

# Appendix 4D

## Half yearly report

Introduced 1/1/2003.

Name of entity

**FSA Group Limited**

ABN or equivalent company reference

98 093 855 791

Half year ended  
(‘current reporting period’)

31 December 2008

‘Previous corresponding period’

31 December 2007

Results for announcement to the market

\$A'000

Revenues from ordinary activities	up	32.2%	To	18,556
Profit from ordinary activities after tax attributable to members	up	262%	To	3,157
Net profit for the period attributable to members	up	262%	To	3,157

### Dividends

It is not proposed to pay a dividend.

**NTA backing**

Net tangible asset backing per ordinary security

Current period	Previous corresponding Period
19.0 cents	14.3 cents

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**FSA GROUP LTD**

**ABN 98 093 855 791**

**FINANCIAL REPORT**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

## DIRECTORS' REPORT

The directors submit their report for the half-year ended 31 December 2008.

### 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. Directors were in office for this entire period unless otherwise stated.

Sam Doumany	(Non-Executive Chairman)
Tim Odillo Maher	(Executive Director)
Deborah Southon	(Executive Director)
Hugh Parsons	(Non-Executive Director)
Stan Kalinko	(Non-Executive Director)

### RESULTS AND REVIEW OF OPERATIONS

#### Principal activities

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

#### Operating Results

FSA Group's profit after tax attributable to members of the parent for the half year ended 31 December 2008 was \$3.16m. This result represents a 262% increase when compared to the half year ended 31 December 2007.

The key indicators compared to the previous corresponding period are:

- Revenue of \$18.55m up 32.2%
- Profit Before Tax (before minority interests) of \$4.81m up 171.7%
- Net Assets of \$26.1m up 15.5% (from June 2008)
- Net Tangible Asset Backing per Share of 19.0c up 32.8%
- Basic Earnings per Share of 2.73c up 241.3%

The directors have decided to retain otherwise distributable earnings for re-investment in FSA Group's direct lending services to allow for further growth and therefore have not recommended a dividend.

#### Significant Milestones

- Record demand for services.
- Record trading profit.
- Completed the transition to direct lender with all lending divisions operating profitably.
- \$210m non-recourse mortgage finance facility renewed by Westpac for a further term.
- \$7m bridging finance facility approved by Westpac.
- \$10m limited-recourse factoring finance facility approved by Westpac.

#### Outlook for the second half

- Strong demand for services expected to continue.
- Profitability historically stronger in the second half compared to the first half.
- The positive impact on profit from the transition to direct lending will continue in the second half and the full impact will be realised in financial year 2010.

## RESULTS AND REVIEW OF OPERATIONS continued

### Earnings guidance for financial year 2009

The directors expect that the current economic conditions, particularly the record levels of consumer and business debt is likely to further increase the number of individuals and small businesses requiring solutions to resolve their debt.

FSA Group Limited reconfirms its guidance for the year ending 30 June 2009:

- Profit Before Tax - \$10.5m
- Profit After Tax (attributable to members) - \$6.6m
- Net Tangible Asset Backing per Share - 21.8c
- Basic Earnings per Share - 5.53c

