

NOTICE OF
MEETING 2011

FLEXIGROUP 
ABN 75 122 574 583

FlexiGroup Limited
Level 8, 201 Pacific Highway
St Leonards, NSW 2065
P + 61 2 8905 2000
F + 61 2 8905 1800
www.flexigroup.com.au

31 October 2011

Dear Shareholder

Annual General Meeting 2011

On behalf of the Directors of FlexiGroup Limited (“**FlexiGroup**”), I am pleased to invite you to the FlexiGroup 2011 Annual General Meeting (“**2011 AGM**”). Enclosed is the notice of meeting setting out the business of the 2011 AGM (“**Notice of Meeting**”).

FlexiGroup’s 2011 AGM will be held on Wednesday 30 November 2011 commencing at 4.00pm (Sydney time) at the Sofitel Wentworth, 61-101 Phillip Street, Sydney NSW 2000. If you decide to attend the 2011 AGM, please bring this letter with you to facilitate registration and entry to the 2011 AGM. If you are unable to attend the 2011 AGM, I encourage you to complete the enclosed proxy form.

Please note that recent changes to the Corporations Act 2001 (Cwlth) could affect whether your proxy is able to vote on your behalf, particularly on resolution 2 and resolution 4. Further details relating to the various resolutions proposed at the 2011 AGM are attached to this letter.

I encourage you to read the Notice of Meeting (including the explanatory notes) and the proxy form and consider directing your proxy how to vote on each resolution by crossing either the “for” box, the “abstain” box or the “against” box on the proxy form.

Subject to the abstentions noted, all the FlexiGroup Directors recommend that shareholders vote in favour of each of the resolutions proposed to be passed at the 2011 AGM.

I look forward to seeing you at the 2011 AGM.

Yours sincerely



Margaret Jackson
Chairman

Notice of Annual General Meeting

FlexiGroup Limited ABN 75 122 574 583

Notice is hereby given that the 2011 Annual General Meeting ("2011 AGM") of FlexiGroup Limited ("FlexiGroup" or "Company") will be held at the Sofitel Wentworth, 61-101 Phillip Street, Sydney on Wednesday 30 November 2011, at 4.00pm, to conduct the following business:

Ordinary Business

1 Financial Reporting

To receive and consider the financial statements of the consolidated entity for the financial year ended 30 June 2011 and the reports of the Directors and the Auditor of the consolidated entity.

There is no vote on this item.

2 Remuneration Report

To adopt the Remuneration Report contained within the Annual Report for the year ended 30 June 2011.

Please note that this resolution is advisory only and does not bind the Directors or the Company.

Voting exclusion statement

A vote must not be cast (in any capacity) on Item 2 by or on behalf of the Company's key management personnel (including the Directors), details of whose remuneration are included in the Remuneration Report ("KMP") or their closely related parties, whether as a shareholder or as a proxy. However, a vote may be cast on Item 2 by a KMP, or a closely related party of a KMP, if the vote is cast as a proxy appointed in writing that specifies how the proxy is to vote on Item 2 and the vote is not cast on behalf of a KMP or a closely related party of a KMP.

If the Chairman of the 2011 AGM is your proxy or is appointed as your proxy by default and you do not direct your proxy how to vote "for", "against" or "abstain" in respect of Item 2 on the proxy form, you are directing the Chairman of the 2011 AGM to vote in favour of Item 2 even if that item is connected directly or indirectly with the remuneration of a member of the key management personnel of the Company.

3 Re-Election of Andrew Abercrombie

Andrew Abercrombie will retire in accordance with Article 10.3 of the Constitution and offers himself for re-election as a Director.

Special Business

4 Approval of participation in Long Term Incentive Plan

That for the purposes of ASX Listing Rule 10.14 and for all other purposes, the following be approved:

- participation in the Long Term Incentive Plan ("LTIP") as to a maximum of 2,400,000 Performance Rights by Mr John DeLano, Managing Director;
- acquisition accordingly by Mr DeLano of Performance Rights up to the stated maximum and, in consequence of the exercise of those Performance Rights, of ordinary shares of the Company; and
- the provision of benefits to Mr DeLano under the LTIP, all in accordance with the terms of the LTIP and on the basis described in the Explanatory Notes to this Notice of Annual General Meeting.

