



20th August 2009

MANAGING DIRECTOR'S ADDRESS

As Bernard has mentioned it is indeed pleasing to be able to report such a solid result, especially for a period that had so much economic uncertainty.

A 6.9% growth in customers coupled with a 9% revenue increase and 13% lift in profit after tax clearly demonstrates the strength of the core rental business and its ability to grow even during tough retail times whilst also maintaining margins – a rare occurrence in today's environment.

The underlying strength of the Company comes through its recurring revenue streams which create strong positive cash flows and a significant level of financial certainty, hence providing a very solid base from which to launch strategic initiatives.

This strong financial position also enables the business to grow organically with little need for external funding and has therefore led to a very conservative level of gearing which has stood it in good stead during these difficult economic times.

It is also pleasing to note that the growth of the rental business has been accompanied by the achievement of record low levels of customer arrears across the nation. This is an important indicator as to the high standards that are being reinforced throughout the business, particularly in ensuring that we meet customer's needs within their financial capacity.

The core rental business has been enhanced with the relaunch of Rentlo in South Australia and following on from the success of our first two stores I am pleased to announce that this month we opened two new stores in Arndale and Noarlunga. These areas have strong similarities to the customer demographics of our current locations and should further assist in consolidating our position in the South Australian market.

With continued levels of solid growth throughout the nation, we have maintained our focus on staff training and development. In addition, we have seen positive results generated from our workforce planning initiatives, and these, combined with a continuing focus on 'operational excellence' should lead to enhanced staff retention and further gains in efficiency.

Cashfirst, our unsecured cash loan offering, and BigBrownBox, our internet retail offering, are still in their early stages of development but are both showing positive signs for future growth and contribution to the Company.

Our new financial year has commenced in a very positive manner and reinforces the Company's ability to perform strongly even in a market downturn. This is emphasised by the continuing robust levels of new business, not only in PCs and flat panel televisions, but also in traditional products such as refrigerators and washing machines, which are deemed essential items in any household.

Tight cost controls combined with a low level of debt and healthy levels of new business suggest that the 09/10 year will generate another solid increase in profit after tax.

John Hughes
Managing Director