



RR Australia Limited

ACN 072 507 147

28th August 2008

ASX Online
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY N.S.W. 2000

**RR Australia Limited
Managing Director's Address
Annual General Meeting 28th August 2008**

Please find attached the Managing Director's Address at the Annual General Meeting.

Yours sincerely,

Peter Eaton
Company Secretary



28th August 2008

MANAGING DIRECTOR'S ADDRESS

Firstly I would like to say that I share with Bernard and our fellow directors a great deal of pleasure in being able to report such a positive result, particularly for a period when the economy and consequently consumer spending headed along a negative path.

A 16% increase in revenues accompanied by a 4% increase in our customer base and a 67% increase in profit after tax is very pleasing and certainly reinforces the defensive character of the business.

It also underscores the strength of our customer base that continues to deliver high levels of recurring revenue streams. Importantly this means that we commence a new financial year with a very solid base of income already secured.

The 4% customer growth was especially pleasing and consequently we will continue our aggressive marketing approach with TV advertising as the cornerstone.

In addition to these financial highlights there have also been some excellent gains in efficiencies throughout the business as part of our focus on achieving 'operational excellence'. This program has also assisted in improving the work environment by simplifying and in some cases even eliminating certain procedures.

Risk and arrears was a key focus area for the business during the year and system refinements along with an increased investment in senior personnel resulted in customer arrears tracking at some 15% below the prior year. Of special note is that customer arrears continues to be reduced and are now at record lows. This will have a long-term positive effect on bad debts and highlights the outstanding work being done by stores and our financial services team.

Also the recent introduction of a number of new system technologies will add further power to our capabilities in this area.

The 08/09 year has started strongly and again emphasises the strength and somewhat anti-cyclical nature of the Company which we believe will enable us to continue to achieve solid growth in both customers and profitability. Any upturn in the economy will be an added benefit.

Healthy demand for plasma and LCD televisions along with PC's is expected to continue as well as a boost in whitegoods, which generally occurs when the economy slows.

This year we will also be concentrating a significant amount of focus on the continuing advancement of our three new strategic initiatives.

Cash loans, under the Cashfirst banner, will be rolled out across all states by the end of September and indications to-date are that it will be a good additive without any cannibalisation of our rental business.

Approval criteria has been deliberately kept tight in the initial stages and whilst it has resulted in a low level of approvals, around 30%, it has ensured a very low level of arrears. Further to this we are currently reviewing our criteria in order to get the right balance between portfolio growth and risk.



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The opening of two (2) stores in South Australia under the Rentlo brand has been met with an incredible level of demand and suggests that there is a significant opportunity within that market.

Our internet retail offering has now been christened and I am very pleased to announce that bigbrownbox.com.au, will be launched in October. PR and teaser advertising will commence in early October followed by more product and range marketing, particularly through the internet in the lead up to Christmas. Given the positive feedback from consumer research we believe it will quickly attract a great deal of interest from a wide range of consumers. A key element of the offering will be free delivery which leverages off the strength of our Radio Rentals store network.

Whilst we do have some exciting times ahead our emphasis going forward will be pretty simple - driving the core rental business to achieve solid organic growth whilst also striving diligently to execute the delivery of our new initiatives to the highest possible standard.

John Hughes
Managing Director