



FSA GROUP LIMITED

18 October 2010

Trading Update for the First Quarter

FSA Group, Australia's largest provider of debt solutions for individuals provides a trading update for the period July to September 2010 (First Quarter or 1Q).

Services

FSA Group offers a range of services to assist clients wishing to enter into a payment arrangement with their creditors. A rise in interest rates increases the demand for services however the effect is delayed. During FY2010 the cash rate increased by 150bps and in the First Quarter demand rose for the Company's services which is detailed in the table below. The Company's market share for debt agreements during the First Quarter was 51%.

Services - Client Numbers	1QFY2011 vs. 1QFY2010
Debt Agreements	up 8%
Personal Insolvency Agreements and Bankruptcy	Up 26%

Home Loan Lending

FSA Group offers a range of products to assist clients with property wishing to consolidate debt. During the First Quarter, the non-conforming home loan lending loan pool grew from \$200 million to \$210 million. FSA Group tailors solutions for its clients which are affordable, sustainable and viable. The client relationship is then proactively managed to ensure debt repayment and rehabilitation. This is evidenced by the greater than 30 day instalment arrears which fell to 2.55% at September from 3.84% at June. This was achieved notwithstanding the higher interest rate environment and compares with competitor arrears of 12.15% as reported by the Standard & Poors Index at June.

Demand for high quality non-conforming home loan lending continues to rise due to fewer competitors and the stricter lending criteria imposed by the banks. FSA Group continues to originate selectively, conserving its lending capital, pending discussions to increase funding capacity to support the future growth of this division.

Factoring Finance

FSA Group provides a range of debt solutions to small businesses including factoring finance. During the First Quarter, the factoring finance loan pool grew from \$10 million to \$16 million. Demand for high quality factoring finance continues to rise as small business credit remains tight. FSA Group is on track to grow its factoring finance loan pool to \$20 - \$25 million by the end of FY2011.

Profitability

Unaudited Profit After Tax Attributable to Members for the First Quarter was up 32% compared to the previous corresponding period.

Outlook

High levels of consumer debt together with a higher interest rate environment should continue to drive demand for our products and services which we expect will increase considerably in 2011 and 2012.

Loan Pools as at September 2010

FSA Group's loan pools represent the highest quality non-conforming home loan and factoring finance loan pools in the country.

	Home Loan Lending	Factoring Finance
Funding		
Westpac Funding Facility (Renewal Term)	\$235m (July 2011)	\$25m (June 2012)

Loan Pool		
Loan Pool Size	\$210m	\$16m
Borrower Type	Individual	Small Business
Loan Term	30 years	Revolving
Security Type	1 st Mortgage	Assigned Receivables
Average Loan Size	\$205,417	\$194,211
Average Weighted LVR (Loan to Valuation)	67%	Ranges 55% to 65%
% Full Documentation Borrowers	98%	-
% Variable Rate Borrowers	100%	100%
Geographical Spread	Australia Wide	Australia Wide

Arrears		
>30 Day Arrears*	2.55%	-
>90 Day Arrears	1.33%	7.15%

* >30 Day Arrears of competitors was 12.15% as reported by the Standard & Poors Index at June 2010

Capital Losses		
Asset Insured	No	Yes
Loss of Lenders Capital since inception	\$79,000	Nil

Loan Pool Target		
Loan Pool Target by FY2011	-	\$20m to \$25m
Loan Pool Target by FY2013	\$600m	-

**On behalf of the Board
Duncan Cornish
Joint Company Secretary**