



# FLEXIGROUP

## FY11 Investor Presentation

8th August 2011

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Chief Executive Officer and Managing Director

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Chief Financial Officer

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FLEXIGROUP 

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# Agenda

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- ✕ Highlights and overview – Chief Executive Officer
- ✕ Results analysis – Chief Financial Officer
- ✕ Strategy and Outlook – Chief Executive Officer

# Highlights and Overview

**John DeLano**  
**Chief Executive Officer**

# Group Highlights

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- ✕ Fully Franked Final Dividend of 5.5 cents. Annual dividend increases 40%.
- ✕ FY11 Cash NPAT + 27% to \$52.9m
- ✕ Diversification strategy delivers. 37% of Cash NPAT produced by businesses organically grown or acquired over 2+ years
- ✕ All four businesses with strong volume growth totalling +27% despite a soft retail environment
- ✕ Interest Free a standout out result with 2H11 volumes +38% and FY11 Cash NPAT 80% up on FY10
- ✕ Culture of Excellence recognised with awards:
  - Australia's and New Zealand Best Employers – Aon Hewitt
  - Australia's Best Contract Centre – ATA Award
  - International IT Award – ICMG Architecture Award for Excellence

# Financial Performance

## Diversification strategy from 1 to 4 businesses drives strong results

- ✕ **FY11 Profit:** Cash NPAT<sup>1</sup> up 27% to \$52.9m exceeding original guidance of \$47m.
- ✕ **Profit CAGR:** FY09 – FY11 Cash NPAT CAGR is 26%
- ✕ **Volume:** 27% growth – Interest Free, Mobile Broadband, Vendor Finance: >20% growth.
- ✕ **Balance Sheet:** Strong return on equity at 24%
- ✕ **Fully franked final dividend:** 5.5 cents per share to be paid October 13<sup>th</sup> 2011.

| \$m                                  | FY09 | FY10 | FY11 |   | FY10/11 |
|--------------------------------------|------|------|------|---|---------|
| Cash NPAT <sup>1</sup>               | 33.5 | 41.6 | 52.9 | ↑ | 27%     |
| Volume <sup>2</sup>                  | 418  | 549  | 695  | ↑ | 27%     |
| Net Operating Cash Flow <sup>3</sup> | 31   | 53   | 73   | ↑ | 37%     |

Notes:

1. Cash NPAT excludes intangible amortisation of \$1.1m.
2. Volume is all volumes for leases, loans, vendor finance, Certegy and gross revenue for Blink mobile broadband.
3. Excludes loss reserve release \$14.4m and Includes IPO tax refund

# Volume Performance

## NPAT growth exceeds receivables growth in 5 of the last 6 years

- ✕ Strong volume performance across all businesses.
- ✕ Interest free (Oct 2008 acquisition), mobile broadband (Feb 2009 organic start-up) and vendor finance (Dec 2009 organic start-up) contribute 66% of new volumes.
- ✕ New business comprise 47% of receivables and 37% of Cash NPAT

| Volume \$m                    | FY10 | FY11 | FY10/11 |
|-------------------------------|------|------|---------|
| Interest Free                 | 290  | 375  | 30%     |
| Small Ticket                  | 226  | 238  | 6%      |
| Vendor Finance                | 19   | 61   | 221%    |
| Mobile Broadband <sup>1</sup> | 14   | 21   | 50%     |
| Total Volume                  | 549  | 695  | 27%     |
| Closing Net Receivables       | 593  | 707  | 19%     |
| Cash NPAT <sup>2</sup>        | 41.6 | 52.9 | 27%     |

Notes:

1. MBB is gross access and excess revenue.
2. Excludes intangibles amortisation of \$1.1m in FY11.

# Strategy Results

Two organic start-ups and one acquisition's volumes grow 41%

## ACQUISITION



### Retail Point of Sale Interest Free

- ✕ Trading since 1989, acquired Oct 2008
- ✕ Interest free & cheque guarantee products offered in diverse industries
- ✕ Increases sales volumes for retailers
- ✕ No interest (ever) payable by the customer

## ORIGINAL BUSINESS



### Retail Point of Sale Lease - IT & electrical

- ✕ Trading since 1988, IPO Dec 2006
- ✕ Lease products offered in IT & electrical channels
- ✕ Preserves margin for the OEM/ Vendor
- ✕ Customers appreciate loaner, protect & affordable monthly payments

## ORGANIC STARTUP



### Retail Point of Sale Mobile Broadband - IT

- ✕ Launched in retailers, Feb 2009
- ✕ Casual and contract mobile broadband offered through IT retailers
- ✕ Increases margins for the retailers
- ✕ Customers enjoy easy in-store activation, protect & loaner features

## ORGANIC STARTUP



### OEM & Vendor Lease to commercial accounts

- ✕ Recruited an experienced industry team in Nov 09
- ✕ OEM / Vendor leasing to business
- ✕ Increase sales volumes for OEMs / Vendors
- ✕ Affordable, tax deductible means for customers to acquire assets

## Key Metrics

\$375m assets financed  
+30% growth

\$238m assets financed  
+6% growth

74,000 active subscribers  
+37% growth

\$61m assets financed  
+221% growth



# Interest Free Acquisition in Third Year

26% of Group's FY11 Profit<sup>1</sup>. FY12 forecast \$19m, up from <\$5m pre-acquisition.

