FSA GROUP LTD

ABN 98 093 855 791

HALF-YEAR FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2002

DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2002.

DIRECTORS

The names of the directors of the company in office during the half-year and until the date of this report are shown below. Directors were in office for this entire period unless otherwise stated.

V.A. Wills	(Non-Executive Chairman)
T. Odillo Maher	(Executive Director) Appointed 30 July 2002
D.L. Southon	(Executive Director) Appointed 30 July 2002
F.C. Quinn	(Non-Executive Director) Appointed 22 October 2002
S.S. Doumany	(Non-Executive Director) Appointed 18 December 2002
S. B. Smollen	(Non-Executive Director) Resigned 30 July 2002
R. E. Moore	(Non-Executive Director) Resigned 30 July 2002

REVIEW AND RESULTS OF OPERATIONS

During the half-year ended 31 December 2002, the directors of FSA Group Limited ("FSA Group") completed the acquisition of the financial services group, the Fox Symes group of companies. Subsequent to the end of the period, the gogo7 virtual tour business was closed.

The consolidated entity's operating profit before tax (EBITDA) was $2,184 before allowing for the write off of the carrying value of the Intellectual Property relating to the gogo7 business. The overall loss (EBIT) for the consolidated entity was $730,300 after depreciation, amortisation and the write off of Intellectual Property of $499,995.

Segmental Analysis

Financial services

FSA Group's core business is to provide financial services to individuals in financial distress. This part of the group made an operating profit (EBITDA) of $273,517 during the 5 month period from August to December, since its acquisition.

During the period, FSA Group has focused on further improving the Company's internal operating systems and procedures, strengthening stakeholder relations and growing quality revenue streams.

Particular focus has centered on enhancing internal efficiencies to enable the business to better cope with future revenue growth. While much of this work is nearing completion this process has taken longer and is proving to be more complex than originally foreshadowed, resulting in inflated overheads during the period. While this period's result is below the Board's expectations, the Board considers that a sound platform upon which to grow profitability is being achieved and expects to see the full benefits of these improvements, which include reduced overheads and increased productivity, to impact the next full financial year.

Changes to the October to December advertising and marketing strategy had mixed results. Revenue of $4,857,546 for the 5 month period was slightly lower than expected.

Virtual tours – gogo7

Despite implementing a revised sales and marketing strategy in August 2002 that generated encouraging early results, the uptake of the product was slower than expected. For the 6 months ended 31 December 2002, the gogo7 division made an operating loss (EBITDA) of $271,231. Depreciation and amortisation charges during the period were $155,838.

As noted below, in the best interests of the FSA Group the directors closed the gogo7 division in February 2003. The value of the gogo7 Intellectual Property at 31 December 2002 was $499,995. As a result of the closure, this has been written off at 31 December 2002 and treated as "Write down of Intellectual Property - discontinued operations".

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 29 January 2003, the Directors announced their intention to close the gogo7 real estate virtual tour division. The gogo7 division was non-core – a review was undertaken which concluded that it was unlikely that the division would generate sufficient profits in the near future. Following the review the directors decided to close the division.

The closure of the gogo7 division was completed in February. The value of the gogo7 Intellectual Property at 31 December 2002 was $499,995, which was written off at 31 December 2002.

No other matters or circumstances have arisen since 31 December 2002 which are likely to have a material affect on the results of the consolidated entity as disclosed in this half-year financial report.

LIKELY DEVELOPMENTS

As noted above, the Board expects that FSA Group will benefit fully, in terms of improved internal efficiencies and lower overheads, from the ongoing efforts to improve profitability within the next few months.

The recently passed Bankruptcy Legislation Amendment Bill 2002 has raised the income cutoff for debtors eligible to submit a Debt Agreement proposal by 50% from about $32,614 to $48,000 after tax. This has real significance for Part IX Debt Agreements as it will result in an increase in the number of debtors able to seek relief from their financial difficulties by relying on a Debt Agreement.

The Bill will take effect on 5 May this year and will have a significant positive impact on FSA Group revenue for the financial year ending 30 June 2004 and beyond.

We are in an exciting phase of the Company's development. We are improving our internal systems and procedures, lowering overheads, have a market-leading product (administering Part IX's) and are developing other products to assist a greater number of the 60,000 to 75,000 people a year who contact FSA Group seeking help with their financial difficulties.

We note that consumer debt has grown to $87 billion, a rise of some 11.7% over the year to November 2002. Consumer debt excludes mortgages. Delinquent debt and individuals in financial difficulties continues to increase. The Company remains remains confident that the demand for its services will continue to grow.

The Company will continue to develop and trial new products capable of leveraging off the existing infrastructure that have the capacity to contribute to the Company's bottom line and grow shareholder value.

