



RR Australia Limited

ACN 072 507 147

16th August 2007

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

**RR Australia Limited
Managing Director's Address
Annual General Meeting 16th August 2007**

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

Yours sincerely,

Peter Eaton
Company Secretary



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MANAGING DIRECTOR'S ADDRESS

The performance of the Company during the period was pleasing with a 15% revenue increase on the previous corresponding period, achievement of a profit after tax that exceeded prospectus and strong cash flows that resulted in a very low level of gearing.

This result was underpinned by a substantial customer base that continues to deliver high levels of recurring revenues.

Solid gains were realised through the national roll-out of furniture and the growth of large screen plasma and LCD televisions and personal computers which represented some 26% of installation income. This growth is expected to continue over the next year as a function of higher consumer demand.

The increased demand for plasma and LCD TVs, PCs and furniture saw capital expenditure on rental assets increase 16% on the previous corresponding period. Due to this investment, the working capital movement for the period was negative, however total assets grew 5% and pro forma net assets grew 8%. Further to this it is important to note that with a positive net gearing position the company is well placed to fund continuing high levels of growth.

Over the past few years there has been a decline in customer numbers due in part to the change from a higher turnover "churn" customer base on rent-to-rent contracts, to a more stable longer term RTB base.

It is very pleasing to inform you that this decline has now abated and there is a solid level of growth being achieved across all areas of the business and most particularly in metropolitan centres, which have previously lagged in performance compared to regional locations. This growth is being driven by our new more aggressive 'call to action' marketing style and increased advertising expenditure as well as the demand for flat panel televisions and PC's.

Going forward we also anticipate generating growth in the commercial and situational come short term markets as we actively pursue additional opportunities.

The first quarter of our 07/08 financial year has commenced on a very positive note and the underlying strength of the company is again reinforced in noting that over half of budgeted revenue for the year is already in place due to the recurring nature of our income streams.

From an operational perspective there has been a major concentration on generating efficiencies and achieving optimum performance standards in all areas of the business as we strive for 'operational excellence'.



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We are placing special emphasis on our risk management area with increased focus and resourcing. New initiatives such as centralised credit acceptance and compulsory direct debit payments have now been rolled out nationally and we expect positive returns to be generated both short and long term that will enable us to further improve upon our already low risk position.

It is also pleasing to note that staff attrition has reduced significantly in the past six months as we have refined our recruitment and training processes and addressed remuneration to ensure that we are market competitive.

We have a strong core of experienced staff across the nation and it is our objective to build on this and be an employer of choice that has a positive and challenging 'can do' culture and which develops and rewards employees appropriately.

Your senior executive team is a good mix of youth and experience and has the advantage of being able to draw on the knowledge and expertise of very experienced board members, particularly as we develop into areas of consumer finance.

As the Company develops into the future we will maintain the emphasis on achieving solid organic growth, especially through broadening our customer base. This is being assisted by a trend in the market showing a higher level of acceptance of rental as an acceptable means of acquiring products.

In line with our objective of becoming Australia's leading provider of financial services to the cash and credit constrained markets we are planning to commence a trial of cash loans in Tasmania in October, with the potential for a national rollout during the first quarter of the 2008 calendar year.

Overall we have a very solid business model that has a number of extension possibilities which places us in an excellent position for future development.

John Hughes
Managing Director