FLEXIGROUP

FlexiGroup Limited and its controlled entities

Preliminary Final Report
For the financial year ended 30 June 2017

ABN 75 122 574 583

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Results for Announcement to the Market

FlexiGroup Limited and its controlled entities (also referred to as the Group or FlexiGroup) Results for Announcement to the Market are detailed below:

Key Information	Year Ended 30 June 2017 $'m	Year Ended 30 June 2016 $'m	Increase on Previous Period $'m	Increase on Previous Period %
Total Portfolio Income	462.8	396.4	66.4	17%
Profit from ordinary activities after tax attributable to shareholders of FlexiGroup Limited	87.4	50.2	37.2	74%
Net profit for the year attributable to shareholders of FlexiGroup Limited	87.4	50.2	37.2	74%

Dividends	Amount per security	Franked amount per security
Current period – 2017		
Final dividend – payable on 13 October 2017	3.85 cents	100%
Interim dividend – paid 13 April 2017	3.85 cents	100%
Previous corresponding period – 2016		
Final dividend – payable on 14 October 2016	7.25 cents	100%
Interim dividend – paid 15 April 2016	7.25 cents	100%

Record date for determining entitlements to the dividends
8 September 2017 for final FY17 dividend.

Dividend Details

Our final ordinary dividend in respect of the year ended 30 June 2017 will have a record date of 8 September 2017 with payment to be made on 13 October 2017. The Board has determined that the dividend reinvestment plan will not operate in relation to this dividend.

Dividend or Distribution Reinvestment Plan Details

N/A

Brief Explanation on Results

Please refer to the Review of Operations for an explanation of the results.

Net Tangible Assets Per Security

	Year ended 30 June 2017 $	Year ended 30 June 2016 $
Ordinary shares	63 cents	57 cents

Control gained or lost over entitles in the Financial Year

Name of entitles where control was gained in the financial year	Date control gained
Nil	N/A

Name of entitles where control was lost in the financial year	Date control lost
Nil	N/A

Investment in Associates and Joint Ventures

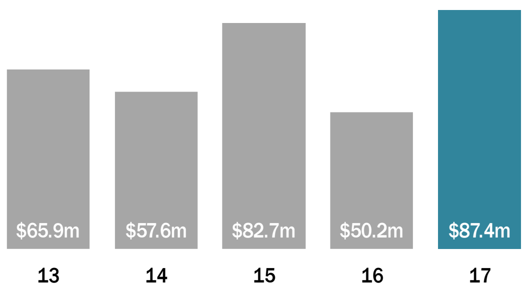
As at 30 June 2017, FlexiGroup Limited holds a 15.2% equity interest in Business and Capital Pty Ltd ("Kikka") that is recognised as an investment in an associate. FlexiGroup Limited does not hold any interests in joint ventures.

Other information

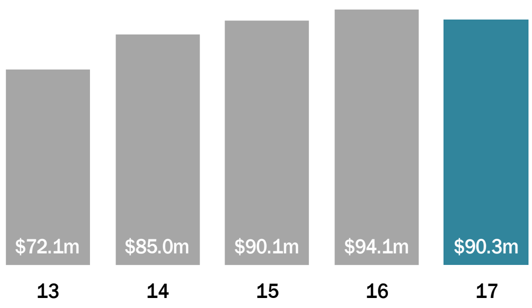
The Preliminary Final Report has been prepared in accordance with ASX Listing Rule 4.3A and has been derived from the unaudited Annual Financial Report. In accordance with the Corporations Act 2001, the Review of Operations is unaudited. The Review of Operations contains disclosures which are extracted or derived from the Annual Financial Report for the year ended 30 June 2017, which is in the process of being audited and is expected to be made available in late September 2017.

Group Performance Highlights

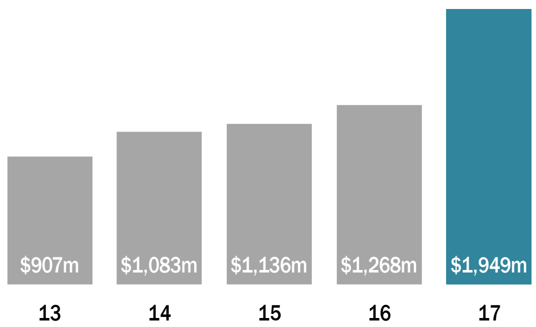
Statutory net profit after tax $87.4m, up 74%



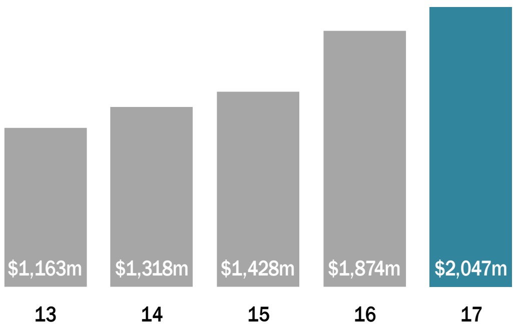
Cash earnings $90.3m, down 4%



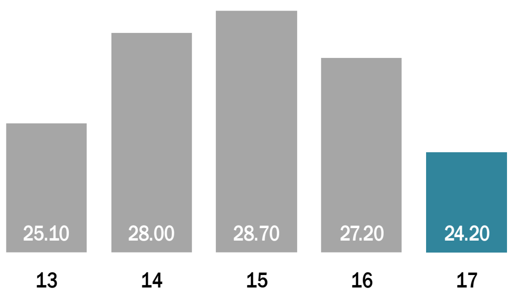
Volume $1,949m, up 54%



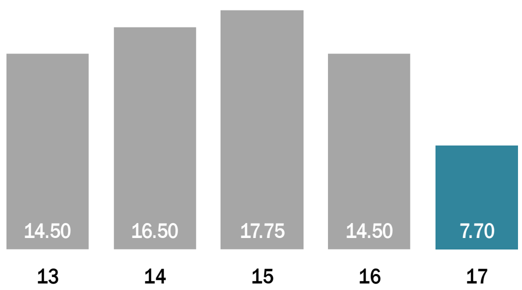
Receivables and customer loans $2,047m, up 9%



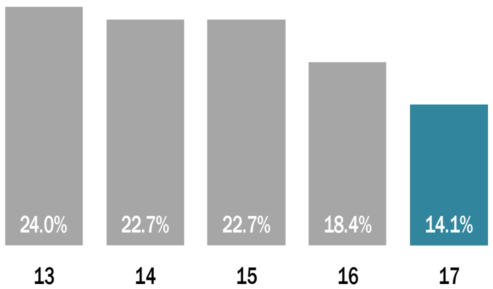
Cash earnings per share 24.2 cents, down 11%