## Performance

- ✕ Certegy FY11 cash NPAT<sup>1</sup> \$13.7m compared to \$7.6m FY10.
- ✕ FY11 volumes +30%. Strong performance from home, fitness and solar sectors. 2H11 Volume +38%.
- ✕ Continued improvement in NPAT/ANR margin; FY09: 0.3%, FY10: 5%, FY11: 6%
- ✕ Toys-R-Us signed as major Lay-by retailer – Lay-by more than 10% of transaction volume in June 2011.

## Growth Outlook

- ✕ New Lay-by product forecast to contribute \$1m NPAT and 10% of transaction volume
- ✕ Ezi-pay Express product tracking to market guidance and building to \$4m - \$6m by FY13
- ✕ FY12 forecast NPAT/ANR margin of 7%

|  No interest ever payment processing primarily in retail homeowner sector |      |         |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|------|---------|
| Interest Free \$m                                                                                                                                            | FY11 | FY10/11 |
| Volume                                                                                                                                                       | 375  | 30%     |
| Closing Net Receivables                                                                                                                                      | 272  | 43%     |
| Cash NPAT <sup>1</sup>                                                                                                                                       | 14   | 80%     |

Notes:

1. Cash NPAT excludes intangible amortisation of \$1.1m

# Flexirent Leasing

Outperforms market as non retail sector volume contribution increases from 15% to 29% in Q4

## Performance

- ✗ FXL small ticket leasing growth +6% in challenging retail environment
- ✗ The Australian IT market declined and plasma sales declined due to falling prices and strong Australian dollar
- ✗ Contribution from non-retail segment e.g. trade equipment, servers/networking, refrigeration and telephony accelerates in 2H11

## Growth Outlook

- ✗ \$0 upfront Blink / Flexi plan targets market opportunity. Market forecast 1 million units (half notebook/laptop volume)
- ✗ Continue to capitalise on non-retail opportunities



Small ticket leasing of IT, electronics, and other assets through retailers

| Small Ticket Leasing \$m             | FY11 | FY10/11 |
|--------------------------------------|------|---------|
| Volume                               | 238  | 6%      |
| Closing Net Receivables <sup>1</sup> | 356  | 0%      |
| Cash NPAT                            | 33   | 0%      |

Notes:

1. Closing net receivables excludes loans which were \$16m as at 30-Jun-11 and \$27m as at 30-Jun-10.

# Mobile Broadband Startup 2½ years old

Contributes 7% of Group NPAT

## Performance

- ✕ FY11 NPAT \$3.4m from -\$0.7m in FY10.
- ✕ Scale produces \$4m profit improvement and market share exceeds 35% in key retail channels
- ✕ Strong focus on internal cost reductions as volume builds
  - Data Costs per customer decreased by 21% due to new commercial agreements
  - Contact Centre call volume per customer reduced by 38% due to scale efficiencies and online self service portal
- ✕ Incremental revenue derived from online portal with automatic top up now delivering 10% of total revenue

## Growth Outlook

- ✕ Only Service Provider with a \$0 upfront Data Contract plan for tablets in retail stores
- ✕ A unique offering to target the forecast 1m tablet market



Sale of mobile broadband plans through retail POS partners

| Mobile Broadband         | FY11   | FY10/11 |
|--------------------------|--------|---------|
| Active Customers (000's) | 74     | 37%     |
| Access Revenue           | \$21m  | 50%     |
| NPAT                     | \$3.4m | High    |

# Flexirent Commercial Startup in Second Year

Contributes 9% of Group volumes

## Performance

- ✕ Volumes increase to \$61m up from \$19m in FY10
- ✕ Driven by maturing vendor relationships and conversion of business development activity
- ✕ 11 new vendor relationships originated with signed formal program agreements
- ✕ Strong contribution from print/copier, photo lab, telephony, office networking and software

## Growth Outlook

- ✕ Forecast continued strong volume and receivables growth with NPAT/ANR increasing to 5%

|  Commercial Leasing through Original Equip. Manufacturers (OEM) and Vendors |      |         |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|------|---------|
| Lease: OEM / Vendor \$m                                                                                                                                        | FY11 | FY10/11 |
| Volume                                                                                                                                                         | 61   | 221%    |
| Closing Net Receivables                                                                                                                                        | 63   | 232%    |
| NPAT                                                                                                                                                           | 2.6  | 100%    |

Notes:

