Appendix 4E

Preliminary Final Report to the Australian Stock Exchange

Name of Entity	**FSA Group Ltd**
ABN	98 093 855 791
Financial Year Ended	30 June 2008
Previous Corresponding Reporting Period	30 June 2007

Results for Announcement to the Market

	$	**Percentage increase /(decrease) over previous corresponding period**
Revenue from ordinary activities	40,150,594	18.4%
Profit / (loss) from ordinary activities after tax attributable to members	2,681,116	(58.8)%
Net profit / (loss) for the period attributable to members	2,681,116	(58.8)%

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	16.2 cents	14.1 cents

Commentary on the Results for the Period

Refer to the accompanying Review of Operations and Financial Statements.

Audit/Review Status

This report is based on accounts to which one of the following applies: (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	**X**	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
29 August 2008

FSA GROUP LTD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

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 12, 300 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

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 and direct lending services to individuals and businesses. This now includes the new division of residential mortgage lending.

OPERATING RESULTS

FSA Group's profit after tax attributable to members of the company for the year ended 30 June 2008 was $2.68m. Profit before tax compared with the previous financial year was down some $4.0m to $4.4m due to specific events which impacted on profit and are discussed below.

The key measures for FY2008 compared to the previous corresponding period are as follows:

- Revenue of $40.15m up 18.4%
- Profit Before Tax (and before minority interests) of $4.74m down 51.1%
- Profit After Tax (attributable to members of the company) of $2.68m down 58.8%
- Net Assets of $22.6m up 19.3%
- Net Tangible Asset Backing per Share of 16.2c up 14.9%
- Basic Earnings per Share of 2.37c down 62.1%

The Directors have decided to retain otherwise distributable earnings for re-investment in FSA Group's direct lending services to allow for further growth and therefore have not recommended a dividend.

SIGNIFICANT MILESTONES

- The second half of the year delivered strong trading performance from all divisions.
- The debt agreement division's market share grew from 47% to 51%.
- The transition to direct lender is complete and all lending divisions are profitable.
- Westpac renewed the $210m mortgage facility for a further term. This loan pool exceeds $100m.
- Westpac approved a $10m bridging and factoring finance facility. This loan pool exceeds $11m.
- Overall demand for services has grown across all divisions.

EVENTS IMPACTING ON PROFIT FY2008

As noted above profit before tax for FY2008 was affected by some $4.0m to $4.4m due to the following:

- **Establishment of the residential mortgage lending division**
  As predicted the cost of establishing the residential mortgage lending division lead to a pre tax operating loss of $1.8m for FY2008. This division is now profitable.

- **Effective changes to the debt agreement division**
  During the first half of FY2008 this division underwent major reforms which included substantial changes to processes and the IT platform. These reforms, due in part to new legislation, are now complete and the cost affected profit before tax by some $1.2m to $1.6m.

- **Discounting of non current receivables**
  FSA Group now receipts its debt agreement administration fee in parity with creditors. The effect of discounting these non current receivables resulted in a reduction in profit before tax for FY2008 of around $1.0m. This discounted amount is progressively added back to revenue as effective interest income over the next 3 years.

REVIEW OF OPERATIONS

Key innovation - Establishment of the lending platform

At the start of FY2008, FSA Group commenced the process of transitioning the business from a "fee for service" model to a "*fee for service and direct lending*" model. Direct lending for which FSA Group acts as principal lender rather than broker includes mortgage finance, bridging finance and factoring finance.

Direct lending will be the platform for future growth and will allow FSA Group to:

- assist more clients;
- diversify and increase income; and
- capture greater margin and create longer term annuity income streams.

As predicted, the transition to direct lending had a ***once off*** downward impact on profitability during FY2008. This was because the shift from broker to lender caused a shift in revenue from an upfront revenue model to a deferred revenue model. Previously as a broker, FSA Group was paid an upfront commission by third party lenders for mortgage, bridging and factoring finance referrals. Whereas now as principal lender it does not receive third party upfront commissions.

All lending divisions are now profitable.

<u>Mortgage Finance</u>

In July 2007, FSA Group launched its residential mortgage lending business with Westpac committing **non-recourse** funding of $210m for an initial term of 364 days. Following the recent annual review by Westpac, this facility was renewed for a further term of 364 days.

At the end of July 2008 the mortgage loan pool exceeded $100m.

The key strengths of FSA Group's residential mortgage lending business include:

- Low "loan to valuation ratios" (weighted average <65%)
- Low average loan size (<$200,000)
- High concentration of income certified ("Full Doc") borrowers (>85%)
- Broad geographical spread around Australia

This means that the mortgage loan pool is of a high quality which, in turn, means only low levels of credit support will be required.

FSA Group continues to act as a mortgage broker to third party lenders for approximately 50% of loan applications – broking remains a key component of the Group's revenue.

<u>Bridging and Factoring Finance</u>

The provision of finance plays an important role in the debt solutions provided to small businesses. There are a range of finance solutions for which FSA Group acts as a broker on behalf of its clients. These include bridging finance, factoring finance, plant and equipment finance, mortgage finance and inventory finance.

FSA Group also acts as principal lender for bridging and factoring finance utilising the $10m facility approved by Westpac in November 2007. At the end of June 2008 the loan pool for bridging and factoring finance exceeded $11m.

FSA Group is planning to secure an additional wholesale line of credit to further support the growth of factoring finance.