Dividends per share 7.70 cents, down 47%



Cash earnings ROE 14.1%, down 4%

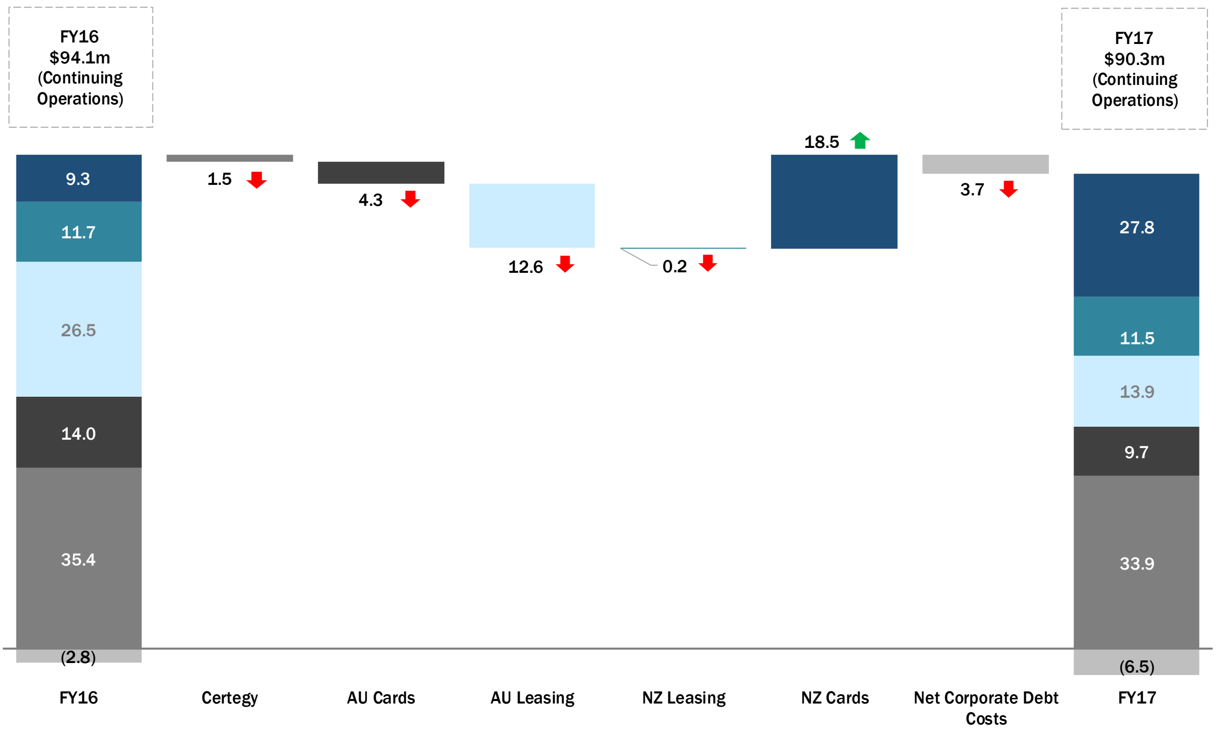


	June 2017	June 2016	Change %
Reported earnings			
Net profit after tax ($m)	**87.4**	50.2	74%
Earnings per share (cents)	**23.4**	14.5	61%
Dividends per share (cents)	**7.7**	14.5	(47%)
Return on Equity (%)	**13.6**	9.8	4%
Expense to income ratio (%)	**48.7**	53.3	(5%)
Cash earnings from continuing activities basis			
Cash earnings from continuing activities ($m)	**90.3**	94.1	(4%)
Cash earnings per share (cents)	**24.2**	27.2	(11%)
Cash earnings return on equity (%)	**14.1**	18.4	(4%)

Review of Operations – Group Performance

Performance Summary

Cash NPAT from continuing activities of $90.3m; represents a 4% decline compared with $94.1m in the prior corresponding year. Net receivables increased to $2,047m, representing a 9% increase from $1,874m in the prior corresponding year. Cash EPS of 24.2c represents an 11% decline from 27.2c compared to prior corresponding year. The decline in Cash EPS is due to an increase in weighted average number of shares held during the year following the capital raising in November 2015, and the decrease in Cash NPAT. Below is the continuing operations Cash NPAT reconciliation from prior year and an analysis of the movements.



- Certegy delivered a $33.9m Cash NPAT, a decrease in profit by $1.5m compared to the prior corresponding year. The decrease was driven primarily by increased competition and some margin compression, reduced volume and an increase in both the average term and average contract value, resulting in net portfolio income declining from $97.3m to $94.2m.

- Australia Cards delivered a $9.7m Cash NPAT, a $4.3m decrease compared to the prior corresponding year. The increase in volume and receivables of 61% and 55% is subject to a time lag in profit generation. The increase in funding costs on initial interest free balances as new customers are acquired and a portfolio driven increase in losses contributed to the profit decline. This business is in a good position to grow significantly in the future as the receivables portfolio mix rebalances between interest and non-interest bearing.

- Australia Leasing performance shows a Cash NPAT of $13.9m, a decrease of $12.6m (48%). The decline is resulting from a shift in receivables mix towards lower yielding; higher quality commercial assets which has temporarily impacted short term profitability. Furthermore, changes to the Consumer lease product to improve customer value has affected short-term profitability, however is delivering improved levels of customer engagement and driving higher rates of repeat business. In addition, segment profitability has been impacted by ongoing investment in product development initiatives in commercial managed services, Oxipay and Ireland (which form part of Australia Leasing segment) that are aimed at setting the Group up for future organic growth.

- New Zealand Leasing performance is stable with a minor decline of $0.2m, despite the 9% reduction in both volume and receivables during the year. This was underpinned by increased revenue and a decrease in impairments, offset by an increase in operating expenses to support new business initiatives.

- NZ Cards shows an increase of $18.5m, driven primarily by the 12 months contribution of NZ Cards to Group results, compared to 4 months in the prior corresponding year. Receivables are stable compared to prior year, and the business is primed for strong growth going into the future.

- Net corporate debt interest expense increased by $3.7m in current year, driving Group profits lower compared to the prior year. This is due to the higher average corporate debt in current year due to the debt funding of the acquisition of Fisher & Paykel Finance on 28 February 2016.

