

Appendix 4D

Half yearly report

FSA Group Limited

ABN

Half year ended
(‘current reporting period’)

‘Previous corresponding
period’

98 093 855 791

31 December 2015

31 December 2014

2.0 Results for announcement to the market

\$A'000

2.1 Total operating income	up	0.1%	To	34,444
2.2 Profit from ordinary activities after tax attributable to members	down	17%	To	5,770
2.3 Net profit for the period attributable to members	down	17%	To	5,770
2.4 Dividends				

Interim dividend payable 18 March 2016 of 3.00 cents per share fully franked

2.5 Record date for determining entitlements to the interim dividend 4 March 2016.

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

53.6 cents

Previous
corresponding
period

49.3 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 auditors review report	See Page 14

FSA GROUP LIMITED

ABN 98 093 855 791

Half Year Financial Report

31 December 2015

DIRECTORS' REPORT

The directors submit their report for the half year ended 31 December 2015.

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
David Bower	Non-Executive Director

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 and businesses.

EXECUTIVE DIRECTORS' REVIEW

Financial Overview

FSA Group's profit after tax attributable to members for the half year ended 31 December 2015 was \$5.8m. This result represents a 17% decrease when compared to the half year ended 31 December 2014.

<i>Financial Overview</i>	<i>Note</i>	<i>1H FY2016</i>	<i>% Change</i>
Operating income	1	\$34.4m	0%
Profit before tax	2	\$9.3m	-11%
Profit after tax attributable to members	2	\$5.8m	-17%
EPS basic	2	4.61c	-17%
Net cash inflow from operating activities		\$4.5m	+52%
Interim dividend/share		3.00c	0%

Note 1: In response to the ongoing change in the collection patterns associated with debt agreement application fees, from 1 July 2015 the Group has recognised the associated revenue net of amounts expected to be unrecoverable as a result of the creditors' rate of return inherent in a debt agreement. Had the change not occurred, the creditors' rate of return would have been recognised as revenue with a corresponding increase in bad debt expense. Whilst this change has had no impact on reported profit, had the previous method been used operating income would have increased 5% from the prior comparative period, with a corresponding dollar increase in the bad debt expense.

Note 2: Profitability and EPS were impacted by a mark to market unrealised loss of \$0.5m on our 5 year interest rate swap agreements. (see commentary under Consumer and Business Lending divisions).

Operational Performance

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

<i>Profit before tax by segment</i>	<i>Note</i>	<i>1H FY2015</i>	<i>1H FY2016</i>
Services		\$6.3m	\$6.5m
Consumer Lending	2	\$2.9m	\$2.0m
Business Lending		\$1.2m	\$0.7m
Profit before tax	2	\$10.5m	\$9.3m
Profit after tax attributable to members	2	\$7.0m	\$5.8m

DIRECTORS' REPORT continued

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, bankruptcy and Easy Bill Pay (EBP). EBP is a bill payment service which enables a customer to pay their current bills on time and plan for and take control of future bills.

FSA Group is the largest provider of debt agreements, personal insolvency agreements and bankruptcy in Australia. Our debt agreement market share for the 2015 financial year was 48%.

During the first half new client numbers for debt agreements were 2,445, which was a decrease of 6% and for personal insolvency agreements and bankruptcy 163 or a decrease of 20%.

FSA Group manages \$334m of unsecured debt under debt agreements. During the first half, FSA Group paid \$39m in dividends to creditors.

EBP is performing well and had 1,589 clients under management. We are continuing to invest in educating and up-skilling staff, while improving our systems, processes and procedures.

The division achieved a profit before tax of \$6.5m, which was a 3% increase compared with the previous corresponding period.

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

Our focus has been and will remain on growing our loan pools. During the first half we continued our upfront investment in the future growth of our loan pools.

We are confident about our home and personal loan products and their performance and we will continue to increase staff numbers and marketing spend to accelerate loan pool growth. This upfront investment and increase in the fixed cost base has impacted profitability. However as we grow our loan pools our business will benefit from higher incremental margins due to fixed cost leverage. This will result in profits growing at a faster rate than revenues.

