

## Appendix 4E

### Preliminary Final Report to the Australian Securities Exchange

<b>Name of Entity</b>	<b>FSA Group Ltd</b>
<b>ABN</b>	98 093 855 791
<b>Financial Year Ended</b>	30 June 2009
<b>Previous Corresponding Reporting Period</b>	30 June 2008

#### Results for Announcement to the Market

	\$	Percentage increase /(decrease) over previous corresponding period
Revenue and Income from ordinary activities (Net of Finance Expense)	50,897,804	40.3%
Profit / (loss) from ordinary activities after tax attributable to members	8,837,172	229.6%
Net profit / (loss) for the period attributable to members	8,837,172	229.6%
Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	-	-
Interim Dividend	-	-
Record date for determining entitlements to the dividends (if any)		-
Brief explanation of any of the figures reported above necessary to enable the figures to be understood:		
Refer to the accompanying Review of Operations and Financial Statements.		

## Dividends

Date the dividend is payable	-
Record date to determine entitlement to the dividend	-
Amount per security	-
Total dividend	-
Amount per security of foreign sourced dividend or distribution	-
Details of any dividend reinvestment plans in operation	-
The last date for receipt of an election notice for participation in any dividend reinvestment plans	-

## NTA Backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	24.2 cents	16.2 cents

## Commentary on the Results for the Period

Refer to the accompanying Review of Operations and Financial Statements.

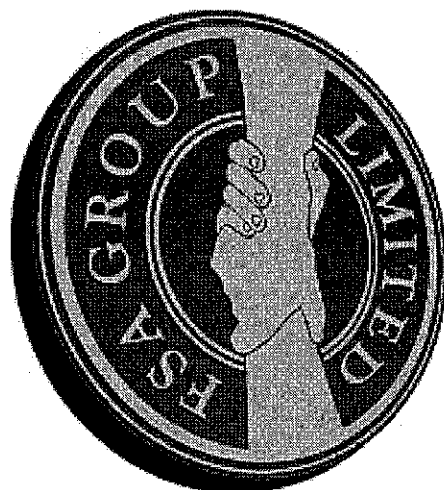
## Audit/Review Status

<b>This report is based on accounts to which one of the following applies:</b> (Tick one)			
The accounts have been audited		The accounts have been subject to review	
The accounts are in the process of being audited or subject to review	<b>X</b>	The accounts have not yet been audited or reviewed	

## Financial Statements

Refer to the accompanying Financial Statements.

By Order of the Board  
Anthony Carius  
Company Secretary  
31 August 2009



**FSA GROUP LTD**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2009**

## **CORPORATE INFORMATION**

### **DIRECTORS**

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

### **COMPANY SECRETARIES**

Duncan Cornish  
Anthony Carius

### **REGISTERED OFFICE AND CORPORATE OFFICE**

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

### **PRINCIPAL BUSINESS OFFICE**

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

### **SOLICITORS**

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

### **SHARE REGISTER**

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

### **AUDITORS**

PKF  
Level 6  
10 Eagle Street  
Brisbane QLD 4000

### **COUNTRY OF INCORPORATION**

Australia

### **STOCK EXCHANGE LISTING**

Australian Stock Exchange Ltd  
ASX Code: FSA

### **INTERNET ADDRESS**

[www.fsagroup.com.au](http://www.fsagroup.com.au)

### **AUSTRALIAN BUSINESS NUMBER**

ABN 98 093 855 791

## **RESULTS AND REVIEW OF OPERATIONS**

### **PRINCIPAL ACTIVITIES**

The principal activities of FSA Group are the provision of debt solutions which include home loan lending to individuals.

### **OPERATING RESULTS**

FSA Group's unaudited profit after tax attributable to members of the company for the year ended 30 June 2009 was \$8.84m. This result represents a 229.6% increase when compared to the year ended 30 June 2008.

The key measures for FY2009 compared to the previous corresponding period are as follows:

- Net Revenue and other income of \$50.90m up 40.3%
- Profit Before Tax (and before minority interests) of \$13.93m up 193.9%
- Net Assets of \$32.1m up 42.0%
- Net Tangible Asset Backing per Share of 24.2c up 49.4%
- Basic Earnings per Share of 7.66c up 223.2%

The Directors continue to reinvest earnings into high growth divisions particularly home loan lending. The Directors have not recommended a dividend.

### **SIGNIFICANT MILESTONES**

- Record demand for services
- Record trading profit
- The debt agreement division's market share grew to 54%
- Established track record as a home loan lender
- Westpac renewed the \$210m home loan facility for a further term

### **REVIEW OF OPERATIONS**

#### **BACKGROUND**

FSA Group is the largest provider of debt solutions to individuals in Australia.

#### **OVERVIEW OF DEBT SOLUTIONS**

##### **Services**

##### **Debt Agreement**

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

FSA Group is the largest provider of debt agreements in Australia and during FY2009 the debt agreement division assisted a record number of clients. There was a 37% increase in the number of clients assisted when compared with the previous corresponding period. FSA Group's market share for debt agreements is 54%.

FSA Group paid \$41.9m in dividends to creditors during FY2009. This figure demonstrates the commitment debtors have to making and maintaining their debt agreement obligations. It also is an increase of 43% compared to the previous corresponding period. FSA Group estimates over \$55m will be paid in dividends during FY2010.

## **RESULTS AND REVIEW OF OPERATIONS Continued**

### **OVERVIEW OF DEBT SOLUTIONS Continued**

#### **Services Continued**

##### **Personal Insolvency Agreements and Bankruptcy**

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

The personal insolvency agreement and bankruptcy division assisted a record number of clients during FY2009. There was a 22% increase in the number of clients assisted when compared with the previous corresponding period.