Group Profit and Loss

A$m	June 2017	June 2016	Change %
Total portfolio income	**462.8**	396.4	17%
Interest expense	**(102.0)**	(79.0)	29%
Net portfolio income	**360.8**	317.4	14%
Receivables and customer loan impairment expenses	**(62.8)**	(78.6)	(20%)
Depreciation and amortisation expenses	**(16.2)**	(14.3)	13%
Operating and other expenses	**(159.6)**	(154.8)	3%
Profit before income tax	**122.2**	69.7	75%
Income tax expense	**(34.8)**	(19.5)	78%
Profit after income tax	**87.4**	50.2	74%

Total portfolio income

Total portfolio income increased 17% to $462.8m, mainly due to the full year contribution from NZ Cards. The 55% increase in the Australia Cards portfolio also resulted in increased fee income. The Australian Leasing business is increasingly showing a rebalance from high yielding consumer to lower yielding commercial business, resulting in a drag in segment revenue.

Interest expense

Interest expense increased 29% to $102.0m, driven by the full year contribution from NZ Cards, increase in interest on corporate debt due to increased average borrowings and increased funding costs to support the growth in the Australia Cards business. The Group is focused on managing funding costs, with the newly established Australia Cards funding structure expected to result in cost of funds savings in FY18 and beyond.

Impairment losses on loans and receivables

The 20% decrease in impairment losses compared to prior year reflects the impact of FY16 one-off impairments in the Enterprise portfolio that is currently in run-off. Excluding this one-off provision, impairment expenses from continuing operations increased by 16%, reflecting increased impairment losses in the Australia Cards and NZ Cards businesses, driven by portfolio growth and a full year contribution respectively. The Group continues to focus on strategies to proactively manage losses, as demonstrated by the decline in losses in Australia Leasing and the stabilisation in the Certegy segment. Overall impairment cost as a percentage of average net receivables has dropped from 3.5% to 2.9%.

Depreciation and amortisation

Depreciation and amortisation has increased 13% due to the full year contribution from NZ Cards and the impact of prior year capital projects that went live in FY17.

Operating expenses

Operating expenses increased 3%; this includes the full year contribution from NZ Cards offset by certain one-off costs of $33.5m in the prior year. Significant investment has also been made in developing and launching new products and on boarding new merchants.

Reconciliation of Statutory Profit to Cash NPAT

A$m	June 2017	June 2016
Statutory profit after tax	**87.4**	50.2
Non-cash items		
Amortisation of acquired intangible assets	**4.2**	3.7
Other adjustments	**1.4**	43.1
Total non-cash items	**5.6**	46.8
Group Cash NPAT	**93.0**	97.0
Discontinued operations	**(2.7)**	(2.9)
Cash NPAT from continuing operations	**90.3**	94.1

Non-cash items are excluded from cash profit, which is management's and the Directors' preferred measure of the Group's financial performance, as they tend to be non-recurring in nature and are not considered to be representative of the Group's ongoing financial performance. The impacts of these items on the Group's statutory profit are outlined below and are treated consistently with the prior year.

Amortisation of acquired intangibles

The acquisition of companies over the years has resulted in the recognition of intangible assets that are amortised over their useful life ranging from 3 to 27 years. The amortisation of these intangible assets is treated as a non-cash item because it does not affect cash distributions available to shareholders. During the year, $4.2m post tax has been amortised to the income statement (2016: $3.7m).

Other adjustments

Other adjustments in the current year relates to the share of equity accounted losses relating to the Group's investment in Kikka. In the prior year, the one-off items related to impairment losses in the Enterprise business of $16.7m, business acquisition costs of $5.6m and impairment of goodwill and software of $20.8m.

Discontinued operations

Effective 1 July 2017, the Enterprise business, which previously formed part of the Australia Leasing segment was discontinued and placed in run-off. The results of that business are considered non-core and do not form part of Group maintainable cash earnings. Prior year comparatives have been restated to reflect the discontinuance.

Group Balance Sheet

A$m	June 2017	June 2016
Cash and cash equivalents	**167.3**	174.4
Receivables and customer loans[(1)]	**2,165.9**	2,079.0
Other assets	**13.1**	23.2
Current tax receivable	**5.2**	3.3
Goodwill	**321.4**	298.9
Other intangible assets	**114.4**	100.8
Total assets	**2,787.3**	2,679.6
Payables	**50.3**	49.1
Borrowings	**2,007.7**	1,948.5
Other liabilities	**30.9**	42.3
Current and deferred tax liabilities	**26.6**	27.3
Total liabilities	**2,115.5**	2,067.2
Equity	**671.8**	612.4
Gearing[(2)]	**53%**	67%
ROE[(3)]	**14%**	19%

[(1)] Includes other debtors and the Other non-core segment receivables as disclosed in the statutory accounts.

[(2)] Gearing is recourse (corporate) borrowings as a percentage of equity excluding intangible assets.

[(3)] Calculated based on Cash NPAT as a percentage of average equity.

Receivables and customer loans

Receivables and customer loans (including other debtors) increased by 4% to $2,165.9m compared to June 2016 driven primarily by the growth in customer loans. Customer loans before bad debts has increased by $166.5m, underpinned by 55% growth in the Australia Cards business. The receivables for NZ Cards and Certegy segments have remained consistent with the prior year. The strong growth in customer loans has been partially offset by the decline in the receivables portfolio, mainly due to the run-off in the Enterprise portfolio.

Goodwill

The increase in goodwill resulted from a $15.2m fair value adjustment relating to the FY16 Fisher and Paykel Finance acquisition. The acquisition of Take Home Layby contributed $1.0m and $1.9m relates to the reclassification of Think Office Technology goodwill from disposal group held for sale to assets held for use. The movement in exchange rates resulted in a $4.4m increase in goodwill relating to the New Zealand businesses.

Other intangible assets

Other intangible assets include merchant and customer relationships, brand names and software. These are amortised over the useful life ranging from 3 to 27 years. The increase resulted from a combination of project capital expenditure, the recognition of intangible assets through fair valuation of Fisher and Paykel Finance net assets and the acquisition of Take Home Layby merchant relationships.

Payables

Payables include trade creditors, interest accruals, GST payable and sales incentive accruals. Balances have remained consistent with the prior year, reflecting the similar nature and timing of payments within the business.

Borrowings

Borrowings have increased by 3% to $2,007.7m, driven by the funding requirements to support the growth in the Australia Cards business. On 30 June 2017, the Group secured a new facility to fund both the existing and future Australia Cards business and manage cost of funds. The cash release from the refinancing was utilised to pay down the corporate debt borrowings.

Other liabilities

Other liabilities include provisions, derivative financial instruments and deferred and contingent consideration payable. The decrease in other liabilities is mainly from the decrease in fair value of derivative financial instruments, which has decreased $7.1m, as a result of changes in the swap rate compared to the prior corresponding year.

Current and deferred tax assets and liabilities

Tax balances are stable compared to prior year, with the decrease in net tax liabilities attributable to an overpayment of tax in Australia.

