

24 August 2018



100 Havelock Street
West Perth WA 6005

PO Box 710
West Perth WA 6872

Phone 08 9420 7888
Fax 08 9420 7856

www.afgonline.com.au

Market Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

**AUSTRALIAN FINANCE GROUP LTD ANNOUNCES FY18 RESULTS and
2018 ANNUAL GENERAL MEETING DATE**

Please refer to the following information in relation to Australian Finance Group Ltd's (ASX: AFG) results for the year ended 30 June 2018.

- Part 1: AFG Announces FY18 Results & AGM Date
- Part 2: AFG – Dividend / Distribution
- Part 3: AFG FY18 Results – Investor Presentation
- Part 4: AFG FY18 Market Release

Annual General Meeting:

In accordance with ASX Listing Rule 3.13.1, Australian Finance Group Ltd advises that its Annual General Meeting will be held in Perth, Western Australia on Friday, 23 November 2018.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Lisa Bevan', is positioned above the printed name.

LISA BEVAN
Company Secretary



Australian Finance Group Limited

ABN 11 066 385 822

Preliminary Final Report and Appendix 4E

for the year ended 30 June 2018

Australian Finance Group Limited

Preliminary financial report and Appendix 4E for the year ended 30 June 2018

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This report is based on accounts which are in the process of being audited.

Australian Finance Group Limited

Appendix 4E (ASX Listing Rules 4.3A)

Report for the year ended 30 June 2018

Reporting period is the year ended 30 June 2018 with the previous corresponding period the year ended 30 June 2017.

Results for announcement to the market

	30 June 2018 \$'000	30 June 2017 \$'000	Increase / (Decrease) \$'000	% change
Revenue from continuing operations	619,271	605,078	14,193	2.3%
Net profit for the period	33,309	39,104	(5,795)	(14.8%)
Normalised net profit for the period	33,309	30,164	3,145	10.4%
Underlying results from continuing operations	28,052	26,160	1,892	7.2%

Net tangible asset backing per ordinary security (cents)*	43.2	49.6	(6.4)	(12.9%)
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* Reduction in net tangible asset backing is due to the payment of a \$25,778k special dividend as noted below.

On 23 August 2018 the Company declared a fully franked final dividend of 5.7 cents per share with respect to the year ending 30 June 2018.

Record date for determining entitlements to the dividend	5:00 pm (WST) 3 September 2018
Date the final dividend is payable	27 September 2018

The Company paid an interim and special dividend during the year of 4.7 and 12.0 cents per share:

Record date	Payment date	Type	Cents per share	Total amount (\$'000)	Franked amount per security
6 March 2018	29 March 2018	Interim	4.7	\$10,096	100%
6 March 2018	29 March 2018	Special Interim	12.0	\$25,778	100%

Previous Corresponding Dividends

The following dividends were paid:

Record date	Payment date	Type	Cents per share	Total amount (\$'000)	Franked amount per security
7 March 2017	31 March 2017	Interim	4.2	\$9,023	100%
4 September 2017	28 September 2017	Final	5.5	\$11,816	100%

Financial results

For the year ended 30 June 2018 the Group recorded a net profit after tax of \$33,309k, a decrease of 14.8% over the same period in 2017. The comparative period included the initial recognition of the AFGHL trail book which included loans settled prior to FY17. Prior year net profit after tax has been normalised to reflect the impact of FY17 settlements in relation to AFG Home Loan ('AFGHL') white label trail book commissions only. Normalised net profit was \$33,309k an increase of 10.4% over the same period in 2017 (\$30,164k).

Australian Finance Group Limited

Review and results of continuing operations

Revenue is up 2.3% to \$619,271k (2017: \$605,078k). The comparative period included the initial actuarial assessment and asset recognition of the AFGHL trail book. After removing this initial impact, the FY18 normalised revenue was up 3.9%. The increase in revenue was attributable to growth in the AFG Wholesale Mortgage Broking and AFGHL businesses.

	30 June 2018 \$'000	30 June 2017 \$'000	% change
Revenue	619,271	605,078	2.3%
Initial recognition of value of AFGHL white label trail book relating to prior years settlements	-	(8,940)	
Normalised revenue for the period	619,271	596,138	3.9%

Profit after income tax for the year ended 30 June 2018 was down 14.8% on the prior comparative period at \$33,309k (2017: \$39,104k). The comparative period included the initial actuarial assessment and asset recognition of the AFGHL trail book. After removing this initial impact, the FY18 normalised net profit for the period was up 10.4% on prior period \$33,309k (2017: \$30,164k).