1. NPAT to ANR is Cash NPAT divided by average net receivables

# Results analysis

**Garry McLennan**  
**Chief Financial Officer**

# Cash NPAT increases by 27%

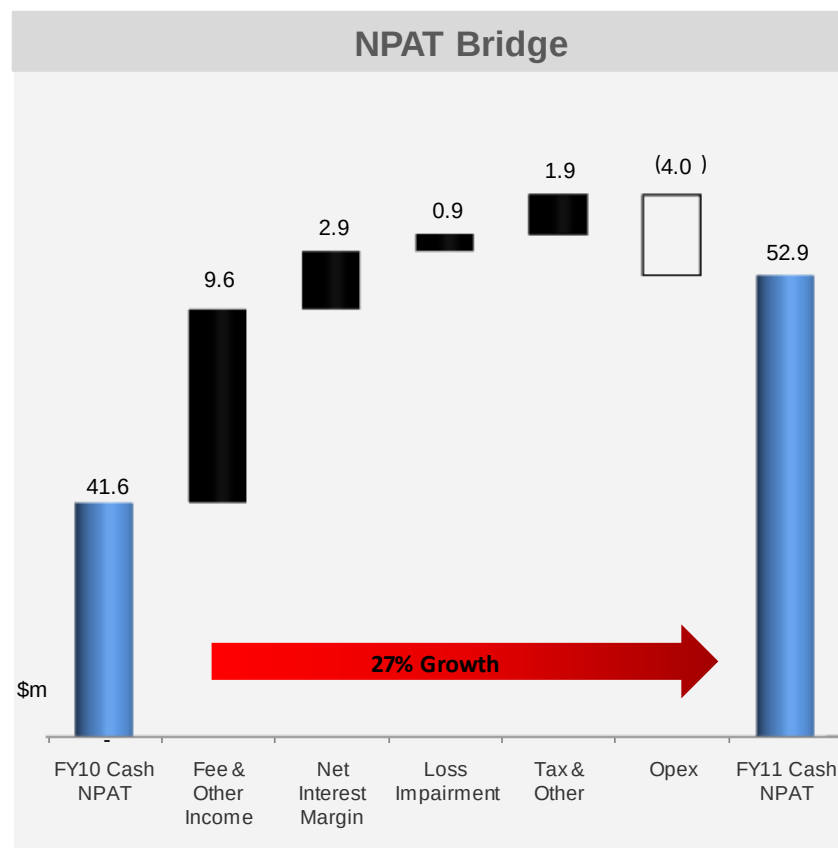
New products, diversification, and prudent approach to risk drives 23% NPAT CAGR since IPO

## Performance

- ✕ FY11 Cash NPAT up 27% on FY10. Key achievements:
  - Volume and margin growth in new businesses produced \$12.5m additional income to pcp
  - Non-interest income increases to 57% from 55% of revenue as Certegy fees and BLiNK monthly payments grow
  - Cost to income ratio reduces from 47% to 45% pcp

## Outlook

- ✕ Certegy other income to increase as Ezi-Pay Express mix of interest free portfolio increases from 50% to 90%
- ✕ Impairment expected to improve with higher mix of homeowners and commercial customers



# Impairment Result

Key impairment ratio reduces 60 bps despite 19% growth in receivables

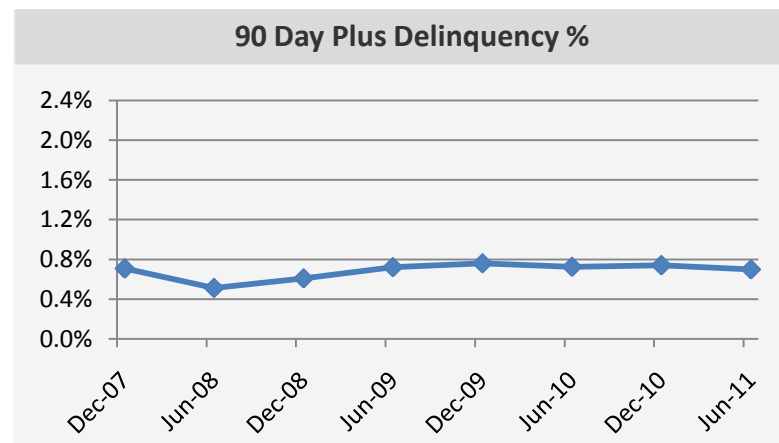
## Performance

- ✕ Net impairment losses declined to 60 bps to 3.8% of average net receivables.
  - Business diversification reduces credit risk
  - Portfolio mix of lower risk interest free and commercial receivables increases to 47% from 35% pcp
  - Collections delivers improvement from optimised dialler, 2 way sms, and IVR
- ✕ 90 day plus arrears declines to 0.7% from 0.8% pcp

## Outlook

- ✕ Positive results continue to be driven by:
  - ERisc award winning credit assessment system
  - 20 years experience in consumer and business credit embedded in credit scoring systems
  - Performance of FXL's award winning Collections Team

| Net Impairment Losses        | FY10           | FY11           |
|------------------------------|----------------|----------------|
| Leases                       | \$10.9m        | \$10.8m        |
| Personal Loans               | \$4.5m         | \$3.4m         |
| <b>Leases/Personal Loans</b> | <b>\$15.4m</b> | <b>\$14.2m</b> |
| Certegy                      | \$9.0m         | \$9.0m         |
| <b>Net Impairment Losses</b> | <b>\$24.4m</b> | <b>\$23.2m</b> |
| % of Avg Receivables         | 4.4%           | 3.8%           |