Voting exclusion statement

In accordance with ASX Listing Rule 14.11, FlexiGroup will disregard any votes cast on Item 4 by any Director (except one who is ineligible to participate in any employee incentive scheme in relation to FlexiGroup) and an associate of any Director (except one who is ineligible to participate in any

employee incentive scheme in relation to FlexiGroup). However, FlexiGroup need not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

A vote must not be cast on Item 4 by a KMP, or a closely related party of a KMP, acting as proxy, if their appointment does not specify the way the proxy is to vote on Item 4. However, this voting exclusion does not apply if the KMP is the Chairman of the 2011 AGM acting as proxy and their appointment expressly authorises the Chairman of the 2011 AGM to exercise the proxy even if that item is connected directly or indirectly with the remuneration of a member of the key management personnel of the Company.

If you appoint the Chairman of the 2011 AGM as your proxy and you do not direct your proxy how to vote on Item 4 on the proxy form, you will be expressly authorising the Chairman of the 2011 AGM to exercise your proxy even if Item 4 is connected directly or indirectly with the remuneration of a member of the key management personnel of the Company.

The Chairman of the 2011 AGM intends to vote undirected proxies in favour of Item 4.

Voting Entitlements

Pursuant to Corporations Regulation 7.11.37 and ASX Settlement and Operating Rule 5.6.1, the Directors have determined that the shareholding of each shareholder for the purpose of ascertaining voting entitlements for the 2011 AGM will be as it appears in the Company's share register at 7.00pm (Sydney time) on 28 November 2011.

Proxies

A shareholder has the right to appoint a proxy, who need not be a shareholder of the Company. If a shareholder is entitled to cast two or more votes, they may appoint two proxies and may specify the percentage or number of votes each proxy is appointed to exercise.

However, if the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half of the shareholder's votes. The proxy form, together with any power of attorney or authority under which the proxy form is signed, must be:

- sent by facsimile to Link Market Services on +61 2 9287 0309; or
- sent by post to Link Market Services in the enclosed reply paid envelope; or
- lodged online at www.linkmarketservices.com.au

Proxies, together with any power of attorney or authority under which the proxy form is signed, must be received not less than 48 hours before the time of the 2011 AGM (i.e. by 4:00pm (Sydney time) on Monday 28 November 2011) or the time of any adjourned meeting.

By order of the board



David Stevens
Company Secretary
31 October 2011

Explanatory Notes on the business to be transacted at the FlexiGroup Limited 2011 Annual General Meeting

Ordinary Business

Item 1 - Financial Reporting

Section 317(1) of the Corporations Act 2001 (Cwlth) (“**Corporations Act**”) requires a public company to lay before its annual general meeting the financial report, the Directors’ Report and the Auditor’s Report for the financial year that ended before the annual general meeting.

Shareholders will be given a reasonable opportunity to consider, comment on and ask questions of the Directors and the Auditor of the Company about the management of the Company, the conduct of the audit, and the preparation and contents of the financial statements and reports for the financial year ended 30 June 2011.

The reports are available on FlexiGroup’s website at www.flexigroup.com.au

There is no vote on this item.

Item 2 - Remuneration Report

In accordance with section 250R(2) of the Corporations Act, the Remuneration Report for the financial year ended 30 June 2011 is put to the vote of shareholders for adoption. The Remuneration Report is set out on pages 19 - 38 of the Annual Report.

The vote on this resolution is advisory only and does not bind the Directors or the Company. Shareholders will be given a reasonable opportunity to ask questions about, and make comments on, the Remuneration Report at the 2011 AGM.

The Directors unanimously recommend that shareholders vote in favour of adopting the Remuneration Report.

Item 3 - Re-Election of Andrew Abercrombie

Under the provisions in the Company’s Constitution for the rotation of Directors, Andrew Abercrombie will retire at the 2011 AGM and offers himself for re-election.

Mr Abercrombie joined the Board on the incorporation of the Company in November 2006.

Mr Abercrombie became a Founding Director of the original Flexirent business in 1991. Andrew is an experienced commercial and tax lawyer and was a founding partner in a legal firm operating in both Sydney and Melbourne. Following several years in property investment and tax consulting, he became involved in the Flexirent business in 1991 and until 2003 was Chief Executive Officer.

Prior to submitting himself for re-election, Mr Abercrombie acknowledged to the Company that he would have sufficient time to properly fulfil his duties to the Company.

The Directors (with Mr Abercrombie abstaining and not voting) recommend that shareholders vote in favour of Mr Abercrombie’s re-election.

Special Business

Item 4 - Approval of participation in Long Term Incentive Plan

ASX Listing Rule 10.14 provides that a listed company may only permit a director of the company to acquire securities under an employee incentive scheme where that director’s participation has been approved by an ordinary resolution of shareholders.

The approval of shareholders is sought to permit Mr John DeLano, Managing Director, to participate, with other executives, in the Long Term Incentive Plan (“**LTIP**”) for up to 2,400,000 Performance Rights, being the maximum acquisition amount specified in the resolution.