	30 June 2018 \$'000	30 June 2017 \$'000	% change
Net profit for the period	33,309	39,104	(14.8%)
Initial recognition of value of AFGHL white label trail book relating to prior years settlements	-	(8,940)	
Normalised net profit for the period	33,309	30,164	10.4%

The increase in normalised profit was attributable to the following:

- An increase in AFGHL settlements of 20% to \$3.21B (2017: \$2.68B).
- \$125.8M increase in settlement volumes in the securitisation programme to \$509.8M (2017: \$384M) and loan book increasing 20% to \$1.37B (2017: \$1.14B);
- Increased residential trail book of \$11.3B to \$137.8B (2017: \$126.5B); and
- Increased residential settlements of \$1.0B to \$35.3B (2017: \$34.3B).

Net cash flows from operating activities increased 22.5% to \$32,486k (2017: \$26,517k) driven by profit growth and positive working capital movements compared to prior period.

On 29th March 2018 AFG paid a special dividend of \$25,778k to shareholders. Strong organic growth and cash flow generation of the business allowed AFG to pay a Special Dividend of 12 cents per share. The strength of AFG's cash flows and balance sheet provides the company with significant financial resilience. AFG's lack of corporate debt and low capital intensity continues to allow the company to take advantage of merger and acquisition opportunities without significant strain on its balance sheet should they arise. Alternatively, it provides for a flexible dividend policy to be maintained, while AFG continues to evaluate financially material strategic opportunities.

On 19th April 2018 AFG announced that it had made a strategic investment of 30.4% (fully diluted) in Think Tank Group Pty Ltd ("Thinktank") for \$10.9M in cash consideration, with additional contingent consideration payable of \$1,488k. In connection with the investment, AFG will distribute a white label Commercial Property product through its network of brokers. The strategic investment in Thinktank represents the next evolutionary step for AFG to diversify its earnings base. The ongoing success of AFGHLs and the introduction of AFG Business are important parts of AFG's overall strategy. The investment in Thinktank allows AFG to participate further in commercial property lending - both directly through the white label opportunity and indirectly through AFG's shareholding to generate further earnings.

Australian Finance Group Limited

Non – IFRS financial information

The carrying value of our residential and AFGHL white label trail books are influenced amongst other things by the runoff and discount rates that are applied to these valuations. Excluding the non-cash entries to recognise the net present value of the future trailing commission receivable and payable, the underlying profit after tax is \$28,052k (30 June 2017: \$26,160k). The assessment of the trail loan book requires the use of assumptions which are determined by management, using a variety of inputs including external actuarial analysis of historical information, by reference to market observable inputs.

The following table reconciles the underlying earnings to the reported profit after tax for the period in accordance with Australian Accounting Standards:

<i>In thousands of AUD</i>	30 June 2018		30 June 2017	
	Operating income	Profit after tax	Operating income	Profit after tax
Underlying results from continuing operations	533,053	28,052	499,020	26,160
Change in the carrying value of trailing commissions receivable and payable	70,343	5,257	88,531	13,959
Provision for Clawbacks (initial recognition)	-	-	(1,450)	(1,015)
Total result from continuing operations	603,396	33,309	586,101	39,104

Australian Finance Group Limited
Consolidated Statement of Financial Position
As at 30 June 2018

<i>In thousands of AUD</i>	Note	30 June 2018	30 June 2017
Assets			
Cash and cash equivalents	2 (iii)	88,710	124,801
Trade and other receivables		810,117	737,580
Loans and advances		1,379,857	1,152,171
Other financial assets		15	31
Investment in associate	5	12,815	-
Property, plant and equipment		1,379	1,898
Intangible assets		516	745
Total assets		2,293,409	2,017,226
Liabilities			
Trade and other payables		783,676	715,803
Interest-bearing liabilities		1,381,761	1,164,478
Employee benefits		4,543	4,559
Current tax payable		2,074	1,249
Deferred income		4,123	2,693
Provisions		2,855	1,667
Deferred tax liability		21,053	19,482
Total liabilities		2,200,085	1,909,931
Net assets		93,324	107,295
Equity			
Share capital		43,541	43,541
Share-based payment reserve		814	408
Other capital reserves		(87)	(91)
Retained earnings		49,056	63,410
Total equity attributable to equity holders of the Company		93,324	107,268
Non-controlling interest		-	27
Total equity		93,324	107,295

The Consolidated Statement of Financial Position should be read in conjunction with the Notes to the financial statements.

