

Appendix 4D

Half yearly report

FSA Group Limited

ABN	Half year ended (‘current reporting period’)	‘Previous corresponding period’
98 093 855 791	31 December 2019	31 December 2018

2.0 Results for announcement to the market

				\$A’000	\$A’000
2.1	Total operating income	down	4%	from	to
				35,896	34,477
2.2	Profit from ordinary activities after tax attributable to members of the parent	up	7%	from	to
				7,735	8,305
2.3	Net profit for the period attributable to members of the parent	up	7%	from	to
				7,735	8,305
2.4	Dividends				
	Interim dividend payable 13 March 2020 of 3.00 cents per share fully franked				
2.5	Record date for determining entitlements to the interim dividend - 28 February 2020				
2.6	Commentary on above details				
	Refer to Executive Directors’ Review and Financial Statements				

3.0 Net tangible assets per ordinary security	Current reporting period	Previous corresponding period
Net tangible assets per ordinary security, after adjusting for non-controlling interests	42.1 cents	36.0 cents

Notes

4. Details of the entities over which control has been gained or lost during the period Not applicable
5. Dividends See Note 6
 - Total dividends paid
6. Dividend reinvestment plans
 - There is no dividend reinvestment plan
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 17

DIRECTORS' REPORT

The Directors submit their report for the half year ended 31 December 2019.

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
David Bower	Non-Executive Director
Stan Kalinko	Non-Executive Director (retired 22 November 2019)

All Directors were in office from the start of the half year, unless otherwise stated.

Principal activities

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

EXECUTIVE DIRECTORS' REVIEW

For the half year ended 31 December 2019, FSA Group generated \$34.5 million in operating income, a 4% decrease and a profit after tax attributable to members of \$8.3 million, a 7% increase compared to the half year ended 31 December 2018. Our net cash inflow from operating activities was \$7.9 million, a 3% increase.

We advise that the Directors have declared a fully franked interim dividend of 3.00 cents per share, with a record date of 28 February 2020 and payable on 13 March 2020.

The Financial Overview below summarises our performance.

<i>Financial Overview</i>	<i>1H FY2019</i>	<i>1H FY2020</i>	<i>% Change</i>
Operating income	\$35.9m	\$34.5m	-4%
Profit before tax	\$11.9m	\$12.5m	+5%
Profit after tax attributable to members	\$7.7m	\$8.3m	+7%
EPS basic	6.18c	6.64c	+7%
Net cash inflow from operating activities	\$7.7m	\$7.9m	+3%
Dividend/share	2.00c	3.00c	+50%
Shareholder equity attributable to members	\$46.8m	\$55.5m	+19%
Return on equity	34%	31%	-3%

DIRECTORS' REPORT continued

Operational Performance

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

Operating income by segment	1HFY2019	1HFY2020	% Change
Services	\$24.7m	\$21.4m	-13%
Consumer Lending - Home loans	\$5.5m	\$6.5m	+18%
Consumer Lending - Personal loans	\$5.7m	\$6.6m	+15%
Other/unallocated	\$0.0m	\$0.1m	
Operating income	\$35.9m	\$34.5m	- 4%

Profit before tax by segment	1HFY2019	1HFY2020	% Change
Services	\$6.7m	\$6.0m	-10%
Consumer Lending - Home loans	\$3.0m	\$3.5m	+19%
Consumer Lending - Personal loans	\$2.3m	\$2.6m	+12%
Other/unallocated ¹	(\$0.1m)	\$0.4m	
Profit before tax	\$11.9m	\$12.5m	+5%

**Note 1: "Other/unallocated" includes the before tax mark to market unrealised loss of \$32,398 in the first half of the 2019 financial year and unrealised gain of \$435,648 in the first half of the 2020 financial year on our 5 year interest rate swap agreements. Reference is to be made to "unrealised gain or (loss) on fair value movement of derivatives" in the Statement of Profit or Loss and Other Comprehensive Income.*

Services

The Services segment 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. FSA Group is the largest provider of these services in Australia.

