ANNUAL

FSA GROUP LTD

FINANCIAL

2003

REPORT

CORPORATE INFORMATION

DIRECTORS

Sam Doumany (Chairman)
Tim Odillo Maher
Deborah Southon
Fletcher Quinn

COMPANY SECRETARY

Duncan Cornish

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SHARE REGISTER

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AUDITORS

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COUNTRY OF INCORPORATION

Australia

STOCK EXCHANGE LISTING

Australian Stock Exchange Ltd
ASX Code: FSA

INTERNET ADDRESS

www.fsagroup.com.au

AUSTRALIAN BUSINESS NUMBER

ABN 98 093 855 791

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1 CHAIRMAN'S REPORT

Dear Shareholder

The financial year ended 30 June 2003 was one of significant change and challenge for the Company. The acquisition of financial services company FSA Group was completed on 30 July 2002 at which time the Company changed its name to FSA Group Limited.

The Company persevered with the gogo7 virtual tour business, attempting to make it realise its potential and become self sustaining and cash flow positive. After considerable management effort and at end of an extensive review finalised in February 2003, it was reluctantly concluded that the cash and profit generating capacity of the business was not sufficient to justify further investment and management focus. Accordingly the business was closed.

The vast majority of the Group's loss for the period was attributed to the discontinued operations.

The core business of FSA Group generated revenue of $10.4 million for the 11 month period to 30 June 2003 and made a modest operating loss. The primary focus for FSA Group management has been to balance the ongoing need to control costs, while providing the investment in marketing, systems and personnel resources to position the Company for growth.

Considerable effort has been made by management and the Board to establish cost effective operating systems and procedures to support the needs of the various functions of the Company.

The marketing and advertising strategies are the cornerstone of the Company's operations. This area is under constant evaluation and refinement.

The benefits from these initiatives are not captured in this reporting period, but are expected to be experienced in the year ahead.

I would like to thank the Directors and management and make a special note of our employees who have supported our efforts to control costs, while building a platform for revenue growth.

We look forward to re-establishing profitable growth and achieving many of the cost reductions and efficiencies that have been targeted.

Further we are encouraged by the fact that the team is smaller and focused on outcomes and we look forward to growing the business and shareholder value.

Thank you for your continued support.

Sam Doumany - Chairman

2 REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

OVERVIEW

On 15 November 2001 the Board announced the Company had entered into an agreement to acquire all of the issued share capital in financial services company, FSA Group Pty Ltd ("FSA").

FSA commenced operation in February 2000. FSA Australia Pty Ltd (previously FSA Group Pty Ltd) is the ultimate holding company of Fox Symes and Associates Pty Ltd, FSA Finance Pty Ltd, Debt Relief Services Pty Ltd and FSA Services Group Pty Ltd. Its principal business office is situated in Sydney, and has operations in all Australian States.

Shareholder approval for the acquisition was granted at a shareholders meeting convened on 24 June 2002, the requirements of the ASX were met and the acquisition of FSA was completed on 30 July 2002. The company changed its name from Prospex Interactive Limited to FSA Group Limited on 30 July 2002.

Shareholders were advised in January 2003 of the intention to close the gogo7 real estate virtual tour division. The decision was reached following a major review which found that it was unlikely that the division could generate sufficient profits in an appropriate time frame to justify further resourcing or capital investment.

Attempts to address the under performance of gogo7 had been undertaken since early 2001. Despite significant management time and costs, margin maintenance and cash generation remained consistently difficult.

OPERATING RESULTS

For the year ended 30 June 2003 the FSA consolidated entity's operating loss before tax (EBITDA) was $611,682 before allowing for the write off of the carrying value of the Intellectual Property relating to gogo7 business. The overall loss for the consolidated entity was $1,668,391 after tax, depreciation, amortisation and the write off of Intellectual Property of $499,995.

FSA Group's core business is to provide financial services to individuals in financial distress. This part of the group made a small operating loss (EBITDA) during the 11 months since from its acquisition to 30 June 2003. Revenues of $10.4 million for the 11 month period were lower than expected.

During the period, FSA Group focused on further stabilising the Company's internal operating systems and procedures, strengthening stakeholder relations and growing quality revenue streams.

Particular focus has centered on enhancing internal efficiencies to enable the business to better manage future client and revenue growth. While much of this work is nearing completion the process has taken longer and is proving to be more complex than originally foreshadowed, resulting in higher overheads during the period. While this period's results are below the Board's expectation, the Board considers that a sound platform for future profitable growth is being achieved and expects to see the full benefits of these improvements, which include reduced overheads and increased productivity, impact the 2004 full financial year.

Changes to the advertising and marketing strategy during the year had mixed results. As a major overhead cost to the business, the marketing and advertising programs are under constant scrutiny.

FUTURE DEVELOPMENTS

We are in an exciting phase of the Company's development. We are improving our internal systems and procedures, lowering overheads, have a market-leading product (administering Part IX's) and are developing other products to assist a greater number of the 60,000 to 75,000 people a year who contact FSA Group seeking help with their financial difficulties.

The recently passed Bankruptcy Legislation Amendment Bill 2002 has raised the income cutoff for debtors eligible to submit a Debt Agreement proposal by 50% from about $32,614 to $51,597 after tax. This has real significance for Part IX Debt Agreements as it will result in an increase in the number of debtors able to seek relief from their financial difficulties by relying on a Debt Agreement.

2 REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

The Bill took effect on 5 May this year and will have a significant positive impact on FSA Group revenue for the financial year ending 30 June 2004 and beyond.

The Group will continue to develop and trial new products capable of leveraging off the existing infrastructure that have the capacity to contribute to the Group's bottom line and grow shareholder value.

The Board expects that FSA Group will benefit from improved internal efficiencies, focused marketing, greater potential client numbers and lower overheads, from the efforts to improve profitability within the next few months.

PRODUCTS AND SERVICES PROVIDED BY FSA

FSA specialises in providing financial services to companies, businesses and individuals in financial distress.

FSA provides methods of restructuring the financial problems facing companies, businesses and individuals through a variety of debt restructuring services, loan re-financing and financial advisory services. In the majority of cases this is done through utilising provisions of the Corporations Act and the Bankruptcy Act.

FSA is currently the market leader in terms of the volume of applications lodged with ITSA. Part IX debt agreements are an affordable and effective method of resolving an individual's debt problem and assist in minimising the effects of insolvency on the community.

FSA has forged key strategic alliances with major creditors. This is seen as a critical part of the business conducted by FSA because it is the creditors who adjudicate on whether a Part IX agreement is ultimately acceptable and approved for administration.

Typical clients of FSA are companies, businesses or individuals that are unable to pay their debts as and when they fall due and who may be classified by the Corporations Act or Bankruptcy Act as insolvent, thereby facing the prospect of liquidation or bankruptcy.