##### **Home Loan Broking**

FSA Group is the largest broker of non-conforming home loans in Australia.

The non-conforming home loan market consists of lenders who provide loan products to an individual who is unlikely to meet or "conform" to the rules of traditional lenders. The borrower is usually a credit worthy individual with unique circumstances or those who have experienced temporary problems and need to refinance their debts.

FSA Group acts as a broker of home loans, assisting a client to lower their monthly repayments by consolidating their unsecured debt into a new home loan. During FY2009 FSA Group's loan approvals fell by 18% when compared to the corresponding period. This was due to the high interest rate environment in the first half of FY2009 which made servicing the new home loan more difficult for some borrowers.

Around 40% of FSA Group's loan approvals are brokered internally through its home loan facility.

##### **Home Loan Lending**

In July 2007, FSA Group launched its home loan lending business with Westpac committing **non-recourse** funding of \$210m. This facility has been renewed by Westpac until 15 July 2010.

FSA Group has established a track record in home loan lending which underpins future funding.

FSA Group has originated a high quality loan pool of \$145m which continues to grow:

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

FSA Group continues to act as a home loan broker to third party lenders for approximately 60% of loan applications – broking remains a key component of FSA Group's revenue.

The home loan lending division provides FSA Group with annuity income. This division contributed profit before tax of \$3.1m for FY2009. For FY2010 FSA Group expects this division will contribute greater than \$5.5m to profit before tax on existing monthly origination and prepayment levels.

##### **Conclusion**

Demand across all divisions has grown across the year driven primarily by the current economic environment. This has been particularly noticeable in the consumer debt area. As a consequence FSA Group is experiencing record demand for its debt solutions. This is likely to continue throughout FY2010.

## Income Statements for the year ended 30 June 2009

	Note	Consolidated Entity		Parent Entity	
		2009 \$	2008 \$	2009 \$	2008 \$
<b>REVENUE AND OTHER INCOME</b>					
Fees from services	2	39,654,452	30,308,900	-	12,241
Finance income	2	20,163,442	9,597,656	9,157	21,072
Finance expense	2	(8,959,124)	(4,143,935)	-	-
Net finance income	2	11,204,318	5,453,721	9,157	21,072
Other income	2	39,034	526,090	100,041	-
<b>TOTAL REVENUE AND OTHER INCOME NET OF FINANCE EXPENSE</b>		<b>50,897,804</b>	<b>36,288,711</b>	<b>109,198</b>	<b>33,313</b>
SHARE OF PROFITS OF AN ASSOCIATE USING THE EQUITY ACCOUNTING METHOD	24	126,323	246,665	-	-
EXPENSES FROM CONTINUING ACTIVITIES	3	(37,084,790)	(31,797,640)	(249,220)	(261,101)
<b>PROFIT/(LOSS) BEFORE INCOME TAX</b>		<b>13,939,337</b>	<b>4,737,736</b>	<b>(140,022)</b>	<b>(227,788)</b>
INCOME TAX (EXPENSE)/BENEFIT	4	(3,917,705)	(1,533,812)	163,373	(29,147)
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>10,021,632</b>	<b>3,203,924</b>	<b>23,351</b>	<b>(256,935)</b>
PROFIT ATTRIBUTABLE TO MINORITY EQUITY INTEREST		1,184,460	522,808	-	-
<b>PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY</b>		<b>8,837,172</b>	<b>2,681,116</b>	<b>23,351</b>	<b>(256,935)</b>
<b>Earnings per share</b>					
Basic earnings per share (cents per share)	6	7.66	2.37		
Diluted earnings per share (cents per share)	6	7.15	2.21		

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

## Balance Sheets as at 30 June 2009

	Note	Consolidated Entity		Parent Entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	7	11,648,184	7,676,105	626,350	256,456
Trade and other receivables	8	24,549,055	19,909,109	50,000	-
Current tax assets		-	660,749	-	421,952
Other assets	9	745,292	440,596	-	-
<b>Total Current Assets</b>		<b>36,942,531</b>	<b>28,686,559</b>	<b>676,350</b>	<b>678,408</b>
<b>NON-CURRENT ASSETS</b>					
Trade and other receivables	8	17,489,641	9,065,820	-	-
Investments in associates	24	2,843	62,114	-	-
Plant and equipment	12	719,308	1,029,289	-	-
Investment property	13	321,686	333,922	-	-
Other assets	9	-	3,900	11,046,302	6,546,397
Deferred tax assets	4d	227,498	901,176	-	-
Intangible assets	14	4,104,948	3,830,835	-	-
<b>Total Non-Current Assets</b>		<b>22,865,924</b>	<b>15,227,056</b>	<b>11,046,302</b>	<b>6,546,397</b>
<b>ASSETS FINANCED BY NON-RECOURSE FINANCIAL LIABILITIES</b>					
Cash and cash equivalents	7	8,043,786	11,187,707	-	-
Trade and other receivables	8	12,576	39,340	-	-
Specialty finance assets	10	145,319,192	89,767,650	-	-
<b>Total Assets financed by Non-Recourse Financial Liabilities</b>		<b>153,375,554</b>	<b>100,994,697</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>213,184,009</b>	<b>144,908,312</b>	<b>11,722,652</b>	<b>7,224,805</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	15	14,145,947	9,723,593	4,650,668	604,998
Current tax liabilities		363,828	-	219,861	-
Borrowings	16	217,773	786,298	-	-
Provisions	17	477,399	1,889,150	-	-
<b>Total Current Liabilities</b>		<b>15,204,947</b>	<b>12,399,041</b>	<b>4,870,529</b>	<b>604,998</b>
<b>NON-CURRENT LIABILITIES</b>					
Borrowings	16	11,579,001	6,952,779	-	-
Provisions	17	158,819	71,959	-	-
Deferred tax liabilities	4e	5,592,589	3,034,842	-	-
<b>Total Non-Current Liabilities</b>		<b>17,330,409</b>	<b>10,059,580</b>	<b>-</b>	<b>-</b>
<b>NON-RECOURSE FINANCIAL LIABILITIES</b>					
Borrowings	16	148,580,187	99,886,840	-	-
<b>Total Non-Recourse Financial Liabilities</b>		<b>148,580,187</b>	<b>99,886,840</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>181,115,543</b>	<b>122,345,461</b>	<b>4,870,529</b>	<b>604,998</b>
<b>NET ASSETS</b>		<b>32,068,466</b>	<b>22,562,851</b>	<b>6,852,123</b>	<b>6,619,807</b>

