FLEXIGROUP

Sydney, 10 February 2011

FlexiGroup half year profit up 31% - upgrades FY11 NPAT guidance

Highlights:

- **Cash net profit after tax (NPAT) of $25 million, a 31% increase**
- **27% volume growth – strong contribution from all businesses**
- **Certegy is on track to double NPAT guidance provided at time of acquisition**
- **Fully franked interim dividend of 5 cents per share compared to 3 cents in 1H10**
- **Full year cash net profit after tax guidance upgraded to $50-$52 million**

FlexiGroup Limited ("FlexiGroup") today reported a 31% increase in consolidated Cash Net Profit After Tax (NPAT) of $25 million for the 6 months ended 31 December 2010. The Directors declared a fully franked interim dividend of 5 cents per share, compared to the 3 cents per share paid for the same period last year. The interim dividend will be paid on 15 April 2011.

The result is underpinned by strong volume growth of 27% across the business.

- Sales volumes from Certegy Interest Free increased 23% to $179 million compared to the same period last year;
- Small ticket (Flexirent) outperformed the market by delivering sales volumes of $117 million, an increase of 9%.
- Vendor Finance (Flexi Commercial) increased to $26 million from $3 million;
- Mobile Broadband (BLiNK) increased 87% to $10 million;

Interest free (October 2008 acquisition), Mobile Broadband (February 2009 organic start-up) and Vendor Finance (December 2009 organic start up) contributed 65 per cent of volumes.

FlexiGroup Managing Director and Chief Executive Officer, John DeLano, said the strong results showed the company's diversification strategy was on track.

"Since the IPO in December 2006 we have more than doubled NPAT and volumes. We have diversified from one to four unique businesses in that time, with the three newest businesses now accounting for 65 per cent of all volumes and driving the company's growth. There continues to be significant growth potential in these businesses as we explore new market opportunities and innovation in our product offering.

"In particular Certegy has delivered an exceptional result and is on track to double the profit guidance provided at time of acquisition, with half year NPAT of $6 million compared to $3 million in 1H10.

"Our traditional small ticket Flexirent business has also delivered an excellent result in outperforming a challenging retail environment. Flexirent is capitalising on new sector opportunities, in particular the tablet market where volumes are forecast to grow to one million units in 2011 – about half the computer and laptop volumes," Mr DeLano said.

Growth outlook

FlexiGroup has upgraded its full year Cash NPAT guidance by 8.5% to $50-$52 million, which will deliver growth of between 20% and 25% from the 2010 full year Cash NPAT. This guidance is based in part on further growth in Certegy volumes and NPAT from new product initiatives particularly in the homeowner segment. The company will further leverage FlexiGroup's exclusive position in retailers by targeting growth in the emerging tablet market with our tablet/BLiNK Mobile Broadband bundle product.

FlexiGroup has a strong balance sheet and also continues to focus on value accretive acquisition opportunities.

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Notes to Editor:

FlexiGroup is a leading provider of vendor and retail point-of-sale finance and telecommunication services. Offering lease, rental, interest free and mobile broadband plans, performance has been characterised by solid, profitable growth as the company has expanded its business through acquisition, product innovation and diversification.

FlexiGroup operates in Australia, New Zealand and Ireland within a diverse range of commercial and consumer industries including: IT, electrical appliance, telecommunications, home improvement, solar systems, medical, furnishings and travel. FlexiGoup markets its financial and telecommunication products under the following brands; Flexirent, EzyWay, Flexiway, Certegy Ezipay, Flexi Commercial 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, Apple Resellers, Midas, Modern Group, The Good Guys, and Bing Lee together with more recent vendor partnerships with Comscentre and M2.

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.