Funding

FlexiGroup maintains a conservative funding strategy; to retain committed funding facilities for all scale businesses, combined with an active debt capital markets presence. The Group currently has revolving wholesale debt facilities in place with Australian Deposit Taking Institutions, large international banks, plus numerous institutional investors in its Asset Backed Securities (ABS) program.

During the 2017 financial year, the Group completed the $265.0m Flexi ABS Trust 2017-1 securitisation in February 2017 and a new $550m facility to fund both the existing Australia Cards business and future growth. The new facility was secured on significantly improved terms and has an expiry date of June 2020.

At balance sheet date, the Group had $2,607.0m of wholesale debt facilities, with $703.2m undrawn and no indications that facilities will not be extended. The majority of the wholesale debt facilities ($2,217.3m) have no bullet repayment on maturity, with outstanding balances repaying in line with receivables and customer loans if availability periods were not to be extended. These facilities are secured against underlying pools of receivables and customer loans. The remaining wholesale debt facilities either have a soft bullet or have sufficient lead-time for re-extension when approaching maturity.

The Group’s $177.5m (2016: $187.5m) of corporate debt facilities were drawn to $126.2m (2016: $142.0m) at balance date. These facilities are secured by the assets of the Group, and with a maturity date in 2020.

Gearing

The reduction in recourse corporate debt gearing to 53% (June 2016: 67%) is driven by repayment of corporate borrowings during the period through excess funds generated from operating activities and cash release from refinancing of the Australia Cards funding facilities. The funding line for Australia Cards business, which results in a 33% decrease in capital contribution, will result in improved ROE in FY18.

The Group continues to optimise its capital structure to maximise shareholder value. The Group will continue to pay down recourse corporate debt with proceeds from operating activities.

Return on equity ('RoE')

ROE of 14% (June 2016: 19%) has reduced primarily due to additional capital requirements to support the growth in Australia Cards, the impact of discontinued businesses during the period and the reshaping of profit pool to cards compared to leasing. The Group expects long term ROE to increase as customer loans growth in Australia Cards mature into interest bearing.

Group Statement of Cash Flows

A$m	**June 2017**	June 2016	Change
NPAT	**87.4**	50.2	74%
Impairment loss on receivables and customer loans	**62.8**	78.6	(20%)
Depreciation and amortisation expenses	**16.2**	14.3	13%
Impairment of goodwill and other intangible assets	**-**	26.1	(100%)
Changes in operating assets and liabilities	**(6.8)**	(26.4)	(74%)
Other non-cash movements	**1.4**	4.6	(69%)
Operating cash flow	**161.0**	147.4	9%

Consolidated cash flow

A$m	**June 2017**	June 2016	Change
Operating cash flow	**161.0**	147.4	9%
Capex	**(24.6)**	(24.2)	2%
Acquisitions and divestments	**(7.6)**	(187.1)	(96%)
Changes in customer loans and receivables	**(159.0)**	(58.0)	174%
Investing cash flow	**(191.2)**	(269.3)	(29%)
Proceeds from equity raising - net of transaction costs	**-**	144.4	(100%)
Proceeds from corporate borrowings	**135.0**	239.0	(44%)
Repayment of corporate borrowings	**(150.8)**	(142.0)	6%
Net movement in non-recourse borrowings	**75.9**	(21.4)	(455%)
Dividends and share based payments	**(36.9)**	(55.2)	(33%)
Financing cash flow	**23.2**	164.8	(86%)
Net (decrease) / increase in cash	**(7.0)**	42.9	(116%)

Cash inflows from operating activities are up on prior year, with an increase of 9% to $161.0m (2016: $147.4m). The increase in cash inflows from operating activities is mainly from the full year contribution of NZ Cards as well as improved working capital management practices across the Group, as reflected by an improvement in changes in operating net assets.

Cash outflows from investing activities decreased by 29% to $191.2m (2016: $269.3m). There is significant increase in net investment in loans and receivables, driven by increased volume in both Australia and NZ Cards businesses. Capital expenditure remains relatively constant compared with prior year. In prior year, acquisitions and divestments were significant due to the Fisher and Paykel Finance acquisition.

Cash inflows from financing activities decreased 86% to $23.2m (2016: $164.8m), due to the non-recurrence of equity and debt capital raised to fund the acquisition of FlexiCards. Of particular note is the decrease in dividends paid, driven by a change in dividend policy. This change resulted in a reduced payout ratio to allow the Group to channel funds towards funding business growth and investment.

Review of Operations - Segment Performance

FlexiGroup's business consists of five core operating segments. The Enterprise business, which was put in run-off at the end of FY16, no longer forms part of core operations and is classified as Other, and not reported as part of core maintainable cash earnings. Interest on acquisition debt obtained to fund the acquisition of Fisher and Paykel Finance is unallocated but forms part of maintainable cash earnings.

Segment Summary

A$m	June 2017	June 2016	Change %
Certegy	**33.9**	35.4	(4%)
Australia Cards	**9.7**	14.0	(31%)
Australia Leasing	**13.9**	26.5	(47%)
NZ Leasing	**11.5**	11.7	(2%)
NZ Cards	**27.8**	9.3	199%
Unallocated[1]	**(6.5)**	(2.8)	132%
Total Cash NPAT from continuing operations	**90.3**	94.1	(4%)

[1] Unallocated relates to net corporate debt interest

Segment Analysis

Certegy

A$m	June 2017	June 2016	Change %
Net portfolio income	**94.2**	97.3	(3%)
Operating expenses	**(26.2)**	(27.1)	(3%)
Impairment losses on customer loans	**(19.6)**	(19.9)	(2%)
Volume	**524.0**	535.0	(2%)
Closing customer loans	**466.0**	470.0	(1%)
Cash NPAT	**33.9**	35.4	(4%)

Cash NPAT of $33.9m represents a 4% decrease compared to the prior corresponding year. The decrease is driven by:

- Increase in average deal size and decrease in number of written contracts, impacting on both fee and interest income.
- Operating expenses decreased by 3% to $26.2m due to focus on cost management to address declining revenue.
- Impairment losses decreased by 2% to $19.2m, reflecting the continuous improvements in our customer collections capability.

Segment Performance Analysis (continued)

Australia Cards

A$m	June 2017	June 2016	Change %
Net portfolio income	**44.5**	39.4	13%
Operating expenses	**(17.9)**	(10.9)	64%
Impairment losses on customer loans	**(12.7)**	(8.5)	49%
Volume	**534.0**	332.0	61%
Closing customer loans	**483.0**	311.0	55%
Cash NPAT	**9.7**	14.0	(31%)

Australia Cards' Cash NPAT of $9.7m represents a decrease of 31% compared to the prior corresponding year.