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



## Balance Sheets as at 30 June 2009 *Continued*

	Note	Consolidated Entity		Parent Entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
EQUITY					
Share capital	18	7,137,472	7,137,472	7,137,472	7,137,472
Reserves	19	611,570	402,605	611,570	402,605
Retained earnings/(Accumulated losses)		22,768,833	13,931,661	(896,919)	(920,270)
Minority equity interest		1,550,591	1,091,113	-	-
<b>TOTAL EQUITY</b>		<b>32,068,466</b>	<b>22,562,851</b>	<b>6,852,123</b>	<b>6,619,807</b>

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

## Statements of Changes in Equity for the year ended 30 June 2009

### Consolidated Entity

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

### Parent Entity

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

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

## Cash Flow Statements for the year ended 30 June 2009

	Note	Consolidated Entity		Parent Entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
		Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and debtors, including amounts received on behalf of institutional creditors		55,448,404	61,689,080	-	-
Payments to institutional creditors, suppliers and employees		(59,432,295)	(61,056,113)	-	-
Interest received		15,592,111	5,928,207	9,157	21,072
Interest and other costs of finance paid		(9,124,209)	(3,620,421)	(40,000)	-
Income tax paid		399,887	(2,706,312)	296,263	(1,599,475)
<b>Net cash inflow/(outflow) from operating activities</b>	20	<b>2,883,898</b>	<b>234,441</b>	<b>265,420</b>	<b>(1,578,403)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Acquisition of property, plant and equipment		(295,299)	(780,206)	-	-
Proceeds from disposal of Investment Property		-	1,350,000	-	-
Acquisition of Intangibles		(429,374)	-	-	-
Acquisition of subsidiaries net of cash acquired		(100,000)	-	-	-
Proceeds from disposal of subsidiaries		50,000	-	-	-
(Increase) in Specialty finance assets		(54,319,699)	(88,696,293)	-	-
(Increase)/Decrease in Bridging finance assets		1,017,664	(1,811,280)	-	-
(Increase) in Factoring finance assets		(905,664)	(3,065,284)	-	-
Investment in Associate		147,696	-	-	-
<b>Net cash outflow from investing activities</b>		<b>(54,834,676)</b>	<b>(93,003,063)</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from / (repayment of) borrowings		53,569,850	103,126,548	199,474	(553,243)
Payment of distributions to minority interests – Warehouse Trust		(240,914)	-	-	-
Proceeds from share issues		-	40,000	-	40,000
Proceeds from /(repayment of) Unsecured notes		(550,000)	45,000	(95,000)	95,000
<b>Net cash inflow/(outflow) from financing activities</b>		<b>52,778,936</b>	<b>103,211,548</b>	<b>104,474</b>	<b>(418,243)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>828,158</b>	<b>10,442,926</b>	<b>369,894</b>	<b>(1,996,646)</b>
Cash and cash equivalents at the beginning of the financial year		18,863,812	8,420,886	256,456	2,253,102
<b>Cash and cash equivalents at the end of the financial year</b>	7	<b>19,691,970</b>	<b>18,863,812</b>	<b>626,350</b>	<b>256,456</b>

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

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements are based on a financial report which is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

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

### Basis of preparation

The financial report is presented in Australian dollars.

#### *Reporting basis and conventions*

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

### Accounting Policies

#### (a) Principles of Consolidation

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

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

#### (b) Income Tax

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

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

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

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

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

#### *Tax consolidation*

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

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Continued

### Accounting Policies Continued

#### (b) Income Tax Continued

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

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

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

#### (c) Financial Instruments

##### *Non-derivative financial instruments*

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

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

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

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

##### *Ordinary Share Capital*

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

##### *Held-to-maturity investments*

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

##### *Available-for-sale financial assets*

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

##### *Investments at fair value through profit or loss*

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

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Continued

### Accounting Policies Continued

#### (c) Financial Instruments Continued

##### Loans and Receivables

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

#### (d) Property, Plant and Equipment

##### Property, Plant and equipment

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

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

##### Depreciation

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

The useful lives used for each class of asset are:

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

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

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

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

#### (e) Investment properties

Investment property is property held either to earn rental income or for capital appreciation or both. Investment properties are measured at cost less accumulated depreciation.

Investment properties have a useful life of 40 years.

#### (f) Leases

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

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

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

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

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Continued

### Accounting Policies Continued

#### (g) Impairment of assets

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

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

#### (h) Employee benefits

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

#### *Equity settled compensation*

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

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

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

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

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

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

#### *Bonuses and profit sharing arrangements*

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

#### (i) Provisions

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

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Continued

### Accounting Policies Continued

#### (j) Revenue recognition

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

##### *Rendering of Services – Personal Insolvency*

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

##### **Debt Agreement Application Fees**

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

##### **Debt Agreement Fees**

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

##### **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.

##### *Rendering of Services – Recruitment Fees*

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

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

##### *Refinance Fees*

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

##### *Interest*

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

##### *Finance fee income*

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

#### (k) Goods & Services Tax (GST)

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

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



## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Continued

### Accounting Policies Continued

#### (l) Comparative figures

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

#### (m) Investments in Subsidiaries

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

#### (n) Intangibles

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

Software is measured on the cost basis less accumulated amortisation and accumulated impairment losses. Software is amortised over its useful life of 2 years.