# Cash Flow Performance

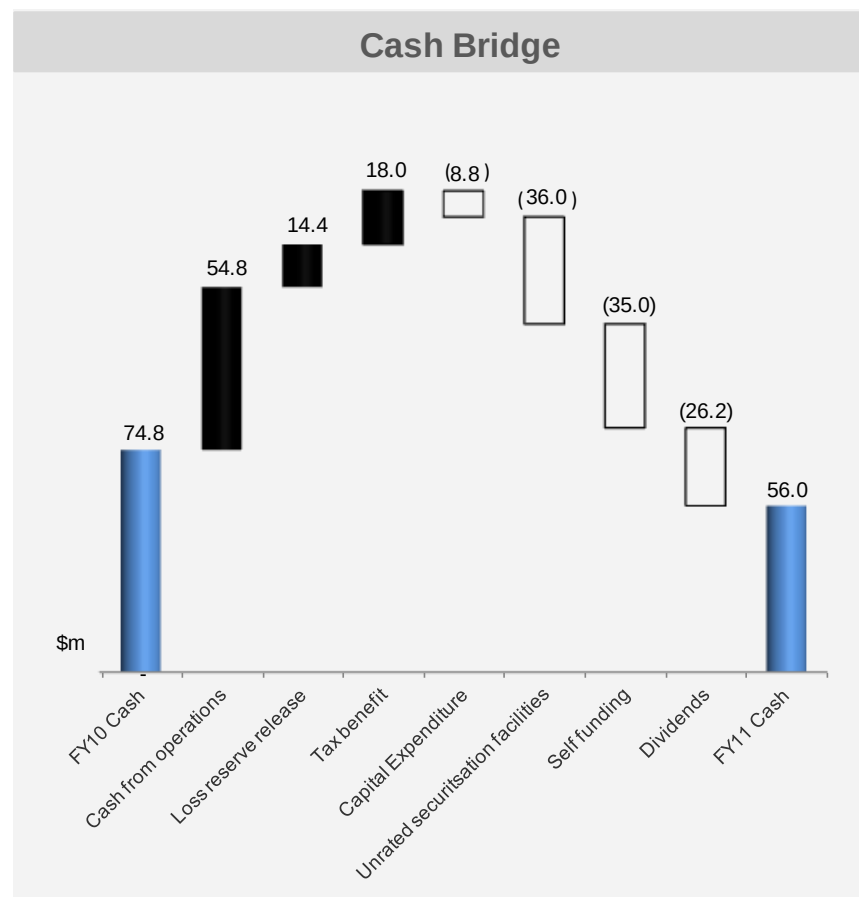
Investment in new rated facilities has started to reduce cost of funds

## Performance

- ✗ Operating cash flows +37% to \$73m due to:
  - Tax credit related to IPO assets
  - Cash from Operations
- ✗ Invested \$22m net transitioning to highly rated lower cost securitisation funding facilities
  - \$36m in subordinated notes; less
  - \$14.4m in cash loss reserve release
- ✗ Cash loss reserves contain \$35.3m in addition to the \$56m period end cash

## Outlook

- ✗ Self funded receivables warehoused for future securitisation or through \$247m in undrawn facilities
- ✗ Rated structures expected to continue to reduce the cost of funds





# Balance sheet well structured

Conservatively geared at 15% - SPV borrowings are non-recourse to FXL

## Performance – Recourse Balance Sheet (excl. SPV's)

- ✗ Recourse Debt/Equity at 15%<sup>1</sup>. Includes \$15m Certegy vendor note<sup>2</sup>
- ✗ Self funded receivables that can be funded through existing committed bank facilities to c.\$45m
- ✗ Remaining part of receivables include receivables funded by recourse borrowings and excess receivables held as security in funding facilities

## Outlook

- ✗ No material bullet repayments due on borrowings
- ✗ Borrowings are predominantly fixed interest rate, therefore receivables portfolio is not impacted by rate movements

| Summarised Balance Sheet<br>as at 30 June 2011            | FlexiGroup<br>Excl. SPV's | FlexiGroup<br>incl SPV's* |
|-----------------------------------------------------------|---------------------------|---------------------------|
| Cash at Bank                                              | 56.0                      | 56.0                      |
| Net Receivables                                           | 103.0                     | 693.5                     |
| Investment in unrated notes in<br>securitisation vehicles | 36.0                      |                           |
| Other Assets                                              | 55.5                      | 55.5                      |
| Goodwill and Intangibles                                  | 97.4                      | 97.4                      |
| <b>Total Assets</b>                                       | <b>347.9</b>              | <b>902.4</b>              |
| Borrowings                                                | 20.6                      | 610.4                     |
| Certegy Vendor Note                                       | 15.0                      | 15.0                      |
| Cash Loss Reserves available to<br>Funders                | -                         | (35.3)                    |
| Other Liabilities                                         | 79.1                      | 79.1                      |
| <b>Total Liabilities</b>                                  | <b>114.7</b>              | <b>669.2</b>              |
| <b>Total Equity</b>                                       | <b>233.2</b>              | <b>233.2</b>              |
| <b>Gearing</b>                                            | <b>15%</b>                | <b>N/A</b>                |

Notes:

1. Gearing = Non-recourse borrowings as a percentage of FlexiGroup equity
2. FXL has a \$15m vendor note owed to Fidelity Inc as part of the acquisition of Certegy.

Explanatory Notes:

1. FXL's lease and interest free receivables are funded by non-recourse borrowings from Banks
2. Non-recourse borrowings equals FlexiGroup's total borrowings of \$610.4m less borrowings (\$20.6m) which have recourse to FlexiGroup Limited i.e \$589.8m in bank borrowings in SPV's are non-recourse to FlexiGroup
3. These bank borrowings are secured against FXL's lease and interest free receivables and cash security in Special Purpose Entities (SPV's)
4. The cash security provided by FXL represents restricted cash at bank and are reflected as Loss Reserves on FXL's balance sheet

# Funding

Strong support from banks and Institutions, funding diversified to 8 sources (from 2 in 2004)

