Appendix 4D

Half yearly report

Introduced 1/1/2003.

Name of entity

FSA Group Limited

ABN or equivalent company reference	Half year ended ('current reporting period')	'Previous corresponding period'
98 093 855 791	31 December 2004	31 December 2003

Results for announcement to the market

				$A'000
Revenues from ordinary activities	down	0.6 %	to	6,674
Profit (loss) from ordinary activities after tax attributable to members	up	11.3%	To	430
Net profit (loss) for the period attributable to members	up	11.3%	To	430

Dividends

It is not proposed to pay a dividend.

NTA backing	Current period	Previous corresponding Period
Net tangible asset backing per ordinary security	3.8 cents	2.2 cents

FSA GROUP LTD

ABN 98 093 855 791

FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2004.

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.

Sam Doumany	(Non-Executive Chairman)
Tim Odillo Maher	(Executive Director)
Deborah Southon	(Executive Director)
Fletcher Quinn	(Non-Executive Director)

RESULTS AND REVIEW OF OPERATIONS

The consolidated entity's net profit before tax for the half-year ended 31 December 2004 was $614,159 (2003: $386,184).

Although total FSA Group revenue was similar to the corresponding period ended 31 December 2003, the result included disappointing results from the Company's principle business, administering Part IX Debt Agreements, in which revenue was some $721,000 lower than the corresponding 2003 period. This was largely offset by an encouraging increase in revenue from the Refinance Department compared to the corresponding 2003 period.

The Company is continuing to rely on the acceptance and goodwill of the financial institutions in administering Part IX Debt Agreements. The Company distributed a total $6.8m to financial institutions for the half-year ended 31 December 2004 and has distributed a total of $12.m for the calendar year ended 31 December 2004. This compares to $9.2m for the calendar year ended 31 December 2003.

As noted above the half-year period ended 31 December 2004 saw the Company's principle business, administering Part IX Debt Agreements, struggle compared to previous periods. Whilst management are confident of reversing this trend, due to the medium-term lead times involved in securing the agreements, the results of the first half of the financial year will have a negative flow-on effect on the second half of the financial year.

Although FSA Group expenses were $268,000 lower than the previous corresponding period, the expenses incurred during the half-year ended 31 December 2003 included $893,000 of additional doubtful and bad debt expenses that were not incurred, on a comparable basis, in the half-year ended 31 December 2004. Therefore the group's operating expenses, on a like-for-like basis, were some $625,000 higher than the previous corresponding period. This negative variance included higher advertising, personnel and legal expenses. The ACCC matter caused much of the group's higher legal expenses.

The Company is continuing its investment in systems aimed at building improvements in its operations. These projects are nearing completion, but have taken more time and have proven more costly than originally envisaged. Therefore no comparable reduction in these costs occurred during the period.

We note that consumer debt continues to grow. Therefore delinquent debt and individuals in financial difficulties continues to increase. The Company remains confident that the demand for its services will continue to grow.

The improving results from the Refinance Department are encouraging the Company to 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.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under Section 307C is attached to this financial report on page 2.

Tim Odillo Maher
Director
Brisbane
28 February 2005

AUDITOR'S INDEPENDENCE DECLARATION

To: The Directors of FSA Group Limited

As lead engagement partner for the review of FSA Group Limited for the half year ended 31 December 2004, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

PKF
Brisbane Partnership
Chartered Accountants

JEF Frayne
Partner

Dated at Brisbane this 28th day of February 2005

Condensed Statement of Financial Performance

HALF-YEAR ENDED 31 DECEMBER 2004	CONSOLIDATED	
	2004	2003
	$	$
REVENUE FROM ORDINARY ACTIVITIES	**6,674,060**	**6,714,191**
EXPENSES FROM ORDINARY ACTIVITIES (excluding borrowing costs and write downs)	**(6,058,749)**	**(6,327,098)**
BORROWING COSTS	**(1,152)**	**(909)**
PROFIT / (LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE	**614,159**	**386,184**
INCOME TAX EXPENSE ATTRIBUTABLE TO ORDINARY ACTIVITIES	**(184,207)**	**-**
NET PROFIT / (LOSS) FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE	**429,952**	**386,184**
Transaction costs arising on the issue of shares	-	-
Total reserves, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity	-	-
Total changes in equity other than those resulting from transactions with owners as owners	429,952	386,184
Basic earnings per share (cents per share) Diluted earnings per share is the same as Basic earnings per share.	0.50	0.45

Condensed Statement of Financial Position

	CONSOLIDATED	
	As at 31 December 2004 $	As at 30 June 2004 $
CURRENT ASSETS		
Cash assets	**5,527,686**	4,303,722
Receivables	**4,933,479**	5,260,904
Other	**316,391**	125,285
TOTAL CURRENT ASSETS	**10,777,556**	9,689,911
NON-CURRENT ASSETS		
Receivables	**240,351**	270,100
Plant and equipment	**407,259**	360,313
Deferred Tax Benefit	**272,168**	233,326
Intangibles	**301,984**	345,124
TOTAL NON-CURRENT ASSETS	**1,221,762**	1,208,863
TOTAL ASSETS	**11,999,318**	10,898,774
CURRENT LIABILITIES		
Payables	**5,695,948**	5,356,693
Tax Liability	**664,189**	393,700
Non-interest-bearing liabilities	**320,000**	-
Interest-bearing liabilities	**63,936**	339,000
Provisions	**574,007**	510,655
TOTAL CURRENT LIABILITIES	**7,318,080**	6,600,048
NON-CURRENT LIABILITIES		
Deferred Income Tax Liability	**1,111,868**	1,159,308
TOTAL NON-CURRENT LIABILITIES	**1,111,868**	1,159,308
TOTAL LIABILITIES	**8,429,948**	7,759,356
NET ASSETS	**3,569,370**	**3,139,418**
EQUITY		
Contributed equity	**9,450,899**	9,450,899
Accumulated losses	**(5,881,529)**	(6,311,481)
TOTAL EQUITY	**3,569,370**	**3,139,418**