#### (o) Trade and other payables

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

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

#### (p) Provision for Institutional Creditor Payments

Dividends payable to Institutional Creditors are provided for in the financial statements in accordance with the respective Debt Agreement Proposals accepted by the official receiver for processing prior to 1 July 2007 and are classified as current provisions unless all of the Debt Agreement fee has been received, in which case they are classified as a current payable.

#### (q) Significant accounting estimates and assumptions

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

#### ***Impairment of goodwill***

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units to which the goodwill is allocated.

#### ***Impairment of receivables***

##### Debt agreement receivables

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

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

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Continued

### Accounting Policies Continued

#### *Impairment of receivables*

##### Other loans and advances

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

#### (r) Associates

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

#### (s) Finance Income and Costs

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

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

#### (t) Earnings per share

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

#### (u) Operating segments

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

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

#### (v) Financial Guarantee Contracts

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

#### (w) New standards and interpretations not yet adopted

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Continued**

**Accounting Policies Continued**

(w) New standards and interpretations not yet adopted *Continued*

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

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

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

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

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

(iv) Revised AASB 127 Consolidated and Separate Financial Statements

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

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

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

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

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Continued**

**Accounting Policies Continued**

(w) New standards and interpretations not yet adopted *Continued*

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

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

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

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

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

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

(xi) AI 18 Transfers of Assets from Customers

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

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>2 REVENUE AND OTHER INCOME NET OF FINANCE EXPENSE</b>				
<b>Fees from services</b>				
- Personal Insolvency	32,244,304	22,344,265	-	-
- Refinance	2,303,300	3,921,231	-	-
- Corporate	1,854,269	1,393,181	-	-
- Recruitment	2,911,737	2,181,313	-	-
- Other services	340,842	468,910	-	12,241
<b>Total revenue</b>	<b>39,654,452</b>	<b>30,308,900</b>	<b>-</b>	<b>12,241</b>
<b>Finance Income</b>				
- Interest income – bridging finance	2,813,254	2,675,601	-	-
- Interest income – specialty finance assets	13,799,540	3,637,764	-	-
- Upfront Fee income – bridging finance	580,379	648,445	-	-
- Upfront Fee income – specialty finance assets	1,259,055	1,038,989	-	-
- Factoring income	1,096,400	812,483	-	-
- Other interest income	614,814	784,374	9,157	21,072
	<b>20,163,442</b>	<b>9,597,656</b>	<b>9,157</b>	<b>21,072</b>
<b>Finance Expense</b>				
- Interest expense – Warehouse facilities	(8,277,149)	(3,666,474)	-	-
- Interest expense – Other lending facilities	(681,975)	(477,461)	-	-
	<b>(8,959,124)</b>	<b>(4,143,935)</b>	<b>-</b>	<b>-</b>
<b>Net Finance income</b>	<b>11,204,318</b>	<b>5,453,721</b>	<b>9,157</b>	<b>21,072</b>
<b>Other Income</b>				
Gain on disposal of portfolio assets	-	187,942	-	-
Gain on disposal of investment property	-	338,148	-	-
Gain on disposal of subsidiary	39,034	-	100,041	-
	<b>39,034</b>	<b>526,090</b>	<b>100,041</b>	<b>-</b>
<b>3 PROFIT/(LOSS) FOR THE YEAR</b>				
<b>Expenses</b>				
Expenses from continuing activities excluding finance costs, classified by function:				
Marketing expenses	5,824,243	5,618,249	-	-
Administrative expenses	9,146,148	6,094,238	208,965	260,986
Operating expenses	22,114,399	20,085,153	40,255	115
	<b>37,084,790</b>	<b>31,797,640</b>	<b>249,220</b>	<b>261,101</b>
Depreciation on plant and equipment	546,150	403,339	-	-
Depreciation on investment properties	12,236	13,613	-	-
Amortisation of software	165,873	-	-	-
Amortisation on leasehold improvements	-	9,811	-	-
	<b>724,259</b>	<b>426,763</b>	<b>-</b>	<b>-</b>
Impairment in value – trade receivables	9,668,533	5,335,879	-	-
Reversal of impairment in value – trade receivables	(2,111,487)	(1,149,662)	-	-
Net Impairment	<b>7,557,046</b>	<b>4,186,217</b>	<b>-</b>	<b>-</b>
Rental expense on operating lease				
- minimum lease payment	1,113,427	846,883	-	-
Employee benefits expenses	16,275,330	14,143,168	208,965	260,986
Legal and consultancy	380,010	818,865	-	-