Director

Brisbane
14 March 2003

Condensed Statement of Financial Performance

HALF-YEAR ENDED 31 DECEMBER 2002	Notes	CONTINUING OPERATIONS		DISCONTINUING OPERATIONS		TOTAL COMPANY	
		2002	2001	2002	2001	2002	2001
		$	$	$	$	$	$
REVENUE FROM ORDINARY ACTIVITIES	2(a)	4,857,546	N/A	353,385	474,192	5,210,931	474,192
EXPENSES FROM ORDINARY ACTIVITIES (excluding borrowing costs and write downs)	2(b)	(4,610,178)		(776,252)	(1,426,012)	(5,386,430)	(1,426,012)
BORROWING COSTS	2(c)	(50,603)		(4,203)	(6,583)	(54,806)	(6,583)
WRITE DOWN OF INVESTMENT	2(d)	-		-	(603,600)	-	(603,600)
WRITE DOWN OF INTELLECTUAL PROPERTY	2(d)	-		(499,995)	-	(499,995)	-
PROFIT / (LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		196,765	N/A	(927,065)	(1,562,003)	(730,300)	(1,562,003)
INCOME TAX EXPENSE ATTRIBUTABLE TO ORDINARY ACTIVITIES		(65,870)		-	-	(65,870)	-
PROFIT / (LOSS) FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE		130,895	N/A	(927,065)	(1,562,003)	(796,170)	(1,562,003)
Basic earnings per share (cents per share) Diluted earnings per share is the same as Basic earnings per share.						(0.92)	(1.76)

Condensed Statement of Financial Position

	CONSOLIDATED	
	As at 31 December 2002 $	As at 30 June 2002 $
CURRENT ASSETS		
Cash assets	1,832,261	935,956
Receivables	4,790,183	391,352
Investments	68,299	102,456
Inventories	7,850	43,749
Other	274,541	212,991
TOTAL CURRENT ASSETS	6,973,134	1,686,504
NON-CURRENT ASSETS		
Plant and equipment	590,553	82,236
Intellectual property	-	600,000
Intangibles (goodwill)	695,255	-
TOTAL NON-CURRENT ASSETS	1,285,808	682,236
TOTAL ASSETS	8,258,942	2,368,740
CURRENT LIABILITIES		
Payables	3,243,100	362,797
Interest-bearing liabilities	68,053	72,345
Provisions	68,842	6,357
Unallocated share proceeds	-	280,805
Deferred Tax Liability	890,817	-
Tax Liability	71,966	-
Other	6,533	-
TOTAL CURRENT LIABILITIES	4,349,311	722,304
NON-CURRENT LIABILITIES		
Interest-bearing liabilities	931,000	580,609
TOTAL NON-CURRENT LIABILITIES	931,000	580,609
TOTAL LIABILITIES	5,280,311	1,302,913
NET ASSETS	2,978,631	1,065,827
EQUITY		
Contributed equity	9,623,375	6,914,398
Accumulated losses	(6,644,744)	(5,848,571)
TOTAL EQUITY	2,978,631	1,065,827

Condensed Statement of Cash Flows

HALF-YEAR ENDED 31 DECEMBER 2002	CONSOLIDATED	
	2002	2001
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers (including GST)	6,330,099	649,981
Payments to suppliers and employees (including GST)	(4,755,876)	(1,491,357)
Interest received	24,624	14,460
Interest and other costs of finance paid	(23,457)	(6,583)
Distribution of funds on behalf on financial institutions	(1,027,735)	
NET CASH FLOWS USED IN OPERATING ACTIVITIES	547,655	(833,499)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of plant and equipment	(86,560)	(23,268)
Acquisition of controlled entity – net of cash	(314,289)	-
Loans to other entities	-	(180,000)
Proceeds from disposal of plant and equipment	-	5,300
Proceeds from disposal of liquid marketable securities	34,157	141,839
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(366,692)	(56,129)
CASH FLOWS FROM FINANCING ACTIVITIES		
Convertible Note proceeds	455,000	-
Share subscription proceeds	288,739	-
Finance lease principal	(28,396)	(31,646)
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES	715,343	(31,646)
NET INCREASE / (DECREASE) IN CASH HELD	896,306	(921,274)
Add opening cash brought forward	935,955	1,289,095
CLOSING CASH CARRIED FORWARD	1,832,261	367,821

Notes to the Consolidated Half-Year Financial Statements

31 DECEMBER 2002

1. BASIS OF PREPARATION OF THE FINANCIAL REPORTS

This half-year consolidated financial report has been prepared in accordance with accounting Standard AASB 1029 and is to be read in conjunction with the financial report for the year ended 30 June 2002. It is a general purpose financial report.

Notes of a type normally included in an annual financial report are not included.

Comparative Information

As noted below, on 30 July 2002 FSA Group Limited ACN 093 855 791 (formerly Prospex Interactive Limited ACN 093 855 791) acquired FSA Australia Pty Ltd ACN 094 671 002 (formerly FSA Group Pty Ltd ACN 094 671 002). Therefore the comparative information does not include the acquired entities results.