Australian Finance Group Limited

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2018

In thousands of AUD

	Note	30 June 2018	30 June 2017
Continuing Operations			
Commission and other income	2 (i)	551,084	539,759
Securitisation interest income		52,312	46,342
Operating income		603,396	586,101
Other cost of sales		(493,938)	(474,557)
Securitisation interest expense		(36,875)	(31,711)
Gross profit		72,583	79,833
Other income		13,412	16,700
Administration expenses		(3,788)	(2,885)
Other expenses	2 (ii)	(37,129)	(38,955)
Results from operating activities		45,078	54,693
Finance income		2,463	2,277
Finance expenses	2 (ii)	(18)	(14)
Share of profit of an associate		186	-
Net finance and investing income		2,631	2,263
Profit before tax from continuing operations		47,709	56,956
Income tax expense		(14,400)	(17,852)
Profit from continuing operations		33,309	39,104
Profit attributable to:			
Equity holders of the Company		33,336	39,053
Non-controlling interests		(27)	51
Profit for the period		33,309	39,104
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net change in fair value of available-for-sale financial assets		(15)	2
Income tax on other comprehensive income		-	-
Total comprehensive income for the period, net of income tax		33,294	39,106
Total comprehensive income for the period attributable to:			
Equity holders of the Company		33,321	39,055
Non-controlling interests		(27)	51
Total comprehensive income for the period		33,294	39,106
Earnings per share			
Basic earnings per share (cents per share)		15.50	18.20
Diluted earnings per share (cents per share)		15.41	18.15

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the financial statements.

Australian Finance Group Limited

Consolidated Statement of Changes in Equity

For the year ended 30 June 2018

In thousands of AUD

	Note	Share capital	Foreign currency translation reserve	Fair value reserve	Share-based payment reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 July 2016		43,541	(14)	(60)	97	44,980	88,544	(24)	88,520
Total comprehensive income for the period									
Profit		-	-	-	-	39,053	39,053	51	39,104
Other comprehensive income		-	-	(17)	-	-	(17)	-	(17)
Total comprehensive income for the period		-	-	(17)	-	39,053	39,036	51	39,087
Transactions with owners, recorded directly in equity									
Dividends to equity holders	3	-	-	-	-	(20,623)	(20,623)	-	(20,623)
Share-based payment transactions		-	-	-	311	-	311	-	311
Total transactions with owners		-	-	-	311	(20,623)	(20,312)	-	(20,312)
Balance at 30 June 2017		43,541	(14)	(77)	408	63,410	107,268	27	107,295
Balance at 1 July 2017		43,541	(14)	(77)	408	63,410	107,268	27	107,295
Total comprehensive income for the period									
Profit		-	-	-	-	33,336	33,336	(27)	33,309
Other comprehensive income		-	-	4	-	-	4	-	4
Total comprehensive income for the period		-	-	4	-	33,336	33,340	(27)	33,313
Transactions with owners, recorded directly in equity									
Dividends to equity holders	3	-	-	-	-	(47,690)	(47,690)	-	(47,690)
Share-based payment transactions		-	-	-	406	-	406	-	406
Total transactions with owners		-	-	-	406	(47,690)	(47,284)	-	(47,284)
Balance at 30 June 2018		43,541	(14)	(73)	814	49,056	93,324	-	93,324

The Consolidated Statement of Changes in Equity should be read in conjunction with Notes to the financial statements.