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>4 INCOME TAX</b>				
<b>a. Income tax expense</b>				
Current tax expense	929,616	1,132,335	20,683	9,959
Deferred tax expense	3,088,395	330,615	-	-
(Over)/under provision in a prior period	(100,306)	70,862	(184,056)	19,188
	<u>3,917,705</u>	<u>1,533,812</u>	<u>(163,373)</u>	<u>29,147</u>
Deferred income tax expense included in income tax expense comprises:				
Increase in deferred tax assets	(509,595)	(88,554)	-	-
Increase in deferred tax liabilities	3,597,990	419,169	-	-
	<u>3,088,395</u>	<u>330,615</u>	<u>-</u>	<u>-</u>
<b>b. Numerical reconciliation of income tax expense to prima facie tax payable</b>				
Profit/(Loss) before income tax	13,939,337	4,737,736	(140,022)	(227,788)
Tax at the Australian tax rate of 30% (2008: 30%)	4,181,801	1,421,321	(42,006)	(68,337)
Tax effect of amounts which are not deductible/ (taxable) in calculating taxable income:				
Entertainment	24,399	17,432	-	-
Non-assessable income	(269,300)	-	-	-
Unrecognised tax losses	-	77,179	-	-
Other	18,422	(4,101)	-	-
Previously unrecognised tax losses utilised	-	(127,177)	-	-
Non-deductible employee costs	62,689	78,296	62,689	78,296
	<u>4,018,011</u>	<u>1,462,950</u>	<u>20,683</u>	<u>9,959</u>
(Over)/under provision in the prior year	(100,306)	70,862	(184,056)	19,188
Income tax expense/(benefit)	<u>3,917,705</u>	<u>1,533,812</u>	<u>(163,373)</u>	<u>29,147</u>
<b>c. Unused tax losses</b>				
Unused tax losses for which no deferred tax asset has been recognised	-	282,342	-	-
Potential tax benefit	-	84,703	-	-
Unused tax losses were principally incurred by entities not part of the tax consolidated group.				

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>4 INCOME TAX Continued</b>				
<b>d. Deferred tax assets</b>				
Provisions	922,943	449,332	-	-
Capital legal expenses	193,850	238,931	-	-
Accrued expenditure	144,724	41,500	-	-
Current year tax losses carried forward	323,923	640,433	-	-
Other	82,278	56,254	-	-
	<u>1,667,718</u>	<u>1,426,450</u>	<u>-</u>	<u>-</u>
Deferred tax liability offset on tax consolidation	(1,440,220)	(525,274)	-	-
Total deferred tax assets	<u>227,498</u>	<u>901,176</u>	<u>-</u>	<u>-</u>
<b>e. Deferred tax liabilities</b>				
Temporary difference on assessable income	7,031,864	3,558,567	-	-
Other	945	1,549	-	-
	<u>7,032,809</u>	<u>3,560,116</u>	<u>-</u>	<u>-</u>
Deferred tax liability offset on tax consolidation	(1,440,220)	(525,274)	-	-
Total deferred tax liabilities	<u>5,592,589</u>	<u>3,034,842</u>	<u>-</u>	<u>-</u>
<b>5 AUDITORS' REMUNERATION</b>				
Amounts received or due and receivable by PKF (East Coast Practice):				
Audit and review of financial reports	158,600	181,700	-	-
Other services - assurance	8,000	-	-	-
Other services - taxation	56,450	67,910	-	-
	<u>223,050</u>	<u>249,610</u>	<u>-</u>	<u>-</u>
<b>6 EARNINGS PER SHARE</b>				
(a) Reconciliation of earnings used to calculated basic and dilutive earnings per share				
Profit after income tax (\$)	8,837,172	2,681,116		
Basic earning per share (cents)	7.66	2.37		
Diluted earning per share (cents)	7.15	2.21		
	<b>2009</b>	<b>2008</b>		
	<b>Number</b>	<b>Number</b>		
(b) Weighted average number of ordinary shares outstanding during the year	115,437,513	113,348,988		
Dilution effect of options	170,584	-		
Dilution effect of preference shares	8,000,000	8,000,000		
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	<u>123,608,097</u>	<u>121,348,988</u>		

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>7 CASH AND CASH EQUIVALENTS</b>				
<b>Current</b>				
Cash on hand and at bank	11,648,184	7,676,105	626,350	256,456
<b>Assets financed by Non-Recourse Financial Liabilities</b>				
Cash on hand and at bank	8,043,786	11,187,707	-	-
	<u>19,691,970</u>	<u>18,863,812</u>	<u>626,350</u>	<u>256,456</u>
<b>8 TRADE AND OTHER RECEIVABLES</b>				
<b>Current</b>				
Trade receivables	30,307,368	23,452,360	-	-
Provision for impairment	(6,021,087)	(4,308,110)	-	-
	<u>24,286,281</u>	<u>19,144,250</u>	<u>-</u>	<u>-</u>
Sundry receivables	262,774	764,859	50,000	-
	<u>24,549,055</u>	<u>19,909,109</u>	<u>50,000</u>	<u>-</u>
<b>Non-current</b>				
Trade receivables	22,626,478	11,575,401	-	-
Provision for impairment	(5,136,837)	(2,509,581)	-	-
	<u>17,489,641</u>	<u>9,065,820</u>	<u>-</u>	<u>-</u>
<b>Assets financed by Non-Recourse Financial Liabilities</b>				
Other receivables	12,576	39,340	-	-
<b>9 OTHER ASSETS</b>				
<b>Current</b>				
Prepayments	593,361	383,165	-	-
Security bonds	3,512	5,053	-	-
Other	148,419	52,378	-	-
	<u>745,292</u>	<u>440,596</u>	<u>-</u>	<u>-</u>
<b>Non-current</b>				
Security bonds	-	3,900	-	-
Investments in controlled entities (Refer Note 11)	-	-	11,046,302	6,546,397
	<u>-</u>	<u>3,900</u>	<u>11,046,302</u>	<u>6,546,397</u>
<i>Movements during year (Investments)</i>				
Beginning of the year	-	-	6,546,397	6,546,397
Additions	-	-	4,500,000	-
Disposals	-	-	(95)	-
	<u>-</u>	<u>-</u>	<u>11,046,302</u>	<u>6,546,397</u>
During the year the Parent entity converted \$4,500,000 of receivables from Fox Symes Home Loans Pty Limited to equity pursuant to Fox Symes Home Loans Pty Limited's shareholders' deed.				
<b>10 SPECIALTY FINANCE ASSETS</b>				
Non-securitised mortgage assets	145,494,523	89,767,650	-	-
Provision for impairment	(175,331)	-	-	-
	<u>145,319,192</u>	<u>89,767,650</u>	<u>-</u>	<u>-</u>
<b>Maturity Analysis</b>				
Amounts to be received in less than 1 year	1,783,070	1,600,718	-	-
Amounts to be received in greater than 1 year	143,711,453	88,166,932	-	-
	<u>145,494,523</u>	<u>89,767,650</u>	<u>-</u>	<u>-</u>



