FSA Group Limited

Australia's largest provider of debt solutions

Annual Report 2009

Our business. Our market. Our story.

Since 2000 FSA Group has helped thousands of Australians take control of their debt. Our large and experienced team of 150 professionals offer a range of debt solutions, which we tailor to suit individual circumstances and to achieve successful outcomes for our clients.

FSA Group Limited
ABN 98 093 855 791

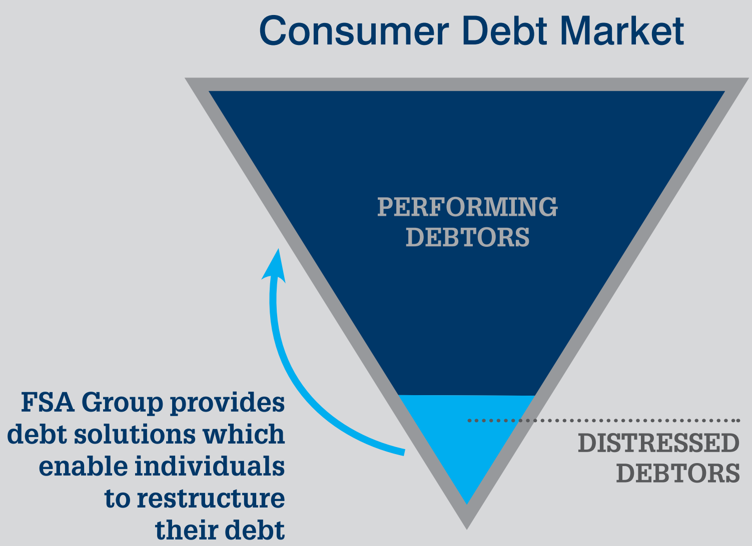
Contents

FSA Group was founded in 2000 and was listed on the Australian Securities Exchange in 2002. Our mission is to be the market leader in the provision of debt solutions to individuals. We aim to expand our range of debt solutions, extending our services and introducing new products to meet the demands of our growing pool of clients. Our team has a thorough understanding of debt management and risk.

Helping individuals take control of their debt

- FSA Group is the largest provider of debt solutions to individuals in Australia
- $227 million* funding in place with Westpac for lending
- Substantial shareholdings by founding directors and key management
- Self funding since inception

** $210m non-recourse and $10m limited recourse funding*



Our services

FSA Group offers a range of simple and convenient services to assist clients wishing to enter into a payment arrangement with their creditors. These services include informal arrangements, debt agreements, personal insolvency agreements, bankruptcy assistance and other solutions. We presently manage over $170 million of unsecured debt on behalf of institutional creditors.

Our products

FSA Group offers a range of simple and convenient products to assist clients with property wishing to consolidate their debt. FSA Group offers solutions both as a broker and lender of home loans. We presently manage a high quality loan pool of $145 million which is outperforming those of our competitors.

Core competencies

FSA Group has grown its client base through direct marketing and client satisfaction with our simple and convenient products and services. We support our clients through proprietary management systems which:

- Offer multiple products and tailored solutions;
- Provide the scale to process large volumes at low transaction cost; and
- Underpin risk management and compliance.

FSA Group's integrated business model

Overview of products and services

CLIENTS USE INCOME TO REPAY DEBT OVER TIME

SERVICES

- Informal Arrangement
- Debt Agreement
- Personal Insolvency Agreement
- Bankruptcy
- Other solutions

FOR CLIENTS WITH PROPERTY

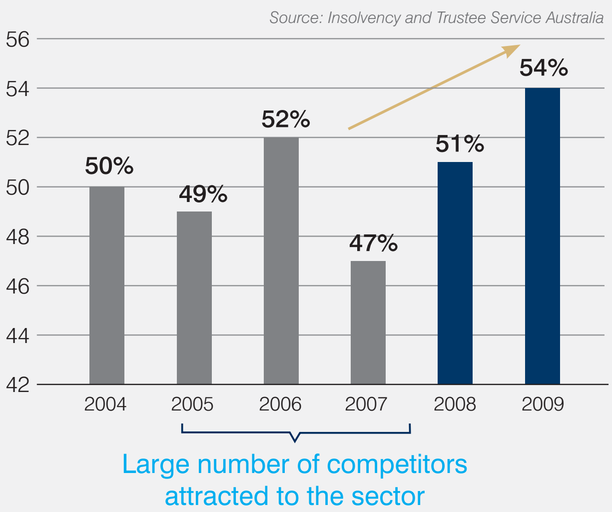
CLIENTS USE EQUITY IN HOME TO CONSOLIDATE DEBT

HOME LOAN BROKING

HOME LOAN LENDING

FSA Group is the leader in debt agreements

Our Market Share



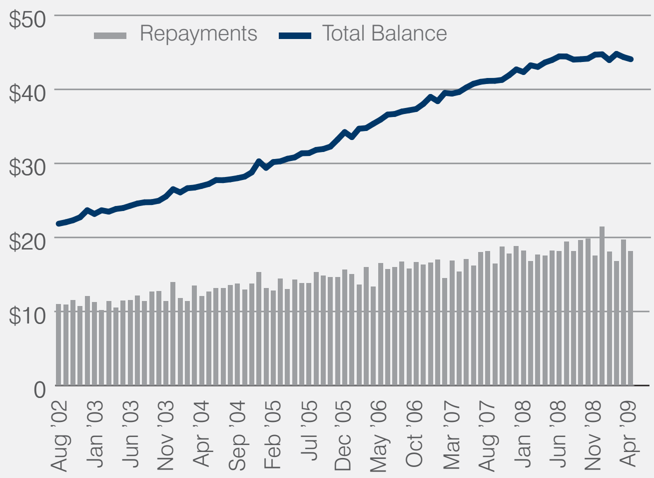
FSA GROUP IS TARGETING OVER 60% OF THE DEBT AGREEMENT MARKET 2010-2013

From 2008 barriers to entry are now high

- Debt agreements are volume dependent
- 2008 fee regime changed from upfront to over time
- Debt agreement administrators require a substantial capital base

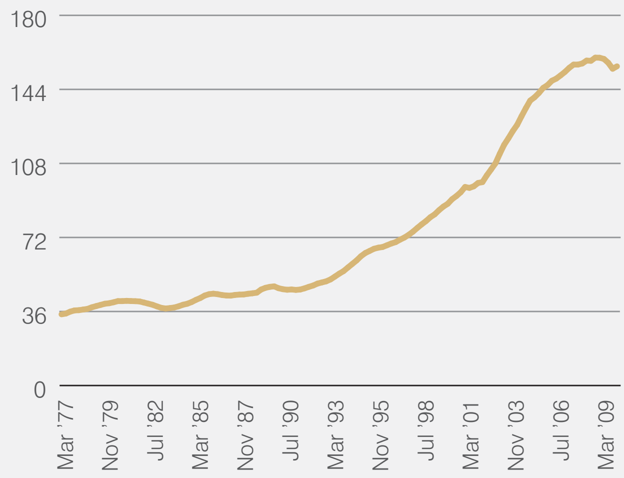
FSA Group is growing, irrespective of business cycles

Credit card debt ($bn)



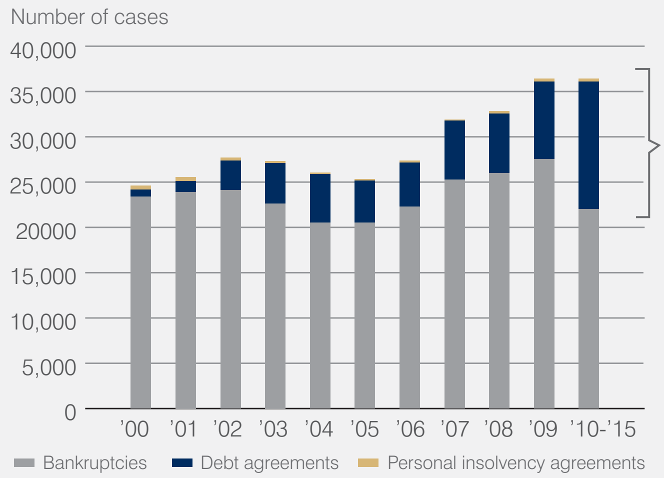
Source: RBA

Debt to disposal income (%)



Source: RBA

Market growth – Individual insolvency market



Source: Insolvency and Trustee Service Australia

2000-2009 Debt Agreements Compound Average Growth Rate (CAGR) = 30%

THE NUMBER OF DEBT AGREEMENTS ARE EXPECTED TO GROW, EVEN IF THE MARKET FOR INSOLVENCIES REMAINS STATIC... WHY? DEBT AGREEMENTS ARE A PREFERRED OUTCOME FOR ALL STAKEHOLDERS.

- **Individuals** – Many entering bankruptcy are eligible for a debt agreement but few are aware it is an option
- **Creditors** – Achieve dividends from debt agreements of 60¢ to 65¢ in the dollar compared to around 3¢ in the dollar from bankruptcy
- **Government** – Imminent increase in debt agreement eligibility threshold

The market for debt solutions is large and growing

Market growth for our services has been underpinned by historically high levels of debt and the inability of individuals to service that debt. Most individuals do not understand the range of solutions available to them. Many are eligible for a debt agreement yet few are aware it is an option.

Debt agreements are a preferred course of action for all key stakeholders including individuals, creditors and for the Government. Recently the Federal Government indicated it would be increasing the eligibility threshold for debt agreements. As a result, we believe the market for debt agreements will continue to grow, even if individual insolvencies remain at current levels.

Non-conforming home loan market has created opportunities

The non-conforming home loan market consists of lenders who provide loan products to an individual who is unlikely to meet or "conform" to the lending criteria of mainstream lenders. Many are credit impaired with a need to consolidate debt. Prior to the Global Financial Crisis, the non-conforming home loan market was characterised by a high number of competitors with volume businesses dependent upon securitisation.

Today, the non-conforming home loan market is significantly altered. Pent up demand is being driven by high levels of consumer debt, compounded by tighter credit and stricter lending criteria by the banks. Fewer competitors exist with many exiting the market in 2008.

Non-Conforming Home Loan Market

2007

2009
$2bn – 4bn p.a.

2007 – MARKET SATURATION

- Large number of competitors with
  - High volume/low margin models
  - Dependent upon securitisation

2009 – MARKET WIDE OPEN

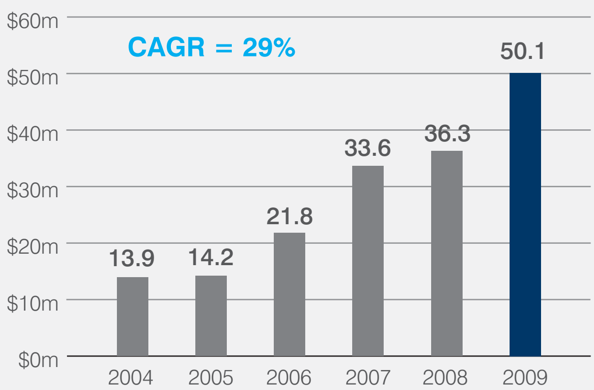
- Global Financial Crisis has created PENT UP demand
  - High levels of consumer debt
  - Less availability of credit
  - Stricter lending criteria by banks
- Large number of non-bank and non-conforming lenders have exited the market
- Non-conforming lenders with a proven track record and funding in place, like FSA Group, are well placed to take first mover advantage in this market

Six years of solid performance

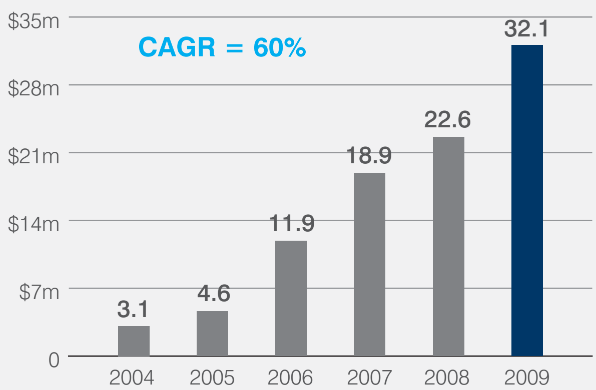
Executive Directors, Tim Odillo Maher and Deborah Southon co-founded FSA Group in 2000 with the aim of helping individuals take control of their debt.

FSA Group started with a small core team of employees and later listed on the Australian Securities Exchange in 2002. Since its listing FSA Group has grown its team to 150 professionals and developed the platform and infrastructure for the provision of debt solutions. Today, FSA Group is the largest provider of debt solutions to individuals in Australia.

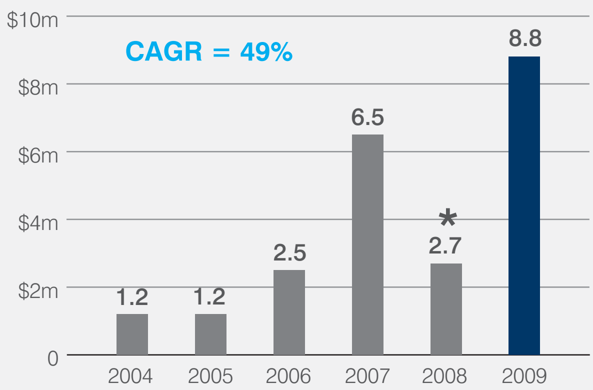
Revenue



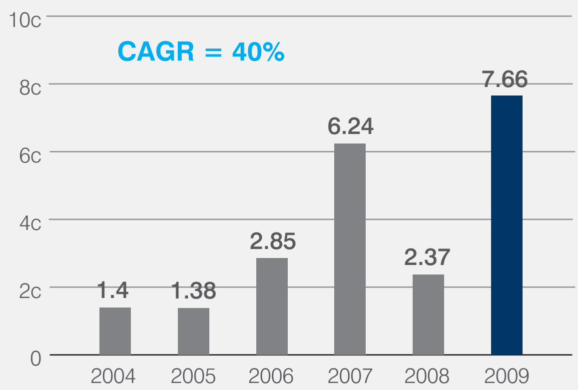
Net Assets



Profit After Tax (Attributable to Members)



Basic Earnings Per Share



*Transitioned to Home Loan Lending in 2008 – once off downward pressure on profit

Where are we heading?
2010 to 2013

- Expand our range of debt solutions, extending our services and introducing new products to meet the demands of our growing pool of clients.

- Expand our non-conforming home loan lending division with a view to becoming a dominant participant in the market.

- Grow the home loan pool to $600 million by financial year 2013.

- Secure annuity income and achieve a steady rate of growth in profitability into the future.

Chairman's Letter

Dear Shareholders,

I am delighted to report another successful year at FSA Group. The 2009 financial year marks our ninth year in operation and our seventh as a listed company. I am particularly gratified, as we head towards our tenth anniversary, to also be reporting record revenue and profit. This was achieved during a challenging period which forced the exit of many of our competitors from the market.

Through prudent management, however, FSA Group has retained its position as the largest provider of debt solutions to individuals. We are Australia's largest administrator of debt agreements, managing over $170 million of unsecured debt on behalf of institutional creditors, one of its largest registered trustees and the largest broker of non-conforming home loans in the country.

At the start of the 2008 financial year, FSA Group commenced its non-conforming home loan lending division with Westpac Banking Corporation committing non-recourse funding of $210 million. Through home loan lending FSA Group is better positioned to assist more clients, capture greater margin and most importantly secure annuity income.

FSA Group has now firmly established a track record in home loan lending. We have originated a high quality loan pool of $145 million which is outperforming those of our competitors. This was achieved through a disciplined approach to origination and exceptional arrears management.

The exiting from the industry of non-bank and non-conforming lenders has opened up an opportunity for FSA Group to expand our home loan lending division. As your Executive Director and CEO, Tim Odillo Maher will detail in his report, we believe the non-conforming home loan lending market has further to grow along with the market for our services. Our focus over the coming year will be to secure additional funding for the home loan lending division, expand our product range and grow business volumes. It is our intention to grow the loan pool to $600 million by the end of the 2013 financial year.

The Directors have committed to continuing the current policy of reinvesting earnings into high growth divisions particularly home loan lending and therefore have not recommended a dividend for the 2009 financial year.

I am confident of continued substantial growth for FSA Group in the years ahead. I would like to thank my fellow directors, all our executives and staff for their contribution to the successes of the current year.

Yours sincerely,

Sam Doumany

Sam Doumany
Chairman

CEO's Review

Dear Shareholders,

The 2009 financial year has been very successful for FSA Group. During the year growing demand for our debt solutions underpinned revenues of $50.07 million (2008: $36.28 million) and helped to deliver a record profit after tax of $8.84 million (2008: $2.68 million) which was up 230% over the prior year. FSA Group has now had six years of solid performance.

Financial Overview	FY2009	% Increase
Revenue	**$50.07m**	38% ▲
Profit Before Tax	**$13.93m**	194% ▲
Profit After Tax (Attributable to Members)	**$8.84m**	230% ▲
Net Assets	**$32.07m**	42% ▲
NTA backing/share	**24.2¢**	49% ▲
EPS basic	**7.66¢**	223% ▲

Our business operates across three key segments, Services, Home Loan Broking and Lending.

The Services division offers a range of simple and convenient solutions to assist clients wishing to enter into a payment arrangement with their creditors. These include informal arrangements, debt agreements, personal insolvency agreements, bankruptcy assistance and other solutions. During 2009, we managed over $170 million of unsecured debt on behalf of institutional creditors, delivering a dividend to those creditors of $41.9 million.

The Home Loan Broking and Lending divisions offer a range of simple and convenient solutions to assist clients with property wishing to consolidate their debt. FSA Group offers solutions both as a broker and a lender of home loans.

The Home Loan Broking division is a fee for service business and is therefore grouped in the Services business. During 2009, approximately 60% of our home loan approvals were brokered to third party lenders with the balance assisted by the Home Loan Lending division.

At the start of the 2008 financial year, FSA Group established a strategy to lend as principal and launched its non-conforming Home Loan Lending division. The aim of this strategy was to assist more clients, capture greater margin and most importantly secure annuity income. Since the commencement of this strategy, we have been successful in originating a high quality loan pool totalling $145 million, which has outperformed those managed by our competitors.

The track record of our loan pool, alongside nine years of solid industry experience was pivotal to the renewal by Westpac Banking Corporation of our $210 million non-recourse funding facility. We attribute the strong performance of the loan pool to a disciplined and conservative approach to origination and exceptional arrears management.

In the 2009 financial year, profit before tax in the Services division rose 98% to $10.3 million (2008: $5.2 million) driven in large part by the record number of clients we assisted.

The Home Loan Lending division contributed profit before tax of $3.1 million (2008: loss of $1.8 million). This was achieved on an average loan pool size of $125 million. In 2010 we expect this division will contribute between $5.5 million to $6.0 million profit before tax on an average loan pool size of $175 million.

I will now provide more detail around the operational performance of each division.

Operational Performance

Personal Insolvency Agreements and Bankruptcy

Some individuals with unmanageable debt and with higher incomes and assets may consider a personal insolvency agreement or voluntary bankruptcy as the most appropriate solution for their situation. FSA Group has a registered trustee who assists individuals in these circumstances.

The personal insolvency agreement and bankruptcy division assisted a record number of clients during 2009. There was a 22% increase in the number of clients assisted when compared with 2008.

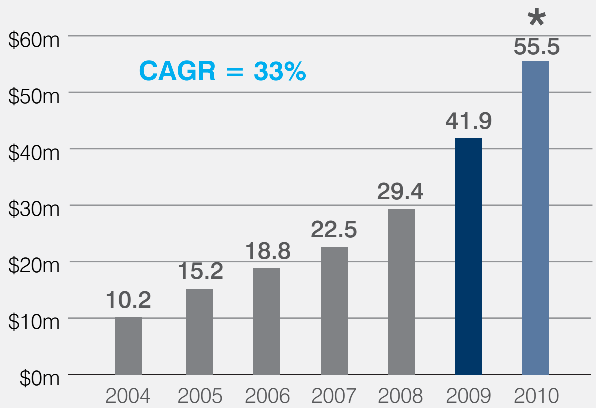
Debt Agreements

FSA Group is the largest provider of debt agreements in Australia. During 2009 the debt agreement division assisted a record number of clients. There was a 37% increase in the number of clients assisted when compared with 2008. FSA Group's market share for debt agreements is 54%.

