

Appendix 4D

Half yearly report

FSA Group Limited

ABN

Half year ended
(‘current reporting period’)

‘Previous corresponding
period’

98 093 855 791

31 December 2014

31 December 2013

2.0 Results for announcement to the market

\$A'000

2.1 Total operating income	up	10.4%	To	34,396
2.2 Profit from ordinary activities after tax attributable to members	up	18.5%	To	6,971
2.3 Net profit for the period attributable to members	up	18.5%	To	6,971
2.4 Dividends				

Interim dividend payable 11 March 2015 of 3.00 cents per share fully franked

2.5 Record date for determining entitlements to the interim dividend 25 February 2015.

2.6 For an explanation of the figures in 2.1 to 2.4 above, refer to the “Executive Directors’ Review” contained in the Directors’ Report which forms part of the financial statements.

3.0 Net tangible assets per ordinary security

Net tangible assets per ordinary security, after adjusting for non- controlling interests

Current
reporting
period

Previous
corresponding
period

49.3 cents

43.7 cents

	Notes
4. Details of the entities over which control has been gained or lost during the period	Not applicable
5. Dividends	
Total dividends paid	See Note 6
6. Dividend reinvestment plans	
There are no dividend reinvestment plans	
7. Associates and joint ventures	
There are no associates and joint ventures	
8. Foreign entities	
There are no foreign entities	
9. Independent audit report or review	See Page 14

FSA GROUP LIMITED

ABN 98 093 855 791

Half Year Financial Report

31 December 2014

DIRECTORS' REPORT

The directors submit their report for the half year ended 31 December 2014.

DIRECTORS

The names of the directors of FSA Group Limited ("FSA Group") in office during the half-year and until the date of this report are shown below.

Sam Doumany	Non-Executive Chairman
Tim Odillo Maher	Executive Director
Deborah Southon	Executive Director
Stan Kalinko	Non-Executive Director
Sally Herman	Non-Executive Director – resigned 28 November 2014

Principal activities

The principal activities of FSA Group are the provision of debt solutions and direct lending services to individuals and businesses. These activities have not changed during the half year.

EXECUTIVE DIRECTORS' REVIEW

Financial Overview

FSA Group's profit after tax attributable to members for the half year ended 31 December 2014 was \$7.0m. This result represents a 19% increase when compared to the half year ended 31 December 2013.

Financial Overview	1HFY2015	% Change
Total operating income	\$34.4m	+10%
Profit before tax	\$10.5m	+14%
Profit after tax attributable to members	\$7.0m	+19%
EPS basic	5.57c	+19%
Net cash inflow from operating activities	\$3.0m	- 51%
Interim dividend/share	3.00c	+20%

Operational Performance

Our business operates across the following key segments: Services, Consumer Lending and Business Lending. The profitability of each segment is as follows:

Profitability	1HFY2015	1HFY2014
Services	\$6.3m	\$4.6m
Consumer Lending	\$2.9m	\$3.4m
Business Lending	\$1.2m	\$1.2m
Profit before tax	\$10.5m	\$9.2m
Profit after tax attributable to members	\$7.0m	\$5.9m

Services

The Services division offers a range of services to assist clients wishing to enter into a payment arrangement with their creditors. These include informal arrangements, debt agreements, personal insolvency agreements and bankruptcy. We are trialling a new service called Easy Bill Pay, which will assist our clients with paying their bills.

FSA Group is the largest provider of debt agreements in Australia with approximately 45% market share. We are also one of the largest providers of personal insolvency agreements and bankruptcy in the country.

During the first half, there was a substantial increase in new client numbers, when compared to the previous corresponding period, as follows:

Debt Agreements	+18%
Personal Insolvency Agreements and Bankruptcy	+8%

DIRECTORS' REPORT continued

FSA Group manages over \$321m of unsecured debt under debt agreements. During the first half, FSA Group paid \$39m in dividends to creditors. This was a decrease of 1% when compared to the previous corresponding period. Our new service, Easy Bill Pay is performing well with current client numbers around 200.