Australian Finance Group Limited

Consolidated Statement of Cash Flows

For the year ended 30 June 2018

In thousands of AUD

	Note	30 June 2018	30 June 2017
Cash flows from operating activities			
Cash receipts from customers		496,851	462,454
Cash paid to suppliers and employees		(467,799)	(439,031)
Interest received		52,313	46,341
Interest paid		(36,875)	(31,711)
Income taxes paid		(12,004)	(11,536)
Net cash generated by operating activities	7	32,486	26,517
Cash flows from investing activities			
Net interest received		2,429	2,303
Acquisition of property, plant and equipment		(178)	(280)
Investment in intangible assets		-	(150)
Investment in Thinktank		(11,141)	-
Contingent consideration Thinktank		(992)	-
Increase in other loans and advances		(3,267)	(539)
Loans and advances to customer borrowings		(224,763)	(105,608)
Net cash used in investing activities		(237,912)	(104,274)
Cash flows used in financing activities			
Repayments of warehouse facilities		(67,225)	(48,905)
Proceeds from bondholders		284,340	141,677
Decrease in loans from funders		(90)	(257)
Dividends paid to equity holders of the parent		(47,690)	(20,622)
Net cash generated by financing activities		169,335	71,893
Net decrease in cash and cash equivalents		(36,091)	(5,864)
Cash and cash equivalents at 1 July		124,801	130,665
Cash and cash equivalents at 30 June	2 (iii)	88,710	124,801

The Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the financial statements.

Australian Finance Group Limited

Notes to the Financial Statements

1. Segment information

AASB 8 requires operating segments to be identified on the basis of internal reports about business activities in which the Group is engaged and that are regularly received by the chief operating decision maker, the Board of Directors, in order to allocate resources to the segment and to assess its performance.

The Group has identified two reportable segments based on the nature of the products and services, the type of customers for those products and services, the processes followed to produce, the method used to distribute those products and services and the similarity of their economic characteristics.

The following summary describes the operations in each of the Group's reportable segments:

AFG Wholesale Mortgage Broking

The mortgage broking segment refers to the operating activities in which the Group acts as a wholesale mortgage broker that provides its contracted brokers with a platform for administrative and infrastructure support as well as access to a panel of lenders.

The Group receives two types of commission payments on loans originated through its network:

- Upfront commissions on settled loans

Upfront commissions are received by the Group from lenders as a percentage of the total amount borrowed. Once a loan settles, the Group receives a one-off payment linked to the total amount borrowed as an upfront commission, a large portion of which is then paid by the Group to the originating broker.

- Trail commissions on the loan book

Trail commissions are received by the Group from lenders over the life of the loan (if it is in good order and not in default), as a percentage of the particular loan's outstanding balance. The trail book represents the aggregate of residential mortgages outstanding that have been originated by the Group's contracted brokers and are generating trail income, a large portion of which is then paid by the Group to the originating broker.

AFG Home Loans

AFGHL offers the Group's branded mortgage products, funded by third party wholesale funding providers (white label products) and AFG Securities mortgages (securitised loans issued by AFG Securities Pty Ltd) that are distributed through the Group's broker network. AFGHL sits on the Group's panel of lenders alongside the other residential Lenders and competes with them for home loan customers. The segment earns fees for services, largely in the form of upfront and trail commissions, or net interest margin on loans funded by its securitisation programme depending on the AFGHL product.

Segment results that are reported to the Board of Directors include items directly attributable to the relevant segment as well as those that can be allocated on a reasonable basis.

Other/Unallocated

Other/unallocated items are comprised mainly of other operating activities from which the Group earns revenues and incurs expenses that are not required to be reported separately as they do not meet the quantitative thresholds prescribed by AASB 8 or are not managed separately and include corporate and taxation overheads, assets and liabilities.

Information regarding the results of each reportable segment is included below.

Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Board of Directors.

Australian Finance Group Limited

Notes to the Financial Statements

1. Segment information (continued)

Year ended 30 June 2018

In thousands of AUD

Continuing operations

Revenue

	AFG Wholesale Mortgage Broking	AFG Home Loans	Other / Unallocated	Total
External customers	508,670	93,301	1,425	603,396
Inter-segment	29,152	-	(29,152)	-
Other operating income	3,230	-	10,182	13,412
Interest income	-	25	2,438	2,463

Total segment revenue

541,052	93,326	(15,107)	619,271
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Results

Segment profit before income tax	33,357	18,729	(4,377)	47,709
Income tax expense				(14,400)

Net profit after tax

33,309

Other segment information

Total segment assets	789,370	1,474,700	29,339	2,293,409
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Total segment liabilities	780,377	1,416,783	2,925	2,200,085
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Depreciation and amortisation	(168)	(17)	(814)	(999)
Interest expense	-	-	(3)	(3)