### Background

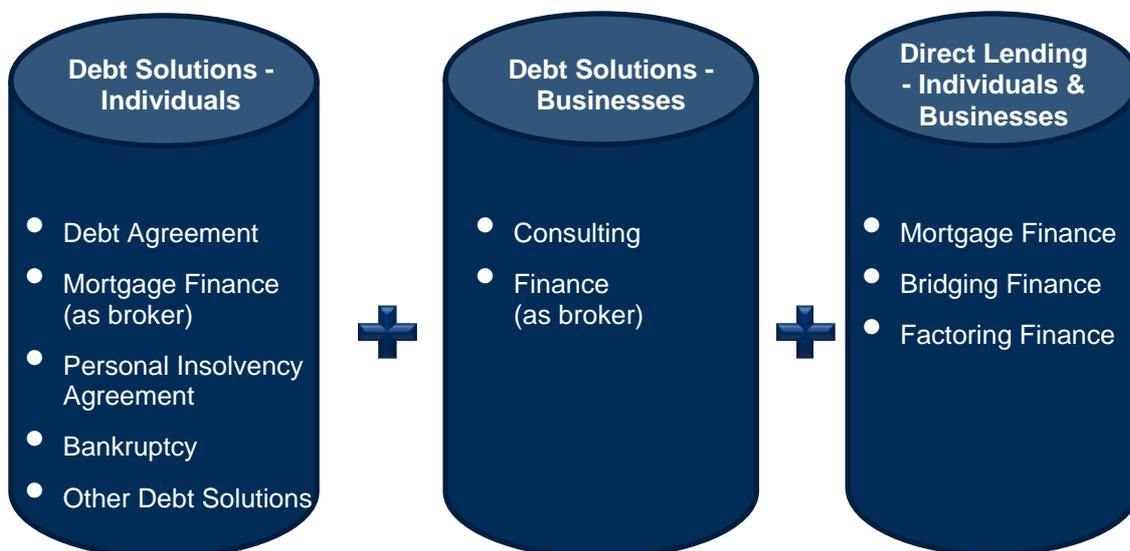
FSA Group is the largest provider of debt solutions to individuals and businesses in Australia.

Its subsidiary **Fox Symes** offers a range of debt solutions to individuals which include budgeting assistance, informal creditor arrangements, arrangement of third party consolidation loans and mortgage finance, debt agreements, personal insolvency agreements and bankruptcy assistance.

Its subsidiary **180 Group** offers a range of debt solutions to businesses that are experiencing short term cash flow problems. These solutions include consulting and arrangement of third party finance.

FSA Group has expanded its debt solutions to include a range of direct lending services and these now include mortgage finance, bridging finance and factoring finance. It has been able to provide these services since it secured funding lines of \$227m (of which \$210m is non-recourse and \$10m is limited-recourse) from Westpac Banking Corporation.

### The 3 profit centres of FSA Group



### Debt Solutions - Individuals

#### Debt Agreement

A debt agreement, which was introduced into the Bankruptcy Act in 1996, is a simple way for an indebted individual to come to an arrangement with their creditors. It is an alternative to going bankrupt.

FSA Group is the largest provider of debt agreements in Australia and during the first half the debt agreement division assisted a record number of clients. The number of clients assisted rose 48% when compared with the previous corresponding period. FSA Group's market share for debt agreements is 52%.

## **RESULTS AND REVIEW OF OPERATIONS continued**

### **Debt Solutions – Individuals *continued***

#### Debt Agreement *continued*

FSA Group expects that the current economic conditions coupled with record levels of consumer debt, is likely to drive an increase in the demand for debt agreements over the next 12 to 18 months.

FSA Group paid \$17.9m in dividends to creditors during the first half of the financial year. This figure demonstrates the commitment debtors have to making and maintaining their debt agreement obligations. It also is an increase of 29% compared to the previous corresponding period. FSA Group estimates over \$40m will be paid in dividends for the 2009 financial year.

The debt agreement division provides FSA Group with recurring income as administration fees are taken over life of the agreement.

#### Mortgage Finance (as a broker)

FSA Group is the largest mortgage broker of non-conforming residential mortgages in Australia.

The non-conforming residential mortgage market consists of lenders who provide loan products to an individual who is unlikely to meet or “conform” to the rules of traditional lenders. The borrower is usually a credit worthy individual with unique circumstances or those who have experienced temporary problems and need to refinance their debts.

FSA Group acts as a broker of mortgage finance and usually assists a client to consolidate their unsecured debt into a new mortgage lowering their monthly repayment. During the first half loan applications fell by around 19% when compared to the corresponding period. This was due to the high interest rate environment which made servicing the new mortgage more difficult for some borrowers. This division is expected to perform strongly in the second half given the fall in interest rates.

Around 60% of all loan applications are brokered internally through FSA Group’s \$210m Westpac non-recourse mortgage finance facility.

#### Personal Insolvency Agreements and Bankruptcy

Some individuals with unmanageable debt may consider a personal insolvency agreement or voluntary bankruptcy as the most appropriate solution for their situation. FSA Group has a Registered Trustee who assists individuals in these circumstances, that is insolvent individuals with higher incomes and assets.