2. OPERATING PROFIT

Profit / (loss) from ordinary activities before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the entity:

(a) Revenues from ordinary activities

	CONTINUING OPERATIONS		DISCONTINUING OPERATIONS		TOTAL COMPANY	
	2002	2001	**2002**	2001	**2002**	2001
Revenue from ordinary activities	**$**	$	**$**	$	**$**	$
Revenues from services	**4,846,878**		**-**	-	**4,846,878**	-
Revenues from sale of goods	**-**		**339,432**	459,732	**339,432**	459,732
Revenue from non-operating activities						
Interest received	**10,668**		**13,953**	14,460	**24,621**	14,460
Total revenues from ordinary activities	**4,857,546**	N/A	**353,385**	474,192	**5,210,931**	474,192
(b) Expenses from ordinary activities (excluding borrowing costs and write downs)						
Personnel costs	**2,054,634**		**363,907**	736,245	**2,418,541**	736,245
Corporate and Administrative expenses	**2,555,544**		**412,345**	689,767	**2,967,889**	689,767
	4,610,178	N/A	**776,252**	1,426,012	**5,386,430**	1,426,012
(c) Borrowing costs						
Finance leases	**16,290**		**4,203**	6,583	**20,493**	6,583
Interest bearing debt	**34,313**		**-**	-	**34,313**	-
	50,603	N/A	**4,203**	6,583	**54,806**	6,583
(d) Significant item						
Loss from ordinary activities before income tax expense includes the following expense whose disclosure is relevant in explaining the financial performance of the entity:						
Write down of Investment	**-**	N/A	**-**	603,600	**-**	603,600
Write down of Intellectual Property – discontinued operations	**-**	N/A	**499,995**	-	**499,995**	-

3. CHANGE IN COMPOSITION OF ENTITY

On 30 July 2002 FSA Group Limited ACN 093 855 791 (formerly Prospex Interactive Limited ACN 093 855 791) acquired FSA Australia Pty Ltd ACN 094 671 002 (formerly FSA Group Pty Ltd ACN 094 671 002).

FSA Finance Pty Ltd, Fox Symes & Associates Pty Ltd and Debt Relief Services Pty Ltd are all wholly owned subsidiaries of FSA Australia Pty Ltd. FSA Services Group Pty Ltd is a wholly owned subsidiary of Fox Symes & Associates. FSA Group Limited is the ultimate holding company of all of these subsidiary companies.

4. SUBSEQUENT EVENTS

The gogo7 division was closed in February 2003. The value of the gogo7 Intellectual Property at 31 December 2002 was $499,995, which was written off at 31 December 2002. All other assets and liabilities are expected to be realised and settled as per book values in the next 6 months.

There have been no other events since 31 December 2002 that impact upon the financial report as at 31 December 2002.

5. SEGMENT INFORMATION

The economic entity operated within one geographical segment, being Australia, in the market of financial services and selling retail products to real estate agents (gogo7 virual tours), the later being discontinued since 31 December 2002.

	Financial services (continuing)		gogo7 virtual tours (discontinuing)		Consolidated	
	2002	2001	2002	2001	2002	2001
	$	$	$	$	$	$
Operating revenue						
Revenue from services	4,846,878	-	-	-	4,846,878	-
Revenue from sale of goods	-	-	339,432	459,732	339,432	459,732
Interest received	10,668	-	13,953	14,460	24,621	14,460
Total revenue	4,857,546	-	353,385	474,192	5,210,931	474,192
Segment result	130,895	-	(927,065)	(1,562,003)	(796,170)	(1,562,003)
Unallocated expenses					-	-
Consolidated entity operating profit / (loss) after tax					(796,170)	(1,562,003)

5. CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets and liabilities of the group at 31 December 2002.

Directors' Declaration

In accordance with a resolution of the directors of FSA Group Limited , I state that:

In the opinion of the directors:

(a) the financial statements and notes of the consolidated entity:

(i) give a true and fair view of the financial position as at 31 December 2002 and of the performance for the half-year ended on that date of the consolidated entity; and

(ii) comply with Accounting Standard AASB 1029 : Interim Financial Reporting and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Director

Brisbane
14 March 2003

INDEPENDENT REVIEW REPORT

To the members of FSA Group Limited

Scope

We have reviewed the financial report of FSA Group Limited for the half-year ended 31 December 2002 as set out on pages 3 to 8. The financial report includes the consolidated financial statements of the consolidated entity comprising the disclosing entity and the entities it controlled at the end of the half-year or from time to time during the half-year. The disclosing entity's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the disclosing entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of FSA Group Limited is not in accordance with:

(a) the Corporations Act 2001, including:

i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2002 and of its performance for the half-year ended on that date; and

ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

PKF
Brisbane Partnership
Chartered Accountants

CG Bellamy
Partner

Dated at Brisbane this 14th day of March 2003