<i>Loan Pools</i>	<i>1H FY2015</i>	<i>1H FY2016</i>	<i>% Change</i>
Home Loans	\$223.9m	\$246.1m	+10%
Personal Loans	\$3.5m	\$10.9m	+206%
Factoring Finance	\$28.9m	\$34.2m	+18%
Total	\$256.3m	\$291.2m	+14%

<i>Arrears</i>	<i>Type</i>	<i>1H FY2015</i>	<i>1H FY2016</i>
Home Loans	>30 day	2.35%	2.67%
Personal Loans	> 30 day	1.26%	NIL
Factoring Finance	> 90 day	7.76%	8.93%

<i>Loan Pool Data</i>	<i>Home Loans</i>	<i>Personal Loans</i>	<i>Factoring Finance</i>
Average loan size	\$294,810	\$25,296	\$284,681
Security type	Residential home	Motor vehicle	Invoices
Average loan to valuation ratio	67%	100%	55% to 65%
Variable or fixed rate	Variable	Fixed	Variable
Geographical spread	All states	All states	All states

DIRECTORS' REPORT continued

On 20 October 2015, Westpac Banking Corporation increased our personal loan facility from \$10m to \$20m and renewed the facility until July 2017. On 2 June 2015 we entered into an interest rate swap agreement, locking in \$40m of our funding costs at a fixed rate for 5 years. On 12 November 2015 we locked in a further \$40m for 5 years. These swap agreements were put in place to enable us to protect our borrowers on a case by case basis in the event of interest rates increasing.

<i>Funding</i>	<i>Facility Type</i>	<i>Provider</i>	<i>Limit</i>	<i>Renewal Date</i>
Home Loans	Non-recourse senior	Westpac	\$250m	October 2016
	Non-recourse mezzanine	Institutional	\$20m	October 2016
Personal Loans	Recourse corporate	Westpac	\$20m	July 2017
Factoring Finance	Recourse structured	Westpac	\$35m	June 2017

The Consumer Lending division achieved a profit before tax of \$2.0m. Profitability was impacted by a mark to market unrealised loss of \$0.5m on our 5 year interest rate swap agreements, an increase in staff numbers and marketing spend together with a decrease in our upfront settlement fee. The upfront settlement fees were reduced to stimulate lending growth.

The Business Lending division achieved a profit before tax of \$0.7m. Profitability was impacted by an increase in provision for impairment. We are currently undertaking an internal review of factoring finance to evaluate the long term growth, risk and return profile of this product.

Cash flow from operations

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 \$4.5m.

Dividends

The directors have declared an interim fully franked dividend of 3.00 cents per share, with a record date of 4 March 2016 and payable on 18 March 2016.

Strategy and Outlook

In our 2015 Annual Report we disclosed our 5 year strategic plan. A key component of our plan is to ensure our Services division maintains its leading position in a niche market; grow Easy Bill Pay; and to continue to expand our product offering in the Consumer and Business Lending divisions. Our aim is to grow our loan pools to around \$500m.

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
25 February 2016

DECLARATION OF INDEPENDENCE BY ARTHUR MILNER TO THE DIRECTORS OF FSA GROUP LIMITED

As lead auditor for the review of FSA Group Limited for the half-year ended 31 December 2015, 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.



Arthur Milner
Partner

BDO East Coast Partnership

Sydney, 25 February 2016

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

For the six months ended 31 December 2015

	Note	Consolidated Entity	
		31 December 2015	31 December 2014
		\$	\$
Revenue and other income			
Fees from services		25,454,573	25,699,667
Finance income		14,865,219	14,768,954
Finance expenses		(5,875,418)	(6,072,704)
Net finance income		8,989,801	8,696,250
Total revenue and other income net of finance expense		34,444,374	34,395,917
Marketing expenses		(4,517,138)	(4,103,276)
Administrative expenses		(4,830,289)	(4,358,834)
Operating expenses		(15,349,045)	(15,468,985)
Fair value gain or loss on derivatives		(448,896)	-
Profit before income tax expense		9,299,006	10,464,822
Income tax expense		(2,841,214)	(3,124,400)
Profit after income tax expense		6,457,792	7,340,422
Other comprehensive income, net of tax		-	-
Total comprehensive income for the period		6,457,792	7,340,422
Total comprehensive income for the period attributable to:			
Non-controlling interest		688,051	369,022
Members of the parent		5,769,741	6,971,400
		6,457,792	7,340,422
Basic earnings per share (cents per share)	5	4.61	5.57
Diluted earnings per share (cents per share)	5	4.61	5.57