The growth and volume of dividends distributed to creditors clearly demonstrates the resolve of individuals to honour their debt agreement obligations. It also shows the benefits realised by creditors. FSA Group paid $41.9 million in dividends to creditors during 2009, an increase of 43% compared with 2008. FSA Group estimates over $55 million will be paid in dividends to creditors during 2010.

In 2008, the regime governing fees payable for debt agreements changed. Previously, debt agreement administrators were permitted to charge upfront fees for debt agreements, however, a change in the legislation now requires the receipt of fees to be taken over the duration of the agreement. This has created a high barrier to entry into this market as administrators now require a substantial capital base in order to operate.

Dividends paid to creditors by FSA Group



*Estimate for 2010

WHAT IS A DEBT AGREEMENT?

A debt agreement, which was introduced into the Bankruptcy Act in 1996, is a simple way for an indebted individual to come to a payment arrangement with their creditors. It is an alternative to going bankrupt and is a binding agreement between the individual and their creditors.

Home Loan Broking and Home Loan Lending

The non-conforming home loan market consists of lenders who provide loan products to an individual who is unlikely to meet or "conform" to the lending criteria of mainstream lenders. Many are credit impaired with a need to consolidate debt.

FSA Group is the largest broker of non-conforming home loans in Australia. As a result of the high interest rate environment in the first half of 2009, the number of home loan approvals fell by 18% when compared with 2008. Consistent with our expectations at the half year we have seen recovery in the performance of this division, which performs stronger in a lower interest rate environment.

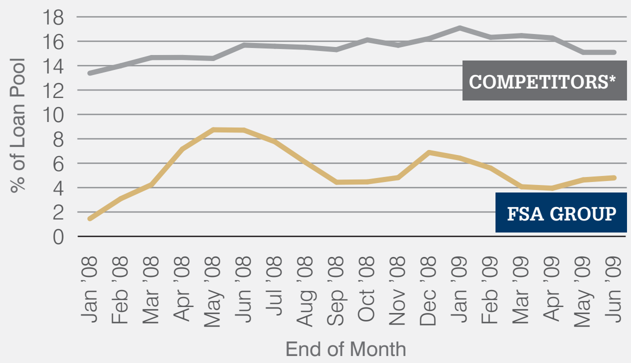
As a home loan lender, FSA Group has originated a high quality loan pool of $145m which continues to grow.

FSA GROUP HAS ORIGINATED A HIGH QUALITY LOAN POOL OF $145M

- Low over 30 day arrears ~5% (Competitors ~15%)
- High proportion of income verified "Full Doc" borrowers ~94% (Competitors ~35%)
- Low loan to valuation ratios: weighted average ~67% (Competitors ~74%)

Arrears Performance

Over 30 days Arrears FSA Group vs Competitors



*Source: Standard & Poors

Strategy and Outlook

Debt solutions for individuals

Market growth for our services has been underpinned by historically high levels of debt and the inability of individuals to service that debt. We believe that changes to Government policy along with a growing awareness of the range of solutions available to both debtors and creditors will increase demand for our services going forward.

Our vision is to build a range of accessible solutions that support our clients throughout their entire financial lifecycle. To achieve this we will continue to invest in expanding FSA Group's products and services. We believe this will enable us to both leverage our existing client base and grow the pool of clients we can assist going forward.

In addition, we believe that the exiting from the industry of non-bank and in particular non-conforming lenders has created a significant market opportunity. Through the expansion of our non-conforming Home Loan Lending division, we believe FSA Group is well positioned to become a dominant participant in the market.

In 2010 FSA Group will seek to secure additional funding, expand our product range and grow business volumes to take advantage of this market opportunity. Our goal is to grow the loan pool to $600 million by the end of the 2013 financial year.

Debt solutions for small businesses

FSA Group will continue to grow its small business division. It currently offers a range of debt solutions to businesses. These include the preparation of strategic plans, creditor negotiation, arrangement of third party finance, assistance with sale of business, liquidation of the company and contingent liability management.

FSA Group also has a range of direct lending services for small businesses. These include bridging finance and factoring finance. We have been able to provide these services to our small business clients since we secured funding lines of $17 million from Westpac Banking Corporation of which $10 million is limited-recourse.

Our People

FSA Group employs 150 people. During the year, the high levels of activity experienced across the business meant many of our team worked long hours. I would like to acknowledge the efforts of all our team during what has been a very busy period. I would also like to thank our Board for their guidance and support during the year.

Yours sincerely,

Tim Odillo Maher

Tim Odillo Maher
CEO

Directors and Secretaries

(Below from left) **Stan Kalinko, Hugh Parsons, Sam Doumany, Tim Odillo Maher, Deborah Southon, Anthony Carius and Duncan Cornish.**

Financial Report

Contents

Directors' Report

for the year ended 30 June 2009

Your Directors present their report for the year ended 30 June 2009.

Directors

The Directors of the Company at any time during or since the end of the financial year are:

Sam Doumany
Tim Odillo Maher
Deborah Southon
Hugh Parsons
Stan Kalinko

Directors have been in office since the start of the financial year to the date of this report.

Sam Doumany (Non-Executive Chairman)

Experience and Expertise

Mr Doumany was appointed as a Non-Executive Director on 18 December 2002 and was appointed Chairman on 30 June 2003.

Mr Doumany commenced his career in economic research, agribusiness and marketing before embarking on a distinguished political career as a member of parliament in Queensland in 1974.

Between 1974 and 1983 Mr Doumany served on several parliamentary committees, the Liberal Party's State and Federal Rural Policy Committees and the Queensland Liberal Party State Executive. Elevated to the Cabinet in 1978, Mr Doumany served firstly as Minister for Welfare and Corrective Services before serving as Minister for Justice, Queensland Attorney-General and the Deputy Leader of the Liberal Parliamentary Party until late 1983.

Throughout his parliamentary and ministerial career Mr Doumany worked closely, at a senior level, with a wide range of key professional, industry and community organisations.

Since 1983 Mr Doumany has operated a consultancy practice providing services in government relations, corporate strategy and market development. Mr Doumany was also retained by Ernst & Young in an executive consultancy role between 1991 and 2002. Significant assignments for Ernst & Young include the Coutts and Bartlett Receiverships as well as major submissions to the Federal Government. He has also held numerous executive and non-executive board positions, many as Chairman, for private and public companies, industry authorities/ associations and review committees.

Mr Doumany holds a Bachelor of Science from the University of Sydney and is a member of the Australian Institute of Company Directors.

Other current (listed company) directorships

Lindsay Australia Limited

Former (listed company) directorships in last 3 years

Nil

Special responsibilities

Member of the Company's Audit and Risk Management Committee

Interest in shares and options

Ordinary Shares	1,000,000

Tim Odillo Maher (Executive Director)

Experience and Expertise

Mr Odillo Maher was appointed on 30 July 2002. Mr Odillo Maher's background has been in banking and finance, before concentrating on insolvency and corporate finance assignments. He has worked at ANZ Banking Corporation and Star Dean Wilcocks Chartered Accountants. Mr Odillo Maher holds a Bachelor of Business Degree (majoring in Accounting and Finance) from Australian Catholic University and is a Certified Practising Accountant. His work experience has included special reviews of companies experiencing financial difficulties, the rationalisation and re-organisation of businesses, and the implementation of turnaround and exit strategies for businesses, including support plans and asset disposal programmes.

Other current (listed company) directorships

Nil

Former (listed company) directorships in last 3 years

Nil

Special responsibilities

Nil

Interest in shares and options

Ordinary Shares	40,795,717
Convertible Redeemable Preference Shares	16

Deborah Southon (Executive Director)

Experience and Expertise

Ms Southon was appointed on 30 July 2002. Ms Southon has attained a wealth of experience in the government and community services sectors having worked for the Commonwealth Department of Health and Family Services, the former Department of Community Services, and the Smith Family. Ms Southon has successfully managed a programme and administration budget exceeding $150 million and was part of a management team which oversaw a significant growth in client numbers and service delivery which stemmed from the implementation of fresh legislation.

Ms Southon has an Executive Certificate in Leadership & Management (University of Technology, Sydney) and a Bachelor of Arts Degree (Sydney University). She also has qualifications in Speech and Drama (AMEB) and has undertaken post graduate management studies at the Australian Graduate School of Management.

Other current (listed company) directorships

Nil

Former (listed company) directorships in last 3 years

Nil

Special responsibilities

Nil

Interest in shares and options

Ordinary Shares	12,946,533

Hugh Parsons (Non-Executive Director)

Experience and Expertise

Mr Parsons was appointed on 1 August 2006.

Mr Parsons commenced his career in 1969 working for Coopers & Lybrand in London and overseas.

Between 1972 and 1985 he worked for Binder Hamlyn & Co (in Audit and Banking), became a Partner in 1975 and Sydney Managing Partner and National Executive between 1983 and 1985. Binder Hamlyn & Co merged with Ernst & Whinney in 1985, subsequently Ernst & Young, where he specialised in insurance and banking.

Mr Parsons became the Finance Director of Schroders Australia Group between 1987 to 1992 and between 1992 to 1996 acted as a consultant to Price Waterhouse (in Process Re-Engineering, Banking), including 10 months in Bangkok with Commercial Bank of Siam.

Between 1997 and July 2006 he was the Executive Director of the Insolvency Practitioners Association. In the same period he was a Director of a major overseas corporation.

Mr Parsons holds the following qualifications/memberships: FCA, SA Fin., MAICD.

Other (listed company) current directorships

Nil

Former (listed company) directorships in last 3 years

Nil

Special responsibilities

Chairman of the Company's Audit and Risk Management Committee

Interest in shares and options

Options ($0.25 @ 31/01/10)	500,000

Stan Kalinko (Non-Executive Director)

Experience and Expertise

Mr Kalinko was appointed on 9 May 2007.

Mr Kalinko commenced his career in South Africa and spent 20 years as a practising solicitor.

In late 1983, he migrated to Australia and spent 1 year as an associate at Stephen Jaques Stone James, now Mallesons Stephen Jaques.

Between 1985 and 1989 he worked as a merchant banker for Kleinwort Benson Australia ("KBA"), a subsidiary of the largest merchant bank in the United Kingdom at the time, until KBA was sold to Security Pacific Ltd. Mr Kalinko continued to work there until 1991.

For 16 years prior to joining the board of FSA, Mr Kalinko was a partner at Deacons, a national and international law firm. He specialised primarily in corporate and commercial law, focussing on mergers and acquisitions, management buy-outs and joint ventures, and advising Company Directors and Underwriters on capital raisings.

He spent 8 years on the board of Deacons in Sydney, 3 years on their national board, 10 years as the business unit leader of their Banking and Finance Practice Group and 3 years as Chairman of the Sydney office.

Mr Kalinko retired from Deacons on 30 June 2007.

Mr Kalinko is a Fellow of the Australian Institute of Company Directors and has a Bachelor of Commerce, Bachelor of Law and Higher Diploma in Tax. He is also an accredited mediator.

Other (listed company) current directorships

Nil

Former (listed company) directorships in last 3 years

Nil

Special responsibilities

Member of the Company's Audit and Risk Management Committee

Interest in shares and options

Ordinary Shares	10,000
Options ($0.98 @ 31/01/10)	250,000
Options ($0.60 @ 31/01/10)	250,000

Secretaries

Mr Duncan Cornish and Mr Anthony Carius were joint secretaries of the Company during the period and until the date of this report.

Duncan Cornish

Mr Cornish has more than fifteen years experience in the accountancy profession both in England and Australia, mainly with the accountancy firms Ernst & Young and PriceWaterhouseCoopers. He has extensive experience in all aspects of company financial reporting, corporate regulatory and governance areas, business acquisition and disposal due diligence, capital raising and company listings and company secretarial responsibilities.

Mr Cornish holds a Bachelor of Business (Accounting) and is a member of the Australian Institute of Chartered Accountants. He is also the Company Secretary of several other ASX listed companies.

Mr Cornish is also the joint secretary of the Company's Audit and Risk Management Committee.

Anthony Carius

Mr Carius has worked for ten years in accounting, primarily with accounting firm PKF International in both Australia and England. His experience consists of providing mainly assurance and corporate services to a range of listed and non-listed companies across various industries.

He holds a Bachelor of Business degree and a Graduate Diploma from the Institute of Chartered Accountants in Australia. He is also a member of the Institute of Chartered Accountants in Australia.

Mr Carius serves as the Company's Chief Financial Officer and is also the joint secretary of the Company's Audit and Risk Management Committee.

Principal activities

The principal activities of the Consolidated Entity during the period were providing debt solutions and direct lending services to individuals and businesses.

Operating results

The consolidated profit from ordinary activities for the Consolidated Entity after providing for income tax and eliminating outside equity interests was $8,837,172 (2008: $2,681,116).

Dividends paid or recommended

There were no dividends paid or recommended to be paid during or since the financial year.

Review of operations

Detailed comments on operations up to the date of this report are included separately in the Annual Report in the CEO's review.

Review of financial condition

Capital structure

There have been no changes to the Company's capital structure during or since the end of the financial year except as follows:

On 30 September 2009, the Company announced capital raisings of up to $5,000,000 comprising:

- A placement to Institutional and Sophisticated Investors for 10.8 million shares at 37 cents per share to raise $4,000,000 before issue costs ("Placement"); and
- A Share Purchase Plan ("Plan") to Shareholders at 37 cents per share to raise up to $1,000,000 before issue costs.

The Placement will proceed under the Company's 15% capacity under Listing Rule 7.1 and be offered only to eligible investors under Sections 708(8), (10) or (11) (Exempt Investors).

Financial position

The net assets of the Consolidated Entity have increased by $9,505,615 from that at 30 June 2008 to $32,068,466 at 30 June 2009.

The Consolidated Entity's working capital, being current assets less current liabilities has improved from $16,287,518 in 2008 to $19,965,584 in 2009.

Treasury policy

The Consolidated Entity does not have a formally established treasury function. The Board is responsible for managing the Consolidated Entity's currency risks and finance facilities. The Consolidated Entity does not currently undertake hedging of any kind.

Liquidity and funding

The Consolidated Entity has sufficient funds to finance its operations, and to allow the Consolidated Entity to take advantage of favourable business opportunities, not specifically budgeted for, or to fund unforeseen expenditure.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Consolidated Entity in the financial period.

After balance date events

There have been no events since the end of the financial year that impact upon the financial report as at 30 June 2009 except as follows:

On 30 September 2009, the Company announced capital raisings of up to $5,000,000 comprising:

- A placement to Institutional and Sophisticated Investors for 10.8 million shares at 37 cents per share to raise $4,000,000 before issue costs ("Placement"); and
- A Share Purchase Plan ("Plan") to Shareholders at 37 cents per share to raise up to $1,000,000 before issue costs.

The Placement will proceed under the Company's 15% capacity under Listing Rule 7.1 and be offered only to eligible investors under Sections 708(8), (10) or (11) (Exempt Investors).

Future developments

Likely developments in the operations of the Consolidated Entity and the expected results of those operations in subsequent financial years have been discussed where appropriate in the Annual Report in the CEO's review.

There are no further developments that the Directors are aware of which could be expected to affect the results of the Consolidated Entity's operations in subsequent financial years other than the information contained in the CEO's review and besides any other information which the Directors believe comment on or disclosure of would prejudice the interests of the Consolidated Entity.

Environmental issues

There are no matters that have arisen in relation to environmental issues up to the date of this report.

Share options

As at 30 June 2009 there were 2,050,000 unissued ordinary shares under options. All options granted are for unissued ordinary shares in FSA Group Ltd.

Indemnification and insurance of directors and officers

Each of the Directors and the Secretaries of the Company have entered a Deed with the Company whereby the Company has provided certain contractual rights of access to books and records of the Company to those Directors and Secretaries.

The Company has insured all of the Directors of FSA Group Ltd. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and amount of the premium paid. The Corporations Act 2001 does not require disclosure of the information in these circumstances.

The Company has not indemnified its auditor.

Remuneration Report (Audited)

This report outlines the remuneration arrangements in place for Directors and Executives of FSA Group Ltd (the Company).

Remuneration policy

The performance of the Company depends upon the quality of its Directors, Executives and Senior Management. To prosper, the Company must attract, motivate and retain highly skilled Directors, Executives and Senior Management.

The Board does not presently have a Remuneration and Nomination Committee. The Directors consider that the Company is not of a size, nor are its affairs of such complexity, as to justify the formation of a separate committee. All matters which might be dealt with by such a committee are reviewed by the Directors in meeting as a Board. The Board, in carrying out the functions of the Remuneration and Nomination Committee, are responsible for determining and reviewing compensation arrangements for the Directors, Executives and Senior Management.

The Board, in carrying out the functions of the Remuneration and Nomination Committee, assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum shareholder benefit from the retention of a high quality Board and Executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and fringe benefits. It is intended that the manner of payments chosen will be optimal for the recipient without creating undue cost for the Company.

The Company aims to reward the Directors, Executives and Senior Management with a level and mix of remuneration commensurate with their position and responsibilities within the Company. The Board's policy is to align Director, Executive and Senior Management objectives with shareholder and business objectives by providing a fixed remuneration component and offering short and long-term incentives.

In accordance with best practice corporate governance, the structure of Non-Executive Director, Executive Director, Executives and Senior Management remuneration is separate and distinct.

Remuneration Report (Audited) continued

Non-Executive Director Remuneration

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The Constitution of the Company and the ASX Listing Rules specify that the Non-Executive Directors are entitled to remuneration as determined by the Company in General Meeting. The total aggregate annual remuneration payable to Non-Executive Directors of the Company is currently determined to be a maximum aggregate of $250,000 excluding options expensed as calculated by the Black-Scholes method (to be divided between Non-Executive Directors as the board determines). Additionally, Non-Executive Directors will be entitled to be reimbursed for properly incurred expenses.

If a Non-Executive Director performs extra services, which in the opinion of the Directors are outside the scope of the ordinary duties of the Director, the Company may remunerate that Director by payment of a fixed sum determined by the Directors in addition to or instead of the remuneration referred to above. A Non-Executive Director is entitled to be paid travel and other expenses properly incurred by them in attending Directors' or General Meetings of the Company or otherwise in connection with the business of the Company.

The remuneration of Non-Executive Directors for the period ending 30 June 2009 is detailed in Table 1 of this Remuneration Report.

Executive Directors and Senior Management Remuneration

The Company aims to reward the Executive Directors and Senior Management with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- reward Executives for company and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of Executives with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

The remuneration of the Executive Directors and Senior Management may from time to time be fixed by the Board. The remuneration will comprise a fixed remuneration component and also may include offering specific short and long-term incentives, in the form of:

1. performance based salary increases and/or bonuses; and/or
2. share-based payments.

Performance based salary increases and bonuses are assessed on a discretionary basis by the Board. No formal performance conditions or earnings milestones have been set for the granting of salary increases and bonuses. This allows the Board to retain flexibility around granting of salary increases and bonuses if the Company is affected by adverse economic conditions, and the payment of these salary increases and bonuses is not in the best interests of shareholders. A review of bonuses paid to the Executive Directors over the previous 4 years is consistent with the operational performance of the Group in those periods.

All executives and employees have the opportunity to qualify for participation in the FSA Group Ltd Employee Share Option Plan ("ESOP").

The remuneration of the Executive Directors and Senior Management for the period ended 30 June 2009 is detailed in Table 1 of this Remuneration Report.

