

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

This statement relates to the year under review.

Credit Corp Group Limited (the company) maintains policies and practices to comply closely with the Corporate Governance Principles and Recommendations released by the Australian Securities Exchange (ASX).

CORPORATE GOVERNANCE OVERVIEW

The Board of Directors of Credit Corp Group Limited is responsible for the corporate governance of the consolidated group. The Board guides and monitors the business and affairs of Credit Corp Group Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Credit Corp Group Limited Corporate Governance Statement is structured with reference to the ASX Corporate Governance Principles and Recommendations, which are summarised below.

PRINCIPLE ONE: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The Board has adopted a formal charter and has provided management with a statement of delegated authority. The company's Board Charter and Delegation of Authority Policy detailing functions delegated to management are published in the investor section of the company's website.

The Board reserves to itself all functions that are likely to have a material impact on the performance and reputation of the company.

The following functions are reserved to the Board:

- Overseeing the company, ensuring that appropriate standards of control and accountability are in place;
- Appointing and removing the Chief Executive Officer;
- Approving the appointment and removal of the Chief Financial Officer or equivalent and the Company Secretary;
- Participating in, and approving of, strategic plans, operating budgets, and performance objectives recommended by management;
- Monitoring senior management's performance, implementation of strategy and allocation of resources;
- Approving and monitoring major capital expenditure, capital management, acquisitions and divestments;
- Approving and monitoring the corporate governance of the company;
- Reviewing and ratifying systems of risk management, internal compliance and control, codes of conduct and legal compliance; and
- Approving and monitoring financial and other reporting.

All matters not specifically reserved to the Board and necessary for the day-to-day operation of the company are delegated to management.

The following functions are delegated to management:

- Managing the company's human, physical and financial resources to achieve the company's objectives;
- Performing against established KPIs to deliver the objectives of the company;

- Formulating and recommending the strategic direction of the company;
- Translating the approved strategic plan into operating budgets and performance objectives;
- Operating within delegated authority limits set by the Board;
- Developing, implementing and managing the company's risk management and internal compliance and control systems;
- Assuming the day-to-day responsibility for the company's conformance with relevant laws and regulations and its compliance framework;
- Developing, implementing and updating policies and procedures;
- Advising the Board promptly of any material matters impacting or potentially impacting the company's operations;
- Providing regular monthly reports to the Board on the company's operations and its performance against agreed criteria; and
- Keeping abreast of industry and economic trends in the company's operating environment.

The Board requires management to report monthly on a range of matters, including financial and operational performance and matters of risk and compliance. Management Performance Evaluations are undertaken annually in accordance with the Performance Evaluation Policy. This policy is published on the company's website.

PRINCIPLE TWO: STRUCTURE THE BOARD TO ADD VALUE

The skills and experience of each director in office at the date of the annual report is detailed in the Directors' Report. The majority of the Board of Credit Corp Group Limited is considered to be independent and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the unfettered exercise of their independent judgment.

The company's Materiality Policy sets both quantitative and qualitative thresholds for determining the materiality of a transaction or relationship that may diminish the independence of a director. This policy is published on the company's website and is based on *AASB 1031: Materiality*.

The Board regularly reviews the independence of each director and requires directors to promptly advise of any change in circumstances that may affect the independence of a director. Any change in circumstances which materially affects the independence of a director will be disclosed promptly.

There are procedures in place, agreed by the Board, to enable directors to seek independent professional advice, in the furtherance of their duties, at the company's expense.

The full Board performs the role of nomination committee as, in its opinion, only minimal benefit will accrue to the company from a separate committee.

The Board has the responsibility for the selection and nomination to shareholders of new or retiring directors. The company's Appointment of Directors Policy is published on its website and sets out the company's policy for the selection, appointment and re-election of directors.

The Credit Corp Group Limited Board performs regular reviews, facilitated by the Chairman, on its own performance and that of individual directors.

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

The term held by each director in office at the date of this report is as follows:

NAME	TERM IN OFFICE	INDEPENDENCE
Mr D McLay (Chairman)	1.5 years	Independent
Mr S Calleia	9 years	Not Independent
Mr E Dodd	3 months	Independent
Mr R Shaw	1.5 years	Independent
Mr R Thomas	3 years	Independent

The Chief Executive Officer of the company, Mr T Beregi, is not a director of the company.

PRINCIPLE THREE: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

The Code of Conduct adopted by the company is a key element of the company's corporate governance framework and its purpose is to guide directors, executives and employees on the minimum standards of conduct expected of them in the performance of their duties, including their dealings with customers, clients, shareholders, employees and other stakeholders.

Compliance with the Code of Conduct is a condition of appointment as a director of, an employee of or contractor to the company.

