# FSA Group Limited
Annual Report 2015

# Mapping Our Future
A 5 Year Strategic Plan

# Our Plan


## Cautionary Statements and Disclaimer Regarding Forward-Looking Information

This Annual Report may contain forward-looking statements, including statements about FSA Group Limited's (**Company**) financial condition, results of operations, earnings outlook and prospects. Forward-looking statements are typically identified by words such as "plan," "aim", "focus", "target", "believe," "expect," "anticipate," "intend," "outlook," "estimate," "forecast," "project" and other similar words and expressions.

The forward-looking statements contained in this Annual Report are predictive in character and not guarantees or assurances of future performance. These forward-looking statements involve and are subject to known and unknown risks and uncertainties many of which are beyond the control of the Company. Our ability to predict results or the actual effects of our plans and strategies is subject to inherent uncertainty.

Factors that may cause actual results or earnings to differ materially from these forward-looking statements include general economic conditions in Australia, interest rates, competition in the markets in which the Company does and will operate, and the inherent regulatory risks in the businesses of the Company, along with the credit, liquidity and market risks affecting the Company's financial instruments described in the Annual Report.

Forward-looking statements are based on assumptions regarding the Company's financial position, business strategies, plans and objectives of management for future operations and development and the environment in which the Company will operate. Those assumptions may not be correct or exhaustive.

Because these forward-looking statements are subject to assumptions and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. **You are cautioned not to place undue reliance on any forward-looking statements.**

Forward-looking statements are based on current views, expectations and beliefs as at the date they are expressed. The Company disclaims any responsibility to and undertakes no obligation to update or revise any forward-looking statement to reflect any change in the Company's circumstances or the circumstances on which a statement is based, except as required by law.

The Company disclaims any responsibility for the accuracy or completeness of any forward-looking statement to the extent permitted by law. Unless otherwise stated, the projections or forecasts included in this Annual Report have not been audited, examined or otherwise reviewed by the independent auditors of the Company.

This Annual Report is not an offer or invitation for subscription or purchase of, or a recommendation of securities.

For over 15 years, **FSA Group has helped thousands of Australians take control of their debt.** Our large and experienced team of professionals offers a range of debt solutions and direct lending services, which we tailor to suit individual circumstances and to achieve successful outcomes for our clients.



FSA Group Limited ABN 98 093 855 791

# Our Business

## Services

FSA Group offers a range of services to assist clients wishing to enter into a payment arrangement with their creditors. These services include informal arrangements, debt agreements, personal insolvency agreements and bankruptcy. Our new service Easy Bill Pay assists our clients with paying their bills.

## Consumer Lending

FSA Group offers non-conforming home loans and personal loans to assist clients wishing to consolidate their debt or to purchase a motor vehicle.

## Business Lending

FSA Group offers factoring finance to assist small businesses with cash flow management.

# Services

The services market consists of individuals who rely upon a debt agreement or a personal insolvency agreement or bankruptcy to address their unmanageable debt. Debt agreements are an alternative to bankruptcy. They offer a simple way for an indebted individual to come to a payment arrangement with their creditors and yield superior returns to creditors when compared with bankruptcy. Competition in this market has remained steady because there are significant barriers to entry. Our new service Easy Bill Pay assists our clients with paying their bills.

## 2015 Achievements

### Debt Agreements

- 48% market share
- 8% increase in new clients
- 18,844 clients
- $328m of debt managed
- $81m paid to creditors

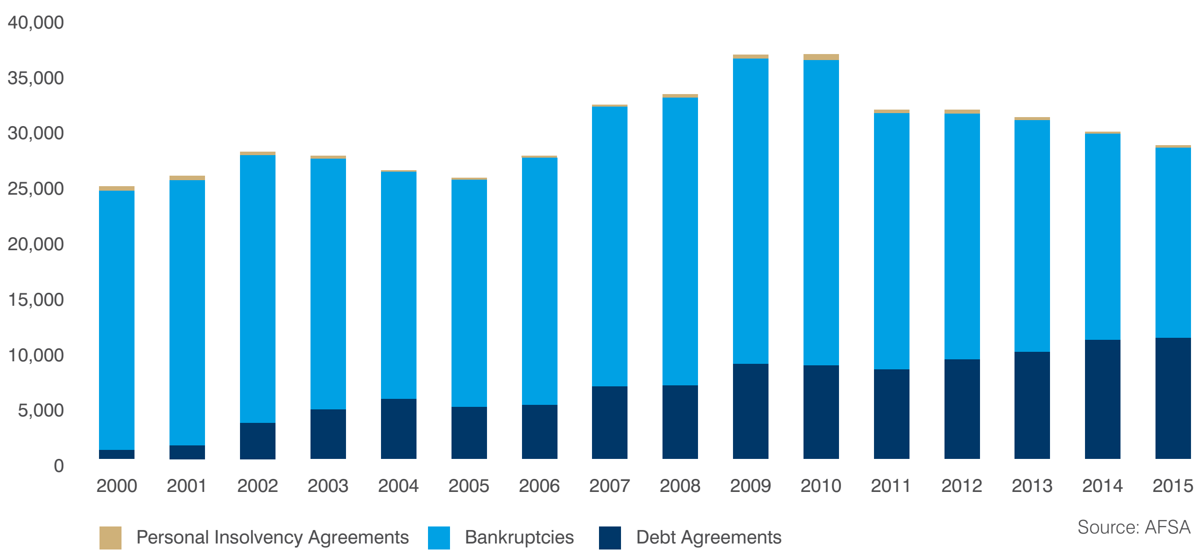
### Personal Insolvency Agreements and Bankruptcy

- One of the largest trustees
- 5% increase in new clients
- 1,612 clients

### Easy Bill Pay

- Successful launch
- 762 clients
- 16,866 bills paid

## The Services Market




Source: AFSA

# Consumer Lending

The non-conforming home loan and personal loan markets consist of lenders who provide loan products to an individual who is unlikely to conform to the lending criteria of the banks. FSA Group offers non-conforming home loans to assist clients with property who wish to consolidate their debt. FSA Group also offers non-conforming personal loans to existing clients to assist with the purchase of a motor vehicle.

## 2015 Achievements

**Home loans**

- ✓ Loan pool $233m up 5%
- ✓ >30 day arrears 2.87%
- ✓ Westpac facility of $250m
- ✓ Institutional facility of $20m

**Personal loans**

- ✓ Loan pool $6m up 440%
- ✓ >30 day arrears Nil
- ✓ Westpac facility of $10m

# Business Lending

The factoring finance market consists of lenders who assist small to medium businesses with cash flow management by providing finance primarily secured against the unpaid invoices of a business. There are a number of competitors operating in the market. FSA Group offers factoring finance to assist small businesses with cash flow management.

## 2015 Achievements

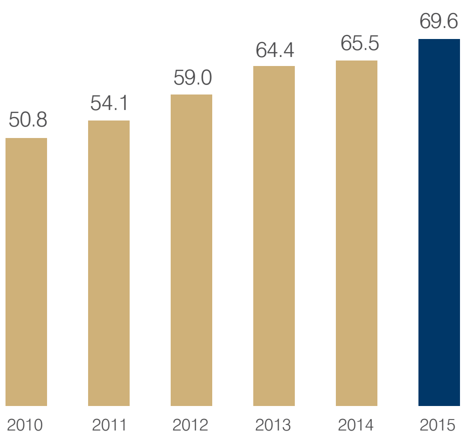
**Factoring Finance**

- ✓ Loan pool $32m up 30%
- ✓ >90 day arrears 6.79%
- ✓ Westpac facility of $35m

# Financial Performance

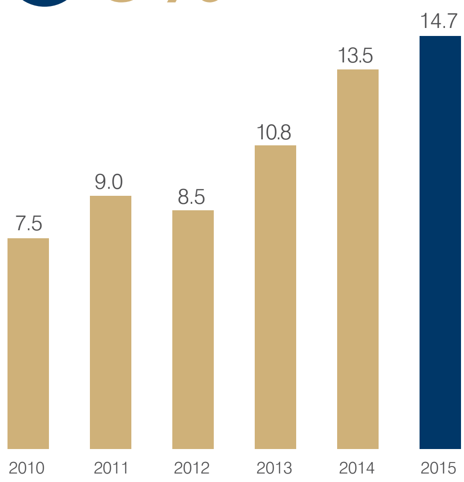
## Operating income ($m)

6%



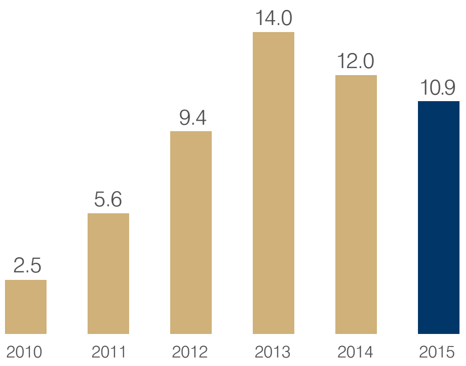

## Profit after tax ($m)

9%



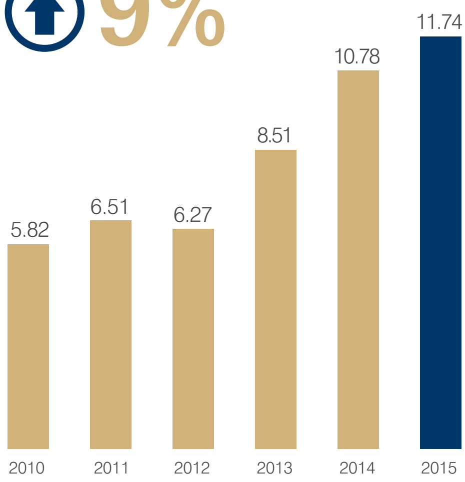

## Net cash inflow from operating activities ($m)

10%




## Basic earnings per share (cents)

9%



# A 5 year Strategic Plan

| | |
|---|---|
| Services | Maintain our leading position in a niche market |
| Consumer and Business Lending | Expand our product offering<br>Focus on growing our loan pools<br>Aiming to grow from $270m to around $500m |
| Easy Bill Pay | Aiming to add over 500 new clients per month over the next few years |
| Earnings | Expect average long term earnings growth of around 10% pa<br>Growth rate in earnings may be lower in earlier years |
| Capital Management | Dividends around 50% to 60% of earnings<br>Balance of earnings to be re-invested to support the capital requirements of our growing loan pools<br>Strategy is self-funding. We do not expect to raise equity capital<br>If loan pools do not grow as expected we would consider increasing our dividend |
| Headwinds | Consumer debt levels are at a record high and demand for our products and services is growing. However, we may face a number of headwinds over the next few years, including historically low interest rates adversely affecting certain areas of our business. |

# Chairman's Letter

Dear Shareholders,

The 2015 financial year has been another year of strong performance.

FSA Group generated $69.6 million in operating income and achieved a record profit after tax attributable to members of $14.7 million, a 9% increase compared to the results of 2014.

Our Services division continued to perform well throughout the year, which resulted in our debt agreement market share increasing from 45% to 48%. This division continues to deliver stable and predictable cash profit which underpins our lending initiatives.

Our focus has been and will remain on growing our loan pools. Over the past year we hired additional staff, increased our marketing spend and decreased our upfront settlement fee to stimulate lending growth. This upfront investment in the future growth of our loan pools came at a pre-tax cost of approximately $2 million over the year, impacting profitability for our Consumer and Business lending divisions. We have seen growth in these pools, although the real benefit of our investment will be realised over the next few years.

I advise that the Directors have declared a fully franked final dividend of 3.50 cents per share for the 2015 financial year. This brings the full year dividend to 6.50 cents per share.

We have rolled out a 5 year strategic plan. A key component of our plan is to ensure our Services division maintains its leading position in a niche market and to continue to expand our product offering in our Consumer and Business lending divisions. Our aim is to grow our loan pools from $270 million to around $500 million.

We are excited about our new service, Easy Bill Pay. We all have bills to pay and this service makes it easier and streamlines this task. There is real potential in this service. Our target over the next few years is to add over 500 new clients per month to Easy Bill Pay which will ensure it makes a meaningful contribution to group earnings.

If we are successful in the execution of our 5 year strategic plan we expect average long term earnings growth of around 10% per annum. The growth rate in earnings may be lower in the earlier years. We expect our dividend payout ratio to be around 50% to 60% of earnings with the balance of earnings to be re-invested to support the capital requirements of our growing loan pools. Our strategy is self-funding so we do not expect to raise equity capital. If market conditions change and our loan pools do not grow as expected, we would consider increasing our dividend payout ratio accordingly.

Consumer debt levels are at a record high and demand for our products and services is growing. However, we may face a number of headwinds over the next few years, including historically low interest rates adversely affecting certain areas of our business.

We have a committed, experienced and highly motivated team focussed on growth and creating opportunities. The next few years will be very exciting for FSA Group.

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
**Chairman**

# Executive Directors' Review

Dear Shareholders,

The 2015 financial year has been another year of strong performance.

FSA Group generated $69.6 million in operating income and achieved a record profit after tax attributable to members of $14.7 million, a 9% increase compared to the results of 2014.

The Directors have declared a fully franked final dividend of 3.50 cents per share for the 2015 financial year. This brings the full year dividend to 6.50 cents per share.

| Financial overview | FY2014 | FY2015 | % Change |
|---|---|---|---|
| Operating income | $65.5m | $69.6m | ^ 6% |
| Profit before tax | $20.8m | $22.4m | ^ 8% |
| Profit after tax attributable to members | $13.5m | $14.7m | ^ 9% |
| EPS basic | 10.78c | 11.74c | ^ 9% |
| Net cash inflow from operating activities | $12.0m | $10.9m | v 10% |
| Dividend/share | 6.00c | 6.50c | ^ 8% |

## Operational Performance

Our business operates across the following key segments, Services, Consumer Lending and Business Lending.

The profitability of each segment is as follows:

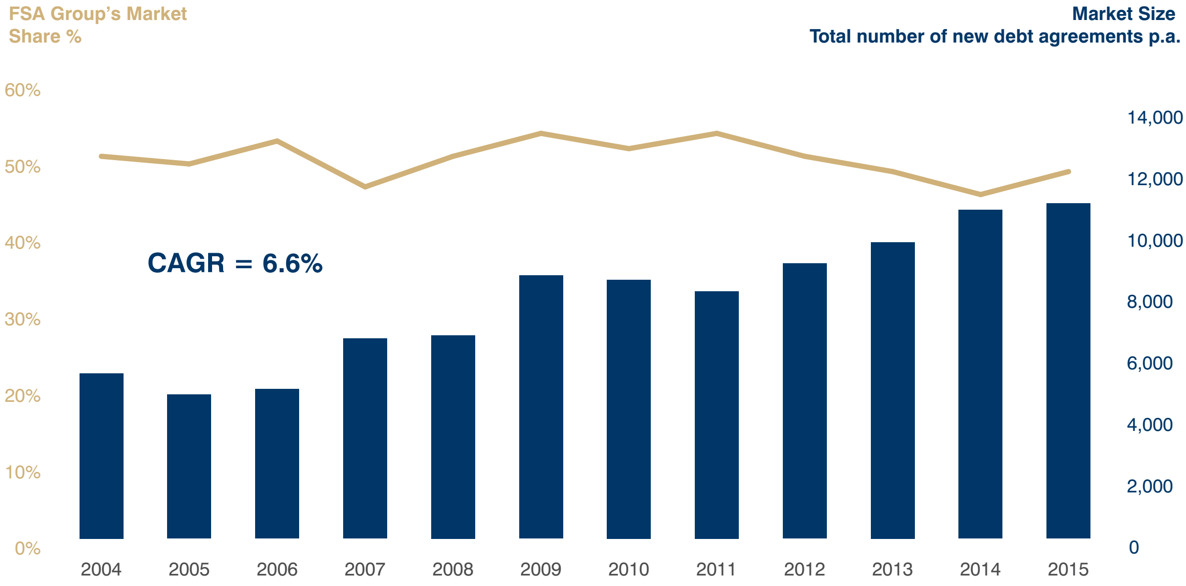
| Profit before tax by segment | FY2014 | FY2015 | % Change |
|---|---|---|---|
| Services | $11.2m | $14.8m | ^ 31% |
| Consumer Lending | $6.8m | $ 5.1m | v 26% |
| Business Lending | $2.8m | $ 2.6m | v 7% |
| Profit before tax | $20.8m | $22.4m | ^ 8% |

## Services

The Services division offers a range of services to assist clients wishing to enter into a payment arrangement with their creditors. These include informal arrangements, debt agreements, personal insolvency agreements and bankruptcy. Our new service Easy Bill Pay assists our clients with paying their bills.