Currently, FSA's core business is assisting those individuals that have debts they cannot service. FSA provides assistance by utilising the provisions specified in the Bankruptcy Act, in an effort to achieve a satisfactory solution for their client whilst also:

- minimising the effect of insolvency on the community and, more specifically, the major financial institutions;
- establishing an affordable, effective and legally binding method of resolving debt problems; and
- offering significantly higher returns to creditors.

FSA administers debt agreements (for individuals) approved under the Part IX regime of the Bankruptcy Act. This regime is a mechanism for alleviating individuals' financial distress by freezing the debts, consolidating their debts into affordable weekly payments and generally facilitating repayment through the use of an external administrator. This process results in a significantly higher recovery of moneys owed to creditors compared to bankruptcy. The 2001 annual report by the Inspector General in Bankruptcy stated *"The average return to creditors under debt agreements was 73 cents in the dollar, which compares favourably with bankruptcy where the return in those estates that pay a dividend averages about 25 cents".*

Under Part IX of the Bankruptcy Act, the debtor and creditor must agree on the terms of arrangement, and an external administrator (such as FSA Group's subsidiary, Debt Relief Services Pty Ltd) must be appointed to administer the arrangement. Where FSA facilitates the entry into a debt agreement under Part IX of the Bankruptcy Act, FSA will then be appointed as administrator of the agreement for the purpose of the Bankruptcy Act and accordingly is paid a fee for its administration services.

With the escalating growth of personal debt in Australia, FSA quickly realised the advantage of using Part IX agreements as an affordable, effective and binding method of resolving an individual's debt problem. A Part IX agreement has a number of advantages for debtors, including the avoidance of bankruptcy proceedings and the flexibility available under such an agreement.

In addition, Part IX debt agreements provide a number of advantages for creditors including lower costs of recovery, faster resolutions of debts and the ability to obtain a higher return from debtors.

2 REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

PART IX BANKRUPTCY ACT REGIME

Introduction

Part IX of the Bankruptcy Act was introduced in 1996 and, until recently, has been infrequently relied upon by debtors. Community awareness of the benefits, as well as the spirit and intention of the legislation, is not well known.

Part IX was introduced to enable people, on low incomes, with few assets and who are committed to meeting their obligations, a means of paying (to some extent) their unsecured debts. It offers those people who find themselves temporarily unable to pay all their debts or who may be unable to meet repayments due to changes in their circumstances an alternative to bankruptcy. It thereby allows these people to avoid the stigma and consequences of bankruptcy when they face misfortune and where misfortune can, for example, be defined as illness, loss of employment or marital breakdown. Fraud or deliberate financial recklessness are not deemed to be criteria for Part IX eligibility.

In May 2003 the Bankruptcy Legislation Amendent Bill 2002 took effect. This bill charged the after tax income threshold for debtors eligible to seek Part IX Debt Agreements from $32,614 to $51,597.

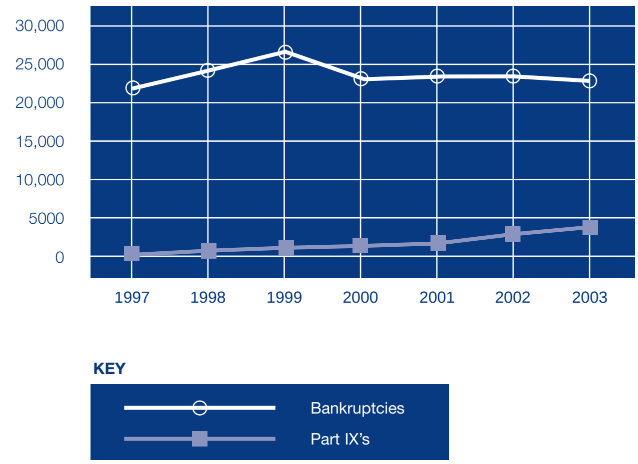
The Bill was introduced too close to the end of the financial year to have a noticeable effect on FSA's 2003 financial result, however it is expected that these changes will materially expand FSA's Part IX base.

Bankruptcies in Australia

Any consideration of the Part IX regime must be considered against the backdrop of bankruptcies in Australia. It is axiomatic and well documented that Part IX arrangements provide, from a commercial standpoint, more positive benefits to creditors than bankruptcy. Evidence shows that creditors can expect to see a substantial return on debts through the Part IX regime.

ITSA statistics demonstrate a clear shift from a growth in bankruptcies pre-1999 to a downward trend post-1999. Notably this shift occurred at the time at which there was a definite increase in Part IX's.

NUMBER OF BANKRUPTCIES AND PART IX's: 1997 - 2003



An increase in Part IX's at the expense of bankruptcies means five important factors, namely:

(a) Rates of returns are higher. Unlike in a bankruptcy, where a debtor's assets are liquidated (subject to certain exemptions), the debtor continues to work to repay the debt under a Part IX. Under Voluntary Administration (Deed of Company Arrangement), the corporate equivalent of a Part IX, the average return to creditors is about 24 cents in the dollar. This compares to a return rate under a Part IX, which is typically more than 60 cents in the dollar, and quite commonly 75 cents or more.

(b) Part IX administrators are not creating a market in Part IX's but are substituting Part IX's for bankruptcies – thereby responding to the debt problems amongst debtors rather than developing it;

(c) Debtors who honour their repayment plans under a Part IX may be eligible for further finance based on their demonstrated ability to repay debts;

(d) Debtors are rehabilitated rather than bankrupted – meaning the social impact of bankruptcy generally is lessened over time, with creditors also bearing the economic benefits of debtors with greater financial planning skills; and

(e) The banks and other financial institutions are assisting individuals in financial difficulty.

2 REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

In the three years since FSA commenced operations, a sophisticated administrative structure and systems have been established to capture the maximum number of eligible debtors able to enter into a debt agreement, supported by the establishment of an internal operational structure. This structure undertakes the following range of activities:

- marketing and advertising, field agent and call centre services designed to promote and capture awareness of distressed debtors;
- rigorous assessment of a debtors eligibility for assistance;
- internal auditing of a debtors submission to creditors;
- liaison with creditors, ITSA and debtors; and
- monitoring debtor compliance and ongoing administration.

FSA currently has 48 employees and 22 contractor field agents engaged to provide the above services.

New Products and Services

In October 2002 FSA launched its Refinance division which currently specialises in aiding otherwise credit worthy individuals with unique circumstances or that have experienced temporary problems and have the need to refinance. This area of lending is referred to as non-conforming.

FSA's Refinance division has a competitive advantage as many of the enquiries it receives are from people who need consolidation or other re-financing facilities. These enquiries are a by-product of the Company's current advertising and marketing. Therefore, these enquiries are received at little incremental cost.

The division recently experienced its highest volume month to date with over $3 million in Mortgages settled in the month.

Further avenues are being explored to expand the divisions' scope by establishing relationships with conforming lenders. Recently agreements with two conforming lenders have been concluded. The growth of the Refinance division in both non-conforming and conforming lending will broaden the Company's revenue base.