The company's policy on trading in its securities by directors and employees is set by the Board. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the relevant security's price.

The company's Code of Conduct and Share Trading Policy are published on its website.

PRINCIPLE FOUR: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

The Board has established an Audit Committee and has delegated responsibility for establishing and maintaining a framework of internal control and ethical standards to this Committee as outlined in the Audit Committee Charter.

The Audit Committee operates under its charter to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial and operational information.

The Audit Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. All members of the Audit Committee are independent Non-executive Directors.

The members of the Audit Committee during the year were:

- Mr R Shaw
- Mr R Thomas
- Mr C Deane

The qualifications of the members of the Audit Committee and their attendance at meetings of the committee are included in the Directors' Report. The Audit Committee Charter is published on the company's website.

The procedures for the selection, appointment and rotation of the company's external auditors are detailed in the External Auditor Policy published on the company's website.

PRINCIPLE FIVE: MAKE TIMELY AND BALANCED DISCLOSURE

Credit Corp Group Limited ensures that shareholders and the market are fully informed of its strategy, performance and details of any information or events that could have a material impact on the value of the company's securities.

The Chief Executive Officer and the Company Secretary, in consultation with the Board, are responsible for the review, authorisation and disclosure of information to the ASX and for overseeing and coordinating information disclosure to the ASX, shareholders, brokers, analysts, the media and the public.

The company has established a Continuous Disclosure Policy, which is published on its website. This policy is designed to ensure compliance with disclosure obligations under the ASX Listing Rules and to ensure accountability at senior executive level for that compliance.

PRINCIPLE SIX: RESPECT THE RIGHTS OF SHAREHOLDERS

The company recognises the rights of its shareholders and other interested stakeholders to have access to balanced, understandable and timely information concerning the operations of the company. The Chief Executive Officer and the Company Secretary are primarily responsible for ensuring communications with shareholders are delivered in accordance with the rights of shareholders and the company's policy of continuous disclosure.

The communication strategy addresses these rights through:

- Electronic facilities. The company maintains a website that provides information on its services and its business in general as well as an investor relations section that contains information for shareholders of the company. Company announcements are made on the website and shareholders may subscribe to email alerts from the company. There is also the facility to lodge questions through the website.
- Formal reporting to shareholders. Formal communications with shareholders will be conducted through the interim report for the six months ended 31 December and the Annual Report for the year. The company also releases market updates summarising the company's performance during each half of the financial year.
- Annual General Meetings. The company invites and encourages shareholders to attend and participate in these meetings.
- Continuous Disclosure Policy. The company's Continuous Disclosure Policy outlines how the company communicates with investors and the market. The Continuous Disclosure Policy is published on the company's website.

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

PRINCIPLE SEVEN: RECOGNISE AND MANAGE RISK

The company has established a risk management framework to identify, assess, monitor and manage material business risks, both financial and non-financial, to minimise their impact on the achievement of organisational goals.

The Board has delegated to the Chief Executive Officer and the Company Secretary responsibility for the establishment, implementation and maintenance of the system of risk management including measures of its effectiveness.

The Board has received a report from management that the company's risk management framework is effective for the company's purposes and has also received the report required under section 295A of the *Corporations Act*.

The Risk Management Policy is published on the company's website.

PRINCIPLE EIGHT: REMUNERATE FAIRLY AND RESPONSIBLY

It is the company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating the directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Remuneration Committee links the nature and amount of directors' and key executives' emoluments to the company's financial and operational performance. The expected outcomes of the remuneration structure are:

- Retention and motivation of key executives;
- Attraction of high quality personnel to the company; and
- Performance incentives that allow executives to share in the success of Credit Corp Group Limited.

The Remuneration Policy and the Remuneration Committee Charter are published on the company's website.

The amount of remuneration for all directors and key executives is disclosed in the Remuneration section of the Directors' Report.

There is no scheme to provide retirement benefits, other than statutory superannuation, to Non-executive Directors.

The Board is responsible for determining and reviewing compensation arrangements for the directors and the executive team. The Board has established a Remuneration Committee comprising Non-executive Directors. Members of the Remuneration Committee throughout the year were:

- Mr S Calleia
- Mr R Thomas
- Mr C Toda

Details of the number of meetings of the Remuneration Committee and the attendance of members of the Committee at these meetings are included in the Directors' Report.

NON-CONFORMANCE

All the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2009, except for the following:

PRINCIPLE TWO

RECOMMENDATION 2.4

The Board maintains the role of a nomination committee as it believes minimal benefit will accrue to the company through a separate committee.