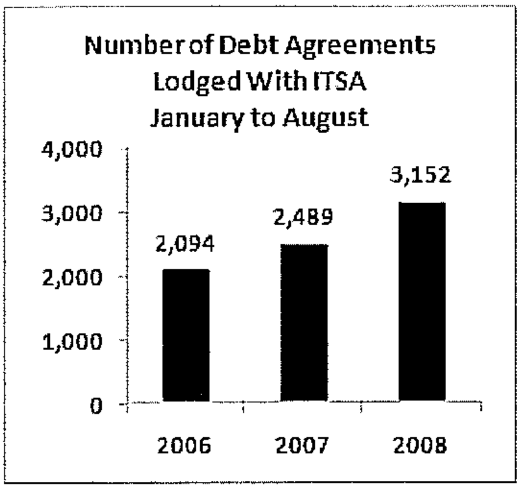
Debt Agreement Division

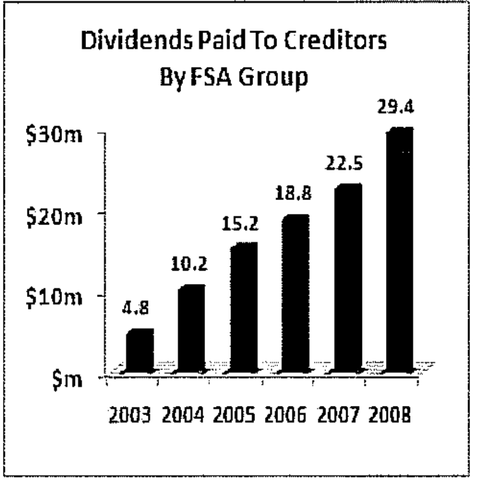
On 1 July 2007 the Federal Government reforms to the *Bankruptcy Act* took effect. The reforms introduced major changes to the administration of debt agreements. To accommodate the reforms we invested significantly in re-training our staff and improving our delivery platforms during financial year 2008. These changes which were significant meant that during the transition period fewer clients were assisted. This transition is now complete.

The debt agreement division has performed strongly during the period January to August 2008. During this period it assisted a record number of clients. This growth is likely to continue given the current economic conditions.

FSA Group's market share for debt agreements grew over FY2008. It now has a 51% share of the market compared with a 47% share for the same period in the previous year.

The commitment of debtors to debt agreements and the benefit gained from them by creditors is evident from the dividend distribution. $29.4m of dividends were paid by FSA Group to creditors in FY2008. This is an increase of 31% compared to the previous financial year.





Conclusion

Demand across all divisions has grown incrementally 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 services. This is likely to continue throughout FY2009.

Income Statements for the year ended 30 June 2008

	Note	Consolidated Entity		Parent Entity	
		2008 $	2007 $	2008 $	2007 $
REVENUE	2	**40,150,594**	**33,916,371**	**33,313**	**133,955**
Gain on disposal of Portfolio Assets		187,942	-	-	-
Gain on disposal of Investment Property		338,148	-	-	-
SHARE OF PROFITS OF AN ASSOCIATE USING THE EQUITY ACCOUNTING METHOD	23	246,665	187,836	-	-
EXPENSES FROM ORDINARY ACTIVITIES (excluding finance costs)	3	(32,041,678)	(24,147,626)	(261,102)	(102,790)
FINANCE COSTS	3	(4,143,935)	(260,675)	-	-
PROFIT/(LOSS) BEFORE INCOME TAX		**4,737,736**	**9,695,906**	**(227,789)**	**31,165**
INCOME TAX (EXPENSE)/BENEFIT	4	(1,533,812)	(2,874,320)	(29,147)	87,539
PROFIT/(LOSS) FOR THE YEAR		**3,203,924**	**6,821,586**	**(256,936)**	**118,704**
PROFIT ATTRIBUTABLE TO MINORITY EQUITY INTEREST		522,808	301,896	-	-
PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		2,681,116	6,519,690	(256,936)	118,704
Earnings per share					
Basic earnings per share (cents per share)	6	2.37	6.24		
Diluted earnings per share (cents per share)	6	2.21	5.76		

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

Balance Sheets as at 30 June 2008

	Note	Consolidated Entity 2008 $	Consolidated Entity 2007 Restated $	Parent Entity 2008 $	Parent Entity 2007 Restated $
CURRENT ASSETS					
Cash and cash equivalents	7	7,676,105	6,670,521	256,456	2,253,102
Trade and other receivables	8	21,000,135	14,105,368	-	-
Current tax assets		660,749	-	421,952	-
Other assets	9	440,596	151,802	-	-
Total Current Assets		29,777,585	20,927,691	678,408	2,253,102
NON-CURRENT ASSETS					
Trade and other receivables	8	7,974,794	4,255,545	-	-
Investment in associate	23	62,114	139,449	-	-
Plant and equipment	12	1,029,289	701,744	-	-
Investment property	13	333,922	1,359,387	-	-
Other assets	9	3,900	594,716	6,546,397	6,546,397
Deferred tax assets	4d	901,176	812,622	-	-
Intangible assets	14	3,830,835	3,830,835	-	-
Total Non-Current Assets		14,136,030	11,694,298	6,546,397	6,546,397
ASSETS FINANCED BY NON-RECOURSE FINANCIAL LIABILITIES					
Cash and cash equivalents	7	11,187,707	1,750,365	-	-
Trade and other receivables	8	39,340	185,412	-	-
Specialty finance assets	10	89,767,650	565,000	-	-
Total Assets financed by Non-Recourse Financial Liabilities		100,994,697	2,500,777	-	-
TOTAL ASSETS		**144,908,312**	**35,122,766**	**7,224,805**	**8,799,499**
CURRENT LIABILITIES					
Trade and other payables	15	9,723,593	7,098,919	604,998	1,888,664
Current tax liabilities		-	929,350	-	489,079
Borrowings	16	786,298	698,218	-	-
Provisions	17	1,889,150	1,259,810	-	-
Total Current Liabilities		12,399,041	9,986,297	604,998	2,377,743
NON-CURRENT LIABILITIES					
Borrowings	16	6,952,779	1,099,542	-	-
Provisions	17	71,959	39,218	-	-
Deferred tax liabilities	4e	3,034,842	2,615,673	-	-
Total Non-Current Liabilities		10,059,580	3,754,433	-	-
NON-RECOURSE FINANCIAL LIABILITIES					
Borrowings	16	99,886,840	2,478,095	-	-
Total Non-Recourse Financial Liabilities		99,886,840	2,478,095	-	-
TOTAL LIABILITIES		**122,345,461**	**16,218,825**	**604,998**	**2,377,743**
NET ASSETS		**22,562,851**	**18,903,941**	**6,619,807**	**6,421,756**