Further, FSA has a large number of enquiries from individuals who require an unsecured consolidation loan. The Company has recently entered into an agreement with a conforming loan provider and is currently trialing this product. Once the operating protocols and parameters have been successfully established, the Company aims to expand its offerings to include non-conforming unsecured consolidation loans.

DIRECTORS' REPORT

Your directors submit their report for the year ended 30 June 2003.

DIRECTORS

The names of the directors of the company in office during the period and until the date of this report are as follows.

Names, qualifications, experience and special responsibilities

Sam Doumany (Non-Executive Chairman)

Mr Doumany was appointed as a non-executive director on 18 December 2002 and was appointed Chairman on 30 June 2003.

Mr Doumany commenced his career in economic research, agribusiness and marketing before embarking on a distinguished political career as a member of parliament in Queensland in 1974.

Between 1974 and 1983 Mr Doumany served on several parliamentary committees, the Liberal Party's State and Federal Rural policy Committees and the Queensland Liberal party State Executive. Elevated to the Cabinet in 1978, Mr Doumany served firstly as Minister for Welfare and Corrective Services before serving as Minister for Justice, Queensland Attorney-General and the Deputy Leader of the Liberal Parliamentary Party until late 1983.

Throughout his parliamentary and ministerial career Mr Doumany worked closely, at a senior level, with a wide range of key professional, industry and community organisations.

Since 1983 Mr Doumany has operated a consultancy practice providing services in government relations, corporate strategy and market development. Mr Doumany was also retained by Ernst & Young in an executive consultancy role between 1991 and 2002. Significant assignments for Ernst & Young include the Coutts and Bartlett Receiverships as well as major submissions to the Federal Government. He has also held numerous executive and non-executive board positions, many as Chairman, for both private and public companies, industry authorities/associations and review committees.

Mr Doumany holds a Bachelor of Science from the University of Sydney and is a member of the Australia Institute of Company Directors.

Tim Odillo Maher (Executive Director)

Mr Maher was appointed on 30 July 2002. Mr Maher's background has been in banking and finance, before concentrating on insolvency and corporate finance assignments. He has worked at ANZ Banking Corporation and Star Dean Wilcocks (Chartered Accountants). Mr Maher holds a Bachelor of Business Degree (majoring in Accounting and Finance) from Australian Catholic University and is a CPA Associate. His work experience has included special reviews of companies experiencing financial difficulties, the rationalisation and re-organisation of businesses, and the implementation of turnaround and exit strategies for businesses, including support plans and asset disposal programmes.

Deborah Southon (Executive Director)

Ms Southon was appointed on 30 July 2002. Ms Southon has attained a wealth of experience in the government and community services sectors having worked for the Commonwealth Department of Health and Family Services, the former Department of Community Services, and the Smith Family. Ms Southon has successfully managed a programme and administration budget exceeding $150 million and was part of a management team which oversaw a significant growth in client numbers and service delivery which stemmed from the implementation of fresh legislation. Ms Southon has an Executive Certificate in Leadership & Management (University of Technology, Sydney) and a Bachelor of Arts Degree (Sydney University). She also has qualifications in Speech and Drama (AMEB) and has undertaken post graduate management studies at the Australian Graduate School of Management.

Fletcher Quinn (Non-Executive)

Mr Quinn was appointed on 22 October 2002.

Mr Quinn has 18 years experience in venture capital, corporate finance and investment banking including extensive managerial experience with both listed and unlisted companies. Further, he has some 15 years experience in public company development, management and governance.

Mr Quinn holds a Certificate of Management, a Certificate in Financial Markets from the Securities Institute of Australia and studied Economics and Business at Queensland University of Technology. He is also an associate fellow of the Australian Institute of Management, a member of The Australian Institute of Company Directors and an associate of The Australian Institute of Mining and Metallurgy.

Mr Quinn is currently Chairman of Sirocco Technologies Group Ltd, and a former Chairman of Sirocco Resources NL (1996 – June 2002), a diversified resource and technology company listed on the Australian Exchange. He is also Chairman of Seco Resource Finance Ltd, a boutique Australian investment bank which is a Queensland based syndicated investor and venture capitalist. He also was a founding director of Scorpion Minerals Inc. (1995 – 2001), which is listed on the Toronto Stock Exchange in Canada.

Vernon Wills
(Non-Executive Director)

Mr Wills was appointed on 21 July 2000 and acted as the Company's Chairman until his resignation on 30 June 2003. Mr Wills has extensive experience in the investment and finance industry with previous directorships in publically listed companies within the finance, investment and mining industries.

Shane Smollen
(Non-Executive Director)

Mr Smollen was appointed on 4 August 2000 and resigned on 30 July 2002. Mr Smollen was the Company's Chief Executive Officer until his resignation on 25 July 2001, he then acted in a Non-Executive capacity until his resignation from the board on 30 July 2002.

Richard Moore
(Non-Executive Director)

Mr Moore was appointed on 4 August 2000 and resigned on 30 July 2002.

Interests in the shares and options of the company

As at balance date and the date of this report, the interests of the directors in the shares and options of FSA Group Ltd were:

	Ordinary Shares	$0.20 options exercisable on or before 31 December 2005	$0.60 options exercisable on or before 30 November 2006
Sam Doumany	-	-	-
Tim Odillo Maher	12,048,589	2,400,000	6,250,000
Deborah Southon	11,500,000	2,400,000	6,250,000
Fletcher Quinn	-	251,667	-

During the period ended 30 June 2003, 548,589 ordinary shares were acquired by entities associated with Tim Odillo Maher and 251,667 $0.20 options were acquired by entities associated with Fletcher Quinn. All of the remaining shares and options held by Tim Odillo Maher and Deborah Southon noted above were issued on 30 July 2002 in accordance the terms of the agreement to acquire FSA Group Pty Ltd. No directors acquired or disposed of any shares or options between 30 June 2003 and up to the date of this report.

DIRECTORS' REPORT

CORPORATE INFORMATION

Corporate structure

FSA Group Ltd is a company limited by shares that is incorporated and domiciled in Australia. FSA Group Ltd has prepared a consolidated financial report which consolidates its' 100% owned subsidiaries.

Nature of operations and principal activities

The principal activities of the Company during the period were:

- Providing financial services to individuals in financial distress; and
- Supply of virtual reality tours known as gogo7™ on the internet to Real Estate Agencies (now discontinued).

Employees

As at 30 June 2003, the consolidated entity employed 48 full-time employees and 22 contractor field agents (2002: eight full-time employees).

OPERATING RESULTS

The consolidated loss from ordinary activities for the Consolidated Entity after providing for income tax was $1,668,391.

DIVIDENDS PAID OR RECOMMENDED

There were no dividends paid or recommended during the financial year.

REVIEW OF OPERATIONS

Detailed comments on operations up to the date of this report are included separately in the Annual Report under Review of Operations.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The following significant changes in the state of affairs of the parent entity occurred in the financial year:

- Completion of the acquisition of FSA Group Pty Ltd (and its wholly owned subsidiaries) on 30 July 2002.
- Closed the prospectus capital raising oversubscribed (raising $620,833).
- Closed the gogo7 real estate virtual tour business in February 2003.