FSA Group is the largest provider of debt agreements, personal insolvency agreements and bankruptcy in Australia. Our Services division continued to perform well throughout the year. New client numbers increased 8% for debt agreements and 5% for personal insolvency agreements and bankruptcy. Our debt agreement market share increased from 45% to 48%. FSA Group manages $328 million of unsecured debt under debt agreements. During 2015, FSA Group paid $81 million in dividends to creditors.

## Debt Agreement Market Share




## Easy Bill Pay

| | |
|---|---|
| **What is EBP?** | Service to assist clients with paying their bills |
| **Target market** | The 6,000 to 7,000 new callers who contact us each month |
| **Cost to client** | 99c per day |
| **Cost to FSA** | Nominal operating costs to run as system driven |
| **Launched when** | Trialling for the last 9 months |
| **Performance to date** | 762 clients<br>16,866 bills paid to date<br>Added 157 and 167 new clients in May and June 2015 |
| **Future plans** | Aiming to add over 500 new clients per month over the next few years |

The Services division achieved a profit before tax of $14.8m driven by an increase in new client numbers and supported by a continued and sustained reduction in the level of arrears and recovery of doubtful debts. Profitability was impacted by an increase in marketing costs due to an historically low interest rate driven competitive market.

# Executive Directors' Review (continued)

## Consumer and Business Lending

The Consumer Lending division offers non-conforming home loans and personal loans to assist clients wishing to consolidate their debt or to purchase a motor vehicle. The Business Lending division offers factoring finance to assist small businesses with cash flow management.

Our focus has been and will remain on growing our loan pools. Over the past year we hired additional staff, increased our marketing spend and decreased our upfront settlement fee to stimulate lending growth. This upfront investment in the future growth of our loan pools came at a pre-tax cost of approximately $2 million over the year, impacting profitability for our Consumer and Business lending divisions. We have seen growth in these pools, although the real benefit of our investment will be realised over the next few years.

| Loan Pools | FY2014 | FY2015 | % Change |
|---|---|---|---|
| Home Loans | $221.1m | $233.0m | ^ 5% |
| Personal Loans | $1.1m | $5.9m | ^ 440% |
| Factoring Finance | $24.3m | $31.5m | ^ 30% |
| Total | $246.5m | $270.4m | ^ 10% |

| Arrears | Type | FY2013 | FY2014 | FY2015 |
|---|---|---|---|---|
| Home Loans | >30 day | 3.22% | 3.32% | 2.87% |
| Personal Loans | >30 day | Not applicable | Not applicable | Nil |
| Factoring Finance | >90 day | 4.75% | 5.89% | 6.79% |

| Loan Pool Data | Home Loans | Personal Loans | Factoring Finance |
|---|---|---|---|
| Average loan size | $285,640 | $24,228 | $277,004 |
| Security type | Residential home | Motor vehicle | Invoices |
| Average loan to valuation ratio | 68% | 100% | 55% to 65% |
| Variable or fixed rate | Variable | Fixed | Variable |
| Geographical spread | All states | All states | All states |

During the year Westpac Banking Corporation increased its non-recourse senior home loan facility from $230 million to $250 million and renewed its $35 million factoring finance facility for a further term until 28 June 2017. As our loan pools grow we expect to increase and renew our facilities as required. On the 2 June 2015 we entered into an interest rate swap agreement, locking in $40 million of our company funding costs at a fixed rate for 5 years.

| Funding | Facility Type | Provider | Limit | Renewal Date |
|---|---|---|---|---|
| Home Loans | Non-recourse senior | Westpac | $250m | October 2016 |
| | Non-recourse mezzanine | Institutional | $20m | October 2016 |
| Personal Loans | Recourse corporate | Westpac | $10m | December 2015 |
| Factoring Finance | Recourse structured | Westpac | $35m | June 2017 |

## Net cash inflow from operating activities

During the 2015 financial year, FSA Group maintained strong cash inflow driven by long term annuity income from its clients. The reduction in net cash inflow from operations, when compared to the previous corresponding period, is attributable to the upfront investment in the future growth of our loan pools.

| | | No of clients/ loan pool size | Average client life in years |
|---|---|---|---|
| Services | Debt Agreements | 18,844 | 4.5 to 5.5 |
| | PIA/Bankruptcy | 1,612 | 3 |
| | Easy Bill Pay | 762 | Expect > 5 |
| Consumer Lending | Home Loans | $233m | 3 to 4 |
| | Personal Loans | $6m | 4 to 5 |
| Business Lending | Factoring Finance | $32m | 2.5 to 3.5 |

## Strategy and Outlook

We have rolled out a 5 year strategic plan. A key component of our plan is to ensure our Services division maintains its leading position in a niche market and to continue to expand our product offering in our Consumer and Business lending divisions. Our aim is to grow our loan pools from $270 million to around $500 million.

We are excited about our new service, Easy Bill Pay. We all have bills to pay and this service makes it easier and streamlines this task. There is real potential in this service. Our target over the next few years is to add over 500 new clients per month to Easy Bill Pay which will ensure it makes a meaningful contribution to group earnings.

If we are successful in the execution of our 5 year strategic plan we expect average long term earnings growth of around 10% per annum. The growth rate in earnings may be lower in the earlier years. We expect our dividend payout ratio to be around 50% to 60% of earnings with the balance of earnings to be re-invested to support the capital requirements of our growing loan pools. Our strategy is self-funding so we do not expect to raise equity capital. If market conditions change and our loan pools do not grow as expected, we would consider increasing our dividend payout ratio accordingly.

Consumer debt levels are at a record high and demand for our products and services is growing. However, we may face a number of headwinds over the next few years, including historically low interest rates adversely affecting certain areas of our business.

## Our People

We have a committed, experienced and highly motivated team focussed on growth and creating opportunities. We would like to acknowledge the efforts of all our team during what has been another busy year. We would also like to thank our Board for their guidance and support during the year.

Yours sincerely,

Tim Odillo Maher **Executive Director**

Deborah Southon **Executive Director**

# Directors and Secretary

(From L to R, top to bottom)
**Tim Odillo Maher**
**Stan Kalinko**
**David Bower**
**Deborah Southon**
**Sam Doumany**
**Cellina Chen (Secretary)**

# Financial Statements

for the year ended 30 June 2015



# Directors' Report

for the year ended 30 June 2015

## Directors

The Directors present their report, together with the financial statements, on the Consolidated Entity (referred to hereafter as the "Consolidated Entity") consisting of FSA Group Limited (referred to hereafter as the "Company" or "Parent Entity") and the entities controlled at the end of, and during, the year ended 30 June 2015.

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
Stan Kalinko
Sally Herman – retired on 28 November 2014
David Bower – appointed on 23 April 2015

## Information on Directors

### Sam Doumany (Non-Executive Chairman)

**Experience and Expertise**

Mr Doumany was appointed 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 Queensland Parliament 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.

Since 1983 Mr Doumany has operated a consultancy practice providing services in government relations, corporate strategy and market development. Mr Doumany was retained by Ernst & Young in an executive consultancy role between 1991 and 2002. 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 (Agriculture) from the University of Sydney and is a member of the Australian Institute of Company Directors.

**Other current (listed company) directorships**

Nil

**Former (listed company) directorships in the last 3 years**

Nil

**Special responsibilities**

Member of the Audit & Risk Management Committee and the Remuneration Committee.

**Interest in shares and options**

| | |
|---|---|
| Ordinary shares | 1,100,000 |

# Directors' Report cont.

for the year ended 30 June 2015

## Tim Odillo Maher (Executive Director)

### Experience and Expertise

Mr Odillo Maher was appointed on 30 July 2002.

Mr Odillo Maher holds a Bachelor of Business Degree (majoring in Accounting and Finance) from Australian Catholic University and is a Certified Practising Accountant.

### 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 | 42,809,231 |

## 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 an Executive Certificate in Leadership & Management (University of Technology, Sydney) and a Bachelor of Arts Degree (Sydney University).

### 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 | 12,960,047 |

# Directors' Report cont.

for the year ended 30 June 2015

### Stan Kalinko (Non-Executive Director)

**Experience and Expertise**

Mr Kalinko was appointed on 9 May 2007.

Mr Kalinko has been a professional company director since his retirement from law on 30 June 2007. Mr Kalinko practised law for more than 30 years and was a merchant banker for six years. He is a fellow of the Australian Institute of Company Directors and also serves on the Boards of Hydro Tasmania, Indigenous Community Volunteers Limited, Seisia Enterprises Pty Ltd and the Central Synagogue. He has a B.Com, LLB, a Higher Diploma in Tax and is an accredited mediator.

**Other current (listed company) directorships**

Nil

**Former (listed company) directorships in last 3 years**

Nil

**Special Responsibilities**

Chairperson of the Audit & Risk Management Committee and a member of the Remuneration Committee.

**Interest in shares and options**

| | |
|---|---|
| Ordinary shares | 100,000 |

### Sally Herman (Non-Executive Director)

**Experience and Expertise**

Ms Herman was appointed on 24 January 2011.

Ms Herman has more than 25 years' executive experience in financial services in both Australia and in the United States. Her last executive role was at the Westpac Group where she spent 16 years until September 2010, having run major business units in almost every operating division of the Group. She also has broad board experience in the corporate and Not For Profit Sector and currently is a Board member Breville Group Limited, Members Equity Bank Ltd, Urbis Pty Ltd, Premier Investments Limited and Investec Property Limited. She is also a graduate of the Australian Institute of Company Directors and holds a Bachelor of Arts degree.

Ms Herman retired on 28 November 2014.

**Other current (listed company) directorships**

Premier Investments Limited

Breville Group Limited

**Former (listed company) directorships in last 3 years**

Nil

**Special responsibilities**

Member of the Audit & Risk Management Committee and Chairperson of the Remuneration Committee up until her retirement on 24 November 2014.

**Interest in shares and options**

| | |
|---|---|
| Ordinary shares | 40,000 |

# Directors' Report cont.

for the year ended 30 June 2015

### David Bower (Non-Executive Director)

**Experience and Expertise**

Mr David Bower was appointed on 23 April 2015.

Mr Bower has over 30 years of executive experience in financial services in Australia. He spent 26 years with Westpac Banking Corporation running business units in Corporate Banking, Commercial Bank, Retail Bank and Financial Markets. He also worked with ANZ and St George Bank. He is a graduate of the Australian Institute of Company Directors and holds a Bachelor of Economics degree.

**Other current (listed company) directorships**

Nil

**Former (listed company) directorships in last 3 years**

Nil

**Special Responsibilities**

Member of the Audit & Risk Management Committee and Chairperson of the Remuneration Committee.

**Interest in shares and options**

| | |
|---|---|
| Ordinary shares | 30,000 |

## Company Secretary

### Don Mackenzie

Mr Don Mackenzie was appointed Company Secretary on 19 November 2010 and retired on 1 July 2015.

### Cellina Z Chen

Mrs Cellina Z Chen was appointed joint Company Secretary on 23 April 2015 and subsequently appointed as Company Secretary on 1 July 2015. Mrs Chen holds a Master of Commerce degree (major in accounting and finance) from the University of Sydney and is a Certified Practising Accountant. Mrs Chen has also completed the Australian Institute of Company Directors courses and holds a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia. Mrs Chen joined the Company in 2001 and is the Chief Financial Officer.

## Principal activities

The principal activities of the Consolidated Entity during the year were the provision of debt solutions and direct lending services to individuals and businesses. During the year, we added a new service Easy Bill Pay which assists our clients with paying their bills.

## Operating results

The consolidated profit from ordinary activities for the Consolidated Entity after providing for income tax and eliminating non-controlling interests was $14,688,253 (2014: $13,482,241).

## Dividends declared and paid during the year

- On 26 September 2014, a fully franked final dividend relating to the year ended 30 June 2014 of $4,378,243 was paid at 3.50c per share;
- On 11 March 2015, a fully franked interim dividend of $3,752,778 was paid at 3.00c per share.

## Dividends declared after the end of year

On 21 August 2015, the Directors declared a 3.50 cent fully franked final dividend to shareholders to be paid on 11 September 2015 with a record date of 31 August 2015.

# Directors' Report cont.

for the year ended 30 June 2015

## Operating and Financial Review

Detailed comments on operations are included separately in the Executive Directors' review, on page 8 to 11 of the Annual Report.

## Review of financial condition

### Capital structure

There have been no changes to the Company's share structure during or since the end of the financial year.

### Financial position

The net assets of the Consolidated Entity, which includes amounts attributable to non-controlling interests, have increased from $64,950,455 at 30 June 2014 to $71,370,806 at 30 June 2015.

### Treasury policy

The Consolidated Entity does not have a formally established treasury function. The Board is responsible for managing the Consolidated Entity's finance facilities.

### Liquidity and funding

The Consolidated Entity has sufficient funds to finance its operations, and also to allow the Consolidated Entity to take advantage of favourable business opportunities. Further details of the Consolidated Entities' access to facilities are included in Note 27 of the Financial Statements.

## Significant changes in the state of affairs

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

## Matters subsequent to the end of the financial year

There have been no events since the end of the financial year that impact upon the financial performance or position of the Consolidated Entity as at 30 June 2015 except as follows:

- On 21 August 2015, the Directors declared a 3.50 cent fully franked final dividend to shareholders to be paid on 11 September 2015 with a record date of 31 August 2015.

## Likely developments and expected results of operations

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 Executive Directors' 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 Executive Directors' review.

## Environmental regulations

There are no matters that have arisen in relation to environmental issues up to the date of this report. The operations of the Consolidated Entity are not subject to any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

## Share options

As at 30 June 2015 there were no options on issue, and no shares were issued during the year following the exercise of options.

# Directors' Report cont.

for the year ended 30 June 2015

## Indemnification and insurance of directors and officers

Each of the Directors and the Officers of the Company has entered into an agreement with the Company whereby the Company has provided certain contractual rights of access to books and records of the Company to those Directors and Officers; and indemnifies those Directors and Officers against liabilities suffered in the discharge of their duties as Directors or Officers of the Company.