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

Balance Sheets as at 30 June 2008 *Continued*

	Note	Consolidated Entity 2008 $	Consolidated Entity 2007 Restated $	Parent Entity 2008 $	Parent Entity 2007 Restated $
EQUITY					
Share capital	18	7,137,472	6,943,472	7,137,472	6,943,472
Reserves	19	402,605	141,619	402,605	141,619
Retained earnings/(Accumulated losses)		13,931,661	11,250,545	(920,270)	(663,335)
Minority equity interest		1,091,113	568,305	-	-
TOTAL EQUITY		**22,562,851**	**18,903,941**	**6,619,807**	**6,421,756**

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 2008

Consolidated Entity

	Share Capital	Retained Earnings/ (Accumulated Losses)	Reserves	Minority Interest	Total
	$	$	$	$	$
Balance at 1 July 2006	**6,891,022**	**4,730,855**	**38,848**	**266,409**	**11,927,134**
Profit for the year attributable to members of the parent	-	6,519,690	-	-	6,519,690
Profit for the year attributable to minority shareholders	-	-	-	301,896	301,896
Issue of options (remuneration)	-	-	102,771	-	102,771
Options exercised into ordinary shares	60,000	-	-	-	60,000
Issue costs	(7,550)	-	-	-	(7,550)
Balance at 30 June 2007/1 July 2007	**6,943,472**	**11,250,545**	**141,619**	**568,305**	**18,903,941**
Profit for the year attributable to members of the parent	-	2,681,116	-	-	2,681,116
Profit for the year attributable to minority shareholders	-	-	-	522,808	522,808
Issue of options (remuneration)	154,000	-	-	-	154,000
Options exercised into ordinary shares	40,000	-	-	-	40,000
Share based payment expense	-	-	260,986	-	260,986
Balance at 30 June 2008	**7,137,472**	**13,931,661**	**402,605**	**1,091,113**	**22,562,851**

Parent Entity

	Share Capital	Retained Earnings/ (Accumulated Losses)	Reserves	Minority Interest	Total
	$	$	$	$	$
Balance at 1 July 2006	**6,891,022**	**(782,039)**	**38,848**	**-**	**6,147,831**
Profit for the year attributable to members of the parent	-	118,704	-	-	118,704
Issue of options (remuneration)	-	-	102,771	-	102,771
Options exercised into ordinary shares	60,000	-	-	-	60,000
Issue costs	(7,550)	-	-	-	(7,550)
Balance at 30 June 2007/1 July 2007	**6,943,472**	**(663,335)**	**141,619**	**-**	**6,421,756**
Profit for the year attributable to members of the parent	-	(256,935)	-	-	(256,935)
Issue of options (remuneration)	154,000	-	-	-	154,000
Options exercised into ordinary shares	40,000	-	-	-	40,000
Share based payment expense	-	-	260,986	-	260,986
Balance at 30 June 2008	**7,137,472**	**(920,270)**	**402,605**	**-**	**6,619,807**

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 2008

	Note	Consolidated Entity 2008 $ Inflows/ (Outflows)	Consolidated Entity 2007 Restated $ Inflows/ (Outflows)	Parent Entity 2008 $ Inflows/ (Outflows)	Parent Entity 2007 $ Inflows/ (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from debtors and customers		61,689,080	53,867,455	-	-
Interest received from operations		5,143,834	2,204,960	-	-
Payments to institutional creditors, suppliers and employees		(60,961,113)	(50,971,320)	-	-
Income tax paid		(2,706,312)	(2,467,910)	(1,599,475)	(1,328,277)
Other Interest received		784,373	440,193	21,072	133,955
Interest and other costs of finance paid		(3,620,421)	(260,675)	-	-
Net cash inflow/(outflow) from operating activities	20	**329,441**	**2,812,703**	**(1,578,403)**	**(1,194,322)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment		(780,206)	(404,781)	-	-
Acquisition of Investment property		-	(1,039,878)	-	-
Acquisition of Investment in associate		-	(7,963)	-	-
Proceeds from disposal of Investment Property		1,350,000	-	-	-
Increase in Specialty finance assets		(88,696,293)	(565,000)	-	-
Increase in Bridging finance assets		(1,811,280)	(1,766,606)	-	-
Increase in Factoring finance assets		(3,065,284)	(1,575,821)	-	-
Net cash inflow/(outflow) from investing activities		**(93,003,063)**	**(5,360,049)**	-	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from / (repayment of) borrowings		103,126,548	3,331,386	(553,243)	986,736
Proceeds from share issues		40,000	52,450	40,000	52,450
Unsecured Notes repaid		(50,000)	(370,000)	95,000	(95,000)
Net cash inflow/(outflow) from financing activities		**103,116,548**	**3,013,836**	**(418,243)**	**944,186**
Net increase/(decrease) in cash held		**10,442,926**	**466,490**	**(1,996,646)**	**(250,136)**
Cash at the beginning of the financial year		8,420,886	7,954,396	2,253,102	2,503,238
Cash at the end of the financial year	7	**18,863,812**	**8,420,886**	**256,456**	**2,253,102**

Reclassification of the Cashflow Statements

The Consolidated entity has previously classified cash flows of it's loan receivables from lending operations as "Cash flows from operating activities" as these were largely funded from internal cash reserves. During the 2008 financial year the Consolidated entity obtained a $10m funding line to finance the growth in it's bridging finance and factoring finance loan portfolio and has classified these cashflows as "Cash flows from investing activities". Accordingly the presentation of the Cash Flow Statements for the 2007 financial year have been restated for comparability.