- Net portfolio income grew at 13%, slower than volume and receivables growth of 61% and 55% respectively. This is due to the time lag between origination and the generation of interest income due to the initial non-interest bearing nature of the portfolio.
- Impairment losses increased by $4.2m pre-tax reflecting the growth in the loans portfolio, leading to a drag in profits. However, when expressed as a percentage of average net loans, losses remained steady at 3%, which is in line with the prior corresponding year.
- Operating expenses increased by 64% to $17.9m primarily driven by increased headcount to support Cards growth, the size of receivables and the increase in new business volumes.

Australia Leasing

A$m	June 2017	June 2016	Change %
Net portfolio income	**92.2**	106.2	(13%)
Operating expenses	**(60.8)**	(81.5)	(25%)
Impairment losses on receivables	**(15.2)**	(17.6)	(13%)
Volume	**205.0**	164.0	25%
Closing receivables	**299.0**	272.0	10%
Cash NPAT	**13.9**	26.5	(47%)

Cash NPAT is $13.9m, a decrease of 47% on the prior corresponding year. The decline in profits resulted from the following factors:

- Net portfolio income decreased by 13% to $92.2m, which was driven by lower fee and other income, partially offset by lower funding costs. The change in portfolio mix to low yielding commercial also affected income.
- The divestiture of the mobile broadband business, in late 2016 and soft performance in Think Office Technology.
- Operating expenses decreased by $20.7m to $60.8m due to non-recurrence of $33.5m one off costs relating to impairment of assets and acquisition costs incurred in FY16. Excluding these one off costs, like for like expenses increased by $12.8m, due to new product development costs in commercial managed services, Oxipay and Ireland, share of losses from associate of $2.0m and other costs to support the Group strategic plan, significantly affecting segment profitability.
- Impairment losses decreased by 13% to $15.2m, driven by lower losses in the Commercial business and improved recoveries from continuous management of arrears.
- The increase in sales volume of 25% to $205.0m was underpinned by the Commercial business. However, because of the low yield in that business, the volume increase did not offset the decline in Consumer revenue. Closing receivables however increased by 10% to $299.0m as a result of volume increase.

Segment Performance Analysis (continued)

New Zealand Leasing

A$m	June 2017	June 2016	Change %
Net portfolio income	**33.1**	31.0	7%
Operating expenses	**(16.9)**	(14.6)	15%
Impairment losses on receivables	**(0.7)**	(1.2)	(39%)
Volume	**92.0**	101.0	(9%)
Closing receivables	**182.0**	201.0	(9%)
Cash NPAT	**11.5**	11.7	(2%)

New Zealand Leasing's Cash NPAT is $11.5m, a decrease of 2% on prior year, driven by:

- Net portfolio income increased by 7% to $33.1m, which was mainly due to strong end of term performance particularly from the Equico portfolio, the ongoing TELA performance and the full year contribution from the integration of Equipment Finance Limited (EFL) leasing portfolio purchased as part of the Fisher & Paykel Finance acquisition in Feb 2016. The decrease in sales volume and net receivables of 9% impacted overall revenue growth.
- Operating expenses increased by 15% to $16.9m, reflecting costs incurred to support sales initiatives.
- Impairment costs have reduced by 42% to $0.7m, because of diligent management of arrears and customer collections undertaken during the year.

New Zealand Cards

A$m	June 2017	June 2016	Change %
Net portfolio income	**93.9**	29.5	218%
Operating expenses	**(42.6)**	(13.1)	225%
Impairment losses on customer loans	**(12.6)**	(4.0)	214%
Volume	**594.0**	136.0	337%
Closing customer loans	**617.0**	620.0	(0%)
Cash NPAT	**27.8**	9.3	199%

New Zealand Cards' Cash NPAT is $27.8m, an increase of 199% compared to the prior corresponding year. The increase is primarily due to the full year profit contribution in current year, compared with four months in FY16. Other factors include:

- Net portfolio income of $93.9m remained steady over the year with MasterCard fee income and improved funding costs offset by a reduction in interest income due to lower receivables in the closed loop portfolios.
- Operating expenses of $42.6m were impacted by spend associated with launching two new scheme cards - Q MasterCard and Flight Centre MasterCard, as well as the development of Oxipay.
- Impairment losses were $12.6m, showing an improvement over the year as arrears continue to be closely monitored.
- Volume of $594.0m was driven by the two new MasterCard products as well as the acquisition of a number of key merchants, particularly in the food and fuel category.
- Closing loan receivables balance of $617.0m remained steady as growth in the new open loop portfolio was offset by a decline in the maturing closed loop products.

Consolidated Income Statement
For the year ended 30 June 2017

	Notes	Consolidated 2017 $m	2016 $m
Total portfolio income	4	**462.8**	396.4
Interest expense		**(102.0)**	(79.0)
Net portfolio income		**360.8**	317.4
Employment expenses		**(84.5)**	(70.4)
Receivables and customer loan impairment expenses		**(62.8)**	(78.6)
Depreciation and amortisation expenses		**(16.2)**	(14.3)
Operating and other expenses	5	**(75.1)**	(84.4)
Profit before income tax		**122.2**	69.7
Income tax expense	6	**(34.8)**	(19.5)
Profit for the year attributable to shareholders of FlexiGroup Limited		**87.4**	50.2
		cents	cents
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share		**23.4**	14.5
Diluted earnings per share		**23.4**	14.5

The above consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2017

	Consolidated	
	2017 **$m**	2016 $m
Profit for the year	**87.4**	50.2
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	**4.1**	9.0
Changes in the fair value of cash flow hedges, net of tax	**5.2**	1.4
Other comprehensive income for the year, net of tax	**9.3**	10.4
Total comprehensive income for the year attributable to shareholders of FlexiGroup Limited	**96.7**	60.6

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2017

	Notes	**Consolidated 2017 $m**	2016 $m
Assets			
Cash and cash equivalents		**167.3**	174.4
Inventories		**4.7**	0.9
Receivables	7	**628.3**	706.8
Customer loans	8	**1,537.6**	1,372.2
Current tax receivable		**5.2**	3.3
Plant and equipment		**8.4**	6.1
Goodwill		**321.4**	298.9
Other intangible assets		**114.4**	100.8
Assets of disposal group held for sale		**-**	16.2
Total assets		**2,787.3**	2,679.6
Liabilities			
Payables		**50.3**	49.1
Borrowings	9	**2,007.7**	1,948.5
Current tax liabilities		**0.5**	1.8
Provisions		**7.9**	7.6
Derivative financial instruments		**12.9**	20.0
Deferred and contingent consideration		**10.1**	8.2
Deferred tax liabilities		**26.1**	25.5
Liabilities of disposal group held for sale		**-**	6.5
Total liabilities		**2,115.5**	2,067.2
Net assets		**671.8**	612.4
Equity			
Contributed equity	10	**361.2**	356.8
Reserves	11	**17.0**	8.1
Retained earnings	11	**293.6**	247.5
Total equity		**671.8**	612.4