Year ended 30 June 2017

In thousands of AUD

Continuing operations

Revenue

	AFG Wholesale Mortgage Broking	AFG Home Loans	Other / Unallocated	Total
External customers	492,506	92,224	1,371	586,101
Inter-segment	22,558	-	(22,558)	-
Other operating income	3,857	-	12,843	16,700
Interest income	-	248	2,029	2,277

Total segment revenue

518,921	92,472	(6,315)	605,078
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Results

Segment profit before income tax	35,999	28,672	(7,715)	56,956
Income tax expense				(17,852)

Net profit after tax

39,104

Other segment information

Total segment assets	720,439	1,228,925	67,862	2,017,226
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Total segment liabilities	713,264	1,184,995	11,672	1,909,931
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Depreciation and amortisation	(182)	(15)	(747)	(944)
Interest expense	-	-	(12)	(12)

Australian Finance Group Limited

Notes to the Financial Statements

2. Results for the period

(i) Revenue

In thousands of AUD

Commission and other income

Commissions
Interest on commission income receivable
Mortgage management services
Securitisation transaction fees

30 June 2018	30 June 2017
500,955	491,358
49,040	47,277
132	305
957	819
551,084	539,759

(ii) Expenses

In thousands of AUD

Other expenses

Advertising and promotion
Consultancy and professional fees
Information technology
Occupancy costs
Employee costs
Depreciation and amortisation
Operating lease costs
Impairment loss on receivables

30 June 2018	30 June 2017
(1,840)	(5,014)
(1,451)	(1,972)
(3,296)	(3,285)
(426)	(400)
(26,905)	(25,285)
(999)	(944)
(2,030)	(1,975)
(182)	(80)
(37,129)	(38,955)

Finance expenses

Interest
Net change in fair value of financial instruments at fair value through profit and loss

(3)	(12)
(15)	(2)
(18)	(14)

(iii) Cash and cash equivalents

In thousands of AUD

Cash at bank
Short term deposits

Unrestricted cash

Cash collections accounts ¹
Restricted cash ²

Restricted cash

Cash and cash equivalents

Cash and cash equivalents in the Statement of Cash Flows

30 June 2018	30 June 2017
48,364	89,559
1,276	1,276
49,640	90,835
22,055	27,599
17,015	6,367
39,070	33,966
88,710	124,801
88,710	124,801

¹ Discloses amounts held in the special purpose securitised trusts and series on behalf of the warehouse funder and the bondholders.

² Discloses cash collateralised standby letter of credit, liquidity reserve account and cash provided in trust by the warehouse providers to fund pending settlements.

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Notes to the Financial Statements

3. Dividends

	Year ended 30 June 2018		Year ended 30 June 2017	
	Cents per share	Total \$'000	Cents per share	Total \$'000
Declared and paid during the year				
FY16 final dividend - fully franked	-	-	5.4	11,600
FY17 interim dividend - fully franked	-	-	4.2	9,023
FY17 final dividend – fully franked	5.5	11,816	-	-
FY18 interim dividend – fully franked	4.7	10,096	-	-
FY18 special dividend – fully franked	12.0	25,778	-	-
		47,690		20,623

4. Financial instruments

Accounting classifications and fair values

Fair value hierarchy

The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of financial assets and liabilities that are not measured at fair value (but fair value disclosures are required)

With the exception of the trail commission receivables and payables that are initially recognised at fair value and subsequently carried at amortised cost, the carrying amount of all financial assets and liabilities recognised in the Statement of Financial Position approximate their fair value.

Trail commissions are received from lenders on settled loans over the life of the loan based on the loan book balance outstanding if the respective loans are in good order and not in default. The Group is entitled to the trailing commissions and the Group also makes trailing commission payments to contracted brokers when trailing commission is received from lenders.

<i>In thousands of AUD</i>	30 June 2018		30 June 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Future trail commission receivable	805,053	832,315	734,710	768,604
Financial liabilities				
Future trail commission payable	718,515	742,368	655,683	685,316

The fair value of trail commission receivable from lenders and the corresponding payable to members is determined by using a discounted cash flow valuation. These calculations require the use of assumptions which are determined by management, using a variety of inputs including external actuarial analysis of historical information, by reference to market observable inputs. The valuation is classified as level 2 in the fair value measurement hierarchy.

