

Sydney – 23 February 2010

FlexiGroup Limited announces strong 2010 Interim results and launches \$40 million fully underwritten equity raising

Highlights:

- Underlying NPAT increases 30% to \$19.1 million
- NPAT (including one-off tax benefit) increases 143% to \$36.1 million
- Sales volume increases 44% to \$257 million
- Certegy, Flexirent, and BLiNK mobile broadband divisions performing well
- Credit quality remains stable with decline in lease losses over pcp due to tight credit standards and robust collection process
- \$40.5m fully underwritten capital raising to transition funding arrangements and pursue opportunities in post-GFC environment
- Plans to enter Vendor Financing and Mid/Large Ticket leasing market

FlexiGroup Limited (“**FlexiGroup**”) today reported a 143% lift in consolidated Net Profit after Tax (NPAT) to \$36.1 million for the six months to 31 December 2009, including a one-off tax benefit of \$17 million.

Underlying 1HFY10 NPAT growth (excluding the tax benefit) of 30% to \$19.1 million was underpinned by strong performances from the Company’s three core operating divisions, John DeLano, Managing Director and Chief Executive Officer, said.

“FlexiGroup’s underlying performance is very pleasing, and our strategy of expansion by acquisition of good credit quality business together with diversifying our range of products into interest free financing and mobile broadband continues to drive strong volume and profit growth,” Mr DeLano said.

“We intend to further diversify by entering Vendor/OEM finance and mid-to-large ticket leasing during this current half of the financial year. I am pleased to announce that we have hired a large team of experienced specialists in this market who were previously with the local market leader in this space.”

“In the \$3 billion vendor financing market, the global financial crisis (“**GFC**”) has led to sources of capital diminishing as a range of institutions have vacated the field or reduced their exposure. This has created challenges for many large and small businesses as well as Vendors and OEM’s in accessing credit. At the same time, FlexiGroup’s receivables are becoming significantly more attractive to lenders - banks and fund managers. Both of these trends provide FlexiGroup with an excellent opportunity for growth in what is a significant market.” Mr DeLano said.

Equity raising

“The proceeds of the equity raising we have announced today will further strengthen the Company’s balance sheet and will enhance its ability to establish new funding arrangements to support growth initiatives, reduce cost of funds, and increase its capacity for bolt-on acquisitions. These opportunities have been presented through the seismic shifts in the credit markets as a result of the GFC.” Mr DeLano said.

FlexiGroup will conduct a \$40.5 million equity raising at a fixed price of \$1.28 per share which will comprise:

- a \$25.5 million non-renounceable rights issue to eligible shareholders (“**Rights Issue**”); and
- a \$15.0 million accelerated institutional placement (“**Placement**”),

all of which has been fully underwritten by J.P. Morgan Australia Limited and UBS AG, Australia Branch. The offer price of \$1.28 per share represents a 17.4% discount to the closing price of FlexiGroup shares of \$1.55 (adjusting for 3 cents per share dividend) on 22 February 2010 and a 16.3% discount to the theoretical ex-rights price (“**TERP**”).

Rights Issue

Under the Rights Issue, eligible FlexiGroup shareholders will have the opportunity to subscribe for one new share for every 12 existing FlexiGroup shares held on the record date of 3 March 2010 (“**Record Date**”). The Rights Issue is non-renounceable which means that FlexiGroup shareholders who do not take up their entitlement to participate in the Rights Issue will not receive any payment or value for those entitlements.

Eligible FlexiGroup shareholders are those holders of FlexiGroup shares who:

- are registered as the holder of shares as at 7.00pm AEST on the Record Date;
- have an address on FlexiGroup’s register of members in Australia or New Zealand;
- are not in the United States, and are not acting for the account or benefit of, any U.S. Person; and
- are eligible under all applicable securities laws to receive an offer under the Rights Issue.

The Rights Issue is not being extended to any shareholder with a registered address outside Australia and New Zealand. Eligible FlexiGroup shareholders will shortly receive an offer booklet and a personalised entitlement and acceptance form which will provide further details on how to participate. The Rights Issue will open on 9 March 2010.

FlexiGroup's largest shareholder, the Abercrombie Group holder of 31% of FXL shares prior to the equity raising, will take up its full entitlement in the Rights Issue.

Placement

FlexiGroup expects to announce the outcome of the Placement to the market prior to the commencement of trading on 24 February 2010, with trading in FlexiGroup shares expected to resume at the start of trading on that day. Shares issued as part of the institutional placement will not be eligible to participate in the Rights Issue.

Key dates

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| Placement bookbuild conducted | 23 February 2010 |
| Record Date to determine right to participate in the Rights Issue | 7.00pm (AEDT) 3 March 2010 |
| Settlement of Placement shares | 3 March 2010 |
| Allotment and trading of new shares issued under the Placement | 4 March 2010 |
| Rights Issue offer opens | 9 March 2010 |
| Rights Issue offer closes (Closing Date) | 5.00pm (AEDT) 23 March 2010 |
| Allotment of new shares issued under the Rights Issue | 31 March 2010 |
| Normal trading of new shares issued under the Rights Issue commences | 1 April 2010 |

The above timetable is indicative only. References to time and date are references to Australian Eastern Daylight Time (AEDT). FlexiGroup reserves the right to amend any or all of these events, dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, FlexiGroup reserves the right to extend the closing dates for the offers, to accept late applications either generally or, in particular cases, to withdraw the offers without prior notice. The commencement of quotation of the new shares is subject to confirmation from ASX.

Interim dividend

Mr DeLano reiterated the company's recent NPAT guidance for the full financial year being in a range of \$39 million to \$41 million on an underlying basis.

The Board has declared an interim dividend of 3 cents per share which will have a record date of 16 March 2010 and will be payable on 15 April 2010.

Shares issued under the Rights Issue and Placement have no entitlement to the interim dividend.

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Please also refer to the investor presentation accompanying this announcement.

FLEXIGROUP

Notes to Editor:

FLEXIRENT 

 certegy
ezi-pay

BLiNK™
NOTHING'S EASIER

FlexiGroup through Flexirent and the acquired Certegy business is a leading provider of retail point-of-sale finance solutions including: lease, rental and interest free products across a diverse range of industries, such as: IT and electrical equipment, jewellery, home improvement, travel, furnishings. Recently the company has launched the BLiNK brand of mobile broadband products to its key IT retail partners.

FlexiGroup provides its products to customers across Australia and New Zealand, marketing its financial and telecommunication products under the following brands; Flexirent, EzyWay, Flexiway, Certegy Ezipay and BLiNK.

Key to FlexiGroup's success are the long standing relationships developed with a number of successful retailers. FlexiGroup has a distribution network of approximately 11,000 active retailers. Key retailers include Harvey Norman, Noel Leeming, Bing Lee, The Good Guys, Michael Hill Jewellers and Modern Roofing.

John DeLano joined FlexiGroup in September 2003 as Managing Director. Prior to joining FlexiGroup, John was Managing Director of Avis Australia, and also served in a senior role as Travel Services International in the USA, a publicly-listed company.

The Board of FlexiGroup is chaired by Margaret Jackson (also a Director of Billabong International Limited), and includes John Skippen, formerly Finance Director of Harvey Norman Holdings Limited, Rajeev Dhawan, a partner of Equity Partners, and Andrew Abercrombie, a founding director and major shareholder in the company.