PRINCIPLE FOUR

RECOMMENDATION 4.2

The Board acknowledges that it maintained two members on the Audit Committee during the reporting period. The ASX Corporate Governance Principles recommend that the Audit Committee should be structured so that it has at least three members.

The Board considers that two members are sufficient given the size of the current Board (comprising only five directors) and the capacity of existing Committee members. Notwithstanding this the Board has subsequently appointed a third member to the Audit Committee.

PRINCIPLE EIGHT

RECOMMENDATION 8.1

- a. The Board acknowledges that it maintained two members on the Remuneration Committee during the reporting period. The ASX Corporate Governance Principles recommend that the Remuneration Committee should be structured so that it has at least three members.

The Board considers that two members are sufficient given the size of the current Board (comprising only five directors) and the capacity of existing Committee members. Notwithstanding this the Board has subsequently appointed a third member to the Remuneration Committee.

- b. Recommendation 8.1 also states that the Remuneration Committee should be chaired by an independent director. The company's Remuneration Committee is chaired by Mr S Calleia. While Mr S Calleia is not an independent director in accordance with recommendation 2.1, it is not considered that this adversely affects his ability to perform the role. Mr S Calleia's independence is affected by his status as both a substantial shareholder and a former executive of the company. It is not considered that his ability to perform the role of Remuneration Committee Chair is adversely affected by these circumstances because:
- Mr S Calleia's substantial shareholding arises from a Power of Attorney and not through any personal economic interest; and
 - Mr S Calleia ceased to hold an executive position in April 2005 and the majority of the executive team in place at that time are no longer employed by the company.

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

RECOMMENDATION 8.2

Directors have in the past participated in the Employee Option Plan and whilst no options have been issued to Non-executive Directors during the year, the Board remains of the view that issuing options to directors, so that their remuneration is closely linked to the performance of the company, is an effective method of providing the Board with a long-term incentive to deliver the best possible shareholder returns.

WEBSITE DISCLOSURE

Further information relating to the company's corporate governance practices and policies has been made publicly available on the company's website at www.creditcorp.com.au.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2009

The directors present their report together with the financial report of Credit Corp Group Limited and its controlled entities for the financial year ended 30 June 2009.

DIRECTORS

The directors of the company at any time during or since the end of the financial year are:

- **Mr Donald McLay (Chairman)**
- **Mr Simon Calleia**
- **Mr Christopher Deane**
(resigned 10 November 2008)
- **Mr Eric Dodd**
(appointed 1 July 2009)
- **Mr Robert Shaw**
- **Mr Richard Thomas**
- **Mr Carlos Toda**
(resigned 18 December 2008)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated. Particulars of the qualifications experience and independence status of each director, as at the date of this report, are set out on pages 14 and 20.

COMPANY SECRETARIES

The following persons held the position of Company Secretary during or since the end of the financial year:

Mr Thomas Beregi – BEc, LLB(Hons), CPA

Mr Beregi joined the company on 3 September 2007 in the role of Chief Financial Officer. Mr Beregi was subsequently appointed to his current position of Chief Executive Officer on 1 October 2008. Prior to joining the company, Mr Beregi was the Chief Operating Officer of Jones Lang LaSalle Australia.

Mr Beregi was appointed as a Company Secretary on 21 September 2007.

Mr Geoffrey Templeton – Member of Australian Institute of Credit Management and Australian Institute of Mercantile Agents

Mr Templeton joined the group in 1987 and has held roles in operations, administration, accounting, payroll and human resources.

Mr Templeton is currently the Compliance Manager for the company.

Mr Templeton was appointed as a Company Secretary on 5 May 2000.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated group are debt purchase and collection, mercantile collections and process serving. The following significant changes in the nature of the principal activities occurred during the financial year:

- The consolidated group ceased its activities in the process serving segment with the sale of Wise McGrath.
- The consolidated group reduced the extent of its activities in the mercantile collections segment with the sale of Pioneer Credit Management Services Malaysia Sdn Bhd and Pioneer Credit Management Pty Limited.

There were no other significant changes in the nature of the consolidated group's activities during the financial year.

OPERATING RESULTS

The profit of the consolidated group after providing for income tax amounted to \$11.40 million (2008: \$5.36 million).

DIVIDENDS PAID OR RECOMMENDED

Dividends paid or declared for payment are as follows:

- A final dividend of 2.00 cents per share amounting to \$0.89 million was paid on 3 October 2008 for the 2008 financial year.
- An interim dividend of 2.00 cents per share amounting to \$0.88 million was paid on 3 April 2009 for the 2009 financial year.
- A proposed final dividend of 2.00 cents per share amounting to \$0.89 million is recommended for the 2009 financial year. This dividend is payable on 9 October 2009.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2009

REVIEW OF OPERATIONS

Directors of Credit Corp Group Limited are pleased to report a strong performance for the year to 30 June 2009. Continued improvements in operational effectiveness have produced a result at the upper-end of the company's Net Profit After Tax (NPAT) guidance issued in May 2009, while exceeding the Earnings Before Interest, Tax, Depreciation, Impairment and Amortisation (EBITDA) guidance issued at the same time.