Condensed Statement of Cash Flows

HALF-YEAR ENDED 31 DECEMBER 2004	CONSOLIDATED	
	2004	2003
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers (including GST)	15,239,664	10,305,360
Payments to institutional creditors, suppliers and employees (including GST)	(14,004,139)	(8,554,061)
Interest received	117,250	56,658
Interest and other costs of finance paid	(1,152)	(37,105)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	1,351,623	1,770,852
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of plant and equipment	(114,492)	(135,808)
Proceeds from disposal of liquid marketable securities	-	98,448
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(114,492)	(37,360)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(13,167)	-
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES	(13,167)	-
NET INCREASE / (DECREASE) IN CASH HELD	1,223,964	1,733,492
Cash held at the beginning of the half-year	4,303,722	2,033,686
CASH HELD AT THE END OF THE HALF-YEAR	5,527,686	3,767,178

Notes to the Consolidated Half-Year Financial Statements

31 DECEMBER 2004

1. BASIS OF PREPARATION OF THE FINANCIAL REPORTS

This general purpose financial report for the interim half-year reporting period ended 31 December 2004 has been prepared in accordance with Australian Accounting Standard 1029: Interim Financial Reporting, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

This interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2004 and any public announcements made by FSA Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Unless otherwise stated, the accounting policies adopted are consistent with those applied in the 30 June 2004 annual report.

Adoption of Australian Equivalents to International Financial Reporting Standards

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS).

The consolidated entity's management has assessed the significance of these changes and has prepared for their implementation.

The directors are of the opinion that the key differences in the consolidated entity's accounting policies which will arise from the adoption of IFRS are:

Income Tax

AASB 112 "Income Tax" requires all income tax balances to be calculated using the comprehensive balance sheet liability method. Deferred tax items will be calculated by comparing the difference in carrying amounts to tax bases for all assets and liabilities and multiplying this by the tax rates expected to apply to the period when the asset is realised or the liability settled. Recognition of the resulting amounts are subject to some exceptions, but generally deferred tax balances must be calculated for each item in the statement of financial position. Deferred tax assets will only be recognised where there exists the probability that future taxable profit will be available to recognise the asset.

The application of AASB 112 "Income Tax" should not result in any significant adjustment to either tax assets and liabilities or net profit.

Property, plant & equipment

Under AASB 116 "Property Plant & Equipment" an impairment test is required when there is an indication that impairment exists by reference to internal and external market factors. Any item of property, plant and equipment which is impaired must be written down to its recoverable amount. The amount of the impairment write down for assets carried at cost will be expensed through the statement of financial performance.

Items of property, plant and equipment measured at fair value will still be carried at fair value, however the offsets of balances in the asset revaluation reserve under the new standards will be determined on an "asset by asset" basis rather than the current "class by class" treatment. This means that a change to profit or loss will occur where impairment write down is necessary and there is no existing balance for that asset in the asset revaluation reserve.

All consolidated entity assets of property plant and equipment assets are tested to ensure the carrying amount is less than recoverable and write downs are made to reflect losses arising.

Goodwill

Amortisation of goodwill will no longer be permitted under the new standard. At the date of adoption of IFRS, goodwill will be allocated to cash generating units of the entity and will be impairment tested on initial adoption of IFRS and annually thereafter.

Any necessary impairment write down in relation to goodwill after initial adoption will be expensed through the statement of financial performance.

Share Based Payments

The entity currently engages in the practice of allocating to its employees share options as part of their remuneration packages under the employee share option plan. AASB 2 "Share Based Payments" require that these payments and also payments made to other counterparties in return for goods and services shall be measured at the more readily determinable fair value of the good/service or the fair values of the equity instrument. This amount will be expensed in the statement of financial performance. Where the grant date and the vesting date are different the total expenditure calculated will be allocated between the two dates taking into account the terms and conditions attached to the instruments and the counterparties as well as management's assumptions about probabilities of payments and compliance with and attainment of the set out terms and conditions.

2. CHANGE IN COMPOSITION OF ENTITY

There have been no changes in the composition of the entity in the half year ended 31 December 2004.

3. SUBSEQUENT EVENTS

There have been no events since 31 December 2004 that impact upon the financial report as at 31 December 2004.

4. SEGMENT INFORMATION

The consolidated entity operates within one geographical segment, being Australia, and in one market segment, being the marketing and providing of financial services to individuals in financial difficulty.

5. CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets and liabilities of the group at 31 December 2004.

Directors' Declaration

The Directors of the Company declare that:

(1) the financial statements and notes to the financial statements:

(a) comply with Australian Accounting Standards, the Corporations Act 2001, and the Corporations Regulations 2001.

(b) give a true and fair view of the financial position as at 31 December 2004 and of the performance for the half-year ended on that date of the Company and consolidated entity; and

(2) in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

Tim Odillo Maher
Director

Brisbane
28 February 2005

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 2004 as set out on pages 2 to 6. 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 2004 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

J Frayne
Partner

Dated at Brisbane this 28th day of February 2005