# 11 CONTROLLED ENTITIES

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

(1) Investment held by FSA Australia Pty Ltd

(2) Investment held by Fox Symes & Associates Pty Ltd

(3) Investment held by FSA Group Ltd

(4) Investment held by 180 Group Holdings Pty Ltd

(5) Divested 28 February 2009

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

Name	Country of Incorporation	Percentage of equity interest held by 180 Group Pty Ltd	
		2009 %	2008 %
180 Capital Finance Pty Ltd	Australia	100	100
180 Corporate Pty Ltd	Australia	100	100
180 Property Holdings Pty Ltd	Australia	100	100
180 Equity Partners Pty Ltd	Australia	100	100
180 Capital Funding Pty Ltd	Australia	100	100
One Financial Pty Ltd (1)	Australia	100	65

(1) Minority interest acquired by the Group on 12 July 2008.

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

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

## Ultimate Parent Entity

FSA Group Ltd is the ultimate parent entity.

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>12 PLANT AND EQUIPMENT</b>				
Computer equipment at cost	1,695,455	1,586,305	-	-
Accumulated depreciation	(1,215,698)	(835,358)	-	-
Net carrying amount	<u>479,757</u>	<u>750,947</u>	<u>-</u>	<u>-</u>
Office equipment at cost	369,378	331,995	-	-
Accumulated depreciation	(250,975)	(233,636)	-	-
Net carrying amount	<u>118,403</u>	<u>98,359</u>	<u>-</u>	<u>-</u>
Leasehold improvements at cost	-	-	-	-
Accumulated amortisation	-	-	-	-
Net carrying amount	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Furniture and fittings at cost	234,866	246,795	-	-
Accumulated depreciation	(139,891)	(103,935)	-	-
Net carrying amount	<u>94,975</u>	<u>142,860</u>	<u>-</u>	<u>-</u>
Motor vehicles at cost	65,973	74,978	-	-
Accumulated depreciation	(39,800)	(37,855)	-	-
Net carrying amount	<u>26,173</u>	<u>37,123</u>	<u>-</u>	<u>-</u>
Total plant and equipment at cost	2,365,672	2,240,073	-	-
Accumulated depreciation	(1,646,364)	(1,210,784)	-	-
Net carrying amount	<u><b>719,308</b></u>	<u><b>1,029,289</b></u>	<u><b>-</b></u>	<u><b>-</b></u>

*Consolidated*

	Computer Equipment	Office Equipment	Leasehold Improvements	Furniture & Fittings	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$
<i>Movements</i>						
<b>Balance at 1 July 2007</b>	<b>340,422</b>	<b>109,321</b>	<b>32,082</b>	<b>160,459</b>	<b>59,460</b>	<b>701,744</b>
Additions	708,797	43,775	-	26,875	760	780,207
Disposals	(8,178)	(4,052)	(22,271)	(172)	(4,839)	(39,512)
Depreciation	(290,094)	(50,685)	(9,811)	(44,302)	(18,258)	(413,150)
<b>Balance at 30 June 2008/ 1 July 2008</b>	<b>750,947</b>	<b>98,359</b>	<b>-</b>	<b>142,860</b>	<b>37,123</b>	<b>1,029,289</b>
Additions	193,525	89,960	-	8,321	3,494	295,300
Disposals	(25,082)	(19,012)	-	(11,543)	(3,494)	(59,131)
Depreciation	(439,633)	(50,904)	-	(44,663)	(10,950)	(546,150)
<b>Balance at 30 June 2009</b>	<b><u>479,757</u></b>	<b><u>118,403</u></b>	<b><u>-</u></b>	<b><u>94,975</u></b>	<b><u>26,173</u></b>	<b><u>719,308</u></b>

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>13 INVESTMENT PROPERTY</b>				
Investment property				
At cost	362,339	362,339	-	-
Accumulated depreciation	(40,653)	(28,417)	-	-
	<u>321,686</u>	<u>333,922</u>	<u>-</u>	<u>-</u>
<i>Movements during year:</i>				
Beginning of the year	333,922	1,359,387	-	-
Additions	-	-	-	-
Disposals	-	(1,011,852)	-	-
Depreciation	(12,236)	(13,613)	-	-
	<u>321,686</u>	<u>333,922</u>	<u>-</u>	<u>-</u>
<b>14 INTANGIBLE ASSETS</b>				
Goodwill	3,841,448	3,830,835	-	-
Software at cost	429,373	-	-	-
Accumulated amortisation	(165,873)	-	-	-
	<u>263,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>4,104,948</u>	<u>3,830,835</u>	<u>-</u>	<u>-</u>
<i>Movements during year (Goodwill):</i>				
Beginning of the year	3,830,835	3,830,835	-	-
Additions	10,613	-	-	-
Disposals	-	-	-	-
Impairment	-	-	-	-
	<u>3,841,448</u>	<u>3,830,835</u>	<u>-</u>	<u>-</u>
<i>Movements during year (Software):</i>				
Beginning of the year	-	-	-	-
Additions	429,373	-	-	-
Disposals	-	-	-	-
Amortisation	(165,873)	-	-	-
	<u>263,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>15 TRADE AND OTHER PAYABLES</b>				
<b>Current</b>				
<i>Unsecured</i>				
Trade payables	829,759	937,990	-	-
Factoring client payables	3,267,916	1,915,261	-	-
Institutional creditors	5,993,872	3,948,329	-	-
Sundry payables and accruals	4,054,400	2,827,013	-	-
Intercompany loan – controlled entities	-	-	4,650,668	509,998
Notes payable – non-interest bearing	-	95,000	-	95,000
	<u>14,145,947</u>	<u>9,723,593</u>	<u>4,650,668</u>	<u>604,998</u>

