

24 February 2010

The Manager  
Company Announcements Officer  
ASX Limited  
Level 4, Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

Dear Sir/Madam

**FlexiGroup Limited (ASX Code: FXL)  
Notification to Shareholders**

Further to FlexiGroup Limited's (ABN 75 122 574 583) announcement of its non-renounceable rights issue and institutional placement on 23 February 2010, we enclose copies of the following documents which have been mailed to shareholders (as applicable) today:

- Notification to Eligible Shareholders; and
- Notification to Ineligible Shareholders.

Yours sincerely



David Stevens  
Group Financial Controller & Company Secretary

## NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

24 February 2010

Dear Shareholder

### **FLEXIGROUP LIMITED NON-RENOUNCEABLE ENTITLEMENT OFFER - NOTIFICATION TO ELIGIBLE SHAREHOLDERS**

On 23 February 2010, FlexiGroup Limited (ABN 75 122 574 583) (“**FlexiGroup**”) announced it was conducting an institutional placement (“**Placement**”) and a non-accelerated non-renounceable pro rata entitlement offer of 1 fully paid ordinary share in FlexiGroup (“**New Shares**”) for every 12 existing FlexiGroup ordinary shares held by shareholders on the Record Date (as defined below) at an offer price of A\$1.28 per New Share<sup>1</sup> (“**Rights Issue**”).

The Placement will raise approximately \$15.0 million and the Rights Issue will raise approximately \$25.5 million. The Placement and Rights Issue are jointly underwritten by J.P. Morgan Australia Limited and UBS AG (Australia Branch). FlexiGroup will issue approximately 11.7 million shares under the Placement and approximately 19.9 million shares under the Rights Issue. The number of FlexiGroup shares on issue at the completion of the Placement and Rights Issue will be approximately 270.8 million.

The Rights Issue is being implemented by FlexiGroup in accordance with section 708AA of the Corporations Act 2001, as notionally modified by ASIC Class Orders CO 08/35 and CO 07/571. FlexiGroup will not issue a prospectus for the Rights Issue or the Placement. Instead, a Shareholder Booklet was lodged with ASX on 23 February 2010 and will be sent to Eligible Shareholders on 9 March 2010. It will also be made available on the ASX website ([www.asx.com.au](http://www.asx.com.au)) and FlexiGroup’s website ([www.flexigroup.com.au](http://www.flexigroup.com.au)). Enclosed with the Shareholder Booklet will be a personalised Entitlement and Acceptance Form and a copy of the Investor Presentation that FlexiGroup has prepared in relation to the Rights Issue.

The Rights Issue is being made to shareholders of FlexiGroup whose registered address is in Australia or New Zealand (“**Eligible Shareholders**”) and who hold shares in FlexiGroup as at 7:00pm (AEDT) on 3 March 2010 (“**Record Date**”). All other shareholders are not eligible to participate in the Rights Issue.

**The New Shares have not been and will not be registered under the US Securities Act of 1933 (as amended) and may not be offered or sold in the United States absent registration under the US Securities Act or an exemption from registration. The entitlements may not be taken up by persons in the United States or for the account or benefit of persons in the United States.**

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<sup>1</sup> Where fractions arise in the calculation of an entitlement, the entitlement will be rounded up or down to the nearest whole number of New Shares.

Entitlements to acquire New Shares pursuant to the Rights Issue are non-renounceable. Eligible Shareholders can choose whether or not to take up their entitlements in whole or in part. If Eligible Shareholders take no action, they will not be allocated any New Shares and their entitlements will lapse. Eligible Shareholders will not receive any payment or value for any lapsed entitlement.

New Shares issued under the Rights Issue will be allotted on 31 March 2010 and will rank equally with existing FlexiGroup ordinary shares (“**Existing Shares**”) from their date of issue except that they will not be entitled to the interim dividend for the 6 months to 31 December 2009 (“**Interim Dividend**”). Shares issued under the Placement will not be entitled to participate in the Rights Issue or be entitled to the 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.


**Key Dates for the Rights Issue:**

<b>Event</b>	<b>Date</b>
Announcement of Rights Issue and lodgment of Appendix 3B, Investor Presentation and Shareholder Booklet with ASX	23 February 2010
Notices sent to Eligible Shareholders and Ineligible Shareholders	24 February 2010
Existing Shares quoted ex-entitlements on ASX	25 February 2010
Record Date for Rights Issue	7:00pm on 3 March 2010
Despatch of Shareholder Booklet and Entitlement and Acceptance Form to Eligible Shareholders	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
Notification of under subscriptions to ASX	26 March 2010
Allotment of New Shares	31 March 2010
Despatch of holding statements	31 March 2010
Normal trading commences on ASX	1 April 2010

Before making a decision whether to apply for New Shares, please read the Shareholder Booklet carefully in its entirety when you receive it. For further information on the Rights Issue, you should contact your financial adviser or other professional advisor or call the FlexiGroup Shareholder Information Line on 1800 881 432 (local call from within Australia) or +61 2 8280 7927 (from outside Australia) at any time from 8.30am to 5.30pm (AEDT) Monday to Friday.

The FlexiGroup Board commends this Rights Issue to Eligible Shareholders and is pleased to offer this opportunity to you. On behalf of the Board and management of FlexiGroup, thank you for your continued support.