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 2015

	Consolidated Entity	
	31 December 2015	30 June 2015
	\$	\$
Current Assets		
Cash and cash equivalents	5,618,604	8,094,387
Trade and other receivables	35,923,576	33,618,443
Other assets	517,917	483,258
Derivatives	-	39,708
Total Current Assets	42,060,097	42,235,796
Non-Current Assets		
Trade and other receivables	42,825,427	41,048,433
Investments	385	385
Plant and equipment	348,268	297,639
Deferred tax assets	13,558	11,870
Intangible assets	3,545,171	3,596,827
Total Non-Current Assets	46,732,809	44,955,154
Financing Assets		
Factoring cash and cash equivalents	1,349,847	2,822,648
Personal loan cash and cash equivalents	115,772	46,492
Home loan cash and cash equivalents	5,927,930	8,851,591
Factoring assets	34,164,140	31,519,042
Personal loan assets	10,869,581	5,878,322
Home loan assets financed by non-recourse financing liabilities	246,130,427	232,967,277
Total Financing Assets	298,557,697	282,085,372
Total Assets	387,350,603	369,276,322
Current Liabilities		
Trade and other payables	11,291,524	12,096,371
Current tax liabilities	1,063,731	853,459
Borrowings	469,277	174,408
Other payables	700,000	2,100,000
Provisions	1,909,466	1,881,412
Total Current Liabilities	15,433,998	17,105,650
Non-Current Liabilities		
Provisions	647,197	635,346
Borrowings	906,000	-
Derivatives	409,187	-
Deferred tax liabilities	15,608,770	15,330,862
Total Non-Current Liabilities	17,571,154	15,966,208
Financing Liabilities		
Non-recourse borrowings to finance home loan assets	241,029,965	230,861,879
Borrowings to finance factoring assets	29,271,130	28,453,453
Borrowings to finance personal loan assets	10,594,000	5,518,326
Total Financing Liabilities	280,895,095	264,833,658
Total Liabilities	313,900,247	297,905,516
Net Assets	73,450,356	71,370,806
Equity		
Share capital	6,707,233	6,707,233
Reserves	(3,278,761)	(3,278,761)
Retained earnings	67,125,489	65,733,990
Total equity attributable to members of the parent	70,553,961	69,162,462
Non-controlling interest	2,896,395	2,208,344
Total Equity	73,450,356	71,370,806

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 2015

	Consolidated Entity	
	Six months ended	Six months ended
	31 December 2015	31 December 2014
Notes	\$	\$
	Inflows/ (Outflows)	Inflows/ (Outflows)
Cash flows from operating activities		
Receipts from customers and debtors	20,339,836	20,541,665
Payments to suppliers and employees	(22,802,616)	(23,832,750)
Finance income received	15,104,630	15,344,283
Finance cost paid	(5,803,914)	(5,954,305)
Income tax paid	(2,354,722)	(3,140,410)
Net cash inflow from operating activities	4,483,214	2,958,483
Cash flows from investing activities		
Acquisition of property, plant and equipment	(153,883)	(112,496)
Acquisition of intangibles	(71,678)	(95,551)
Payment of deferred consideration	(1,400,000)	-
Net increase in home loan assets	(13,593,139)	(3,413,004)
Net increase in personal loan assets	(4,954,339)	(2,439,262)
Net decrease in bridging finance assets	24,936	102,500
Net increase in factoring assets	(3,517,845)	(4,931,425)
Net increase in other loans	(472,500)	(437,500)
Net cash outflow from investing activities	(24,138,448)	(11,326,738)
Cash flows from financing activities		
Net proceeds from borrowings	17,230,511	10,246,461
Dividends paid to company's shareholders	(4,378,242)	(4,378,243)
Net cash inflow from financing activities	12,852,269	5,868,218
Net decrease in cash and cash equivalents	(6,802,965)	(2,500,037)
Cash and cash equivalents at the beginning of the financial period	19,815,118	21,187,328
Cash and cash equivalents at the end of the financial period	13,012,153	18,687,291

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

FSA Group Limited
Consolidated statement of changes in equity

For the six month ended 31 December
2015

	Share Capital \$	Share Option Reserve \$	Other Reserve \$	Retained Earnings \$	Non- Controlling Interest \$	Total \$
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 year	-	-	-	6,971,400	369,022	7,340,422
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	6,971,400	369,022	7,340,422
<i>Transactions with owners in their capacity as owners:</i>						
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
Profit after income tax for the year	-	-	-	7,716,853	719,097	8,435,950
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	7,716,853	719,097	8,435,950
<i>Transactions with owners in their capacity as owners:</i>						
Dividends paid	-	-	-	(3,752,778)	-	(3,752,778)
Distributions to non-controlling Interests	-	-	-	-	(1,225,000)	(1,225,000)
Balance at 30 June 2015	6,707,233	-	(3,278,761)	65,733,990	2,208,344	71,370,806
Total comprehensive income for the year:						
Profit after income tax for the year	-	-	-	5,769,741	688,051	6,457,792
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	5,769,741	688,051	6,457,792
<i>Transactions with owners in their capacity as owners:</i>						
Dividends paid	-	-	-	(4,378,242)	-	(4,378,242)
Balance at 31 December 2015	6,707,233	-	(3,278,761)	67,125,489	2,896,395	73,450,356

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 2015

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 2015 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 2015 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 25 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 2015.