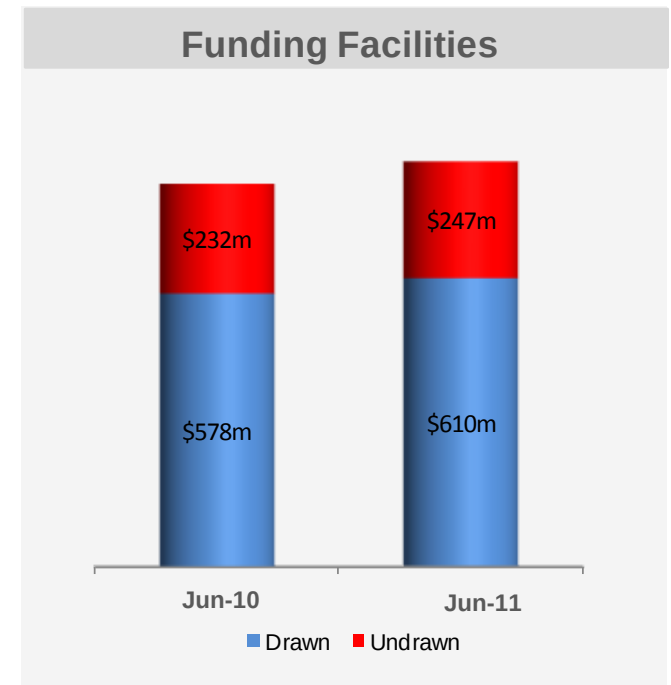
## Performance

New committed facilities and securitisations provide diversity in funding to support growth.

- ✕ New facilities of \$188m in approved in FY11
- ✕ Two rated securitisations completed totalling \$160m for Flexirent and Certegy receivables
- ✕ Certegy securitisation is the first public issue of no interest ever receivables
  - Rated by Moodys and Fitch and all AAA to BBB notes fully sold with multiple institutional bidders

## Outlook

- ✕ FXL has committed bank facilities in place to support growth
- ✕ Reviewing opportunities for other debt capital market issuances to further increase diversification of funding



# Strategy and Outlook

**John DeLano**  
**Chief Executive Officer**

# Financial and Investor Scorecards

Since IPO, 4 years ago, volume and NPAT have more than doubled



Market recognises FXL as a high growth company and enterprise value rises

| Investor Scorecard <sup>1</sup> |   |                        |                         |                        |
|---------------------------------|---|------------------------|-------------------------|------------------------|
| Total Shareholder Return        | ➔ | 8 <sup>th</sup> - 2011 | 12 <sup>th</sup> - 2010 | 1 <sup>st</sup> - 2009 |
| Dividend per share (DPS)        | ➔ | Top 10%,               | 2009-2011 CAGR          | 40%                    |
| Earnings per Share (EPS)        | ➔ | Top 20%,               | 2009-2011 CAGR          | 17%                    |

Notes

1 ASX300 excluding Mining & Metals companies

# Culture of Excellence

## Performance recognised with external awards

### CUSTOMERS



Australia's  
Contact Centre  
Of the Year 2010

- Secured three of the seven categories in the ATA Awards
- ATA represents more than 3800 Australian contact centres
- Finalists included some of the country's largest and best known companies: CBA, IAG, Amex, and Energex

### TECHNOLOGY



Enterprise Architecture Firm

International iCMG  
Best IT Architecture  
Award 2010

- Joint winner of the Architecture Excellence Award in the category for Service-oriented Architecture (SoA )
- Over 100 nominations from 21 countries
- Competing in this category were IBM, SAP AG, Oracle and LG Electronics

### FUNDERS



Consumer Asset  
Backed Securities  
Year 2011

- Certegy securitisation the first public issue of no interest ever receivables

### PEOPLE



AON Hewitt  
Best Employers  
Of the Year 2011

- Specifically recognised for strong leadership and high performance culture
- Hewitt provides the most extensive engagement survey covering 200 organisations and 124,000 employees

# Culture of People Engagement

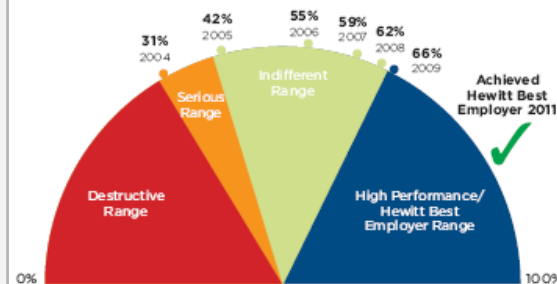
High performance – Best Employers achieve profit growth 4 x other organisations

## GREEN LIGHT TO INVEST IN PEOPLE

- Owners embrace investment in talent
- New Management team and systems \$10m – a 30% increase to opex
- Diversification strategy is adopted
- Rewards align people and strategy