Yours sincerely



Margaret Jackson  
Chairman

## **Actions required by Shareholders**

If you are an Eligible Shareholder, you may take one of the following actions in respect of your entitlement:

### 1. Accept all or part of your entitlement

If you are an Eligible Shareholder who wishes to take up 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 a cheque, bank draft or money order for all Application Monies, being A\$1.28 multiplied by the number of New Shares you wish to subscribe for. Your Entitlement and Acceptance Form and your Application Monies in cleared funds must be received by the Registry by no later than 5:00pm (AEDT) on 23 March 2010; OR
- Option 2 – Apply and pay via BPay® pursuant to the instructions that are set out on the Entitlement and Acceptance Form. Your payment in respect of the full Application Monies via BPay® must be received by no later than 5:00pm (AEDT) on 23 March 2010.

As the Rights Issue is non-renounceable, if you do not wish to take up all of your entitlement, the entitlement you do not take up will lapse and you will not be able to subscribe for any New Shares or realise any other value for the entitlement you do not take up. While you will continue to hold the same number of Shares, your interest in FlexiGroup will be diluted.

### 2. Do nothing with your entitlement

If you choose to do nothing with your entitlement, it will lapse and you will not be able to subscribe for any New Shares or realise any other value for your entitlement. While you will continue to hold the same number of Shares, your interest in FlexiGroup will be diluted.

24 February 2010

Dear Shareholder

## **FLEXIGROUP LIMITED NON-RENOUNCEABLE ENTITLEMENT OFFER - NOTIFICATION TO INELIGIBLE SHAREHOLDERS**

On 23 February 2010, FlexiGroup Limited (ABN 75 122 574 583) (“**FlexiGroup**”) announced it was conducting an institutional placement (“**Placement**”) and a non-accelerated non-renounceable pro rata entitlement offer of 1 fully paid ordinary share in FlexiGroup (“**New Shares**”) for every 12 existing FlexiGroup ordinary shares held by shareholders on the Record Date (as defined below) at an offer price of A\$1.28 per New Share<sup>1</sup> (“**Rights Issue**”).

The Placement will raise approximately \$15.0 million and the Rights Issue will raise approximately \$25.5 million. The Placement and Rights Issue are jointly underwritten by J.P. Morgan Australia Limited and UBS AG (Australia Branch). FlexiGroup will issue approximately 11.7 million shares under the Placement and approximately 19.9 million shares under the Rights Issue. The number of FlexiGroup shares on issue at the completion of the Placement and Rights Issue will be approximately 270.8 million.

The Rights Issue is being implemented by FlexiGroup in accordance with section 708AA of the Corporations Act 2001 (Cth) (“**Corporations Act**”), as notionally modified by ASIC Class Orders CO 08/35 and CO 07/571.

New Shares issued under the Rights Issue will be allotted on 31 March 2010 and will rank equally with existing FlexiGroup ordinary shares from their date of issue except that they will not be entitled to participate in the interim dividend for the 6 months to 31 December 2009 (“**Interim Dividend**”). Shares issued under the Placement will not be entitled to participate in the Rights Issue or be entitled to the 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.

FlexiGroup will not issue a prospectus for the Rights Issue or the Placement. Documents relating to the Rights Issue were lodged with ASX on 23 February 2010 and are being mailed to Eligible Shareholders (as defined below in the section headed “Eligibility Criteria”).

### **Details of the Rights Issue**

The Rights Issue is being made to Eligible Shareholders (as defined below) who hold shares in FlexiGroup as at 7:00pm (AEDT) on 3 March 2010 (“**Record Date**”).

### **Eligibility Criteria**

Shareholders who are eligible to participate in the Rights Issue (“**Eligible Shareholders**”) are shareholders who:

- (a) have a registered address in Australia or New Zealand;

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<sup>1</sup> Where fractions arise in the calculation of an entitlement, the entitlement will be rounded up or down to the nearest whole number of New Shares.

- (b) are registered holders of shares in FlexiGroup as at 7:00pm (AEDT) on the Record Date;
- (c) are not in the United States nor acting for the account or benefit of persons in the United States; and
- (d) are eligible under all applicable securities laws to receive an offer under the Rights Issue.

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 New 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 all shareholders who do not satisfy the eligibility criteria above (“**Ineligible Shareholder**”).

Unfortunately, as you do not satisfy the eligibility criteria for an Eligible Shareholder stated above, FlexiGroup will not be offering New Shares to you under the Rights Issue and you will not be sent any further documents relating to the Rights Issue.

As the Rights Issue is non-renounceable, you will not receive any payment or value for any entitlement that would have been offered to you if you were eligible to participate in the Rights Issue.

This notice is to inform you about the Rights Issue. It is not an offer to issue New Shares to you, or an invitation for you to apply for New Shares. **You are not required to do anything in response to this letter.**

If you have any questions in relation to the Rights Issue or any matter in this letter, please contact your financial adviser or other professional advisor or call the FlexiGroup Shareholder Information Line on 1800 881 432 (local call from within Australia) or +61 2 8280 7927 (from outside Australia) at any time from 8.30am to 5.30pm (AEDT) Monday to Friday.

On behalf of the Board and management of FlexiGroup, thank you for your continued support.

Yours sincerely



Margaret Jackson  
Chairman

This letter 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 Placement and the Rights Issue have not been and will not be registered under the US Securities Act of 1933, as amended (the “**US Securities Act**”), or the securities laws of any state or other jurisdiction of the United States. The shares offered under the Placement and 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.