SIGNIFICANT EVENTS AFTER BALANCE DATE

There have been no events since the end of the financial year that impact upon the financial report as at 30 June 2003.

FUTURE DEVELOPMENTS

Likely developments in the operations of the Company and the expected results of those operations in subsequent financial years have been discussed where appropriate in the Annual Report under Review of Operations.

There are no further developments of which the directors are aware which could be expected to affect the results of the Company's operations in subsequent financial years other than information which the directors believe comment on or disclosure of, would prejudice the interests of the Company.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Each of the directors of the Company has entered into a Deed with the Company whereby the Company has provided certain contractual rights of access to books and records of the Company to those directors.

The Company has insured all of the directors of FSA Group Ltd. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and amount of the premium paid. The Corporations Act 2001 does not require disclosure of the information in these circumstances.

DIRECTORS' AND OTHER OFFICERS' EMOLUMENTS

Remuneration policy

The Board of Directors is responsible for determining compensation arrangements for the Directors and the Executive management team. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Emoluments' of directors and other officers of FSA Group Ltd

Emoluments of directors of FSA Group Ltd for the year ended 30 June 2003:

	Directors' Fee $	Consulting Fee $	Total $
Sam Doumany (appointed 18 December 2002)	13,542	16,000	29,542
Tim Odillo Maher (appointed 30 July 2002)	8,024	112,369	120,393
Deborah Southon (appointed 30 July 2002)	-	125,286	125,286
Fletcher Quinn (appointed 22 October 2002)	16,666	31,666	48,332
Vernon Wills (resigned 30 June 2003)	51,000	-	51,000
Richard Moore (resigned 30 July 2002)	2,083	-	2,083
Shane Smollen (resigned 30 July 2002)	-	-	-

Emoluments of the five most highly paid executive officers of the consolidated entity for the year ended 30 June 2003:

	Base fee	Superannuation	Consulting/ Other	Long Term Emoluments Options Granted #	
	$	$	$	Number	$
Stephen Winter	146,300	19,038	10,417	1,000,000	22,640
Warren Sinclair	74,010	-	36,667	1,000,000	46,678
Richard Symes	137,078	-	-	-	-
Andrew Aravanis	106,144	8,116	-	60,000	679
Duncan Cornish	30,000	-	71,500	-	-

Calculation of value of options granted using the Black-Scholes option pricing model, which takes into account factors such as the option exercise price, the market price at the date of issue and volatility of the underlying share price and the time to maturity of the option. Details of the calculations in relation to each director of granted options are set out below:

	Number of Options	Vesting Date	Expiry Date	Strike Price cents	Market Value at date of issue cents	Black-Scholes Valuation $
Stephen Winter	1,000,000	9/6/04	30/6/07	10.0	5.0	22,640
Warren Sinclair	1,000,000	10/1/03	31/12/05	20.0	11.0	46,678
Andrew Aravanis	60,000	9/6/04	9/6/06	10.0	5.0	679

No shares were issued post year end as a result of exercising options.

DIRECTORS' MEETINGS

The number of meetings of directors held during the period and the number of meetings attended by each director are as follows:

	Number of meetings held while in office	Meetings attended
Sam Doumany	6	5
Tim Odillo Maher	12	12
Deborah Southon	12	12
Fletcher Quinn	8	8
Vernon Wills	16	16
Shane Smollen	4	4
Richard Moore	4	4

Total number of meetings held during the financial year – 16

AUDIT COMMITTEE MEETINGS

The number of meetings of the Audit Committee held during the period and the number of meetings attended by each member of the Audit Committee are as follows:

	Number of meetings held while in office	Meetings attended
Sam Doumany	1	1
Tim Odillo Maher	1	1
Fletcher Quinn	1	1
Vernon Wills	2	2
Duncan Cornish	2	2

Total number of meetings held during the financial year – 2

SHARE OPTIONS

As at the date of this report (and at the balance date) there were 50,717,566 unissued ordinary shares under options. Refer to Notes 18 and 22 of the financial statements for further details of the options outstanding.

ENVIRONMENTAL ISSUES

There are no matter that have arisen in relation to environmental issues up to the date of this report.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf if the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of FSA Group Ltd support and have adhered to the principles of corporate governance. The Company's corporate governance statement is contained in the Shareholder Information section of the Annual Report.

Signed in accordance with a resolution of the directors.

Fletcher Quinn - Director

Brisbane
3 October 2003

4 SHAREHOLDER INFORMATION

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 19 September 2003.

(a) Distribution of equity securities

The number of holders, by size of holding, in each class of security are:

	Ordinary shares		$0.20 options exercisable on or before 31 December 2005	
	Number of holders	Number of shares	Number of holders	Number of options
1 – 1,000	6	2,960	-	-
1,001 – 5,000	176	604,000	26	58,340
5,001 – 10,000	265	2,527,854	2	20,000
10,001 – 100,000	122	3,814,831	249	5,379,251
100,001 and over	48	79,435,302	22	17,665,743
Total	617	86,384,947	299	22,123,334

The number of shareholders holding less than a marketable parcel of shares are 229 (954,814 ordinary shares).

(b) Twenty largest holders

The names of the twenty largest holders, in each class of security are:

Ordinary shares:

1. Mazamand Group Pty Ltd	12,048,589	13.9%
2. Monhill Pty Ltd	11,650,000	13.5%
3. ADST Pty Ltd	11,500,000	13.3%
4. Solutions Network Pty Ltd	11,500,000	13.3%
5. Fish Developments Pty Ltd	11,395,440	13.2%
6. Anglo Irish Nominees Pty Ltd	4,666,667	5.4%
7. Steel-Loc Pty Ltd	3,060,000	3.5%
8. Sirocco Technologies Group Ltd	1,820,063	2.1%
9. Tricom Nominees Pty Ltd	1,685,000	2.0%
10. Sareena Enterprises Pty Ltd	1,356,667	1.6%
11. Karia Investments Pty Ltd	666,666	0.8%
12. Moonheath Pty Ltd	658,037	0.8%
13. Mr Derek Roger Maltz	579,834	0.7%
14. Eumundi Brewing Group Limited	545,986	0.6%
15. Mr David John Vincent	500,000	0.6%
16. Cliffsun Pty Ltd	422,342	0.5%
17. Nambia Pty Ltd	408,663	0.5%
18. Renison Consolidated Mines NL	400,000	0.5%
19. Enhance Management Pty Ltd	333,333	0.4%
20. Mr G W Pernase and S A Botica	300,000	0.3%
Top 20	75,497,287	87.4%
Total	86,384,947	100.0%

Options exercisable at $0.20 on or before 31 December 2005:

1. Mazamand Group Pty Ltd	2,400,000	10.4%
2. Monhill Pty Ltd	2,400,000	10.4%
3. Solutions Network Pty Ltd	2,400,000	10.4%
4. ADST Pty Ltd	2,400,000	10.4%
5. Tricom Nominees Pty Ltd	1,666,667	7.2%
6. Saber Limited	1,139,493	4.9%
7. GBUS Enterprises Pty Ltd	1,000,000	4.3%
8. J F Enterprises Pty Ltd	958,333	4.1%
9. Tizoku Securities Pty Ltd	670,250	2.9%
10. Mr Derek Roger Maltz	665,000	2.9%
11. Moonheath Pty Ltd	395,833	1.7%
12. Hadley Castle Pty Ltd	251,667	1.1%
13. Cliffsun Pty Ltd	250,000	1.1%
14. Arrowhead Media Pty Ltd	220,000	1.0%
15. Mrs Jenni Read	173,500	0.8%
16. Mr Rizwan Khan	160,000	0.7%
17. Mikinos Investment Pty Ltd	160,000	0.7%
18. Mr David John Vincent	130,000	0.6%
19. National Online Trading Pty Ltd	115,000	0.5%
20. Bizzell Nominees Pty Ltd	110,000	0.5%
Top 20	17,665,743	76.4%
Total	23,123,334	100.0%

(Unquoted) options exercisable at $0.60 on or before 30 November 2006:

1.	ADST Pty Ltd	6,250,000	25.0%
2.	Mazamand Group Pty Ltd	6,250,000	25.0%
3.	Monhill Pty Ltd	6,250,000	25.0%
4.	Solutions Network Pty Ltd	6,250,000	25.0%
	Top 20	25,000,000	100.0%
	Total	25,000,000	100.0%

(c) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Number of shares
Mazamand Group Pty Ltd	11,650,000
Monhill Pty Ltd	11,650,000
Fish Developments Pty Ltd	11,620,440
ADST Pty Ltd	11,500,000
Solutions Network Pty Ltd	11,500,000
Anglo Irish Nominees Pty Ltd	4,666,667

(d) Voting rights

All ordinary shares carry one vote per share without restriction

(e) Restricted securities

The number of restricted securities (held in escrow) that are on issue, and the date from which they cease to be restricted securities are as follows:

Ordinary shares:

Date securities cease to be restricted:	2 August 2004
Number of restricted securities:	53,000,000

Options exercisable at $0.20 on or before 31 December 2005:

Date securities cease to be restricted:	2 August 2004
Number of restricted securities:	11,266,667

(f) Business objectives

The entity has used its cash and assets that are readily convertible to cash in a way consistent with its business objectives.

5 CORPORATE GOVERNANCE STATEMENT

The board of directors of FSA Group Ltd is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of FSA Group Ltd on behalf of the shareholders by whom they are elected and to whom they are accountable.

To ensure the board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of directors and for the operation of the board.

Composition of the Board

The composition of the board is determined in accordance with the following principles and guidelines:

- the board should comprise at least three directors and should maintain a majority of non-executive directors;
- the chairperson must be a non-executive director;
- the board should comprise directors with an appropriate range of qualifications and expertise; and
- the board shall meet at least monthly and follow meeting guidelines set down to ensure all directors are made aware of, and have available all necessary information, to participate in an informed discussion of all agenda items.

The directors in office at the date of this statement are:

Name	Position
Sam Doumany	Chairperson, Non-Executive Director
Tim Odillo Maher	Executive Director
Deborah Southon	Executive Director
Fletcher Quinn	Non-Executive Director

Remuneration

The board is responsible for determining and reviewing compensation arrangements for the directors themselves and the chief executive officer and the executive team. During the financial period, a separate remuneration committee was not established as the board included these duties as part of their overall responsibilities.

Audit Governance

The board as part of its overall function has the responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes. This included the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The board is also responsible for the nomination of the external auditor and reviewing the adequacy of the scope and quality of the annual statutory audit and half year statutory audit or review.

During the financial period a separate audit committee was established which, at the date of this report, consists of the following members:

- Sam Doumany — Non-Executive Director
- Flecther Quinn — Non-Executive Director
- Duncan Cornish — Company Secretary

The role of the audit committee is to:

- assess the appropriateness of the accounting policies, practices and disclosures and whether the quality of financial reporting is adequate;
- review the scope and results of internal, external and compliance audits;
- maintain open lines of communication between the Board and external auditors and the Company's compliance officers;
- review and report to the Board on the annual report and financial statements;
- assess the adequacy of the Company's internal controls and make informed decisions regarding compliance policies, practices and disclosures; and
- nominate the external auditors.

The audit committee met twice during the period.

5 CORPORATE GOVERNANCE STATEMENT

Board Responsibilities

As the board acts on behalf of and is accountable to the shareholders, the board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. The board seeks to discharge these responsibilities in a number of ways.

Responsibility for the operation and administration of the consolidated entity is delegated by the board to the chief executive officer and the executive team. The board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the chief executive and the executive team.

The board is responsible for ensuring that management's objective and activities are aligned with the expectations and risks identified by the board. The board has a number of mechanisms in place to ensure that is achieved. In addition to the establishment of the committees referred to above, these mechanisms include the following:

- board approval of a strategic plan, which encompasses the entity's vision, mission and strategy statements, designed to meet stakeholders' needs and manage business risk;
- the strategic plan is a dynamic document and the board is actively involved in developing and approving initiatives and strategies designed to ensure the continued growth and success of the entity;
- implementation of operating plans and budgets by management and board monitoring of progress against budget – this includes the establishment and monitoring of key performance indicators (both financial and non-financial) for all significant business processes.
- procedures to allow directors in the furtherance of their duties, to seek independent professional advice at the company's expense; and
- establishment of a treasury facility – the purpose of which is to manage the organisation's financial risk and to investigate and approve investments so as to maximize the potential return on funds.

Monitoring of the Board's Performance and Communication to Shareholders.

In order to ensure that the board continues to discharge its responsibilities in an appropriate manner, the performance of all directors is reviewed annually by the chairperson.

The board of directors aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the directors. Information is communicated to the shareholders through:

- the annual report which is distributed to all shareholders;
- the half yearly report; and
- announcements to the market via the Australian Stock Exchange; and
- the annual general meeting and other meetings so called to obtain approval for the board action as appropriate.