The division achieved a profit before tax of \$6.3m driven by the substantial increase in new client numbers and supported by a continued and sustained reduction in the level of arrears and recovery of doubtful debts.

Consumer Lending

The Consumer Lending division offers non-conforming home loans and personal loans to assist clients wishing to consolidate their debt or to purchase a motor vehicle.

Our home loan pool increased to \$224m at December 2014 compared to \$221m at June 2014. Greater than 30 day arrears decreased to 2.35% at December 2014 compared to 3.32% at June 2014. Our non-recourse home loan funding facilities consist of a \$230m senior facility provided by Westpac Banking Corporation and a \$20m mezzanine facility provided by institutional investors. These facilities have been renewed until October 2016.

Our personal loan pool increased to \$3.5m at December 2014 compared to \$1.1m at June 2014. Greater than 30 day arrears increased to 1.26% at December 2014 compared to nil at June 2014. Our personal loan funding facility of \$10m is provided by Westpac Banking Corporation and has been renewed until December 2015.

During the first half a business development manager ("BDM") team was established to initiate referrals for home loans. We are focussed on growing this loan pool. We are still trialing our personal loan product.

The division achieved a profit before tax of \$2.9m. Profitability was impacted by the costs associated with the establishment of the BDM team and the personal loan trial.

Business Lending

The Business Lending division offers factoring finance to assist small businesses with cash flow management.

Our loan pool increased to \$29m at December 2014 compared to \$24m at June 2014. Greater than 90 day arrears increased to 7.76% at December 2014 compared to 5.89% at June 2014.

Our factoring finance funding facility of \$35m is provided by Westpac Banking Corporation. This facility is due for renewal in June 2015. We have commenced the renewal discussion with Westpac and expect this facility to be renewed on substantially the same terms for a further period of two years.

During the first half our BDM team was expanded for factoring finance. We are focussed on growing this loan pool.

The division achieved a profit before tax of \$1.2m. Profitability was impacted by the costs associated with the increase in the BDM team.

Cash flow from operations

During the first half, FSA Group maintained strong cash inflow driven by long term annuity income from its clients. The reduction in net cash inflow from operations, when compared to the previous corresponding period, is provided for in the notes below.

DIRECTORS' REPORT continued

	1HFY2015	1HFY2014
Cash flows from operating activities	\$	\$
Receipts from customers ¹	23,939,727	23,952,010
Payments to suppliers and employees ²	(27,230,812)	(25,242,343)
Finance income received	15,344,283	15,508,517
Finance costs paid	(5,954,305)	(6,674,897)
Net cash payments for institutional creditor distributions	-	(34,921)
Income tax paid ³	(3,140,410)	(1,416,742)
Net cash inflow from operating activities	2,958,483	6,091,624

Note 1 – There was a substantial increase in new client numbers for our Services division, see commentary under Services. For Services, reported revenue for these new clients precedes cash collections because receivables are collected over future periods.

Note 2 – We are focused on growing our loan pools, see commentary under Consumer Lending and Business Lending. Upfront investment in future growth resulted in an increase of \$1.3m in employment related payments. We expect to see growth in these loan pools over 2015.

Note 3 – Income tax paid increased by \$1.7m due to a timing shift. We expect total income tax payments for FY2015 to be similar to that of FY2014.

Dividends

The directors have declared an interim fully franked dividend of 3.00 cents per share, with a record date of 25 February 2015 and payable on 11 March 2015.

Outlook and Guidance

Consumer debt levels are at a record high and demand for our products and services is growing.

Our strategy for our Consumer Lending and Business Lending divisions is to focus on growing our loan pools. We expect to see growth in these loan pools over 2015. Growth in these pools will be the key to growing profitability at an above average annual rate.

For Easy Bill Pay, we plan to increase client numbers over 2015.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under Section 307C of the Corporations Act 2001 is attached to this director's report on page 4.

Signed in accordance with a resolution of directors made pursuant to section 306(3) of the Corporations Act, on behalf of the board of directors.