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 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 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 subsidiaries. FSA Group Ltd is a listed public company, incorporated and domiciled in Australia.

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.

Reclassification of the Balance Sheet

AASB 101 "Presentation of Financial Statements" allows an entity to present some of its assets and liabilities using a current/non-current classification and others in order of liquidity when this provides information that is reliable and more relevant. FSA Group Ltd has amended the presentation of its consolidated Balance Sheet and adopted this mixed basis of presentation as the non-current/current allocation is the more relevant presentation for the Group generally, whilst the assets and liabilities of the Group's special purpose entity, Fox Symes Warehouse Trust #1, which creates Residential Mortgage Backed Securities are more relevantly presented on the liquidity basis.

The effect of this reclassification on 30 June 2007 Balance Sheet is as follows:

	CONSOLIDATED		
	Previously reported As at 30 June 2007 $	Reclassification $	Restated As at 30 June 2007 $
CURRENT ASSETS			
Cash and cash equivalents	8,420,886	(1,750,365)	6,670,521
Trade and other receivables	14,295,004	(189,636)	14,105,368
Other	151,802	-	151,802
TOTAL CURRENT ASSETS	22,867,692	(1,940,001)	20,927,691
NON-CURRENT ASSETS			
Trade and other receivables	4,816,321	(560,776)	4,255,545
Investment in associate	139,449	-	139,449
Plant and equipment	701,744	-	701,744
Investment properties	1,359,387	-	1,359,387
Other financial assets	594,716	-	594,716
Deferred tax assets	812,622	-	812,622
Intangible assets	3,830,835	-	3,830,835
TOTAL NON-CURRENT ASSETS	12,255,074	(560,776)	11,694,298

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Continued

Reclassification of the Balance Sheet *Continued*

	CONSOLIDATED		
	Previously reported As at 30 June 2007 $	Reclassification $	Restated As at 30 June 2007 $
ASSETS FINANCED BY NON-RECOURSE FINANCIAL LIABILITIES			
Cash and cash equivalents	-	1,750,365	1,750,365
Trade and other receivables	-	185,412	185,412
Specialty Finance Assets	-	565,000	565,000
TOTAL ASSETS FINANCED BY NON-RECOURSE FINANCIAL LIABILITIES	-	2,500,777	2,500,777
TOTAL ASSETS	35,122,766		35,122,766
CURRENT LIABILITIES			
Trade and other payables	7,098,919	-	7,098,919
Current tax liabilities	929,350	-	929,350
Borrowings	3,176,313	(2,478,095)	698,218
Provisions	1,259,810	-	1,259,810
TOTAL CURRENT LIABILITIES	12,464,392	(2,478,095)	9,986,297
NON-CURRENT LIABILITIES			
Borrowings	1,099,542	-	1,099,542
Provisions	39,218	-	39,218
Deferred tax liabilities	2,615,673	-	2,615,673
TOTAL NON-CURRENT LIABILITIES	3,754,433	-	3,754,433
NON-RECOURSE FINANCIAL LIABILITIES			
Borrowings	-	2,478,095	2,478,095
TOTAL NON-RECOURSE FINANCIAL LIABILITIES	-	2,478,095	2,478,095
TOTAL LIABILITIES	16,218,825	-	16,218,825
NET ASSETS	18,903,941	-	18,903,941
EQUITY			
Share Capital	6,943,472	-	6,943,472
Reserves	141,619	-	141,619
Retained earnings	11,250,545	-	11,250,545
Minority equity interest	568,305	-	568,305
TOTAL EQUITY	18,903,941	-	18,903,941

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 consistencies 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Continued

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

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

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

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Continued

(c) Financial Instruments *Continued*

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 changed therein are recognised in profit or loss.

Other

Other non-derivative financial instruments are measured amortised cost using the effective interest method, less any impairments losses.

(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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Continued

(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 fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the Group, 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 as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Contingent lease payments are accounted for by revising the lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(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 entity 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Continued

(h) Employee benefits *Continued*

Equity settled compensation Continued

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.

(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 is placed.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Continued

Interest

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

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.

All revenue is stated net of the amount of goods and services tax (GST).

(k) Goods & Services Tax

Revenues, 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 an item 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.

(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. 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 an entity include the carrying amount of goodwill relating to the entity sold.

(o) Trade and other payables

Liabilities for trade creditors 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.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(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 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Continued

q) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumption 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 with 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 ITSA.

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Continued

(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) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2008 reporting period. The Consolidated Entity and the Parent Entity's assessment of the impact of these new standards and interpretations is set out below.

(i) 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 Group currently does not incur borrowing costs.

(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 3 Business Combinations

The revised AASB 3 Business Combinations changes the application of acquisition accounting for business combinations and the accounting for non-controlling (minority) interests. Key changes include the immediate expensing of all transaction costs, measurement of contingent consideration at acquisition date with subsequent changes through the income statement, measurement of non-controlling (minority) interests at full fair value or the proportionate share of the fair value of the underlying net assets and the inclusion of combinations by contract alone and those involving mutuals. The revised standard becomes mandatory for the Group's 30 June 2009 financial statements.

(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 2009 financial statements.