6 STATEMENT OF FINANCIAL PERFORMANCE

Year end 30 June 2003	Notes	Consolidated Entity 2003 $	Consolidated Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
Revenues from ordinary activities	2	**10,926,923**	**1,013,875**	**493,051**	**1,013,875**
Expenses from ordinary activities (excluding borrowing costs and write downs)	3	(11,883,629)	(2,511,197)	(1,193,681)	(2,511,197)
Borrowing costs	3(a)	(85,665)	(18,813)	(58,689)	(18,813)
Write down of Intellectual Property	3(b)	(499,995)	-	(499,995)	-
Write down of Investment	3(b)	-	(603,600)	-	(603,600)
Loss from ordinary activities before income tax expense		**(1,542,366)**	**(2,119,735)**	**(1,259,314)**	**(2,119,735)**
Income tax expense relating to ordinary activities	4	(126,025)	-	-	-
Loss from ordinary activities after income tax expense		**(1,668,391)**	**(2,119,735)**	**(1,259,314)**	**(2,119,735)**
Transaction costs arising on issue of shares	19(b)	(265,351)	-	(265,351)	-
Total reserves, expenses and valuation adjustments recognised directly in equity		(265,351)	-	(265,351)	-
Total changes in equity other than those resulting from transactions with owners as owners		(1,933,742)	(2,119,735)	(1,524,665)	(2,119,735)
Basic earnings per share (cents per share) Diluted earnings per share is the same as Basic earnings per share	24	(2.05)	(7.19)		

7 STATEMENT OF FINANCIAL POSITION

At 30 June 2003	Notes	Consolidated Entity 2003 $	Consolidated Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
CURRENT ASSETS					
Cash assets	20	2,033,686	935,956	640,172	935,956
Receivables	5	4,534,517	391,352	16,612	391,352
Other Financial Assets	6	68,299	102,456	68,299	102,456
Inventories	7	-	43,749	-	43,749
Other	8	158,757	212,991	20,143	212,991
Total Current Assets		6,795,259	1,686,504	745,226	1,686,504
NON-CURRENT ASSETS					
Plant and equipment	11	340,040	82,236	-	82,236
Other Financial Assets		-	-	2,564,935	-
Intangibles	12	431,404	600,000	-	600,000
Total Non-Current Assets		771,444	682,236	2,564,935	682,236
TOTAL ASSETS		**7,566,703**	**2,368,740**	**3,310,161**	**2,368,740**
CURRENT LIABILITIES					
Payables	13	3,633,621	362,797	46,564	362,797
Tax Liabilities		71,966	-	-	-
Interest-bearing liabilities	14	-	72,345	-	72,345
Provisions	15	83,439	6,357	-	6,357
Unallocated Share Proceeds		-	280,805	-	280,805
Total Current Liabilities		3,789,026	722,304	46,564	722,304
NON-CURRENT LIABILITIES					
Interest-bearing liabilities	16	931,000	580,609	931,000	580,609
Deferred Income Tax liabilities	17	923,157	-	-	-
Total Non-Current Liabilities		1,854,157	580,609	931,000	580,609
TOTAL LIABILITIES		**5,643,183**	**1,302,913**	**977,564**	**1,302,913**
NET ASSETS		**1,923,520**	**1,065,827**	**2,332,597**	**1,065,827**
EQUITY					
Contributed equity	18	9,440,482	6,914,398	9,440,482	6,914,398
Accumulated losses	19	(7,516,962)	(5,848,571)	(7,107,885)	(5,848,571)
TOTAL EQUITY		**1,923,520**	**1,065,827**	**2,332,597**	**1,065,827**

8 STATEMENT OF CASH FLOWS

Year end 30 June 2003	Notes	Consolidated Entity		Parent Entity	
		2003	2002	2003	2002
		$	$	$	$
		Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		10,445,970	1,216,693	908,981	1,216,693
Payments to suppliers and employees		(9,179,323)	(2,318,634)	(1,163,284)	(2,318,634)
Interest received		53,795	23,558	28,903	23,558
Interest and other costs of finance paid		(85,665)	(18,813)	(58,689)	(18,813)
GST recovered/(paid)		(276,723)	-	29,442	-
Net cash inflow/outflow from operating activities	20(b)	**958,054**	**(1,097,196)**	**(254,647)**	**(1,097,196)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of plant and equipment		(158,521)	(23,268)	(1,160)	(23,268)
Proceeds from sale of property, plant and equipment		11,500	13,584	4,143	13,584
Acquisition of controlled entity		-	-	(500,000)	-
Acquisition of controlled entity – net of cash		(153,297)	-	-	-
Loans to other entities		-	(180,000)	-	(180,000)
Proceeds from disposal of liquid marketable securities		34,157	141,839	34,157	141,839
Net cash inflow/outflow from investing activities		**(266,161)**	**(47,845)**	**(462,860)**	**(47,845)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Borrowings – commercial loan		(33,128)	33,128	(33,128)	33,128
Share subscription proceeds		340,028	280,805	340,028	280,805
Capital raising costs		(265,351)	-	(265,351)	-
Convertible Note proceeds		455,000	545,000	455,000	545,000
Finance lease principal		(90,712)	(67,031)	(74,826)	(67,031)
Net cash inflow/(outflow) from financing activities		**405,837**	**791,902**	**421,723**	**791,902**
Net increase/(decrease) in cash held		**1,097,730**	**(353,139)**	**(295,784)**	**(353,139)**
Cash at the beginning of the financial year		935,956	1,289,095	935,955	1,289,095
Cash at the end of the financial year	20(a)	**2,033,686**	**935,956**	**640,172**	**935,956**

NOTES TO THE FINANCIAL STATEMENTS

Year end 30 June 2003

1. SUMMARY OF ACCOUNTING POLICIES

The financial report is a general purpose financial report which has been drawn up in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

Basis of accounting

The financial report has been prepared on the historical cost basis except for other financial assets which are recognised at fair values.

Principles of consolidation

The consolidated financial report combines the financial reports of FSA Group Limited (parent entity) and all its controlled entities. (Refer Note 10)

The effects of all transactions between entities in the consolidated entity have been eliminated.

Outside equity interest comprises the aggregate of the equity of controlled entities, other than that held either directly or indirectly by the parent entity, after making adjustments for unrealised profits and losses of controlled entities and other adjustments necessary to comply with Accounting Standards.

Cash and cash equivalents

Cash on hand and in banks and short-term deposits are stated at the lower of cost and net realisable value.

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within two working days, net of outstanding bank overdrafts.

Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred. Receivables from related parties are recognised and carried at the nominal amount due. Interest is taken up as income on an accrual basis.

Investments

Listed shares held for trading are carried at net market value. Changes in net market value are recognised as revenue or expense in the profit and loss for the period.

Where listed shares have been revalued, any capital gains tax which may become payable has not been taken into account in determining the revalued carrying amount.

All other non-current investments are carried at the lower of cost and recoverable amount.

Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as the cost of the direct materials to purchase the finished goods.

Recoverable Amount

Non-current assets are not carried at an amount above their recoverable amount, and where carrying values exceed this recoverable amount assets are written down. In determining recoverable amount, the expected net cash flows have not been discounted to their present value using a market determined risk adjusted discount rate.

Plant and equipment

Measurement

All classes of plant and equipment are measured at cost.

Depreciation

Depreciation is provided on a straight line basis on all plant and equipment.

Major depreciation periods are:

Plant and equipment: three to five years

Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to the group are capitalised at the present value of the minimum lease payments and disclosed as property, plant and equipment under lease. A lease liability of equal value is also recognised.

Intangibles

Intellectual property is amortised over its useful life, being five years.

Goodwill is amortised over its useful life, being 20 years.

