



FSA GROUP LIMITED

9 OCTOBER 2006

180 GROUP EXCEEDS FIRST PROFIT TARGET

The directors of FSA Group Limited ("FSA Group") are pleased to announce that 180 Group have exceeded the first (2006) profit target, resulting in 8,000,000 ordinary shares being issued to the vendor (by converting eight convertible redeemable preference shares).

180 Group Holdings Acquisition Summary

On 21 April 2006 FSA Group acquired all of the issued share capital in 180 Group Holdings, and therefore indirectly the 70% interest in 180 Group Pty Limited, which in turn is the parent company for a number of 180 Group subsidiary entities. The purchase consideration payable by FSA Group to the Vendor was:

- the issue of eight million (8,000,000) ordinary FSA Group shares; and
- the issue of thirty two (32) performance based convertible redeemable preference shares ("CRPS") on certain terms, most importantly being the achievement of defined annual profit targets.

The annual profit targets were defined as follows:

	Financial Year 2006	Financial Year 2007	Financial Year 2008	Financial Year 2009	Total
Number of CRPS that convert	8	8	8	8	32
Consolidated Profit Before Tax	\$714,285	\$1,071,429	\$1,642,857	\$2,071,429	\$5,500,000

*Full details (including the terms and conditions) of the transaction, including the terms of the CRPS and the conditions required to convert the CRPS, were set out in Notice of Meeting (and Explanatory Memorandum) dated 15 March 2006 sent to shareholders.

The actual Consolidated Profit Before Tax for the Financial Year 2006 was \$1,156,760, resulting in a Profit After Tax of \$806,557 from Revenues of \$5.2 million.

It should be noted that, as FSA Group acquired 180 Group on 21 April 2006, only a small portion of this profit was attributed to the 2006 FSA Group result.

180 Group Business

180 Group Holdings owns 70% of the issued capital in 180 Group Pty Limited. 180 Group Pty Limited in turn owns interests in the following operating subsidiaries:

- 100% of the issued capital in 180 Capital Finance Pty Limited
- 100% of the issued capital in 180 Corporate Pty Limited
- 100% of the issued capital in 180 Property Holdings Pty Limited
- 100% of the issued capital in 180 Capital Funding Pty Limited
- 100% of the issued capital in 180 Equity Partners Pty Limited
- 65% of the issued capital in One Financial Corporation Pty Limited
(the **180 Group**).

The 180 Group commenced business in July 2003 and specialises in the provision of turnaround solutions for directors of companies which are experiencing financial difficulty.

It aims to provide solutions to resolve these financial difficulties by aiming to prevent the client company from entering into external administration. If external administration is unavoidable then 180 Group will assist the directors to deal effectively with the consequences of administration.

The primary target company assisted has a turnover averaging approximately \$1 million and rarely exceeding \$3 million. Unlike administrators or liquidators, the 180 Group assists the directors of the client company.

180 Group provides the following corporate turnaround solutions:

- Assisting companies in dealing with legal claims, including winding up applications, court proceedings, Australian Taxation Office actions;
- Assisting directors negotiate informally with creditors and debtors;
- Preparing plans and strategies to assist companies with the possibility or actuality of external administration;
- Assisting directors during the voluntary administration, including:
 - developing a detailed business plan and financial model;
 - structuring a deed of company arrangement (when appropriate); and
 - securing the commitment of key creditors.
- Securing suitable credit and finance facilities to promote successful trade both during and post administration;
- Exploring the possibility of a third party acquiring the business and/or business assets;
- Assisting directors with issues relating to:
 - personal guarantees;
 - insolvent trading claims;
 - Australian Taxation Office director's penalty notices; and
 - other director liability issues.

Additionally, 180 Group provides short term bridging finance, factoring finance and other business cash flow solutions.

Summary

The acquisition of the 180 Group will provide FSA Group shareholders with exposure to a rapidly expanding business focussed on the provision of services to corporate entities. The directors of FSA Group consider there to be significant opportunities for growth and strong profitability in this sector and that this acquisition will provide significant medium to long term value for the current shareholders of FSA Group.

Section 708A(5)(e) notice

Notice is hereby given by the Company under section 708A(5)(e) of the Corporations Act in relation to an issue of 8 million fully paid Ordinary Shares by the Company without disclosure to investors under Part 6D.2 of the Corporations Act.

The 8,000,000 Ordinary Shares have been issued pursuant to the Share Purchase Agreement (as varied) (Agreement) signed on 27 October 2005 and the subsequent acquisition of all of the issued share capital in 180 Group Holdings which was subsequently approved at the Extraordinary General Meeting held on 21 April 2006.

Having exceeded the Financial Year 2006 target eight CRPS convert and as a consequence of such conversion, the Company is obliged to issue 8,000,000 Ordinary Shares in accordance with the terms of the Agreement

As at the date of this notice, the Company notifies the ASX that:

- (a) it has complied with the provisions of Chapter 2M of the Corporations Act as they apply to the Company;
- (b) it has complied with section 674 of the Corporations Act; and
- (c) there is no information which is excluded information as contained in sections 708A(7) and 708A(8) of the Corporations Act.

For and on behalf of the Board
Duncan Cornish
Company Secretary