2009 FINANCIAL YEAR RESULTS

	VERSUS PRIOR YEAR			ACTUAL	MAY 2009 GUIDANCE
PDL acquisitions	down	52%	to	\$37.2m	\$35-40m
Revenue ³	up	8%	to	\$155.8m	
EBITDA ^{2,3}	up	12%	to	\$97.4m	\$93-95m
NPAT ^{1,2}	up	3%	to	\$10.7m	\$10-11m
EPS (basic) ^{1,2}	up	2%	to	24.26cents	23-25cents
ROE ^{1,2}	down	1pt	to	15%	
Dividend (full-year fully-franked)	steady		at	4 cents/share	

1 Excludes profit on sale of process serving business of \$0.7 million – sold February 2009

2 Prior year comparative is pre-restructuring costs

3 Revenue and EBITDA from continuing operations

PERFORMANCE COMMENTARY

The company has achieved record EBITDA, with growth of 12 per cent over the prior year. This is despite a 52 per cent reduction in Purchased Debt Ledger (PDL) acquisitions. Operational improvement initiatives and overhead reductions have delivered sustained improvement over the course of the year.

The company continues to maintain its disciplined approach to PDL acquisitions, after increasing its rate of purchasing over the second half of the year by 80 per cent against the first half. The average result for all purchases made during the year consistently meets the company's minimum return hurdle.

Improvements in collection operations remain the key driver of favourable performance. Returns from older PDLs continue to improve, with the proportion of revenues collected from PDLs acquired more than two years ago increasing from 25 per cent in the June 2008 quarter to 50 per cent in the June 2009 quarter. Despite the increased focus on older PDLs, direct collection staff productivity of \$233 per hour was achieved in the final quarter, an increase of 10 per cent over the same period in the previous year.

In line with the recent increase in purchasing the company has grown its collection workforce by 30 Full Time Equivalent staff, or seven per cent, to 435. While this increase in recruitment will suppress reported productivity it will accelerate collections from the company's portfolio of new and existing PDLs.

The company recorded a relatively high PDL impairment expense for the year. This is due to the impact of a number of factors including above-forecast collection revenue and modest levels of purchasing, together with a revision of future collections to account for the impact of projected increases in unemployment associated with the economic downturn. Unless collection revenues continue to exceed forecast, rates of PDL impairment are expected to return to lower levels.

FINANCIAL POSITION

Sustained operational performance over the year has further strengthened the company's financial position. Free cash flow of \$44.3 million was generated, reducing net bank debt by 35 per cent to \$81.2 million. This brings the company's gearing, measured by net debt as a proportion of the carrying value of its PDL portfolio, to 47.7 per cent. This is the lowest level of gearing experienced by the company since introducing debt funding into its capital structure during the 2004 financial year.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2009

OTHER MATTERS

During the year the company concluded the sale of three of its peripheral businesses: Malaysian mercantile, process serving and Western Australian mercantile. Total proceeds of \$1.5 million were realised on sale, including \$0.4 million of deferred consideration to be received over two years.

On 23 December 2008 the company advised that it had received a Statement of Claim (Statement) from Clime Capital Limited as the representative party for a group which has entered into litigation funding agreements with IMF (Australia) Limited. The Statement contains allegations that from 7 November 2007 to 11 February 2008 the company engaged in misleading conduct by making certain representations for which it had no reasonable basis and breached its continuous disclosure obligations in relation to certain matters regarding its profitability.

The company maintains insurance that addresses this type of claim. Notwithstanding the existence of this insurance, the company is not insulated from all costs and damages which may arise from the claim. The directors have recorded an accrual for shareholder litigation defence costs in the accounts for the 2009 financial year. No provision has been made for any potential award of damages against the company.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the financial year there were no significant changes in the state of affairs of the consolidated group other than those referred to in the financial statements or notes thereto.

EVENTS SUBSEQUENT TO REPORTING DATE

In the interval between the end of the financial year and the date of this report there has not been any item, transaction or event of a material and unusual nature which is likely, in the opinion of the directors of the consolidated group, to significantly affect the operations of the consolidated group, the results of those operations or the state of affairs of the consolidated group in the future financial year.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Progress made during the 2009 financial year has positioned the company to deliver NPAT growth in the 2010 financial year.