**16 BORROWINGS**

	<b>Consolidated Entity</b>		<b>Parent Entity</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Current</b>				
<i>Unsecured</i>				
Interest bearing notes	-	570,682	-	-
Other loans	209,613	200,045	-	-
	<u>209,613</u>	<u>770,727</u>	<u>-</u>	<u>-</u>
<i>Secured</i>				
Hire Purchase Liability	8,160	15,571	-	-
	<u>217,773</u>	<u>786,298</u>	<u>-</u>	<u>-</u>
<b>Non-current</b>				
<i>Secured</i>				
Hire purchase liability	19,217	27,877	-	-
Mortgage	272,000	272,000	-	-
Bank loans – Other lending facilities	11,287,784	6,652,902	-	-
	<u>11,579,001</u>	<u>6,952,779</u>	<u>-</u>	<u>-</u>
<b>Non-Recourse Financial Liabilities</b>				
<i>Secured</i>				
Warehouse facilities	<u>148,580,187</u>	<u>99,886,840</u>	<u>-</u>	<u>-</u>

**17 PROVISIONS**

<i>Current</i>				
Provision for Institutional Creditor Payments	-	1,413,615	-	-
Employee benefits	477,399	475,535	-	-
	<u>477,399</u>	<u>1,889,150</u>	<u>-</u>	<u>-</u>
<i>Non Current</i>				
Employee benefits	<u>158,819</u>	<u>71,959</u>	<u>-</u>	<u>-</u>
<b>Analysis of provisions</b>				
<u>Institutional Creditor Payments</u>				
Balance at 1 July 2008	1,413,615	882,596	-	-
Additional provisions	-	1,413,615	-	-
Creditor payments reversal	(1,413,615)	(882,596)	-	-
Balance at 30 June 2009	<u>-</u>	<u>1,413,615</u>	<u>-</u>	<u>-</u>

Provision for employee benefits

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

As at 30 June 2009, the Consolidated Entity employed 144 full-time equivalent employees (2008: 150) plus a further 4 independent contractors (2008: 13).

	Consolidated Entity		Parent Entity	
	2009 \$	2008 \$	2009 \$	2008 \$
<b>18 SHARE CAPITAL</b>				
115,437,513 (2008: 115,437,513) fully paid Ordinary Shares	5,898,848	5,898,848	5,898,848	5,898,848
16 (2008: 16) Convertible Redeemable Preference Shares (CRPS)	<u>1,238,624</u>	<u>**1,238,624</u>	<u>1,238,624</u>	<u>**1,238,624</u>
	<u>7,137,472</u>	<u>7,137,472</u>	<u>7,137,472</u>	<u>7,137,472</u>

**(a) Ordinary shares**

	2009 Number	2008 Number	2009 Number	2008 Number
Balance 1 July	115,437,513	106,837,513	115,437,513	106,837,513
- 12 July 2007	-	400,000	-	400,000
- 7 August 2007	-	200,000	-	200,000
- 2 October 2007	-	8,000,000	-	8,000,000
Balance 30 June	<u>115,437,513</u>	<u>115,437,513</u>	<u>115,437,513</u>	<u>115,437,513</u>

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

**2008**

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

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

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

**2009**

Nil

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

**(b) Convertible Redeemable Preference Shares (CRPS)**

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

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

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

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

**(c) Options**

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

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

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

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

## 19 RESERVES

### Option Reserve

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

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>20 CASH FLOW INFORMATION</b>				
<b>Reconciliation of cash flows from operations to Profit after tax</b>				
Profit/(loss) after tax	10,021,632	3,203,924	23,351	(256,935)
Non-cash flows in profit/(loss):				
Depreciation	558,386	426,763	-	-
Amortisation - Intangibles	165,873	-	-	-
Gain on sale of investment property	-	(338,148)	-	-
Gain on sale of Subsidiaries	(50,000)	-	-	-
Loss/ (Gain) on disposal of plant & equipment	59,131	39,512	-	-
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables	(13,028,192)	(6,097,738)	-	-
(Increase)/decrease in other non-current assets	3,901	590,816	-	-
(Increase)/decrease in other current assets	(304,696)	(288,793)	-	-
(Decrease)/increase in trade and other payables	2,509,933	3,053,187	-	(12,241)
(Decrease)/increase in employee entitlements	88,724	131,062	-	-
(Decrease)/increase in other liabilities	2,859,206	(486,144)	242,069	(1,309,227)
<b>Cash flow from operating activities</b>	<b>2,883,898</b>	<b>234,441</b>	<b>265,420</b>	<b>(1,578,403)</b>

## 21 COMMITMENTS

### (i) Operating leases (non-cancellable):

Minimum lease payments				
– not later than one year	1,211,431	1,153,378	-	-
– later than one year and not later than five years	-	1,211,431	-	-
	<u>1,211,431</u>	<u>2,364,809</u>	<u>-</u>	<u>-</u>

