



FlexiGroup Limited

(ABN 75 122 574 583)

SHAREHOLDER BOOKLET

1 for 12 Non-Renounceable Rights Issue of Ordinary Shares and Institutional Placement of Ordinary Shares to raise approximately \$40.5 million

Rights Issue closes at 5:00pm on 23 March 2010

This is an important document which is accompanied by an Entitlement and Acceptance Form and both should be read in their entirety. This document requires your immediate attention and if you are in any doubt about its contents or the course of action you should take, please call your broker, professional adviser or the FlexiGroup Information Line if you have any questions.

This Shareholder Booklet is not a prospectus and has not been lodged with ASIC. It does not contain all the information that an investor would find in a prospectus or on which an investor would expect to make an informed decision as to whether or not to accept this offer. As FlexiGroup Limited is a listed disclosing entity which meets the requirements of section 708AA of the Corporations Act as notionally modified by ASIC Class Orders CO 07/571 and CO 08/35, the Rights Issue will be made without a prospectus.

This Shareholder Booklet may not be distributed or released in the United States of America. This Shareholder Booklet does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or any other jurisdiction outside Australia and New Zealand. The shares offered under the Rights Issue have not been and will not be registered under the US Securities Act of 1933, as amended, or the securities law of any state or other jurisdiction of the United States. The shares offered under the Rights Issue may not be offered or sold in the United States absent registration or in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act.

Important information

SHAREHOLDER BOOKLET

This Shareholder Booklet is issued by FlexiGroup Limited (ABN 75 122 574 583).

This Shareholder Booklet and the Entitlement and Acceptance Form are important and require your immediate attention. You should read these documents carefully and in their entirety before deciding whether or not to participate in the Rights Issue.

In particular, you should consider the risk factors outlined in the Investor Presentation (included in this Shareholder Booklet as Annexure II, particularly in the “Risk Factors” Section).

You should also consider the tax implications outlined in Section 5 of this Shareholder Booklet. The potential tax effects of the Rights Issue will vary between investors. All investors should satisfy themselves of any possible tax consequences by consulting their own professional tax adviser before deciding whether or not to participate in the Rights Issue.

Neither this Shareholder Booklet nor the Entitlement and Acceptance Form is a prospectus for the purposes of the Corporations Act. Accordingly, these documents do not contain all of the information which a prospective investor may require to make an investment decision. They do not, and are not required to, contain all of the information which would otherwise be required to be disclosed in a prospectus. They are not required to be, and will not be, lodged with ASIC.

This Shareholder Booklet should be read in conjunction with FlexiGroup’s other periodic and continuous disclosure announcements to the ASX available at www.asx.com.au.

Unless otherwise stated, all numbers in this Shareholder Booklet are in Australian dollars (A\$) and financial data is presented as at 31 December 2009. FlexiGroup does not give any undertaking or representation that information in this Shareholder Booklet will be updated, except to the minimum extent required by law.

Neither FlexiGroup nor any other person warrants or guarantees the future performance of FlexiGroup or any return on any investment made under this Shareholder Booklet.

This Shareholder Booklet contains forward-looking statements, including indications of, and guidance on, the future earnings and financial position and performance of FlexiGroup. Forward looking statements include those containing such words as ‘anticipate’, ‘estimates’, ‘should’, ‘will’, ‘expects’, ‘plans’, or similar expressions. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond FlexiGroup’s control, and which may cause actual results to differ materially from those expressed in the statements contained in this Shareholder Booklet. You should not place undue reliance on these forward-looking statements having regard to the fact that the outcome may not be achieved. These forward-looking statements are based on information available to FlexiGroup as of the date of this Shareholder Booklet. Except as required by law or regulation (including the ASX Listing Rules), FlexiGroup undertakes no obligation to update these forward-looking statements. To the maximum extent permitted by law, FlexiGroup and its officers, employees, agents, associates and advisers do not make any representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of such information, or likelihood of fulfilment of any forward looking statement, and disclaim all responsibility and liability

for these forward looking statements (including, without limitation, liability for negligence).

Please see the ASX Announcement and Investor Presentation (included in this Shareholder Booklet as Annexure I and Annexure II respectively) for other important notices, disclaimers and acknowledgements.

Please see pages 24-25 of this Shareholder Booklet (inside back cover of this Shareholder Booklet) for important Eligible Shareholder declarations in relation to the Rights Issue.

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Section 1 Chairman's letter

FlexiGroup Limited – Non-Renounceable Rights Issue

Dear Shareholder,

On 23 February 2010, FlexiGroup Limited (**FlexiGroup**), announced its intention to raise approximately \$40.5 million through a \$15 million institutional placement (**Institutional Placement**) and an approximately \$25.5 million non-renounceable rights issue (**Rights Issue**) (together the **Equity Raising**). The Equity Raising is fully underwritten.

The Rights Issue is a 1 for 12 non-renounceable pro-rata entitlement offer of fully paid ordinary shares in FlexiGroup (**Rights Issue Shares**) at an offer price of \$1.28 per Rights Issue Share (**Entitlement**). Rights Issue Shares will rank equally with existing FlexiGroup ordinary shares (**Shares**) from their date of issue except that the Rights Issue Shares will not be entitled to any interim dividend in respect of the 6 months ended 31 December 2009 (**Interim Dividend**).