An employee share incentive scheme has been established where executives and certain members of staff of FSA Group Ltd are issued with options over the ordinary shares of FSA Group Ltd. The options, issued for nil consideration, are issued in accordance with performance guidelines established by the Directors of FSA Group Ltd. The options cannot be transferred and will not be quoted on the ASX. The total number of shares in respect of which options may be granted under the scheme to employees and which have not been exercised or lapsed shall not at any time exceed five percent (5%) of the Company's total issued share capital. There are no such restrictions as to the number of shares in respect of which options may be granted under the scheme to executives.

The exercise price of an option and the exercise period is determined by the Board in accordance with Listing Rules.

No formal policy has been adopted regarding employees and directors hedging exposure to holdings of the Company's securities. No employees or directors have hedged their exposures.

Employment contracts

It is the Board's policy that employment agreements are entered into with all Executive Directors, Executives and employees. An employment agreement has also been entered into with Mr Hugh Parsons, a Non-Executive Director.

Remuneration Report (Audited) continued

Executive Directors

The Executive Directors, Mr Tim Odillo Maher and Ms Deborah Southon are employed under Executive Service Contracts. Under the terms of the contracts:

- Both FSA Group Ltd and the Executive Directors are entitled to terminate the contract upon giving three (3) months written notice.
- FSA Group Ltd is entitled to terminate the agreements upon the happening of various events or other conduct or if Mr Odillo Maher or Ms Southon cease to be a Directors of FSA Group Ltd.
- The contracts provide for annual reviews of performance by FSA Group Ltd.
- There are no early termination clauses.

Non-Executive Directors

Mr Hugh Parsons

Mr Hugh Parsons has been engaged under an Employment Agreement (up until 2 March 2009) and a Letter of Appointment of Non-Executive Director.

The key terms of Mr Parsons' Employment Agreement which were amended on 2 March 2009 were:

- To serve as the Company's Compliance and Public Relations Officer when required (prior to 2 March 2009 for a minimum of 7.5 hours per week).
- Three year term, plus an option by both parties for a further three year term.
- Remuneration of $125 per hour (prior to 2 March 2009 $49,050 inclusive of superannuation per year).
- 500,000 unlisted options were issued, as approved at the Annual General Meeting, to Mr Parsons. The terms of this issue were subsequently amended and approved at the EGM of 29 June 2007. The options will expire on 31 January 2010 (as amended) and have an exercise price of $0.25. The variation of the terms approved at the EGM changed the vesting period of Mr Parsons' options from the grant date to 2 years after the grant date.
- Redundancy Payment as follows:

Termination after 12 months after commencement	$100,000

  The Redundancy Payment is payable in lieu of the Notice Period in the following circumstances:

  – The Company terminates the Employment Agreement.

  – The Company does not renew the Employment Agreement for a further fixed term of three years.

  – Mr Parsons is not re-elected as a Director by the members of the Company.

  – Mr Parsons is removed as a Director by members of the Company.

  The Redundancy Payment is not payable in the following circumstances:

  – Mr Parsons terminates the Employment Agreement.

  – The Company terminates the Employment Agreement in the event of bankruptcy or misconduct (as defined in the Employment Agreement).

The key terms of Mr Parsons' Letter of Appointment as Non-Executive Director are:

- Annual fee of $58,000 exclusive of superannuation (from 2 March 2009, previously $38,150 inclusive of superannuation).

Mr Stan Kalinko

Mr Stan Kalinko has been engaged under a Letter of Appointment of Non-Executive Director.

The key terms of Mr Kalinko's Letter of Appointment as Non-Executive Director are:

- Annual fee of $45,000 (exclusive of Superannuation).
- 250,000 (unlisted) options were issued, as approved at the EGM of 29 June 2007. The options will expire at 31 January 2010 and have an exercise price of $0.98.
- 250,000 (unlisted) options were issued, as approved at the EGM of 14 March 2008. The options will expire at 31 January 2010 and have an exercise price of $0.60.

Senior Management

Employment contracts entered into with senior management contain the following key terms:

Event	Company Policy
Performance based salary increases and/or bonuses	Board discretion
Short and long-term incentives, such as options and shares	Board discretion
Resignation / notice period	1-3 month
Serious misconduct	Company may terminate at any time
Payouts upon resignation or termination, outside industrial regulations (i.e. 'golden handshakes')	None

Remuneration Report (Audited) continued

(a) Details of Directors and Key Management Personnel

(i) Directors

Sam Doumany	Non-Executive Chairman
Tim Odillo Maher	Executive Director
Deborah Southon	Executive Director
Hugh Parsons	Non-Executive Director
Stan Kalinko	Non-Executive Director

(ii) Key Management Personnel

Duncan Cornish	Joint Company Secretary
Anthony Carius	Chief Financial Officer and Joint Company Secretary
Goran Turner	Chief Executive – Fox Symes Home Loans
Pierre-Alain De Villecourt	Chief Information Officer – FSA Group (resigned 27 April 2009)
Farid El Tahche	Chief Information Officer – FSA Group (formerly IT infrastructure manager; appointed as Chief Information officer on 27 April 2009)
Nino Eid	Manager – Refinance

(b) Remuneration of Directors and Key Management Personnel

The Key Management Personnel of the Group include Duncan Cornish, Anthony Carius and Farid El Tahche, being the only executive officers of the Group's parent company, FSA Group Ltd.

Table 1

	Short-term			Long-term	Post-Employment	Share-based Payment	Total
	Salary & Fees $	Cash Bonus $	Non-cash benefits $	Non-cash benefits $	Superannuation $	Options $	$
Directors							
Sam Doumany							
2009	80,000	–	–	6,097	7,200	–	93,297
2008	80,000	–	–	–	7,200	–	87,200
Tim Odillo Maher							
2009	195,353	30,000	–	–	–	–	225,333
2008	150,000	–	–	–	–	–	150,000
Deborah Southon							
2009	192,342	29,318	8,081	16,202	14,326	–	260,269
2008	145,991	–	5,589	–	12,757	–	164,337
Hugh Parsons							
2009	71,230	–	–	–	8,591	26,802	106,623
2008	57,692	–	23,097	–	34,614	68,597	184,000
Stan Kalinko							
2009	–	–	–	–	49,050	67,233	116,283
2008	–	–	3,955	–	49,050	57,479	110,484
Total Remuneration							
2009	**538,905**	**59,318**	**8,081**	**22,299**	**79,167**	**94,035**	**801,805**
2008	**433,683**	**–**	**32,641**	**–**	**103,621**	**126,076**	**696,021**

Executive Director bonuses of $59,318 (representing 100% of the total bonuses to be paid) were paid on 9 July 2008 and were approved by the Board. The Executive Directors abstained from the vote.

Remuneration Report (Audited) continued

(b) Remuneration of Directors and Key Management Personnel continued

	Short-term			Long-term	Post-Employment	Share-based Payment	Total
	Salary & Fees $	Cash Bonus $	Non-cash benefits $	Non-cash benefits $	Superannuation $	Options $	$
Key Management Personnel							
Duncan Cornish							
2009	35,000	–	–	–	–	–	35,000
2008	38,000	–	–	–	–	–	38,000
Anthony Carius							
2009	131,175	–	17,928	–	11,550	26,809	187,462
2008	114,679	**22,935	9,800	–	12,385	62,797	222,596
Pierre-Alain De Villecourt							
2009	205,977	****22,936	–	–	13,802	–	242,715
2008	182,603	–	5,389	–	10,402	–	198,394
Farid El Tahche							
2009	28,000	–	1,614	–	2,520	–	32,134
Goran Turner							
2009	247,491	***175,000	11,563	–	18,000	–	452,054
2008	229,323	–	8,923	–	17,792	–	256,038
Nino Eid							
2009	136,247	–	5,871	–	12,260	5,618	159,996
2008	170,394	–	6,067	–	15,286	5,625	197,372
Total Remuneration							
2009	**783,890**	**197,936**	**36,976**	**–**	**58,132**	**32,427**	**1,109,361**
2008	**734,999**	**22,935**	**30,179**	**–**	**55,865**	**68,422**	**912,400**

** Bonuses were paid of $13,761 and $9,174 (representing 100% of the total bonuses to be paid) on 31 October 2007 and 12 June 2008 respectively. These bonuses were approved by the Executive Directors as part of discretionary performance based remuneration.

*** Bonus (representing 100% of the total bonus to be paid) was paid on 12 June 2009. The bonus was approved by the Board as part of discretionary performance based remuneration.

**** Bonus (representing 100% of the total bonus to be paid) was paid on 15 October 2008. The bonus was as part of discretionary performance based remuneration.

Fair value of options granted as part of remuneration are estimates only. The estimates are based on the use of the Black Scholes option pricing model. This model takes account of factors such as the option exercise price, the current level and volatility of the underlying share price and the time to maturity of the options.

(c) Options issued as part of remuneration for the period ended 30 June 2009

During the year options were granted as equity compensation benefits to one Executive. The options were issued for no consideration. Each of the granted options entitles the holder to subscribe for one fully paid ordinary share in the entity at an exercise price and expiry date, as set out below.

The Company uses employee continuity of service and the future share price to align comparative shareholder return and reward for Executives.

Remuneration Report (Audited) continued

(c) Options issued as part of remuneration for the period ended 30 June 2009 continued

Terms & Conditions for Each Grant								
	Grant Date	Grant Number	Vest Date	Fair Value per option at grant date ($)#	Exercise Price	Fair Value per Option at Exercise Date	Fair Value at Date Option Lapsed	% of Remuneration
Executives								
Pierre-Alain De Villecourt##	6-Aug-2008	375,000	28-Jun-2009	$0.064	$0.60	n/a	$0.095	n/a

\# Calculation of fair value of options granted using the Black-Scholes option pricing model, which takes into account factors such as the option exercise price, the market price at the date of issue and volatility of the underlying share price and the time to maturity of the option.

\## Pierre-Alain De Villecourt ceased employment with FSA Group Ltd on 27 April 2009. His options lapsed at that time.

(d) Shares issued on exercise of remuneration options

There were no options exercised during the year that were granted as remuneration in prior periods.

(e) Option holdings of Directors and Key Management Personnel

						Vested at 30 June 2009		
	Balance at 1 July 2008	Granted as remuneration	Options Exercised	Net Change Other	Balance at 30 June 2009	Total	Not Exercisable	Exercisable
ESOP Options								
Directors	n/a							
Key Management Personnel								
Anthony Carius	450,000	–	–	–	450,000	300,000	–	300,000
Pierre-Alain De Villecourt	–	375,000	–	^^(375,000)	–	–	–	–
Nino Eid	50,000	–	–	–	50,000	–	–	–
Total ESOP Options	**500,000**	**375,000**	**–**	**(375,000)**	**500,000**	**300,000**	**–**	**300,000**
Unlisted Options ($0.25 @ 31-Jan-10)								
Directors								
Hugh Parsons	500,000	–	–	–	500,000	500,000	–	500,000
Key Management Personnel	n/a							
Unlisted Options ($0.98 @ 31-Jan-10)								
Directors								
Stan Kalinko	250,000	–	–	–	250,000	250,000	–	250,000
Key Management Personnel	n/a							
Unlisted Options ($0.60 @ 31-Jan-10)								
Directors								
Stan Kalinko	250,000	–	–	–	250,000	250,000	–	250,000
Key Management Personnel	n/a							
Total Unlisted Options	**1,000,000**	**–**	**–**	**–**	**1,000,000**	**1,000,000**	**–**	**1,000,000**

^^ Pierre-Alain De Villecourt ceased employment with FSA Group Ltd on 27 April 2009. His options lapsed at that time.

Remuneration Report (Audited) continued

(e) Option holdings of Directors and Key Management Personnel continued

All options vest to Directors or other employees if they are employed with the Group at vesting date. The exercise price reflects the closing share price of FSA Group Limited on the trading day preceding the grant plus a premium specific to each grant contract to ensure benefits are linked to the future growth in share price of the Company.

The terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

Terms & Conditions for Each Grant				
Grant Date	Grant Number	Vest Date	Fair Value per option at grant date ($)	Exercise Price
21-Nov-2006	500,000	20-Nov-2008	$0.2736	$0.250
01-Feb-2007	150,000	31-Dec-2007	$0.2948	$0.655
01-Feb-2007	150,000	31-Dec-2008	$0.2948	$0.655
01-Feb-2007	150,000	31-Dec-2009	$0.2948	$0.655
19-Feb-2007	640,000	31-Dec-2009	$0.3220	$0.600
29-Jun-2007	250,000	28-Jun-2009	$0.4014	$0.980
14-Mar-2008	250,000	28-Jun-2009	$0.0980	$0.600

(f) Shareholdings of Directors and Key Management Personnel

Shares held in FSA Group Ltd, including CRPS (number)	Balance 1 July 2008	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30 June 2009
Directors					
Sam Doumany	1,000,000	–	–	–	1,000,000
Tim Odillo Maher	40,795,733	–	–	–	40,795,733
Deborah Southon	12,946,533	–	–	–	12,946,533
Stan Kalinko	10,000	–	–	–	10,000
Key Management Personnel					
Duncan Cornish	1,083,271	–	–	600,000	1,683,271
Anthony Carius	26,158	–	–	–	26,158
Nino Eid	100,000	–	–	–	100,000
Total	**55,961,695**	**–**	**–**	**600,000**	**56,561,695**

(g) Loans to Directors and Key Management Personnel

There were no loans to Directors or Key Management Personnel during the period.

(h) Other transactions to Directors and Key Management Personnel

Convertible Redeemable Preference Shares (CRPS)

Background to the transaction

Part of the consideration for the acquisition of 180 Group Holdings was paid by FSA Group by the issue of the CRPS. In summary, the terms of the CRPS are as follows:

- a total of 32 one dollar ($1) CRPS were issued to Capital Management Corporation Pty Ltd, the Vendor;
- each CRPS will be convertible, subject to certain performance parameters being achieved in the 180 Group, into 1,000,000 ordinary fully paid FSA Group shares (such that if all of the CRPS are converted, a total of 32,000,000 FSA Group shares will be issued); and
- CRPS are able to be converted into ordinary FSA Group shares under one of three scenarios (or "Phases") based on the financial performance of the 180 Group. These Phases were set out fully in the Notice of Meeting and Explanatory Memorandum distributed to shareholders on 17 March 2006.

Remuneration Report (Audited) continued

(h) Other transactions to Directors and Key Management Personnel continued

There were no other transactions or balances with Directors or Key Management Personnel during the period.

Directors' Meetings

The number of meetings of Directors held during the period and the number of meetings attended by each Director are as follows:

	Number of meetings held while in office	Meetings attended
Sam Doumany	12	12
Tim Odillo Maher	12	12
Deborah Southon	12	12
Hugh Parsons	12	12
Stan Kalinko	12	12
Total number of meetings held during the financial year – 12		

Audit and Risk Management Committee Meetings

The number of meetings of the Audit and Risk Management Committee held during the period and the number of meetings attended by each member of the Audit and Risk Management Committee are as follows:

	Number of meetings held while in office	Meetings attended
Hugh Parsons	4	4
Sam Doumany	4	3
Stan Kalinko	4	4
Total number of meetings held during the financial year – 4		

Tax Consolidation

FSA Group Ltd and its 100% owned subsidiaries have formed a tax consolidated group and have entered tax sharing and tax funding arrangements.

180 Group Pty Ltd (controlled by FSA Group Ltd) and its 100% owned subsidiaries have formed a tax consolidated group and have entered tax sharing and tax funding arrangements.

Fox Symes Home Loans Pty Limited (controlled by FSA Group Ltd) and its 100% owned subsidiaries have formed a tax consolidated group and have entered tax sharing and tax funding arrangements.

Non-Audit Services

The Board of Directors, in accordance with advice from the Audit and Risk Management Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit and Risk Management Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement F1: Professional Independence;
- all non-audit services are performed by persons not involved in the audit.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2009:

Tax consulting services	$56,450

Auditor's Independence Declaration

The Auditor's Independence Declaration forms part of the Directors Report and can be found on page 28.

Auditor Details

PKF Chartered Accountants continues in office in accordance with section 327 of the *Corporations Act 2001*.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of FSA Group Ltd support and have adhered to the principles of corporate governance. The Company's Corporate Governance Statement is separately contained in the Annual Report.

Signed in accordance with a resolution of the directors.

Tim Odillo Maher
Director
Sydney
30 September 2009

Auditor's Independence Declaration

Chartered Accountants
& Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of FSA Group Limited for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of FSA Group Limited and the entities it controlled during the year.

PKF

PKF

Wayne Wessels
Partner

Dated at Brisbane this 30th day of September 2009

Tel: 61 7 3226 3555 | Fax: 61 7 3226 3500 | www.pkf.com.au
PKF | ABN 83 236 985 726
Level 6, 10 Eagle Street | Brisbane | Queensland 4000 | Australia
GPO Box 1078 | Brisbane | Queensland 4001

Corporate Governance Statement

The Board of Directors of FSA Group Ltd is responsible for the corporate governance of the Consolidated Entity. The Board guides and monitors the business and affairs of FSA Group Ltd on behalf of the shareholders by whom they are elected and to whom they are accountable.

FSA Group Ltd's Corporate Governance Statement is now structured with reference to the Australian Securities Exchange Corporate Governance Council's (the "Council") Corporate Governance Principles and Recommendations, 2nd Edition, which are as follows:

Principle 1	Lay solid foundations for management and oversight
Principle 2	Structure the board to add value
Principle 3	Promote ethical and responsible decision making
Principle 4	Safeguard integrity in financial reporting
Principle 5	Make timely and balanced disclosure
Principle 6	Respect the rights of shareholders
Principle 7	Recognise and manage risk
Principle 8	Remunerate fairly and responsibly

A copy of the eight Corporate Governance Principles and Recommendations can be found on the ASX's website at www.asx.com.au.

The Board is of the view that with the exception of the departures from the ASX Guidelines as set out below, it otherwise complies with all of the ASX Guidelines.

ASX Principles and Recommendations	Summary of the Company's Position
Principle 1 – Lay solid foundations for management and oversight	
Recommendation 1.3 – The Board should evaluate the performance of Directors and Senior Executives in accordance with its documented process	No formal performance evaluation of the Directors or Senior Management was undertaken during the year ended 30 June 2009, though this was considered informally by the board at its regular meetings.
Principle 2 – Structure the board to add value	
Recommendation 2.4 – The Board should establish a nomination committee	FSA Group Ltd does not have a separately established nomination committee. The Board currently performs the functions of a nomination committee and where necessary will seek advice of external advisors in relation to this role. The Board does not believe that any marked efficiencies or enhancements would be achieved by the creation of a separate nomination committee.
Principle 7 – Recognise and manage risk	
Recommendation 7.2 – The Board should require management to design and implement a risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that Management has reported to it the effectiveness of the Company's management of its material risks	While the design and implementation of a basic risk management and internal control system is in place, a formal report as to the effectiveness of the management of the company's material business risks has not been provided to the board. The Company is currently reviewing and updating its risk management systems and procedures and adherence to providing formal reports is under review.
Principle 8 – Remunerate fairly and responsibly	
Recommendation 8.1 – The Board should establish a remuneration committee	FSA Group Ltd does not have a separately established remuneration committee. The Board currently performs the functions of a remuneration committee. For further details regarding remuneration please refer to the Remuneration Report included in the Directors' Report.

Role of the Board

The role of the Board is to exercise its management responsibilities in the wider interests if the company's shareholders.

The Board charter and functions reserved for the board (and senior executives) have been established and can be viewed in the Company's corporate governance practices and policies, publicly available on the Company's web site, www.fsagroup.com.au.

Structure of the Board

The skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the Annual Report is included in the Director's Report. Corporate Governance Council Recommendation 2.1 requires a majority of the Board to be independent directors.

The Corporate Governance Council defines independence as being free from any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgement.

In the context of Director independence, "materiality" is considered from both the Company and the individual Director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 10% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered included whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the Director in question to shape the direction of the company's loyalty.