The personal insolvency agreement and bankruptcy division assisted a record number of clients during the first half. The number of clients assisted rose 26% when compared with the previous corresponding period. FSA Group expects this division to perform strongly in the second half.

The personal insolvency agreement and bankruptcy division provides FSA Group with recurring income as a portion of its fees are taken over life of the agreement.

### **Debt Solutions - Businesses**

#### Consulting and Finance (as broker)

FSA Group is a leading provider of debt solutions to small businesses which are experiencing short term cash flow problems. These solutions include consulting and arrangement of third party finance.

The provision of finance is a critical component of the range of debt solutions available through FSA Group. In this capacity FSA Group can act as a broker on behalf of the client or it can, where applicable, be the lender for bridging and factoring finance.

This division experienced strong demand in the first half due to the tightening of bank credit to small businesses. FSA Group is working on expanding its product range to assist more clients.

## RESULTS AND REVIEW OF OPERATIONS continued

### Direct Lending – Individuals and Businesses

Direct lending will be the platform for future growth and will allow FSA Group to:

- Act as principal lender as well as broker
- Assist more clients
- Diversify and increase income
- Capture greater margin and create longer term annuity income streams.

FSA Group's direct lending services include mortgage finance to individuals and bridging and factoring finance to small businesses.

#### Mortgage Finance

In July 2007, FSA Group launched its residential mortgage lending business with Westpac committing **non-recourse** funding of \$210m for an initial term of 364 days. Following the annual review by Westpac in July 2008, this facility was renewed for a further term of 364 days.

At the end of December 2008 the mortgage loan pool exceeded \$127m.

The key strengths of FSA Group's residential mortgage lending business include:

- Low > 30 day arrears: <6.5% (industry average >15%)
- High concentration of income verified ("Full Doc") borrowers: >90%
- Low "loan to valuation ratios": weighted average <67%
- Low average loan size: <\$200,000
- Broad geographical spread around Australia

This means that the mortgage loan pool is of a high quality which, in turn, means only low levels of credit support are required.

FSA Group continues to act as a mortgage broker to third party lenders for approximately 40% of loan applications – broking remains a key component of FSA Group's revenue.

The residential mortgage lending division provides FSA Group with exceptional annuity interest income. This division contributed \$1.0m to profit before tax for the half year ended. Based on existing business levels, prevailing market conditions and renewal of the Westpac funding facility, this division is expected to contribute profit before tax of around \$2.5m for financial year 2009 rising to \$5.0m for financial year 2010.

#### Bridging and Factoring Finance

The provision of finance plays an important role in the debt solutions provided to small businesses. FSA Group acts as direct lender for bridging finance utilising a \$7m facility and for factoring finance utilising a \$10m limited-recourse facility approved by Westpac on 13 October 2008.

Due to the tightening of bank credit to small businesses FSA Group sees strong future growth potential in the provision of factoring finance to small businesses. At the end of December 2008 the loan pool for bridging and factoring finance exceeded \$9.5m.

## **AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration under Section 307C is attached to this financial report on page 6.

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  
26 February 2009

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## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of FSA Group Limited for the half year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (b) 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 half year.

**PKF**  
Chartered Accountants

**Wayne Wessels**  
Partner

Dated at Brisbane this 26th day of February 2009.