The Institutional Placement will be completed on 23 February 2010 and Institutional Placement Shares will be issued at the same price as Rights Issue Shares under the Rights Issue. Institutional Placement Shares will rank equally with existing FlexiGroup Shares from their date of issue except that the Institutional Placement Shares will not be entitled to participate in the Rights Issue and will not be entitled to any Interim Dividend.

The proceeds of the Equity Raising will further strengthen FlexiGroup'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.

This Booklet contains a number of important sections, including:

- Key Dates;
- Action to be taken by Eligible Shareholders;
- Taxation;
- Important Information;
- Glossary;
- ASX Offer Announcement; and
- Investor Presentation.

I recommend that you read these sections carefully and in their entirety before deciding whether or not to participate in the Rights Issue. You should also seek appropriate professional advice before making your investment decision.

It is important to note that the Rights Issue closes at 5:00pm (AEDST) on 23 March 2010. To participate, you need to ensure that:

- your completed Entitlement and Acceptance Form is received by FlexiGroup before this time and date; OR

- you have paid your Application Monies via BPAY® pursuant to the instructions that are set out on the Entitlement and Acceptance Form.

Please refer to the instructions in Section 4 “Action to be taken by Eligible Shareholders” for further information.

For further information regarding the Rights Issue, please call the FlexiGroup Shareholder Information Line on 1800 881 432 (local call cost from within Australia) or +61 2 8280 7927 (outside Australia) at any time from 8:30am to 5:30pm (AEDST) Monday to Friday during the Rights Issue Period or visit our website at www.flexigroup.com.au

On behalf of the Board of FlexiGroup, I invite you to consider this investment opportunity and thank you for your ongoing support of our company.

Yours sincerely

Margaret Jackson, AC

Chairman, FlexiGroup Limited

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Section 2 Overview of the Equity Raising

2.1 Equity Raising

FlexiGroup intends to raise approximately \$40.5 million under the Equity Raising, which comprises the Institutional Placement and the Rights Issue. The Equity Raising is fully underwritten.

New Shares issued under the Equity Raising will be issued on a fully paid basis and will rank equally in all respects with Existing Shares from their date of issue, except that:

- (a) the Institutional Placement Shares will not be entitled to participate in the Rights Issue or be entitled to any Interim Dividend; and
- (b) the Rights Issue Shares will not be entitled to any Interim Dividend.

2.2 Institutional Placement

On 23 February 2010, FlexiGroup will conduct an Institutional Placement to raise \$15 million at an offer price of \$1.28 per Institutional Placement Share.

Institutional Placement Shares are expected to be allotted under the Institutional Placement on 4 March 2010 and commence trading on 4 March 2010.

Institutional Placement Shares allotted under the Institutional Placement will not be eligible to participate in the Rights Issue or be entitled to any Interim Dividend.

2.3 Rights Issue

The Rights Issue will raise approximately \$25.5 million.

Under the Rights Issue, FlexiGroup is offering Eligible Shareholders the opportunity to subscribe for 1 Rights Issue Share for every 12 Existing Shares held on the Record Date, being 7:00pm (AEDST) on 3 March 2010.

The offer price under the Rights Issue is the same as the offer price under the Institutional Placement, being \$1.28 per Rights Issue Share.

Rights Issue Shares are expected to be allotted under the Rights Issue on 31 March 2010 and commence trading on 1 April 2010.

(a) Eligibility

The Rights Issue constitutes an offer only to Eligible Shareholders, being Shareholders on the Record Date who have a registered address in Australia or New Zealand (the **Eligible Jurisdictions**) and are eligible under all applicable laws to receive an offer under the Rights Issue.

(b) Entitlement

The Entitlement of each Eligible Shareholder is printed on the personalised Entitlement and Acceptance Form distributed to Eligible Shareholders with this Shareholder Booklet.

(c) Participation in the Rights Issue

To participate in the Rights Issue, Eligible Shareholders need to ensure that:

- (i) their completed Entitlement and Acceptance Form and Application Monies are received by FlexiGroup before 5:00pm (AEDST) on 23 March 2010; OR
- (ii) they have paid their Application Monies via BPAY® pursuant to the instructions that are set out on the Entitlement and Acceptance Form.

Please refer to Section 4 “Action to be taken by Eligible Shareholders” for further information.

(d) Non-renounceable Entitlement

The Rights Issue is non-renounceable. This means that your Entitlements cannot be traded or otherwise transferred on the ASX or any other exchange or privately. Any Entitlement not taken up by an Eligible Shareholder will be taken up by the Underwriters, subject to the terms of the Underwriting Agreement.

(e) Treatment of Ineligible Shareholders

FlexiGroup has taken into consideration the costs of complying with legal and regulatory requirements, and the requirements of regulatory authorities, in jurisdictions outside Australia and New Zealand compared with the small number of Shareholders in those jurisdictions (and the number and value of Rights Issue Shares to which they would be entitled), and has determined, in accordance with section 9A of the Corporations Act and ASX Listing Rule 7.7.1(a), that it would be unreasonable to make offers to Ineligible Shareholders. Accordingly, the Entitlement and Acceptance Forms are not being sent to Ineligible Shareholders.