In accordance with the Council's definition of independence above, and the materiality thresholds set, the following Directors are considered to be independent:

Name	Position
Mr Sam Doumany	Non-Executive Chairman
Mr Hugh Parsons	Non-Executive Director
Mr Stan Kalinko	Non-Executive Director

In accordance with the Council's definition of independence above, and the materiality thresholds set, the following Directors are not considered to be independent:

Name	Position	Reason for non-compliance
Mr Tim Odillo Maher	Executive Director and CEO	Mr Odillo Maher is employed by the Company in an executive capacity
Ms Deborah Southon	Executive Director	Ms Southon is employed by the Company in an executive capacity

The majority of FSA Group Ltd's board is independent.

FSA Group Ltd considers industry experience and specific expertise, as well as general corporate experience, to be important attributes of its board members. The members of the Board have been brought together to provide a blend of qualifications, considerable industry skills and national and international experience required for managing a company operating within the financial services and debt management industry.

There are procedures in place, agreed by the Board, to enable the Directors, in furtherance of their duties, to seek independent professional advice at the Company's expense.

The term in office held by each Director in office at the date of this report is as follows:

Name	Term in office
Sam Doumany	6 years 8 months
Tim Odillo Maher	7 years 1 month
Deborah Southon	7 years 1 month
Hugh Parsons	3 years 1 month
Stan Kalinko	2 years 4 months

Nomination and Remuneration Committees

Recommendations 2.4 and 8.1 require listed entities to establish nomination and remuneration committees. During the year ended 30 June 2009, FSA Group Ltd did not have separately established nomination or remuneration committees. The full Board shall for the time being carry out the functions of remuneration & nomination committees performing this function at its regular meetings. The Board does not believe that any marked efficiencies or enhancements would be achieved by the creation of separate remuneration or nomination committees.

Corporate Governance Statement continued

Audit and Risk Management Committee

The Board has established an Audit and Risk Management Committee, which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators.

The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the consolidated entity to the Audit and Risk Management Committee.

The Audit and Risk Management Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. All members of the Audit and Risk Management Committee are Non-Executive Directors.

The members of the Audit and Risk Management Committee during the period 1 July 2008 to 30 June 2009 were:

- Sam Doumany BSc. – Independent Director
- Hugh Parsons – Independent Chairperson (Audit Committee)
- Stan Kalinko LLB, BComm. – Independent Director

For additional details of Directors' attendance at Audit and Risk Management Committee meetings and to review the qualifications of the members of the Audit and Risk Management Committee, please refer to the Directors' Report.

The Audit and Risk Management Committee met three times throughout the year.

The Audit and Risk Management Charter, contained in the Company's corporate governance charter has been made publicly available on the Company's website www.fsagroup.com.au.

This also contains the Committee's procedures for the selection and appointment of external auditors and the rotation of external audit engagement partners.

Recommendation 7.2 requires that the Board disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks. Business risks are considered regularly by the Board and Management.

As required by Recommendation 7.3, the Board has received written assurances from the Executive Directors and Chief Financial Officer that to the best of their knowledge and belief, the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that their system is operating effectively in all material respects in relation to financial reporting risks.

Performance evaluation

The full Board, in carrying out the functions of the Remuneration and Nomination Committee, considers remuneration and nomination issues annually and otherwise as required in conjunction with the regular meetings of the Board.

The performance of the individual members of the Board, the Audit and Risk Management Committee and Senior Executives is considered at the regular meetings of the Board. No formal performance evaluation of the Directors or Senior Management was undertaken during the year ended 30 June 2009.

Remuneration

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and Executive team by remunerating Director and key Executives fairly and appropriately with reference to relevant and employment market conditions. To assist in achieving this objective, the Board links the nature and amount of executive Director's and Officer's emoluments to the Company's financial and operations performance. The expected outcomes of the remuneration structure are:

- Retention and motivation of key Executives
- Attraction of quality management to the Company
- Performance incentives which allow Executives to share the rewards of the success of FSA Group Ltd

For details on the amount of remuneration and all monetary and non-monetary components for each of the Key Management Personnel during the year, and for all directors, please refer to the Remuneration Report within the Directors' Report. In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the board, having regard to the overall performance of FSA Group Ltd and the performance of the individual during the period.

The Board is responsible for determining and reviewing compensation arrangements for the Directors themselves and the executive team. As noted above, no separate remuneration committee has been created.

Trading Policy

The Board has adopted a policy and procedure on dealing in the Company's securities by Directors, Officers and Employees which prohibits dealing in the Company's

Trading Policy continued

securities when those persons possess inside information, until it has been released to the market and adequate time has passed for this to be reflected in the security's prices, and during certain pre-determined windows.

Code of Conduct

The Company seeks to actively promote appropriate standards of ethics and integrity in carrying out their duties for the Company. To this end the company requires that its Directors and Employees:

Disclose any actual or perceived conflicts of interest of a direct or indirect nature of which they become aware and which they believe could compromise in any way the reputation or performance of the Company;

Respect confidentiality of all information of a confidential nature which is acquired in the course of the Company's business and not disclose or make improper use of such confidential information to any person unless specific authorisation is given for disclosure or disclosure is legally mandated;

Deal with the Company's customers, suppliers, competitors and each other with the highest level of honesty, fairness and integrity and to observe the rule and spirit of the legal and regulatory environment in which the Company operates;

Protect the assets of the Company to ensure availability for legitimate business purposes and ensure all corporate opportunities are enjoyed by the Company and that no property, information or position belonging to the Company or opportunity arising from these are used for personal gain or to compete with the Company;

Provide a workplace that is free of harassment and discrimination and observe the rule and spirit of the legal and regulatory environment in which the Company operates; and

Report any breach of this code of conduct to Management, who will treat reports made in good faith of such violations with respect and in confidence.

Management has undertaken to monitor and review the code periodically and report to the board. The full code of conduct is available in the company's corporate governance charter which may be viewed on the company's website www.fsagroup.com.au.

Continuous disclosure and compliance

The Company's policies for ensuring compliance with ASX listing rule and continuous disclosure is located in the Company's corporate governance charter which may be viewed on the company's website www.fsagroup.com.au.

Communications policy

The Company has adopted a Communications Policy aimed at promoting effective communication with shareholders and encouraging shareholder participation at general shareholder meetings. A copy of the policy can be located in the Company's corporate governance charter which may be viewed on the company's website www.fsagroup.com.au. In addition to the corporate information generally available on the Company's website, the following information is made available:

- ASX announcements
- Presentations
- Annual and Periodic Reports
- Press releases
- Investor relations contacts

Risk Management

The Company has developed an informal framework for risk management and internal compliance and control systems which cover organisational, financial, and operational aspects of the Company's affairs. Further detail on the Company's risk management policies can be found within the Audit and Risk Managements Committee Charter which may be viewed on the company's website www.fsagroup.com.au.

FSA Group Ltd is currently updating its risk management system.

Other Information

Further information relating to the Company's corporate governance practices and policies has been made publicly available on the Company's web site.

Income Statements

for the year ended 30 June 2009

	Notes	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Revenue and other income					
Fees from Services	2	**38,830,270**	30,308,900	**–**	12,241
Finance income	2	**20,163,442**	9,597,656	**9,157**	21,072
Finance expense	2	**(8,959,124)**	(4,143,935)	**–**	–
Net finance income	2	**11,204,318**	5,453,721	**9,157**	21,072
Other income	2	**39,034**	526,090	**100,041**	–
Total revenue and other income net of finance expense		**50,073,622**	36,288,711	**109,198**	33,313
Share of profits of an associate using the equity accounting method	27	**126,323**	246,665	**–**	–
Expenses from continuing activities	3	**(36,260,608)**	(31,797,640)	**(249,220)**	(261,101)
Profit/(loss) before income tax		**13,939,337**	4,737,736	**(140,022)**	(227,788)
income tax (expense)/benefit	4	**(3,917,705)**	(1,533,812)	**163,373**	(29,147)
Profit/(loss) for the year		**10,021,632**	3,203,924	**23,351**	(256,935)
Profit attributable to minority equity interest		**1,184,460**	522,808	**–**	–
Profit/(loss) attributable to members of the parent entity		**8,837,172**	2,681,116	**23,351**	(256,935)
Earnings per share					
Basic earnings per share (cents per share)	6	**7.66**	2.37		
Diluted earnings per share (cents per share)	6	**7.15**	2.21		

The Income Statements should be read in conjunction with the Notes to the Financial Statements.

Balance Sheets

as at 30 June 2009

	Notes	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Current Assets					
Cash and cash equivalents	7	**11,648,184**	7,676,105	**626,350**	256,456
Trade and other receivables	8	**24,549,055**	19,909,109	**50,000**	–
Current tax assets		**–**	660,749	**–**	421,952
Other assets	9	**745,292**	440,596	**–**	–
Total Current Assets		**36,942,531**	28,686,559	**676,350**	678,408
Non-Current Assets					
Trade and other receivables	8	**17,489,641**	9,065,820	**–**	–
Investments in associates	27	**2,843**	62,114	**–**	–
Plant and equipment	12	**719,308**	1,029,289	**–**	–
Investment property	13	**321,686**	333,922	**–**	–
Other assets	9	**–**	3,900	**11,046,302**	6,546,397
Deferred tax assets	4d	**227,498**	901,176	**–**	–
Intangible assets	14	**4,104,948**	3,830,835	**–**	–
Total Non-Current Assets		**22,865,924**	15,227,056	**11,046,302**	6,546,397
Assets financed by non-recourse financial liabilities					
Cash and cash equivalents	7	**8,043,786**	11,187,707	**–**	–
Trade and other receivables	8	**12,576**	39,340	**–**	–
Specialty finance assets	10	**145,319,192**	89,767,650	**–**	–
Total assets financed by non-recourse financial liabilities		**153,375,554**	100,994,697	**–**	–
Total Assets		**213,184,009**	144,908,312	**11,722,652**	7,224,805
Current Liabilities					
Trade and other payables	15	**14,145,947**	9,723,593	**4,650,668**	604,998
Current tax liabilities		**363,828**	–	**219,861**	–
Borrowings	16	**1,989,773**	786,298	**–**	–
Provisions	17	**477,399**	1,889,150	**–**	–
Total Current Liabilities		**16,976,947**	12,399,041	**4,870,529**	604,998
Non-Current Liabilities					
Borrowings	16	**9,807,001**	6,952,779	**–**	–
Provisions	17	**158,819**	71,959	**–**	–
Deferred tax liabilities	4e	**5,592,589**	3,034,842	**–**	–
Total Non-Current Liabilities		**15,558,409**	10,059,580	**–**	–
Non-Recourse Financial Liabilities					
Borrowings	16	**148,580,187**	99,886,840	**–**	–
Total Non-Recourse Financial Liabilities		**148,580,187**	99,886,840	**–**	–
Total Liabilities		**181,115,543**	122,345,461	**4,870,529**	604,998
Net Assets		**32,068,466**	22,562,851	**6,852,123**	6,619,807
Equity					
Share capital	18	**7,137,472**	7,137,472	**7,137,472**	7,137,472
Reserves	19	**611,570**	402,605	**611,570**	402,605
Retained earnings/(Accumulated losses)		**22,768,833**	13,931,661	**(896,919)**	(920,270)
Minority equity interest		**1,550,591**	1,091,113	**–**	–
Total Equity		**32,068,466**	22,562,851	**6,852,123**	6,619,807

The Balance Sheets should be read in conjunction with the Notes to the Financial Statements.

Statements of Changes in Equity

for the year ended 30 June 2009

Consolidated Entity

	Share Capital $	Reserves $	Retained Earnings $	Minority Interest $	Total $
Balance at 1 July 2007	6,943,472	141,619	11,250,545	568,305	18,903,941
Profit for the year attributable to members of the parent	–	–	2,681,116	–	2,681,116
Profit for the year attributable to minority shareholders	–	–	–	522,808	522,808
Share-based payments expense	154,000	260,986	–	–	414,986
Options exercised into ordinary shares	40,000	–	–	–	40,000
Balance at 30 June 2008/1 July 2008	**7,137,472**	**402,605**	**13,931,661**	**1,091,113**	**22,562,851**
Profit for the year attributable to members of the parent	**–**	**–**	**8,837,172**	**–**	**8,837,172**
Profit for the year attributable to minority shareholders	**–**	**–**	**–**	**1,184,460**	**1,184,460**
Share-based payment expense	**–**	**208,965**	**–**	**–**	**208,965**
Acquisition of Minority Interest	**–**	**–**	**–**	**(89,387)**	**(89,387)**
Distribution to unit-holders	**–**	**–**	**–**	**(635,595)**	**(635,595)**
Balance at 30 June 2009	**7,137,472**	**611,570**	**22,768,833**	**1,550,591**	**32,068,466**

Parent Entity

	Share Capital $	Reserves $	(Accumulated Losses) $	Total $
Balance at 1 July 2007	**6,943,472**	**141,619**	**(663,335)**	**6,421,756**
Loss for the year	–	–	(256,935)	(256,935)
Share-based payments expenses	154,000	260,986	–	414,986
Options exercised into ordinary shares	40,000	–	–	40,000
Balance at 30 June 2008/1 July 2008	**7,137,472**	**402,605**	**(920,270)**	**6,619,807**
Profit for the year	**–**	**–**	**23,351**	**23,351**
Share-based payment expense	**–**	**208,965**	**–**	**208,965**
Balance at 30 June 2009	**7,137,472**	**611,570**	**(896,919)**	**6,852,123**

The Statements of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

Cash Flow Statements

for the year ended 30 June 2009

	Notes	Consolidated Entity 2009 $ Inflows/ (Outflows)	Consolidated Entity 2008 $ Inflows/ (Outflows)	Parent Entity 2009 $ Inflows/ (Outflows)	Parent Entity 2008 $ Inflows/ (Outflows)
Cash flows from operating activities					
Receipts from customers and debtors, including amounts received on behalf of institutional creditors		**54,624,221**	61,689,080	**–**	–
Payments to institutional creditors, suppliers and employees		**(58,608,112)**	(61,056,113)	**–**	–
Interest received		**15,592,111**	5,928,207	**9,157**	21,072
Interest and other costs of finance paid		**(9,124,209)**	(3,620,421)	**(40,000)**	–
Income tax paid		**399,887**	(2,706,312)	**296,263**	(1,599,475)
Net cash inflow/(outflow) from operating activities	20	**2,883,898**	234,441	**265,420**	(1,578,403)
Cash flows from investing activities					
Acquisition of property, plant and equipment		**(295,299)**	(780,206)	**–**	–
Proceeds from disposal of Investment Property		**–**	1,350,000	**–**	–
Acquisition of Intangibles		**(429,374)**	–	**–**	–
Acquisition of subsidiaries net of cash acquired		**(100,000)**	–	**–**	–
Proceeds from disposal of subsidiaries		**50,000**	–	**–**	–
Net (Increase) in Specialty finance assets		**(54,319,699)**	(88,696,293)	**–**	–
Net (Increase)/Decrease in Bridging finance assets		**1,017,664**	(1,811,280)	**–**	–
Net (Increase) in Factoring finance assets		**(905,664)**	(3,065,284)	**–**	–
Investment in Associate		**147,696**	–	**–**	–
Net cash outflow from investing activities		**(54,834,676)**	(93,003,063)	**–**	–
Cash flows from financing activities					
Net proceeds from / (repayment of) borrowings		**53,569,850**	103,126,548	**199,474**	(553,243)
Payment of distributions to minority interests – Warehouse Trust		**(240,914)**	–	**–**	–
Proceeds from share issues		**–**	40,000	**–**	40,000
Proceeds from /(repayment of) Unsecured notes		**(550,000)**	45,000	**(95,000)**	95,000
Net cash inflow/(outflow) from financing activities		**52,778,936**	103,211,548	**104,474**	(418,243)
Net increase/(decrease) in cash and cash equivalents		**828,158**	10,442,926	**369,894**	(1,996,646)
Cash and cash equivalents at the beginning of the financial year		**18,863,812**	8,420,886	**256,456**	2,253,102
Cash and cash equivalents at the end of the financial year	7	**19,691,970**	18,863,812	**626,350**	256,456

The Cash Flow Statements should be read in conjunction with the Notes to the Financial Statements.

Note 1. Summary of significant accounting policies

The financial report includes the financial statements of FSA Group Ltd ("the Parent Entity" or "the Company") and the Consolidated Entity (or "the Group") consisting of FSA Group Ltd and its controlled entities. FSA Group Ltd is a listed public company, incorporated and domiciled in Australia.

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The consolidated financial report of the Group and the financial report of the Company comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The following is a summary of the material accounting policies adopted in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of preparation

The financial report is presented in Australian dollars.

Reporting basis and conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies

(a) Principles of Consolidation

A controlled entity is any entity FSA Group Ltd has the power to control the financial and operating policies so as to obtain benefits from its activities. A list of controlled entities is contained in Note 11 to the financial statements. All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies applied by the parent entity. Where controlled entities have entered or left the Group during the year, their operating results have been included from the date control was obtained or until the date control ceased.

Minority interests in equity and results of the entities controlled are shown as a separate item in the consolidated financial report.

(b) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax is recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences and unused tax losses can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Tax consolidation

FSA Group Ltd and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation Regime. Additionally, 180 Group Pty Ltd and its wholly-owned Australian subsidiaries and Fox Symes Home Loans Pty Ltd and its wholly-owned Australian subsidiaries have also formed income tax consolidated groups under the Tax Consolidation Regime.

FSA Group Ltd, 180 Group Pty Ltd and Fox Symes Home Loans Pty Ltd as head entities of their respective tax consolidated groups and the controlled entities in each group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, the head entity of each tax consolidated group also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Note 1. Summary of significant accounting policies continued

(b) Income Tax continued

The respective tax consolidated groups have entered into tax sharing agreements whereby each company in the group contributes to the income tax payable of the consolidated group.

(c) Financial Instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit and loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised if the Group's contractual rights to cashflows from the financial assets expire or the Group transfers the financial asset to another party without retaining control or substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date i.e. the date the Group commits itself to purchase or sell an asset. Financial liabilities are de-recognised if the Group's obligations specified in the contract expire, are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the Cash Flow Statement.

Ordinary Share Capital

Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity net of any related income tax benefit.

Held-to-maturity investments

If the Group has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

Available-for-sale financial assets

The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign exchange gains and losses on available-for-sale monetary items are recognised as a separate component of equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

Investments at fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Loans and Receivables

Loans and receivables are held at amortised cost. Loan assets held at amortised cost are non derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They arise when a mortgage loan is originated in the Group's balance sheet. These are accounted for at amortised cost using the effective interest method.

(d) Property, Plant and Equipment

Property, Plant and Equipment

Property, plant and equipment are measured on the cost basis less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

Property, plant and equipment is depreciated over their useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Note 1. Summary of significant accounting policies continued

(d) Property, Plant and Equipment continued

The useful lives used for each class of asset are:

Class of Asset	Useful life
Plant and equipment	2 to 5 years
Computers and Office Equipment	2 to 5 years
Leasehold improvements	5 years
Furniture and Fitting	2 to 5 years
Motor Vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement.

(e) Investment properties

Investment property is property held either to earn rental income or for capital appreciation or both. Investment properties are measured at cost less accumulated depreciation. The carrying amount of an asset in this class is written down immediately to its recoverable amount if the asset's carrying amount is greater than it's estimated recoverable amount.

Investment properties have a useful life of 40 years.

(f) Leases

Leases of property plant and equipment where the Group, as lessee, has substantially all the risks and benefits incidental to the ownership of the asset are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor are charged to the income statement on a straight line basis over the period of the lease.

(g) Impairment of assets

At each reporting date, the Group reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(h) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Equity settled compensation

Share based compensation benefits are provided to employees via the FSA Group Ltd Employee Share Option Plan ("ESOP"). Information relating to the ESOP is set out in the Remuneration Report, contained within the Directors' report.

The fair value of options granted under the ESOP is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Group revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital and the proceeds received, net of any directly attributable transaction costs, are credited to share capital.