The existing portfolio of PDLs is now better placed to deliver consistent returns. The face value of accounts on recurring payment arrangements has grown by 27 per cent to \$339 million over the course of the year and these accounts are now delivering 65 per cent of the company's monthly collections.

The company's financial capacity to increase the volume of PDL purchases has improved. The company has \$37 million of unutilised headroom in its loan facility and is operating well within the gearing levels required by the facility. This is likely to be supplemented with continued strong operating cash flow generation. The company recently extended \$45 million, or 38 per cent, of its \$120 million loan facility for a further 12 months to 30 June 2012. This early extension will match the payback duration of forward PDL commitments to be entered into during the latter part of the 2010 financial year for acquisition during the 2011 financial year.

Purchasing is set to increase. As at the date of this report the company has already secured purchasing commitments for the 2010 financial year in excess of total purchases made in the 2009 financial year.

Notwithstanding the considerable progress made by the company there are some factors which are expected to limit growth. Projected increases in unemployment are likely to restrict collections and impair productivity. The industry is also likely to face increased regulation, which may adversely impact costs and returns. While steps are being taken to mitigate the impact of these factors, the company does not consider that any adverse impact can be completely offset.

ENVIRONMENTAL ISSUES

The consolidated group's operations are not significantly affected by environmental regulations.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2009

INFORMATION ON DIRECTORS

Donald McLay	Chairman, Director (Non-executive) Age 59
Qualifications	Bachelor of Commerce, CA(NZ), ACIS, FFin.
Experience	Board member since March 2008. Appointed Chairman 30 June 2008. More than 30 years experience in financial markets, investment banking and board business services. Chairman of Torres Industries Pty Ltd.
Interest in shares and options	1,594,019 ordinary shares of Credit Corp Group Limited.
Special responsibilities	Mr McLay is a member of the Remuneration and Audit Committees.
Simon Calleia	Director (Non-executive) Age 41
Qualifications	Bachelor of Commerce, AASIA, SAFin, MAICD.
Experience	Board member since 2000.
Interest in shares and options	2,510,695 ordinary shares of Credit Corp Group Limited.
Special responsibilities	Mr Calleia is Chairman of the Remuneration Committee.
Christopher Deane	Director (Non-executive) Age 56 (Resigned 10 November 2008)
Qualifications	Bachelor of Commerce, CA, MAICD.
Experience	Board member since 2000.
Interest in shares and options	275,000 ordinary shares of Credit Corp Group Limited.
Special responsibilities	Mr Deane was a member of the Audit Committee until 10 November 2008.
Eric Dodd	Director (Non-executive) Age 57
Qualifications	Bachelor of Economics, FCA, FAICD.
Experience	Board member since 1 July 2009. CEO of MBF Australia Limited for six years. Managing Director of the combined organisation when MBF merged with BUPA Australia in June 2008. Past Managing Director of NRMA Insurance Limited. Extensive experience in financial services industry.
Interest in shares and options	Nil.
Special responsibilities	Mr Dodd is a member of the Remuneration Committee.
Robert Shaw	Director (Non-executive) Age 67
Qualifications	Bachelor of Industrial Engineering, MBA, MPA, MAICD, JP.
Experience	Board member since March 2008. Extensive experience in financial management, financial analysis, audit committee participation and corporate governance. Executive Director of the CityPrint group of companies.
Interest in shares and options	85,494 ordinary shares of Credit Corp Group Limited.
Special responsibilities	Mr Shaw is Chairman of the Audit Committee.
Richard Thomas	Director (Non-executive) Age 64
Qualifications	FAICD.
Experience	Board member since September 2006. More than 40 years experience in company management and governance in banking, finance and related sectors.
Interest in shares and options	9,984 ordinary shares of Credit Corp Group Limited.
Special responsibilities	Mr Thomas is a member of the Audit Committee and was a member of the Remuneration Committee from 17 December 2008 to 16 July 2009.
Carlos Toda	Director (Non-executive) Age 48 (Resigned 18 December 2008)
Qualifications	BA, LLB, MAICD.
Experience	Board member since 2000. Director of First Asia Resources Pty Ltd. Managing Partner of Carlos Toda Lawyers.
Interest in shares and options	95,069 ordinary shares of Credit Corp Group Limited and 25,000 unlisted options at an exercise price of \$2.97
Special responsibilities	Mr Toda was a member of the Remuneration Committee until 17 December 2008.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2009

REMUNERATION REPORT

This report details the nature and amount of remuneration for each director and the key management personnel of Credit Corp Group Limited.

