AGM Presentation

27 November 2008

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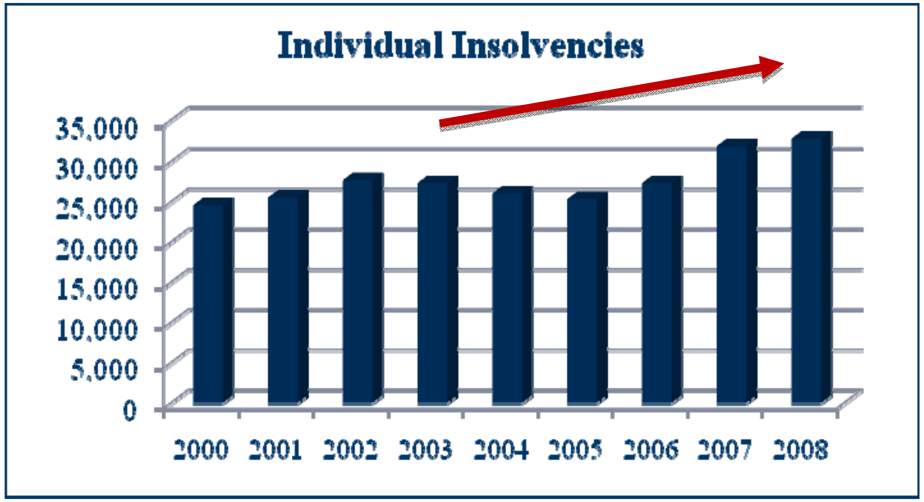
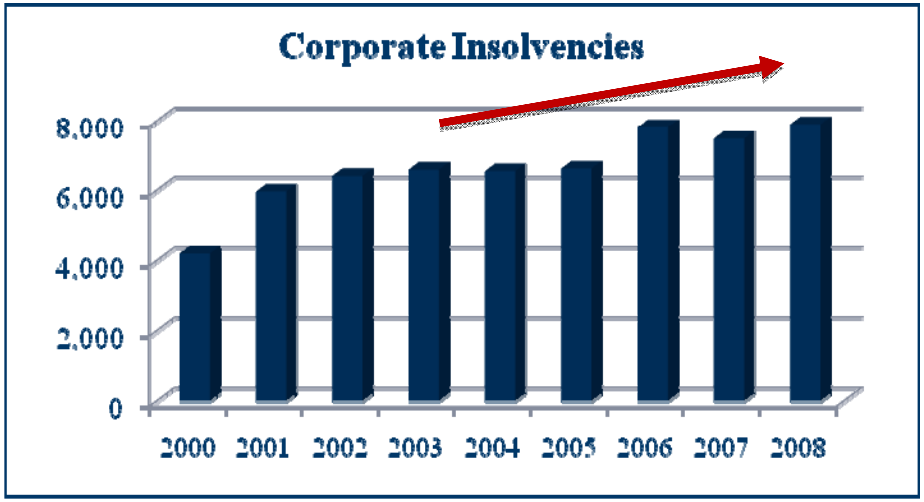
The Market





- Household debt to household disposable income at a record 160%
- Consumer and small business debt at record levels - credit card debt a record $44 billion
- Increase in mortgage and credit card arrears over last 12 months
- **Expected increase in individual and corporate insolvencies over the next two to three years**

Source: ITSA & ASIC

FSA Group – Market Leader

- **Bad economic conditions = Good for FSA Group's growth**
- FSA Group is the largest provider of debt solutions to individuals and small businesses in Australia
- Debt solutions broadened to include a range of direct lending services
- Funding lines from Westpac of $227m*
- Very difficult for new competitors to enter the industry

*$210m non-recourse, $10m limited-recourse and $7m full-recourse

The 3 Profit Centres of FSA Group

Debt Solutions - Individuals

- Debt Agreement
- Mortgage Finance (as broker)
- Personal Insolvency Agreement
- Bankruptcy
- Other Debt Solutions

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Debt Solutions - Businesses

- Consulting
- Finance (as broker)

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Direct Lending - Individuals & Businesses

- Mortgage Finance
- Bridging Finance
- Factoring Finance (as direct lender)