Note 1. Summary of significant accounting policies continued

(h) Employee benefits continued

Under the employee share scheme, shares issued to employees for no cash consideration vest immediately on grant date. On this date, the market value of the shares issued is recognised as an employee benefits expense with a corresponding increase in equity.

Bonuses and profit sharing arrangements

A provision is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(i) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(j) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of Services – Personal Insolvency

When the outcome of a contract to provide services under the Bankruptcy Act can be estimated reliably, revenue is recognised by reference to the right to be compensated for services and where the stage of completion of the service can be reliably estimated, specifically:

<u>Debt Agreement Application Fees</u>

Upon the completion of preparing the Debt Agreement proposal for consideration by the creditors and the Insolvency and Trustee Service of Australia (ITSA).

<u>Debt Agreement Fees</u>

At the date of approval of the Debt Agreement proposal by a majority of the vote value of creditors.

<u>Trustee Fees Bankruptcy and Personal Insolvency Agreements</u>

Trustee Fees are recognised as work in progress and time billed. Fee income is only recognised to the extent fees have been approved by creditors.

Rendering of Services – Recruitment Fees

Recruitment Fees are recognised upon commencement of employment under the agreed contact terms for that placement.

Under the contract terms the outcome of the transaction cannot be measured reliably until such time as the candidate has commenced employment.

Refinance Fees

When the outcome of a contract to provide services can be estimated reliably, either upon receipt of upfront fee and subsequent turbo or trail commission, in the case of non-conforming lending, or in the case of conforming lending, trail commission revenue and receivables are recognised at fair-value being the future trail commission receivable discounted to their net present value.

Interest

Interest income is recognised in the income statement using the effective interest method. The effective interest method is the method of calculating the amortised cost of a financial asset or financial liability and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash receipts or payments over the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability (which includes, where applicable, the unamortised balance of transaction costs).

Finance fee income

Finance fee income is recognised in either of two ways, either upfront where the fee represents a recovery of costs or a charge for services provided to customers (e.g. application fees and risk assessment fees) or, where income relates to loan origination, income is deferred and amortised over the effective life of the loan using the effective interest method. Deferred establishment fees are establishment fees which the borrower is contracted to pay but payment is deferred until such time as they repay the outstanding loan balance. These fees are waived if the loan is repaid after the qualifying period. These fees are recognised at the commencement of the contract and are amortised over the current average life of the loan.

(k) Goods & Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances GST is recognised as part of the acquisition of the asset or as part of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of financing and investing activities, which are disclosed as operating cash flows.

Note 1. Summary of significant accounting policies continued

(l) Comparative figures

Where required by Australian Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(m) Investments in Subsidiaries

Investments are brought to account on the cost basis in the parent entity's financial statements and using the acquisition method, after initially being recognised at costs in the consolidated entity's financial statements. The carrying amount of investments is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the shares' current market value or the underlying net assets in the particular entities. The expected net cash flow from investments has not been discounted to their present value in determining the recoverable amounts, except where stated.

(n) Intangibles

Goodwill on consolidation is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of a subsidiary include the carrying amount of goodwill relating to the subsidiary sold.

Software is measured on the cost basis less accumulated amortisation and accumulated impairment losses.

Software is amortised over its useful life of 2 years.

(o) Trade and other payables

Trade payables and other amounts are carried at amortised cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

Monies received (and not yet distributed pursuant to the Debt Agreements) on behalf of institutional creditors are recorded as current liabilities.

(p) Provision for Institutional Creditor Payments

Dividends payable to Institutional Creditors are provided for in the financial statements in accordance with the respective Debt Agreement Proposals accepted by the official receiver for processing prior to 1 July 2008 and are classified as current provisions unless all of the Debt Agreement fee has been received, in which case they are classified as a current payable.

(q) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions about future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities in the next annual reporting period are:

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units to which the goodwill is allocated (refer to Note 14 in the financial statements).

Impairment of receivables

Debt agreement receivables

Impairment of debt agreement receivables is assessed on a collective basis based on historical collections data. Considering the length of time it takes to collect debts in administration and the inherent uncertainty over the collection of these amounts this method represents management's "best estimate" of the recoverability of debtors in the debt agreement business. Impairment is provided for and recorded in a separate Allowance account. Amounts are written off against this account as bad when debt agreements are terminated by creditors.

The evaluation process is subject to a series of estimates and judgments. The frequency of default, loss history, and current economic conditions are considered. Changes in these estimates could have a direct impact on the level of provision determined (refer to Note 8 in the financial statements).

Other loans and advances

For other loans and advances individually assessed provisions are raised where there is objective evidence of impairment and full recovery of the principal is considered doubtful. Provisions are established after considering the estimates of the fair value of the collateral taken and recorded in a separate Allowance account. Amounts are written off against the account as bad after management establishes amounts which will not be recovered from available evidence.

Note 1. Summary of significant accounting policies continued

(r) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method (equity accounted investees). The consolidated financial statements include the Group's share of the income and expenses of the equity accounted investees, after adjustments to align the accounting policies with those of the Group, from that date the significant influence commences until the date where significant influence ceases. When the Group's share of the loss extends its interest in the equity accounted investee, the carrying amount of that interest (including any long term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(s) Finance Income and Costs

Finance Income is measured and recognised as per (j) *Revenue recognition* above.

Finance costs comprise interest expense on borrowings, unwinding of discount on provisions, dividends on preference shares classified as liabilities, foreign currency losses, changes in fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets and losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

(t) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(u) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses (including revenues and expenses relating to transactions with other components of the same entity); whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available.

Operating segments are distinguished and presented based on the differences in providing services and providing finance products.

(v) Financial Guarantee Contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with *AASB 137 Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

(w) New standards and interpretations not yet adopted

Certain new accounting standards, amendments to standards and interpretations have been published that are not mandatory for the 30 June 2009 reporting period. The Consolidated Entity and the Parent Entity's assessment of the impact of these new standards, amendments to standards and interpretations in the period of initial application is set out below.

(i) Revised AASB 3 Business Combinations

The revised AASB 3 Business Combinations changes the application of acquisition accounting for business combinations and the accounting for non-controlling (minority) interests. Key changes include the immediate expensing of all transaction costs, measurement of contingent consideration at acquisition date with subsequent changes through the income statement, measurement of non-controlling (minority) interests at full fair value or the proportionate share of the fair value of the underlying net assets and the inclusion of combinations by contract alone and those involving mutuals. The revised standard becomes mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the impact (if any) on the financial report.

(ii) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101

A revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Group intends to apply the revised standard from 1 July 2009.

Note 1. Summary of significant accounting policies continued

(w) New standards and interpretations not yet adopted continued

(iii) Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]

The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and – when adopted – will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. The revised standard will become mandatory for the Group's 30 June 2010 financial statements. The Group has determined there will be no impact of the revised standard on the Group's financial report.

(iv) Revised AASB 127 Consolidated and Separate Financial Statements

Revised AASB 127 Consolidated and Separate Financial Statements changes the accounting treatment for investments in subsidiaries. Key changes include the remeasurement to fair value of any previous / retained investment when control is obtained / lost, with any resulting gain or loss being recognised in profit or loss; and the treatment of increases in ownership interest after control is obtained as transactions with equity holders in their capacity as equity holders. The revised standard will become mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the impact (if any) on the financial report.

(v) Revised AASB 2008-1 Amendments to Australian Accounting Standard – Share-based payments: Vesting Conditions and Cancellations [AASB 2]

The amendment clarifies that vesting conditions are restricted to service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. This restriction was not clearly stated in the pre-amended standards. This means that all other terms and conditions are accounted for in the value of the share or option at grant date. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The revised standard will become mandatory for the Group's 30 June 2010 financial report. The Group has not yet determined the potential effect of these improvements on the financial report.

(vi) AASB 2008-5 and AASB 2008-6 Amendments to Australian Accounting Standards arising from the Annual Improvements Project and Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project.

A number of accounting standards have been amended under the improvement project. The first part contains amendments that result in accounting changes for presentation, recognition and measurement purposes. The second part contains amendments that are terminology or editorial changes only, which is expected to have no or minimal effect on accounting. The revised standard will become mandatory for the Group's 30 June 2010 financial report. The Group has not yet determined the potential effect of these improvements on the financial report.

(vii) AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

The key changes include dividends received from a subsidiary, jointly controlled entity or associate out of pre-acquisition income will be recorded as income; a dividend from a subsidiary, jointly controlled entity or associate is recognised in the income statement when the right to receive the dividend is established; and the recognition of a dividend received by the parent is an impairment indicator in specified circumstances. The revised standard will become mandatory for the Group's 30 June 2010 financial report. The Group has not yet determined the potential effect of these improvements on the financial report.

(viii) AASB 2009-2 Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments [AASB4, AASB7, AASB 1023 and AASB1038]

The amendments to AASB 7 require enhanced disclosures about fair value measurement and liquidity risk. The standard is applicable to annual reporting periods beginning on or after 1 January 2009. The Group has not yet determined the potential effect of these improvements on the financial report.

(ix) AI 17 Distributions of Non-Cash Assets to Owners

AI 17 provides guidance in respect of measuring the value of distributions of non-cash assets to owners. AI 17 will become mandatory for the Group's 30 June 2010 financial statements and are not expected to have any impact on the financial statements.

Note 1. Summary of significant accounting policies continued

(w) New standards and interpretations not yet adopted continued

(x) AI 18 Transfers of Assets from Customers

AI 18 provides guidance on the accounting for contributions from customers in the forms of transfers of property, plant and equipment (or cash to acquire or construct it). AI 18 will become mandatory for the Group's 30 June 2010 financial statements and are not expected to have any impact on the financial statements.

(x) Early adoption of Accounting Standards

The directors have elected under s.334(5) of the Corporations Act 2001 to apply AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8* even though these standards are not required to be adopted until annual reporting periods beginning on or after 1 January 2009.

Note 2. Revenue and other income net of finance expense

	Consolidated Entity		Parent Entity	
	2009 $	2008 $	**2009 $**	2008 $
Fees from Services				
– Personal Insolvency	**31,420,122**	22,344,265	**–**	–
– Refinance	**2,303,300**	3,921,231	**–**	–
– Corporate	**1,854,269**	1,393,181	**–**	–
– Recruitment	**2,911,737**	2,181,313	**–**	–
– Other services	**340,842**	468,910	**–**	12,241
Total revenue	**38,830,270**	30,308,900	**–**	12,241
Finance Income				
– Interest income – bridging finance	**2,813,254**	2,675,601	**–**	–
– Interest income – specialty finance assets	**13,799,540**	3,637,764	**–**	–
– Upfront Fee income – bridging finance	**580,379**	648,445	**–**	–
– Upfront Fee income – specialty finance assets	**1,259,055**	1,038,989	**–**	–
– Factoring income	**1,096,400**	812,483	**–**	–
– Other interest income	**614,814**	784,374	**9,157**	21,072
	20,163,442	9,597,656	**9,157**	21,072
Finance Expense				
– Interest expense – Warehouse facilities	**(8,277,149)**	(3,666,474)	**–**	–
– Interest expense – Other lending facilities	**(681,975)**	(477,461)	**–**	–
	(8,959,124)	(4,143,935)	**–**	–
Net Finance income	**11,204,318**	5,453,721	**9,157**	21,072
Other Income				
Gain on disposal of portfolio assets	**–**	187,942	**–**	–
Gain on disposal of investment property	**–**	338,148	**–**	–
Gain on disposal of subsidiary	**39,034**	–	**100,041**	–
	39,034	526,090	**100,041**	–

	Consolidated Entity		Parent Entity	
	2009 $	2008 $	**2009 $**	2008 $

Note 3. Profit/(loss) for the year

Expenses

Expenses from continuing activities excluding finance costs, classified by function:

Marketing expenses	**5,824,243**	5,618,249	**–**	–
Administrative expenses	**8,321,966**	6,094,238	**208,965**	260,986
Operating expenses	**22,114,399**	20,085,153	**40,255**	115
	36,260,608	31,797,640	**249,220**	261,101
Depreciation on plant and equipment	**546,150**	403,339	**–**	–
Depreciation on investment properties	**12,236**	13,613	**–**	–
Amortisation of software	**165,874**	–	**–**	–
Amortisation on leasehold improvements	**–**	9,811	**–**	–
	724,260	426,763	**–**	–
Impairment in value – trade receivables	**8,706,343**	5,335,879	**–**	–
Reversal of impairment in value – trade receivables	**(1,973,479)**	(1,149,662)	**–**	–
Net Impairment	**6,732,864**	4,186,217	**–**	–
Rental expense on operating lease				
– minimum lease payment	**1,113,427**	846,883	**–**	–
Employee benefits expenses	**16,275,330**	14,143,168	**208,965**	260,986
Legal and consultancy	**380,010**	818,865	**–**	–

Note 4. Income Tax

(a) Income tax expense

Current tax expense	**929,616**	1,132,335	**20,683**	9,959
Deferred tax expense	**3,088,395**	330,615	**–**	–
(Over)/under provision in a prior period	**(100,306)**	70,862	**(184,056)**	19,188
	3,917,705	1,533,812	**(163,373)**	29,147
Deferred income tax expense included in income tax expense comprises:				
Increase in deferred tax assets	**(509,595)**	(88,554)	**–**	–
Increase in deferred tax liabilities	**3,597,990**	419,169	**–**	–
	3,088,395	330,615	**–**	–

Note 4. Income Tax continued

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit/(Loss) before income tax	**13,939,337**	4,737,736	**(140,022)**	(227,788)
Tax at the Australian tax rate of 30% (2008: 30%)	**4,181,801**	1,421,321	**(42,006)**	(68,337)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:				
Entertainment	**24,399**	17,432	**–**	–
Non-assessable income	**(269,300)**	–	**–**	–
Unrecognised tax losses	**–**	77,179	**–**	–
Other	**18,422**	(4,101)	**–**	–
Previously unrecognised tax losses utilised	**–**	(127,177)	**–**	–
Non-deductible employee costs	**62,689**	78,296	**62,689**	78,296
	4,018,011	1,462,950	**20,683**	9,959
(Over)/under provision in the prior year	**(100,306)**	70,862	**(184,056)**	19,188
Income tax expense/(benefit)	**3,917,705**	1,533,812	**(163,373)**	29,147
(c) Unused tax losses				
Unused tax losses for which no deferred tax asset has been recognised	**–**	282,342	**–**	–
Potential tax benefit	**–**	84,703	**–**	–
Unused tax losses were principally incurred by entities not part of the tax consolidated group.				
(d) Deferred tax assets				
Provisions	**922,943**	449,332	**–**	–
Capital legal expenses	**193,850**	238,931	**–**	–
Accrued expenditure	**144,724**	41,500	**–**	–
Current year tax losses carried forward	**323,923**	640,433	**–**	–
Other	**82,278**	56,254	**–**	–
	1,667,718	1,426,450	**–**	–
Deferred tax liability offset on tax consolidation	**(1,440,220)**	(525,274)	**–**	–
Total deferred tax assets	**227,498**	901,176	**–**	–
(e) Deferred tax liabilities				
Temporary difference on assessable income	**7,031,864**	3,558,567	**–**	–
Other	**945**	1,549	**–**	–
	7,032,809	3,560,116	**–**	–
Deferred tax liability offset on tax consolidation	**(1,440,220)**	(525,274)	**–**	–
Total deferred tax liabilities	**5,592,589**	3,034,842	**–**	–

	Consolidated Entity		Parent Entity	
	2009 $	2008 $	**2009 $**	2008 $

Note 5. Auditors' Remuneration

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Amounts received or due and receivable by PKF (East Coast Practice):				
Audit and review of financial reports	**158,600**	181,700	**–**	–
Other services – assurance	**8,000**	–	**–**	–
Other services – taxation	**56,450**	67,910	**–**	–
	223,050	249,610	**–**	–

Note 6. Earnings Per Share

	Consolidated Entity **2009**	Consolidated Entity 2008
(a) Reconciliation of earnings used to calculated basic and dilutive earnings per share		
Profit after income tax ($)	**8,837,172**	2,681,116
Basic earning per share (cents)	**7.66**	2.37
Diluted earning per share (cents)	**7.15**	2.21

	2009 Number	2008 Number
(b) Weighted average number of ordinary shares outstanding during the year	**115,437,513**	113,348,988
Dilution effect of options	**170,584**	–
Dilution effect of preference shares	**8,000,000**	8,000,000
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	**123,608,097**	121,348,988

Note 7. Cash and Cash Equivalents

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Current				
Cash on hand and at bank	**11,648,184**	7,676,105	**626,350**	256,456
Assets financed by Non-Recourse Financial Liabilities				
Cash on hand and at bank	**8,043,786**	11,187,707	**–**	–
	19,691,970	18,863,812	**626,350**	256,456

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $

Note 8. Trade and Other Receivables

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Current				
Trade receivables	**29,516,978**	23,297,571	**–**	–
Provision for impairment	**(5,223,592)**	(4,153,321)	**–**	–
	24,293,386	19,144,250	**–**	–
Sundry receivables	**255,669**	764,859	**50,000**	–
	24,549,055	19,909,109	**50,000**	–
Non-current				
Trade receivables	**22,626,477**	11,575,401	**–**	–
Provision for impairment	**(5,136,836)**	(2,509,581)	**–**	–
	17,489,641	9,065,820	**–**	–
Assets financed by Non-Recourse Financial Liabilities				
Other receivables	**12,576**	39,340	**–**	–

Ageing Analysis

	Consolidated Entity					
	2009			2008		
	Gross $	Allowance $	Net $	Gross $	Allowance $	Net $
Trade and Other Receivables						
Not past due	**44,972,136**	**(8,483,364)**	**36,488,772**	29,216,550	(5,646,224)	23,570,326
Past due 0-30 Days	**613,375**	**(366,651)**	**246,724**	1,124,489	(120,651)	1,003,838
Past due 31-60 Days	**249,181**	**(198,318)**	**50,863**	1,085,683	(97,682)	988,001
Past due 61-90 Days	**188,563**	**(148,472)**	**40,091**	116,895	(82,184)	34,711
Past 90 Days	**6,388,445**	**(1,163,623)**	**5,224,822**	4,133,554	(716,161)	3,417,393
Total	52,411,700	(10,360,428)	42,051,272	35,677,171	(6,662,902)	29,014,269

The movement in the provision for impairment

	Consolidated Entity 2009 $	Consolidated Entity 2008 $
Opening Balance	**6,662,902**	5,976,140
Additional provision	**7,613,886**	4,297,248
Reversal of provision	**(2,170,828)**	(1,264,630)
Bad debts	**(1,745,532)**	(2,345,856)
Closing balance	**10,360,428**	6,662,902

Some amounts have been written off as Bad debts during the period, as incurred and were not provided for. These are included in Bad and doubtful debts in the Income statement. The additional provision amount in this reconciliation will therefore not agree to the Bad and doubtful debts amount disclosed in Note 3.

Note 8. Trade and Other Receivables continued

Debt Agreement receivables

Debt agreement receivables are collected on 2 bases:

1. For all debt agreements accepted by ITSA for processing prior to 1 July 2007, debt agreement fees are receipted in priority to other parties to the debt agreement, and in accordance with work performed to date; and
2. For all debt agreements accepted by ITSA for processing after 1 July 2007, debt agreement fees are receipted on a pro rata basis, in parity with other parties to the debt agreement.

These debtors are assessed as being in arrears where they do not make their periodic payments as required by their debt agreements and where the terms of this payment have not been re-negotiated and approved by creditors to the debt agreement. This is monitored continuously by the Company's internal collection department.

Impairment of debt agreement receivables is assessed on a collective (portfolio) basis based on historical collections data. Considering the length of time it takes to collect debts in administration and the inherent uncertainty over the collection of these amounts this method represents management's "best estimate" of the recoverability of debtors in the debt agreement business. Amounts are written off against this account as bad when debt agreements are terminated by creditors.

