



ABN 83 000 362 596

CHAIRMAN'S ADDRESS FOR THE 46TH ANNUAL GENERAL MEETING OF BIDGEE FINANCE LIMITED

Good afternoon ladies and gentlemen and welcome to Bidgee's 2007 Annual General Meeting.

The Company's profit after tax for the year ended 30 June 2007 was \$2.3 million which represented a decrease of 19.6% on last year's record profit of \$2.8 million. The result was achieved on an 8% increase in total revenue from \$13.1 million last year to \$14.2 million in the period under review.

The directors were naturally disappointed to report a decline in profit. However, as all shareholders would be aware, the unprecedented climatic conditions and the competitive environment made trading difficult throughout the year. In these circumstances, the directors believe the performance of the Company was commendable.

The directors have recommended a final fully franked dividend of 9.5 cents. This brings total dividends in respect of the year ended 30 June 2007 to 15.5 cents per share fully franked which is the same as last year. The decision to maintain the final and full year dividend payout amounts reflects the directors' confidence in the Company's long term future prospects and the strength of its present financial position.

The Company's dividend reinvestment plan continues to be well supported with over 60% participation.

Unfortunately, the directors believe that the Company's share price has been affected by several short term factors over the past year.

The previous unsuccessful takeover attempt on the Company left a stock overhang as Voltage Capital subsequently sought to exit its substantial shareholding in the Company. The amount stock held by Voltage Capital and parties connected with it, together with the hostility surrounding the takeover attempt, destabilised the share register and made the task of dealing with the overhang more challenging.

I am pleased to report that the situation was addressed in October last year when three of your directors and an existing shareholder purchased the 13% stake that was held by Voltage Capital at prices up to \$2.20 per share.

However, more recently it appears that the share price has been affected by the sale of a nominal number of shares on-market at a greatly reduced price. This trade of only 2,600

shares resulted in the share price dropping from \$2.07 to \$1.65 per share in April 2007. This was followed shortly after by the transfer of significant quantities of shares off-market by the same shareholder.

As a result Bidgee's market capitalisation fell by over \$6 million to the detriment of all shareholders.

No doubt the ongoing drought is also a concern for investors. However, as noted previously, Bidgee's management team has met this challenge admirably and your board is confident that the future growth initiatives it has in place will result in favourable long term outcomes.

Your directors believe that Bidgee's future growth prospects and strategic position in the finance industry are not being appropriately recognised by the market at present. The board is aware that there is considerable consolidation occurring within the Australian finance industry and believes Bidgee is well placed to take advantage of any opportunities which may arise.

The board remains determined to maximise the long term value of your shareholding and the strategies it has in place are focussed on achieving this objective. It has appointed TC Corporate to provide independent corporate and financial advice and to assist with this process.

Central to this strategy is the board's commitment to improving profitability, developing broader regional networks and establishing markets in capital cities. We have made good progress in this regard.

On 1 February 2007, the Company acquired Delta Finance based in Adelaide which provides services to clients in both South Australia and Western Australia. The establishment of Bidgee's first capital city branch in Adelaide through the acquisition of Delta Finance expanded the Company's network to six branches. The acquisition has been earnings per share positive and provides Bidgee with significant growth opportunities.

In addition, Bidgee is seeking to expand further its geographic footprint by entering into strategic relationships with reputable finance brokers that will refer business to us in other capital cities.

Throughout the 2006/07 financial year Bidgee continued to add to its pool of talented staff. The board is firmly of the view that professional and effective staff is the key to the long term well being of our shareholders and that the ability to retain staff in the current employment market is paramount.

The tight labour market and the Company's specific circumstances necessitated a review of some remuneration practices to ensure Bidgee maintained its excellent record of retaining quality staff.

Options have been used by the board as a way of encouraging continuity of service, initially as an option holder, but eventually as a shareholder. In effect, they are a retention incentive. However, if the options are never exercised then they provide no incentive to remain with the Company either for the employees with the options and for other employees who will receive and may exercise options in the future.

Moreover, the short term factors which have affected Bidgee's share price were clearly beyond the control of our employees. In these circumstances, the board believed it was appropriate to adjust the exercise prices of some employee options so that they remained an effective incentive and retention mechanism.

The board can assure shareholders that an independent remuneration advisor was engaged to provide an objective review of key staff, benchmarking Bidgee against comparable organisations and focussing on several key performance indicators.

Turning to the 2008 financial year, I am pleased to announce that our unaudited profit for the first quarter of the year is ahead of budget and in excess 10% above the same period last year.

We are encouraged by this result. However, we are all aware of the unprecedented issues facing rural Australia and therefore future results are difficult to forecast. Nonetheless, although we are taking a cautious approach to the present financial year, we remain confident of an improved result at this stage.

On a more personal note, I and my fellow directors extend our heartfelt thanks to John Macknight who will be retiring today as a non-executive director after 15 years' service. John's vision and dedication have made a significant contribution to the growth and success of Bidgee. We wish John and his wife, Jan, well in their retirement.

The directors sincerely thank all Bidgee's employees, most of whom are shareholders, for their dedication and enthusiasm during what has been a challenging year in most rural and regional communities.

Finally, I would like to thank our shareholders for their continuing commitment and for being part of this exciting business.



Lloyd Thomson
25 October 2007