The amendments to the Bankruptcy Act 1966 which took effect from 27 June 2019, limit the time to repay debt under a debt agreement to three years for non-home owners while allowing those who own a home up to five years. Non-home owners have been adversely affected by this change as a three year term may not provide commercially acceptable rates of return to creditors resulting in these three year debt agreement proposals being rejected.

In July 2019 we formally launched our new service, an informal arrangement to assist non-home owners with their debt.

Our focus over the 2020 financial year will be as follows:

1. Continue to improve our informal arrangement offering, based on client and creditor feedback;
2. Implement the informal arrangement offering across the entire team, with ongoing training and support;
3. Focus on assisting an increasing number of clients across informal arrangements and debt agreements, and
4. Remove around \$3 million of annual cost from the Services segment. We are well advanced on this through automation and off-shoring.

DIRECTORS' REPORT continued

During the first half, new client numbers for informal arrangements and debt agreements decreased by 13% and for personal insolvency agreements and bankruptcy increased by 14% compared to the previous corresponding period. During the first half, informal arrangement and debt agreement clients under administration decreased to 20,512, down 6% and for personal insolvency agreements and bankruptcy increased to 1,352, up 7%. FSA Group manages \$359 million of unsecured debt under informal arrangements and debt agreements and during the first half paid \$42 million in dividends to creditors.

The launch of our informal arrangements has been successful with positive feedback from clients and creditors. We are confident in our Services segment, and particularly in our informal arrangement offering.

<i>Informal and Debt agreement</i>	<i>1HFY2018</i>	<i>1HFY2019</i>	<i>1HFY2020</i>	<i>% Change</i>
New clients	2,771	2,489	2,175	-13%
Clients under administration	20,955	21,764	20,512	-6%
Debt managed	\$382m	\$392m	\$359m	-8%
Dividends paid	\$40m	\$44m	\$42m	-3%

<i>PIA's and Bankruptcy</i>	<i>1HFY2018</i>	<i>1HFY2019</i>	<i>1HFY2020</i>	<i>% Change</i>
New clients	182	197	225	+14%
Clients under administration	1,261	1,259	1,352	+7%

The Services segment achieved a profit before tax of \$6.0 million, a 10% decrease.

Consumer Lending

The Consumer Lending segment offers non-conforming home loans and personal loans to assist clients wishing to consolidate their debt or to purchase a motor vehicle. During the first half our loan pools continued to grow.

<i>Loan Pool Data</i>	<i>Home Loans</i>	<i>Personal Loans</i>
Weighted average loan size	\$353,491	\$21,197
Security type	Residential home	Motor vehicle
Weighted average loan to valuation ratio	67%	88%
Variable or fixed rate	Variable	Fixed
Geographical spread	All states	All states

<i>Loan Pools</i>	<i>1HFY2018</i>	<i>1HFY2019</i>	<i>1HFY2020</i>	<i>% Change</i>
Home loans	\$337m	\$372m	\$386m	+3%
Personal loans	\$41m	\$55m	\$63m	+17%
Total	\$378m	\$427m	\$450m	+5%

<i>Arrears > 30 day (six month average)</i>	<i>1HFY2018</i>	<i>1HFY2019</i>	<i>1HFY2020</i>
Home loans	1.40%	1.97%	1.76%
Personal loans	1.12%	1.83%	3.48%

DIRECTORS' REPORT continued

Losses	1H FY2018	1H FY2019	1H FY2020
Home loans	\$403,808	-	\$107,440
Personal loans ¹	\$99,822	\$193,261	\$687,262

**Note 1: Our financial model for personal loans is based on a targeted loan pool cumulative loss of less than 6%, which equates to a loan pool annual loss of 2%. On a closing pool of \$63 million, annual losses should therefore not exceed 2% or \$1.3 million. Our actual loan pool cumulative loss is less than 3%, which equates to a loan pool annual loss of less than 1%. During the 2018 calendar year we ran a pilot product offering (Pilot Period). \$331,533 out of the \$687,262 of losses incurred in the first half of the 2020 financial year relates to loans settled during the Pilot Period. The pilot product offering has concluded.*

As our loan pools grow we expect to increase and renew our facilities as required and periodically utilise the debt capital markets. On 18 December 2019, we announced our inaugural \$200 million issue of non-conforming residential mortgage backed securities (RMBS) via sole arranger and manager Westpac. Accessing the debt capital markets is a key step in our strategy of diversifying our funding and de-risking the business. More importantly, it provides us with fresh funding capacity to pursue our home loan growth strategy.