Debt Agreements

- Allows an indebted individual to come to an arrangement with their creditors – an alternative to bankruptcy
- Average number of clients assisted **per month**:
  - FY2007 – 307
  - FY2008 – 339 **up 10.4%**
  - July to October 2008 – 428 **up 26.3%**
  - November 2008 estimated – 475 clients – record month
  - Busiest months historically January to June – record demand expected
- Market share 52% – expected to grow > 60% next 12mths
- Volume dependent – critical barrier to entry for competitors

Debt Agreements

- Average dividends paid to financial institutions **<u>per month</u>**:
  - FY2007 – $1.87m
  - FY2008 – $2.44m **up 30.5%**
  - July to October 2008 – $3.36m **up 37.7%**
  - Full year dividends estimated FY2009 > $40m (FY2008 $29m)
- Debt agreements pay superior dividends to bankruptcy – 60c vs. 3c
- Recurring income – portion of fees taken over life of agreement

Mortgage Finance (as Broker)

- Largest broker of non-conforming residential mortgages in Australia
- Brokers new business > $200m per annum
- > 60% of conditional approvals brokered internally through Westpac funding facility

Mortgage Finance (as Broker)

- Average number of conditional approvals **per month**:
  - FY2007 – 189
  - FY2008 – 188
  - July to October 2008 – 147 down 21.8% – due to high interest rate environment – difficult for borrowers to service
  - November 2008 estimate – 205 – interest rates falling
  - Busiest months historically January to June – strong demand expected – return to normal business levels

Personal Insolvency Agreements & Bankruptcy

- Registered Trustee in Bankruptcy provides solutions to insolvent individuals with higher incomes and assets
- Average number of clients assisted **per month**:
  - FY2007 – 11
  - FY2008 – 16 **up 45.5%**
  - July to October 2008 – 21 **up 31.3%**
  - November 2008 estimated – 26 clients – record month
  - Busiest months historically January to June – record demand expected
- Recurring income – average duration of client around 3 yrs
- Profit Before Tax:
  - FY2007 – $554,092
  - FY2008 – $1,002,944 **up 81.0%**
  - FY2009 – Estimated $1.85m **up 84.5%**

Small Business – Consulting and Finance (as Broker)

- Offers a range of debt solutions to small businesses
- The brokering of finance plays a critical role in the debt solutions provided
- **Strong demand being experienced due to tightening of bank credit to small businesses**
- Working on expanding product range to assist more clients

Direct Lending

- Acts as direct lender offering mortgage finance to individuals and bridging and factoring finance to small businesses
- Funding lines from Westpac of $227m*
- Direct lending allows FSA Group to:
  - Assist more clients
  - Diversify and increase income
  - Capture greater margin and create longer term annuity income streams

*$210m non-recourse, $10m limited-recourse and $7m full-recourse

Mortgage Finance

- $210m non-recourse funding facility from Westpac
- High quality loan pool of $120m
  - Low > 30 day arrears : < 5% (industry average >15%)
  - High concentration of income certified “Full Doc” borrowers : > 85%
  - Low “loan to valuation ratios” : weighted average < 66%
- Forecast loan pool size > $170m by June 2009

Mortgage Finance

- Net Interest Margin improving significantly due to falling interest rates
- Exceptional annuity income
- Nominal cost of acquisition – bolt on division
- Low operating cost base
- Very high return on equity – equity contribution 1% of loan pool size

Bridging Finance

- $7m full-recourse funding facility from Westpac
- Current loan pool of $8m
- Demand > Supply
- Growth the next 12 months will be constrained due to caution in obtaining exit refinancing as a result of the tightening of bank credit

Factoring Finance

- $10m limited-recourse funding facility from Westpac
- Current loan pool $2m
- Growth previously constrained due to funding – facility recently approved in October 2008
- **Strong growth expected the next 12 months**
- Forecast loan pool size > $8m by June 2009
- Strong annuity income
- High return on equity – equity contribution 1% of loan pool size

Growth Strategy

- Organic Growth – driven by direct advertising and third party referral model
- Aiming to double the number of clients assisted by end of FY2010
- Growth in direct lending – delivers longer term annuity income streams
- Developing new products to meet the needs of clients throughout their entire financial lifecycle

Guidance for FY2009 Reconfirmed

- Profit Before Tax (before minority interests)
  $10.5m up 120%
- Profit After Tax (attributable to members)
  $6.6m up 145%
- Net Tangible Asset Backing per Share 21.8c
- Basic Earnings per Share 5.53c

The positive impact on profit from the transition to direct lending will start to emerge in the second half of FY2009 and the full impact will be realised in FY2010

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