FSA Group Limited  
Condensed Income Statement

FOR THE HALF-YEAR ENDED  
31 DECEMBER 2008

CONSOLIDATED

	Note	2008 \$	2007 \$
<b>REVENUE</b>		<b>18,555,895</b>	14,029,800
<b>Finance Income</b>		<b>10,365,873</b>	3,315,575
<b>Finance Expenses</b>		<b>(5,184,198)</b>	(826,791)
<b>NET FINANCE INCOME</b>		<b>5,181,675</b>	2,488,784
<b>OTHER INCOME</b>		-	338,138
<b>SHARE OF PROFITS OF AN ASSOCIATE USING THE EQUITY ACCOUNTING METHOD</b>		<b>56,605</b>	116,255
<b>MARKETING EXPENSES</b>		<b>(3,057,435)</b>	(2,553,347)
<b>ADMINISTRATIVE EXPENSES</b>		<b>(812,151)</b>	(981,733)
<b>OPERATING EXPENSES</b>		<b>(6,338,165)</b>	(4,697,508)
<b>EMPLOYEE BENEFITS EXPENSE</b>		<b>(8,772,894)</b>	(6,973,065)
<b>PROFIT BEFORE INCOME TAX EXPENSE</b>		<b>4,813,530</b>	1,767,324
<b>INCOME TAX EXPENSE</b>		<b>(1,355,289)</b>	(604,789)
<b>PROFIT FOR THE PERIOD</b>		<b>3,458,241</b>	1,162,535
<b>PROFIT ATTRIBUTABLE TO MINORITY INTERESTS</b>		<b>301,278</b>	290,515
<b>PROFIT ATTRIBUTABLE TO THE MEMBERS OF THE PARENT</b>		<b>3,156,963</b>	872,020
Basic earnings per share (cents per share)	7	2.73	0.80
Diluted earnings per share (cents per share)	7	2.56	0.80

The above Condensed Income Statement should be read in conjunction with the accompanying notes.

FSA Group Limited  
Condensed Balance Sheet  
AS AT 31 DECEMBER 2008

		CONSOLIDATED	
Note	31 December 2008	30 June 2008	
	\$	\$	
<b>CURRENT ASSETS</b>			
	9,092,958	7,676,105	
Cash and cash equivalents			
	19,284,061	19,909,109	
Trade and other receivables			
	288,284	660,749	
Current tax assets			
	516,414	440,596	
Other			
<b>TOTAL CURRENT ASSETS</b>	<b>29,181,717</b>	<b>28,686,559</b>	
<b>NON-CURRENT ASSETS</b>			
	12,045,881	9,065,820	
Trade and other receivables			
	101,738	62,114	
Investment in associate			
	903,247	1,029,289	
Plant and equipment			
	325,285	333,922	
Investment property			
	-	3,900	
Other financial assets			
	746,443	901,176	
Deferred tax assets			
	4,087,669	3,830,835	
Intangible assets			
<b>TOTAL NON-CURRENT ASSETS</b>	<b>18,210,263</b>	<b>15,227,056</b>	
<b>ASSETS FINANCED BY NON-RECOURSE FINANCIAL LIABILITIES</b>			
	4,485,834	11,187,707	
Cash and cash equivalents			
	5,326	39,340	
Trade and other receivables			
	127,500,610	89,767,650	
Specialty Finance Assets	8		
<b>TOTAL ASSETS FINANCED BY NON-RECOURSE FINANCIAL LIABILITIES</b>	<b>131,991,770</b>	<b>100,994,697</b>	
<b>TOTAL ASSETS</b>	<b>179,383,750</b>	<b>144,908,312</b>	
<b>CURRENT LIABILITIES</b>			
	11,796,866	9,723,593	
Trade and other payables			
	6,364,985	786,298	
Borrowings	10		
	519,133	1,889,150	
Provisions			
<b>TOTAL CURRENT LIABILITIES</b>	<b>18,680,984</b>	<b>12,399,041</b>	
<b>NON-CURRENT LIABILITIES</b>			
	2,078,041	6,952,779	
Borrowings			
	113,529	71,959	
Provisions			
	3,651,873	3,034,842	
Deferred tax liabilities			
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>5,843,443</b>	<b>10,059,580</b>	
<b>NON-RECOURSE FINANCIAL LIABILITIES</b>			
	128,803,774	99,886,840	
Warehouse facilities	8		
<b>TOTAL NON-RECOURSE FINANCIAL LIABILITIES</b>	<b>128,803,774</b>	<b>99,886,840</b>	
<b>TOTAL LIABILITIES</b>	<b>153,328,201</b>	<b>122,345,461</b>	
<b>NET ASSETS</b>	<b>26,055,549</b>	<b>22,562,851</b>	

The above Condensed Balance Sheet should be read in conjunction with the accompanying notes.