Funding	Facility Type	Provider	Limit	Availability End Date	Maturity Date
Home Loans	Non-recourse senior	Westpac	\$350m	Jul-21	Oct-21
	Non-recourse senior	Westpac	\$25m	Jul-21	Oct-21
	Non-recourse mezzanine ¹	Institutional	\$20m	Jul-21	Oct-21
Personal Loans	Limited recourse senior	Westpac	\$75m	Apr-21	Apr-23

**Note 1: The facility limit for Home Loans – Non-recourse mezzanine has been reduced from \$30 million to \$20 million as part of the \$200 million RMBS.*

On 16 December 2019 we announced Azora Home Loans. Azora Home Loans will be led by one of the most experienced management teams in the non-bank home loan sector.

The Consumer Lending segment achieved a profit before tax of \$6.1 million, a 16% increase.

Net cash inflow from operating activities

During the first half, FSA Group maintained strong cash inflow driven by long term annuity income from our clients. Net cash inflow from operating activities for the first half was \$7.9 million, a 3% increase. Net cash inflow is historically lower in the first half compared to the second half.

	1H FY2018	1H FY2019	1H FY2020	% Change
Net cash inflow from operating activities	\$4.9m	\$7.7m	\$7.9m	+3%

DIRECTORS' REPORT continued

Strategy and Outlook

We are moving into the last year of our 5 year strategic plan. Our focus over the 2020 financial year will be as follows:

Services - Maintain our leading position in a niche market and improve our informal arrangement offering, based on client and creditor feedback.

Consumer Lending - Grow our personal loan pool and prepare for the launch of Azora Home Loans.

Earnings - Expect earnings growth of 5% to 15%.

Capital Management - Expect our full year dividend to be between 6 cents to 7 cents per share with the balance of earnings to be re-invested to support the growing loan pools. We initially planned to secure mezzanine funding for our personal loan facility when our loan pool reached \$100 million. We now plan to secure mezzanine funding sooner.

Preparing our business for the future - Continuing with the offshoring to our Philippines (39 staff) and Indian (17 staff) offices a number of administrative tasks and automating others.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under Section 307C of the Corporations Act 2001 is attached to this Directors' report on page 7.

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

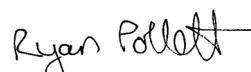
21 February 2020

DECLARATION OF INDEPENDENCE BY RYAN POLLETT TO THE DIRECTORS OF FSA GROUP LIMITED

As lead auditor for the review of FSA Group Limited for the half-year ended 31 December 2019, 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.



Ryan Pollett

Partner

BDO East Coast Partnership

Sydney, 21 February 2020

FSA Group Limited

Consolidated statement of profit or loss and other comprehensive income

	Consolidated Entity	
	31-Dec-19	31-Dec-18
	\$	\$
Revenue and other income		
Fees from services	21,745,783	25,032,225
Finance income	20,468,657	19,486,314
Finance expenses	(7,737,221)	(8,622,871)
Net finance income	12,731,436	10,863,443
Total operating income	34,477,219	35,895,668
Marketing expenses	(4,190,235)	(4,984,560)
Administrative expenses	(3,148,408)	(3,166,205)
Operating expenses	(15,050,804)	(15,815,431)
Unrealised gain or (loss) on fair value movement of derivatives	435,648	(32,398)
Total expenses	(21,953,799)	(23,998,594)
Profit before income tax	12,523,420	11,897,074
Income tax expense	(3,718,850)	(3,581,880)
Profit after income tax	8,804,570	8,315,194
Other comprehensive income, net of tax	-	-
Total comprehensive income for the year	8,804,570	8,315,194
Total profit for the year and total comprehensive income for the year attributable to:		
Non-controlling interests	499,741	580,616
Members of the parent	8,304,829	7,734,578
Net profit for the year	8,804,570	8,315,194
Earnings per share		
Basic earnings per share (cents per share)	6.64	6.18
Diluted earnings per share (cents per share)	6.64	6.18

