FlexiGroup Limited
ABN 75 122 574 583

ASX ANNOUNCEMENT

27 November 2008

Chairman's Address to the Annual General Meeting of FlexiGroup Limited

Welcome everyone and thank you for your attendance today. I don't have to tell you that we are living in extraordinary times. Every day we seem to be confronted with unprecedented turmoil in the global markets. These seismic shifts are creating enormous turbulence and eroding confidence in investors and consumers alike.

As investors you would be aware of a general reduction in market valuations of companies, and that FlexiGroup has seen its share price fall over the last 12 months despite delivering on its stated financial goals. We see that there are 4 contributing factors that have directly impacted the performance of the FlexiGroup stock.

- First. with global turmoil stemming from the financial services industry, there have been some spectacular failures with bad news seemingly reported daily, therefore it is not unreasonable for investors and analysts to shy away or abandon finance industry related stocks.

- Second. FlexiGroup's volumes rely on the performance of our retail partners; an industry also out of favour, as the slowing economy affects overall retail sales.

- Third. the general world-wide liquidity shortage causes doubt around companies who rely on access to funding.

- Fourth. As the economy continues to slow there is an expectation of increasing unemployment and reducing disposable income all of which may flow through to bad debts.

While current market trends are unfortunate, the board believes that with the continued delivery of favourable profits results and with the additional profit contribution from Certegy in financial year 2010, the market in the medium term will ultimately recognise the inherent value of the business and the stock price will adjust accordingly.

Against this market turmoil, the board was pleased to report a favourable result for the year ended 30th June, with net income growth of 20% and a record Net Profit After Tax of $32.3 million (growth of 10.2% as per our guidance).

The Certegy acquisition was successfully completed ahead of schedule on 13th of October, which is significant for our previously stated key strategic goal of diversification. Most importantly, despite tight global liquidity and constrained credit markets, we have secured 2 year committed portfolio funding of $150 million from existing funders for the Certegy portfolio. The board is delighted with these achievements particularly in light of the severity of the world-wide funding shortage.

I would like to take this time, on behalf of the board, to formally thank the staff of both FlexiGroup and Certegy who have managed a smooth acquisition and integration during a difficult time.

We believe the Certegy acquisition, which completed at a favourable price, will add value to FlexiGroup, providing scale, diversification and a significant customer base. Annually, FlexiGroup customer originations will increase from around 100,000 to in excess of 250,000. On completion of the acquisition, 500,000 customer profiles were added to our database and are available for cross-selling initiatives. Retail partners expand with 5,500 new outlets added and importantly FlexiGroup's previous 90% concentration in the computer / electrical channel dilutes to approximately 45%.

Surviving and indeed thriving in turbulent times relies on understanding and anticipating the external environment, managing to it and having a keen focus on the fundamental drivers of performance.

For FlexiGroup, prudent management means preparing for a slowing retail environment and a deteriorating credit landscape. Even in the best of times, maintaining critical control of such business fundamentals as: overheads, cashflow, funding facilities, credit underwriting and collections is important; in today's environment it is vital. However, taking a long term view means focusing on retailer relationships, recognising product and income opportunities and on leveraging the considerable diversification, scale and significant customer base that Certegy affords. Whilst we must navigate the storm, we intend to emerge a stronger, more diversified company.

For the remainder of the financial year 2009, the management team is focusing on several key initiatives:

- Continuing the successful strategy of increasing non-fund income by optimising: fees, end of term income and identifying new product opportunities

- With the Certegy integration complete, focus will now shift to managing the cost base in line with reduced lease volumes. Operating expense reductions will be balanced so as not to curtail several new product opportunities that have been identified

- Continuing to defensively manage credit and risk to mitigate credit losses arising from increased unemployment

From a guidance stand point we anticipate meeting analysts' expectations of $28-$30 million net profit after tax for 2009 financial year. As previously announced the Certegy acquisition is forecast to be NPAT dilutive by $2.2 million, and is expected to deliver $8 million NPAT in its second full year. While personal loan and leasing volumes will reduce below last year, due to the retail environment and FlexiGroup's defensive credit posture, the volume shortfall will be offset by an improvement in leasing write offs and higher income from fees and end of term income.

We were pleased to recently announce a special dividend payment of 3 cents per fully paid ordinary share will be made on December 9th. I would remind shareholders that at the time of the Certegy announcement we indicated that for the medium term, the dividend payout ratio will be approximately 40% - 50% of NPAT to allow for repayment of the $15m vendor note as part of the Certegy acquisition.