FSA Group Limited  
 Condensed Balance Sheet *Continued*  
 AS AT 31 DECEMBER 2008

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	CONSOLIDATED	
	31 December 2008	30 June 2008
Note	\$	\$
<b>EQUITY</b>		
Share Capital	7,137,472	7,137,472
Reserves	526,449	402,605
Retained earnings	17,088,624	13,931,661
Minority equity interest	1,303,004	1,091,113
<b>TOTAL EQUITY</b>	<b>26,055,549</b>	<b>22,562,851</b>

The above Condensed Balance Sheet should be read in conjunction with the accompanying notes.

# FSA Group Limited

## Condensed Cash Flow Statement

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

CONSOLIDATED

	2008	2007
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and debtors, including amounts received on behalf of institutional creditors	29,377,584	25,552,246
Payments to institutional creditors, suppliers and employees	(30,405,393)	(23,684,589)
Interest received	7,426,110	612,876
Interest and other costs of finance paid	(5,206,946)	(829,886)
Income taxes paid	(214,055)	(1,977,432)
<b>NET CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES</b>	<b>977,300</b>	<b>(326,785)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(256,611)	(223,462)
Acquisition of intangible assets	(246,111)	-
Increase in specialty finance assets	(36,788,909)	(33,333,821)
Increase/(decrease) in bridging and factoring finance assets	1,363,166	(445,235)
Acquisition of minority interest	(100,000)	-
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(36,028,465)</b>	<b>(34,002,518)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Unsecured notes repaid	(550,000)	(50,000)
Share capital issued – net of issue costs	-	194,000
Net Proceeds from/(Repayment of) borrowings	30,316,145	37,327,638
<b>NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES</b>	<b>29,766,145</b>	<b>37,471,638</b>
<b>NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(5,285,020)</b>	<b>3,142,335</b>
Cash and cash equivalents at the beginning of the half-year	18,863,812	8,420,886
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR</b>	<b>13,578,792</b>	<b>11,563,221</b>

Cash and cash equivalents at the end of the half year is represented by:

<b>CURRENT ASSETS</b>	
Cash and cash equivalents	9,092,958
<b>ASSETS FINANCED BY NON-RECOURSE FINANCIAL LIABILITIES</b>	
Cash and cash equivalents	4,485,834
<b>Total Cash and cash equivalents at the end of the half year</b>	<b>13,578,792</b>

The above Condensed Cash Flow Statement should be read in conjunction with the accompanying notes.

FSA Group Limited  
Condensed Statement of Changes in Equity  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008  
CONSOLIDATED

	Share Capital	Reserves	Retained earnings	Minority Interest	Total
	\$	\$	\$	\$	\$
<b>At 1 July 2007</b>	6,943,472	141,619	11,250,545	568,305	18,903,941
Profit for the period	-	-	872,020	290,515	1,162,535
Options issued	-	139,757	-	-	139,757
Share capital issued (net of issue costs)	194,000	-	-	-	194,000
<b>At 31 December 2007</b>	<b>7,137,472</b>	<b>281,376</b>	<b>12,122,565</b>	<b>858,820</b>	<b>20,400,233</b>
<b>At 1 July 2008</b>	<b>7,137,472</b>	<b>402,605</b>	<b>13,931,661</b>	<b>1,091,113</b>	<b>22,562,851</b>
Profit for the period	-	-	3,156,963	301,278	3,458,241
Options issued	-	123,844	-	-	123,844
Acquisition of minority interest	-	-	-	(89,387)	(89,387)
<b>At 31 December 2008</b>	<b>7,137,472</b>	<b>526,449</b>	<b>17,088,624</b>	<b>1,303,004</b>	<b>26,055,549</b>

The above Condensed Statement of Changes in Equity should be read in conjunction with the accompanying notes.