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 2015

4. SEGMENT INFORMATION continued

Business segment Revenue and Results - half-year ended 31 December 2015

	Services		Consumer Lending		Business Lending		Other/ Corporate		Consolidated Total	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Revenue and Income	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
External sales	24,862,368	25,014,870	468,439	620,711	123,766	64,086	-	-	25,454,573	25,699,667
			-	-	-	-	-	-		
Finance Income	6,024	9,298	10,650,886	10,500,791	4,184,069	4,216,241	24,240	42,624	14,865,219	14,768,954
Finance expense	-	(89)	(5,256,510)	(5,493,624)	(618,006)	(577,855)	(902)	(1,136)	(5,875,418)	(6,072,704)
Net Finance Income	6,024	9,209	5,394,376	5,007,167	3,566,063	3,638,386	23,338	41,488	8,989,801	8,696,250
Other net income	-	-	(448,896)	-	-	-	-	-	(448,896)	-
Internal sales and income	461,512	439,600	-	-	-	-	-	-	461,512	439,600
Eliminations	-	-	-	-	-	-	-	-	(461,512)	(439,600)
Total Revenue and Income	25,329,904	25,463,679	5,413,919	5,627,878	3,689,829	3,702,472	23,338	41,488	33,995,478	34,395,917
Results										
Segment profit before tax	6,530,793	6,339,038	2,038,133	2,870,461	745,650	1,245,357	(15,570)	9,966	9,299,006	10,464,822
Income tax (expense)/benefit	(1,984,953)	(1,893,698)	(624,725)	(862,132)	(232,842)	(378,832)	1,306	10,262	(2,841,214)	(3,124,400)
Profit for the year	4,545,840	4,445,340	1,413,408	2,008,329	512,808	866,525	(14,264)	20,228	6,457,792	7,340,422

Assets	Services		Home Loans		Small Business		Other/Unallocated		Consolidated Total	
	31/12/2015	30/06/2015	31/12/2015	30/06/2015	31/12/2015	30/06/2015	31/12/2015	30/06/2015	31/12/2015	30/06/2015
Segment assets	150,670,379	142,823,305	279,485,947	262,817,637	37,729,264	37,876,307	28,134,643	40,577,629	496,020,233	484,094,878
Eliminations									(108,669,630)	(114,818,556)
Total assets									387,350,603	369,276,322

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

31 December 2015

5. EARNINGS PER SHARE

	31-Dec-15	31-Dec-14
	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 (\$)	5,769,741	6,971,400
Basic earnings per share (cents)	4.61	5.57
Diluted earnings per share (cents)	4.61	5.57
	Number	Number
(b) Weighted average number of ordinary shares outstanding during the year	125,092,610	125,092,610
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	125,092,610	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	0.035	\$4,378,243	100%	11-Sep-15

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

Dividends paid during financial year 2015 are:

	Value per share	Total Amount	Franked	Date of Payment
	\$			
Final - ordinary	0.035	\$4,378,243	100%	26-Sep-14
Interim – ordinary	0.030	\$3,752,778	100%	11-Mar-15

On 25 February 2016, the directors declared a fully franked dividend of 3.00 cents to be paid on 18 March 2016, a total estimated distribution of \$4,378,243 based on ordinary shares on issue as at 19 February 2016.

7. SHARE CAPITAL

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

	31-Dec-15	31-Dec-14
	Number	Number
Shares on issue at 1 July	125,092,610	125,092,610
Add shares issued as part consideration for acquisition	-	-
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 2015

8. FINANCIAL INSTRUMENTS

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-15	Dec-15
	Book value	Fair value
	\$	\$
Financial assets		
Current receivables net of deferred tax*	19,734,666	19,734,666
Non-current receivables net of deferred tax*	33,143,095	32,088,825
Personal loan assets	10,869,581	12,984,892
Factoring assets	34,164,140	34,164,140
Home loan assets financed by non-recourse financing liabilities	246,130,427	257,409,552
Financial liabilities		
Borrowings to finance personal loan assets	10,594,000	10,594,000
Borrowings to finance factoring assets	29,271,130	29,271,130
Non-recourse borrowings to finance home loan assets	241,029,965	241,029,965

*Included in current and non-current receivables is an amount of \$68,222,506 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 \$15,344,745.

9. COMMITMENTS

At the reporting date loan applications accepted by the Group, but not yet settled amounted to \$5,996,289 (2015: \$6,802,562).

10. SUBSEQUENT EVENTS

There have been no events since 31 December 2015 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 2015

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 2015 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.



Tim Odillo Maher
Director
Sydney
25 February 2016

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 2015, 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 2015 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 2015 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 in black ink. The top signature appears to be 'BDO' and the bottom signature is a stylized signature, likely 'AM' for Arthur Milner.

Arthur Milner
Partner

Sydney, 25 February 2016