

ASX ANNOUNCEMENT

2009 ANNUAL GENERAL MEETING CHAIRMAN & CEO ADDRESSES

Sydney, 26 November 2009

CHAIRMAN'S ADDRESS MARGARET JACKSON

When I addressed this meeting 12 months ago Australia was several months into the World Financial Crisis and FlexiGroup had just completed the acquisition of the Certegy interest free business in October 2008. The market had seen an erosion of investor and consumer confidence and the economic future was uncertain. Like many companies FlexiGroup's share price had fallen despite the delivery of sound results and a strong growth opportunity.

Against this background, over the last 12 months, FlexiGroup has successfully controlled bad debts, maintained its funding sources and expanded the business through a strategy of acquisition and product diversification. This strategy has proven itself with new business lines providing solid future growth opportunities. The Group now has 3 key business streams, they are:-

- Flexirent Leases (including the unique protect and loaner features) available at point of sale
- Certegy, a true interest free product with no interest ever.
- Blink mobile broadband, available in retail stores either discounted when bundled with a Flexirent lease or sold separately

Additionally, in strong support of the business model and during a period of tight global liquidity, two of FlexiGroup's funders provided \$200m to fund the growth of the Certegy business.

The board has always believed that if we continued to deliver favourable profit results the market would in time, recognise the inherent value of the business. I am pleased to say, that as the Company has continued to deliver against its stated financial goals, the share price has been re-rated.

With a strong management team, new products and the acquisition of a good credit quality business, we believe the Group has achieved the right balance of prudence and expansion. For the year ended 30th June 2009, results were ahead of expectations with net profit after tax growth of 4% to a record \$33.5 million, exceeding guidance of \$28 - \$30 million. Certegy and BLiNK mobile broadband drove volume growth of 41% to \$417.6 million and we believe sound growth opportunities for future years have been provided.

I would like to take this opportunity to thank the executive team who have demonstrated determination and hard work to successfully execute the strategies and have provided sound leadership of the business through a period of unprecedented global economic turmoil.

I'd now like to cover some of the highlights of the year.

- The Certegy acquisition and subsequent integration of the business was well executed, allowing the business synergies to be realised earlier than anticipated.
- The Blink mobile broadband product was designed, tested and then launched in February, providing a new source of income and delivering 17,000 subscribers.
- Net profit after tax growth outpaced receivables growth, which was driven by an increase in non-interest income from new product initiatives.
- Early tightening of the credit criteria in late 2007, while resulting in some contraction of loan and lease volumes, ensured 90-day lease arrears remained stable during the last 18 months and resulted in credit losses remaining at satisfactory levels
- Funding was maintained through the global financial crisis and existing funders provided \$200 million in funding for Certegy.

Both Certegy and BLINK mobile broadband complement FlexiGroup's existing business model and distribution channels. Combined, they should be a strong contributor to future net profit growth for the Group while successfully diversifying FlexiGroup's product offering beyond the IT & Electrical sectors.

While there is a cautious optimism in the strength of the Australian economy, the world markets remain tenuous. The board believes it is prudent to continue with a guarded approach to credit, and accordingly anticipate lease volumes will be flat to last year. However, total volumes are expected to grow as Certegy and Blink contribute for the full financial year. FlexiGroup is well positioned to deliver on the market guidance of \$37m to \$39m for F2010.

The Directors were pleased to declare a fully franked dividend of 3.0 cents per share which had a record date of 16 September 2009 and was paid on 15 October 2009. For the year, a fully franked dividend of 6.0 cents per share was paid.

I would like to thank all shareholders for their ongoing support of the Company and I would now like to introduce your Chief Executive Officer, John DeLano to report on activities for the year.

CEO'S ADDRESS

JOHN DELANO

Good afternoon everyone and thank you for taking the time to join the meeting this afternoon.

When I addressed this meeting last year, the financial year ahead for FlexiGroup presented a number of opportunities but also some significant challenges. The Certegy acquisition had only recently been completed and was yet to be integrated into the business with the planned product enhancements still to be executed. Mobile broadband was in an early test stage with many of the product features yet to be finalised. Additionally, in anticipation of the uncertain economic outlook and due to early tightening of the credit criteria, lease volumes were expected to be curtailed.