The Company has also insured all of the Directors and Officers of FSA Group Limited. 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.

## Indemnity and insurance of auditor

The Company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

## Remuneration Report (Audited)

This Remuneration Report sets out the remuneration information, pertaining to the Directors and the Senior Executive. The Executive Directors and the Senior Executive comprise the Key Management Personnel of the Consolidated Entity for the purposes of the *Corporations Act 2001* for the year ended 30 June 2015.

Key Management Personnel have the authority and responsibility for planning, directing and controlling the activities of the Consolidated Entity.

### Remuneration policy

The performance of the Consolidated Entity depends upon the quality of its personnel. To prosper, the Consolidated Entity must attract, motivate and retain highly skilled people.

The Company has a Remuneration Committee but does not have a Nominations 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 Nominations Committee. All matters which might be dealt with by that Committee are reviewed by the Directors in meeting as a Board. The Remuneration Committee is responsible for determining and reviewing compensation arrangements for the Directors and Senior Executive. The Remuneration Committee assesses 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 highly skilled people. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and fringe benefits. The Board's policy is to align Directors and Senior Executive 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 and Senior Executive remuneration is separate and distinct.

In consultation with external remuneration consultants in prior years, the Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Consolidated Entity. The key tenets of this framework are:

Alignment to shareholders' interests:

- has profit before income tax as a core component of plan design;
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing on key non-financial drivers of value; and
- attracts and retains high calibre executives.

Alignment to program participants' interests:

- rewards capability and experience;
- reflects competitive reward for contribution to growth in shareholder wealth; and
- provides a clear structure for earning rewards.

# Directors' Report cont.

for the year ended 30 June 2015

## Remuneration Report (Audited) cont.

### Non-Executive Director Remuneration

The Board seeks to set aggregate remuneration at a level which provides the Consolidated Entity 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 was determined at the Annual General Meeting held on 18 November 2010 to be no more than $500,000.

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 Non-Executive Director, the Company may remunerate that Non-Executive Director by payment of a fixed sum determined by the Directors in addition to 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 Consolidated Entity.

The remuneration of Non-Executive Directors for the year ended 30 June 2015 is detailed in Table 1 of this Remuneration Report.

### Executive Directors and Senior Executive Remuneration

The Company aims to reward the Executive Directors and Senior Executive with a level and mix of remuneration commensurate with their position and responsibilities within the Consolidated Entity 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 Consolidated Entity; and
- ensure total remuneration is competitive by market standards.

The remuneration of the Executive Directors and Senior Executive is agreed by the Remuneration Committee. The remuneration will comprise a fixed remuneration component and also may include offering specific short and long-term incentives, in the form of:

- base pay and non-monetary benefits;
- short-term performance incentives;
- long-term performance incentives; and
- other remuneration such as superannuation and long service leave.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits are reviewed annually by the Remuneration Committee, based on individual and business unit performance, the overall performance of the Consolidated Entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits where it does not create any additional costs to the Consolidated Entity and provides additional value to the executive.

The short-term incentives program ("STI") has been set to align the targets of the operating segments with the targets of the responsible executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and portfolio management.

A review of bonuses paid to the Executive Directors and Senior Executive over the previous five years is consistent with the operational performance of the Consolidated Entity in those periods.

The remuneration of the Executive Directors and Senior Executive for the year ended 30 June 2015 is detailed in Table 1 of this Remuneration Report.

A Securities Trading Policy has been adopted for Directors' and employees' dealings in the Company's securities.

### Employment contracts

It is the Board's policy that employment agreements are entered into with the Executive Directors, Senior Executive and employees. Employment contracts are for no specific fixed term unless otherwise stated.

# Directors' Report cont.

for the year ended 30 June 2015

## Remuneration Report (Audited) cont.

### Executive Directors and Senior Executive

The employment contracts entered into with the Executive Directors and Senior Executive contain the following key terms:

| Event | Company Policy |
|---|---|
| Performance based salary increases and/or bonuses | Board assessment based on KPI achievement |
| Short and long-term incentives, such as options and shares | Board assessment based on KPI achievement |
| Resignation/notice period | Three months |
| Serious misconduct | Company may terminate at any time |
| Payouts upon resignation or termination, outside industrial regulations (i.e. 'golden handshakes') | Board discretion |

### (a) Details of Directors and Key Management Personnel

***(i) Non-Executive Directors***

| | |
|---|---|
| Sam Doumany | Non-Executive Chairman |
| David Bower | Non-Executive Director (appointed on 23 April 2015) |
| Stan Kalinko | Non-Executive Director |
| Sally Herman | Non-Executive Director (resigned on 28 November 2014) |

***(ii) Executive Directors***

| | |
|---|---|
| Tim Odillo Maher | Executive Director |
| Deborah Southon | Executive Director |

***(iii) Senior Executive***

| | |
|---|---|
| Cellina Chen | Chief Financial Officer |

The Executive Directors and the Senior Executive comprise the Key Management Personnel of the Consolidated Entity.

# Directors' Report cont.

for the year ended 30 June 2015

## Remuneration Report (Audited) cont.

### (b) Remuneration of Directors and Key Management Personnel

Table 1

| | Short-term | | Long-term | Post-Employment | | Total | Performance based |
|---|---|---|---|---|---|---|---|
| | Salary & Fees $ | Cash Bonus $ | Non-cash benefits $ | Non-cash benefits $ | Superannuation $ | $ | % |
| **Non-Executive Directors** | | | | | | | |
| **Sam Doumany** | | | | | | | |
| **2015** | 130,000 | – | – | – | 12,350 | 142,350 | – |
| 2014 | 130,000 | – | – | – | 12,025 | 142,025 | – |
| **Stan Kalinko** | | | | | | | |
| **2015** | 79,999 | – | – | – | 7,600 | 87,599 | – |
| 2014 | 79,999 | – | – | – | 7,400 | 87,399 | – |
| **Sally Herman** | | | | | | | |
| **2015** | 35,991 | – | – | – | 3,419 | 39,410 | – |
| 2014 | 77,982 | – | – | – | 7,213 | 85,195 | – |
| **David Bower** | | | | | | | |
| **2015** | 10,769 | | | | 1,023 | 11,792 | – |
| 2014 | – | – | – | – | – | – | – |
| **Executive Directors** | | | | | | | |
| **Tim Odillo Maher** | | | | | | | |
| **2015** | 545,937 | *375,000 | – | – | – | 920,937 | 41% |
| 2014 | 545,000 | 368,500 | – | – | – | 913,500 | 40% |
| **Deborah Southon** | | | | | | | |
| **2015** | 515,700 | *375,000 | **17,352 | 6,432 | 32,307 | 946,791 | 40% |
| 2014 | 491,677 | 368,500 | 31,839 | 13,549 | 39,157 | 944,722 | 39% |
| **Senior Executive** | | | | | | | |
| **Cellina Chen** | | | | | | | |
| **2015** | 182,845 | ^70,000 | **28,901 | 3,982 | 19,378 | 305,106 | 23% |
| 2014 | 177,287 | 60,650 | 19,589 | (2,522) | 17,589 | 272,593 | 22% |
| **Total Remuneration** | | | | | | | |
| **2015** | **1,501,241** | **820,000** | **46,253** | **10,414** | **76,077** | **2,453,985** | |
| 2014 | 1,501,945 | 797,650 | 51,428 | 11,027 | 83,384 | 2,445,434 | |

* Bonus (representing 100% of the total bonus to be paid) was paid to Tim Odillo Maher and Deborah Southon in relation to the performance during financial year 2014. The bonus was approved by the Board as part of discretionary performance based remuneration. The Executive Directors abstained from the vote.

^ Bonus (representing 100% of the total bonus to be paid) was paid on 29 September 2014 in relation to the performance during financial year 2014. The bonus was approved by the Board as part of discretionary performance based remuneration.

** Annual leave and long service leave accrual movement have been included in the non-cash benefits above.

Bonus in relation to current financial year performance will be paid in the subsequent financial year with an estimated range of:

Executive Directors: Tim Odillo Maher: $300,000 – $400,000 Deborah Southon: $300,000 – $400,000

Senior Executive: Cellina Chen: $50,000 – $100,000

# Directors' Report cont.

for the year ended 30 June 2015

## Remuneration Report (Audited) cont.

### (b) Remuneration of Directors and Key Management Personnel cont.

Consolidated Entity's earnings and movement in shareholders wealth for the last five years is as follows:

| | 30 June 2015 | 30 June 2014 | 30 June 2013 | 30 June 2012 | 30 June 2011 |
|---|---|---|---|---|---|
| Operating income | **$69,619,295** | $65,465,843 | $64,419,490 | $58,965,143 | $54,139,504 |
| Net profit before tax | **$22,443,940** | $20,817,543 | $17,763,474 | $14,914,461 | $15,328,466 |
| Net profit after tax attributable to members | **$14,688,253** | $13,482,241 | $10,759,096 | $8,527,891 | $8,995,715 |
| Share price at the start of the year | **$1.23** | $0.70 | $0.32 | $0.24 | $0.36 |
| Share price at the end of the year | **$1.27** | $1.23 | $0.70 | $0.32 | $0.24 |
| Dividends declared for the year | **6.50c** | 6.00c | 5.00c | 2.20c | 1.00c |
| Basic EPS (cents) | **11.74** | 10.78 | 8.51 | 6.27 | 6.51 |
| Diluted EPS (cents) | **11.74** | 10.78 | 8.51 | 6.27 | 6.51 |

A review of discretionary performance bonuses over the previous five years is consistent with the levels required to attract and retain Directors and Key Management Personnel in companies of a comparable size.

### (c) Options issued as part of remuneration for the year ended 30 June 2015

There were no options issued as part of remuneration during or since the end of the financial year.

### (d) Shares issued on exercise of remuneration options

There were no shares issued on the exercise of remuneration options during or since the end of the financial year.

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

There were no options held by Directors or Key Management Personnel.

### (f) Shareholdings of Directors and Key Management Personnel

| **Shares held in FSA Group Ltd** | Balance 1 July 2014 | Purchased on market | Options Exercised | Other Changes | Balance 30 June 2015 |
|---|---|---|---|---|---|
| Directors | | | | | |
| Sam Doumany | 1,075,000 | 25,000 | – | – | 1,100,000 |
| Tim Odillo Maher | 42,809,231 | – | – | – | 42,809,231 |
| Deborah Southon | 12,960,047 | – | – | – | 12,960,047 |
| Stan Kalinko | 58,263 | 41,737 | – | – | 100,000 |
| Sally Herman | 40,000 | – | – | – | 40,000 |
| David Bower | – | 30,000 | – | – | 30,000 |
| Senior Executive | | | | | |
| Cellina Chen | – | – | – | – | – |
| **Total** | **56,942,541** | **96,737** | **–** | **–** | **57,039,278** |

### (g) Loans to Directors and Key Management Personnel

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

# Directors' Report cont.

for the year ended 30 June 2015

## Remuneration Report (Audited) cont.

### (h) Other transactions with Directors and Key Management Personnel and related parties

During the year, 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 $50,782 for the year ended 30 June 2015 (2014: $59,789). The finance facility and factoring fees charged were provided on normal commercial terms.

During the year 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 $5,951 (2014: $11,193). The supplies were purchased on normal commercial terms.

### (i) Voting and comments made at the Company's 2014 Annual General Meeting ("AGM")

At the 2014 AGM, 99.13% of the votes received supported the adoption of the Remuneration Report for the year ended 30 June 2014. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

This concludes the Remuneration Report which has been audited.

## Directors' Meetings

The number of meetings held and attended by each Director during the year is as follows:

| | Number of meetings held while in office | Meetings attended |
|---|---|---|
| Sam Doumany | 8 | 8 |
| Tim Odillo Maher | 8 | 8 |
| Deborah Southon | 8 | 8 |
| Stan Kalinko | 8 | 7 |
| Sally Herman | 5 | 5 |
| David Bower | 2 | 2 |
| Total number of meetings held during the financial year | 8 | – |

## Audit & Risk Management Committee Meetings

The number of meetings held and attended by each member during the year is as follows:

| | Number of meetings held while in office | Meetings attended |
|---|---|---|
| Sam Doumany | 3 | 3 |
| Stan Kalinko (Chairperson) | 3 | 3 |
| Sally Herman | 2 | 2 |
| David Bower | 1 | 1 |
| Total number of meetings held during the financial year | 3 | – |

# Directors' Report cont.

for the year ended 30 June 2015

## Remuneration Committee Meetings

The number of meetings held and attended by each member during the year is as follows:

| | Number of meetings held while in office | Meetings attended |
|---|---|---|
| Sam Doumany | 2 | 2 |
| Stan Kalinko | 2 | 2 |
| Sally Herman | 1 | 1 |
| David Bower (Chairperson) | 1 | 1 |
| Total number of meetings held during the financial year | 2 | – |

## Proceedings on behalf of the Company

No proceedings have been brought, or intervened in, on behalf of FSA Group Limited, nor has any application for leave been made in respect of FSA Group Limited under section 237 of the *Corporations Act 2001*.

## Non-Audit Services

The Board of Directors, in accordance with advice from the Audit & 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 & Risk Management Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

The following fees for non-audit services were paid/payable to the external auditors, BDO East Coast Partnership, during the year ended 30 June 2015:

| | |
|---|---|
| Tax compliance services | $49,561 |
| Taxation advice and consulting | $9,330 |

## Auditor's Independence Declaration

The Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* forms part of the Directors Report and can be found on page 27.

## Auditor Details

BDO East Coast Partnership continues in office in accordance with section 327(4) of the *Corporations Act 2001*.

# Directors' Report cont.

for the year ended 30 June 2015

## Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of FSA Group Limited are committed to achieving and demonstrating the highest standards of corporate governance. The Board endorses the 3rd edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Principles). The Company's Corporate Governance Charter and a statement of Corporate Governance are available on the Company website www.fsagroup.com.au.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001.*

Signed in accordance with a resolution of the Directors.

**Tim Odillo Maher**
Executive Director

Sydney

21 August 2015

# Auditor's Independence Declaration

for the year ended 30 June 2015

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

**DECLARATION OF INDEPENDENCE BY GRANT SAXON TO THE DIRECTORS OF FSA GROUP LIMITED**

As lead auditor of FSA Group Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. 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 period.