Tim Odillo Maher
Director
Sydney
17 February 2015

DECLARATION OF INDEPENDENCE BY GRANT SAXON TO THE DIRECTORS OF FSA GROUP LIMITED

As lead auditor for the review of FSA Group Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of FSA Group Limited and the entities it controlled during the period.



Grant Saxon
Partner

BDO East Coast Partnership

Sydney, 17 February 2015

FSA Group Limited**Consolidated statement of profit or loss and other comprehensive income**

For the six months ended 31 December 2014

	Note	31 December 2014 \$	31 December 2013 \$
Revenue and other income			
Fees from services		25,699,667	22,752,625
Finance income		14,768,954	14,472,854
Finance expenses		(6,072,704)	(6,066,240)
Net finance income		8,696,250	8,406,614
Total operating income		34,395,917	31,159,239
Marketing expenses		(4,103,276)	(3,729,083)
Administrative expenses		(4,358,834)	(3,782,251)
Operating expenses		(15,468,985)	(14,489,066)
Profit before income tax expense		10,464,822	9,158,839
Income tax expense		(3,124,400)	(2,799,696)
Profit after income tax expense		7,340,422	6,359,143
Other comprehensive income, net of tax		-	-
Total comprehensive income for the period		7,340,422	6,359,143
Total comprehensive income for the period attributable to:			
Non-controlling interests		369,022	477,881
Members of the parent		6,971,400	5,881,262
		7,340,422	6,359,143
Basic earnings per share (cents per share)	5	5.57	4.70
Diluted earnings per share (cents per share)	5	5.57	4.70

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

FSA Group Limited
Consolidated statement of financial position

As at 31 December 2014

	31 December 2014	30 June 2014
	\$	\$
Current Assets		
Cash and cash equivalents	5,116,197	7,772,612
Trade and other receivables	32,358,788	30,478,709
Other assets	622,762	725,254
Total Current Assets	38,097,747	38,976,575
Non-Current Assets		
Trade and other receivables	38,705,339	35,883,582
Investments	385	385
Plant and equipment	387,734	413,608
Deferred tax assets	8,530	1,800
Intangible assets	3,535,755	3,631,108
Total Non-Current Assets	42,637,743	39,930,483
Financing Assets		
Factoring cash and cash equivalents	3,686,264	5,167,815
Home loan cash and cash equivalents	9,884,830	8,246,901
Factoring assets	28,888,630	24,278,727
Personal loan assets	3,549,407	1,087,807
Home loan assets financed by non-recourse financing liabilities	223,913,047	221,131,945
Total Financing Assets	269,922,178	259,913,195
Total Assets	350,657,668	338,820,253
Current Liabilities		
Trade and other payables	9,880,746	11,623,089
Current tax liabilities	872,500	1,648,607
Borrowings	618,999	730,257
Provisions	1,640,526	1,489,589
Total Current Liabilities	13,012,771	15,491,542
Non-Current Liabilities		
Provisions	652,315	543,193
Deferred tax liabilities	14,500,318	13,731,551
Other payables	2,425,000	2,425,000
Total Non-Current Liabilities	17,577,633	16,699,744
Financing Liabilities		
Borrowings to finance factoring assets	26,078,335	22,960,277
Borrowings to finance personal loan assets	3,502,129	1,000,434.00
Non-recourse borrowings to finance home loan assets	222,574,166	217,717,801
Total Financing Liabilities	252,154,630	241,678,512
Total Liabilities	282,745,034	273,869,798
Net Assets	67,912,634	64,950,455
Equity		
Share capital	6,707,233	6,707,233
Reserves	(3,278,761)	(2,509,387)
Retained earnings	61,769,915	58,407,384
Total equity attributable to members of the parent	65,198,387	62,605,230
Non-controlling interest	2,714,247	2,345,225
Total Equity	67,912,634	64,950,455