REMUNERATION POLICY

The remuneration policy of Credit Corp Group Limited has been designed to align director and executive objectives with shareholder objectives, while promoting a high standard of corporate governance. The Board of Credit Corp Group Limited believes the remuneration policy to be appropriate and effective in attracting and retaining competent executives and directors to manage the consolidated group and maximise long-term shareholder value.

The Board's policy for determining the nature and amount of remuneration for directors and executives of the consolidated group is detailed below.

The remuneration policy, which sets the framework of terms and conditions for executives, was developed by the Remuneration Committee and approved by the Board after seeking independent professional advice. Executives receive a total remuneration package comprising of a base salary, superannuation and a short-term performance incentive and may also include fringe benefits, a long-term performance incentive and options. Remuneration packages are established with regard to individual executive responsibilities, qualifications, skills and performance. The Remuneration Committee reviews executive remuneration packages annually by reference to the consolidated group's performance, individual executive performance and employment market data for relevant industry sectors and comparable listed companies. In assessing the total remuneration packages of executives information is obtained from reputable organisations specialising in executive remuneration.

The performance of executives for the purpose of setting remuneration packages is measured against a combination of job responsibilities, individual objectives set annually, consolidated group results and key behaviours. Documented performance reviews are completed annually. The performance review of the Chief Executive Officer is undertaken by the Remuneration Committee and is approved by the Board. The performance reviews of other executives are undertaken by the Chief Executive Officer and are approved by the Remuneration Committee.

Executive remuneration packages are reviewed annually. Any changes to the remuneration packages of the Chief Executive Officer, Chief Financial Officer and Company Secretary are recommended by the Remuneration Committee and approved by the Board. Changes to the remuneration packages of other executives are recommended by the Chief Executive Officer and approved by the Remuneration Committee.

Non-executive Directors are remunerated at market rates for comparable companies after taking into account factors including demands on time, the level of commitment required and any special responsibilities. The Remuneration Committee recommends fee packages for Non-executive Directors and these are approved by the Board. Fee packages are reviewed annually and independent professional advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-executive

Directors in a financial year is subject to approval by shareholders at the Annual General Meeting. Fees for Non-executive Directors are not linked to the performance of the consolidated group. However, to align the interests of directors with those of shareholders, the directors are encouraged to hold shares in the company and are entitled to participate in the Employee Option Plan (EOP).

Directors and executives receive superannuation contributions in accordance with the consolidated group's statutory obligations as part of fee and remuneration packages and individuals may elect to make additional contributions by sacrificing other components of their fee and remuneration packages. Directors and executives do not receive any additional retirement benefits other than any accrued leave entitlements.

Executive employment contracts stipulate termination periods of between one and three months. Employment contracts provide for termination by the company without cause by providing written notice or making payment in lieu of notice. In instances of serious misconduct the company may terminate employment contracts without either notice or payment.

Details of directors' and executives' remuneration are set out in the Key Management Personnel Remuneration tables included with this report.

PERFORMANCE-BASED REMUNERATION

Each executive's remuneration package incorporates a performance-based component. This component will comprise of a short-term incentive and may also include a long-term incentive and options. The objective of these forms of remuneration is to ensure that the interests of executives are aligned with those of the shareholders.

Targeted short-term cash incentive amounts are set annually for each executive in accordance with the process described above. The proportion of each executive's targeted short-term incentive which is actually paid will be dependent on three sets of criteria. The first set of criteria requires the achievement of consolidated group budgeted EBITDA, budgeted NPAT and banking covenant compliance. The second set of criteria considers the extent to which individual objectives, or Key Performance Indicators (KPIs), set for each executive at the commencement of the year have been achieved. The third set of criteria operates as a final qualifier, requiring that individual executives discharge their overall job responsibilities to a satisfactory standard. This structure ensures that short-term incentives are appropriate with regard to consolidated group performance and each executive's individual contribution to that performance.

Performance criteria for short-term incentives are set at the commencement of the year. Budgets are approved by the Board. KPIs are prepared by the Chief Executive Officer in consultation with other executives and are submitted to the Remuneration Committee for review and recommendation to the Board. In reviewing KPIs the Remuneration Committee will consider the effectiveness of KPIs set for the preceding year in delivering long-term shareholder value. A component of the KPIs set for each individual comprise operational metrics and initiatives which reflect job responsibilities and effectively measure the extent of each individual's contribution

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2009

to the achievement of budgeted EBITDA and NPAT in the relevant year as well as the extent to which the individual has contributed to preparing the consolidated group for sustained performance in the following year. Other KPIs target the achievement of strategic initiatives designed to deliver sustained performance over a longer period.