**Grant Saxon**
**Partner**

**BDO East Coast Partnership**

Sydney, 21 August 2015

# Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2015

| | Notes | Consolidated Entity 2015 $ | 2014 $ |
|---|---|---|---|
| **Revenue and other income** | | | |
| Fees from services | 2 | **52,554,521** | 47,770,794 |
| Finance income | 2 | **28,794,259** | 29,544,621 |
| Finance expense | 2 | **(12,093,008)** | (11,849,572) |
| Net finance income | 2 | **16,701,251** | 17,695,049 |
| Other gains | | **363,523** | – |
| **Total operating income** | | **69,619,295** | 65,465,843 |
| Marketing expenses | | **(8,125,598)** | (6,808,767) |
| Administrative expenses | | **(8,803,755)** | (8,776,168) |
| Operating expenses | | **(30,246,002)** | (29,063,365) |
| Expenses from continuing activities | 3 | **(47,175,355)** | (44,648,300) |
| Share of profits of an associate using the equity accounting method | | **–** | – |
| **Profit before income tax** | | **22,443,940** | 20,817,543 |
| Income tax expense | 5(a) | **(6,667,568)** | (6,312,220) |
| **Profit after income tax** | | **15,776,372** | 14,505,323 |
| Other comprehensive income, net of tax | | **–** | – |
| **Total comprehensive income for the year** | | **15,776,372** | 14,505,323 |
| Total profit for the year and total comprehensive income for the year attributable to: | | | |
| Non-controlling interests | | **1,088,119** | 1,023,082 |
| Members of the parent | | **14,688,253** | 13,482,241 |
| | | **15,776,372** | 14,505,323 |
| **Earnings per share** | | | |
| Basic earnings per share (cents per share) | 7 | **11.74** | 10.78 |
| Diluted earnings per share (cents per share) | 7 | **11.74** | 10.78 |

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

# Statement of Financial Position

as at 30 June 2015

| | Notes | Consolidated Entity 2015 $ | Consolidated Entity 2014 $ |
|---|---|---|---|
| **Current Assets** | | | |
| Cash and cash equivalents | 8 | **8,094,387** | 7,772,612 |
| Trade and other receivables | 9 | **33,618,443** | 30,478,709 |
| Other assets | 10 | **483,258** | 725,254 |
| Derivatives | 11 | **39,708** | – |
| Total Current Assets | | **42,235,796** | 38,976,575 |
| **Non-Current Assets** | | | |
| Trade and other receivables | 9 | **41,048,433** | 35,883,582 |
| Investments | | **385** | 385 |
| Plant and equipment | 14 | **297,639** | 413,608 |
| Deferred tax assets | 5(c) | **11,870** | 1,800 |
| Intangible assets | 15 | **3,596,827** | 3,631,108 |
| Total Non-Current Assets | | **44,955,154** | 39,930,483 |
| **Financing Assets** | | | |
| Factoring cash and cash equivalents | 8 | **2,822,648** | 5,167,815 |
| Personal loan cash and cash equivalents | 8 | **46,492** | – |
| Home loan cash and cash equivalents | 8 | **8,851,591** | 8,246,901 |
| Factoring assets | 12(b) | **31,519,042** | 24,278,727 |
| Personal loan assets | 12(c) | **5,878,322** | 1,087,807 |
| Home loan assets financed by non-recourse financing liabilities | 12(a) | **232,967,277** | 221,131,945 |
| Total Financing Assets | | **282,085,372** | 259,913,195 |
| Total Assets | | **369,276,322** | 338,820,253 |
| **Current Liabilities** | | | |
| Trade and other payables | 16 | **12,096,371** | 11,623,089 |
| Current tax liabilities | | **853,459** | 1,648,607 |
| Borrowings | 17 | **174,408** | 730,257 |
| Other payables | | **2,100,000** | – |
| Provisions | 18 | **1,881,412** | 1,489,589 |
| Total Current Liabilities | | **17,105,650** | 15,491,542 |
| **Non-Current Liabilities** | | | |
| Provisions | 18 | **635,346** | 543,193 |
| Deferred tax liabilities | 5(d) | **15,330,862** | 13,731,551 |
| Other payables | | **–** | 2,425,000 |
| Total Non-Current Liabilities | | **15,966,208** | 16,699,744 |
| **Financing Liabilities** | | | |
| Borrowings to finance personal loan assets | 17 | **5,518,326** | 1,000,434 |
| Non-recourse borrowings to finance home loan assets | 17 | **230,861,879** | 217,717,801 |
| Borrowings to finance factoring assets | 17 | **28,453,453** | 22,960,277 |
| Total Financing Liabilities | | **264,833,658** | 241,678,512 |
| Total Liabilities | | **297,905,516** | 273,869,798 |
| Net Assets | | **71,370,806** | 64,950,455 |
| **Equity** | | | |
| Share capital | 19 | **6,707,233** | 6,707,233 |
| Reserves | 20 | **(3,278,761)** | (2,509,387) |
| Retained earnings | | **65,733,990** | 58,407,384 |
| Total equity attributable to members of the parent | | **69,162,462** | 62,605,230 |
| Non-controlling interests | | **2,208,344** | 2,345,225 |
| Total Equity | | **71,370,806** | 64,950,455 |

The Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements.

# Statement of Changes in Equity

for the year ended 30 June 2015

| | Share Capital $ | Share Option Reserve $ | Other Reserves $ | Retained Earnings $ | Non-Controlling Interests $ | Total $ |
|---|---|---|---|---|---|---|
| **Balance at 30 June 2013** | **6,657,475** | **769,374** | **(3,278,761)** | **52,117,970** | **2,493,122** | **58,759,180** |
| Profit after income tax for the year | – | – | – | 13,482,241 | 1,023,082 | 14,505,323 |
| Other comprehensive income for the year, net of tax | – | – | – | – | – | – |
| **Total comprehensive income for the year** | **–** | **–** | **–** | **13,482,241** | **1,023,082** | **14,505,323** |
| Transactions with owners in their capacity as owners: | | | | | | |
| Shares issued | 49,758 | – | – | – | – | 49,758 |
| Dividend paid | – | – | – | (7,192,827) | – | (7,192,827) |
| Distributions to non-controlling interests | – | – | – | – | (1,170,979) | (1,170,979) |
| **Balance at 30 June 2014** | **6,707,233** | **769,374** | **(3,278,761)** | **58,407,384** | **2,345,225** | **64,950,455** |
| Profit after income tax for the year | – | – | – | 14,688,253 | 1,088,119 | 15,776,372 |
| Other comprehensive income for the year, net of tax | – | – | – | – | – | – |
| **Total comprehensive income for the year** | **–** | **–** | **–** | **14,688,253** | **1,088,119** | **15,776,372** |
| Transactions with owners in their capacity as owners: | | | | | | |
| Reclassification of share option reserve | – | (769,374) | – | 769,374 | – | – |
| Dividends paid | – | – | – | (8,131,021) | – | (8,131,021) |
| Distributions to non-controlling interests | – | – | – | – | (1,225,000) | (1,225,000) |
| **Balance at 30 June 2015** | **6,707,233** | **–** | **(3,278,761)** | **65,733,990** | **2,208,344** | **71,370,806** |

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

# Statement of Cash Flows

for the year ended 30 June 2015

| | Notes | Consolidated Entity 2015 $ Inflows/ (Outflows) | Consolidated Entity 2014 $ Inflows/ (Outflows) |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers | | **44,350,797** | 42,018,509 |
| Payments to suppliers and employees | | **(45,255,047)** | (41,421,763) |
| Finance income received | | **29,914,603** | 30,524,094 |
| Finance cost paid | | **(12,236,691)** | (12,290,011) |
| Net cash payments for institutional creditor distributions | | **(16,444)** | (55,651) |
| Income tax paid | | **(5,875,417)** | (6,743,374) |
| **Net cash inflow from operating activities** | 21 | **10,881,801** | 12,031,804 |
| **Cash flows from investing activities** | | | |
| Acquisition of property, plant and equipment | 14 | **(159,667)** | (241,103) |
| Acquisition of intangibles | 15 | **(223,383)** | (450,745) |
| Payment for investments | | **–** | (325) |
| Net decrease in bridging finance assets | | **128,409** | 167,000 |
| Net increase in factoring assets | | **(7,458,847)** | (6,254,264) |
| Net increase in personal loan assets | | **(4,757,026)** | (1,087,807) |
| Net (increase)/decrease in home loan assets | | **(13,130,749)** | 2,592,795 |
| **Net cash inflow/(outflow) from investing activities** | | **(25,601,263)** | (5,274,449) |
| **Cash flows from financing activities** | | | |
| Net receipt/(repayment) of borrowings | | **22,703,273** | (767,170) |
| Payment of dividends to non-controlling interests | | **(1,225,000)** | (752,500) |
| Share issue | | **–** | 49,758 |
| Dividends paid to company's shareholders | | **(8,131,021)** | (7,192,827) |
| **Net cash inflow/(outflow) from financing activities** | | **13,347,252** | (8,662,739) |
| Net decrease in cash and cash equivalents | | **(1,372,210)** | (1,905,384) |
| Cash and cash equivalents at the beginning of the financial year | | **21,187,328** | 23,092,712 |
| **Cash and cash equivalents at the end of the financial year** | 8 | **19,815,118** | 21,187,328 |

The Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.

# Notes to the Financial Statements

for the year ended 30 June 2015

## Note 1. Summary of significant accounting policies

FSA Group Limited and its controlled entities (the "Consolidated Entity") is a for-profit listed public company (ASX: FSA), incorporated and domiciled in Australia.

The financial statements are general purpose financial statements that have 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*, as appropriate for for-profit oriented entities. The consolidated financial statements of the Consolidated Entity 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 statements. The accounting policies have been consistently applied, unless otherwise stated.

The financial statements were authorised for issue by the Directors on 21 August 2015.

### Basis of preparation

The financial statements are presented in Australian dollars and rounded to the nearest dollar.

**Reporting basis and conventions**

The financial statements are based on historical costs modified by the revaluation of certain financial assets and financial liabilities for which the fair value basis of accounting has been applied.

### Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of FSA Group Limited ("Company" or "parent entity") as at 30 June 2015 and the results of all subsidiaries for the year then ended. FSA Group Limited and its subsidiaries together are referred to in these financial statements as the "Consolidated Entity".

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity of the Consolidated Entity.

### Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or non-deductible items. It is calculated using the tax rates that have been enacted or are substantially enacted by the reporting 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 Statement of Profit or Loss and Other Comprehensive Income 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 taxable profits will be available against which deductible temporary differences and unused tax losses can be utilised.

The amount of tax 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 Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

# Notes to the Financial Statements cont.

for the year ended 30 June 2015

## Note 1. Summary of significant accounting policies cont.

**Tax consolidation**

FSA Group Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation Regime.

As the head entity of the consolidated group and the controlled entities, FSA Group Limited continues to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

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

The tax consolidated group has entered into a tax sharing agreement whereby each company in the group contributes to the income tax payable of the consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

### Financial instruments

**Non-derivative financial instruments**

Non-derivative financial instruments comprise investments in equity 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 Consolidated Entity becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised if the Consolidated Entity's contractual rights to cash flows from the financial assets expire or the Consolidated Entity 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 Consolidated Entity commits itself to purchase or sell an asset. Financial liabilities are de-recognised if the Consolidated Entity'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 Consolidated Entity's cash management and are included as a component of cash and cash equivalents for the purposes of the Statement of Cash Flows.

**Ordinary share capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

**Dividends**

Dividends are recognised when declared during the financial year and at the discretion of the Company.

**Available-for-sale financial assets**

The Consolidated Entity's investments in equity 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.

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

# Notes to the Financial Statements cont.

for the year ended 30 June 2015

## Note 1. Summary of significant accounting policies cont.

**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.

Loans and Receivables comprise trade and other receivables and factoring, personal loan and home loan assets. Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Loans arise when a factoring, personal loan or home loan is originated in the Statement of Financial Position. These are accounted for at amortised cost using the effective interest method.

### 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 Consolidated Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial year in which they are incurred.

**Depreciation**

Property, plant and equipment are depreciated on a straight-line basis over their useful lives to the Consolidated Entity commencing from the time the asset is held ready for use.

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 |
| Furniture and fittings | 2 to 5 years |
| Motor vehicles | 5 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting 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 Statement of Profit or Loss and Other Comprehensive Income.

### Leases

Leases of property plant and equipment where the Consolidated Entity, 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 year.

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 Statement of Profit or Loss and Other Comprehensive Income on a straight line basis over the period of the lease.

### Impairment of assets

At each reporting date, the Consolidated Entity 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 Statement of Profit or Loss and other Comprehensive Income.

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

# Notes to the Financial Statements cont.

for the year ended 30 June 2015

## Note 1. Summary of significant accounting policies cont.

### Employee benefits

**Short-term employee benefits**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

**Long-term employee benefits**

The liability for long service leave not expected to be settled within 12 months of the reporting date is recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

**Defined contribution superannuation expense**

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

**Bonuses**

A provision is recognised for the amount expected to be paid under short term cash bonus arrangements if the Consolidated Entity 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.

### Provisions

Provisions are recognised when the Consolidated Entity 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.

### 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:

***Debt agreement application fees***

Revenue is recognised upon the completion of preparing the debt agreement proposal for consideration by the creditors and the Australia Financial Security Authority.

***Debt agreement administration fees***

Revenue from rendering of debt agreement administration services is recognised in profit or loss in accordance with the proportion of services provided throughout the administration period.

***Trustee fees bankruptcy and personal insolvency agreements***

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 or where relevant in accordance with statutory provisions.

**Refinance fees**

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

# Notes to the Financial Statements cont.

for the year ended 30 June 2015

## Note 1. Summary of significant accounting policies cont.

**Interest**

Interest income is recognised in the Statement of Profit or Loss and Other Comprehensive Income 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. loan application fees, risk assessment fees and factoring servicing 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 over the current average life of the loan, where this is less than the qualifying period.

### 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.

Where not recoverable, GST is recognised as part of the acquisition of the asset or as part of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

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

### Comparative figures

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

### Investments in subsidiaries

Investments are brought to account on the cost basis in the parent 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.

### Intangibles

Goodwill on consolidation has an indefinite life, and 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 acquisition of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Software is measured on the cost basis less accumulated amortisation and accumulated impairment losses. Software is amortised on a straight-line basis over its useful life of 2 years.

### Trade and other payables

Trade payables and other payables 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 Consolidated Entity.

Monies received (and not yet distributed pursuant to the debt agreements under the pre 1 July 2007 regime) on behalf of institutional creditors are recorded as current liabilities.

# Notes to the Financial Statements cont.

for the year ended 30 June 2015

## Note 1. Summary of significant accounting policies cont.

### Investments in associates and jointly controlled entities (equity accounted investees)

Investments in associates and jointly controlled entities are accounted for under the equity method and are initially recognised at cost. The cost of investment includes transaction costs.

Associates are those entities in which the Consolidated Entity 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 Consolidated Entity's share of the income and expenses of the equity accounted investees, after adjustments to align the accounting policies with those of the Consolidated Entity, from the date the significant influence commences until the date where significant influence ceases. When the Consolidated Entity's share of the loss exceeds 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 Consolidated Entity has an obligation or has made payments on behalf of the investee. Where fair value cannot be reliably measured, investments are carried at initial cost.

### Finance income and costs

Finance income is measured and recognised as per *Revenue recognition* above. Finance costs comprise interest expense on borrowings, changes in fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets. All finance costs are recognised in profit or loss using the effective interest method.

### Earnings per share

The Consolidated Entity 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 year. 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.

### Operating segments

An operating segment is a component of the Consolidated 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 Consolidated 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.

### 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.

### Removal of parent entity financial statements

The Consolidated Entity has applied amendments to the Corporations Act 2001 that remove the requirement for the Consolidated Entity to lodge parent entity financial statements. Parent entity financial statements have been replaced by the specific parent entity disclosures in Note 30 of the Financial Statements.

### 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 Consolidated Entity 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 15 of the Financial Statements).

# Notes to the Financial Statements cont.

for the year ended 30 June 2015

## Note 1. Summary of significant accounting policies cont.

**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 there is no practical likelihood of recovery (e.g. 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, current and future economic conditions are considered.