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2017

Consolidated	Contributed equity $m	Reserves $m	Retained earnings $m	Total $m
2016				
Balance at the beginning of the year	161.9	(3.0)	251.6	410.5
Profit for the year	-	-	50.2	50.2
Other comprehensive income	-	10.4	-	10.4
Total comprehensive income for the year	-	10.4	50.2	60.6
Share based payment expense	-	1.3	-	1.3
Issue of shares to employees on vesting of performance rights	0.5	(0.5)	-	-
Cash settlement on vesting of options	-	(0.1)	-	(0.1)
Issue of share capital	146.1	-	-	146.1
Issue of perpetual notes as consideration for a business combination, net of transaction costs and tax	49.1	-	-	49.1
Treasury shares purchased on market	(0.8)	-	-	(0.8)
Dividends provided for or paid (note 12)	-	-	(54.3)	(54.3)
Balance at the end of the year	356.8	8.1	247.5	612.4
2017				
Balance at the beginning of the year	**356.8**	**8.1**	**247.5**	**612.4**
Profit for the year	**-**	**-**	**87.4**	**87.4**
Other comprehensive income	**-**	**9.3**	**-**	**9.3**
Total comprehensive income for the year	**-**	**9.3**	**87.4**	**96.7**
Issue of shares on reinvestment of dividend	**4.4**	**-**	**-**	**4.4**
Share based payment income	**-**	**(0.4)**	**-**	**(0.4)**
Dividends provided for or paid (note 12)	**-**	**-**	**(41.3)**	**(41.3)**
Balance at the end of the year	**361.2**	**17.0**	**293.6**	**671.8**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2017

	Notes	Consolidated 2017 $m	2016 $m
Cash flows from operating activities			
Interest and fee income received		**464.3**	402.7
Payment to suppliers and employees		**(166.9)**	(131.8)
Interest paid		**(102.7)**	(79.1)
Income taxes paid		**(33.7)**	(44.4)
Net cash inflow from operating activities	14	**161.0**	147.4
Cash flows from investing activities			
Payment for purchase of plant and equipment and software		**(24.6)**	(24.2)
Payment for business acquisitions, net of cash acquired		**(2.4)**	(185.3)
Payment for deferred consideration relating to business acquisitions		**(3.5)**	(1.5)
Payment for equity investment		**(1.7)**	(0.3)
Net movement in:			
Customer loans		**(229.2)**	(108.6)
Receivables due from customers		**70.2**	50.6
Net cash outflow from investing activities		**(191.2)**	(269.3)
Cash flows from financing activities			
Dividends paid		**(36.9)**	(54.3)
Proceeds from equity raising, net of transaction costs		**-**	144.4
Treasury shares purchased on market		**-**	(0.8)
Cash settled share based payment		**-**	(0.1)
Drawdown of corporate borrowings		**135.0**	239.0
Repayment of corporate borrowings		**(150.8)**	(142.0)
Net movement in:			
Non-recourse borrowings		**76.3**	(25.7)
Loss reserve on non-recourse borrowings		**(0.4)**	4.3
Net cash inflow from financing activities		**23.2**	164.8
Net increase in cash and cash equivalents		**(7.0)**	42.9
Cash and cash equivalents at the beginning of the year		**174.4**	130.3
Effects of exchange rate changes on cash and cash equivalents		**(0.1)**	1.2
Cash and cash equivalents at the end of the year		**167.3**	174.4

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Contents of the notes to the preliminary final report

1. Statement of significant accounting policies

a. Basis of preparation

The Preliminary Final Report (the Report) has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. FlexiGroup Limited is a for-profit entity for the purpose of preparing the financial statements. The Report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The Report is presented in Australian dollars, which is the functional currency of FlexiGroup Limited and its controlled entities, and has been prepared on the basis of historical cost except in accordance with relevant accounting policies where assets and liabilities are stated at their fair values.

The Annual Financial Report is in the process of being audited and is expected to be made available in late September 2017. This Report should also be read in conjunction with any public announcement made by FlexiGroup during the year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and ASX Listing Rules.

b. Significant accounting policies

The significant accounting policies applied by the Group in this Preliminary Final Report are the same as those applied in the FlexiGroup Limited Annual Report for the year ended 30 June 2016.

2. Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are same as those applied in the FlexiGroup Annual Report for the year ended 30 June 2016.

3. Segment information

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer (CEO) that are used to make strategic decisions. The CEO and the Board, in addition to statutory profit after tax, assess the business on a Cash NPAT basis. Cash NPAT is defined as statutory profit after tax, adjusted for the after tax effect of material one-off items that the CEO and Board believe do not reflect ongoing operations of the Group and amortisation of acquired intangible assets.

The CEO considers the business from a product perspective and has identified six reportable segments; Certegy, Australia Cards (Lombard and Once Credit), Australia Leasing (consisting of FlexiRent, SmartWay, FlexiWay, FlexiCommercial and Think Office Technology), New Zealand Leasing, New Zealand Cards (FlexiCards) and unallocated consisting of net corporate debt interest.

The Enterprise business, which was previously reported as part of Australia Leasing is now disclosed as Other, as the business is in run-off and does not form part of ongoing core operations. Prior year comparatives have been restated to reflect the changes to reportable segments. New business generated from the retained Enterprise merchant base effective 1 July 2016 is now reported in FlexiCommercial and forms part of Australia Leasing segment.

The Group operates in Australia, New Zealand and Ireland. The operating segments are identified according to the nature of the products and services provided with New Zealand disclosed separately (based on its product offering) and Ireland included within Australia Leasing.