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

FSA Group Limited
Consolidated statement of cash flows

For the six months ended 31 December 2014

	Six months ended 31 December 2014	Six months ended 31 December 2013
	\$	\$
	Inflows/ (Outflows)	Inflows/ (Outflows)
Cash flows from operating activities		
Receipts from customers	23,939,727	23,952,010
Payments to suppliers and employees	(27,230,812)	(25,242,343)
Finance income received	15,344,283	15,508,517
Finance costs paid	(5,954,305)	(6,674,897)
Net cash payments for institutional creditor distributions	-	(34,921)
Income tax paid	(3,140,410)	(1,416,742)
Net cash inflow from operating activities	2,958,483	6,091,624
Cash flows from investing activities		
Acquisition of property, plant and equipment	(112,496)	(170,624)
Acquisition of intangibles	(95,551)	(182,082)
Net (increase)/decrease in home loan assets	(3,413,004)	8,261,754
Net increase in personal loan assets	(2,439,262)	-
Net decrease in bridging finance assets	102,500	18,500
Net increase in factoring assets	(4,931,425)	(5,429,174)
Net increase in other loans	(437,500)	(437,500)
Net cash (outflow)/inflow from investing activities	(11,326,738)	2,060,874
Cash flows from financing activities		
Net proceeds from /(repayments) to borrowings	10,246,461	(3,588,673)
Share issue	-	49,758
Dividends paid to company's shareholders	(4,378,243)	(4,065,510)
Net cash inflow/(outflow) from financing activities	5,868,218	(7,604,425)
Net (decrease)/increase in cash and cash equivalents	(2,500,037)	548,073
Cash and cash equivalents at the beginning of the financial period	21,187,328	23,092,712
Cash and cash equivalents at the end of the financial period	18,687,291	23,640,785

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

FSA Group Limited
Consolidated statement of changes in equity

For the six month ended 31 December
2014

	Share Capital \$	Share Option Reserve \$	Other Reserve	Retained Earnings \$	Non- Controlling Interest \$	Total \$
Balance at 30 June 2013	6,657,475	769,374	(3,278,761)	52,117,970	2,493,122	58,759,180
Profit after income tax for the period	-	-	-	5,881,262	477,881	6,359,143
Other comprehensive income for the period, net of tax	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	5,881,262	477,881	6,359,143
Transactions with owners in their capacity as owners:						
Share issue	49,758	-	-	-	-	49,758
Dividend paid	-	-	-	(4,065,510)	-	(4,065,510)
Balance at 31 December 2013	6,707,233	769,374	(3,278,761)	53,933,722	2,971,003	61,102,571
Profit after income tax for the period	-	-	-	7,600,979	545,201	8,146,180
Other comprehensive income for the period, net of tax	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	7,600,979	545,201	8,146,180
Transactions with owners in their capacity as owners:						
Dividends paid	-	-	-	(3,127,317)	-	(3,127,317)
Distributions to non-controlling interests	-	-	-	-	(1,170,979)	(1,170,979)
Balance at 30 June 2014	6,707,233	769,374	(3,278,761)	58,407,384	2,345,225	64,950,455
Profit after income tax for the period	-	-	-	6,971,400	369,022	7,340,422
Other comprehensive income for the period, net of tax	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	6,971,400	369,022	7,340,422
Transactions with owners in their capacity as owners:						
Reclassification of expired share based payment reserve	-	(769,374)	-	769,374	-	-
Dividends paid	-	-	-	(4,378,243)	-	(4,378,243)
Balance at 31 December 2014	6,707,233	-	(3,278,761)	61,769,915	2,714,247	67,912,634

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

FSA Group Limited
Notes to the consolidated half year financial report

31 December 2014

1. REPORTING ENTITY

FSA Group Limited (the 'Company') is a for-profit company domiciled in Australia. The consolidated half year financial report of the Company as at and for the six months ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interests in associates and jointly controlled entities.

The principal activities of the Group are the provision of debt solutions and direct lending services to individuals and businesses.

2. BASIS OF PREPARATION

Statement of compliance

This consolidated half year financial report has been prepared in accordance with Australian Accounting Standard AASB 134 *"Interim Financial Reporting"* and the Corporations Act 2001 and does not include all of the information and notes of the type normally required for full annual financial statements. Accordingly these half year financial statements are to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcement made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

These consolidated interim financial statements were approved by the board of directors on 17 February 2015.