Long-term incentives may become payable for sustained financial performance over a four-year period in accordance with a plan, the details of which are presently under consideration. The Board has approved a four-year financial plan and has allowed for the accrual of a proportion of any cumulative financial performance in excess of planned EBITDA and NPAT, subject to qualifications, as a long-term incentive. It is proposed that the amount set aside for executives will accumulate and will be paid out progressively over a five-year period, subject to satisfactory individual executive performance and retention. Together with the short-term incentive, this long-term incentive will be designed to ensure that executives strive to deliver long-term shareholder value.

Options may be granted to executives in accordance with the EOP. Historically, options have been granted with an exercise price which has approximated the price at which the company's shares were trading at the time when the options were granted and have vested over time. The most recent set of options issued under the EOP were granted in March 2008 and vest progressively upon the achievement of a company share price of between 54 per cent and 208 per cent higher than the price which existed at the time when the options were issued. The Remuneration Committee is currently reviewing the position of share-based remuneration as part of its consideration of the proposed long-term incentive plan.

Performance reviews to assess the achievement of performance criteria are conducted annually in accordance with the process described above. Short-term performance incentive amounts are determined subsequent to the finalisation and release of the consolidated group's audited financial statements.

KEY MANAGEMENT PERSONNEL REMUNERATION

All remuneration paid to directors and executives is valued at the cost to the company and is expensed in the income statement. Shares issued to directors and executives are valued at the difference between the market price of those shares and the amount paid by the directors or executives. Options are valued using the Hull-White pricing methodology.

The remuneration for each director and each of the key management personnel of the consolidated group during the year was as follows:

PARENT ENTITY		SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS	TERMINATION BENEFITS	SHARE-BASED PAYMENT	TOTAL	PERFORMANCE RELATED %
		SALARY & FEES	CASH BONUS	NON-MONETARY BENEFITS	SUPER-ANNUATION		OPTIONS		
		\$	\$	\$	\$	\$	\$	\$	%
DIRECTORS									
Mr D McLay	2009	118,616	-	-	10,676	-	-	129,292	-
Non-executive Director (appointed 31 March 2008)	2008	13,846	-	-	1,246	-	-	15,092	-
Chairman (appointed 30 June 2008)									
Mr S Calleia	2009	67,523	-	-	6,077	-	-	73,600	-
Non-executive Director	2008	58,615	-	-	5,275	-	-	63,890	-
Mr C Deane	2009	23,308	-	-	2,097	-	-	25,405	-
Non-executive Director (resigned 10 November 2008)	2008	95,308	-	-	8,578	-	-	103,886	-
Mr R Shaw	2009	72,000	-	-	6,480	-	-	78,480	-
Non-executive Director	2008	15,831	-	-	1,425	-	-	17,256	-
Mr R Thomas	2009	61,385	-	-	5,525	-	-	66,910	-
Non-executive Director (acting Chairman 11 February 2008 to 30 June 2008)	2008	109,292	-	-	9,836	-	-	119,128	-
Mr C Toda	2009	36,000	-	-	3,240	-	-	39,240	-
Non-executive Director (resigned 18 December 2008)	2008	64,338	-	-	5,790	-	-	70,128	-

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2009

There were five specified executives employed in the management of the consolidated group during the year.

PARENT ENTITY		SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS	TERMINATION BENEFITS	SHARE-BASED PAYMENT	TOTAL	PERFORMANCE RELATED %
		SALARY & FEES \$	CASH BONUS \$	NON-MONETARY BENEFITS \$	SUPER-ANNUATION \$		OPTIONS \$		
SPECIFIED EXECUTIVES									
Mr T Beregi	2009	450,000	490,500	–	40,500	–	136,206	1,117,206	56
Chief Executive Officer (appointed 1 October 2008)	2008	302,538	375,000	–	27,228	–	220,505	925,271	64
(Interim Chief Executive Officer 5 March 2008 to 30 September 2008)									
Mr M Angell	2009	250,000	250,000	–	22,500	–	32,328	554,828	51
Chief Operating Officer	2008	240,930	250,000	17,111	37,755	–	81,033	626,829	53
Mr R Shields	2009	205,476	85,846	–	–	–	9,932	301,254	32
Head of Collections	2008	179,389	14,758	–	–	–	54,626	248,773	28
Mr T Vogel	2009	173,606	70,000	–	15,625	–	–	259,231	27
Chief Financial Officer (appointed 24 November 2008)	2008	–	–	–	–	–	–	–	–
Ms K White	2009	210,000	150,000	–	18,900	–	1,953	380,853	40
Head of Business Services	2008	201,807	150,000	–	18,163	–	10,063	380,033	42

OPTIONS ISSUED AS PART OF REMUNERATION FOR THE YEAR ENDED 30 JUNE 2009

No options were issued to directors and executives as part of their remuneration (2008: 800,000).