The segment information provided to the CEO for the reportable segments for the year ended 30 June 2017 is as below:

3. Segment information (continued)

(b) Operating segments

2017	Certegy	Australia Cards	Australia Leasing	NZ Leasing	NZ Cards	Unallocated	Sub-total continuing operations	Other	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m
Total portfolio income	113.2	57.5	108.0	40.1	125.9	-	444.7	18.1	462.8
Interest expense	(19.0)	(13.0)	(15.8)	(7.0)	(32.0)	(9.3)	(96.1)	(5.9)	(102.0)
Net portfolio income	94.2	44.5	92.2	33.1	93.9	(9.3)	348.6	12.2	360.8
Impairment losses on receivables and customer loans	(19.6)	(12.7)	(15.2)	(0.7)	(12.6)	-	(60.8)	(2.0)	(62.8)
Amortisation of acquired intangible assets	-	(0.6)	(2.2)	(0.8)	(1.4)	-	(5.0)	-	(5.0)
Other expenses	(26.2)	(17.9)	(60.8)	(16.9)	(42.6)	-	(164.4)	(6.4)	(170.8)
Profit before income tax	48.4	13.3	14.0	14.7	37.3	(9.3)	118.4	3.8	122.2
Income tax expense	(14.5)	(4.0)	(3.2)	(4.3)	(10.5)	2.8	(33.7)	(1.1)	(34.8)
Statutory profit for the year	33.9	9.3	10.8	10.4	26.8	(6.5)	84.7	2.7	87.4
Non-cash adjustments									
Amortisation of acquired intangible assets(1)	-	0.4	1.7	1.1	1.0	-	4.2	-	4.2
Other(2)	-	-	1.4	-	-	-	1.4	-	1.4
Cash net profit after tax	33.9	9.7	13.9	11.5	27.8	(6.5)	90.3	2.7	93.0
Total segment assets at 30 June 2017	538.0	513.5	495.1	205.3	912.9	-	2,664.8	122.5	2,787.3

(1) The acquisition of companies over the years has resulted in the recognition of merchant and customer relationships that are amortised over their useful lives ranging between 3 and 27 years. The amortisation of acquired intangible assets (excluding IT development and software), is a cash earnings adjustment because it is a non-cash item and does not affect cash distributions available to shareholders.

(2) The share of equity accounted losses is a non-cash, non-recurring item and is treated as an adjustment to the statutory profit for the year. The investment in associate has been fully impaired at 30 June 2017

3. Segment information (continued)

(b) Operating segments (continued)

2016	Certegy $m	Australia Cards $m	Australia Leasing $m	NZ Leasing $m	NZ Cards $m	Unallocated $m	Sub-total continuing operations $m	Other $m	Total $m
Total portfolio income	116.5	48.8	124.1	38.3	41.7	-	369.4	27.0	396.4
Interest expense	(19.2)	(9.4)	(17.9)	(7.3)	(12.2)	(4.0)	(70.0)	(9.0)	(79.0)
Net portfolio income	97.3	39.4	106.2	31.0	29.5	(4.0)	299.4	18.0	317.4
Impairment losses on receivables and customer loans	(19.9)	(8.5)	(17.6)	(1.2)	(4.0)	-	(51.2)	(27.4)	(78.6)
Amortisation of acquired intangible assets	-	(0.7)	(8.1)	(0.9)	(1.9)	-	(11.6)	-	(11.6)
Other expenses	(27.1)	(10.9)	(81.5)	(14.6)	(13.1)	-	(147.2)	(10.3)	(157.5)
Profit before income tax	50.3	19.3	(1.0)	14.3	10.5	(4.0)	89.4	(19.7)	69.7
Income tax expense	(15.1)	(5.9)	0.8	(3.5)	(2.9)	1.2	(25.4)	5.9	(19.5)
Statutory profit for the year	35.2	13.4	(0.2)	10.8	7.6	(2.8)	64.0	(13.8)	50.2
Recurring non-cash adjustments:									
Amortisation of acquired intangible assets(1)	-	0.6	1.0	0.8	1.3	-	3.7	-	3.7
One-off non-cash adjustments:									
Acquisition and integration costs(2)	0.2	-	4.9	0.1	0.4	-	5.6	-	5.6
Impairment of goodwill and other intangible assets(3)	-	-	20.8	-	-	-	20.8	-	20.8
Receivables provisions(4)	-	-	-	-	-	-	-	16.7	16.7
Cash net profit after tax	35.4	14.0	26.5	11.7	9.3	(2.8)	94.1	2.9	97.0
Total segment assets at 30 June 2016	533.4	348.6	460.9	223.8	892.4	-	2,459.1	220.5	2,679.6

(1) The acquisition of companies over the years has resulted in the recognition of merchant and customer relationships that are amortised over their useful lives ranging between 3 and 7 years. The amortisation of acquired intangible assets (excluding IT development and software), is a cash earnings adjustment because it is a non-cash item and does not affect cash distributions available to shareholders.

(2) Acquisition costs incurred in business acquisitions were treated as Cash NPAT adjustments as they are not expected to impact on future earnings of the acquired entities or the Group as whole. These acquisition costs we announced to the market on 27 October 2015 and relate to the acquisition of FlexiCards.

(3) As part of the broader strategic review of the business, some business units were identified as non-core. As a result, the recoverable amounts of the assets of Enterprise, Paymate, Telco (Blink) and some Interest Free Cards systems and Think Office Technology was estimated and this resulted in goodwill and other intangible assets (including capitalised software) of $20.8m being impaired. These impairments are non-cash, non-recurring and have no impact on the Company's ability to pay dividends and have been adjusted to arrive at a maintainable cash earnings amount.

(4) Due to the Enterprise business being run-off, an additional provision was recognised against major single exposures in the portfolio. Additionally, other one-off provisions were recognised across receivables on the back of historical trends. This is a non-cash, non-recurring item and is treated as an adjustment to the statutory profit for the year.

4. Total portfolio income

	2017 $m	2016 $m
Gross interest and finance lease income	**394.3**	328.2
Amortisation of initial direct transaction costs	**(26.9)**	(30.4)
Other portfolio income	**85.0**	84.7
Sale of goods	**4.8**	8.8
Interest income	**3.3**	3.1
Sundry income	**2.3**	2.0
Total portfolio income	**462.8**	396.4

5. Expenses

	2017 $m	2016 $m
Depreciation and amortisation expenses		
Depreciation of plant and equipment	**2.6**	2.7
Amortisation of other intangible assets	**13.6**	11.6
Total depreciation and amortisation expenses	**16.2**	14.3
Operating and other expenses		
Acquisition costs relating to business combinations	**-**	6.9
Advertising and marketing	**9.0**	4.6
Cost of goods sold	**3.1**	5.3
Information technology and communication	**15.4**	12.6
Operating lease rental expenses	**5.5**	4.2
Other occupancy, equipment and related costs	**3.7**	2.7
Outsourced operation costs	**10.7**	7.2
Professional, consulting and other service provider costs	**17.8**	10.6
Impairment of IT development and software	**-**	17.6
Impairment of disposal group held for sale	**-**	8.5
Share of associate's loss, net of impairment	**2.0**	-
Onerous lease expenses	**2.6**	-
Other	**5.3**	4.2
Total operating and other expenses	**75.1**	84.4