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 2019

	Consolidated Entity	
	Dec-2019	Jun-2019
	\$	\$
Current Assets		
Cash and cash equivalents	6,169,664	3,303,166
Trade and other receivables	22,339,890	22,076,974
Other assets	1,372,792	666,635
Total Current Assets	29,882,346	26,046,515
Non-Current Assets		
Trade and other receivables	7,373,792	8,771,602
Investments	385	385
Plant and equipment	403,381	529,440
Deferred tax asset	532,905	958,720
Intangible assets	2,843,097	2,689,888
Total Non-Current Assets	11,153,560	12,950,035
Financing Assets		
Personal loan cash and cash equivalents	2,439,287	2,414,087
Home loan cash and cash equivalents	8,477,280	6,356,612
Personal loan assets	63,058,616	59,402,449
Home loan assets financed by non-recourse financing liabilities	386,038,086	381,636,117
Total Financing Assets	460,013,269	449,809,265
Total Assets	501,049,175	488,805,815
Current Liabilities		
Trade and other payables	5,523,063	6,504,759
Contract liability	414,978	490,481
Current tax liabilities	801,856	2,129,633
Borrowings	557,867	1,024,870
Provisions	2,237,105	2,293,985
Derivatives	936,084	630,827
Total Current Liabilities	10,470,953	13,074,554
Non-Current Liabilities		
Contract liability	744,600	790,427
Non-current provisions	466,204	443,859
Deferred tax liabilities	2,689,822	2,676,565
Derivatives	-	716,326
Total Non-Current Liabilities	3,900,626	4,627,177
Financing Liabilities		
Borrowings to finance personal loan assets	9,018,559	8,057,675
Limited-recourse borrowings to finance personal loan assets	38,907,333	37,861,944
Non-recourse borrowings to finance home loan assets	379,597,864	371,072,085
Total Financing Liabilities	427,523,756	416,991,704
Total Liabilities	441,895,335	434,693,435
Net Assets	59,153,840	54,112,380
Equity		
Share capital	6,696,902	6,707,233
Retained earnings	48,799,928	44,247,880
Total equity attributable to members of the parent	55,496,830	50,955,113
Non-controlling interest	3,657,010	3,157,267
Total Equity	59,153,840	54,112,380

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 2019
Consolidated Entity

	31-Dec-19	31-Dec-18
<i>Cash flows from operating activities</i>		
Receipts from customers	23,634,366	24,377,941
Payments to suppliers and employees	(23,093,968)	(23,931,434)
Finance income received	20,402,632	19,305,598
Finance cost paid	(8,405,801)	(8,544,015)
Income tax paid	(4,607,555)	(3,493,574)
Total cash flows from operating activities	7,929,674	7,714,516
<i>Cash flows from investing activities</i>		
Acquisition of property, plant and equipment	(18,760)	(63,232)
Acquisition of intangibles	(212,852)	(283,672)
Net increase in home loan assets	(4,501,501)	(12,927,601)
Net increase in personal loan assets	(4,419,717)	(7,135,173)
Net increase in other loans	(735,000)	(362,500)
Total cash flows from investing activities	(9,887,830)	(20,772,178)
<i>Cash flows from financing activities</i>		
Net receipts of borrowings	10,733,631	16,565,383
Dividends paid to company's shareholders	(3,752,778)	(5,003,704)
Net decrease in share capital	(10,331)	-
Total cash flows from financing activities	6,970,522	11,561,679
Net cash movement	5,012,366	(1,495,983)
Cash at the beginning of the period	12,073,865	9,799,315
Cash at the end of the period	17,086,231	8,303,332