Bridging and factoring finance receivables

Bridging finance receivables which are generally on 90 day terms and factoring finance receivables are generally on 14 to 60 day terms.

Impairment of bridging finance receivables and factoring finance receivables is assessed primarily by the equity in their underlying mortgage security (collateral), any fixed and floating charges over the borrower's business assets, the credit quality of the debtor, payment history and any other information available. Factoring finance receivables are credit insured up to 90c in every dollar of approved receivables.

These debtors are assessed as being in arrears where they do not make their payment obligations as required by their loan contracts and where the terms of this payment have not been re-negotiated. This is monitored monthly by management.

At balance date there are certain bridging finance receivables that were past due and are not impaired. Management has reviewed these receivables, their underlying mortgage security (collateral) and other information available, and have considered these to be recoverable.

Of the $6,388,445 of receivables which are past 90 days in arrears, $3,880,254 represents bridging finance receivables which are have underlying collateral and security as mentioned above

Other trade and sundry receivables

Other trade and sundry receivables are generally on 14 to 30 day terms.

Impairment of other trade and sundry receivables is assessed on an individual basis with regard to the credit quality of the debtor, payment history and any other information available.

These debtors are assessed as being in arrears where they do not pay on their invoice terms and where the terms of this payment have not been re-negotiated. This is monitored monthly by management.

At balance date there are certain other trade and sundry receivables that were past due and are not impaired. Management has reviewed these receivables, their payment history and other information available, and have considered these to be recoverable.

Note 9. Other Assets

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Current				
Prepayments	**593,361**	383,165	**–**	–
Security bonds	**3,512**	5,053	**–**	–
Other	**148,419**	52,378	**–**	–
	745,292	440,596	**–**	–
Non-current				
Security bonds	**–**	3,900	**–**	–
Investments in controlled entities (Refer Note 11)	**–**	–	**11,046,302**	6,546,397
	–	3,900	**11,046,302**	6,546,397
Movements during year (Investments)				
Beginning of the year	**–**	–	**6,546,397**	6,546,397
Additions	**–**	–	**4,500,000**	–
Disposals	**–**	–	**(95)**	–
	–	–	**11,046,302**	6,546,397

During the year the Parent entity converted $4,500,000 of receivables from Fox Symes Home Loans Pty Limited to equity pursuant to Fox Symes Home Loans Pty Limited's shareholders' deed. The Consolidated Entity's shareholding as a percentage of the overall shareholding did not change as a result of this conversion.

Note 10. Specialty Finance Assets

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Non-securitised mortgage assets	**145,494,523**	89,767,650	**–**	–
Provision for impairment	**(175,331)**	–	**–**	–
Amounts to be received in greater than 1 year	**145,319,192**	89,767,650	**–**	–
Maturity Analysis				
Amounts to be received in less than 1 year	**2,363,121**	1,600,718	**–**	–
Amounts to be received in greater than 1 year	**143,131,402**	88,166,932	**–**	–
	145,494,523	89,767,650	**–**	–

Impairment

An impairment loss is recognised if the total expected recoveries in regard to an individual loan do not exceed the mortgage balance. In the event that actual or expected sales proceeds do not exceed the mortgage loan balance, this difference and any realisation costs would equal the impairment loss. Total recoveries include expected or actual net sales proceeds resulting from enforced sale of property security.

Impairment has been assessed on an individual basis with primary regard to the underlying equity in mortgage security (collateral) for each of the loans receivable and also with regard to the credit quality of the debtor, payment history and any other information available.

A mortgage loan is classified as being in arrears at the reporting date on the basis of "past due" amounts. Any loan with an amount that is past due (either instalment arrears or total arrears comprising of any instalments arrears plus any other charges) is classified as being in arrears and the total amount of the loan is recorded as in arrears. Aging of arrears is determined by dividing total arrears over instalment amount and multiplying this by the instalment frequency (i.e. weekly, fortnightly, and monthly).

Note 10. Specialty Finance Assets continued

At reporting date, the Group had registered mortgages over real property (comprising of residential land and buildings) for each of the mortgage loan receivables. The assessed fair value of the underlying real property securities at balance date were $241,822,500 (2008: $151,841,000). The valuations of the underlying property securities have been performed at the later of the original loan application or subsequent loan variation date and do not take into account any other realisation costs.

Ageing Analysis

	Consolidated Entity					
		2009			2008	
	Gross	Allowance	Net	Gross	Allowance	Net
Not past due	**122,675,020**	**–**	**122,675,020**	74,001,104	–	74,001,104
Past due 0–30 Days	**15,073,706**	**–**	**15,073,706**	7,952,153	–	7,952,153
Past due 31–60 Days	**3,107,604**	**–**	**3,107,604**	3,607,676	–	3,607,676
Past due 61–90 Days	**1,400,815**	**(12,584)**	**1,388,231**	1,848,967	–	1,848,967
Past 90 Days	**3,237,378**	**(162,747)**	**3,074,631**	2,357,750	–	2,357,750
Total	**145,494,523**	**(175,331)**	**145,319,192**	89,767,650	–	89,767,650

The movement in the provision for impairment

	Consolidated Entity	
	2009 $	2008 $
Opening Balance	**–**	–
Additional provision	**175,331**	–
Closing balance	**175,331**	–

Note 11. Controlled Entities

Name	Country of Incorporation	Percentage of equity interest held by the consolidated entity 2009 %	2008 %
Prospex Profile Pty Ltd (3)	Australia	**100**	100
FSA Australia Pty Ltd (3)	Australia	**100**	100
Fox Symes Financial Pty Ltd (1)	Australia	**100**	100
Fox Symes & Associates Pty Ltd (1)	Australia	**100**	100
Fox Symes Debt Relief Services Pty Ltd (1)	Australia	**100**	100
FSA Services Group Pty Ltd (2)	Australia	**100**	100
Fox Symes Home Loans Pty Ltd (3)	Australia	**90**	90
180 Group Holdings Pty Ltd (3)	Australia	**100**	100
Aravanis Insolvency Pty Ltd (1)	Australia	**65**	65
Fox Symes Business Services Pty Ltd (1)	Australia	**75**	75
Fox Symes Recruitment Pty Ltd (1)(5)	Australia	**–**	70
Fox Symes Wealth Management Pty Ltd (1)	Australia	**100**	100
180 Group Pty Ltd (4)	Australia	**70**	70

(1) Investment held by FSA Australia Pty Ltd
(2) Investment held by Fox Symes & Associates Pty Ltd
(3) Investment held by FSA Group Ltd
(4) Investment held by 180 Group Holdings Pty Ltd
(5) Divested 28 February 2009

The following entities are subsidiaries of 180 Group Pty Ltd

Name	Country of Incorporation	Percentage of equity interest held by 180 Group Pty Ltd 2009 %	2008 %
180 Capital Finance Pty Ltd	Australia	**100**	100
180 Corporate Pty Ltd	Australia	**100**	100
180 Property Holdings Pty Ltd	Australia	**100**	100
180 Equity Partners Pty Ltd	Australia	**100**	100
180 Capital Funding Pty Ltd	Australia	**100**	100
One Financial Pty Ltd	Australia	**100**	65

The following entities are subsidiaries of Fox Symes Home Loans Pty Ltd

Name	Country of Incorporation	Percentage of equity interest held by Fox Symes Pty Ltd 2009 %	2008 %
Fox Symes Home Loans (Services) Pty Ltd	Australia	**100**	100
Fox Symes Home Loans (Management) Pty Ltd	Australia	**100**	100
Fox Symes Home Loans Warehouse Trust No.1	Australia	**85**	85

Ultimate Parent Entity

FSA Group Ltd is the ultimate parent entity.

	Consolidated Entity		Parent Entity	
	2009 $	2008 $	**2009 $**	2008 $

Note 12. Plant and Equipment

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Computer equipment at cost	**1,695,455**	1,586,305	**–**	–
Accumulated depreciation	**(1,215,698)**	(835,358)	**–**	–
Net carrying amount	**479,757**	750,947	**–**	–
Office equipment at cost	**369,378**	331,995	**–**	–
Accumulated depreciation	**(250,975)**	(233,636)	**–**	–
Net carrying amount	**118,403**	98,359	**–**	–
Leasehold improvements at cost	**–**	–	**–**	–
Accumulated amortisation	**–**	–	**–**	–
Net carrying amount	**–**	–	**–**	–
Furniture and fittings at cost	**234,866**	246,795	**–**	–
Accumulated depreciation	**(139,891)**	(103,935)	**–**	–
Net carrying amount	**94,975**	142,860	**–**	–
Motor vehicles at cost	**65,973**	74,978	**–**	–
Accumulated depreciation	**(39,800)**	(37,855)	**–**	–
Net carrying amount	**26,173**	37,123	**–**	–
Total plant and equipment at cost	**2,365,672**	2,240,073	**–**	–
Accumulated depreciation	**(1,646,364)**	(1,210,784)	**–**	–
Net carrying amount	**719,308**	1,029,289	**–**	–

Consolidated

	Computer Equipment $	Office Equipment $	Leasehold Improvements $	Furniture & Fittings $	Motor Vehicles $	Total $
Movements						
Balance at 1 July 2007	**340,422**	**109,321**	**32,082**	**160,459**	**59,460**	**701,744**
Additions	708,797	43,775	–	26,874	760	780,206
Disposals	(8,178)	(4,052)	(22,271)	(171)	(4,839)	(39,511)
Depreciation	(290,094)	(50,685)	(9,811)	(44,302)	(18,258)	(413,150)
Balance at 30 June 2008/1 July 2008	**750,947**	**98,359**	**–**	**142,860**	**^^37,123**	**1,029,289**
Additions	193,525	89,960	–	8,320	3,494	295,299
Disposals	(25,082)	(19,012)	–	(11,542)	(3,494)	(59,130)
Depreciation	(439,633)	(50,904)	–	(44,663)	(10,950)	(546,150)
Balance at 30 June 2009	**479,757**	**118,403**	**–**	**94,975**	**26,173**	**719,308**

^^ – Included in this amount are Motor Vehicles which have a fixed charge relating to a Hire Purchase Liability. The Hire Purchase Liability is secured by the underlying asset. Refer Note 16 for further information.

	Consolidated Entity		Parent Entity	
	2009 $	2008 $	2009 $	2008 $

Note 13. Investment Property

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Investment property				
At cost	**362,339**	362,339	–	–
Accumulated depreciation	**(40,653)**	(28,417)	–	–
	321,686	333,922	–	–
Movements during year:				
Beginning of the year	**333,922**	1,359,387	–	–
Additions	–	–	–	–
Disposals	–	(1,011,852)	–	–
Depreciation	**(12,236)**	(13,613)	–	–
	321,686	333,922	–	–

There is a first mortgage registered over the Investment Property (see Note 16).

The Directors have assessed the fair value of the Investment Property to be at least equal to its carrying amount.

Note 14. Intangible Assets

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Goodwill	**3,841,448**	3,830,835	–	–
Software at cost	**429,374**	–	–	–
Accumulated amortisation	**(165,874)**	–	–	–
	263,500	–	–	–
	4,104,948	3,830,835	–	–
Movements during year (Goodwill):				
Beginning of the year	**3,830,835**	3,830,835	–	–
Additions	**10,613**	–	–	–
Disposals	–	–	–	–
Impairment	–	–	–	–
	3,841,448	3,830,835	–	–
Movements during year (Software):				
Beginning of the year	–	–	–	–
Additions	**429,374**	–	–	–
Disposals	–	–	–	–
Amortisation	**(165,874)**	–	–	–
	263,500	–	–	–

Included in the carrying amount of Goodwill is an amount of $3,496,324 which relates to the Goodwill acquired on acquisition of 180 Group Holdings Pty Ltd and its controlled entities, and $345,124 which relates to the original investment by the parent company in FSA Australia Pty Ltd and its controlled entities. The 180 Group represents a separate cash generating unit (CGU).

Impairment

The recoverable amount of goodwill attributable to the 180 Group CGU, is determined based on "value in use" calculations, by estimating the future cash inflows and outflows to be derived by the CGU and applying an appropriate discount rate to those

Note 14. Intangible Assets continued

Impairment continued

future cashflows. The major key assumption relating to the forecast information is the continued growth of the factoring finance division and the utilisation of its funding lines. The cashflows have been projected over a 5 year period with a growth rate of 3.22% each year. The cashflows beyond the five year period are extrapolated using a constant growth rate of 3%, which does not exceed the long-term average growth rate for the industry. An average pre-tax discount rate of 16.89% has been applied to the net cashflows.

	Consolidated Entity		Parent Entity	
	2009 $	2008 $	**2009 $**	2008 $
Note 15. Trade and Other Payables				
Current				
Unsecured				
Trade payables	**829,759**	937,990	–	–
Factoring client payables	**3,267,916**	1,915,261	**–**	–
Institutional creditors	**5,993,872**	3,948,329	**–**	–
Sundry payables and accruals	**4,054,400**	2,827,013	**–**	–
Intercompany loan – controlled entities	**–**	–	**4,650,668**	509,998
Notes payable – non-interest bearing	**–**	95,000	**–**	95,000
	14,145,947	9,723,593	**4,650,668**	604,998
Note 16. Borrowings				
Current				
Unsecured				
Interest bearing notes	**–**	570,682	**–**	–
Other loans	**209,613**	200,045	**–**	–
	209,613	770,727	**–**	–
Secured				
Mortgage	**272,000**	–	**–**	–
Bank loan – Other lending facilities	**1,500,000**	–	**–**	–
Hire Purchase Liability	**8,160**	15,571	**–**	–
	1,780,106	15,571	**–**	–
	1,989,773	786,298	**–**	–
Non-current				
Secured				
Hire purchase liability	**19,217**	27,877	**–**	–
Mortgage	**–**	272,000	**–**	–
Bank loan – Other lending facilities	**9,787,784**	6,652,902	**–**	–
	9,807,001	6,952,779	**–**	–
Non-Recourse Financial Liabilities				
Secured				
Warehouse facilities	**148,580,187**	99,886,840	**–**	–
(a) Total Current, Non-Current and Non-Recourse secured liabilities:				
Hire Purchase Liability	**27,377**	43,448	**–**	–
Mortgage	**272,000**	272,000	**–**	–
Bank loans – Other lending facilities	**11,287,784**	6,652,902	**–**	–
Warehouse facilities	**148,580,187**	99,886,840	**–**	–
	160,167,348	106,855,190	**–**	–

Note 16. Borrowings continued

(b) The carrying amounts of non-current assets pledged as security are:

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Fixed charge over assets				
Motor vehicles	**13,353**	24,597	**–**	–
Investment properties	**321,686**	333,922	**–**	–
Loan and other assets in the Fox Symes Home Loans Warehouse Trust No. 1	**153,375,554**	100,994,697	**–**	–
	153,710,593	101,353,216	**–**	–

Bank loan – Other lending facilities consist of two funding facilities:

i) A full recourse lending facility to support bridging finance operations which is secured by a floating charge over the remaining assets of the 180 Group Pty Limited and controlled entities and the other wholly-owned subsidiaries of FSA Group Limited. Excluded from this charge are cash assets held on behalf of Institutional and other creditors to Debt Agreements administered by the Group; and

ii) a limited recourse factoring finance facility, where the funder may at its election, enforce a “first-loss” liability on factored receivables of 10% of the outstanding facility balance, up to a maximum of $1 million, unless there has been an event of default or breach of borrowing covenants.

There have been no breaches of borrowing covenants on either agreement during the period.

(c) The interest bearing notes are held by persons outside the Group and are unsecured.

Maturity date	Interest Rates	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
30 June 2008	22.5%	**–**	570,682	**–**	–
		–	570,682	**–**	–

These notes were fully repaid to investors on 4 July 2008.

(d) Warehouse facility

Warehouse facilities are used to fund mortgages prior to securitisation and include revolving Senior and Mezzanine Note facilities (the facilities). The drawdown limit under the Senior and Mezzanine Note facilities is $200 million and $8 million respectively and at balance date $142,218,750 and $6,000,000 respectively had been drawn down.

The Warehouse facilities are 364 day facilities that are renewable annually. The facility is currently due to expire on 15 July 2010. Interest is payable at the applicable BBSW rate plus a margin of 1.4% for the Senior Notes and a margin of 9% for the Mezzanine Notes. The interest rate at 30 June 2009 for the Senior and Mezzanine Notes is 4.54% and 12.14% respectively. The facilities are secured against current and future specialty finance assets (refer Note 10). All borrowing covenants were met during the year.

Note 17. Provisions

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Current				
Provision for Institutional Creditor Payments	–	1,413,615	–	–
Employee benefits	**477,399**	475,535	**–**	–
	477,399	1,889,150	**–**	–
Non-current				
Employee benefits	**158,819**	71,959	**–**	–
Analysis of provisions				
Institutional Creditor Payments				
Balance at 1 July 2008	**1,413,615**	882,596	**–**	–
Additional provisions	**–**	1,413,615	**–**	–
Creditor payments reversal	**(1,413,615)**	(882,596)	**–**	–
Balance at 30 June 2009	**–**	1,413,615	**–**	–

Provision for employee benefits

A provision has been recognised for employee benefits relating to annual leave and long service leave. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to this report.

As at 30 June 2009, the Consolidated Entity employed 144 full-time equivalent employees (2008: 150) plus a further four independent contractors (2008: 13).

Note 18. Share Capital

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
115,437,513 (2008: 115,437,513) Fully Paid Ordinary Shares	**5,898,848**	5,898,848	**5,898,848**	5,898,848
16 (2008: 16) Convertible Redeemable Preference Shares (CRPS)	**1,238,624**	**1,238,624	**1,238,624**	**1,238,624
	7,137,472	7,137,472	**7,137,472**	7,137,472

(a) Ordinary shares

	2009 Number	2008 Number	2009 Number	2008 Number
Balance 1 July	**115,437,513**	106,837,513	**115,437,513**	106,837,513
– 12 July 2007	**–**	400,000	**–**	400,000
– 7 August 2007	**–**	200,000	**–**	200,000
– 2 October 2007	**–**	8,000,000	**–**	8,000,000
Balance 30 June	**115,437,513**	115,437,513	**115,437,513**	115,437,513

** – (2008) During the period 8 CRPS converted into 8,000,000 ordinary shares. The determined fair value of the CRPS, amounting to $619,313 was transferred from the CRPS capital account to the Ordinary share capital account.

Note 18. Share Capital continued

(a) Ordinary shares continued

2008

On 12 July 2007, 400,000 ordinary shares were issued on exercise of 400,000 $0.10 options;

On 7 August 2007, 200,000 ordinary shares were issued in consideration for services rendered; and

On 2 October 2007, 8 Convertible Redeemable Preference Shares ("CRPS") were converted pursuant to the terms of the purchase agreement of 180 Group, which was acquired on 21 April 2006 and 180 Group exceeding its second profit target. The 8 CRPS were converted into 8,000,000 ordinary shares.

At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(b) Convertible Redeemable Preference Shares (CRPS)

On 21 April 2006, 32 CRPS were issued relating to the acquisition of 180 Group Holdings Pty Ltd, pursuant to resolutions passed by the shareholders at general meeting.

In summary, the terms of the CRPS are as follows:

- each CRPS will be convertible, subject to certain performance parameters being achieved in the 180 Group, into 1,000,000 ordinary fully paid FSA Group shares (such that if all of the CRPS are converted, a total of 32,000,000 FSA Group shares will be issued); and
- CRPS are able to be converted into ordinary FSA Group shares under one of three scenarios (or "Phases") based on the financial performance of the 180 Group. These Phases were set out fully in the Notice of Meeting and Explanatory Memorandum distributed to shareholders on 17 March 2006.

16 Convertible Redeemable Preference Shares remain unconverted at 30 June 2009.

(c) Options

On 12 July 2007, 250,000 options exercisable at $0.98 on or before 31 January 2010 were issued as part of Director's remuneration, and 400,000 ordinary shares were issued upon exercise of 400,000 $0.10 options; and

On 11 April 2008, 250,000 options exercisable at $0.60 on or before 31 January 2010 were issued as part of Director's remuneration.