The key assumptions underlying the fair value calculations of trailing commission receivable and the corresponding payable to members at the reporting date is summarised in the following table:

	30 June 2018	30 June 2017
Average loan life	Between 3.2 and 5.0 years	Between 3.1 and 5.0 years
Discount rate per annum ¹	Between 5% and 13.5%	Between 5% and 13.5%

¹ Discount rates once set are not adjusted during the life of the loan. The spread in discount rate captures loans settled in previous financial years as well as the current financial year.

The percentage paid to brokers range from 85% to 93.4% and is fixed by the respective terms of their agreement with the Group as at the time the individual loans settled. As a consequence, Management does not expect changes to the percentage paid to members to be reasonably possible.

Australian Finance Group Limited

Notes to the Financial Statements

5. Investment in associate

On 19th April 2018 AFG announced the strategic investment of 33.55% (undiluted), 30.4% fully diluted in Think Tank Group Pty Ltd.

	30 June 2018	30 June 2017
<i>In thousands of AUD</i>		
Cost of investment	11,141	-
Contingent consideration liability	1,488	-
Share of post-acquisition profit	186	-
Investment	12,815	-

6. Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects in the income and share data used in the basic and dilutive EPS computations:

	30 June 2018	30 June 2017
<i>In thousands of AUD</i>		
Profit attributable to ordinary equity holders of the Company:		
Continuing operations	33,336	39,053
Profit attributable to ordinary equity holders of the Company	33,336	39,053
Weighted average number of ordinary shares for basic EPS (thousands)	214,813	214,813
Effect of dilution:		
Performance rights	1,289	593
Weighted average number of ordinary shares adjusted for the effect of dilution	216,102	215,406

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

The comparative period included the initial recognition of the AFGHL trail book which included loans settled prior to FY17. Prior year net profit after tax when normalised to reflect the impact of FY17 settlements in relation to AFG Home Loan ('AFGHL') white label trail book commissions only was \$30,164k.

Australian Finance Group Limited

Notes to the Financial Statements

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

In thousands of AUD

Cash flows from operating activities

Profit for the period from continuing operations

Adjustments to reconcile the profit to net cash flows:

Income tax expense from continuing operations

Depreciation and amortisation

Net interest income from investing activities

Expense recognised in respect of equity-settled share-based payments

Share of profit in an associate

Present value of future trail commission income

Present value of future trail commission expense

Other non-cash movements

Working capital adjustments:

Changes in assets and liabilities

(Decrease)/Increase in receivables and prepayments

Increase in trade and other payables

Increase/(Decrease) in deferred income

(Decrease)/Increase for employee entitlements

(Decrease)/Increase in provisions

Cash generated from operations

Income tax paid

Net cash generated by operating activities

	30 June 2018	30 June 2017
Profit for the period from continuing operations	33,309	39,104
Income tax expense from continuing operations	14,400	17,852
Depreciation and amortisation	999	944
Net interest income from investing activities	(2,432)	(2,314)
Expense recognised in respect of equity-settled share-based payments	381	298
Share of profit in an associate	(186)	-
Present value of future trail commission income	(70,343)	(88,531)
Present value of future trail commission expense	62,832	68,590
Other non-cash movements	226	115
	39,186	36,058
Changes in assets and liabilities		
(Decrease)/Increase in receivables and prepayments	(489)	1,315
Increase in trade and other payables	4,700	819
Increase/(Decrease) in deferred income	1,406	(2,177)
(Decrease)/Increase for employee entitlements	(13)	733
(Decrease)/Increase in provisions	(300)	1,346
Cash generated from operations	44,490	38,094
Income tax paid	(12,004)	(11,577)
Net cash generated by operating activities	32,486	26,517

Australian Finance Group Limited

Notes to the Financial Statements

8. Subsequent events

Subsequent to year end the Group secured a new residential warehouse facility replacing its existing NAB warehouse. The new warehouse comprises four classes of secured, limited and floating rate notes, with the senior note being issued to NAB, mezzanine notes issued to Deutsche Bank, AG, Sydney Branch and AFG holding the subordinated notes. The maturity date for this new facility is 31 December 2018.

On 23 August 2018, the Directors recommended the payment of a dividend of 5.7 cents per fully paid ordinary share, fully franked based on tax paid at 30%. The dividend has a record date of 3 September 2018 and a payment date of 27 September 2018. The aggregate amount of the proposed dividend expected to be paid out of retained earnings at 30 June 2018 is \$12,244k. The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2018.

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.