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2009

OPTIONS

At the date of this report, the unissued ordinary shares of Credit Corp Group Limited under option are as follows:

GRANT DATE	DATE OF EXPIRY	EXERCISE PRICE	NUMBER UNDER OPTION
30 September 2004	30 September 2009	\$2.57	60,000
17 November 2004	17 November 2009	\$2.70	5,000
8 December 2004	8 December 2009	\$2.97	25,000
11 December 2004	11 December 2009	\$2.77	10,000
28 February 2006	28 February 2011	\$5.96	6,000
3 April 2006	3 April 2011	\$6.59	45,000
1 July 2006	1 July 2011	\$7.01	15,000
1 July 2006	1 July 2011	\$6.50	60,000
3 October 2006	3 October 2011	\$8.12	59,000
3 October 2006	3 October 2011	\$8.13	30,000
13 November 2006	13 November 2011	\$8.13	20,000
14 November 2006	14 November 2011	\$7.93	50,000
2 January 2007	2 January 2012	\$8.20	470,000
8 January 2007	8 January 2012	\$8.00	16,500
6 June 2007	1 January 2012	\$10.40	240,000
3 September 2007	3 September 2012	\$10.37	400,000
5 March 2008	5 March 2013	\$0.65	400,000
			1,911,500

During the financial year no ordinary shares of Credit Corp Group Limited were issued on the exercise of options granted under the EOP (2008: 489,000). No share options were converted to shares since balance date. No amounts were unpaid on any of the shares.

DIRECTORS' MEETINGS

During the financial year, 25 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	DIRECTORS' MEETINGS		AUDIT COMMITTEE		REMUNERATION COMMITTEE	
	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED
Donald McLay	18	18	–	–	–	–
Simon Calleia	18	14	–	–	2	2
Christopher Deane	9	2	3	3	–	–
Robert Shaw	18	18	5	5	–	–
Richard Thomas	18	17	3	3	–	–
Carlos Toda	11	10	–	–	2	1

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2009

INDEMNIFYING OFFICERS OR AUDITOR

The company has provided indemnities to directors and officers of Credit Corp Group Limited and its controlled entities for liabilities incurred in the management of the operations of the company. These indemnities were in place both during and after the end of the financial year.

These liabilities are insured with the premiums paid by the company. The insurance contract prohibits disclosure of any details of the policy and the premium paid.

NON-AUDIT SERVICES

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

- All non-audit services are reviewed and approved by the Audit Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided do not compromise the general principles relating to auditors' independence in accordance with *APES 110: Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid and payable to the external auditors in the year ending 30 June 2009:

	\$
Services	
Taxation services	13,530
Other services	13,281
	26,811

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2009 has been received and can be found on page 26 of the Annual Report.

ROUNDING OF AMOUNTS

The company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars.

Signed in accordance with a resolution of the Board of Directors.



Donald McLay
Chairman



Robert Shaw
Non-executive Director

Dated this 17th day of September 2009.

AUDITOR'S INDEPENDENCE DECLARATION

FOR THE YEAR ENDED 30 JUNE 2009



CREDIT CORP GROUP LIMITED
ABN 33 092 697 151
AND CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF CREDIT CORP GROUP LIMITED
AND CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2009 there have been:

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

Hall Chadwick
Level 29, 31 Market Street
Sydney NSW 2000

DREW TOWNSEND
Partner

Date: 17 September 2009

Sydney
Level 29
St Martins Tower
31 Market Street
Sydney NSW 2000
GPO Box 3555
Sydney NSW 2001
or
DX 1451 Sydney
Telephone: (02) 9263 2600
Facsimile: (02) 9263 2800
Email: sydney@hallchadwick.com.au

Parramatta
Telephone: (02) 9687 2100
Facsimile: (02) 9687 2900

Penrith
Telephone: (02) 4721 8144
Facsimile: (02) 4721 8155

Melbourne
Telephone: (03) 8678 1600
Facsimile: (03) 8678 1699

Partners
Drew Townsend
David Kenney
Richard Albarran
Gino Molacco
Paul Leroy
Steven Gladman
Brent Kijurina
Blair Pleash
David Ross
Graham Webb
Domenic Calabretta

Associates
Lyle Vallance
Bill Petrovski
Sally Saad

National Association
Hall Chadwick

Other Independent firms in:
Brisbane
Adelaide
Gold Coast
Perth



www.hallchadwick.com.au

A Member of AGN International Ltd, a worldwide association of separate and independent accounting and consulting Firms.