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 months ended 31 December 2019

	Share Capital \$	Retained earnings \$	Non- controlling interest \$	Total Equity \$
Balance at 30 June 2018	6,707,233	37,342,269	2,740,961	46,790,462
Profit after income tax for the period	-	7,734,578	580,616	8,315,194
Other comprehensive income for the period, net of tax	-	-	-	-
	-	7,734,578	580,616	8,315,194
Transactions with owners in their capacity as owners:				
Dividends paid	-	(5,003,704)	-	(5,003,704)
Distribution to non-controlling interests	-	-	-	-
Balance at 31 December 2018	6,707,233	40,073,143	3,321,577	50,101,952
Profit after income tax for the period	-	6,676,588	465,692	7,142,280
Other comprehensive income for the period, net of tax	-	-	-	-
	-	6,676,588	465,692	7,142,280
Transactions with owners in their capacity as owners:				
Dividends paid	-	(2,501,852)	-	(2,501,852)
Distribution to non-controlling interest	-	-	(630,000)	(630,000)
Balance at 30 June 2019	6,707,233	44,247,878	3,157,269	54,112,380
Profit after income tax for the period	-	8,304,828	499,741	8,804,570
Other comprehensive income for the period, net of tax	-	-	-	-
	-	8,304,828	499,741	8,804,570
Transactions with owners in their capacity as owners:				
Dividends paid	-	(3,752,778)	-	(3,752,778)
Distribution to non-controlling interest	-	-	-	-
Share buy back	(10,331)	-	-	(10,331)
Balance at 31 December 2019	6,696,902	48,799,928	3,657,010	59,153,840

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 2019

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 2019 comprises the Company and its subsidiaries (together referred to as the 'Consolidated Entity') and the Consolidated Entity's interests in associates.

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

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 2019 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 Directors on 21 February 2020.

New, revised, or amending Accounting Standards and Interpretations adopted

The Consolidated Entity 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 accounting policies applied by the Consolidated Entity in these consolidated interim financial statements are the same as those applied by the Consolidated Entity in its consolidated financial statements as at and for the year ended 30 June 2019 except as follows:

AASB 16 Leases

The Consolidated Entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The adoption of the new Accounting Standard did not have any significant impact on the financial performance or position of the Consolidated Entity as at 31 December 2019 or on opening retained earnings as at 1 July 2019.

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

FSA Group Limited

Notes to the consolidated half-year financial report

31 December 2019

4. SEGMENT INFORMATION

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

- Services; including informal arrangements, debt agreements, personal insolvency agreements and bankruptcy;
- Consumer lending; including home loan lending, home loan broking and personal loan lending;
- Other / unallocated; including unrealised gain or loss on fair value movement of derivatives, parent entity services and intercompany investments, balances and transactions, which are eliminated upon consolidation.

The Consolidated Entity predominantly operates in one geographic region – Australia.