On 8 August 2008, 375,000 options exercisable at $0.60 on or before 31 January 2011 were issued as part of executive remuneration pursuant to the Company's ESOP.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

Note 19. Reserves

Option Reserve

The option reserve records items recognised as expenses on valuation of employee share options.

Note 20. Cash Flow Information

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Reconciliation of cash flows from operations to Profit after tax				
Profit/(loss) after tax	**10,021,632**	3,203,924	**23,351**	(256,935)
Non-cash flows in profit/(loss):				
Depreciation	**558,386**	426,763	**–**	–
Amortisation – Intangibles	**165,874**	–	**–**	–
Gain on sale of investment property	**–**	(338,148)	**–**	–
Gain on sale of Subsidiaries	**(50,000)**	–	**–**	–
Loss/ (Gain) on disposal of plant & equipment	**59,131**	39,512	**–**	–
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables	**(13,028,192)**	(6,097,738)	**–**	–
(Increase)/decrease in other non-current assets	**3,901**	590,816	**–**	–
(Increase)/decrease in other current assets	**(304,696)**	(288,793)	**–**	–
(Decrease)/increase in trade and other payables	**2,509,933**	3,053,187	**–**	(12,241)
(Decrease)/increase in employee entitlements	**88,724**	131,062	**–**	–
(Decrease)/increase in other liabilities	**2,859,205**	(486,144)	**242,069**	(1,309,227)
Cash flow from operating activities	**2,883,898**	234,441	**265,420**	(1,578,403)

Note 21. Commitments

(i) Operating leases (non-cancellable):

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Minimum lease payments				
– not later than one year	**1,211,431**	1,153,378	**–**	–
– later than one year and not later than five years	**–**	1,211,431	**–**	–
	1,211,431	2,364,809	**–**	–

Operating lease relates to the lease of the consolidated entity's business premises

(ii) Hire purchase liability:

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
– not later than one year	**9,928**	18,077	**–**	–
– later than one year and not later than five years	**19,664**	30,517	**–**	–
– later than five years	**–**	–	**–**	–
Total minimum hire purchase payments	**29,592**	48,594	**–**	–
– future finance charges	**(2,215)**	(5,146)	**–**	–
– hire purchase liability	**27,377**	43,448	**–**	–
– current liability (Note 16)	**8,160**	15,571	**–**	–
– non-current liability (Note 16)	**19,217**	27,877	**–**	–
	27,377	43,448	**–**	–

Note 22. Key Management Personnel Disclosures

(a) Details of Directors and Key Management Personnel

(i) Directors

Sam Doumany	Non-Executive Chairman
Tim Odillo Maher	Executive Director
Deborah Southon	Executive Director
Hugh Parsons	Non-Executive Director
Stan Kalinko	Non-Executive Director

(ii) Key Management Personnel of the Consolidated Entity

Duncan Cornish	Joint Company Secretary
Anthony Carius	Chief Financial Officer and Joint Company Secretary
Goran Turner	Chief Executive – Fox Symes Home Loans
Pierre-Alain De Villecourt	Chief Information Officer – FSA Group (resigned 27 April 2009)
Farid El Tahche	Chief Information Officer – FSA Group (formerly IT infrastructure manager; appointed as Chief Information Officer on 27 April 2009)
Nino Eid	Manager – Refinance

(b) Remuneration of Directors and Key Management Personnel

	Consolidated Entity		Parent Entity	
	2009 $	2008 $	**2009 $**	2008 $
Short-term employee benefits	**1,625,106**	1,254,437	**–**	–
Long-term employee benefits	**22,299**	–	**–**	–
Post-employment benefits	**137,299**	159,486	**–**	–
Share-based payments	**126,462**	194,498	**126,462**	194,498
	1,911,166	1,608,421	**126,462**	194,498

Fair value of options granted as part of remuneration are estimates only. The estimates are based on the use of the Black Scholes option pricing model. This model takes account of factors such as the option exercise price, the current level and volatility of the underlying share price and the time to maturity of the options.

Information about the remuneration of Directors and Key Management Personnel which is currently required under Section 300A of the Corporations Act and under Accounting Standard AASB 124 "Related Party Disclosures" is included in the Remuneration Report within the Directors' Report on pages 19 to 26.

Note 22. Key Management Personnel Disclosures continued

(c) Options issued as part of remuneration for the period ended 30 June 2009

During the year options were granted as equity compensation benefits to an Executive. The options were issued for no consideration. Each of the granted options entitles the holder to subscribe for one fully paid ordinary share in the entity at an exercise price and expiry date, as set out below.

The Company uses employee continuity of service and the future share price to align comparative shareholder return and reward for Executives.

Terms & Conditions for Each Grant								
	Grant Date	Grant Number	Vest Date	Fair Value per option at grant date ($)#	Exercise Price	Fair Value per Option at Exercise Date	Fair Value at Date Option Lapsed	% of Remuneration
Executives								
Pierre-Alain De Villecourt##	6-Aug-2008	375,000	28-Jun-2009	$0.064	$0.60	n/a	$0.095	n/a

\# Calculation of fair value of options granted using the Black-Scholes option pricing model, which takes into account factors such as the option exercise price, the market price at the date of issue and volatility of the underlying share price and the time to maturity of the option.

\## Pierre-Alain De Villecourt ceased employment with FSA Group on 27 April 2009. His options lapsed at that time.

(d) Shares issued on exercise of remuneration options

There were no Options exercised during the year that were granted as remuneration in prior periods.

(e) Option holdings of Directors and Key Management Personnel

						Vested at 30 June 2009		
	Balance at 1 July 2008	Granted as remun-eration	Options Exercised	Net Change Other	Balance at 30 June 2009	Total	Not Exercisable	Exercisable
ESOP Options								
Directors	n/a							
Key Management Personnel								
Anthony Carius	450,000	–	–	–	450,000	300,000	–	300,000
Pierre-Alain De Villecourt	–	375,000	–	^^(375,000)	–	–	–	–
Nino Eid	50,000	–	–	–	50,000	–	–	–
Total ESOP Options	**500,000**	**375,000**	**–**	**(375,000)**	**500,000**	**300,000**	**–**	**300,000**
Unlisted Options ($0.25 @ 31-Jan-10)								
Directors								
Hugh Parsons	500,000	–	–	–	500,000	500,000	–	500,000
Key Management Personnel	n/a							

^^ Pierre-Alain De Villecourt ceased employment with FSA Group Ltd on 27 April 2009. His options lapsed at that time.

Note 22. Key Management Personnel Disclosures continued

(e) Option holdings of Directors and Key Management Personnel continued

	Balance at 1 July 2008	Granted as remun-eration	Options Exercised	Net Change Other	Balance at 30 June 2009	Vested at 30 June 2009 Total	Not Exercisable	Exercisable
Unlisted Options ($0.98 @ 31-Jan-10)								
Directors								
Stan Kalinko	250,000	–	–	–	250,000	250,000	–	250,000
Key Management Personnel	n/a							
Unlisted Options ($0.60 @ 31-Jan-10)								
Directors								
Stan Kalinko	250,000	–	–	–	250,000	250,000	–	250,000
Key Management Personnel	n/a							
Total Unlisted Options	**1,000,000**	**–**	**–**	**–**	**1,000,000**	**1,000,000**	**–**	**1,000,000**

The range of exercise prices on outstanding options is from $0.25 to $0.98.

All options on issue are due to expire on 31 January 2010.

(f) Shareholdings of Directors and Key Management Personnel

Shares held in FSA Group Ltd, including CRPS (number)	Balance 1 July 2008	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30 June 2009
Directors					
Sam Doumany	1,000,000	–	–	–	1,000,000
Tim Odillo Maher	40,795,733	–	–	–	40,795,733
Deborah Southon	12,946,533	–	–	–	12,946,533
Stan Kalinko	10,000	–	–	–	10,000
Key Management Personnel					
Duncan Cornish	1,083,271	–	–	600,000	1,683,271
Anthony Carius	26,158	–	–	–	26,158
Nino Eid	100,000	–	–	–	100,000
Total	**55,961,695**	**–**	**–**	**600,000**	**56,561,695**

Note 22. Key Management Personnel Disclosures continued

(g) Loans to Directors and Key Management Personnel

There were no loans to Directors or Key Management Personnel during the period.

(h) Other transactions to Directors and Key Management Personnel

Convertible Redeemable Preference Shares (CRPS)

Part of the consideration for the acquisition of 180 Group Holdings was paid by FSA Group Ltd by the issue of the CRPS. In summary, the terms of the CRPS are as follows:

- a total of 32 one dollar ($1) CRPS were issued to Capital Management Corporation Pty Ltd, the Vendor;
- each CRPS will be convertible, subject to certain performance parameters being achieved in the 180 Group Pty Ltd, into 1,000,000 ordinary fully paid FSA Group Ltd shares (such that if all of the CRPS are converted, a total of 32,000,000 FSA Group shares will be issued); and
- CRPS are able to be converted into ordinary FSA Group Ltd shares under one of three scenarios (or "Phases") based on the financial performance of the 180 Group Pty Ltd. These Phases were set out fully in the Notice of Meeting and Explanatory Memorandum distributed to shareholders on 17 March 2006.

No CRPS converted to ordinary shares during the period.

Other transactions with Directors and Key Management Personnel and related parties

During the period, the Consolidated Entity provided factoring finance to Skin Patrol Pty Ltd, a company which is associated with Mr Tim Odillo Maher. The total of all factoring fees received was $31,352 for the year ended 30 June 2009, (2008: $35,535). The finance facility and factoring fees charged were provided on normal commercial terms.

During the period the Consolidated Entity purchased supplies from the Ethan Group Pty Ltd, a company which is associated with Mr Tim Odillo Maher. The total amount purchased was $17,600 (2008: $105,440). The supplies were purchased on normal commercial terms.

Note 23. Events Occurring After Balance Date

There have been no events since the end of the financial year that impact upon the financial report as at 30 June 2009 except as follows:

On 30 September 2009, the Company announced capital raisings of up to $5,000,000 comprising:

- A placement to Institutional and Sophisticated Investors for 10.8 million shares at 37 cents per share to raise $4,000,000 before issue costs ("Placement"); and
- A Share Purchase Plan ("Plan") to Shareholders at 37 cents per share to raise up to $1,000,000 before issue costs.

The Placement will proceed under the Company's 15% capacity under Listing Rule 7.1 and be offered only to eligible investors under Sections 708(8), (10) or (11) (Exempt Investors).

Note 24. Related Party Disclosures

(a) Key management personnel

Disclosures relating to key management personnel are set out in Note 22.

(b) Subsidiaries

Interests in subsidiaries are set out in notes 9 and 11.

(c) Transactions with related parties

Transactions with related parties of Directors or Key Management Personnel are as disclosed in Note 22 (h).

Details of other related party transactions are as follows:

	Consolidated Entity		Parent Entity	
	2009 $	2008 $	**2009 $**	2008 $
Tax Consolidation legislation				
Current tax payable/(receivable) assumed from wholly-owned tax consolidated entities	–	–	219,875	(421,952)

(d) Outstanding related party balances arising from sales/purchase of goods or services

	Consolidated Entity		Parent Entity	
	2009 $	2008 $	**2009 $**	2008 $
Current payables – other related parties	**–**	204	**–**	–
Current factoring receivables – Other related parties	**83,102**	174,071	**–**	–
Current factoring payables – Other related parties	**5,456**	47,906	**–**	–

(e) Loans from related parties

Current loans from subsidiaries				
Beginning of the year	**–**	–	**509,998**	1,876,423
Advances received	**–**	–	**4,852,308**	4,574,476
Repayments made (including liabilities from the tax consolidated group)	**–**	–	**(711,638)**	(5,940,901)
Balance at the end of the year	**–**	**–**	**4,650,668**	**509,998**

Note 25. Segment Information

Operating Segments

	Services		Home Loan Lending		Business Services and Lending		Other/ Unallocated		Consolidated Total	
	2009 $	2008 $	2009 $	2008 $	2009 $	2008 $	2009 $	2008 $	2009 $	2008 $
Revenue and Income										
External sales	**33,723,422**	26,296,944	**–**	50,176	**1,854,269**	1,393,181	**3,252,579**	2,568,599	**38,830,270**	30,308,900
Finance Income	**215,320**	385,679	**15,416,147**	5,048,877	**4,518,623**	4,136,529	**13,352**	26,571	**20,163,442**	9,597,656
Finance expense	**(2,412)**	(31,406)	**(8,212,462)**	(3,564,656)	**(681,975)**	(477,461)	**(62,275)**	(70,412)	**(8,959,124)**	(4,143,935)
Net Finance Income	**212,908**	**354,273**	**7,203,685**	**1,484,221**	**3,836,648**	**3,659,068**	**(48,923)**	**(43,841)**	**11,204,318**	**5,453,721**
Other Income	**–**	–	**–**	–	**–**	–	**39,034**	526,090	**39,034**	526,090
Internal sales and income	**1,761,311**	1,261,316	**361,723**	594,796	**–**	–	**174,801**	312,072	**2,297,835**	2,168,184
Eliminations									**(2,297,835)**	(2,168,184)
Total Revenue and Income	**35,697,641**	**27,912,533**	**7,565,408**	**2,129,193**	**5,690,917**	**5,052,249**	**3,417,491**	**3,362,920**	**50,073,622**	**36,288,711**
Results										
Segment profit before tax	**10,272,597**	5,173,221	**3,070,485**	(1,773,301)	**544,214**	725,939	**52,041**	611,877	**13,939,337**	4,737,736
Income tax (expense)/benefit	**(3,204,115)**	(1,536,268)	**(648,885)**	481,597	**(166,285)**	(215,433)	**101,580**	(263,708)	**(3,917,705)**	(1,533,812)
Profit for the year	**7,068,482**	**3,636,953**	**2,421,600**	**(1,291,704)**	**377,929**	**510,506**	**153,621**	**348,169**	**10,021,632**	**3,203,924**
Items included in Profit for the year										
Share of the profits of an associate using the Equity Accounting Method	**–**	–	**–**	–	**–**	–	**126,323**	246,665	**126,323**	246,665
Depreciation and amortisation	**644,504**	311,990	**30,460**	29,684	**15,858**	32,366	**33,438**	52,723	**724,260**	426,763
Impairment in value – trade receivables	**6,566,465**	4,010,921	**182,086**	–	**1,922,531**	1,229,928	**35,261**	95,030	**8,706,343**	5,335,879
Reversal of impairment in value – trade receivables	**(1,973,479)**	(1,149,662)	**–**	–	**–**	–	**–**	–	**(1,973,479)**	(1,149,662)
Rental expense on operating lease – minimum lease payment	**1,112,977**	822,018	**–**	–	**–**	–	**450**	24,865	**1,113,427**	846,883
Employee benefits expense	**11,894,047**	10,833,404	**920,739**	1,234,406	**1,338,562**	1,467,084	**2,121,982**	608,274	**16,275,330**	14,143,168
Legal and consultancy	**24,136**	341,315	**72,530**	127,555	**273,019**	346,500	**10,325**	3,495	**380,010**	818,865
Segment assets	**55,469,009**	36,917,771	**154,169,189**	103,561,905	**19,866,781**	14,530,023	**16,398,165**	8,426,345	**245,903,144**	163,436,044
Eliminations									**(32,719,135)**	(18,527,732)
Total assets									**213,184,009**	**144,908,312**
Included in Segment assets										
Investment in associate	**–**	–	**–**	–	**–**	–	**2,843**	62,114	**2,843**	62,114
Segment liabilities	**29,208,386**	20,724,410	**150,547,925**	106,226,647	**17,370,172**	12,602,166	**5,235,455**	1,487,284	**202,361,938**	141,040,507
Eliminations									**(21,246,395)**	(18,695,046)
Total liabilities									**181,115,543**	**122,345,461**

Note 25. Segment Information continued

Information about operating segments

Identification of reportable segments

The Consolidated Entity's Chief Operating Decision Maker has identified three reportable segments based on the differences in providing services and providing finance products. These three segments are subject to different regulatory environments and legislation.

The three identified reportable segments are:

Services;

Home Loan Lending; and

Business Services and Lending.

Services include debt agreement proposal preparation and administration, refinance broking, trustee services and other related services.

Home Loan Lending includes the provision of mortgage finance.

Business Services and Lending includes corporate insolvency consultancy services and the provision of bridging finance and factoring finance.

Measurement

Each identified reportable segment accounts for transactions consistently with the Accounting policies mentioned in Note 1 to these financial statements. Inter-segment transactions are highlighted as eliminated to reconcile to the profit, total assets and liabilities amounts of the consolidated entity, with the exception of internal refinance broking fees which have not been eliminated in the segment profit of Home Loan Lending. The Consolidated Entity's Chief Operating Decision Maker, has specifically elected to do this so that the Home Loan Lending division can be read as a standalone entity and have its cost structure benchmarked against other similar market lenders.

Centrally incurred costs for shared services are allocated between segments based employee numbers as a percentage of the total head count.

Restatement of segment information

In the prior financial report the following were identified as reportable segments:

Personal and Corporate Debt Services; and

Lending.

Personal and Corporate Debt Services included debt agreement proposal preparation and administration, refinance broking, trustee services, corporate insolvency consultancy services and other related services.

Lending includes the provision of bridging finance, factoring finance and the mortgage finance.

Due to the growth of the Mortgage finance division and the strategy to continue this lending product, the Consolidated Entity's Chief Operating Decision Maker has decided to report this going forward as separate reportable segment.