# Notes to the Consolidated Condensed Half-Year Financial Statements

31 DECEMBER 2008

## 1. BASIS OF PREPARATION OF THE FINANCIAL REPORTS

This interim consolidated financial report has been prepared in accordance with Accounting Standard AASB 134 "Interim Financial Reporting" and is to be read in conjunction with the 30 June 2008 Annual Report and any public announcements made by the FSA Group Limited during the half-year in accordance with any continuous disclosure obligations arising under the Corporations Act 2001. It is a general purpose financial report which has been prepared in accordance with AASB 134 "Interim Financial Reporting", other authoritative pronouncements of the Australian Accounting Standards Board and Australian Accounting Interpretations as applicable to interim financial reports.

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

The accounting policies and methods of computation have been consistently applied by the entities in the consolidated group and are consistent with those presented in the comparative financial information in the financial report.

## 2. SEGMENT INFORMATION

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

- Individual and Business Debt Services
- Lending Services

The Company operates in one geographical segment being Australia.

### Business segment Revenue and Results

#### Half-year ended 31 December

	Individual and Business Debt Services		Lending Services		Other/Unallocated		Consolidated Total	
	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$
<b>Revenue and Income</b>								
External sales	16,173,424	12,861,475	-	-	2,382,471	1,168,325	18,555,895	14,029,800
Finance Income	156,795	151,318	10,204,775	3,143,140	4,303	21,117	10,365,873	3,315,575
Finance expense	(3,073)	(30,161)	(5,128,351)	(753,103)	(52,774)	(43,527)	(5,184,198)	(826,791)
<b>Net Finance Income</b>	<b>153,722</b>	<b>121,157</b>	<b>5,076,424</b>	<b>2,390,037</b>	<b>(48,471)</b>	<b>(22,410)</b>	<b>5,181,675</b>	<b>2,488,784</b>
Other Income	-	-	-	-	-	338,138	-	338,138
Internal sales and income	298,509	578,469	244,100	265,068	112,161	149,632	654,770	993,169
Eliminations							(654,770)	(993,169)
<b>Total Revenue and Income</b>							<b>23,737,570</b>	<b>16,856,722</b>
<b>Results</b>								
<b>Segment profit before tax</b>	<b>2,663,802</b>	<b>1,223,567</b>	<b>2,155,341</b>	<b>360,035</b>	<b>(5,613)</b>	<b>183,722</b>	<b>4,813,530</b>	<b>1,767,324</b>
Income tax (expense)/benefit	(803,506)	(376,687)	(569,380)	(88,925)	17,597	(139,177)	(1,355,289)	(604,789)
<b>Segment profit for the period</b>	<b>1,860,296</b>	<b>846,880</b>	<b>1,585,961</b>	<b>271,110</b>	<b>11,984</b>	<b>44,545</b>	<b>3,458,241</b>	<b>1,162,535</b>

# Notes to the Consolidated Condensed Half-Year Financial Statements

31 DECEMBER 2008

## 2. SEGMENT INFORMATION continued

### Total Assets for which there has been a material change from the amount disclosed in the previous financial statements

Included in the "Lending Services" segment are assets relating the Fox Symes Home Loans Warehouse Trust #1, which have changed materially from the previous reported financial statements. The amount of the change is as follows:

	As at 31 December 2008 \$	As at 30 June 2008 \$	Increase/(Decrease) \$
Cash and cash equivalents	4,485,834	11,187,707	(6,701,873)
Specialty Finance Assets	127,500,610	89,767,650	37,732,960

The increase in Specialty Finance Assets has been primarily financed by decreases in cash and cash equivalents and increases in Non-Recourse Financial Liabilities.

## 3. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There are no changes in contingent assets and contingent liabilities of the group at 31 December 2008 since that reported at 30 June 2008.

## 4. CHANGES IN THE COMPOSITION OF THE ENTITY DURING THE INTERIM PERIOD

There were no changes in the composition of the entity during the interim period other than as follows:

### 2008

#### Subsidiaries

##### *Acquisition of minority interest*

Name and description of the entity	Acquisition date	Voting rights prior to acquisition	Voting rights acquired	Voting rights after acquisition	Consideration
One Financial Corporation Pty Limited	28 July 2008	65%	35%	100%	\$100,000

### 2007

Nil

## 5. SUBSEQUENT EVENTS

There have been no events since 31 December 2008 that impact upon the financial report as at 31 December 2008, other than as follows:

On 30 January 2009, FSA Group Limited entered into a binding agreement for the sale of one of its subsidiaries, Fox Symes Recruitment Pty Limited. There is no impairment of asset values at reporting date due to this transaction.