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

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

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

(vi) AASB 2008-5 and AASB 2008-6 Amendments to Australian Accounting Standards arising from the Annual Improvements Project and Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project. A number of accounting standards have been amended under the improvement project. The first part contains amendments that result in accounting changes for presentation, recognition and measurement purposes. The second part contains amendments that are terminology or editorial changes only, which is expected to have no or minimal effect on accounting. The revised standard will become mandatory for the Group's 30 June 2010 financial report. The Group has not yet determined the potential effect of these improvements on the financial report.

(vii) AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate. The key changes include: dividends received from a subsidiary, jointly controlled entity or associate out of pre-acquisition income will be recorded as income; a dividend from a subsidiary, jointly controlled entity or associate is recognised in the income statement when the right to receive the dividend is established; and the recognition of a dividend received by the parent is an impairment indicator in specified circumstances. The revised standard will become mandatory for the Group's 30 June 2010 financial report. The Group has not yet determined the potential effect of these improvements on the financial report.

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
2 REVENUE				
Continuing activities				
- Services (Personal Insolvency)	22,588,303	20,497,855	-	-
- Services (Refinance Fees)	3,921,231	5,183,707	-	-
- Services (Corporate and Lending)	10,210,147	6,650,330	-	-
- Services (Recruitment)	2,181,313	735,538	-	-
- Services (Other services)	465,227	408,748	-	-
Other revenue			-	
Interest received - Non-Operating	784,373	440,193	21,072	133,955
Other revenue	-	-	12,241	-
Total revenue	**40,150,594**	**33,916,371**	**33,313**	**133,955**

3 PROFIT/(LOSS) FOR THE YEAR

Expenses

Classification of expenses by function

	Consolidated 2008 $	Consolidated 2007 $	Parent 2008 $	Parent 2007 $
Expenses from continuing activities excluding finance costs:				
Marketing expenses	5,618,249	4,306,350	-	-
Administrative expenses	6,338,276	6,297,713	260,986	102,771
Operating expenses	20,085,153	13,543,563	116	19
	32,041,678	**24,147,626**	**261,102**	**102,790**
Expenses include:				
Finance costs:				
- external	4,143,935	226,675	-	-
- related entities	-	34,000	-	-
	4,143,935	**260,675**	-	-
Depreciation on plant and equipment	403,339	319,186	-	-
Amortisation on leasehold improvements	9,811	5,738	-	-
Depreciation on investment properties	13,613	32,572	-	-
	426,763	**357,496**	-	-
Impairment in value – trade receivables	5,002,211	5,111,924	-	-
Reversal of impairment in value – trade receivables	(571,956)	(3,239,073)	-	-
Net Impairment	**4,430,255**	**1,872,851**		
Rental expense on operating lease				
- minimum lease payment	846,883	803,709	-	-
Employee benefits expenses	14,143,168	10,827,760	260,986	102,771
Legal and consultancy	818,865	1,251,323	-	-

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
4 INCOME TAX				
a. Income tax expense				
Current tax expense	1,132,335	1,545,289	9,959	40,181
Deferred tax expense	330,615	1,468,930	-	-
(Over)/under provision in a prior period	70,862	(139,899)	19,188	(127,720)
	1,533,812	2,874,320	29,147	(87,539)
Deferred income tax expense included in income tax expense comprises:				
(Increase)/decrease in deferred tax assets	(948,579)	(33,617)	-	-
Increase in deferred tax liabilities	1,279,194	1,502,547	-	-
	330,615	1,468,930	-	-

b. Numerical reconciliation of income tax expense to prima facie tax payable

	Consolidated Entity 2008	Consolidated Entity 2007	Parent Entity 2008	Parent Entity 2007
Profit/(Loss) before income tax	4,737,736	9,695,906	(227,789)	31,165
Tax at the Australian tax rate of 30% (2007:30%)	1,421,321	2,908,772	(68,337)	9,350
Tax effect at the Australian tax rate of 30% (2007:30%)				
Entertainment	17,432	22,379	-	-
Unrecognised tax losses	77,179	51,614	-	-
Other	(4,101)	624	-	-
Previously unrecognised tax losses utilised	(127,177)	-	-	-
Non-deductible employee costs	78,296	30,830	78,296	30,831
	1,462,950	3,014,219	9,959	40,181
(Over) provision in the prior year	70,862	(139,899)	19,188	(127,720)
Income tax expense/(benefit)	1,533,812	2,874,320	29,147	(87,539)

c. Unused tax losses

	Consolidated Entity 2008	Consolidated Entity 2007	Parent Entity 2008	Parent Entity 2007
Unused tax losses for which no deferred tax asset has been recognised	282,342	449,003	-	-
Potential tax benefit	84,703	134,701	-	-

Unused tax losses were principally incurred by entities not part of a tax consolidated group

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$

4 INCOME TAX (continued)

d. Deferred tax assets

	2008 $	2007 $	2008 $	2007 $
Provisions	449,332	363,728	-	-
Capital legal expenses	238,931	285,716	-	-
Accrued expenditure	41,500	43,690	-	-
Current year tax losses carried forward	640,433	-	-	-
Other	56,254	119,488	-	-
	1,426,450	812,622	-	-
Deferred tax asset offset on tax consolidation	(525,274)	-	-	-
Total Deferred tax assets	901,176	812,622	-	-

e. Deferred tax liabilities

	2008 $	2007 $	2008 $	2007 $
Temporary difference on assessable income	3,558,567	2,614,595	-	-
Other	1,549	1,078	-	-
	3,560,116	2,615,673	-	-
Deferred tax liability offset on tax consolidation	(525,274)	-	-	-
	3,034,842	2,615,673	-	-

5 AUDITORS' REMUNERATION

	2008 $	2007 $	2008 $	2007 $
Amounts received or due and receivable by PKF:				
Audit and review of financial reports	181,700	109,400	-	-
Other services - taxation	114,088	41,775	-	-
	295,788	151,175	-	-