New, revised, or amending Accounting Standards and Interpretations adopted

The Group has adopted all new, revised, or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new, revised or amending Accounting Standards or Interpretations that are not mandatory yet have not been early adopted.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in these consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2014.

4. SEGMENT INFORMATION

FSA Group Limited is an Australian entity whose principal activities are:

- Services; including debt agreements, personal insolvency agreements, bankruptcy and Easy Bill Pay;
- Consumer Lending; including home loan lending, home loan broking and personal loan lending;
- Business Lending; including factoring finance and other related services;
- Other / corporate; including parent entity services and intercompany investments, balances and transactions, which are eliminated upon consolidation.

The Group operates in one geographic region – Australia.

FSA Group Limited
Notes to the consolidated half-year financial report

31 DECEMBER 2014

4. SEGMENT INFORMATION continued

Business segment Revenue and Results - half-year ended 31 December 2014

	Services		Consumer Lending		Business Lending		Other/Corporate		Consolidated Total	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013	31/12/2014	31/12/2013	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Service income	25,014,870	22,018,883	620,711	667,602	64,086	66,140	-	-	25,699,667	22,752,625
Finance income	9,298	17,347	10,500,791	10,475,160	4,216,241	3,911,192	42,624	69,155	14,768,954	14,472,854
Finance expense	(89)	-	(5,493,624)	(5,540,200)	(577,855)	(526,040)	(1,136)	-	(6,072,704)	(6,066,240)
Net finance income	9,209	17,347	5,007,167	4,934,960	3,638,386	3,385,152	41,488	69,155	8,696,250	8,406,614
Internal sales and income	439,600	405,599	-	-	-	-	-	**5,389,776	439,600	5,795,375
Eliminations	-	-	-	-	-	-	-	-	(439,600)	(5,795,375)
Total operating income	25,463,679	22,441,829	5,627,878	5,602,562	3,702,472	3,451,292	41,488	5,458,931	34,395,917	31,159,239
Results										
Segment profit before tax	6,339,038	4,595,496	2,870,461	3,378,517	1,245,357	1,233,255	9,966	(48,429)	10,464,822	9,158,839
Income tax (expense)/benefit	(1,893,698)	(1,406,359)	(862,132)	(1,013,449)	(378,832)	(396,027)	10,262	16,139	(3,124,400)	(2,799,696)
Profit for the year	4,445,340	3,189,137	2,008,329	2,365,068	866,525	837,228	20,228	(32,290)	7,340,422	6,359,143

Assets	Services		Consumer Lending		Business Lending		Other/Corporate		Consolidated Total	
	31/12/2014	30/06/2014	31/12/2014	30/06/2014	31/12/2014	30/06/2014	31/12/2014	30/06/2014	31/12/2014	30/06/2014
Segment assets	133,207,034	126,927,015	252,366,964	245,308,892	34,494,742	30,747,829	28,876,504	43,061,110	448,945,244	446,044,846
Eliminations*									(98,287,576)	(107,224,593)
Total assets									350,657,668	338,820,253

*Eliminations are related to intercompany balances.

FSA Group Limited
Notes to the consolidated half-year financial report

31 DECEMBER 2014

5. EARNINGS PER SHARE

	31-Dec-14	31-Dec-13
	Value	Value
(a) Reconciliation of earnings used to calculate basic and dilutive earnings per share		
Total comprehensive income attributable to members of the parent for the period (\$)	6,971,400	5,881,262
Basic earnings per share (cents)	5.57	4.70
Diluted earnings per share (cents)	5.57	4.70
	Number	Number
(b) Weighted average number of ordinary shares outstanding during the year	125,092,610	125,021,675
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	125,092,610	125,021,675

6. DIVIDENDS

Dividends recognised in the current financial period by FSA Group Limited are:

	Value per share	Total Amount	Franked	Date of Payment
	\$			
Final - ordinary	0.035	\$4,378,243	100%	26-Sep-14

Franked dividends declared or paid during the financial year were franked at a tax rate of 30%.