### (ii) Hire purchase liability:

– not later than one year	9,928	18,077	-	-
– later than one year and not later than five years	19,664	30,517	-	-
– later than five years	-	-	-	-
Total minimum hire purchase payments	<u>29,592</u>	<u>48,594</u>	<u>-</u>	<u>-</u>
– future finance charges	<u>(2,215)</u>	<u>(5,146)</u>	<u>-</u>	<u>-</u>
– hire purchase liability	<u>27,377</u>	<u>43,448</u>	<u>-</u>	<u>-</u>
– current liability (note 16)	8,160	15,571	-	-
– non-current liability (note 16)	19,217	27,877	-	-
	<u>27,377</u>	<u>43,448</u>	<u>-</u>	<u>-</u>

**22      EVENTS OCCURRING AFTER BALANCE DATE**

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

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## 23 SEGMENT INFORMATION

### Operating Segments

	Services		Home Loan Lending		Business Services and Lending		Other/Unallocated		Consolidated Total	
	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$
<b>Revenue and Income</b>										
External sales	34,547,604	26,296,944	-	50,176	1,854,269	1,393,181	3,252,579	2,568,599	39,654,452	30,308,900
Finance income	215,320	385,679	15,416,147	5,048,877	4,518,623	4,136,529	13,352	26,571	20,163,442	9,597,656
Finance expense	(2,412)	(31,406)	(8,212,462)	(3,564,656)	(681,975)	(477,461)	(62,275)	(70,412)	(8,959,124)	(4,143,935)
<b>Net Finance Income</b>	<b>212,908</b>	<b>354,273</b>	<b>7,203,685</b>	<b>1,484,221</b>	<b>3,836,648</b>	<b>3,659,068</b>	<b>(48,923)</b>	<b>(43,841)</b>	<b>11,204,318</b>	<b>5,453,721</b>
Other Income	-	-	-	-	-	-	39,034	526,090	39,034	526,090
Internal sales and income	1,761,311	1,261,316	361,723	594,796	-	-	174,801	312,072	2,297,835	2,168,184
Eliminations									(2,297,835)	(2,168,184)
<b>Total Revenue and Income</b>	<b>36,521,823</b>	<b>27,912,533</b>	<b>7,565,408</b>	<b>2,129,193</b>	<b>5,690,917</b>	<b>5,052,249</b>	<b>3,417,491</b>	<b>3,362,920</b>	<b>50,897,804</b>	<b>36,288,711</b>
<b>Results</b>										
Segment profit before tax	10,272,597	5,173,221	3,070,485	(1,773,301)	544,214	725,939	52,041	611,877	13,939,337	4,737,736
Income tax (expense)/benefit	(3,204,115)	(1,536,268)	(648,885)	481,597	(166,285)	(215,433)	101,580	(263,708)	(3,917,705)	(1,533,812)
<b>Profit for the year</b>	<b>7,068,482</b>	<b>3,636,953</b>	<b>2,421,600</b>	<b>(1,291,704)</b>	<b>377,929</b>	<b>510,506</b>	<b>153,621</b>	<b>348,169</b>	<b>10,021,632</b>	<b>3,203,924</b>
<b>Items included in Profit for the year</b>										
Share of the profits of an associate using the Equity Accounting Method	-	-	-	-	-	-	126,323	246,665	126,323	246,665
Impairment in value – trade receivables	7,528,655	4,010,921	182,086	-	1,922,531	1,229,928	35,261	95,030	9,668,533	5,335,879
Reversal of impairment in value – trade receivables	(2,111,487)	(1,149,662)	-	-	-	-	-	-	(2,111,487)	(1,149,662)
Rental expense on operating lease – minimum lease payment	1,112,977	822,018	-	-	-	-	450	24,865	1,113,427	846,883
<b>Segment assets</b>	<b>55,469,009</b>	<b>36,917,771</b>	<b>154,169,189</b>	<b>103,561,905</b>	<b>19,866,781</b>	<b>14,530,023</b>	<b>16,398,165</b>	<b>8,426,345</b>	<b>245,903,144</b>	<b>163,436,044</b>
Eliminations									(32,719,135)	(18,527,731)
<b>Total assets</b>									<b>213,184,009</b>	<b>144,908,312</b>
<b>included in Segment assets</b>										
Investment in associate	-	-	-	-	-	-	2,843	62,114	2,843	62,114
<b>Segment liabilities</b>	<b>29,208,386</b>	<b>20,724,410</b>	<b>150,547,925</b>	<b>106,226,647</b>	<b>17,370,172</b>	<b>12,602,166</b>	<b>5,235,455</b>	<b>1,487,284</b>	<b>202,361,938</b>	<b>141,040,507</b>
Eliminations									(21,246,395)	(18,695,046)
<b>Total liabilities</b>									<b>181,115,543</b>	<b>122,345,461</b>



## 23 SEGMENT INFORMATION Continued

### Information about operating segments

#### Identification of reportable segments

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

The three identified reportable segments are:

Services;  
Home Loan Lending; and  
Business Services and Lending.

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

Home Loan Lending includes the provision of mortgage finance.

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

#### Measurement

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

## 24 INVESTMENTS IN ASSOCIATES

### Equity accounted investments in associates

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Purchase consideration	7,963	7,963	-	-
Inter-entity loan	(397,697)	(250,000)	-	-
Share of associates retained earnings	392,577	304,151	-	-
	<u>2,843</u>	<u>62,114</u>	<u>-</u>	<u>-</u>

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

Information about the Associate is as follows:

Consolidated entity's share of:

	2009	2008
	\$	\$
Profit before tax	126,323	246,665
Income tax expense	<u>(37,897)</u>	<u>(74,000)</u>
Profit for the year	<u>88,426</u>	<u>172,665</u>
Assets	103,080	166,602
Liabilities	<u>9,886</u>	<u>161,834</u>
Net assets	<u>93,194</u>	<u>4,768</u>

**25 CONTINGENT LIABILITIES**

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

**2009**

***Mortgage loans***

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

**2008**

***Mortgage loans***

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