If the previous segmentation methodology been used to report for the year ended 30 June 2009, the information would have been presented as follows:

Note 25. Segment Information continued

	Personal and Corporate debt services		Lending Services		Other/ Unallocated		Consolidated Total	
	2009 **$**	2008 $	**2009** **$**	2008 $	**2009** **$**	2008 $	**2009** **$**	2008 $
Revenue and Income								
External sales	**35,577,691**	27,690,125	**–**	50,176	**3,252,579**	2,568,599	**38,830,270**	30,308,900
Finance Income	**219,077**	385,679	**19,931,013**	9,185,406	**13,352**	26,571	**20,163,442**	9,597,656
Finance expense	**(5,977)**	(31,406)	**(8,890,872)**	(4,042,117)	**(62,275)**	(70,412)	**(8,959,124)**	(4,143,935)
Net Finance Income	**213,100**	**354,273**	**11,040,141**	**5,143,289**	**(48,923)**	**(43,841)**	**11,204,318**	**5,453,721**
Other Income	**–**	–	**–**	–	**39,034**	526,090	**39,034**	526,090
Internal sales and income	**1,619,003**	1,119,553	**361,723**	594,796	**174,801**	312,072	**2,155,527**	2,026,421
Eliminations							**(2,155,527)**	(2,026,421)
Total Revenue and Income	**37,409,794**	**29,163,951**	**11,401,864**	**5,788,261**	**3,417,491**	**3,362,920**	**50,073,622**	**36,288,711**
Results								
Segment profit before tax	**9,292,667**	3,763,135	**4,594,630**	362,724	**52,040**	611,877	**13,939,337**	4,737,736
Income tax (expense)/benefit	**(2,913,449)**	(1,110,888)	**(1,105,836)**	(159,216)	**101,580**	(263,708)	**(3,917,705)**	(1,533,812)
Profit for the year	**6,379,218**	2,652,247	**3,488,794**	203,508	**153,620**	348,169	**10,021,632**	3,203,924
Items included in Profit for the year								
Share of the profits of an associate using the Equity Accounting Method	**–**	–	**–**	–	**126,323**	246,665	**126,323**	246,665
Depreciation and amortisation	**644,504**	311,990	**46,318**	62,050	**33,438**	52,723	**724,260**	426,763
Impairment in value – trade receivables	**7,088,466**	4,009,107	**1,582,616**	1,231,742	**35,261**	95,030	**8,706,343**	5,335,879
Reversal of impairment in value – trade receivables	**(1,973,479)**	(1,149,662)	**–**	–	**–**	–	**(1,973,479)**	(1,149,662)
Employee benefits expense	**11,894,047**	10,833,404	**2,259,301**	2,701,489	**2,121,982**	608,274	**16,275,330**	14,143,168
Legal and consultancy	**24,136**	341,315	**345,549**	474,055	**10,325**	3,495	**380,010**	818,865
Rental expense on operating lease – minimum lease payment	**1,112,977**	822,018	**–**	–	**450**	24,865	**1,113,427**	846,883
Segment assets	**58,415,036**	39,509,757	**175,765,349**	121,324,015	**16,398,166**	8,426,344	**250,578,551**	169,260,116
Eliminations							**(37,394,542)**	(24,351,804)
Total assets							**213,184,009**	**144,908,312**
Included in Segment assets								
Investment in associate	**–**	–	**–**	–	**2,843**	62,114	**2,843**	62,114
Segment liabilities	**34,468,615**	24,885,332	**167,602,239**	117,570,437	**5,235,454**	1,487,284	**207,306,308**	143,943,053
Eliminations							**(26,190,765)**	(21,597,592)
Total liabilities							**181,115,543**	**122,345,461**

Note 26. Financial Instruments

Financial and Capital Risk Management

The Group undertakes transactions in a range of financial instruments including:

- Cash and cash equivalents
- Trade and other receivables
- Specialty Finance Assets (Mortgage receivables)
- Other Financial Assets, mainly deposits
- Payables (including Institutional creditor liabilities)
- Interest Bearing Liabilities including 364 day rolling Note Facility funding, Bank loans, Mortgage Loans and Hire Purchase Liabilities

These financial instruments represented in the balance sheets are categorised under AASB 139 *Financial Instruments: Recognition and Measurement* as follows:

	Consolidated Entity		Parent Entity	
	2009 $	2008 $	**2009 $**	2008 $
Financial Assets				
Cash and Cash Equivalents	**19,691,970**	18,863,812	**626,350**	256,456
Loans and Receivables at amortised cost	**187,370,464**	119,442,668	**50,000**	421,952
Financial Liabilities				
Loans at amortised cost	**174,522,908**	117,349,510	**4,870,529**	604,998

The Consolidated Entity has exposure to the following risks from these financial Instruments:

- credit risk
- liquidity risk
- market (interest) risk

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework through the work of the Audit and Risk Management Committee. The Audit and Risk Management Committee is responsible for developing and monitoring risk management policies. The Chairman of the Audit and Risk Management Committee reports to the Board of Directors on its activities.

Risk management procedures are established by the Audit and Risk Management Committee and carried out by management to identify and analyse the risks faced by the Consolidated Entity and to set controls and monitor risks. These are discussed individually below.

Note 26. Financial Instruments continued

Capital Management

The Consolidated Entity's objectives in managing its capital is the safeguard of the Consolidated Entity's ability to continue as a going concern, maintain the support of its Investors and other business partners, support the future growth initiatives of the Consolidated Entity and maintain an optimal capital structure to reduce the costs of capital. The Consolidated Entity's current capital maintenance policy as opposed to a dividend policy is consistent with its Capital Management objectives. These objectives are reviewed periodically by the Board.

The Consolidated Entity assesses the adequacy of its capital requirements, cost of capital and gearing (i.e. debt/equity mix) in line with these objectives.

Gearing is used to monitor levels of debt capital used by the Consolidated Entity to fund its operations. The ratio is calculated as Net Interest Bearing Liabilities divided by Tangible Assets (less Cash Assets).

The gearing ratio at 30 June 2009, excluding the Consolidated Entity's special purpose entity Fox Symes Home Loans Warehouse Trust #1, whose liabilities are non-recourse to the Consolidated Entity, was 26.8% (2008: 23.8%).

It was the policy of the Consolidated Entity during the 2009 financial year to maintain a gearing ratio, excluding the Consolidated Entity's special purpose entity Fox Symes Home Loans Warehouse Trust #1 of less than 50% (2008: 50%)

The Consolidated Entity defines capital as total equity reported in the balance sheet.

Fair Values

The carrying values of the Consolidated Entity's financial assets and liabilities approximate their fair values.

Credit Risk

Credit risk is the risk of financial loss to the Consolidated Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Consolidated Entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Consolidated Entity. Credit risk is concentrated in two categories of financial instruments:

- Trade and other receivables, including bridging finance receivables and factoring finance receivables; and
- Specialty finance assets (Residential mortgage secured loans receivable)

Credit and lending policies have been established for all lending operations whereby each new borrower is analysed individually for creditworthiness and serviceability prior to the Consolidated Entity doing business with them. This includes where applicable credit history checks and affordability assessment and, in the case of lending activities, confirming the existence and title of the property security, and assessing the value of the security provided. These are monitored by the Audit and Risk Management Committee though the management of the Consolidated Entity.

Specialty finance assets are secured by first mortgage security over real property. Bridging finance and factoring finance receivables are secured by first or second mortgage security, and where applicable, fixed and floating charges over business assets.

The Consolidated Entity retains the mortgages over the secured real property (consisting of land and buildings) until the loans are repaid. The Consolidated Entity is entitled to take possession of and enforce the sale of the secured real property in the event that the borrower defaults under the terms of their mortgage.

Personal Insolvency (debt agreement and personal insolvency agreements under the Bankruptcy Act) receivables are unsecured, though debtors are assessed for serviceability and affordability prior to inception of each agreement.

The above minimises the Consolidated Entity's credit risk exposure to acceptable levels.

The Audit and Risk Management Committee also establishes the Consolidated Entity's allowance for impairment policy which is discussed in notes 8 and 10.

Note 26. Financial Instruments continued

Liquidity Risk

Liquidity risk is the risk that Consolidated Entity will not be able to meet its financial obligations as they fall due. The Consolidated Entity's approach in managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Consolidated Entity's reputation.

The Consolidated Entity's liquidity risk management policies include cashflow forecasting, which is reviewed and monitored monthly by management as part of the Consolidated Entity's master budget and having access to funding through credit facilities.

The contractual maturity of the Consolidated Entity's fixed and floating rate financial liabilities are as follows. The amounts represent the future undiscounted principal and interest cashflows.

	Consolidated Entity					
	30 June 2009					
	Carrying amount $	Contractual Cashflows $	6 months or less $	6–12 months $	1 to 2 years $	2 to 5 years $
Trade and Other Payables	**829,759**	**829,759**	**829,759**	–	–	–
Institutional creditors	**3,267,916**	**3,267,916**	**3,267,916**	–	–	–
Other Payables	**5,993,872**	**5,993,872**	**5,993,872**	–	–	–
Short term Note Liabilities	**4,054,400**	**4,054,400**	**4,054,400**	–	–	–
Hire Purchase Liabilities	**27,377**	**29,622**	**4,963**	**4,963**	**19,696**	–
Other Short term loans	**209,613**	**209,613**	**209,613**	–	–	–
Bank Loans	**11,287,784**	**12,356,910**	**366,258**	**1,866,258**	**10,124,394**	–
Mortgage Loans	**272,000**	**279,425**	**279,425**	–	–	–
Warehouse Facilities	**148,580,187**	**157,686,341**	**4,553,077**	**4,553,077**	**148,580,187**	–

	Consolidated Entity					
	30 June 2008					
	Carrying amount $	Contractual Cashflows $	6 months or less $	6–12 months $	1 to 2 years $	2 to 5 years $
Trade and Other Payables	2,853,251	2,853,251	2,853,251	-	-	-
Institutional creditors	3,948,329	3,948,329	3,948,329	-	-	-
Other Payables	2,922,013	2,922,013	2,922,013	-	-	-
Short term Note Liabilities	570,682	580,853	580,853	-	-	-
Hire Purchase Liabilities	43,448	48,594	9,039	9,039	13,264	17,252
Other Short term loans	200,045	200,045	200,045	-	-	-
Bank Loans	6,652,902	7,683,300	329,400	329,400	7,024,500	-
Mortgage Loans	272,000	295,518	11,759	11,759	272,000	-
Warehouse Facilities	99,886,840	108,056,961	4,085,061	103,971,900	-	-

The parent entity has trade and other payables amounting to $4,650,668 (2008: $604,998). These relate to loans with related parties. There is no contractual maturity on these balances.

FSA Group Ltd has a secured note facility comprising of senior and mezzanine debt through a special purpose entity, the Fox Symes Home Loans Warehouse Trust No.1. The facility has a combined drawdown limit of $210,000,000. This facility is secured against the book of loan assets created by the trust. As at 30 June 2009 the Consolidated Entity had withdrawn $148,218,750 from this facility. It had unused credit at the end of the year of $61,781,250.

FSA Group Ltd's subsidiary 180 Group Pty Ltd has two secured loan facilities supporting its lending activities. The bridging finance and factoring finance facilities have drawdown limits of $7,000,000 and $10,000,000 respectively. As at 30 June 2009, the company had withdrawn $5,250,000 from the bridging finance facility and it had unused credit at the end of the year of $1,750,000 on this facility. As at 30 June 2009, the company had withdrawn $6,121,160 from the factoring finance facility and it had unused credit at the end of the year of $3,878,840 on this facility.

Note 26. Financial Instruments continued

Warehouse facilities

The Consolidated Entity is reliant on the renewal of existing warehouse facilities, the negotiation of new warehouse facilities, or the issuance of residential mortgage backed securities.

Each warehouse facility is structured so that if it is not renewed or otherwise defaults there is only limited recourse to the Consolidated Entity. If a warehouse facility is not renewed or otherwise defaults and its assets are liquidated, the primary impact to the Consolidated Entity would be the loss of future income streams from excess spread, being the difference between our mortgage rate and the cost of funds, fee income and the write off of any unamortised balance of deferred transaction costs.

The Directors are satisfied that any sale of mortgages in repayment of warehouse facilities or an event of default in relation to the Consolidated Entity's warehouse facilities will not affect the Consolidated Entity's ability to continue as a going concern.

Market Risk

Market risk is the risk that changes in market prices will affect the Consolidated Entity's income or the value of holdings in its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Market risk of the Consolidated Entity is concentrated in interest rate risk.

Specialty finance assets are lent on variable interest rates and are financed by variable rate borrowings, which mitigate the Consolidated Entity's exposure to interest rate risk on these borrowings to an acceptable level. These borrowings are provided to the Consolidated Entity on a 364 day rolling facility and are non-recourse to the Consolidated Entity unless there is material event of default or breach of borrowing covenants.

Bridging finance assets and factoring finance assets are provided to borrowers on fixed and variable rate terms. These are financed by variable rate borrowings. The returns on the products are sufficient to mitigate adverse interest rate movements on the borrowings. As such the risk does not warrant the cost of purchasing derivative financial instruments to mitigate this risk completely. The Board and Management are satisfied that this policy is appropriate for the Consolidated Entity at this time. These assets are financed by a long term debt facility.

All other sources of finance are immaterial to the Consolidated Entity in amount and exposure.

Interest rate sensitivity analysis

The tables below show the effect on finance costs and profit after tax if interest rates had been 50 basis points (bps) higher or lower at reporting date on the Consolidated Entity's floating rate financial instruments. A 50bps sensitivity is considered reasonable given the current level of both short-term and long-term Australian interest rates. This would represent approximately 2 rate increases and in the current economic environment, where there is pressure on the employment market, it is unlikely that the Reserve Bank of Australia will commence a sharp upwards movement in the interest rate cycle over the next 12 months. The analysis is based on interest rate risk exposures at balance date on both financial assets and liabilities.

	Consolidated Entity Profit after tax	
	2009 $	2008 $
If interest rates increased by 50bps – Increase/(decrease)	**17,052**	6,581
If interest rates decreased by 50bps – increase/(decrease)	**(17,052)**	(6,581)

	Parent Entity Profit after tax	
	2009 $	2008 $
If interest rates increased by 50bps – increase/(decrease)	**2,192**	898
If interest rates decreased by 50bps – increase/(decrease)	**(2,192)**	(898)

	Consolidated Entity		Parent Entity	
	2009 $	2008 $	2009 $	2008 $

Note 27. Investments in Associates

Equity accounted investments in associates				
Purchase consideration	**7,963**	7,963	**–**	–
Inter-entity loan	**(397,697)**	(250,000)	**–**	–
Share of associates retained earnings	**392,577**	304,151	**–**	–
	2,843	62,114	**–**	–

The Consolidated Entity has one investment in an associate which it accounts for using the equity accounting method. The associate, Huntingdale Smythe Lawyers Pty Ltd is a company incorporated in Australia and provides legal services. The consolidated entity has 50% ownership and 50% of the voting power in the entity.

Information about the Associate is as follows:

Consolidated entity's share of:

	2009 $	2008 $
Revenue	**501,528**	724,982
Profit before tax	**126,323**	246,665
Income tax expense	**(37,897)**	(74,000)
Profit for the year	**88,426**	172,665
Assets	**103,080**	166,602
Liabilities	**9,886**	161,834
Net assets	**93,194**	4,768

Note 28. Contingent Liabilities

There were no contingent liabilities relating to the Group at balance date except the following:

2009

Mortgage loans

At balance date loan applications that had been accepted by the Group but not yet settled amount to $503,950. Mortgages are usually settled within 4 weeks of acceptance.

2008

Mortgage loans

At balance date loan applications that had been accepted by the Group but not yet settled amount to $2,046,300. Mortgages are usually settled within 4 weeks of acceptance.

Directors' Declaration

The Directors of FSA Group Limited declare that:

(a) in the Directors' opinion the financial statements and notes on pages 33 to 72 are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's and the Consolidated Entity's financial position as at 30 June 2009 and of their performance, for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and *Corporations Regulations 2001*.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1;

(c) the remuneration disclosures set out on pages 19 to 26 of the Directors' report comply with *Australian Accounting Standard AASB 124 Related Party Disclosures*, and the *Corporations Regulations 2001*; and

(d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2009, required by Section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Directors

Tim Odillo Maher

Tim Odillo Maher
Director
Sydney
30 September 2009

Independent Auditor's Report

PKF

Chartered Accountants
& Business Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of FSA Group Limited

Report on the Financial Report

We have audited the accompanying financial report of FSA Group Limited ("the company"), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration for both the company and the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with Australian Equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Tel: 61 7 3226 3555 | Fax: 61 7 3226 3500 | www.pkf.com.au
PKF | ABN 83 236 985 726
Level 6, 10 Eagle Street | Brisbane | Queensland 4000 | Australia
GPO Box 1078 | Brisbane | Queensland 4001

PKF

Chartered Accountants
& Business Advisers

Independence
In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

(a) the financial report of FSA Group Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 19 to 26 of the directors' report for the period ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of FSA Group Limited for the period ended 30 June 2009, complies with section 300A of the *Corporations Acts 2001*.

PKF

PKF

Wayne Wessels
Partner

Dated at Brisbane this 30th day of September 2009

Shareholder Information

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 21 September 2009.

(a) Distribution of equity securities

The number of holders, by size of holding, in each class of security are:

	Quoted Ordinary shares	
	Number of holders	Number of holders
1 – 1,000	37	23,639
1,001 – 5,000	317	1,036,757
5,001 – 10,000	267	2,330,562
10,001 – 100,000	377	12,183,229
100,001 and over	89	99,863,326
Total	**1,087**	**115,437,513**

The number of shareholders holding less than a marketable parcel of shares (1,191) are 43 (holding a total of 30,382 ordinary shares).

	Convertible Redeemable Preference Shares ("CRPS")		Unquoted $0.60 options exercisable on or before 31 January 2010	
	Number of holders	Number of CRPS	Number of holders	Number of CRPS
1 – 1,000	1	16	–	–
1,001 – 5,000	–	–	–	–
5,001 – 10,000	–	–	–	–
10,001–100,000	–	–	13	600,000
100,001 and over	–	–	1	250,000
Total	**1**	**16**	**14**	**850,000**

	Unquoted $0.25 options exercisable on or before 31 January 2010		Unquoted $0.655 options exercisable on or before 31 January 2010	
	Number of holders	Number of options	Number of holders	Number of options
1 – 1,000	–	–	–	–
1,001 – 5,000	–	–	–	–
5,001 – 10,000	–	–	–	–
10,001–100,000	–	–	–	–
100,001 and over	1	500,000	1	450,000
Total	**1**	**500,000**	**1**	**450,000**

	Unquoted $0.98 options exercisable on or before 31 January 2010	
	Number of holders	Number of options
1 – 1,000	–	–
1,001 – 5,000	–	–
5,001 – 10,000	–	–
10,001 – 100,000	–	–
100,001 and over	1	250,000
Total	**1**	**250,000**

Shareholder Information continued

(b) Twenty largest holders

The names of the twenty largest holders, in each class of quoted security are:

Ordinary shares:

1	Capital Management Corporation Pty Ltd	24,000,000	20.8%
2	Mazamand Group Pty Ltd	16,795,717	14.5%
3	ADST Pty Ltd	12,946,533	11.2%
4	BJR Investment Holdings Pty Ltd	11,000,000	9.5%
5	Droga Capital Pty Ltd	2,300,000	2.0%
6	Investment Custodial Services Ltd	1,964,823	1.7%
7	Bulwarra Holdings Pty Ltd	1,913,150	1.7%
8	Berne No 132 Nominees Pty Ltd	1,553,750	1.3%
9	Sareena Enterprises Pty Ltd	1,356,667	1.2%
10	Mr Costa Emil Vrisakis and Mrs Despina Vrisakis	1,200,000	1.0%
11	Phillips Consolidated Pty Ltd	1,150,000	1.0%
12	Maramindi Pty Ltd	1,000,000	0.9%
13	James Dundas Ritchie	1,000,000	0.9%
14	Miss Xin Zhang	911,000	0.8%
15	Mr Peter David Carr and Mr John Richard Carr	755,413	0.7%
16	Ganbros Pty Ltd	750,000	0.6%
17	Aftron Pty Ltd	700,000	0.6%
18	Karia Investments Pty Ltd	666,666	0.6%
19	Mrs Catherina Louisa Cornish	652,916	0.6%
20	Mrs Zhi Chen	650,000	0.6%
	Top 20	83,266,635	72.1%
	Total	**115,437,513**	**100.0%**

(c) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Number of shares
Mazamand Group Pty Ltd	16,795,717
ADST Pty Ltd	12,946,533
BJR Investment Holdings Pty Ltd	11,000,000

(d) Voting rights

All ordinary shares carry one vote per share without restriction.

(e) Restricted securities

As at the date of this report there were no ordinary shares subject to voluntary restriction agreements.

(f) Business objectives

The entity has used its cash and assets that are readily convertible to cash in a way consistent with its business objectives.

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Corporate Information

Directors

Sam Doumany – Non-Executive Chairman
Tim Odillo Maher – Executive Director
Deborah Southon – Executive Director
Hugh Parsons – Non-Executive Director
Stan Kalinko – Non-Executive Director

Company Secretaries

Duncan Cornish
Anthony Carius

Registered Office and Corporate Office

Level 5
60 Edward Street
Brisbane QLD 4000
Phone: + 61 (07) 3303 0690
Fax: + 61 (07) 3303 0601

Principal Business Office

Level 3
70 Phillip Street
Sydney NSW 2000
Phone: +61 (02) 9293 6096
Fax: +61 (02) 9290 6098

Solicitors

Hopgood Ganim
Level 8, Waterfront Place
1 Eagle Street
Brisbane QLD 4000

Share Register

Link Market Services Ltd
Level 19, 324 Queen Street
Brisbane QLD 4000
Phone: +61 (02) 8280 7454

Auditors

PKF
Level 6
10 Eagle Street
Brisbane QLD 4000

Country of Incorporation

Australia

Securities Exchange Listing

Australian Securities Exchange Ltd
ASX Code: FSA

Internet Address

www.fsagroup.com.au

Australian Business Number

ABN 98 093 855 791

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