The Rights Issue constitutes an offer only to Eligible Shareholders. The Rights Issue does not constitute an offer or invitation to subscribe for Rights Issue Shares in any jurisdiction outside the Eligible Jurisdictions.

(f) Reconciliation

As in any rights issue, investors may believe that they own more Existing Shares on the Record Date than they ultimately do. This may result in a need for reconciliation to ensure all Eligible Shareholders have the opportunity to receive their full Entitlement. If reconciliation is required, it is possible that FlexiGroup may need to issue a small quantity of additional Rights Issue Shares (**Top-Up Shares**) to ensure all Eligible Shareholders have the opportunity to receive their full Entitlements. Any Top-Up Shares will be issued at the Offer Price.

FlexiGroup also reserves the right to reduce the number of Rights Issue Shares allocated to Eligible Shareholders or persons claiming to be Eligible Shareholders, if their Entitlement claims prove to be overstated, or if they or their nominees fail to provide information requested to

substantiate their Entitlement claims, or if they are indeed not Eligible Shareholders.

(g) Holding Statements

Confirmations are expected to be dispatched to Eligible Shareholders on 31 March 2010 in respect of Rights Issue Shares allotted under the Rights Issue.

It is the responsibility of each applicant to confirm their holding before trading in Rights Issue Shares. Any applicant who sells Rights Issue Shares before receiving written confirmation of their holding will do so at their own risk. FlexiGroup and the Underwriters disclaim all liability whether in negligence or otherwise (and to the maximum extent permitted by law) to persons who trade Rights Issue Shares before receiving their confirmations, whether on the basis of confirmation of the allocation provided by FlexiGroup, the Registry, or the Underwriters.

(h) Withdrawal of the Rights Issue

FlexiGroup reserves the right to withdraw the Rights Issue at any time, in which case FlexiGroup will refund any Application Monies already received in accordance with the Corporations Act and will do so without interest.

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Section 3 Key dates

Announcement of Equity Raising and lodgement of ASX Announcement, Investor Presentation, Shareholder Booklet, Appendix 3B, section 708AA cleansing notice with ASX	23 February 2010
Distribute Letter to Eligible Shareholders	24 February 2010
Existing Shares quoted "ex-entitlements" on ASX	25 February 2010
Record Date for the Rights Issue	7:00pm on 3 March 2010
Settlement of the Institutional Placement Shares	3 March 2010
Allotment of the Institutional Placement Shares and lodgement of section 708A cleansing notice	4 March 2010
Normal trading of Institutional Placement Shares expected to commence on ASX	4 March 2010
Mailing of Shareholder Booklet and Entitlement and Acceptance Form to Eligible Shareholders	Completed by 9 March 2010
Rights Issue Opening Date	9 March 2010
Rights Issue Closing Date (last day for receipt of acceptances)	5:00pm on 23 March 2010
Deferred settlement trading of Rights Issue Shares	24 March 2010
ASX notified of under-subscriptions	26 March 2010
Allotment of Rights Issue Shares and deferred settlement trading of Rights Issue Shares ends	31 March 2010
Despatch date	ASX notified by noon on 31 March 2010
Normal trading of Rights Issue Shares expected to commence on ASX	1 April 2010

Note: Dates and times are indicative only and subject to change. All times and dates refer to Australian Eastern Daylight Standard Time (**AEDST**).

Eligible Shareholders are encouraged to submit their Entitlement and Acceptance Form and Application Monies as soon as possible after the Rights Issue opens. FlexiGroup, in conjunction with the Underwriters, reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws, to vary any of the above dates of the Rights Issue, including extending the Rights Issue Period or accepting late applications, either generally or in particular cases, without notice. Any extension of the closing date will have a consequential effect on the issue date of New Shares.

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Section 4 Action to be taken by Eligible Shareholders

4.1 Available actions

If you are an Eligible Shareholder, accompanying this Shareholder Booklet is an Entitlement and Acceptance Form showing the number of Rights Issue Shares which you are entitled to subscribe for under the Rights Issue. You may take one of the following actions in respect of your Entitlement:

- (a) accept your Entitlement in full;
- (b) accept part of your Entitlement and allow the balance to lapse; or
- (c) do nothing with all or part of your Entitlement. **IMPORTANT:** If you do nothing with your Entitlement, your Entitlement will lapse and you will not be able to subscribe for any Rights Issue Shares or realise any other value for your Entitlement.

Note: the Entitlement stated on your personalised Entitlement and Acceptance Form may be in excess of the actual Entitlement you may be permitted to take up where, for example, you are holding Existing Shares on behalf of a person in the United States.