6 EARNINGS PER SHARE

	Consolidated	
	2008	2007
(a) Reconciliation of earnings used to calculated basic and dilutive earnings per share		
Profit after income tax ($)	2,681,116	6,519,690
Basic earning per share (cents)	2.37	6.24
Diluted earning per share (cents)	2.21	5.76

	2008 Number	2007 Number
(b) Weighted average number of ordinary shares outstanding during the year	113,348,988	104,427,760
Dilution effect of convertible notes	-	-
Dilution effect of options	-	686,457
Dilution effect of preference shares	8,000,000	7,978,082
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	121,348,988	113,092,299

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
7 CASH AND CASH EQUIVALENTS				
Current				
Cash on hand and at bank	7,676,105	6,670,521	256,456	2,253,102
Assets financed by Non-Recourse Financial Liabilities				
Cash on hand and at bank	11,187,707	1,750,365	-	-
Total Cash and cash equivalents	**18,863,812**	**8,420,886**	**256,456**	**2,253,102**
8 TRADE AND OTHER RECEIVABLES				
Current				
Trade receivables	23,570,237	18,522,275	-	-
Provision for impairment	(5,770,482)	(4,594,309)	-	-
Sundry receivables	3,200,380	177,402	-	-
	21,000,135	**14,105,368**	**-**	**-**
Non-current				
Trade receivables	10,291,841	5,202,939	-	-
Provision for impairment	(2,317,047)	(947,394)	-	-
	7,974,794	**4,255,545**	**-**	**-**
Assets financed by Non-Recourse Financial Liabilities				
Other receivables	39,340	185,412	-	-
9 OTHER ASSETS				
Current				
Prepayments	383,165	109,334	-	-
Security Bonds	5,053	7,715	-	-
Other	52,378	34,753	-	-
	440,596	**151,802**	**-**	**-**
Non-current				
Security Bonds	3,900	594,716	-	-
Investments in controlled entities (Refer Note 11)	-	-	6,546,397	6,546,397
	3,900	**594,716**	**6,546,397**	**6,546,397**
10 SPECIALTY FINANCE ASSETS				
Non-securitised Mortgage Assets	89,767,650	565,000	-	-

Maturity Analysis

	30 June 2008	30 June 2007
Amounts to be received in less than 1 year	1,600,718	4,224
Amounts to be received in greater than 1 year	88,166,932	560,776
	89,767,650	**565,000**

11 CONTROLLED ENTITIES

Name	Country of Incorporation	Percentage of equity interest held by the consolidated entity	
		2008	2007
		%	%
Prospex Profile Pty Ltd (6)	Australia	100	100
FSA Australia Pty Ltd (6)	Australia	100	100
Fox Symes Financial Pty Ltd (4)	Australia	100	100
Fox Symes & Associates Pty Ltd (4)	Australia	100	100
Fox Symes Debt Relief Services Pty Ltd (4)	Australia	100	100
FSA Services Group Pty Ltd (5)	Australia	100	100
Fox Symes Home Loans Pty Ltd, (6)	Australia	90	90
180 Group Holdings Pty Ltd (1)(6)	Australia	100	100
Aravanis Insolvency Pty Ltd (2) (4)	Australia	65	65
Fox Symes Business Services Pty Ltd (3) (4)	Australia	75	75
Fox Symes Recruitment Pty Ltd (3) (4)	Australia	70	70
Fox Symes Wealth Management Pty Ltd (3)(4)	Australia	100	67
180 Group Pty Ltd (7)	Australia	70	70

(1) Acquired 21 April 2006
(2) Acquired 1 January 2006
(3) Incorporated during the year ended 30 June 2006
(4) Investment held by FSA Australia Pty Ltd
(5) Investment held by Fox Symes & Associates Pty Ltd
(6) Investment held by FSA Group Ltd
(7) 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 180 Group Pty Ltd	
		2008	2007
		%	%
180 Capital Finance Pty Ltd	Australia	100	100
180 Corporate Pty Ltd	Australia	100	100
180 Property Holdings Pty Ltd	Australia	100	100
180 Equity Partners Pty Ltd	Australia	100	100
180 Capital Funding Pty Ltd	Australia	100	100
One Financial Pty Ltd	Australia	65	65

The following entities are subsidiaries of Fox Symes Home Loans Pty Ltd and were incorporated during the year ended 30 June 2007

Name	Country of Incorporation	Percentage of equity interest held by Fox Symes Home Loans Pty Ltd	
		2008	2007
		%	%
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.

12 PLANT AND EQUIPMENT

	Consolidated Entity 2008 $	Consolidated Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Computer equipment at cost	1,586,305	1,187,379	-	-
Accumulated depreciation	(835,358)	(846,957)	-	-
Net carrying amount	750,947	340,422	-	-
Office equipment at cost	331,995	294,845	-	-
Accumulated depreciation	(233,636)	(185,524)	-	-
Net carrying amount	98,359	109,321	-	-
Leasehold improvements at cost	-	37,820	-	-
Accumulated amortisation	-	(5,738)	-	-
Net carrying amount	-	32,082	-	-
Furniture and fittings at cost	246,795	220,240	-	-
Accumulated depreciation	(103,935)	(59,781)	-	-
Net carrying amount	142,860	160,459	-	-
Motor vehicles at cost	74,978	97,103	-	-
Accumulated depreciation	(37,855)	(37,643)	-	-
Net carrying amount	37,123	59,460	-	-
Total plant and equipment at cost	2,240,073	1,837,387	-	-
Accumulated depreciation	(1,210,784)	(1,135,643)	-	-
Net carrying amount	**1,029,289**	**701,744**	-	-

Consolidated

	Computer Equipment $	Office Equipment $	Leasehold Improvements $	Furniture & Fittings $	Motor Vehicles $	Total $
Movements during year:						
Balance at 1 July 2007	340,422	109,321	32,082	160,459	59,460	**701,744**
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)**
Balance at 30 June 2008	**750,947**	**98,359**	-	**142,860**	**37,123**	**1,029,289**

^^ - Included in this amount are Motor Vehicles which have a fixed charge relating to a Hire Purchase Liability. The Hire Purchase Liability is secured by the underlying asset.