6. Income tax expense

	2017 $m	2016 $m
(a) Income tax expense		
Current tax	**31.6**	32.7
Deferred tax expense	**3.2**	(12.9)
Over provision in prior years	**-**	(0.3)
	34.8	19.5

6. Income tax expense (continued)

(b) Numerical reconciliation of income tax expense to prima facie tax payable

Profit before income tax expense	**122.2**	69.7
Tax at the Australian tax rate of 30%	**36.7**	20.9
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Permanent differences	**(0.5)**	(0.2)
Effect of differences in tax rates in foreign jurisdiction	**(1.4)**	(0.9)
Adjustments for current tax of prior periods	**-**	(0.3)
Income tax expense	**34.8**	19.5

(c) Amounts recognised directly in equity

Deferred income tax expense related to items taken directly to equity	**(2.2)**	1.2

7. Receivables

	2017 $m	2016 $m
Gross investment in finance lease receivables	**721.8**	798.7
Guaranteed residuals	**5.4**	7.4
Unguaranteed residuals	**51.3**	55.9
Unamortised initial direct transaction costs	**30.3**	31.6
Unearned future income	**(176.2)**	(168.7)
Net investment in finance lease receivables	**632.6**	724.9
Provision for doubtful debts	**(24.0)**	(29.1)
Net investment in finance leases after provision for doubtful debts	**608.6**	695.8
Loan to associate	**1.3**	-
Other debtors	**18.4**	14.3
Total receivables	**628.3**	710.1

Movement in provision for doubtful debts

Movement in provision for doubtful debts:		
Carrying amount at beginning of the year	**29.1**	14.3
Additions through business combinations	**-**	-
Provided for during the year, less write-offs previously provided for	**(5.1)**	14.8
Carrying amount at end of the year	**24.0**	29.1

8. Customer loans

	2017 $m	2016 $m
Gross customer loans	**1,655.3**	1,482.1
Unearned future income	**(89.3)**	(81.6)
Net loan receivables	**1,566.0**	1,400.5
Provision for doubtful debts	**(28.4)**	(28.3)
Net investment in customer loans	**1,537.6**	1,372.2

8. Customer loans (continued)

Movement in provision for doubtful debts

Carrying amount at beginning of the year	**28.3**	8.6
Additions or fair value adjustments through business combinations	**12.8**	18.7
Provided for during the year, less write-offs previously provided for	**(12.7)**	1.0
Carrying amount at end of the year	**28.4**	28.3

9. Borrowings

	2017 $m	2016 $m
Secured		
Corporate debt	**126.2**	142.0
Secured loans	**1,903.8**	1,828.4
Total secured borrowings	**2,030.0**	1,970.4
Loss reserve	**(22.3)**	(21.9)
Total borrowings	**2,007.7**	1,948.5

10. Contributed equity

Share capital

	2017 Shares	2016 Shares	**2017 $m**	2016 $m
Ordinary shares – fully paid	**374,145,403**	372,219,875	**312.1**	307.7
Subordinated perpetual notes	**49,129,075**	49,129,075	**49.1**	49.1
Total share capital	**423,274,478**	421,348,950	**361.2**	356.8

11. Reserves and retained earnings

	2017 $m	2016 $m
Reserves		
Share-based payment reserve	**1.4**	1.8
Foreign currency translation reserve	**13.9**	9.8
Share capital reserve	**0.3**	0.3
Cash flow hedge reserve	**1.4**	(3.8)
Total Reserves	**17.0**	8.1

12. Dividends

	Parent entity 2017 $m	Parent entity 2016 $m
Final dividends paid		
2016 final dividend paid on 14 October 2016: 7.25 cents (2015 final dividend paid on 16 October 2015: 9.0 cents) per ordinary share franked to 100%	**27.0**	27.3
Interim dividends paid		
2017 interim dividend paid on 13 April 2017: 3.85 cents (2016 interim dividend paid on 15 April 2016: 7.25 cents) per ordinary share franked to 100%:		
Cash	**9.9**	27.0
Share capital reinvestment[2]	**4.4**	-
Total interim dividends paid	**14.3**	27.0
Total dividends paid[1]	**41.3**	54.3

(1) All dividends are franked at a tax rate of 30%.

(2) Dividend reinvestment plan was offered at 2% discount on the volume weighted average share price for the 10 trading days commencing 15 March 2017 and ending on 28 March 2017.

	2017 $m	2016 $m
Final dividends proposed but not recognised at year end		
2017: 3.85 cents (2016: 7.25 cents) per ordinary share franked to 100%	**14.4**	27.0

13. Earnings per share

	2017 Cents	2016 Cents
(a) Earnings per share		
Total basic earnings per share attributable to the ordinary equity holders of the Company	**23.4**	14.5
Total diluted earnings per share attributable to the ordinary equity holders of the Company	**23.4**	14.5

(b) Reconciliation of earnings used in calculating earnings per share

Profit attributable to the ordinary equity shareholders of the Company used in calculating:		
- basic earnings per share	**87.4**	50.2
- diluted earnings per share	**87.4**	50.2

	2017 Number	2016 Number
(c) Weighted average number of ordinary shares		
Weighted average number of ordinary shares used in calculation of basic earnings per share	**372,631,358**	346,353,523
Add: potential ordinary shares considered dilutive	**-**	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	**372,631,358**	346,353,523

14. Reconciliation of profit after income tax to net cash inflow from operating activities

	2017 $m	2016 $m
Net profit for the year after tax	**87.4**	50.2
Receivables and loan impairment expenses	**62.8**	78.6
Depreciation and amortisation	**16.2**	14.3
Share of losses from associate	**2.0**	-
Impairment of goodwill and other intangible assets	**-**	8.5
Loss on write-off of IT development and software	**-**	17.6
Share-based payment (benefit)/expense	**(0.4)**	1.2
Exchange differences	**(0.6)**	(1.2)
Other non-cash movements	**0.4**	4.6
Net cash inflows from operating activities before changes in operating assets and liabilities	**167.8**	173.8
Change in operating assets and liabilities:		
Increase in other receivables	**(8.7)**	(0.8)
Increase in current tax receivables	**(1.9)**	(3.3)
(Decrease)/increase in payables	**(0.8)**	1.1
Decrease/(increase) in inventories	**0.2**	(0.6)
Decrease in current tax liabilities	**(1.3)**	(8.6)
Increase/(decrease) in net deferred tax liabilities	**5.7**	(14.2)
Net cash inflows from operating activities	**161.0**	147.4

15. Events occurring after the reporting period

There have been no other significant events occurring after the end of the reporting period.