Changes in these estimates could have a direct impact on the level of provision determined (refer to Note 9 of the Financial Statements).

***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.

### New standards and interpretations

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the Consolidated Entity:

*AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities*

The Consolidated Entity has applied AASB 2012-3 from 1 July 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement.

*AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)*

The Consolidated Entity has applied Parts A to C of AASB 2014-1 from 1 July 2014. These amendments affect the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'; AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9; AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operating decision maker; AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity; AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination.

# Notes to the Financial Statements cont.

for the year ended 30 June 2015

## Note 1. Summary of significant accounting policies cont.

### New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 30 June 2015. The Consolidated Entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Consolidated Entity, are set out below.

*AASB 9 Financial Instruments*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Consolidated Entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Consolidated Entity.

*AASB 15 Revenue from Contracts with Customers*

This standard is applicable to annual reporting periods beginning on or after 1 January 2017. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Consolidated Entity will adopt this standard from 1 July 2017 but the impact of its adoption is yet to be assessed by the Consolidated Entity.

# Notes to the Financial Statements cont.

for the year ended 30 June 2015

| | Consolidated Entity | |
|---|---|---|
| | **2015 $** | **2014 $** |
| **Note 2. Revenue and other income net of finance expense** | | |
| **Fees from services** | | |
| – Personal insolvency | **51,205,314** | 46,246,519 |
| – Refinance broking | **1,195,328** | 1,383,381 |
| – Other services | **153,879** | 140,894 |
| **Total revenue** | **52,554,521** | 47,770,794 |
| **Finance income** | | |
| – Interest income – factoring assets | **2,860,321** | 2,711,530 |
| – Interest income – personal loan assets | **530,075** | 23,010 |
| – Interest income – home loan assets | **18,031,307** | 18,431,629 |
| – Finance fee income – factoring assets | **5,269,931** | 5,337,878 |
| – Finance fee income – personal loan assets | **330,807** | 59,790 |
| – Finance fee income – home loan assets | **1,446,842** | 2,560,763 |
| – Other interest income | **324,976** | 420,021 |
| | **28,794,259** | 29,544,621 |
| **Finance expense** | | |
| – Interest expense – factoring loan facilities | **(1,150,689)** | (1,095,005) |
| – Interest expense – personal loan facilities | **(122,221)** | – |
| – Interest expense – home loan facilities | **(10,818,862)** | (10,648,056) |
| – Interest expense – other facilities | **(1,236)** | (106,511) |
| | **(12,093,008)** | (11,849,572) |
| **Net finance income** | **16,701,251** | 17,695,049 |

# Notes to the Financial Statements cont.

for the year ended 30 June 2015

| | Consolidated Entity | |
|---|---|---|
| | **2015** **$** | **2014** **$** |
| **Note 3. Profit for the year** | | |
| **Expenses** | | |
| Profit for the year from continuing operations has been arrived at after charging: | | |
| Depreciation on plant and equipment | **257,848** | 275,307 |
| Amortisation of software | **257,664** | 237,856 |
| | **515,512** | 513,163 |
| Impairment in value – trade receivables and financing assets | **8,803,209** | 9,452,092 |
| Reversal of impairment in value – trade receivables and financing assets | **(2,480,723)** | (3,154,679) |
| Net impairment | **6,322,487** | 6,297,413 |
| Rental expense on operating lease | **1,148,096** | 1,194,844 |
| Employee and contractor expenses | **25,696,590** | 24,190,834 |
| Defined contribution superannuation expense | **1,831,369** | 1,606,978 |
| Legal consulting | **279,091** | 354,871 |
| **Note 4. Equity – Dividends** | | |
| Fully franked final dividend for the year ended 30 June 2014 of 3.50 cents (2013: 3.25 cents) per ordinary share | **4,378,243** | 4,065,510 |
| Fully franked interim dividend for the year ended 30 June 2015 of 3.0 cents (2014: 2.50 cents) per ordinary share | **3,752,778** | 3,127,317 |
| | **8,131,021** | 7,192,827 |
| On 21 August 2015, the Directors declared a fully franked final dividend for the year ended 30 June 2015 of 3.50 cents per ordinary share. This brings the full year dividend to 6.50 cents per year. | | |
| **Franking credits** | | |
| Franking credits available at the reporting date based on a tax rate of 30% | **12,900,890** | 9,851,890 |
| Franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date based on a tax rate of 30% | **853,459** | 1,648,606 |
| Franking credits available for subsequent financial years based on a tax rate of 30% | **13,754,349** | 11,500,496 |

# Notes to the Financial Statements cont.

for the year ended 30 June 2015

| | Consolidated Entity | |
|---|---|---|
| | 2015 $ | 2014 $ |
| **Note 5. Income Tax** | | |
| **(a) Income tax expense** | | |
| Current tax expense | **5,081,955** | 5,131,366 |
| Deferred tax expense | **1,589,240** | 962,155 |
| (Over)/under provision in a prior period | **(3,627)** | 218,699 |
| | **6,667,568** | 6,312,220 |
| Deferred income tax expense included in income tax expense comprises: | | |
| (Increase)/decrease in deferred tax assets | **(38,404)** | 140,239 |
| Increase in deferred tax liabilities | **1,627,644** | 821,916 |
| | **1,589,240** | 962,155 |
| **(b) Numerical reconciliation of income tax expense to prima facie tax payable** | | |
| Profit before income tax | **22,443,940** | 20,817,543 |
| Tax at the Australian tax rate of 30% (2014: 30%) | **6,733,182** | 6,245,263 |
| Tax effect of amounts which are not deductible/(taxable) in calculating taxable income | | |
| Non-deductible expenses | **57,246** | 46,469 |
| Non-assessable income | **(119,233)** | (213,138) |
| Non-deductible employee costs | **–** | 14,927 |
| | **6,671,195** | 6,093,521 |
| (Over)/under provision in the prior year | **(3,627)** | 218,699 |
| Income tax expense | **6,667,568** | 6,312,220 |
| **(c) Deferred tax assets** | | |
| Provisions | **1,304,690** | 1,283,725 |
| Capital legal expenses | **4,685** | 16,532 |
| Accrued expenditure | **205,955** | 213,453 |
| Tax losses carried forward | **10,597** | – |
| Other | **219,945** | 193,759 |
| | **1,745,872** | 1,707,469 |
| Deferred tax liability offset on tax consolidation | **(1,734,002)** | (1,705,669) |
| Total deferred tax assets | **11,870** | 1,800 |
| **(d) Deferred tax liabilities** | | |
| Temporary difference on assessable income | **17,064,864** | 15,437,220 |
| Deferred tax liability offset on tax consolidation | **(1,734,002)** | (1,705,669) |
| Total deferred tax liabilities | **15,330,862** | 13,731,551 |
| **Note 6. Auditor's Remuneration** | | |
| Amounts received or due and receivable by BDO East Coast Partnership: | | |
| Audit and review of financial statements | **228,150** | 229,390 |
| Taxation compliance services | **49,561** | 70,160 |
| Taxation advice and consulting | **9,330** | 21,160 |
| | **287,041** | 320,710 |

# Notes to the Financial Statements cont.

for the year ended 30 June 2015

| | Consolidated Entity 2015 $ | 2014 $ |
|---|---|---|
| **Note 7. Earnings Per Share** | | |
| **(a) Reconciliation of earnings used to calculate basic and dilutive earnings per share** | | |
| Total comprehensive income attributable to members of the parent for the year | **14,688,253** | 13,482,241 |
| Basic earnings per share (cents) | **11.74** | 10.78 |
| Diluted earnings per share (cents) | **11.74** | 10.78 |
| **(b) Weighted average number of ordinary shares outstanding during the year** | | |
| Weighted average number of ordinary shares outstanding during the year used in calculating basic and dilutive EPS | **125,092,610** | 125,092,411 |
| **Note 8. Cash and Cash Equivalents** | | |
| **Current** | | |
| Cash on hand and at bank | **8,094,387** | 7,772,612 |
| **Assets financed by financial liabilities** | | |
| Factoring cash and cash equivalents | **2,822,648** | 5,167,815 |
| Personal loan cash and cash equivalents | **46,492** | – |
| Home loan cash and cash equivalents | **8,851,591** | 8,246,901 |
| **Total cash and cash equivalents** | **19,815,118** | 21,187,328 |
| **Note 9. Trade and Other Receivables** | | |
| **Current** | | |
| Trade receivables | **37,746,843** | 35,537,755 |
| Provision for impairment | **(4,387,108)** | (5,268,834) |
| | **33,359,735** | 30,268,921 |
| Sundry receivables | **258,708** | 209,788 |
| | **33,618,443** | 30,478,709 |
| **Non-current** | | |
| Trade receivables | **48,160,816** | 43,221,489 |
| Provision for impairment | **(7,112,383)** | (7,337,907) |
| | **41,048,433** | 35,883,582 |
| **Total trade and other receivables** | **74,666,876** | 66,362,291 |
| **The movement in the provision for impairment** | | |
| Opening balance | **12,606,741** | 13,209,557 |
| Provision for impairment recognised | **8,270,811** | 8,110,332 |
| Unused provision reversed | **(2,328,524)** | (2,104,100) |
| Bad debts | **(7,049,537)** | (6,609,048) |
| Closing balance | **11,499,491** | 12,606,741 |

Some amounts have been written off as bad debts during the year, as incurred and were not provided for. These are included in the Statement of Profit or Loss and Other Comprehensive Income. The additional provision amount in this reconciliation will therefore not agree to the Impairment in value amount disclosed in Note 3 of the Financial Statements.

# Notes to the Financial Statements cont.

for the year ended 30 June 2015

## Note 9. Trade and Other Receivables cont.

### Ageing Analysis

| | Consolidated Entity | | | | | |
|---|---|---|---|---|---|---|
| | 2015 | | | 2014 | | |
| | Gross $ | Allowance $ | Net $ | Gross $ | Allowance $ | Net $ |
| **Trade and other Receivables** | | | | | | |
| Not past due | **83,840,544** | **(10,152,889)** | **73,687,655** | 76,392,106 | (11,145,485) | 65,246,621 |
| Past due 0-30 Days | **86,020** | **(30,792)** | **55,228** | 226,079 | (117,984) | 108,095 |
| Past due 31-60 Days | **77,742** | **(40,386)** | **37,356** | 205,979 | (174,848) | 31,131 |
| Past due 61-90 Days | **105,524** | **(45,359)** | **60,165** | 112,701 | (58,158) | 54,543 |
| Past 90 Days | **2,056,537** | **(1,230,065)** | **826,472** | 2,032,167 | (1,110,266) | 921,901 |
| Total | **86,166,367** | **(11,499,491)** | **74,666,876** | 78,969,032 | (12,606,741) | 66,362,291 |

### Debt agreement receivables

Debt agreement receivables 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 payment have not been re-negotiated and approved by creditors to the debt agreement. This is monitored continuously by the Consolidated Entity's internal collection department.

Impairment of debt agreement receivables is assessed on a collective (portfolio) basis based on historical collections data and loss incurred. 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, when the Consolidated Entity has no realistic possibility of recovery.

### 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 reporting 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.

| | Consolidated Entity | |
|---|---|---|
| | 2015 $ | 2014 $ |
| **Note 10. Other Assets** | | |
| **Current** | | |
| Prepayments | **284,553** | 356,905 |
| Other | **198,705** | 368,349 |
| | **483,258** | 725,254 |

# Notes to the Financial Statements cont.

for the year ended 30 June 2015

| | Consolidated Entity | |
|---|---|---|
| | 2015 $ | 2014 $ |
| **Note 11. Derivatives** | | |
| **Current assets** | | |
| Interest rate swap contracts | **39,708** | – |
| **Total current derivative financial assets** | **39,708** | – |

Derivative instruments used by the Consolidated Entity – interest rate swap contracts

On 12 June 2015, the Consolidated Entity entered into an interest rate swap contract to hedge exposure to fluctuations in interest rates in accordance with the Consolidated Entity's financial risk management policies (refer Note 27 of the Financial Statements).

The Consolidated Entity's home loan facilities currently bear an average variable rate of interest of 2.27% plus facility interest margins. It is the Consolidated Entity's policy to keep approximately $40 – $60 million of its borrowings at fixed rates of interest by entering into interest rate swap contracts under which the Consolidated Entity is obliged to receive interest at variable rates and to pay interest at fixed rates. On the 2 June 2015 the Consolidated Entity entered into an interest rate swap agreement, locking in $40 million of its funding cost at a fixed rate for 5 years. At the end of the reporting period, the fixed rate was 2.56% and variable rates were between 2.12% and 2.27%.

The contracts require settlement of net interest receivable or payable each 30 days. Settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

At the end of the reporting period for the Consolidated Entity, these contracts were assets with fair value of $39,708.

## Note 12. Financing Assets

| | 2015 $ | 2014 $ |
|---|---|---|
| **(a) Home loan assets** | | |
| Non-securitised home loan assets | **233,281,719** | 221,400,485 |
| Provision for impairment | **(314,442)** | (268,540) |
| | **232,967,277** | 221,131,945 |
| **Maturity analysis** | | |
| Amounts to be received in less than 1 year | **2,931,308** | 1,818,630 |
| Amounts to be received in greater than 1 year | **230,350,411** | 219,581,855 |
| | **233,281,719** | 221,400,485 |
| **The movement in the provision for impairment** | | |
| Opening balance | **268,540** | 1,141,324 |
| Increase/(decrease) in provision | **193,318** | (102,425) |
| Bad debts | **(147,416)** | (770,359) |
| Closing balance | **314,442** | 268,540 |

### Impairment

An impairment loss is recognised if the total expected recoveries in regard to an individual loan do not exceed the home loan balance. In the event that actual or expected sales proceeds do not exceed the home 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 the home loan security for each of the loans receivable and also with regard to the credit quality of the debtor, payment history and any other information available.

# Notes to the Financial Statements cont.

for the year ended 30 June 2015

## Note 12. Financing Assets cont.

A home 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. Ageing of arrears is determined by dividing total arrears over instalment amount and multiplying this by the instalment frequency (i.e. weekly, fortnightly, and monthly).

At reporting date, the Consolidated Entity had registered mortgages over real property (comprising of residential land and buildings) for each of the home loan receivables. The weighted average loan to valuation ratio (at the fair values of the underlying real property securities) at reporting date was 67.6% (2014: 66.7%). The valuations of the underlying property securities have been obtained 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 – home loan assets

| | Consolidated Entity | | | | | |
|---|---|---|---|---|---|---|
| | 2015 | | | 2014 | | |
| | Gross $ | Allowance $ | Net $ | Gross $ | Allowance $ | Net $ |
| Not past due | **211,680,359** | **–** | **211,680,359** | 189,664,777 | – | 189,664,777 |
| Past due 0-30 Days | **14,901,641** | **–** | **14,901,641** | 24,582,049 | – | 24,582,049 |
| Past due 31-60 Days | **2,020,472** | **–** | **2,020,472** | 3,791,407 | – | 3,791,407 |
| Past due 61-90 Days | **2,120,751** | **–** | **2,120,751** | 596,355 | – | 596,355 |
| Past 90 Days | **2,558,496** | **(314,442)** | **2,244,054** | 2,765,897 | (268,540) | 2,497,357 |
| **Total** | **233,281,719** | **(314,442)** | **232,967,277** | 221,400,485 | (268,540) | 221,131,945 |

| | Consolidated Entity | |
|---|---|---|
| | 2015 $ | 2014 $ |
| **(b) Factoring assets** | | |
| Factoring receivables | **31,725,431** | 24,921,565 |
| Provision for impairment | **(206,389)** | (642,838) |
| | **31,519,042** | 24,278,727 |
| **The movement in the provision for impairment** | | |
| Opening balance | **642,838** | 1,325,373 |
| Decrease in provision | **(31,076)** | (195,559) |
| Bad debts | **(405,373)** | (486,976) |
| Closing balance | **206,389** | 642,838 |

### Impairment

Impairment of factoring receivables is assessed primarily by assigned receivables, credit quality of the debtor, payment history and any other information available.

