

The Manager
Company Notices Section
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

23 February 2010

Dear Sir/Madam

Notice under section 708AA(2)(f) of the Corporations Act 2001 as notionally modified by ASIC Class Order [08/35]

This notice is given by FlexiGroup Limited (ABN 75 122 574 583) ("**FlexiGroup**") under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) ("**Act**") as notionally modified by the Australian Securities and Investments Commission Class Order [08/35] ("**CO 08/35**").

FlexiGroup has announced a non-accelerated non-renounceable pro rata entitlement offer ("**Rights Issue**") of 1 fully paid ordinary share in FlexiGroup ("**New Shares**") for every 12 FlexiGroup ordinary shares held as at 7:00pm (Sydney time) on 3 March 2010 by shareholders with a registered address in Australia or New Zealand ("**Eligible Shareholders**") at an issue price of A\$1.28 per New Share.

A Shareholder Booklet for the Rights Issue will be dispatched to Eligible Shareholders on 9 March 2010.

FlexiGroup confirms that:

- (a) the New Shares will be offered for issue without disclosure under Part 6D.2 of the Act;
- (b) this notice is being given under section 708AA(2)(f) of the Act as notionally modified by CO 08/35;
- (c) as at the date of this notice, FlexiGroup has complied with:
 - (i) the provisions of Chapter 2M of the Act as they apply to FlexiGroup; and
 - (ii) section 674 of the Act;
- (d) as at the date of this notice, there is no excluded information of the type referred to in sections 708AA(8) and 708AA(9) of the Act as notionally modified by CO 08/35; and
- (e) the potential effect the Rights Issue will have on the control of FlexiGroup, and the consequences of that effect, will depend on a number of factors, including investor demand.

Below is information on the effect that the issue of the New Shares may have on the control of FlexiGroup and the consequences of that effect.

- (i) In addition to undertaking the Rights Issue, FlexiGroup has today announced that it will undertake a placement of 11,718,750 ordinary shares to institutional investors and sophisticated investors ("**Placement**"). The Placement is fully underwritten by J.P. Morgan Australia Limited and UBS AG, Australia Branch ("**Underwriters**"). Shares will be issued under the Placement on or about 4 March 2010 but these shares will not be eligible to participate in the Rights Issue.
- (ii) The Rights Issue is fully underwritten by the Underwriters.
- (iii) Mr Andrew Abercrombie (who is a Director of FlexiGroup) is the sole Director of The Abercrombie Group Pty Ltd as trustee of the Philadelphia Trust ("**Abercrombie Group**"). Abercrombie Group currently holds 75,012,278 shares in FlexiGroup and accordingly, holds 31.36% of the voting power in FlexiGroup as at the date of this notice. Neither Mr Abercrombie nor Abercrombie Group will participate in the Placement. Mr Abercrombie has confirmed that he will direct Abercrombie Group to take up its full entitlement in the Rights Issue. As a result of the Placement, Abercrombie Group's current interest in FlexiGroup will be diluted. It is expected that after the Placement and Rights Issue are completed, Abercrombie Group will have an interest of 30.01% in FlexiGroup.
- (iv) Given the matters described above, the potential effect the issue of New Shares under the Rights Issue will have on the control of FlexiGroup is as follows:
 - (A) in accordance with paragraph (e)(iii) above, Mr Abercrombie's and Abercrombie Group's current interest will be diluted as a result of the Placement and cannot increase above 30.01% as a result of the Rights Issue;
 - (B) if all Eligible Shareholders take up their entitlements under the Rights Issue, then the Rights Issue will have no significant effect on the control of FlexiGroup;
 - (C) if particular Eligible Shareholders do not take up all of their entitlements under the Rights Issue, then the shareholding interests of those Eligible Shareholders in FlexiGroup will be diluted;
 - (D) the proportional interests of shareholders with registered addresses outside Australia and New Zealand (excluding any relevant eligible institutional investors) will be diluted because such shareholders are not entitled to participate in the Rights Issue and may not participate in the Placement; and

(E) although the issue of:

- New Shares to or at the direction of the Underwriters under the Rights Issue; and/or
- shares to or at the direction of the Underwriters under the Placement,

may increase the shareholding interest of the Underwriters (or eligible institutional investors who may be placed shares by the Underwriters), it is not expected to have any material effect on the control of FlexiGroup.

Yours sincerely



David Stevens
Financial Controller and Company Secretary
FlexiGroup Limited