4.2 Accepting your entitlements

If you are an Eligible Shareholder who wishes to accept all or part of your Entitlement, there are two different ways you can submit your Application and Application Monies:

- Option 1 – Submit your completed Entitlement and Acceptance Form together with cheque, bank draft or money order for all Application Monies; or
 - Option 2 – Apply and pay via BPAY®.
- (a) **Option 1 – Submit your completed Entitlement and Acceptance Form together with cheque, bank draft or money order for all Application Monies**

To apply and pay by cheque, bank draft or money order, you should:

- (i) read this Shareholder Booklet and the Entitlement and Acceptance Form in their entirety and seek appropriate professional advice if necessary;
- (ii) complete the personalised Entitlement and Acceptance Form accompanying this Shareholder Booklet in accordance with the instructions set out on that form, and indicate the number of Rights Issue Shares you wish to subscribe for; and
- (iii) return the form to the Registry (address details below) together with a cheque, bank draft or money order which must be:

- (A) in respect of the full Application Monies (being the Offer Price of \$1.28 multiplied by the number of Rights Issue Shares you wish to subscribe for);
- (B) in Australian currency drawn on an Australian branch of a financial institution; and
- (C) made payable to 'FlexiGroup Limited Offer Account' and crossed 'Not Negotiable'.

You should ensure that sufficient funds are held in relevant account(s) to cover the full Application Monies.

Cash payments will not be accepted. Receipts for payment will not be issued.

Your Entitlement and Acceptance Form and your Application Monies in cleared funds must be received by the Registry by no later than 5:00pm (AEDST) on 23 March 2010. If your Entitlement and Acceptance Form and your Application Monies in cleared funds are received by the Registry by 5:00pm (AEDST) on 23 March 2010, Rights Issue Shares will be allotted to you on 31 March 2010.

Entitlement and Acceptance Forms (and payments for Application Monies) will not be accepted after 5:00pm (AEDST) on 23 March 2010, and no Rights Issue Shares will be issued to you in respect of any Application received after that date.

You need to ensure that your completed Entitlement and Acceptance Form and cheque, bank draft or money order in respect of the full Application Monies reaches the Registry at the following address:

Postal Address:

FlexiGroup Limited
C/- Link Market Services Limited
GPO Box 3560
Sydney NSW 2001
Australia

Hand delivery address:

FlexiGroup Limited
C/- Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000
Australia

Entitlement and Acceptance Forms (and payments for any Application Monies) will not be accepted at FlexiGroup's registered or corporate offices.

Note that if you have more than one holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding. A separate

Entitlement and Acceptance Form and payment of Application Monies must be completed for each separate Entitlement you hold.

(b) Option 2 – Apply and pay via BPAY®

To apply and pay via BPAY®, you should:

- (i) read this Shareholder Booklet and the Entitlement and Acceptance Form in their entirety and seek appropriate professional advice if necessary;
- (ii) make your payment in respect of the full Application Monies via BPAY® for the number of Rights Issue Shares you wish to subscribe for (being the Offer Price of \$1.28 multiplied by the number of Rights Issue Shares you are applying for) so that it is received by no later than 5:00pm (AEDST) on 23 March 2010. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution.

If you choose to pay via BPAY®, you are not required to submit the Entitlement and Acceptance Form but are taken to make the statements on that form and representations outlined below in paragraph (c) “Implications of making an Application”.

If you make payment of the Application Monies by 5:00pm (AEDST) on 23 March 2010, Rights Issue Shares will be allotted to you on 31 March 2010.

Your payment of the Application Monies will not be accepted after 5:00pm (AEDST) on 23 March 2010 and no Rights Issue Shares will be issued to you in respect of any Application received after that date.

If you have multiple holdings you will have multiple BPAY® reference numbers. To ensure you receive your Entitlement in respect of that holding, you must use the reference number shown on each personalised Entitlement and Acceptance Form when paying for any Rights Issue Shares that you wish to apply for in respect of that holding.

You should be aware that your financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment of Application Monies.

If the amount of Application Monies is insufficient to pay in full for the number of Rights Issue Shares you applied for, or is more than the number of Rights Issue Shares you applied for, you will be taken to have applied for such whole number of Rights Issue Shares which is covered in full by your Application Monies, to the extent that this does not exceed your Entitlement. Any Application Monies received in excess of your Entitlement will be refunded to you.

(c) Implications of making an Application

Returning a completed Entitlement and Acceptance Form or paying any Application Monies for New Shares via BPAY® will be taken to constitute a representation by the Eligible Shareholder that they:

- (a) have received a copy of this Shareholder Booklet accompanying the Entitlement and Acceptance Form, and read it in its entirety;
- (b) make the Eligible Shareholder declarations set out at pages 24-25 (inside back cover of this Shareholder Booklet);
- (c) acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation to any Application Monies, the Application may not be varied or withdrawn except as required by law.

4.3 Accepting part of your Entitlement and allow the balance to lapse

If you wish to take up part of your Entitlement and allow the balance to lapse, complete the Entitlement and Acceptance Form for the number of Rights Issue Shares you wish to take up and follow the payment procedures described in Section 4.2 above. If you take no further action, the balance of your Entitlement will lapse. You will receive no payment or value for any of your Entitlement which lapses. You cannot sell or transfer any part of your Entitlement to another person. Your holding of Existing Shares will, however, be diluted because the issue of Rights Issue Shares will increase the total number of Shares on issue. In addition, your holding of Existing Shares will be diluted further because of the issue of Institutional Placement Shares under the Institutional Placement.