# Notes to the Financial Statements cont.

for the year ended 30 June 2015

## Note 12. Financing Assets cont.

### Ageing analysis – factoring assets

| | Consolidated Entity | | | | | |
|---|---|---|---|---|---|---|
| | 2015 | | | 2014 | | |
| | Gross $ | Allowance $ | Net $ | Gross $ | Allowance $ | Net $ |
| Not past due | **15,647,986** | **–** | **15,647,986** | 10,637,954 | – | 10,637,954 |
| Past due 0-30 Days | **11,148,674** | **–** | **11,148,674** | 9,625,045 | – | 9,625,045 |
| Past due 31-60 Days | **3,437,762** | **–** | **3,437,762** | 3,191,748 | – | 3,191,748 |
| Past due 61-90 Days | **894,413** | **–** | **894,413** | 521,947 | – | 521,947 |
| Past 90 Days | **596,596** | **(206,389)** | **390,207** | 944,871 | (642,838) | 302,033 |
| **Total** | **31,725,431** | **(206,389)** | **31,519,042** | 24,921,565 | (642,838) | 24,278,727 |

| | Consolidated Entity | |
|---|---|---|
| | 2015 $ | 2014 $ |
| **(c) Personal loan assets** | | |
| Personal loan assets | **5,878,322** | 1,087,807 |
| Provision for impairment | **–** | – |
| | **5,878,322** | 1,087,807 |
| Maturity analysis | | |
| Amounts to be received in less than 1 year | **870,485** | 153,421 |
| Amounts to be received in greater than 1 year | **5,007,837** | 934,386 |
| | **5,878,322** | 1,087,807 |

### Impairment

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

### Ageing analysis – personal loan assets

| | Consolidated Entity | | | | | |
|---|---|---|---|---|---|---|
| | 2015 | | | 2014 | | |
| | Gross $ | Allowance $ | Net $ | Gross $ | Allowance $ | Net $ |
| Not past due | **5,852,299** | **–** | **5,852,299** | 1,066,966 | – | 1,066,966 |
| Past due 0-30 Days | **26,023** | **–** | **26,023** | 20,841 | – | 20,841 |
| **Total** | **5,878,322** | **–** | **5,878,322** | 1,087,807 | – | 1,087,807 |

# Notes to the Financial Statements cont.

for the year ended 30 June 2015

## Note 13. Interests in subsidiaries

| Name | Country of Incorporation | Percentage of equity interest held by the Consolidated Entity 2015 % | 2014 % |
|---|---|---|---|
| Prospex Profile Pty Ltd[2] | Australia | **100** | 100 |
| FSA Australia Pty Ltd[2] | 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 |
| Fox Symes Home Loans Pty Ltd[2] | Australia | **100** | 100 |
| Easy Bill Pay Pty Ltd[1] | Australia | **100** | 100 |
| 180 Group Holdings Pty Ltd[2] | Australia | **100** | 100 |
| Aravanis Insolvency Pty Ltd[1] | Australia | **65** | 65 |
| Fox Symes Business Services Pty Ltd[1] | Australia | **75** | 75 |
| 180 Group Pty Ltd[3] | Australia | **100** | 100 |

(1) Investment held by FSA Australia Pty Ltd

(2) Investment held by FSA Group Limited

(3) Investment held by 180 Group Holdings Pty Ltd

### The following entities are subsidiaries of 180 Group Pty Ltd

| Name | Country of Incorporation | Percentage of equity interest held by the Consolidated Entity 2015 % | 2014 % |
|---|---|---|---|
| 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 Corporation Pty Ltd | Australia | **100** | 100 |

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

| Name | Country of Incorporation | Percentage of equity interest held by the Consolidated Entity 2015 % | 2014 % |
|---|---|---|---|
| Fox Symes Home Loans (Services) Pty Ltd | Australia | **100** | 100 |
| Fox Symes Home Loans (Management) Pty Ltd | Australia | **100** | 100 |
| Fox Symes Home Loans (Mortgage Management) Pty Ltd | Australia | **100** | 100 |
| Fox Symes Personal Loans Pty Ltd | Australia | **100** | 100 |
| Fox Symes Home Loans Warehouse Trust No.1 | Australia | **100** | 100 |
| Fox Symes Home Loans Warehouse Trust BEN | Australia | **–** | 100 |

# Notes to the Financial Statements cont.

for the year ended 30 June 2015

## Note 13. Interests in subsidiaries cont.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries with non-controlling interests in accordance with the accounting policy described in Note 1 of the Financial Statements:

| | | | Parent | | Non-controlling interests | |
|---|---|---|---|---|---|---|
| **Name** | **Principal place of business/ Country of incorporation** | **Principal activities** | **Ownership interest 2015** | **Ownership interest 2014** | **Ownership interest 2015** | **Ownership interest 2014** |
| Aravanis Insolvency Pty Limited | Australia | PIA and Bankruptcies | **65%** | 65% | **35%** | 35% |
| Fox Symes Business Services Pty Limited | Australia | Accounting and taxation | **75%** | 75% | **25%** | 25% |

| | Aravanis Insolvency Pty Limited | |
|---|---|---|
| | **2015 $** | **2014 $** |
| **Summarised Statement of Financial Position** | | |
| Current assets | **9,818,907** | 10,004,983 |
| Current liabilities | **524,114** | 617,826 |
| **Current net assets** | **9,294,793** | 9,387,157 |
| Non-current assets | **24,856** | 39,083 |
| Non-current liabilities | **3,146,668** | 2,862,093 |
| **Non-current net assets** | **(3,121,812)** | (2,823,010) |
| **Net assets** | **6,172,981** | 6,564,147 |
| **Summarised Statement of Profit or Loss and Other Comprehensive Income** | | |
| Revenue | **10,000,259** | 9,374,447 |
| Expenses | **(5,550,703)** | (5,162,537) |
| **Profit before income tax expense** | **4,449,556** | 4,211,910 |
| Income tax expense | **(1,340,722)** | (1,272,156) |
| **Profit after income tax expense** | **3,108,834** | 2,939,754 |
| Other comprehensive income | **–** | – |
| **Total comprehensive income** | **3,108,834** | 2,939,754 |
| **Summarised Statement of Cash Flows** | | |
| Cash flows from operating activities | **2,758,306** | 2,828,762 |
| Cash flows from investing activities | **(4,093)** | (10,861) |
| Cash flows from financing activities* | **(3,500,000)** | (2,150,000) |
| **Net increase/(decrease) in cash and cash equivalents** | **(745,787)** | 667,901 |
| * Included in financing activities during the year is an amount of $1,225,000 which relates to dividends paid to non-controlling interests. | | |
| **Other financial information** | | |
| **Profit attributable to non-controlling interests** | **1,088,092** | 1,028,913 |
| **Accumulated non-controlling interests at the end of reporting period** | **2,160,543** | 2,297,451 |

The non-controlling interest of Fox Symes Business Services Pty Limited was insignificant and therefore information has not been provided.

# Notes to the Financial Statements cont.

for the year ended 30 June 2015

## Note 14. Plant and Equipment

| | Consolidated Entity 2015 $ | Consolidated Entity 2014 $ |
|---|---|---|
| Computer equipment at cost | **2,410,442** | 2,353,868 |
| Accumulated depreciation | **(2,227,878)** | (2,050,726) |
| Net carrying amount | **182,564** | 303,142 |
| Office equipment at cost | **593,574** | 535,488 |
| Accumulated depreciation | **(502,021)** | (470,595) |
| Net carrying amount | **91,553** | 64,893 |
| Furniture and fittings at cost | **310,983** | 310,421 |
| Accumulated depreciation | **(287,461)** | (272,021) |
| Net carrying amount | **23,522** | 38,400 |
| Motor vehicles at cost | **25,918** | 47,372 |
| Accumulated depreciation | **(25,918)** | (40,199) |
| Net carrying amount | **–** | 7,173 |
| **Total plant and equipment at cost** | **3,340,917** | 3,247,149 |
| **Total accumulated depreciation** | **(3,043,278)** | (2,833,541) |
| **Total net carrying amount** | **297,639** | 413,608 |

| | Computer Equipment $ | Office Equipment $ | Furniture & Fittings $ | Motor Vehicles $ | Total $ |
|---|---|---|---|---|---|
| **Movements** | | | | | |
| **Balance at 1 July 2013** | 286,472 | 92,606 | 53,220 | 15,873 | 448,171 |
| Additions | 213,399 | 25,319 | 2,385 | – | 241,103 |
| Disposals | – | (359) | – | – | (359) |
| Depreciation | (196,729) | (52,673) | (17,205) | (8,700) | (275,307) |
| **Balance at 30 June 2014** | **303,142** | **64,893** | **38,400** | **7,173** | **413,608** |
| Additions | **74,102** | **85,003** | **562** | **–** | **159,667** |
| Disposals | **(7,613)** | **(7,059)** | **–** | **(3,116)** | **(17,788)** |
| Depreciation | **(187,067)** | **(51,284)** | **(15,440)** | **(4,057)** | **(257,848)** |
| **Balance at 30 June 2015** | **182,564** | **91,553** | **23,522** | **–** | **297,639** |

# Notes to the Financial Statements cont.

for the year ended 30 June 2015

| | Consolidated Entity | |
|---|---|---|
| | **2015 $** | **2014 $** |
| **Note 15. Intangible Assets** | | |
| Goodwill | | |
| Recognised on consolidation | **3,222,136** | 3,222,136 |
| Accumulated impairment | **(49,263)** | (49,263) |
| | **3,172,873** | 3,172,873 |
| Software at cost | **1,749,316** | 1,525,933 |
| Accumulated amortisation | **(1,325,362)** | (1,067,698) |
| | **423,954** | 458,235 |
| | **3,596,827** | 3,631,108 |
| **Movements during year (Goodwill):** | | |
| Beginning of the year | **3,172,873** | 3,172,873 |
| Impairment | **–** | – |
| | **3,172,873** | 3,172,873 |
| **Movements during year (Software):** | | |
| Beginning of the year | **458,235** | 245,346 |
| Additions | **223,383** | 450,745 |
| Disposal/write off | **–** | – |
| Amortisation | **(257,664)** | (237,856) |
| | **423,954** | 458,235 |

Included in the carrying amount of Goodwill is an amount of $2,827,749 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 ($2,827,749), 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 future cash flows. 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 cash flows have been projected over a three year period using average historical earnings margins and then adjusted for non-cash items. The cash flows beyond the three year period are extrapolated using a constant growth rate of 1.5%. An average pre-tax discount rate of 17.5% has been applied to the net cash flows. The value in use calculation indicated that no impairment has arisen in the current year.

The Directors have assessed that, the carrying value of $345,124 of goodwill attributable to the original investment by the parent company in FSA Australia Pty Ltd and its controlled entities does not exceed the recoverable amount of this balance at reporting date.

The Directors have determined that there are no reasonable changes in the key assumptions on which the recoverable amounts of goodwill are based, for either 180 Group Holdings Pty Ltd or FSA Australia Pty Ltd, which would cause the carrying amount to exceed the recoverable amount.

# Notes to the Financial Statements cont.

for the year ended 30 June 2015

| | Consolidated Entity | |
|---|---|---|
| | 2015 $ | 2014 $ |
| **Note 16. Trade and Other Payables** | | |
| **Current** | | |
| Unsecured trade payables | **1,673,998** | 458,154 |
| Factoring client payables | **512,235** | 325,393 |
| Institutional creditors | **95,318** | 393,994 |
| Employee benefits payables and accruals | **2,658,959** | 3,128,534 |
| Sundry payables and accruals | **7,155,861** | 7,317,014 |
| | **12,096,371** | 11,623,089 |
| **Note 17. Borrowings** | | |
| **Current** | | |
| **Unsecured** | | |
| Other loans | **174,408** | 730,257 |
| **Financing Liabilities** | | |
| **Secured** | | |
| Borrowings to finance personal loan assets | **5,518,326** | 1,000,434 |
| Non-recourse borrowings to finance home loan assets | **230,861,879** | 217,717,801 |
| Borrowings to finance factoring assets | **28,453,453** | 22,960,277 |
| | **264,833,658** | 241,678,512 |
| **(a) Total Current, Non-Current and Financing liabilities:** | | |
| Other loans | **174,408** | 730,257 |
| Borrowings to finance personal loan assets | **5,518,326** | 1,000,434 |
| Non-recourse borrowings to finance home loan assets | **230,861,879** | 217,717,801 |
| Borrowings to finance factoring assets | **28,453,453** | 22,960,277 |
| | **265,008,066** | 242,408,769 |
| **(b) The carrying amounts of assets pledged as security are:** | | |
| Fixed charge over assets | | |
| Factoring assets | **34,341,690** | 29,446,542 |
| Personal loan assets | **5,924,814** | 1,087,807 |
| Home loan assets | **241,818,868** | 229,378,846 |
| | **282,085,372** | 259,913,195 |

### Personal loan facilities

A full recourse personal loan facility, which is secured by a floating charge over the assets of Fox Symes Home Loans Pty Ltd and its controlled entities, and the other wholly-owned subsidiaries of FSA Group Limited excluding 180 Group Pty Ltd, with a facility limit of $10 million and balance owing of $5,518,326 (2014: $1,000,434). This facility expires on 31 December 2015. Interest is payable on this facility at reporting date at 3.96%.

### Factoring facilities

A full recourse factoring finance facility, which is secured by a floating charge over the assets of 180 Capital Funding Pty Ltd and the other wholly-owned subsidiaries of FSA Group Limited, with a facility limit of $35 million and balance owing of $28,099,867 (2014: $22,960,277). This facility expires on 28 June 2017. Interest is payable on this facility at reporting date at 4.43%.

# Notes to the Financial Statements cont.

for the year ended 30 June 2015

## Note 17. Borrowings cont.

### Home loan facilities

Non-recourse home loan facilities are used to fund home loans and include revolving Senior and Mezzanine Note facilities. As at 30 June 2015, the drawdown limit under the Senior and Mezzanine Note facilities was $230 million (2014: $230 million) and $20 million (2014: $20 million) respectively. At reporting date, $212,351,990 (2014: $200,111,990) and $16,516,266 (2014: $15,564,266) respectively had been drawn down. Also included in the year end liability is accrued interest amounting to $1,993,623 (2014: $2,041,545). In June 2015, an agreement was entered to increase the Senior Note facility limit from $230 million to $250 million effective from 12 July 2015.