Dividends paid during financial year 2014 are:

	Value per share	Total Amount	Franked	Date of Payment
	\$			
Final - ordinary	0.0325	\$4,065,510	100%	27-Sep-13
Interim – ordinary	0.0250	\$3,127,317	100%	21-Mar-14

On 17 February 2015, the directors declared a fully franked dividend of 3.00 cents to be paid on 11 March 2015, a total estimated distribution of \$3,752,778 based on ordinary shares on issue as at 17 February 2015.

7. SHARE CAPITAL

The following movements in share capital arose during the half year period:

	31-Dec-14	31-Dec-13
	Number	Number
Shares on issue at 1 July	125,092,610	125,020,077
Add shares issued as part consideration for acquisition	-	72,533
Shares on issue at 31 December	125,092,610	125,092,610

FSA Group Limited
Notes to the consolidated half-year financial report

31 DECEMBER 2014

8. FINANCIAL INSTRUMENTS

- a) Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial liabilities are determined (in particular, the valuation techniques and inputs used). Other financial liabilities are the only financial instrument subsequently measured at fair value on Level 3 fair value measurement. No gain or loss for the year relating to other financial liabilities has been recognised in profit or loss.

Financial assets / financial liabilities	Fair value as at 31/12/2014	Fair value hierarchy	Valuation techniques	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Other financial liabilities	\$2,425,000	Level 3	Discounted cash flow	Risk-adjusted discount rate	16.5% - 18.3%	A change in the discount rate by 100 bps would increase/decrease the fair value by around \$185,000 - \$230,000
				Expected present value of future cash inflows	16.1 m – 16.8m	If expected future cash inflows were 5% higher or lower, the FV would increase / decrease by around \$110,000
				Short term loan pool growth rate	20% - 36%	The higher the loan pool growth rate, the higher the fair value.
				Long term revenue growth rate	1.50%	The higher the long term revenue growth rate, the higher the fair value.

- b) Except as detailed in the following table, the directors consider that due to their short-term nature the carrying amounts of financial assets and financial liabilities, which include cash, current trade receivables, current payables and current borrowings, are assumed to approximate their fair values. For the majority of the borrowings, the fair values are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

	Dec-14 Book value \$	Dec-14 Fair value \$
Financial assets		
Current receivables net of deferred tax*	17,890,926	17,890,926
Non-current receivables net of deferred tax*	29,892,349	28,772,292
Personal loan assets	3,549,407	4,145,746
Home loan assets financed by non-recourse financing liabilities	223,913,047	234,154,816
Financial liabilities		
Borrowings to finance personal loan assets	3,502,129	3,502,129
Borrowings to finance factoring assets	26,078,335	26,078,335
Non-recourse borrowings to finance home loan assets	222,574,166	222,574,166

*Included in current and non-current receivables is an amount of \$61,647,398 relating to debt agreement receivables. These assets are taxed on a cash basis, and consequently to present the book value on a consistent basis with the computation of fair value, current and non-current receivables have been presented net of associated deferred tax liabilities amounting to \$13,864,123.

9. COMMITMENTS

At the reporting date loan applications accepted by the Group, but not yet settled amounted to \$6,802,562 (2013: \$5,174,842).

10. SUBSEQUENT EVENTS

There have been no events since 31 December 2014 that may significantly affect the Group's operations, the results of those operations or the Group's state of affairs in future financial years other than the dividends declared as disclosed in Note 6.

FSA Group Limited
Notes to the consolidated half-year financial report

31 DECEMBER 2014

Directors' Declaration

In the Directors' opinion:

1. the attached financial statements and notes thereto comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 '*Interim Financial Reporting*', the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
2. the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the financial half-year ended on that date; and
3. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors.

A handwritten signature in dark ink, appearing to read 'Tim O', with a stylized flourish extending to the right.

Tim Odillo Maher
Director
Sydney
17 February 2015

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of FSA Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of FSA Group Limited, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of FSA Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of FSA Group Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

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 the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

BDO East Coast Partnership

The image shows two handwritten signatures. The top signature is a stylized 'BDO' in black ink. The bottom signature is a cursive signature that appears to read 'Grant Saxon'.

Grant Saxon

Partner

Sydney, 17 February 2015