4.4 Allow all of your Entitlement to lapse

If you do not wish to accept any part of your Entitlement, do not take any further action and your Entitlement will lapse. You will receive no payment or value for your lapsed Entitlement. You cannot sell or transfer your Entitlement to another person. Your holding of Existing Shares will, however, be diluted because the issue of Rights Issue Shares will increase the total number of Shares on issue. In addition, your holding of Existing Shares will be diluted further because of the issue of Institutional Placement Shares under the Institutional Placement.

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Section 5 Taxation

5.1 General information

The following comments on taxation are based on applicable tax legislation current as at the date of this Shareholder Booklet.

This Shareholder Booklet is not intended to constitute tax advice to Shareholders regarding the Entitlements and the Rights Issue Shares or the consequences of holding or selling Rights Issue Shares. All comments on taxation in this Shareholder Booklet are of a general nature only and are not, and should not be construed as, legal or tax advice. Eligible Shareholders should consult their own taxation or other financial advisers concerning the taxation implications, in their particular circumstances, of owning and/or disposing the Rights Issue Shares.

5.2 Australian tax considerations for Eligible Shareholders

Set out below is a summary of the Australian tax implications of the Rights Issue for Eligible Shareholders who:

- are either a resident or non-resident of Australia for income tax purposes; and
- hold their Existing Shares (and will hold their Rights Issue Shares) as capital assets.

This summary does not apply to any Eligible Shareholder who hold their Existing Shares (or will hold their Rights Issue Shares) as trading stock or revenue assets.

The summary below also does not take into account any individual circumstances of any particular Eligible Shareholder. Eligible Shareholders should seek specific advice applicable to their own particular circumstances from their own financial or tax advisers.

(a) Granting of Entitlements

The granting of the Entitlements will not require Eligible Shareholders to include any amount in their assessable income, nor cause any adjustment to the cost base of their Existing Shares.

(b) Exercise of Entitlements

Eligible Shareholders who exercise their Entitlements and subscribe for Rights Issue Shares will acquire those shares with a cost base for capital gains tax (CGT) purposes equal to the Offer Price payable by them for those Rights Issue Shares, plus certain non-deductible incidental costs they incur in acquiring those Rights Issue Shares.

(c) Rights Issue Shares

Eligible Shareholders who exercise their Entitlements will acquire Rights Issue Shares.

The Australian tax consequences for Eligible Shareholders in respect of the holding and disposing of Rights Issue Shares will generally be the same as for their Existing Shares.

CGT for Australian resident Eligible Shareholders

If an Eligible Shareholder disposes of their Rights Issue Shares, a capital gain or capital loss may arise in the same manner as would arise on the disposal of their Existing Shares.

Broadly, an Australian resident Eligible Shareholder will make a capital gain to the extent to which the capital proceeds received in connection with the disposal of their Rights Issue Shares exceeds their cost base in acquiring the Rights Issue Shares. A capital loss will arise to the extent to which the capital proceeds are less than their reduced cost base.

Rights Issue Shares will be treated for the purposes of the CGT discount as having been acquired when the Eligible Shareholder exercised the Entitlements to subscribe for them. Accordingly, in order to benefit from the CGT discount in respect of a disposal of the Rights Issue Shares, they must have been held for at least 12 months after the date of exercise before the disposal occurs.

CGT for non-resident Eligible Shareholders

If you are a non-resident Eligible Shareholder, you will generally not have to pay Australian tax on any CGT when you dispose of your Rights Issue Shares, unless both of the following requirements are satisfied:

- you hold a “non-portfolio interest” in FlexiGroup; and
- the Rights Issue Shares pass the “principal asset test”.

If either element is absent, any capital gain made on the disposal of your Rights Issue Shares should not be subject to income tax in Australia.

You will hold a “non-portfolio interest” in FlexiGroup if you (together with your associates) own, or owned, throughout a 12 month period during the two years preceding the sale of your Rights Issue Shares, 10% or more of (broadly) all of the shares on issue in FlexiGroup.

Broadly, the Rights Issue Shares would pass the “principal asset test” if the market value of FlexiGroup’s direct and indirect interests in Australian land (including leases and mining rights) is more than the market value of its other assets at the time you dispose of your Rights Issue Shares.

Withholding taxes

The withholding tax consequences for Eligible Shareholders in respect of the holding of Rights Issue Shares will generally be the same as for their Existing Shares.

That is, resident Eligible Shareholders may be subject to tax file number (TFN) or Australian Business Number (ABN) withholding tax with respect to dividends paid on their Rights Issue Shares if they do not provide their TFN or ABN to FlexiGroup. Similarly, non-resident

Eligible Shareholders may be subject to dividend withholding tax on dividends paid on their Rights Issue Shares.

(d) Other Australian taxes

No Australian GST or stamp duty is payable in respect of the grant or exercise of the Entitlements or the acquisition of Rights Issue Shares.

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Section 6 Important information

6.1 No prospectus

The Rights Issue complies with the requirements of section 708AA of the Corporations Act as notionally modified by ASIC Class Order CO 07/571 and CO 08/35. Accordingly neither this Shareholder Booklet nor the Entitlement and Acceptance Form are required to be lodged or registered with ASIC and no prospectus for the Equity Raising will be prepared.