Business segment Revenue and Results - half-year ended 31 December 2019

	Services		Consumer Lending		Other/Unallocated		Consolidated Total	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue and income								
Fees from services	21,402,948	24,679,312	323,223	331,513	19,612	21,400	21,745,783	25,032,225
Finance Income	1,675	6,818	20,460,208	19,467,632	6,775	11,864	20,468,657	19,486,314
Finance Expenses	-	(39)	(7,737,244)	(8,622,596)	23	(236)	(7,737,221)	(8,622,871)
Net finance income	1,675	6,779	12,722,964	10,845,036	6,798	11,628	12,731,436	10,863,443
Other income	-	-	-	-	-	-	-	-
Internal sales and income	853,773	440,495	-	-	-	-	853,773	440,495
Elimination	-	-	-	-	-	-	(853,773)	(440,495)
Total Revenue and Income	22,258,396	25,126,586	13,046,187	11,176,549	26,410	33,028	34,477,219	35,895,668
Segment profit before tax	6,001,600	6,662,352	6,145,843	5,287,776	^375,977	(53,054)	12,523,420	11,897,074
Income tax expense	(1,809,580)	(2,019,338)	(1,814,874)	(1,578,459)	(94,396)	15,917	(3,718,850)	(3,581,880)
Profit for the year	4,192,020	4,643,014	4,330,969	3,709,317	281,581	(37,137)	8,804,570	8,315,194
	Services		Consumer Lending		Other/Unallocated		Segment (Rollup)	
	Dec-2019	Jun-2019	Dec-2019	Jun-2019	Dec-2019	Jun-2019	Dec-2019	Jun-2019
Segment assets	35,555,414	36,666,098	466,060,474	453,450,669	16,967,344	22,242,673	518,583,232	512,359,440
Reclass and elimination**							(17,534,057)	(23,553,625)
Total Assets							501,049,175	488,805,815

^ includes unrealised gain or loss on fair value movement of derivatives

** Represented reclassification of assets and liabilities and intercompany eliminations. Intercompany loans within each segment are eliminated within the segment assets.

FSA Group Limited

Notes to the consolidated half-year financial report

31 December 2019

5. EARNINGS PER SHARE

	31-Dec-19 Value	31-Dec-18 Value
(a) Reconciliation of earnings used to calculate basic and dilutive earnings per share		
Total earnings per share		
Basic earnings per share (cents per share)	6.64	6.18
Diluted earnings per share (cents per share)	6.64	6.18
	Number	Number
(b) Weighted average number of ordinary shares outstanding during the year	125,092,271	125,092,610
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	125,092,271	125,092,610

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	0.03	\$3,752,778	100%	13-Sep-19

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

Dividends paid during financial year 2019 were:

	Value per share	Total Amount	Franked	Date of Payment
	\$			
Final - ordinary	0.04	\$5,003,704	100%	27-Sep-18
Interim – ordinary	0.02	\$2,501,852	100%	28-Mar-19

On 21 February 2020, the Directors declared a fully franked dividend of 3.00 cents to be paid on 13 March 2020, a total estimated distribution of \$3,752,768 based on ordinary shares on issue as at 17 February 2020.

7. FINANCIAL INSTRUMENTS

- a) The Consolidated Entity measures and recognises the interest rate swap financial instrument at fair value on a recurring basis after initial recognition. Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Valuation Techniques and Inputs Used to Measure Level 2 Fair Values:

Description	Fair Value at 31 December 2019 (\$)	Valuation Technique(s)	Inputs Used
<i>Financial liability:</i>			
Interest rate swap	936,084	Income approach using discounted cash flow methodology and the funding valuation adjustment framework	Overnight Index Swap rate

FSA Group Limited**Notes to the consolidated half-year financial report****31 December 2019**

- 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.

	Book value	Fair value
	\$	\$
Financial assets		
Current receivables net of deferred tax	8,299,909	8,299,909
Non-current receivables net of deferred tax	6,713,951	6,591,210
Financing assets		
Personal loan assets	63,058,615	69,571,605
Home loan assets financed by non-recourse financing liabilities	386,038,086	400,404,036

8. COMMITMENTS

At the reporting date loan applications accepted by the Consolidated Entity but not yet settled amounted to \$5,542,000 (1HFY2019: \$4,892,294).

9. SUBSEQUENT EVENTS

There have been no events since 31 December 2019 that may significantly affect the Consolidated Entity's operations, the results of those operations or the Consolidated Entity'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 2019

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 2019 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 long horizontal stroke extending to the right.

Tim Odillo Maher

Director

Sydney

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of FSA Group Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of FSA Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, 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 then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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 the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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 Group's financial position as at 31 December 2019 and its financial 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 the Group, 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

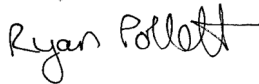


and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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 the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO East Coast Partnership

BDO


Ryan Pollett
Partner

Sydney, 21 February 2020