Recommendation

The LTIP is part of the overall remuneration strategy of FlexiGroup which is designed to encourage superior performance and commitment to FlexiGroup by the executives participating in the LTIP.

The LTIP operates by giving participants in the LTIP the opportunity to acquire Shares if applicable performance conditions are met, and any other relevant conditions are satisfied. The performance conditions are set by the Board for each participant.

The Board believes that linking remuneration to achievement is a key driver of FlexiGroup's success and that the LTIP:

- provides a meaningful incentive for the creation of, and focus on, shareholder wealth;
- aligns the interests of executives and other employees with shareholders; and
- encourages employee retention.

Since the Company's LTIP was implemented in November 2006, the Board notes that significant performance targets of the Company's business have been achieved:

- the Company's TSR relative to other companies in the S&P/ASX 300 Index (excluding resources companies) June 2009 through July 2011 places it as the 2nd best performing company in that peer group;
- NPAT of the Company has more than doubled over the period;
- the business' trading volumes have more than doubled;
- the Company has diversified its business with one acquisition and two organic start-ups that accounted for 37% of the Company's FY11 Cash NPAT. The business is now diversified from one to four distinct business lines;
- the Company won Australia's Best Call Centre Award;
- the Company was recognized by Hewitt as one of Australia's Best Employers; and
- the Company won an International award for its IT system.

The previous awards made to Mr DeLano under the LTIP no longer provide meaningful incentive to him to drive future shareholder wealth as the awards have vested or lapsed. The purpose of this resolution is to ensure that FlexiGroup can:

- align Mr DeLano's interests with that of FlexiGroup's shareholders;
- provide long term incentives for participation in FlexiGroup's future growth; and
- assist to retain the services of Mr DeLano.

The Board notes that it is a competitive market for executives and that it is important to ensure that FlexiGroup's remuneration arrangements are competitive with the remuneration arrangements offered by its Australian and international competitors.

The Directors (with Mr DeLano abstaining and not voting) recommend that shareholders vote in favour of the resolution in Item 4 on the basis that the overall remuneration of Mr DeLano, which includes his participation in the LTIP, is reasonable having regard to the circumstances of the Company and Mr DeLano and that the grant of Performance Rights to Mr DeLano under the LTIP and on the terms described in these Explanatory Notes:

- is in the best interests of the Company as a whole;
- is consistent with the Company's remuneration policy, in particular the Company's policy of linking remuneration to achievement, and the objective of attracting and retaining highly skilled executives and directors; and
- will therefore have a positive impact on the Company's prospects.

Approval Limits

The maximum number of ordinary shares in the Company ("Shares") and Performance Rights to acquire Shares for which approval is sought assumes that all of the Performance Rights offered to Mr DeLano are granted and subsequently exercised.

The Board has agreed to grant, subject to shareholder approval being obtained, 2,400,000 Performance Rights in three equal tranches to Mr DeLano, on the terms of the LTIP and the terms and conditions described below, and the acquisition of Shares by Mr DeLano on exercise of those Performance Rights ("**Grant**").

The number of Performance Rights to be issued in each tranche is:

- 800,000 Performance Rights for tranche 1 which relates to performance in FY12;
- 800,000 Performance Rights for tranche 2 which relates to FY13; and
- 800,000 Performance Rights for tranche 3 which relates to FY14.

The rules governing the LTIP applicable to Performance Rights ("**LTIP Rules**") were lodged with the ASX on 11 December 2006 and may be accessed through the ASX announcements platform.

The Grant provides a conditional entitlement to 2,400,000 Shares. The Performance Rights comprising the Grant will become exercisable on the satisfaction of the performance conditions and tenure condition described below.

Consideration for the Grant

Under the Grant, Performance Rights will be granted at no cost to Mr DeLano.

Exercise Price

The Board has determined that an exercise price of \$Nil per Share is payable by Mr DeLano on the exercise of each Vested Performance Right granted under the Grant.

Explanatory notes continued

Vesting Conditions

The Performance Rights are to be allocated in 3 equal tranches. The Performance Rights allocated in each tranche will vest on, and become exercisable on or after, the applicable Vesting Date to the extent that certain performance-based conditions are achieved in the relevant Performance Period and a tenure condition is satisfied.

The Performance Periods applicable to each of the performance-based Vesting Conditions are as follows:

Tranche	Performance Period
Tranche 1	FY12 (being 1 July 2011 to 30 June 2012)
Tranche 2	FY13 (being 1 July 2012 to 30 June 2013)
Tranche 3	FY14 (being 1 July 2013 to 30 June 2014)

The testing date (“**Testing Date**”) for a Performance Period is the results announcement date for the financial year of that Performance Period.