The Rights Issue Shares being offered under this Shareholder Booklet are being offered to Eligible Shareholders with registered addresses in New Zealand in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (NZ). This Shareholder Booklet is not an investment statement or prospectus under New Zealand law, and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

6.2 Availability of Shareholder Booklet

Shareholders with registered addresses in the Eligible Jurisdictions can obtain a copy of this Shareholder Booklet during the Rights Issue Period on FlexiGroup's website at www.flexigroup.com.au or by calling the FlexiGroup Shareholder Information Line on 1800 881 432 (toll free within Australia) or on +61 2 8280 7927 (from outside Australia) at any time from 8:30am to 5:30pm Monday to Friday during the Rights Issue Period.

Eligible Shareholders with registered addresses in the Eligible Jurisdictions will be sent a copy of this Shareholder Booklet and their Entitlement and Acceptance Form. You should ensure that you read the Shareholder Booklet and the Entitlement and Acceptance Form in their entirety, and if accessing them electronically that you download the Shareholder Booklet in its entirety (including the annexures to this Shareholder Booklet).

The electronic version of this Shareholder Booklet on FlexiGroup's website will not include a personalised Entitlement and Acceptance Form. You will only be entitled to accept the Rights Issue by completing your personalised Entitlement and Acceptance Form which accompanies this Shareholder Booklet, OR by making a payment of Application Monies via BPAY® (refer to Section 4 "Action to be taken by Eligible Shareholders" of this Shareholder Booklet for further information). Please carefully read the instructions on the accompanying Entitlement and Acceptance Form.

Shareholders in other jurisdictions are not entitled to access the electronic version of the Shareholder Booklet on FlexiGroup's website.

6.3 Continuous disclosure

FlexiGroup is a "disclosing entity" under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules, including the preparation of annual reports and half yearly reports.

FlexiGroup is required to notify the ASX of information about specific events and matters as they arise for the purposes of the ASX making that information available to the stock markets conducted by the ASX. In particular, FlexiGroup

has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify the ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price value of its Shares. That information is available to the public from the ASX.

Some documents are required to be lodged with ASIC in relation to FlexiGroup. These documents may be obtained from, or inspected at, an ASIC office.

6.4 Not investment advice

The information provided in this Shareholder Booklet and the accompanying Entitlement and Acceptance Form is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. The information contained in this Shareholder Booklet and the accompanying Entitlement and Acceptance Form should not be considered to be comprehensive or to comprise all the information which an Eligible Shareholder may require in order to determine whether or not to subscribe for Rights Issue Shares. If you have any questions you should consult your professional adviser before deciding whether or not to accept all or any part of your Entitlement.

6.5 Risks

The Investor Presentation details important factors and risks that could affect the financial and operating performance of FlexiGroup. Please refer to the “Risk Factors” Section of the Investor Presentation for details. You should consider these risk factors carefully in light of your personal circumstances, including financial and taxation issues, before making an investment decision in connection with the Rights Issue.

6.6 Financial information

FlexiGroup published its Half Year Results for the period ended 31 December 2009 on 23 February 2010 (**Half Yearly Report**). Shareholders should refer to the Half Yearly Report and also the FlexiGroup Annual Report 2009 and the FlexiGroup Half Year Results for the period ended 31 December 2008 on the FlexiGroup website (www.flexigroup.com.au) and related announcements on the ASX website (www.asx.com.au) should they wish to obtain more detailed disclosures and commentary on historical financial information.

Investors should note that the past price performance of FlexiGroup’s shares provides no guidance as to future price performance.

6.7 No authorisation

No person is authorised to give any information or make any representation in connection with the Rights Issue, which is not contained in this Shareholder Booklet. Any information or representation not contained in this Shareholder Booklet may not be relied on as having been authorised by FlexiGroup or its related bodies corporate in connection with the Rights Issue. Except as required by law, and only to the extent so required:

- (a) none of FlexiGroup, or any other person, warrants or guarantees the future performance of FlexiGroup or any return on any investment made pursuant to the Information; and

- (b) FlexiGroup, its officers, employees and advisers disclaim all liability that may otherwise arise due to the Shareholder Booklet being inaccurate or incomplete in any respect.

6.8 No cooling-off rights

Cooling-off rights do not apply to a subscription for Rights Issue Shares under the Rights Issue. This means that you cannot vary or withdraw your Application once it has been accepted except as required by law.

6.9 Foreign jurisdictions – restrictions and limitations

No action has been taken to register the Rights Issue Shares or otherwise permit an offering of Rights Issue Shares in any jurisdiction outside the Eligible Jurisdictions. This Shareholder Booklet and the Entitlement and Acceptance Form do not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

The distribution of this Shareholder Booklet and/or the Entitlement and Acceptance Form outside the Eligible Jurisdictions may be restricted by law. If you come into possession of this Shareholder Booklet and/or the Entitlement and Acceptance Form you should observe any such restrictions and should seek your own advice on those restrictions. Any failure to comply with such restrictions may contravene applicable securities laws.

The Rights Issue Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be taken up by persons in the United States or by persons who are acting for the account or benefit of a person in the United States.

6.10 Underwriting arrangements and fees

The Institutional Placement and Rights Issues are fully underwritten by the Underwriters.

The Underwriting Agreement is subject to customary termination events, and if terminated, the Equity Raising may not proceed in its entirety.

The Underwriters reserve the right, at any time, to appoint sub-underwriters in respect of any part of the Equity Raising.