## 6. DISPOSAL OF INVESTMENT PROPERTY

### 31 December 2007

Included in other income and the profit for the period ended 31 December 2007 is a profit on the disposal of an Investment property. The property had a carrying value at the date of disposal of \$1,011,852. The disposal realised a profit of \$338,138.

# Notes to the Consolidated Condensed Half-Year Financial Statements

31 DECEMBER 2008

## 7. EARNINGS PER SHARE

(a) Reconciliation of earnings used to calculate basic and dilutive earnings per share

	31 December 2008	31 December 2007
Profit after income tax (\$)	3,156,963	872,020
Basic earning per share (cents)	2.73	0.80
Diluted earning per share (cents)	2.56	0.80

(b) Weighted average number of ordinary shares outstanding during the year

	31 December 2008 Number	31 December 2007 Number
Dilution effect of options	115,437,513	109,045,458
Dilution effect of convertible redeemable preference shares	-	238,927
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	8,000,000	-
	123,437,513	109,284,385

## 8. MATURITY ANALYSIS

### Specialty Finance Assets

	31 December 2008	30 June 2008
	\$	\$
Amounts to be received in less than 1 year	3,840,190	1,600,718
Amounts to be received in greater than 1 year	123,660,420	88,166,932
	<b>127,500,610</b>	<b>89,767,650</b>

### Warehouse Facilities

	31 December 2008	30 June 2008
	\$	\$
Amounts payable in less than 1 year	128,803,774	99,886,840
	<b>128,803,774</b>	<b>99,886,840</b>

Warehouse facilities are used to fund mortgages and include revolving Senior and Mezzanine Note facilities. The drawdown limit under the Senior and Mezzanine Note facilities is \$200 million and \$7 million respectively.

The Warehouse facilities are 364 day facilities that are subject to annual review.

## 9. SHARE CAPITAL

The following movements in Share Capital are material to the understanding of the current interim period:

### 2008

Nil

### 2007

On 12 July 2007, 400,000 ordinary shares were issued on exercise of 400,000 \$0.10 options.

On 7 August 2007, 200,000 ordinary shares were issued in consideration for services rendered.

On 2 October 2007, 8 Convertible Redeemable Preference Shares ("CRPS") were converted pursuant to the terms of the purchase agreement of 180 Group, which was acquired on 21 April 2006 and 180 Group exceeding its second profit target. The 8 CRPS were converted into 8,000,000 ordinary shares. The remaining number of Convertible Redeemable Preference shares on issue at this date is 16.

# Notes to the Consolidated Condensed Half-Year Financial Statements

31 DECEMBER 2008

## 10. BORROWINGS (Current)

Included in Current Borrowings is a cash advance loan facility for a subsidiary of FSA Group, 180 Capital Finance. This facility is a 24 month renewable facility and is currently due to expire on 3 December 2009. The outstanding balance on this loan facility at 31 December 2008 was \$6,187,888.

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## Directors' Declaration

The Directors of FSA Group Limited declare that they are of the opinion that:

- (1) the financial statements and notes to the financial statements of FSA Group Limited are in accordance with the Corporations Act 2001 including that they:
  - (a) comply with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
  - (b) give a true and fair view of the financial position as at 31 December 2008 and of the performance for the half-year ended on that date of FSA Group Limited ; and
- (2) at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Tim Odillo Maher  
Director  
Sydney  
26 February 2009

# Independent Auditors' 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 condensed balance sheet as at 31 December 2008, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising of the company and the entities it controlled at 31 December 2008 or from time to time during the half year ended on that date.

### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *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 an Interim 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 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 2008 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*.

### *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 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### **PKF**

Chartered Accountants

### **Wayne Wessels**

Partner

Dated at Brisbane this 26th day of February 2009.