## ENGAGEMENT FROM 31% TO BEST EMPLOYER



## COMMENDED FOR HIGH PERFORMANCE CULTURE

### High Performance Culture



### Connected to Company and Strategy

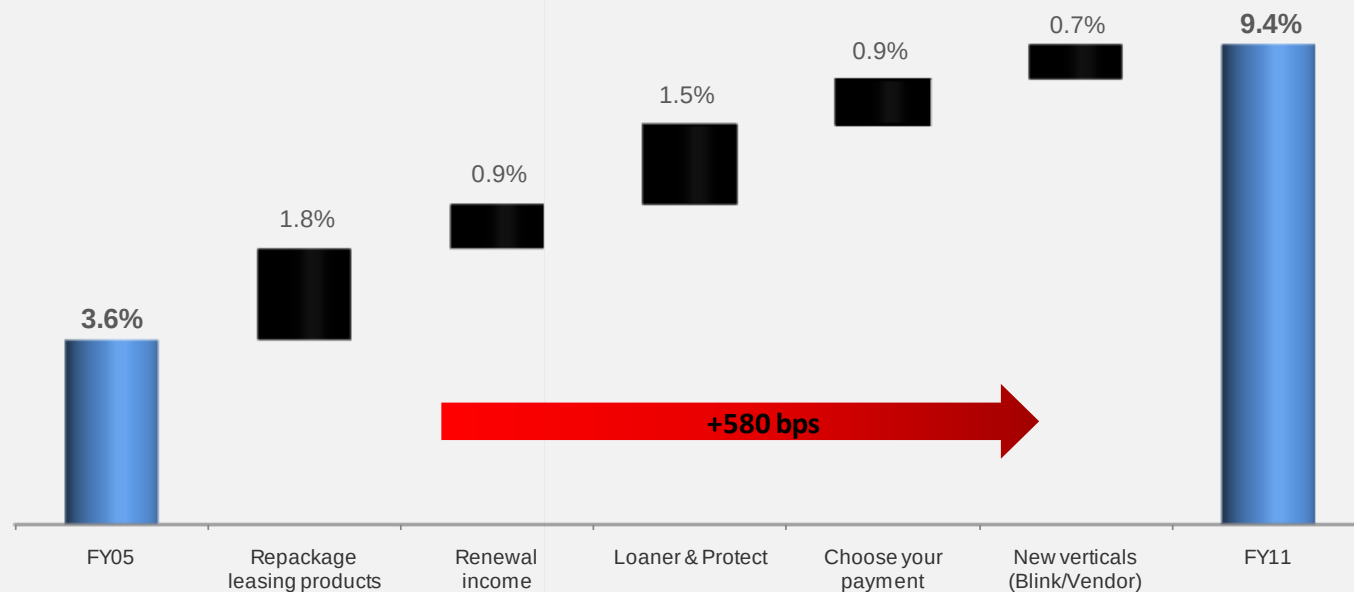


● Other Organisations      ★ Flexirent

# Organic Business Innovation

Produces 580 bps margin improvement and monetises high transaction volume

## FlexiGroup (Ex. Certegy) NPAT/ANR Bridge



Driven by innovative products:

- Repackage to include swap/double time
- Lost, damaged, stolen, Loaner protection
- Choose your payment date

Leverage infrastructure to:

- Target mobile broadband and commercial segments

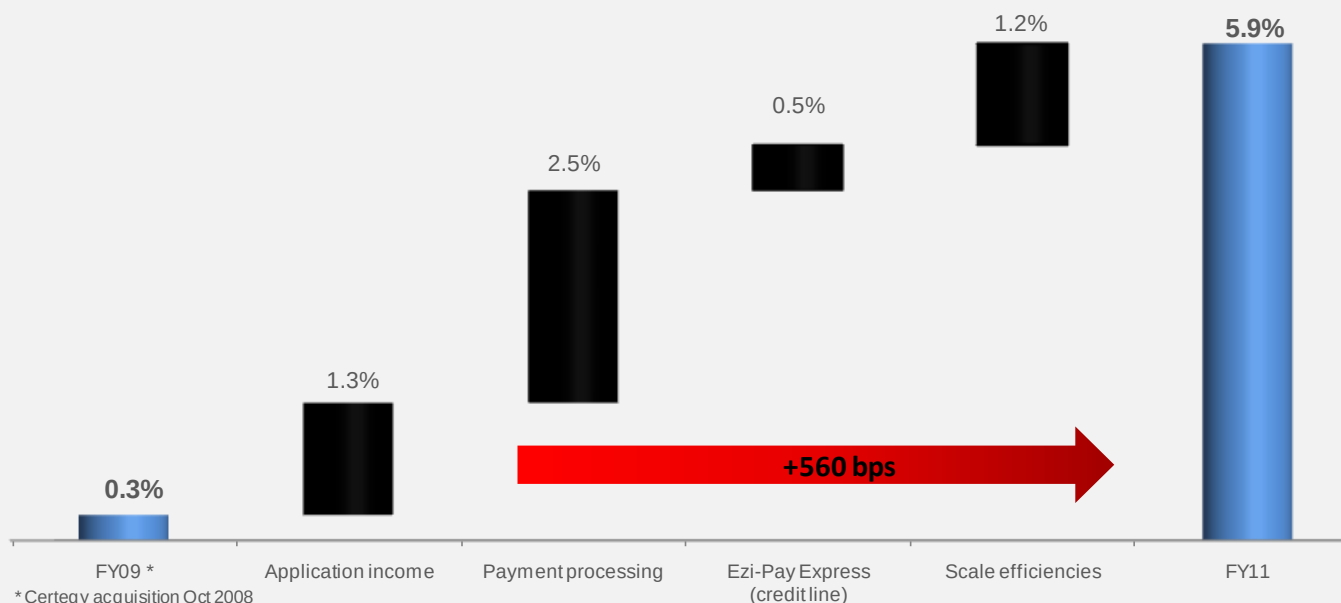
NPAT Increases FY05-FY11:

- \$12m ➔ \$39m

# Acquisition Business Innovation

Produces 560 bps margin improvement and monetises high transaction volume

## Certegy NPAT/ANR Bridge



Driven by innovative products:

- Ezi-pay Express continuing credit access
- Payment processing cost offset

Leverage Infrastructure to:

- Target Lay-by market opportunity

NPAT Increases FY09-FY11:

- <\$5m ➔ \$13.7m



# Growth Strategy

Leverage core capabilities in the new channels and develop innovative products

| Innovation of Products, System, Channel                                                                                                                                                                                                                                                                          | Steady State<br>NPAT p.a. |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| <p>Internet deferred payment processing</p> <ul style="list-style-type: none"><li>- Led by talent that built online payment provider from start-up to 8 million customers</li></ul>                                                                                                                              | <p>➔ \$3m - \$5m</p>      |
| <p>Nexus - new application system using award winning Polaris platform</p> <ul style="list-style-type: none"><li>- parallel processing of bureau and credit decisioning reduces transaction / handling time</li><li>- multi currency, multi language, and highly configurable reduces development time</li></ul> | <p>➔ \$1m - \$2m</p>      |
| <p>Lay-By payment service</p> <ul style="list-style-type: none"><li>- targets up to 20% of retail sales in partner stores</li><li>- removes administration burden for jewellers, fashion chains, discount retailers</li><li>- now accounts for more than 10% of interest free transactions</li></ul>             | <p>➔ \$2m - \$5m</p>      |

# Growth Strategy

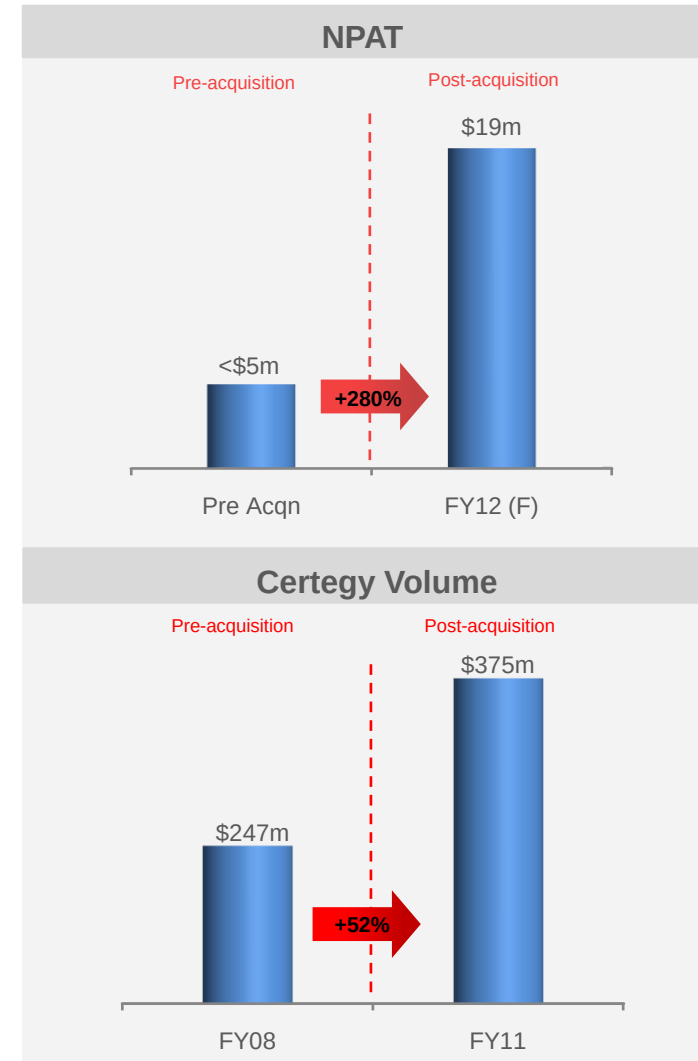
Continue to pursue accretive, high volume, retail point of sale acquisitions similar to Certegy

## \$31m Certegy acquisition payback in a little over 3 years:

- \$16m upfront paid in October 2008
- \$21m cumulative NPAT by June 2011
- \$15m vendor note to be paid in October 2011
- Margin and volume growth forecast to produce \$19m NPAT in FY12

## Why has Certegy been a success?

- ✕ FXL's key strengths leveraged:
  - Monetising high volume, low ticket size businesses
  - Managing relationships with Point Of Sale retailers
- ✕ Preserved the DNA of the Certegy people, their culture, their business model, and their unique approach to risk...
- ✕ ....and reinvigorated Certegy with a focus on volume growth and increased profitability through product innovation



# Outlook for FY12

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- ✕ FY12 Cash NPAT guidance of +12% to +15% on FY11
  - Increased contribution from Interest Free due to growth and product innovation
  - Higher Flexi Commercial receivables produce additional income
  - Larger BLiNK customer base drives increased monthly payments
- ✕ FY12 Volume growth resulting from:
  - Layby Express delivers on opportunity
  - Non-retail segment makes greater contribution to small ticket leasing
  - Vendor Finance new partner programs contribute for entire year
  - Continue to sign up new Interest Free retailers
- ✕ Significant market opportunity for deferred internet payment processing as retailers develop online channel
- ✕ Continued focus on value accretive acquisition opportunities

# Appendices

# Appendix 1 - Detailed Statutory Profit & Loss

| A\$ MILLION                                   | FY10          | FY11          |
|-----------------------------------------------|---------------|---------------|
| Net Interest income                           | 120.4         | 125.5         |
| Interest expense                              | (51.2)        | (52.1)        |
| <b>Net Interest Margin</b>                    | <b>69.2</b>   | <b>73.4</b>   |
| Other Net Income                              | 83.8          | 97.5          |
| <b>Operating Income</b>                       | <b>153.0</b>  | <b>170.9</b>  |
| Payroll and related expenses                  | (44.9)        | (50.2)        |
| Depreciation & amortisation expenses          | (4.3)         | (5.1)         |
| Other expenses                                | (21.9)        | (21.5)        |
| <b>Total Expenses (before impairment)</b>     | <b>(71.1)</b> | <b>(76.8)</b> |
| Impairment losses                             | (25.1)        | (22.3)        |
| Loss provision                                | 0.7           | (0.9)         |
| <b>Net Profit Before Tax</b>                  | <b>57.5</b>   | <b>70.9</b>   |
| Tax (expense) / benefit                       | (15.9)        | (18.0)        |
| <b>Cash Net Profit After Tax</b>              | <b>41.6</b>   | <b>52.9</b>   |
| Tax credit due to re-setting of tax cost base | 18.4          | 0.0           |
| Amortisation of intangibles                   | (1.1)         | (1.1)         |
| <b>Reported Net Profit After Tax</b>          | <b>58.9</b>   | <b>51.8</b>   |