It is therefore pleasing to be here today able to review such a favourable and eventful year that has seen strategies well executed, delivering a result ahead of expectation and providing opportunities for future growth.

With Certegy's interest free product offered to homeowners in sectors such as swimming pools, solar systems, water heaters, sheds, and jewellery the number of merchants that offer a FlexiGroup lease or interest free product has almost doubled to more than 10,000 across Australia, New Zealand and Ireland.

Certegy, together with Mobile Broadband, provides an engine for growth and customer acquisition that for the financial year 2009 drove transaction growth of 103%, double the transaction volume of last year. The second half of the year reflects the changing mix of business as Certegy and BLiNK mobile broadband accounted for 63% of the transaction volume.

Volume growth and product initiatives delivered underlying operating cash of \$67.3 million, growth of 31% over the prior year. The end of period cash of \$101.9 million was approximately flat to last year despite a \$15 million payment for Certegy. As indicated earlier FlexiGroup delivered a record NPAT of \$33.5 million an increase of 4% over the prior year. Performance was driven by a number of key factors:-

- The acquisition of sound credit volume ensured losses remained at satisfactory levels.
- The Certegy acquisition and integration was well executed, allowing the business synergies to be realised earlier than anticipated. Certegy had a positive NPAT contribution of \$0.2 million compared to original expectations of a loss of \$1.5 million.

This is a particularly pleasing result as the Certegy operating business was acquired without the receivables portfolio or revenue base from its previous owner. In just 9 months, the receivables portfolio was built to a level where the business produced a profit.

- Other income of \$73.6 million was 54% of operating income, an increase of 29% over the prior year. A number of product initiatives contributed to this growth including:-
 - Interim rental
 - Protect income
 - End of term income (which includes the sale of asset)
 - Certegy fees and product enhancements
 - Mobile Broadband

BLiNK mobile broadband is FlexiGroup's latest product and a source of non-interest income that complements the Flexirent computer lease offer, where a high proportion of transactions are for a Notebook or a Netbook. When Flexirent customers choose to include Blink mobile broadband they receive it for half price, significantly increasing the value of their leasing decision. Following a pilot phase and after securing an agreement with Optus, BLiNK was launched in February in Harvey Norman, Bing Lee, The Good Guys and independent retailers.

By leveraging the business model and infrastructure, FlexiGroup is well placed to take a share of the fast growing mobile broadband market. Our existing retailer relationships provide a ready distribution channel, where the product is well received and the FlexiGroup contact centre delivers a high level of service with quick activation while the customer is in store.

Currently there are +30,000 subscribers connected to the BLiNK mobile broadband service. The current activation rate is in line with our expectations and since July monthly acquisitions have grown by 30%. Due to subscriber acquisition costs it is not expected that BLiNK will positively contribute to NPAT until financial year 2011.

Certegy is currently trading to NPAT guidance and profit is expected to reach steady state in FY 2011. A continued cautious approach to credit will result in Lease volumes flat to last year and we anticipate losses remaining at satisfactory levels. While an increase in the cost of funds is expected, the continued growth in other, non-interest income reduces the impact of interest rate movements. The outlook for 2010 remains positive and FlexiGroup is well positioned to deliver on the market guidance of \$37m to \$39m for F2010.

A key focus for 2010 will be the growth and development of the Certegy and BLiNK mobile broadband products and services with new initiatives for finance and telco related products in the pipeline. Additionally FlexiGroup is focussed on identifying suitable, value accretive acquisition opportunities.

In an environment where many of our competitors have found it challenging to retain adequate funding lines, I would like to take this opportunity to thank our funders for the support and confidence they have demonstrated in our underlying business model.

I would also like to thank the management team and staff for their hard work and contribution to the excellent results achieved for FY2009. It is largely thanks to their efforts that against a background of tightened liquidity, a softening retail environment and a predicted recession, FlexiGroup has retained its operational excellence and emerged a more diverse, dynamic company with significant growth opportunities.