Intangible assets are not carried at an amount above their recoverable amount, and where carrying values after amortisation exceed this recoverable amount the intangible assets have been written down to their recoverable amount.

Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

Interest bearing liabilities

All loans are measured at the principal amount.

Interest is charged as an expense as it accrues.

Contributed Equity

Ordinary share capital is recognised at the fair value of the consideration received by the company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Revenue recognition

Revenue is recognised where it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of Services

When the outcome of a contract to provide services under the Bankruptcy Act can be estimated reliably, revenue is recognised by reference to the right to be compensated for services and where the stage of completion can be reliably estimated, specifically:

Part IX Application Fees

Upon the completion of preparing the Part IX proposal for consideration by the creditors;

Part IX Fees

At the date of approval of the Part IX submission by a minimum of 75% of creditors

Sale of Goods

Revenue from the sale of goods is recognised when control over the property sold is passed to the buyer, the amount of revenue can be reliably measured and it is probable the revenue will be received by the consolidated entity, specifically:

Gogo7 virtual tours

At the date of delivery and invoice of the completed tour

Interest

Control of the right to receive the interest payment.

Income tax

Income tax has been brought to account using a method of tax effect accounting whereby income tax expense for the period is calculated on the accounting profit after adjusting for items which, as a result of their treatment under income tax legislation, create permanent differences between that profit and the taxable income. The tax effect of timing differences which arises from the recognition in the accounts of items of revenue and expenses in periods different from those in which they are assessable or allowable for income tax purposes, are represented in the Statement of Financial Position as “future income tax benefits” or “provision for deferred income tax”, as the case may be at current tax rates. A future income tax benefit is only carried forward as an asset where realisation of the benefit can be regarded as being assured beyond reasonable doubt.

Employee entitlements

Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, sick leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave, sick leave and any other employee entitlements expected to be settled within twelve months of the reporting date are measured at their nominal amounts. All other employee entitlement liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Employee entitlements expenses and revenues arising in respect of the following categories:

- wages and salaries, non-monetary benefits, annual leave, long service leave, sick leave and other leave entitlements; and

- other types of employee entitlements are charged against profits on a net basis in their respective categories.

The value of the employee share option plan described in note 22 is not being charged as an employee entitlement expense.

Earnings per share

Basic earnings per share is determined by dividing the profit from ordinary activities after related income tax expense and after preference dividends by the weighted average number of ordinary shares outstanding during the financial period.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;

- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and

- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Comparatives

FSA Group Limited acquired FSA Australia Pty Ltd and subsidiaries on 30 July 2002. Accordingly the results of FSA Australia Pty Ltd and subsidiaries are not included in comparative information. Additionally the operations of the parent entity were discontinued during the current period (refer note 30).

Financing arrangements

The convertible note facilities currently in place are due to expire on 24 June 2004. Any monies owing on the convertible notes at 24 June 2004, after any conversions, will become due and payable at this date providing notice of repayment is received from the Noteholder. Should the Noteholders not call these funds at this date, the funds will become payable in 14 days of any subsequent notice received.

The directors are confident that these facilities will be preserved or replaced by equivalent funding if required.

	Consolidated Entity 2003 $	Consolidated Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $

2. REVENUES FROM ORDINARY ACTIVITIES

	Consolidated Entity 2003 $	Consolidated Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
Revenue from operating activities				
Sales revenue – services	10,387,480	-	-	-
Sales revenue - sale of goods	464,148	848,478	464,148	848,478
Revenues from non-operating activities				
Interest received	63,795	23,558	28,903	23,558
Proceeds on sale of property, plant & equipment	11,500	-	-	-
Proceeds on sale of listed marketable securities	-	141,839	-	141,839
Total revenues from operating activities	**10,926,923**	**1,013,875**	**493,051**	**1,013,875**

3. EXPENSES FROM ORDINARY ACTIVITIES

Classification of expenses by function

Expenses form operating activities excluding borrowing costs and write downs:

	Consolidated Entity 2003 $	Consolidated Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
Cost of goods sold	439,949	128,216	439,949	128,216l
Product development costs	-	543,440	-	543,440
Marketing expenses	1,505,506	359,565	50,843	359,565
Distribution expenses	-	116,096	-	116,096
Administrative expenses	3,533,776	273,455	48,933	273,455
Operating expenses	2,130,573	502,526	505,635	502,526
Employee benefits expenses	4,273,825	587,899	148,321	587,899
	11,883,629	**2,511,197**	**1,193,681**	**2,511,197**

(a) Borrowing costs

	Consolidated Entity 2003 $	Consolidated Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
Finance leases	31,179	18,813	4,203	18,813
Interest bearing debt	54,486	-	54,486	-
	85,665	**18,813**	**58,689**	**18,813**

(b) Significant item

Loss from ordinary activities before income tax expense includes the following expense whose disclosure is relevant in explaining the financial performance of the entity:

	Consolidated Entity 2003 $	Consolidated Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
Write down of intellectual property – discontinued operations	499,995	-	499,995	-
Write down of investment	-	603,600	-	603,600

	Consolidated Entity 2003 $	Consolidated Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
(c) Loss from ordinary activities before income tax				
Loss from ordinary activities before income tax expense is after charging / crediting the following items:				
Depreciation of non-current assets				
- Office equipment	173,656	58,376	27,333	58,376
- Plant and equipment under lease	40,094	74,928	38,348	74,928
Amortisation of non-current assets - Intellectual Property	131,274	200,000	100,005	200,000
Total depreciation and amortisation expenses	345,024	333,304	165,686	333,304
Write down of value of intangibles	499,995	-	499,995	-
Loss on Disposal Fixed Assets	232,912	-	-	-
Bad and doubtful debts – trade debtors	2,813,319	72,977	33,836	72,977
Operating lease rental	74,826	143,413	74,826	143,413
Obsolete stock	32,446	-	32,446	-
Unrealised losses / (gains) on investments – listed marketable securities	(1,932)	84,138	(1,932)	84,138

4. INCOME TAX

	Consolidated Entity 2003 $	Consolidated Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
The prima facie income tax on the loss from ordinary activities is reconciled to the income tax provided in the financial statements as follows:				
The prima facie income tax benefit (30%) (2002:30%) on loss from ordinary activities before income tax	(462,710)	(635,920)	(377,794)	(635,920)
Tax effect of permanent differences:				
Amortisation of intangible assets	9,763	60,000	-	60,000
Write down of investment	-	181,080	-	181,080
Amortisation of intellectual property	180,000	-	180,000	-
Other items (net)	4,648	145	1,240	145
Tax effect of timing differences	394,324	394,695	196,554	394,695
Income tax expense attributable to ordinary activities	126,025	-	-	-

Potential future income tax benefits attributable to tax losses carried forward amounting to $230,160 (2002: $1,013,521) have not been brought to account at 30 June 2003 because directors do not believe it is appropriate to regard realisation of the future income tax benefit as virtually certain. These benefits will only be obtained if:

(a) The consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction of the loss to be realised;

(b) The consolidated entity continues to comply with the conditions for deductibility imposed by law; and

(c) No changes in tax legislation adversely affect the consolidated entity realising the benefit from the deduction for the loss.