The non-recourse home loan facilities are 2 years rolling facilities, due to expire on 15 October 2016. Interest is payable at the applicable BBSW rate plus a margin. The interest rate at 30 June 2015 for the Senior and Mezzanine Notes was 4.27% and 8.15% respectively. The facilities are secured against current and future home loan assets (refer to Note 12 of the Financial Statements). All borrowing covenants were met during the year.

| | Consolidated Entity | |
|---|---|---|
| | 2015 $ | 2014 $ |
| **Note 18. Provisions** | | |
| **Current** | | |
| Employee benefits | **1,881,412** | 1,489,589 |
| **Non-current** | | |
| Employee benefits | **635,346** | 543,193 |

### 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 of the Financial Statements.

### Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Consolidated Entity does not have an unconditional right to defer settlement. However, based on past experience, the Consolidated Entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

As at 30 June 2015, the Consolidated Entity employed 206 full-time equivalent employees (2014: 189) plus a further 7 independent contractors (2014: 7).

| | Consolidated Entity | |
|---|---|---|
| | 2015 $ | 2014 $ |
| **Note 19. Share Capital** | | |
| 125,092,610 (2014: 125,092,610) Fully paid ordinary shares | **6,707,233** | 6,707,233 |

| (a) Ordinary shares | 2015 Number | 2014 Number |
|---|---|---|
| Balance 1 July | **125,092,610** | 125,020,077 |
| Add shares issued | **–** | 72,533 |
| Balance 30 June | **125,092,610** | 125,092,610 |

# Notes to the Financial Statements cont.

for the year ended 30 June 2015

| | Consolidated Entity | |
|---|---|---|
| | **2015 $** | **2014 $** |
| **Note 20. Reserves** | | |
| Share based payment reserve | **–** | 769,374 |
| Other reserve | **(3,278,761)** | (3,278,761) |
| | **(3,278,761)** | (2,509,387) |

### Other reserve

The balance recognised in other reserves represents the residual consideration paid in excess of the carrying amount of the non-controlling interests in Fox Symes Home Loans Pty Ltd and 180 Group Pty Ltd. In accordance with AASB127, this is recognised directly in equity and attributable to the owners of the parent.

### Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

| | Share based payment reserve | Other reserve | Total reserves |
|---|---|---|---|
| Balance 1 July 2013 | 769,374 | (3,278,761) | (2,509,387) |
| Balance 1 July 2014 | 769,374 | (3,278,761) | (2,509,387) |
| Transferred to retained earnings | (769,374) | – | (769,374) |
| Balance 30 June 2015 | **–** | **(3,278,761)** | **(3,278,761)** |

| | Consolidated Entity | |
|---|---|---|
| | **2015 $** | **2014 $** |
| **Note 21. Cash Flow Information** | | |
| **Reconciliation of cash flows from operations to profit after tax** | | |
| Profit after tax | **15,776,372** | 14,505,323 |
| Non-cash flows in profit/(loss): | | |
| Depreciation | **257,848** | 275,307 |
| Amortisation – intangibles | **257,664** | 237,856 |
| Gain on disposal of plant & equipment | **17,788** | 359 |
| Changes in assets and liabilities: | | |
| Increase in trade and other receivables | **(6,765,693)** | (3,142,762) |
| (Increase)/decrease in other current assets | **241,996** | (187,952) |
| Increase in trade and other payables | **95,932** | 126,152 |
| Increase in employee entitlements | **483,975** | 520,552 |
| (Decrease)/increase in other liabilities | **515,919** | (303,031) |
| **Cash flows from operating activities** | **10,881,801** | 12,031,804 |

# Notes to the Financial Statements cont.

for the year ended 30 June 2015

| | Consolidated Entity | |
|---|---|---|
| | 2015 $ | 2014 $ |
| **Note 22. Commitments** | | |
| **(i) Operating leases (non-cancellable):** | | |
| Minimum lease payments | | |
| – not later than one year | **1,013,335** | 1,102,889 |
| – later than one year and not later than five years | **4,487,553** | 30,576 |
| | **5,500,888** | 1,133,465 |

Operating leases relate to the lease of the Consolidated Entity's business premises and printing equipment rental.

## Note 23. Key Management Personnel Disclosures

**Remuneration of Directors and Key Management Personnel**

| | 2015 $ | 2014 $ |
|---|---|---|
| Short-term employee benefits | **2,367,494** | 2,351,023 |
| Long-term employee benefits | **10,414** | 11,027 |
| Post-employment benefits | **76,077** | 83,384 |
| Share-based payments | **–** | – |
| | **2,453,985** | 2,445,434 |

## Note 24. Events Occurring after Reporting date

There have been no events since the end of the financial year that impact upon the financial performance or position of the Consolidated Entity as at 30 June 2015 except as follows:

- On 21 August 2015, Directors declared a 3.50 cent fully franked final dividend to shareholders to be paid on 11 September 2015 with a record date of 31 August 2015. This brings the full year dividend to 6.00 cents per share.

## Note 25. Related Party Disclosures

### (a) Key Management Personnel

Disclosures relating to Key Management Personnel are set out in the Remuneration Report.

### (b) Subsidiaries

Interests in subsidiaries are set out in Note 13 of the Financial Statements.

### (c) Transactions with related parties

Transactions with related parties of Directors or Key Management Personnel are as disclosed in the Remuneration Report.

# Notes to the Financial Statements cont.

for the year ended 30 June 2015

## Note 25. Related Party Disclosures cont.

### (d) Outstanding related party balances at the reporting date arising from sales/purchase of goods or services

| | Consolidated Entity | |
|---|---|---|
| | 2015 $ | 2014 $ |
| Current factoring receivables – other related parties | **88,307** | 145,179 |

## Note 26. Segment Information

### Identification and information about reportable segments

The Consolidated Entity's Chief Operating Decision Makers (KMP) have identified the following reportable segments based on the differences in providing services and providing finance products. These segments are subject to different regulatory environments and legislation.

The identified reportable segments are:

- Services; including debt agreements, personal insolvency agreements, bankruptcy and Easy Bill Pay;
- Consumer Lending; including home loan lending, home loan broking and personal loan lending;
- Business Lending; including factoring finance and other related services;
- Other/corporate; including parent entity services and intercompany investments, balances and transactions, which are eliminated upon consolidation.

The Consolidated Entity operates in one geographic region – Australia.

**Measurement**

Each identified reportable segment accounts for transactions consistently with the Accounting policies mentioned in Note 1 of the Financial Statements. Inter-segment transactions are highlighted as eliminated to reconcile to the profit, total assets and liabilities amounts of the Consolidated Entity. Centrally incurred costs for shared services are allocated between segments based employee numbers as a percentage of the total head count.

# Notes to the Financial Statements cont.

for the year ended 30 June 2015

## Note 26. Segment Information cont.

| | Services | | Consumer Lending | | Business Lending | | Other/Corporate | | Consolidated Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Operating Segments** | **2015 $** | **2014 $** | **2015 $** | **2014 $** | **2015 $** | **2014 $** | **2015 $** | **2014 $** | **2015 $** | **2014 $** |
| Revenue and Income: | | | | | | | | | | |
| External sales | **51,301,794** | 46,341,520 | **1,130,256** | 1,281,194 | **122,471** | 132,101 | **–** | 15,979 | **52,554,521** | 47,770,794 |
| Finance Income | **17,188** | 31,634 | **20,533,041** | 21,312,199 | **8,180,290** | 8,088,022 | **63,740** | 112,766 | **28,794,259** | 29,544,621 |
| Finance expense | **(89)** | (2) | **(10,940,237)** | (10,754,452) | **(1,151,546)** | (1,095,005) | **(1,136)** | (113) | **(12,093,008)** | (11,849,572) |
| Net Finance Income | **17,099** | 31,632 | **9,592,804** | 10,557,747 | **7,028,744** | 6,993,017 | **62,604** | 112,653 | **16,701,251** | 17,695,049 |
| Other gains/(losses) | **(2,491)** | – | **39,708** | – | **326,306** | – | **–** | – | **363,523** | – |
| Internal sales and income | **906,550** | 826,200 | **–** | – | **–** | – | **9,702,987** | 13,176,185 | **10,609,537** | 14,002,385 |
| Eliminations | **–** | – | **–** | – | **–** | – | **–** | – | **(10,609,537)** | (14,002,385) |
| Total operating income | **52,222,952** | 47,199,352 | **10,762,768** | 11,838,941 | **7,477,521** | 7,125,118 | **9,765,591** | 13,304,817 | **69,619,295** | 65,465,843 |
| Results: | | | | | | | | | | |
| Segment profit before tax | **14,753,104** | 11,230,045 | **5,086,285** | 6,838,195 | **2,600,198** | 2,783,192 | **4,353** | (33,889) | **22,443,940** | 20,817,543 |
| Income tax (expense)/benefit | **(4,462,828)** | (3,407,716) | **(1,517,883)** | (2,051,752) | **(698,803)** | (863,507) | **11,946** | 10,755 | **(6,667,568)** | (6,312,220) |
| Profit for the year | **10,290,276** | 7,822,329 | **3,568,402** | 4,786,443 | **1,901,395** | 1,919,685 | **16,299** | (23,134) | **15,776,372** | 14,505,323 |
| Items included in Profit for the year | | | | | | | | | | |
| Share of the profits of an associate using the Equity Accounting Method | **–** | – | **–** | – | **–** | – | **–** | – | **–** | – |
| Depreciation and amortisation | **464,146** | 466,307 | **41,299** | 35,620 | **10,067** | 11,236 | **–** | – | **515,512** | 513,163 |
| Impairment in value – trade receivables and financing assets | **8,359,594** | 8,148,228 | **382,437** | 554,865 | **61,178** | 748,999 | **–** | – | **8,803,209** | 9,452,092 |
| Reversal of impairment in value – trade receivables and financing assets | **(2,314,242)** | (2,023,065) | **(121,123)** | (352,509) | **(45,357)** | (779,105) | **–** | – | **(2,480,723)** | (3,154,679) |
| Employee and contractor expenses | **19,459,873** | 18,910,042 | **3,484,009** | 2,724,738 | **2,752,708** | 2,506,137 | **–** | 49,917 | **25,696,590** | 24,190,834 |
| Legal & consultancy | **86,985** | 193,050 | **111,019** | (2,145) | **80,437** | 156,466 | **650** | 7,500 | **279,091** | 354,871 |
| Rental expense on operating lease – minimum payment | **1,045,682** | 1,108,351 | **25,991** | 24,634 | **76,423** | 61,859 | **–** | – | **1,148,096** | 1,194,844 |
| **Assets:** | | | | | | | | | | |
| Segment assets | **142,823,305** | 126,927,015 | **262,817,637** | 245,308,892 | **37,876,307** | 30,747,829 | **40,577,629** | 43,061,110 | **484,094,878** | 446,044,846 |
| Eliminations^ | | | | | | | | | **(114,818,556)** | (107,224,593) |
| **Total assets** | | | | | | | | | **369,276,322** | 338,820,253 |
| Included in Segment assets | | | | | | | | | | |
| Investment in associate | **–** | – | **–** | – | **–** | – | **385** | 385 | **385** | 385 |
| **Liabilities**: | | | | | | | | | | |
| Segment liabilities | **112,146,949** | 95,889,119 | **234,277,780** | 220,061,268 | **33,507,338** | 28,280,254 | **20,904,107** | 24,975,852 | **400,836,174** | 369,206,493 |
| Eliminations | | | | | | | | | **(102,930,658)** | (95,336,695) |
| **Total liabilities** | | | | | | | | | **297,905,516** | 273,869,798 |

^Eliminations are related to intercompany balances.

# Notes to the Financial Statements cont.

for the year ended 30 June 2015

## Note 27. Financial Instruments

### Financial and Capital Risk Management

The Consolidated Entity undertakes transactions in a range of financial instruments including:

- Cash and cash equivalents
- Trade and other receivables
- Personal loan assets
- Factoring assets
- Home loan assets
- Other financial assets
- Payables

Interest bearing liabilities include bank loans and secured note facilities.

These financial instruments represented in the Statement of Financial Position are categorised under AASB 139 Financial Instruments: Recognition and Measurement as follows:

| | Consolidated Entity | |
|---|---|---|
| | **2015 $** | **2014 $** |
| **Financial Assets** | | |
| Cash and cash equivalents | **8,094,387** | 7,772,612 |
| Trade and other receivables | **74,666,876** | 66,362,291 |
| Financing assets | **282,085,372** | 259,913,195 |
| Assets and receivables at amortised cost | **364,846,635** | 334,048,098 |
| **Financial Liabilities** | | |
| Payables at amortised cost | **12,270,779** | 12,353,346 |
| Current tax liabilities | **853,459** | 1,648,607 |
| Financing liabilities | **264,833,658** | 241,678,512 |
| Payables at amortised cost | **277,957,896** | 255,680,465 |
| **Assets and liabilities measured at fair value through profit and loss:** | | |
| Derivatives – Interest rate swap contracts | **39,708** | – |
| Other payables | **2,100,000** | 2,425,000 |

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 & Risk Management Committee. The Audit & Risk Management Committee is responsible for developing and monitoring risk management policies. The Chairman of the Audit & Risk Management Committee reports to the Board of Directors on its activities.

Risk management procedures are established by the Audit & 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.

# Notes to the Financial Statements cont.

for the year ended 30 June 2015

## Note 27. Financial Instruments cont.

**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. 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 2015, 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 25.73% (2014: 21.6%).

It was the policy of the Consolidated Entity during the 2015 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% (2014: 50%).

The Consolidated Entity defines capital as total equity reported in the Statement of Financial Position.

### 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 the following categories of financial instruments:

- Trade and other receivables;
- Factoring assets;
- Personal loan assets; and
- Home loan assets.

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 & Risk Management Committee through the management of the Consolidated Entity.

Factoring assets are secured by fixed and floating charges over business assets. Personal loan assets are secured by registered security interests over motor vehicles. Home loan assets are secured by a first mortgage security over real property.

The Consolidated Entity retains its security 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 loan.

Personal insolvency (debt agreements, personal insolvency agreements and bankruptcy) 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 & Risk Management Committee also establishes the Consolidated Entity's allowance for impairment policy which is discussed in Notes 9 and 12 of the Financial Statements.