13 INVESTMENT PROPERTY

	Consolidated Entity 2008 $	Consolidated Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Investment property				
At cost	362,339	1,402,217	-	-
Accumulated depreciation	(28,417)	(42,830)	-	-
	333,922	**1,359,387**	-	-
Movements during year:				
Beginning of the year	**1,359,387**	**352,081**	-	-
Additions	-	1,039,878	-	-
Disposals	(1,011,852)	-	-	-
Depreciation	(13,613)	(32,572)	-	-
	333,922	**1,359,387**	-	-

The directors have assessed the fair value of the investment property to be at least equal to its carrying amount.

14 INTANGIBLE ASSETS

	Consolidated Entity 2008 $	Consolidated Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Goodwill	3,830,835	3,830,835	-	-
Movement schedule				
Balance at the beginning of year	3,830,835	3,830,835	-	-
Acquisitions through business combinations	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
Impairment losses	-	-	-	-
Closing value at the end of the year	3,830,835	3,830,835	-	-

15 TRADE AND OTHER PAYABLES

	Consolidated Entity 2008 $	Consolidated Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Current				
Unsecured				
Trade payables	2,853,251	1,206,944	-	-
Institutional Creditors	3,948,329	3,945,993	-	-
Sundry payables and accruals	2,827,013	1,945,982	-	12,241
Intercompany loan – controlled entities	-	-	509,998	1,876,423
Notes payable – non-interest bearing	95,000	-	95,000	-
	9,723,593	7,098,919	604,998	1,888,664

16 BORROWINGS

	Consolidated Entity 2008 $	Consolidated Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Current				
Unsecured				
Interest bearing notes	570,682	600,000	-	-
Banks loans other	200,045	84,152	-	-
	770,727	684,152	-	-
Secured				
Hire Purchase Liability	15,571	14,066	-	-
	786,298	698,218	-	-
Non-current				
Secured				
Hire Purchase Liability	27,877	43,775	-	-
Mortgage	272,000	1,055,767	-	-
Bank Loan – Other	6,652,902	-	-	-
	6,952,779	1,099,542	-	-
Non-Recourse Financial Liabilities				
Secured				
Warehouse facilities	99,886,840	2,478,095	-	-

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$

17 PROVISIONS

Current				
Provision for Institutional Creditor Payments	1,413,615	882,596	-	-
Employee benefits	475,535	377,214	-	-
	1,889,150	1,259,810	-	-
Non Current				
Employee benefits	71,959	39,218	-	-

Analysis of provisions

Institutional Creditor Payments

Balance at 1 July 2007	882,596	283,665	-	-
Additional provisions	1,413,615	882,596	-	-
Creditor payments reversal	(882,596)	(283,665)	-	-
Balance at 30 June 2008	1,413,615	882,596	-	-

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 2008, the Consolidated Entity employed 150 full-time equivalent employees (2007: 138) plus a further 11 (independent) contractor field agents (2007: 15).

18 SHARE CAPITAL

115,437,513 (2007: 106,837,513) fully paid Ordinary Shares	5,898,848	5,085,535	5,898,848	5,085,535
16 (2007: 24) Convertible Redeemable Preference Shares (CRPS)	**1,238,624	**1,857,937	**1,238,624	**1,857,937
	7,137,472	6,943,472	7,137,472	6,943,472

(a) Ordinary shares	**2008 Number**	**2007 Number**	**2008 Number**	**2007 Number**
Balance 1 July	106,837,513	98,217,513	106,837,513	98,217,513
- 2 August 2006	-	100,000	-	100,000
- 11 September 2006	-	120,000	-	120,000
- 20 September 2006	-	200,000	-	200,000
- 9 October 2006	-	8,000,000	-	8,000,000
- 3 November 2006	-	100,000	-	100,000
- 1 May 2007	-	100,000	-	100,000
-12 July 2007	400,000	-	400,000	-
- 7 August 2007	200,000	-	200,000	-
- 2 October 2007	8,000,000	-	8,000,000	-
Balance 30 June	115,437,513	106,837,513	115,437,513	106,837,513

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

18 SHARE CAPITAL Continued

2007

On 2 August 2006, 100,000 unlisted ESOP $0.10 options exercisable on or before 24 November 2006 were exercised into 100,000 ordinary shares;

On 11 September 2006, 120,000 ordinary shares were issued in consideration for services rendered;

On 20 September 2006, 200,000 ordinary shares were issued in consideration for services rendered;

On 9 October 2006, 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 first profit target. The 8 CRPS were converted into 8,000,000 ordinary shares;

On 3 November 2006, 100,000 ordinary shares were issued on exercise of 100,000 $0.10 options;

On 1 May 2007, 100,000 ordinary shares were issued on exercise of 100,000 $0.10 options;

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;

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 first profit target. The 8 CRPS were converted into 8,000,000 ordinary shares

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

(b) Convertible Redeemable Preference Shares (CRPS)

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

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

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

(c) Options

On 21 November 2006, 500,000 options exercisable at $0.25 on or before 20 November 2011 were issued as part of Director's remuneration;

On 1 December 2006, 25,000,000, $0.60 options expired;

On 19 February 2007, 640,000 options exercisable at $0.60 on or before 31 January 2010 were issued as part of staff remuneration pursuant to the Company's ESOP, and 450,000 options exercisable at $0.655 on or before 31 January 2010 were issued as part of executive remuneration pursuant to the Company's ESOP;

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.