The Underwriters are entitled to be paid fees and expenses under the Underwriting Agreement, and receive certain indemnities. Any sub-underwriters appointed by the Underwriters, may be paid a fee determined by negotiation with the relevant sub-underwriter. Any sub-underwriter's fees in respect of the Equity Raising would be paid by the Underwriters.

6.11 Indemnities

Subject to certain exceptions, FlexiGroup has agreed to indemnify each of the Underwriters and its affiliates, related bodies corporate, and their respective officers, employees, agents and advisers (each an indemnified party) from and against all losses arising directly or indirectly from or relating to the Equity Raising.

6.12 Consents

None of the parties referred to in the Directory of this Shareholder Booklet (other than FlexiGroup), has made or authorised the making of any statement that is included in this Shareholder Booklet or any statement on which a statement in this Shareholder Booklet is based.

To the maximum extent permitted by law each of these parties expressly disclaims and takes no responsibility for any statements in or omissions from this Shareholder Booklet other than references to its name or a statement or report included in this Shareholder Booklet with the consent of that party as specified above.

6.13 Privacy

As a Shareholder, FlexiGroup and the Registry have already collected certain personal information from you. If you apply for Rights Issue Shares, FlexiGroup and the Registry may update that personal information or collect additional personal information. Such information may be used to assess your acceptance of Rights Issue Shares, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration.

To do that, FlexiGroup and the Registry may disclose your personal information for purposes related to your shareholding to their agents, contractors or third party service providers to whom they outsource services, in order to assess your Application, the Registry for ongoing administration of the register, printers and mailing houses for the purposes of preparation and distribution of Shareholder information and for handling of mail, or as otherwise authorised under the Privacy Act 1988 (Cth).

If you do not provide us with your personal information we may not be able to process your application. In most cases you can gain access to your personal information held by (or on behalf of) FlexiGroup or the Registry. We aim to ensure that the personal information we retain about you is accurate, complete and up to date. To assist us with this, please contact us if any of the details you have provided change. If you have concerns about the completeness or accuracy of the information we have about you, we will take steps to correct it. You can request access to your personal information by telephoning or writing to FlexiGroup through the Registry as follows:

Link Market Services Limited

Locked Bag A14

Sydney South NSW 1235

or by telephone: 1800 881 432 (within Australia),

or: +61 2 8280 7927 (outside Australia)

6.14 Governing law

This Shareholder Booklet, the Rights Issue and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the law applicable in New South Wales, Australia. Each Shareholder who applies for Rights Issue Shares submits to the jurisdiction of the courts of New South Wales, Australia.

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Section 7 Glossary

Term	Definition
\$ or A\$ or dollars	Australian dollars
ABN	Australian Business Number
AEDST	Australian Eastern Daylight Saving Time
Application	An application to subscribe for Rights Issue Shares under the Rights Issue
Application Monies	Monies received from applicants in respect of their Applications
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited (ABN 98 008 624 691) or the financial market operated by that entity known as the Australian Securities Exchange
ASX Announcement	The announcement released to ASX on 23 February 2010 in connection with the Equity Raising and annexed to this Shareholder Booklet as Annexure I
ASX Listing Rules	The official listing rules of ASX, as amended or replaced from time to time except to the extent of any waiver granted by ASX
CGT	Capital gains tax
Corporations Act	Corporations Act 2001 (Cth)
Eligible Jurisdictions	Australia and New Zealand
Eligible Shareholder	A Shareholder on the Record Date who: <ul style="list-style-type: none">■ has a registered address in an Eligible Jurisdiction; and■ is eligible under all applicable securities laws to receive an offer under the Rights Issue
Entitlement	The entitlement to 1 Rights Issue Shares for every 12 Existing Shares held on the Record Date by Eligible Shareholders
Entitlement and Acceptance Form	The Entitlement and Acceptance Form accompanying this Shareholder Booklet upon which an Application can be made
Equity Raising	The Rights Issue and the Institutional Placement
Existing Shares	Fully paid ordinary shares of FlexiGroup on issue prior to the Equity Raising
FlexiGroup	FlexiGroup Limited (ABN 75 122 574 583)
GST	Australian Goods and Services Tax (currently 10%)
Half Yearly Report	FlexiGroup's half year results for the period ended 31 December 2009, published on 23 February 2010
Ineligible Shareholder	A Shareholder on the Record Date who is not an Eligible Shareholder
Institutional Placement	The offer of \$15 million of Institutional Placement Shares at the Offer Price to certain institutional investors
Institutional Placement	The Shares offered under the Institutional Placement