# Notes to the Financial Statements cont.

for the year ended 30 June 2015

## Note 27. Financial Instruments cont.

### Liquidity Risk

Liquidity risk is the risk that the 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 cash flow 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 cash flows.

| | Consolidated Entity 30 June 2015 | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Carrying amount $** | **Contractual Cash flows $** | **6 months or less $** | **6-12 months $** | **1 to 2 years $** | **2 to 5 years $** | **5-25 years $** |
| Trade and other payables | **2,186,233** | **2,186,233** | **2,186,233** | – | – | – | – |
| Institutional creditors | **95,318** | **95,318** | **95,318** | – | – | – | – |
| Other payables | **9,814,820** | **9,814,820** | **9,814,820** | – | – | – | – |
| Borrowings | **174,408** | **174,408** | **174,408** | – | – | – | – |
| Factoring & personal loan borrowings | **33,971,779** | **36,618,035** | **6,223,875** | **633,392** | **29,760,768** | – | – |
| Other payables | **2,100,000** | **2,100,000** | **1,400,000** | **700,000** | – | – | – |
| Home loan borrowings | **230,861,879** | **244,210,423** | **4,970,247** | **5,185,960** | **234,054,216** | – | – |

| | Consolidated Entity 30 June 2014 | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Carrying amount $** | **Contractual Cash flows $** | **6 months or less $** | **6-12 months $** | **1 to 2 years $** | **2 to 5 years $** | **5-25 years $** |
| Trade and other payables | 783,547 | 783,547 | 783,547 | – | – | – | – |
| Institutional creditors | 393,994 | 393,994 | 393,994 | – | – | – | – |
| Other payables | 10,445,548 | 10,445,548 | 10,445,548 | – | – | – | – |
| Borrowings | 730,257 | 730,691 | 730,691 | – | – | – | – |
| Factoring & personal loan borrowings | 23,960,711 | 25,203,202 | 663,235 | 23,520,004 | 1,019,963 | – | – |
| Other payables | 2,425,000 | 2,425,000 | – | – | 2,425,000 | – | – |
| Home loan borrowings | 217,717,801 | 241,766,351 | 4,729,840 | 5,318,148 | 10,694,738 | 221,023,625 | – |

# Notes to the Financial Statements cont.

for the year ended 30 June 2015

## Note 27. Financial Instruments cont.

FSA Group Limited has a secured non-recourse note facility comprising of Senior and Mezzanine Notes through a special purpose entity, the Fox Symes Home Loans Warehouse Trust No.1. As at 30 June 2015, the facility has a combined drawdown limit of $250,200,000. This facility is secured against the book of loan assets created by the trust. As at 30 June 2015 the Consolidated Entity had drawn $228,868,256 from this facility. It had unused credit at the end of the year of $21,331,744. In June 2015, an agreement was entered to increase the Senior Note facility limit from $230 million to $250 million effective from 12 July 2015.

FSA Group Limited's subsidiary 180 Capital Funding Pty Ltd has a secured loan facility supporting its lending activities. The factoring finance facility has drawdown limit of $35,000,000. As at 30 June 2015, the Company had drawn $28,442,067 from this facility. Provided that there are sufficient factoring receivables to secure the loan, no repayment is required until the facility expiry date on 28 June 2017.

FSA Group Limited's subsidiary Fox Symes Home Loans Pty Ltd has a secured loan facility supporting its personal loan lending activities. The personal loan facility has drawdown limit of $10,000,000. As at 30 June 2015, the Company had drawn $5,500,000 from this facility.

### Home loan facilities

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

Each home loan facility is structured so that if it is not renewed or otherwise defaults there is only limited recourse to the Consolidated Entity. If a home loan 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 home loan 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 home loans in repayment of home loan facilities or an event of default in relation to the Consolidated Entity's home loan 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.

Home loan 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 under a two year rolling facility and are non-recourse to the Consolidated Entity except for loss suffered from misrepresentations in relation to the origination of loans and breaches of its loan servicing or management obligations. Under current historic low interest rate environment, the Board and Management have adopted the policy to keep approximate $40 – $60 million of home loan borrowings at fixed rates to mitigate the risk of future interest rate movements. On the 2 June 2015 the Consolidated Entity entered into an interest rate swap agreement, locking in $40 million of its funding cost at a fixed rate for 5 years.

Personal loan assets are lent of fixed interest rates and are financed by long term variable rate borrowings. The returns on the products are sufficient to mitigate adverse interest rate movements on the borrowings. The Board and Management are satisfied that this policy is appropriate for the Consolidated Entity at this time.

Factoring finance is provided to borrowers on variable rate terms and 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 long term variable rate borrowings.

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

# Notes to the Financial Statements cont.

for the year ended 30 June 2015

## Note 27. Financial Instruments cont.

### Interest rate sensitivity analysis

The tables below show the effect on 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 (2014: 50 bps). A 50 bps sensitivity is considered reasonable given the current level of both short-term and long-term Australian interest rates. This would represent approximately two rate increases/decreases. In the current economic environment, where uncertainty remains, it is the Company's view that it is unlikely there will be a sharp upwards movement in the interest rate cycle over the next 12 months. The analysis is based on interest rate risk exposures at reporting date on both financial assets and liabilities.

| | Consolidated Entity Profit after tax | |
|---|---|---|
| | 2015<br>$ | 2014<br>$ |
| If interest rates increased by 50bps (2014: 50bps) | **131,257** | 98,172 |
| If interest rates decreased by 50bps (2014: 50bps) | **(131,257)** | (98,172) |

## Note 28. Fair Value Measurement

Except as detailed in the following table, the Directors consider that due to their short-term nature the carrying amounts of financial assets and financial liabilities, which include cash, current trade receivables, current payables and current borrowings, are assumed to approximate their fair values. For the majority of the borrowings, the fair values are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

| | Jun-15<br>Book value<br>$ | Jun-15<br>Fair value<br>$ |
|---|---|---|
| **Financial assets** | | |
| Current receivables net of deferred tax* | **18,716,946** | 18,716,946 |
| Non-current receivables net of deferred tax* | **31,742,146** | 30,247,560 |
| Personal loan assets | **5,878,322** | 6,701,122 |
| Factoring assets | **31,519,042** | 31,519,042 |
| Home loan assets financed by non-recourse financing liabilities | **232,967,277** | 243,739,996 |

* Included in current and non-current receivables is an amount of $65,221,283 relating to debt agreement receivables. These assets are taxed on a cash basis, and consequently to present the book value on a consistent basis with the computation of fair value, current and non-current receivables have been presented net of associated deferred tax liabilities amounting to $14,762,191.

## Note 29. Contingent Liabilities

There were no contingent liabilities relating to the Consolidated Entity at reporting date except the following:

### Home loans

At reporting date loan applications that had been accepted by the Consolidated Entity but not yet settled amount to $8,719,757 (2014: $4,097,830). Home loans are usually settled within 4 weeks of acceptance.

# Notes to the Financial Statements cont.

for the year ended 30 June 2015

## Note 30. Parent Entity Information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to Note 1 of the Financial Statements for a summary of the significant accounting policies relating to the Consolidated Entity.

| Financial position | 2015 $ | 2014 $ |
|---|---|---|
| Total current assets | **10,336,166** | 12,733,443 |
| Total non-current assets | **11,826,990** | 11,826,990 |
| Total assets | **22,163,156** | 24,560,433 |
| Total current liabilities | **5,892,721** | 9,878,304 |
| Total liabilities | **5,892,721** | 9,878,304 |
| Net assets | **16,270,435** | 14,682,129 |
| Equity | | |
| Share capital | **6,707,233** | 6,707,233 |
| Share based payments reserve | **–** | 769,374 |
| Dividends to shareholders | **(8,131,021)** | (7,192,827) |
| Accumulated profit | **17,694,223** | 14,398,349 |
| **Total equity** | **16,270,435** | 14,682,129 |

| Financial performance | 2015 $ | 2014 $ |
|---|---|---|
| **Profit after income tax** | **9,719,328** | 13,141,866 |
| Other comprehensive Income | **–** | – |
| **Total comprehensive income for the year** | **9,719,328** | 13,141,866 |

During the financial year, the parent entity received distribution income from its subsidiaries.

### Guarantees entered into by the parent entity relation to the debts of its subsidiaries

FSA Group Limited has entered into a deed of cross guarantee with two of its wholly owned subsidiaries, FSA Australia Pty Ltd and Fox Symes Debt Relief Services Pty Ltd, refer to Note 31 of the Financial Statements.

There are no contingent liabilities or commitments in the parent entity (2014: Nil).

# Notes to the Financial Statements cont.

for the year ended 30 June 2015

## Note 31. Deed of Cross Guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

FSA Group Limited

FSA Australia Pty Ltd

Fox Symes Debt Relief Services Pty Ltd

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission ('ASIC').

The above companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by FSA Group Limited, they also represent the 'Extended Closed Group'.

Set out below is a consolidated Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position of the 'Closed Group'.

| | 2015<br>$ | 2014<br>$ |
|---|---|---|
| **Statement of Profit or Loss and Other Comprehensive Income** | | |
| **Revenue and other income** | | |
| Fees from services | **31,549,728** | 28,268,814 |
| Finance income | **65,635** | 116,298 |
| Finance expense | **(1,136)** | – |
| Net finance income | **64,499** | 116,298 |
| **Total operating income** | **31,614,227** | 28,385,112 |
| Expenses from continuing activities | **(1,952,229)** | (2,831,264) |
| **Profit before income tax** | **29,661,998** | 25,553,848 |
| Income tax expense | **(8,885,348)** | (7,665,532) |
| **Profit after income tax** | **20,776,650** | 17,888,316 |
| Other comprehensive income | **–** | – |
| **Total comprehensive income for the year** | **20,776,650** | 17,888,316 |

# Notes to the Financial Statements cont.

for the year ended 30 June 2015

## Note 31. Deed of Cross Guarantee cont.

| Statement of Financial Position | 2015 $ | 2014 $ |
|---|---|---|
| **Current Assets** | | |
| Cash and cash equivalents | **5,002,749** | 6,472,216 |
| Trade and other receivables | **14,818,782** | 15,519,300 |
| Current tax assets | **1,152** | 2,302 |
| Total Current Assets | **19,822,683** | 21,993,818 |
| **Non-Current Assets** | | |
| Trade and other receivables | **148,679,848** | 130,555,671 |
| Investments | **11,826,990** | 11,826,990 |
| Total Non-Current Assets | **160,506,838** | 142,382,661 |
| **Total Assets** | **180,329,521** | 164,376,479 |
| **Current Liabilities** | | |
| Trade and other payables | **6,548,085** | 6,775,365 |
| Tax liabilities | **496,637** | 1,357,974 |
| Total Current Liabilities | **7,044,722** | 8,133,339 |
| **Non-Current Liabilities** | | |
| Deferred tax liabilities | **14,762,191** | 12,908,914 |
| Total Non-Current Liabilities | **14,762,191** | 12,908,914 |
| **Total Liabilities** | **21,806,913** | 21,042,253 |
| **Net Assets** | **158,522,608** | 143,334,226 |
| **Equity** | | |
| Share capital | **6,707,237** | 6,707,237 |
| Reserves | **–** | 769,374 |
| Retained earnings | **151,815,371** | 135,857,615 |
| **Total Equity** | **158,522,608** | 143,334,226 |

# Directors' Declaration

In the Directors' opinion:

- The financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, accompanying notes, are in accordance with the *Corporations Act 2001* and:
  a. comply with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  b. give a true and fair view of the Consolidated Entity's financial position as at 30 June 2015 and of its performance for the year ended on that date.
- The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
- In the Directors' opinion, 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 Executive Directors and Chief Financial Officer required by Section 295A of the *Corporations Act 2001*.

FSA Group Limited, FSA Australia Pty Ltd and Fox Symes Debt Relief Services Pty Ltd identified in note 31 are parties to the deed of cross guarantee under which each company guarantees the debts of the others. At the date of this declaration there are reasonable grounds to believe that the companies which are parties to this deed of cross guarantee will as a Consolidated Entity be able to meet any obligations or liabilities to which they are, or may become, subject to, by virtue of the deed of cross guarantee described in note 31.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

**Tim Odillo Maher**
Executive Director

Sydney

21 August 2015

**Deborah Southon**
Executive Director

Sydney

21 August 2015

# Independent Auditor's Report

To the members of FSA Group Limited

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

**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, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 company's preparation of the financial report that gives a true and fair view 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 company'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.

### Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of FSA Group Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

# Independent Auditor's Report cont.

To the members of FSA Group Limited

**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 consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards 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 24 of the directors' report for the year ended 30 June 2015. 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.

**Opinion**

In our opinion, the Remuneration Report of FSA Group Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

**BDO East Coast Partnership**

BDO

**Grant Saxon**
**Partner**

Sydney, 21 August 2015

# 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 10 August 2015.

### (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 shares** |
| 1 – 1,000 | 198 | 56,406 |
| 1,001 – 5,000 | 346 | 1,107,645 |
| 5,001 – 10,000 | 244 | 2,077,725 |
| 10,001 – 100,000 | 295 | 10,141,718 |
| 100,001 and over | 93 | 111,709,116 |
| **Total** | **1,176** | **125,092,610** |

The number of shareholders holding less than a marketable parcel of 354 shares is 129 (holding a total of 3,226 ordinary shares).

### (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 | 26,000,000 | 20.78% |
| 2 | MAZAMAND GROUP PTY LTD | 16,809,231 | 13.44% |
| 3 | ADST PTY LTD | 12,960,047 | 10.36% |
| 4 | BJR INVESTMENT HOLDINGS PTY LTD | 11,000,000 | 8.79% |
| 5 | UBS NOMINEES PTY LTD | 4,300,000 | 3.44% |
| 6 | ATKONE PTY LTD | 2,631,506 | 2.10% |
| 7 | RUMINATOR PTY LIMITED | 2,385,174 | 1.91% |
| 8 | UBS NOMINEES PTY LTD | 2,383,684 | 1.91% |
| 9 | CONTEMPLATOR PTY LIMITED | 1,927,551 | 1.54% |
| 10 | MS DANITA RAE LOWES | 1,852,953 | 1.48% |
| 11 | J P MORGAN NOMINEES AUSTRALIA LIMITED | 1,643,718 | 1.31% |
| 12 | BULWARRA PTY LTD | 1,600,000 | 1.28% |
| 13 | INVESTMENT CUSTODIAL SERVICES LIMITED | 1,520,697 | 1.22% |
| 14 | DUNDAS RITCHIE INVESTMENTS PTY LTD | 1,500,000 | 1.20% |
| 15 | MR DAVID MATTHEW FITE | 1,332,314 | 1.07% |
| 16 | EQUITAS NOMINEES PTY LIMITED | 1,118,089 | 0.89% |
| 17 | MARAMINDI PTY LTD | 1,100,000 | 0.88% |
| 18 | KARIA INVESTMENT PTY LTD | 966,666 | 0.77% |
| 19 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 927,451 | 0.74% |
| 20 | BERNE NO 132 NOMINEES PTY LTD | 700,541 | 0.56% |
| | **Top 20** | **94,659,622** | **75.67%** |
| | **Total** | **125,092,610** | **100%** |

# Shareholder Information cont.

To the members of FSA Group Limited

## (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 | 16,809,231 |
| ADST PTY LTD | 12,960,047 |
| 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 Consolidated Entity has used its cash and assets that are readily convertible to cash in a way consistent with its business objectives.

# Corporate Information

## Directors

Sam Doumany – Non-Executive Chairman

Tim Odillo Maher – Executive Director

Deborah Southon – Executive Director

Stan Kalinko – Non-Executive Director

David Bower – Non-Executive Director

## Chief Financial Officer

Cellina Chen

## Company Secretary

Cellina Chen

## Registered Office and Corporate Office

Level 3
70 Phillip Street
Sydney NSW 2000

Phone: +61 (02) 8985 5565

Fax: +61 (02) 8985 5358

## Solicitors

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

## Share Registry

Link Market Services Limited
Level 15
324 Queen Street
Brisbane QLD 4000

Postal Address:
Locked Bag A14
Sydney South NSW 1235

Phone: 1300 554 474 (within Australia)
or +61 2 8280 7454 (outside Australia)

Fax: +61 2 9287 0303

Email: registrars@linkmarketservices.com.au

Website: www.linkmarketservices.com.au

## Auditors

BDO East Coast Partnership
Level 11
1 Margaret Street
Sydney New South Wales 2000

## 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

This page has been left intentionally blank

www.fsagroup.com.au