In conclusion, I would like to thank all shareholders for their ongoing support of the Company.

I would now like to introduce your Chief Executive Officer, John DeLano to report on activities for the year.

CEO'S ADDRESS

As the Chairman has indicated these are unprecedented times and whilst certainly challenging, the role of the CEO and the executive team is to prudently guide the business through the turbulence in order to emerge as a stronger company. I believe being adaptable, taking a medium to long term view and having an ability to recognise and realise opportunities will be key to driving shareholder value. Before I touch on this I would like to take a moment to review the 2007–08 financial year which was a favourable and eventful year for FlexiGroup.

FlexiGroup's total net income grew by 20% to $122 million and net profit after tax grew 10.2% over pro-forma financial year 2007. EPS was up 9.6%. Additionally, FlexiGroup acquired Certegy, ahead of schedule, for approximately $31.4m. In October, in a very challenging funding environment, two of our existing funders have committed $150 million towards new facilities that will fund the future Certegy portfolio. We see this recent commitment as an indication of funder confidence in the Flexirent model and management team.

We are particularly pleased to have completed this acquisition as it further diversifies FlexiGroup. The interest free market is a large opportunity and we are pleased to diversify our product lines and gain entry into this space. The concentration of new business with FlexiGroup's largest retail partner will halve to less than 25% of the consolidated new origination volumes. Given the industries in which many of Certegy's merchants operate, the mix of "homeowner" customers will increase; and historically, these customers are a better performing credit demographic.

I think its important to view the favourable results achieved by the Company from the perspective of the performance of the broader financial services sector and the deteriorating consumer confidence. While some competitors have had a difficult year, FlexiGroup has:-

- achieved its financial targets with respect to guidance delivered at the Interim results report;
- strengthened funding facilities and completed the Certegy acquisition; and
- implemented defensive credit and risk strategies that while curtailing volumes are having a pleasing impact on loss write offs.

There were some key initiatives that contributed to this result that will continue to have an impact in future years.

- First, an increase in "Other Net Income" through the introduction of the select payment date option (which has performed above expectations), and through improved end of term income.
- Product feature enhancements and improved pricing were included in the Flexirent Advantage product rollout which was completed in the second half of the financial year 2008. The first major re-engineering of our core leasing product in 11 years features equipment loaner and protection and has high customer appeal as equipment is replaced in 24 hours if lost, damaged, stolen or in for repair.
- A re-energised and re-affirmed Harvey Norman relationship, with support from senior executives demonstrated to franchisees.
- Additionally a long term agreement was signed with Bing Lee and the Noel Leeming long term exclusive agreement was extended and amended. Exclusive Agreements were also signed with Flight Centre and Stella travel.

- In the second half of the financial year, in the light of deteriorating economic conditions, credit policies were tightened in consumer product segments both in Australia and New Zealand. Additionally personal loan volumes were constrained significantly and we have subsequently stopped offering this product. On current performance this would drive an improvement in bad debt expense in the 2nd half of 2009. However, it is foreseeable that rising unemployment may potentially dilute these gains.

With a deteriorating economy and expected increases in unemployment we remain cautious on the outlook for 2009. We will continue to focus on core business fundamentals and on recession readying the business, by reducing operating costs, not writing volume at the expense of credit quality, and by developing non-fund income sources. Let me expand on these points.

During 2008 new business volumes softened while operating costs have remained steady. Resources were re-allocated into the completion and integration of the Certegy acquisition and to the delivery of increased fee income and new product opportunities. With these initiatives completed we will focus on managing our operating costs to a lower cost / income ratio.

Steps taken some months ago to tighten credit criteria and to optimise collections performance have started to show results. We have been proactive in increasing our collections capability and capacity, including the impending introduction of an auto dialler in December 2008. While leasing write-offs on a year to date basis are flat to last year, the recent two month trend is showing a significant improvement over last year.

During 2008 we were successful in identifying and developing non-fund income sources. We see this as a key focus for 2009. The most significant opportunity exists within the Certegy business. The next phase of product enhancements will introduce fees and is due for completion in March 2009. This enhancement drives incremental NPAT to current business performance and will keep us on track to meet earlier guidance of $8.5 million NPAT contribution from Certegy in its 2nd year of operation.

I would like to take this opportunity to thank our funders for their ongoing support and the confidence in our underlying business model.

We will continue to closely manage these funder relationships and maintain open two-way communication to ensure our business goals remain aligned. Importantly additional facilities will continue to be sought so that we can realise future growth opportunities.