For information relating to share options issued to key management personnel during the financial year, refer to the Remuneration Report included in the Directors' Report.

19 RESERVES

Option Reserve

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

20 CASH FLOW INFORMATION

	Consolidated Entity		Parent Entity	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Reconciliation of cash flows from operations to Profit after tax				
Profit/(loss) after tax	3,203,924	6,821,586	(256,936)	118,704
Non-cash flows in profit/(loss):				
Depreciation	426,763	357,496	-	-
Gain on Sale of Investment property	(338,148)	-	-	-
Loss on disposal of Plant & Equipment	39,512	27,669	-	-
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables	(6,097,738)	(6,931,109)	-	-
(Increase)/decrease in other non-current assets	590,816	45,747	-	-
(Increase)/decrease in other current assets	(288,793)	(17,091)	-	-
(Decrease)/increase in trade and other payables	3,148,187	1,441,879	(12,241)	93
(Decrease)/increase in employee entitlements	131,062	160,590	-	-
(Decrease)/increase in other liabilities	(486,144)	905,936	(1,309,226)	(1,313,119)
Cash flow from operating activities	**329,441**	**2,812,703**	**(1,578,403)**	**(1,194,322)**

21 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 2008.

22 SEGMENT INFORMATION

Operating Segments

	Personal and Corporate Debt Services		Lending Services		Other/Unallocated		Consolidated Total	
	2008 $	2007 $	2008 $	2007 $	2008 $	2007 $	2008 $	2007 $
Revenue								
External sales	27,934,162	27,532,533	1,060,499	446,403	2,568,600	1,435,178	31,563,261	29,414,114
Interest - Lending services	-	-	8,156,227	4,062,064	-	-	8,156,227	4,062,064
Interest revenue - non operating	385,679	303,779	18,856	-	26,571	136,414	431,106	440,193
Internal sales	1,422,590	266,817	594,796	-	312,072	373,260	2,329,458	640,077
Eliminations							(2,329,458)	(640,077)
Total Revenue	**29,742,431**	**28,103,129**	**9,830,378**	**4,508,467**	**2,907,243**	**1,944,852**	**40,150,594**	**33,916,371**
Results								
Segment profit before tax	3,763,134	9,573,674	362,724	255,462	611,878	(133,230)	4,737,736	8,304,862
Income tax (expense)/benefit	(1,110,888)	(2,872,102)	(159,216)	(22,738)	(263,708)	20,520	(1,533,812)	(1,483,276)
Segment profit	2,652,246	6,701,572	203,508	232,724	348,170	(112,710)	3,203,924	6,821,586
Profit for the year							**3,203,924**	**6,821,586**
Items included in Profit for the year								
Share of the profits of an associate using the Equity Accounting Method	-	-	-	-	246,665	187,836	**246,665**	**187,836**
Finance costs	31,406	17,352	4,345,154	448,830	70,412	61,310	**4,446,972**	**527,492**
Less elimination	-	-	-	-	(303,037)	(266,817)	**(303,037)**	**(266,817)**
Net Finance costs							**4,143,935**	**260,675**
Depreciation and amortisation	344,356	305,503	29,684	-	52,723	51,993	**426,763**	**357,496**
Bad and doubtful debts – trade receivables	4,374,550	5,311,753	1,231,742	1,133,739	95,030	-	**5,701,322**	**6,445,492**
Bad debt recovery	(567,925)	(2,812,922)	-	-	(4,031)	-	**(571,956)**	**(2,812,922)**
Change in accounting estimate	(699,111)	(1,759,719)	-	-	-	-	**(699,111)**	**(1,759,719)**
Rental expense on operating lease								
- minimum lease payment	822,019	687,283	-	45,926	24,864	70,500	**846,883**	**803,709**
Segment assets	39,509,756	32,279,336	121,324,015	11,225,167	8,426,345	11,203,751	169,260,116	54,708,254
Eliminations							(24,351,804)	(19,585,488)
Total assets							**144,908,312**	**35,122,766**
Included in Segment assets								
Investment in associate	-	-	62,114	139,449	-	-	**62,114**	**139,449**
Segment liabilities	24,885,333	17,228,241	117,570,437	10,621,624	1,487,283	5,200,235	143,943,053	33,050,101
Eliminations							(21,597,592)	(16,831,276)
Total liabilities							**122,345,461**	**16,218,825**

22 SEGMENT INFORMATION Continued

Information about operating segments

Identification of reportable segments

Management has identified two reportable segments based on the differences in providing services and providing finance products. These two segments are subject to different regulatory environments and legislation.

The two identified reportable segments are:

Personal and Corporate Debt Services and Lending.

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

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

There are no differences in the measurement bases used to account for transactions within reportable segments to those used in the comparative year.

NOTE 23 INVESTMENTS IN ASSOCIATES

Equity accounted investments in associates

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Purchase consideration	7,963	7,963	-	-
Inter-entity loan	(250,000)	-	-	
Share of associates retained earnings	304,151	131,486	-	-
	62,114	139,449	-	-

The consolidated entity has one investment in an associate which it accounts for using the equity accounting method. The name of the associate is Huntingdale Smythe Lawyers Pty Ltd, a company incorporated in Australia. The company 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:

	2008
	$
Profit before tax	246,665
Income tax expense	(74,000)
Profit for the year	172,665
Assets	166,602
Liabilities	161,834
Net assets	4,768

NOTE 28 CONTINGENT LIABILITIES

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

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.

2007

Mortgage loans

At balance date loan applications that had been accepted by the Group but not yet settled amount to $2,370,000. Mortgages are usually settled within 4 weeks of acceptance.