Term	Definition
Shares	
Interim Dividend	The interim dividend payable by FlexiGroup in respect of any Existing Shares for the 6 months ended 31 December 2009
Investor Presentation	The investor presentation in connection with the Equity Raising dated 23 February 2010 lodged with the ASX on that date and annexed to this Shareholder Booklet as Annexure II
New Shares	The Shares offered under the Equity Raising, which includes the Institutional Placement Shares and the Rights Issue Shares
Offer Price	\$1.28 per New Share
Record Date	The time and date for determining which Shareholders are entitled to an Entitlement under the Rights Issue, being 7:00pm (AEDST) on 3 March 2010
Registry	Link Market Services Limited (ABN 54 083 214 537)
Rights Issue	The offer of approximately \$25.5 million Rights Issue Shares at the Offer Price to Eligible Shareholders in the proportion of 1 Rights Issue Share for every 12 Existing Shares held on the Record Date
Rights Issue Allotment Date	The date of allotment of the Rights Issue Shares (as specified in the “Key Dates” Section of this Shareholder Booklet)
Rights Issue Closing Date	The last date for Eligible Shareholders to lodge an Application (as specified in the “Key Dates” Section of this Shareholder Booklet)
Rights Issue Period	The period commencing on the Rights Issue Opening Date and ending on the Rights Issue Closing Date (as specified in the “Key Dates” Section of this Shareholder Booklet)
Rights Issue Shares	The Shares offered under the Rights Issue
Share	One ordinary share in FlexiGroup
Shareholder	The registered holder of an Existing Share
Shareholder Booklet	This booklet dated 23 February 2010, which includes the Investor Presentation and the ASX Announcement
TFN	Tax File Number
Top-Up Shares	A small quantity of additional Rights Issue Shares that may be issued if reconciliation is required
Underwriters	J.P. Morgan Australia Limited (ABN 52 002 888 011) UBS AG, Australia Branch (ABN 47 088 129 613)
Underwriting Agreement	The Underwriting Agreement dated on or about 23 February 2010 between FlexiGroup and the Underwriters
United States	United States of America, its territories and possessions, any state of the United States and the District of Columbia
US Securities Act	The U.S. Securities Act of 1933, as amended

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Annexure I – ASX announcement

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Annexure II – Investor presentation

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Eligible Shareholder declarations

IMPORTANT:

If you make an Application - you will be taken to make the following declarations to FlexiGroup – you:

- agree to be bound by the terms of the Rights Issue;
- authorise FlexiGroup to register you as the holder of the Rights Issue Shares allotted to you;
- declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- declare you are over 18 years of age and have full legal capacity and power to perform all your Entitlements and obligations under the Entitlement and Acceptance Form;
- acknowledge that once FlexiGroup receives the Entitlement and Acceptance Form or any payment of Application Monies via BPAY®, you may not withdraw it;
- agree to apply for the number of Rights Issue Shares specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY®, at the Offer Price per New Share;
- agree to be issued the number of Rights Issue Shares that you apply for;
- authorise FlexiGroup, the Underwriters, the Registry and their respective officers or agents, to do anything on your behalf necessary for the Rights Issue Shares to be issued to you, including to act on instructions of the Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- declare that you were the current registered holder of Existing Shares on the Record Date and are a resident of an Eligible Jurisdiction;
- acknowledge that the information contained in this Shareholder Booklet and the Entitlement and Acceptance Form is not investment advice or a recommendation that Rights Issue Shares are suitable for you given your investment objectives, financial situation or particular needs, and that the Shareholder Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in FlexiGroup and is given in the context of FlexiGroup's past and ongoing continuous disclosure announcements to ASX;
- represent and warrant that the law of any place outside the Eligible Jurisdictions does not prohibit you from being given this Shareholder Booklet and the Entitlement and Acceptance Form, and does not prohibit you from making an application for Rights Issue Shares;

- acknowledge the statement of risks in the “Risk Factors” Section of the Investor Presentation, and that investments in FlexiGroup are subject to investment risk;
- acknowledge that none of FlexiGroup, the Underwriters or any or each of their directors, officers, employees, agents, consultants, their advisers, guarantees the performance of FlexiGroup, nor do they guarantee the repayment of capital from FlexiGroup;
- represent and warrant that you are not in the United States and not acting for the account or benefit of a person in the United States;
- acknowledge that the Rights Issue Shares have not, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdictions in the United States, or in any other jurisdiction outside Australia and New Zealand and accordingly, the Entitlements may not be taken up, and the Rights Issue Shares may not be offered, sold or otherwise transferred, in the United States or to, or for the account or benefit of, any person in the United States, except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;
- agree not to send this Shareholder Booklet, the Entitlement and Acceptance Form or any other material relating to the Offer to any person in the United States; and
- agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Rights Issue and/or of your holding of Shares on the Record Date.

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Directory

FlexiGroup Limited

Level 8
The Forum
201 Pacific Highway
St Leonards NSW 2065
Australia
Ph: +61 2 8905 2000
Fax: +61 2 8905 1800
<http://www.flexigroup.com.au>

FlexiGroup Shareholder Information Line

Australia: 1800 881 432
International: +61 2 8280 7927
Open 8:30am to 5:30pm Monday to Friday
during the Rights Issue Period

Underwriters

J.P. Morgan Australia Limited
(ABN 52 002 888 011)
Level 32
Grosvenor Place
225 George Street
Sydney NSW 2000

UBS AG, Australia Branch

(ABN 47 088 129 613)
Level 16
Chifley Tower
2 Chifley Square
Sydney NSW 2000

Australian Legal Adviser

Mallesons Stephen Jaques
Level 61
Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
Australia

Registry

Link Market Services Limited
Level 12
680 George Street
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Auditor

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Darling Park Tower 2
201 Sussex Street
Sydney NSW 2000
Australia