## Appendix 2 - Detailed Statutory Balance Sheet

| A\$ MILLION                      |              |              | Excluding SPV's |              |
|----------------------------------|--------------|--------------|-----------------|--------------|
|                                  | Jun-10       | Jun-11       | Jun-10          | Jun-11       |
| <b>Assets</b>                    |              |              |                 |              |
| Cash at bank                     | 74.8         | 56.0         | 74.8            | 56.0         |
| Loans and receivables            | 592.7        | 707.4        | 69.7            | 152.9        |
| Allowance for losses             | (13.1)       | (13.9)       | (13.1)          | (13.9)       |
|                                  | 579.6        | 693.5        | 56.6            | 139.0        |
| Other receivables                | 41.5         | 43.4         | 41.5            | 43.4         |
| Income tax receivable            | 19.2         | 0.0          | 19.2            | 0.0          |
| Rental Equipment                 | 0.4          | 0.2          | 0.4             | 0.2          |
| Inventory                        | 0.6          | 0.1          | 0.6             | 0.1          |
| Plant and equipment              | 3.7          | 3.4          | 3.7             | 3.4          |
| Deferred tax assets              | 8.8          | 8.4          | 8.8             | 8.4          |
| Goodwill                         | 79.9         | 79.9         | 79.9            | 79.9         |
| Other Intangible Assets          | 14.9         | 17.5         | 14.9            | 17.5         |
| <b>Total Assets</b>              | <b>823.4</b> | <b>902.4</b> | <b>300.4</b>    | <b>347.9</b> |
| <b>Liabilities</b>               |              |              |                 |              |
| Borrowings                       | 577.5        | 610.4        | 4.8             | 20.6         |
| Loss Reserve                     | (49.7)       | (35.3)       | (0.0)           | (0.0)        |
| Net Borrowings                   | 527.8        | 575.1        | 4.8             | 20.6         |
| Vendor note                      | 15.0         | 15.0         | 15.0            | 15.0         |
| Payables                         | 41.0         | 29.7         | 41.1            | 29.7         |
| Current tax liability            | 0.0          | 11.3         | 0.0             | 11.3         |
| Provisions                       | 3.8          | 4.3          | 3.8             | 4.3          |
| Derivative financial instruments | 0.0          | 0.2          | 0.0             | 0.2          |
| Deferred tax liabilities         | 30.2         | 33.6         | 30.2            | 33.6         |
| <b>Total Liabilities</b>         | <b>617.8</b> | <b>669.2</b> | <b>94.8</b>     | <b>114.7</b> |
| <b>Net Assets</b>                | <b>205.6</b> | <b>233.2</b> | <b>205.6</b>    | <b>233.2</b> |
| <b>Equity</b>                    |              |              |                 |              |
| Contributed equity               | 75.0         | 76.6         | 75.0            | 76.6         |
| Reserves                         | (0.7)        | (0.3)        | (0.7)           | (0.3)        |
| Retained Profits                 | 131.3        | 156.9        | 131.3           | 156.9        |
| <b>Total Equity</b>              | <b>205.6</b> | <b>233.2</b> | <b>205.6</b>    | <b>233.2</b> |

## Appendix 3 - Detailed Statutory Cash Flows

| A\$ MILLION                                                 | FY10          | FY11          |
|-------------------------------------------------------------|---------------|---------------|
| <b>Underlying Cash Flow from Operating Activities</b>       | 67.6          | 54.3          |
| Tax (paid)/received                                         | (15.2)        | 18.0          |
| (Increases) decreases in Loss Reserves                      | (0.4)         | 14.4          |
| Decrease in Mobile Broadband Inventory                      | 1.4           | 0.5           |
| <b>Net cash inflow provided from operating activities</b>   | <b>53.4</b>   | <b>87.2</b>   |
| <b>Cash flows from investing activities</b>                 |               |               |
| Capital expenditure                                         | (6.4)         | (8.8)         |
| <b>Net cash outflow from investing activities</b>           | <b>(6.4)</b>  | <b>(8.8)</b>  |
| <b>Cash flows from financing activities</b>                 |               |               |
| Dividends                                                   | (14.4)        | (26.2)        |
| Proceeds from equity raising                                | 38.9          | 0.0           |
| Self funding of loans, leases and lease periods             | (49.1)        | (71.0)        |
| <b>Net cash outflow from financing activities</b>           | <b>(24.6)</b> | <b>(97.2)</b> |
| Net impact of exchange rate movements                       | (0.2)         | 0.0           |
| <b>Net increase (decrease) in cash and cash equivalents</b> | <b>22.2</b>   | <b>(18.8)</b> |
| <b>Opening cash and cash equivalents</b>                    | <b>52.6</b>   | <b>74.8</b>   |
| <b>End of period cash and cash equivalents</b>              | <b>74.8</b>   | <b>56.0</b>   |