 25 - Company details

The registered office of the Company is: Level 1 322 Hay Street, Subiaco WA 6008 and the principal place of business is: 188-190, Bennett Street, East Perth, Western Australia, 6004.

The directors of the Consolidated Group declare that:

1. The financial statements set out on pages 4 to 18 are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards as described in Note 1 to the financial statements and the Corporations Regulations 2001; and

   (b) give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the Consolidated Group in accordance with the accounting policies disclosed in Note 1.

2. In the director's opinion there are reasonable grounds to believe that the Consolidated Group will be able to pay its debts as and when they become due and payable.

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

KEITH ROY JOHN
Managing Director

DATED AT PERTH THIS DAY OF 30TH AUGUST 2013

Independent Auditor's Report

To the Members of Pioneer Credit Pty Ltd

Bentleys
THINKING AHEAD

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We have audited the accompanying financial report, being a special purpose financial report, of Pioneer Credit Pty Ltd ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the consolidated balance sheet as at 30 June 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Consolidated Entity.

Directors Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report, and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. No opinion is expressed as to whether the accounting policies used, and described in Note 1, are appropriate to the needs of the members. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Bentleys
THINKING AHEAD

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Basis for Qualified Auditor's Opinion

Carrying Value of Goodwill and Asset Revaluation Reserve

We draw attention to the consolidated statement of financial position which forms parts of the financial statements. The Group has amounts of $4,946,718 recorded as an Intangible Asset – Goodwill and $3,230,718 as an Asset Revaluation Reserve. There is uncertainty in regard to the reasonableness of the carrying value of intangibles and the reserve as this amount has been internally generated. The amount was recorded for tax purposes and we have not been provided with relevant documentation to support its value under accounting standards. As a result, we were unable to determine whether any adjustments might have been found necessary in respect to intangible assets, reserves and elements making up the consolidated statement of comprehensive income.

Qualified Opinion

In our opinion, except for the matter included in the preceding paragraph, the financial report presents fairly, in all material respects the financial position of Pioneer Credit Pty Ltd and Controlled Entities as at 30 June 2012 and its financial performance for the year then ended in accordance with the accounting policies described in Note 1 of the financial report.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 of the financial report, which described the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

Bentleys

BENTLEYS
Chartered Accountants

CHRIS WATTS CA
Director

DATED at PERTH this 2 day of September 2013