The Performance Rights will be performance tested against the following performance-based Vesting Conditions:

Vesting Conditions	Percentage of Performance Rights that performance condition is applicable to	Performance condition
Vesting Condition 1	50% of each Tranche of Performance Rights	Cash EPS growth targets for the relevant Performance Period are met
Vesting Condition 2	50% of each Tranche of Performance Rights	Relative TSR for the relevant Performance Period compared to the S&P/ASX 300 Index (not including resources companies)

Cash EPS growth performance condition

The first performance-based Vesting Condition is based on growth on an adjusted “cash NPAT” earnings per shares measure used by the Company to track earnings per share on an underlying performance basis. This adjusted “cash NPAT” earnings per shares measure (“**Cash EPS**”) is calculated by the Company for a financial year as:

- the reported statutory net profit after tax for the financial year, after adding back the amount of intangibles amortisation recorded in the annual accounts and after adjusting for any material one-off income or expense items the Board believes appropriate to reflect underlying recurring earnings;
- divided by the weighted average number of ordinary shares on issue during the year.

This is consistent with how the Company reports its “Cash NPAT” in its investor presentations, including the FY11 annual results presentation from 8 August 2011.

The performance condition tests the growth in Cash EPS for the relevant Performance Period financial year above the Cash EPS for the immediately preceding financial year, measured as a percentage (“**Cash EPS Growth**”).

The Cash EPS Growth condition will be satisfied for a Performance Period in accordance with the following table:

Cash EPS Growth target	Percentage of Performance Rights available in given year satisfying condition
Cash EPS Growth is less than 5%	Nil
Cash EPS Growth equals 5%	20%
Cash EPS Growth is between 5% and 10%	Pro rata between 20% and 66%
Cash EPS Growth is between 10% and 15%	Pro rata between 66% and 100%
Cash EPS Growth is more than 15%	100%

For the FY12 Performance Period, the performance condition vesting profile will be as set out in the table above. However, the Board will have the discretion to vary the Cash EPS Growth condition at any time for the FY13 and FY14 Performance Periods from that set out in the table if it believes it is appropriate to do so to reflect the Company’s circumstances. But the Cash Growth EPS level at which 100% of the Performance Rights available in a given year will satisfy the Cash EPS Growth performance condition will not be reduced below 12.5%.

Re-testing of the Cash EPS Growth hurdle for any tranche 1, 2 and 3 Performance Rights respectively that do not satisfy the Cash EPS Growth performance condition will take place on the Testing Date for the next financial year only, with measurement of Cash EPS Growth over the two financial year Performance Periods ending on 30 June immediately prior to the next financial year’s Testing Date. Cash EPS Growth will be measured on a compounding basis. Performance Rights that do not satisfy the Cash EPS Growth hurdle on re-testing will be taken to have lapsed under the LTIP Rules.

Relative TSR performance condition

The second performance-based Vesting Condition for each tranche of Performance Rights relates to the Company's Total Shareholder Return ("TSR") for the relevant Performance Period when compared to the peer group of companies in the S&P/ASX 300 Index (excluding resources companies).

For each Performance Period, the TSR for the Company will be determined by calculating the amount by which the sum of:

- the 30 day volume weighted average price ("VWAP") for FlexiGroup Shares in the period up to and including the 30 June at the end of the relevant Performance Period; and
- the dividends paid on a Company Share during the relevant Performance Period,

exceeds the 30 day VWAP for the Company's Shares in the period up to and including 1 July at the beginning of the relevant Performance Period, expressed as a percentage.

The relative TSR performance condition will be satisfied in accordance with the following table:

Relative TSR target	Percentage of Performance Rights available in given year satisfying condition
The Company's TSR is ranked in the 4th or 3rd quartiles (i.e. 51st to 100th ranking) of companies in S&P/ASX 300 Index (excluding resources companies)	Nil
The Company's TSR equals performance of the 50th ranking company in S&P/ASX 300 Index (excluding resources companies)	50%
The Company's TSR is ranked in the 2nd quartile (i.e. 26th to 50th ranking) of companies in S&P/ASX 300 Index (excluding resources companies)	Pro rata between 50% and 100%
The Company's TSR is ranked in the 1st quartile (i.e. 1st to 25th ranking) of companies in S&P/ASX 300 Index (excluding resources companies)	100%

Performance Rights that are subject to the relative TSR vesting condition for tranches 1, 2 and 3 will be re-tested once on the next Performance Period Testing Date if the relative TSR performance condition is not met when first measured. The re-testing will be on terms that the relevant TSR hurdle will be measured over a two year Performance Period ending at the end of the next Performance Period.

