



M2 TELECOMMUNICATIONS GROUP LTD (ASX: MTU)

ASX RELEASE

M2 FORMS STRATEGIC ALLIANCE WITH FLEXIGROUP FOR CUSTOMER FINANCE

Wednesday 6th October, 2010: Diversified telecommunications services provider M2 Telecommunications Group Ltd ("M2", ASX: MTU) and its wholly owned subsidiary, M2 Commander Pty Ltd ("Commander") today announce the execution of a customer finance agreement with FlexiGroup Limited ("FlexiGroup" ASX: FXL).

Under the agreement FlexiGroup will provide customers of M2's Commander business with competitive finance solutions for phone systems and other office equipment. Commander customers will benefit from being able to receive a single invoice for all of their Commander services and office equipment finance, further enhancing the Commander value proposition to its target Small to Medium Business ("SMB") market.

Managing Director and CEO of M2, Vaughan Bowen, stated *"M2 undertook considerable due diligence on shortlisted finance companies and we are pleased to have partnered with FlexiGroup. FlexiGroup demonstrated a unique understanding of our business and the needs of our customers and we look forward to the benefits this partnership will bring to our national Commander dealer network. In a climate where it is often difficult for SMB's to obtain flexible, business critical finance solutions, the Commander and FlexiGroup partnership adds a further important dimension to the Commander customer proposition."*

Anthony Roberts, GM for FlexiCommercial and Vendor Finance of FlexiGroup, said of the partnership *"We are pleased to have partnered with such an iconic brand as Commander, and it makes sense for FlexiGroup to innovate our specialised financial packages into this market behind the Commander brand. This is a great vendor partnership that allows us to expand with M2 and Australia's largest dealer network in providing financial arrangements to the SMB market."*

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M2 Contact Details

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About FlexiGroup

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, FlexiGroup provides its products to customers across Australia, New Zealand and Ireland marketing its financial and telecommunication products.

FlexiGroup has developed long standing relationships in both commercial and consumer industries including: IT, print, electrical appliance, telecommunications, medical, veterinary, industrial, home improvement, solar systems and travel verticals.

About M2 Telecommunications Group Ltd

Established in 1999, M2 Telecommunications Group Ltd (ASX: MTU) is Australia's largest network independent provider of fixed-line, mobile and data telecommunications services. M2 is head-quartered in Melbourne and employs approximately 400 people nationwide. M2 also provides fixed-line and 3G mobile services in New Zealand.

Within its retail business division, M2 offers a suite of unique bundled telecommunications services and value added offerings targeted principally at the small enterprise market, distributed through an exclusive trans-Tasman network of sales dealerships, agencies and through targeted on-line marketing ventures (www.simplymobiles.com.au and www.greenmobiles.com.au). The retail business division incorporates Commander, People Telecom, M2 Telecom and Southern Cross Telco.

"M2 Wholesale" is the other core business division of M2, in which wholesale telecommunications services are supplied to small and medium sized telecommunications service providers and Internet Service Providers (ISP's). M2 Wholesale was launched in mid 2006 following M2's appointment by Optus as its exclusively endorsed aggregator/enabler of Optus mobile services. As a further boost to its wholesale operations, in May 2007 M2 completed the purchase of Australia's largest independent data wholesaling business, Wholesale Communications Group Pty Ltd (WCG), followed by the acquisition of Unitel Australia Pty Ltd in February 2008.

M2 has a proven track-record of delivering consistent growth in both revenues and most importantly "bottom line" profit, year-on-year since 2003. In recognition of this significant and consistent growth, M2 was named by Business Review Weekly as one of Australia's fastest growing companies in 2003, 2004, 2005, 2006 and 2008 and on the Deloitte Technology Fast 50 in 2004, 2005, 2008 and 2009.

M2 has an established dividend policy, with fully franked dividends exceeding 70% of M2's Net Profit After Tax (NPAT) having been paid to shareholders each fiscal half since the first half 2005 dividend, with the most recent being a fully franked dividend of 5 cents per share for the full year to 30 June 2010.

For more about M2 visit www.m2.com.au

Related Company sites:

- www.commander.com
- www.peopletelecom.com.au
- www.sctelco.com.au
- www.simplymobiles.com.au
- www.greenmobiles.com.au