The Board will confirm in writing to Mr DeLano as soon as reasonably practicable when any of the above performance-based Vesting Conditions have been met.

Where unvested Performance Rights are carried forward for re-testing:

- The TSR ranking and vesting % appropriate at the re-test date will be applied to 100% of the original number of Performance Rights associated with that tranche subject to the TSR performance condition.
- The total number of Performance Rights which would vest as a result of the re-test vesting outcome will then be determined.

The actual number of rights to vest at the retest date will then be the outcome of the second dot point above minus the number of Performance Rights associated with that tranche which have previously vested as a consequence of the TSR performance condition.

Vesting Date

As well as the two performance based Vesting Conditions, the Performance Rights are also subject to a tenure condition. For any Performance Right to vest and become exercisable, Mr DeLano must remain employed by FlexiGroup at the relevant Performance Rights Vesting Date.

The Vesting Date is:

Tranche	Vesting Date
Tranche 1 Performance Rights	1 September 2012;
Tranche 2 Performance Rights	1 September 2013; and
Tranche 3 Performance Rights	1 September 2014.

Should Mr DeLano cease to be employed by the Company on or prior to a tranche of Performance Rights vesting, all of the unvested Performance Rights will lapse immediately in accordance with the LTIP Rules.

Explanatory notes continued

Exercise

Following the Vesting Date or the accelerated vesting of a Performance Right, Vested Performance Rights may be exercised by Mr DeLano and Mr DeLano will then be allocated or issued Shares on a one-for-one basis.

Expiry Date

The expiry date for the Performance Rights is:

Tranche	Expiry Date
Tranche 1 Performance Rights	31 December 2013;
Tranche 2 Performance Rights	31 December 2014; and
Tranche 3 Performance Rights	31 December 2015.

Vested Performance Rights that are not exercised before the relevant expiry date will lapse in accordance with the LTIP Rules.

Disposal restriction

Mr DeLano may not dispose of, deal in, or grant a security interest over any interest in, a Performance Right without the prior written consent of the Board, which may be given subject to such conditions as the Board sees fit in relation to the proposed dealing.

Mr DeLano may not dispose of, deal in, or grant a security interest over any interest in, a Share allocated to Mr DeLano on exercise of a Vested Performance Right for any relevant period determined by the Board.

At this point in time, the Board has not imposed any disposal restriction on the Shares the subject of this approval which will be granted on the exercise of any Vested Performance Rights. However, the Board may impose a disposal restriction at any time after the date of grant but prior to the exercise of the Performance Rights (subject to Mr DeLano's agreement). The Board may implement such arrangements (including a holding lock) as it determines are necessary to enforce this restriction.

Once any Board imposed restriction (if any) is removed, and subject to the Company's Trading Policy, Shares acquired on exercise of Vested Performance Rights may be dealt with freely.

Additional information

The Performance Rights will be issued to Mr DeLano within one month after shareholder approval has been obtained at the 2011 AGM, in any case no later than 3 years after the 2011 AGM.

Mr DeLano, being the only Executive Director of the Company, is the only Director who is currently eligible to participate in the LTIP. The last shareholder approval for Mr DeLano's participation in the LTIP was granted at the Company's 2007 Annual General Meeting which was held on 29 November 2007 ("**2007 Approval**"). As a result of the 2007 Approval, Mr DeLano was granted 2,174,820 Performance Rights under the LTIP. There was a \$nil exercise price payable by Mr DeLano on exercise of each Performance Right which vested under that grant and the Performance Rights were granted at no cost to Mr DeLano. Since the 2007 Approval there have been no further Performance Rights or Options issued to Mr DeLano under the LTIP. All of the Performance Rights granted to Mr DeLano as a result of the 2007 Approval have lapsed.

Mr DeLano also currently holds options and deferred shares from previous awards under the Company's equity incentive schemes (details of which are set out in the Company's 2011 Annual Report). These have all vested or lapsed and so are no longer effective long term equity incentives.

Details of any securities issued under the LTIP and a statement that approval for the issue of securities was obtained under ASX Listing Rule 10.14 will be published in each Annual Report of the Company for the period in which the relevant securities were granted.

Any additional persons who become entitled to participate in the LTIP after the resolution under Item 4 is approved, being persons in relation to whom shareholder approval is required under ASX Listing Rule 10.14 and who are not named in the Notice of Annual General Meeting to which these Explanatory Notes relate, will not be entitled to acquire securities under the LTIP until approval is obtained under ASX Listing Rule 10.14.