	Consolidated Entity		Parent Entity	
	2003	2002	2003	2002
	$	$	$	$

5. RECEIVABLES (CURRENT)

Trade debtors	7,604,616	137,501	26,612	137,501
Provision for doubtful debts	(3,084,932)	(33,210)	(10,000)	(33,210)
	4,519,684	104,291	16,612	104,291
Other	14,833	7,061	-	7,061
Loan receivable from other external party	-	280,000	-	280,000
	4,534,517	**391,352**	**16,612**	**391,352**

6. OTHER FINANCIAL ASSETS (CURRENT)

Listed marketable securities on a prescribed stock exchange at net market value	**68,299**	**102,456**	**68,299**	**102,456**

There would be no material capital gains tax payable if these assets were sold at reporting date

7. INVENTORIES (CURRENT)

Finished goods – at cost	**-**	**43,749**	**-**	**43,749**

8. OTHER ASSETS (CURRENT)

Prepayments	76,284	57,238	20,143	57,238
Security Bonds	82,473	-	-	-
Capital raising costs	-	155,753	-	155,753
	158,757	**212,991**	**20,143**	**212,991**

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investment in associate	-	-	-	-

During the 2002 period FSA Group Ltd sold its 25% share in Prospex Profile Ltd (“Prospex New Zealand”), a company incorporated in New Zealand, for $1.

10. CONTROLLED ENTITIES

Name	Country of Incorporation	Percentage of equity interest held by the consolidated entity		Investment	
		2003	2002	2003	2002
		%	%	$	$
Prospex Profile Pty Ltd (previously Prospex Holdings Pty Ltd)	Australia	100	100	2	2
FSA Australia Pty Ltd *	Australia	100	-	2,564,935	-
Debt Relief Solutions Pty Ltd ** ^	Australia	100	-	2	-
FSA Finance Pty Ltd *^	Australia	100	-	2	-
Fox Symes & Associates Pty Ltd *^	Australia	100	-	50	-
Debt Relief Services Pty Ltd *^	Australia	100	-	2	-
FSA Services Group Pty Ltd *#	Australia	100	-	2	-

* Acquired 30 July 2002
** Incorporated 6 March 2003
^ Investment held by FSA Australia Pty Ltd
# Investment held by Fox Symes & Associates Pty Ltd

11. PLANT AND EQUIPMENT (NON-CURRENT)

	Consolidated Entity 2003 $	Consolidated Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
Plant and Equipment				
At cost	636,520	134,284	113,076	134,284
Accumulated depreciation	(296,480)	(90,396)	(113,076)	(90,396)
	340,040	43,888	-	43,888
Plant and Equipment under lease				
At cost	229,452	224,797	229,452	224,797
Accumulated depreciation	(229,452)	(186,449)	(229,452)	(186,449)
	-	38,348	-	38,348
Total plant and equipment				
At cost	865,972	359,081	342,528	359,081
Accumulated depreciation	(525,932)	(276,845)	(342,528)	(276,845)
	340,040	**82,236**	**-**	**82,236**
Office Equipment:				
Movements during year:				
Beginning of the year	43,888	92,580	43,888	92,580
Additions	158,521	23,268	1,160	23,268
Disposals	(231,750)	(13,584)	(17,715)	(13,584)
Depreciation	(173,656)	(58,376)	(27,333)	(58,376)
Write downs		-	-	-
Assets transferred upon the acquisition of controlled entities	634,054	-	-	-
Accumulated depreciation transferred upon the acquisition of controlled entities	(91,017)	-	-	-
	340,040	**43,888**	**-**	**43,888**
Plant & Equipment under finance lease:				
Movements during year:				
Beginning of the year	38,348	113,276	38,348	113,276
Additions	-	-	-	-
Disposals	(12,662)	-	-	-
Amortisation	(40,094)	(74,928)	(38,348)	(74,928)
Write downs	-	-	-	-
Assets transferred upon the acquisition of controlled entities	18,793	-	-	-
Accumulated amortisation transferred upon the acquisition of controlled entities	(4,385)	-	-	-
	-	**38,348**	**-**	**38,348**
Total Plant & Equipment				
Movements during year:				
Beginning of the year	82,236	205,856	82,236	205,856
Additions	158,521	23,268	1,160	23,268
Disposals	(244,412)	(13,584)	(17,715)	(13,584)
Depreciation	(213,750)	(133,304)	(65,681)	(133,304)
Write downs	-	-	-	-
Assets transferred upon the acquisition of controlled entities	652,847	-	-	-
Accumulated depreciation transferred upon the acquisition of controlled entities	(95,402)	-	-	-
	340,040	**82,236**	**-**	**82,236**

	Consolidated Entity 2003 $	Consolidated Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
12. INTANGIBLES (NON-CURRENT)				
Intellectual property – at cost	2,344,959	2,344,959	2,344,959	2,344,959
Accumulated amortisation	(729,914)	(629,909)	(729,914)	(629,909)
	1,615,045	1,715,050	1,615,045	1,715,050
Write down to recoverable amount	(1,615,045)	(1,115,050)	(1,615,045)	(1,115,050)
	-	600,000	-	600,000
Goodwill	462,673	-	-	-
Accumulated amortisation	(31,269)	-	-	-
	431,404	**-**	**-**	**-**
13. PAYABLES (CURRENT)				
Trade creditors	237,712	305,189	19,288	305,189
Institutional creditors	2,245,775	-	-	-
Other creditors	1,150,134	57,608	27,276	57,608
	3,633,621	**362,797**	**46,564**	**362,797**
14. INTEREST-BEARING LIABILITIES (CURRENT)				
Lease liability – secured (refer note 16)	-	39,217	-	39,217
Commercial loan – unsecured	-	33,128	-	33,128
	-	**72,345**	**-**	**72,345**
15. PROVISIONS (CURRENT)				
Employee entitlements	**83,439**	**6,357**	**-**	**6,357**
16. INTEREST-BEARING LIABILITIES (NON-CURRENT)				
Lease liability – secured (a)	-	35,609	-	35,609
Convertible Note facility – unsecured	931,000	545,000	931,000	545,000
	931,000	**580,609**	**931,000**	**580,609**

(a) secured over plant and equipment under lease in Note 11

	Consolidated Entity 2003 $	Consolidated Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
17. DEFERRED INCOME TAX LIABILITIES (NON-CURRENT)				
Provision for deferred income tax	923,157	-	-	-
Future income tax benefits attributable to tax losses deducted in arriving at the provision for deferred income tax	588,337	-	-	-

	Consolidated entity 2002 $	2001 $
18. CONTRIBUTED EQUITY		
(a) Issued and paid up capital		
86,178,353 ordinary shares fully paid	9,440,482	6,914,398
(b) Movements in securities on issue		
Movements in ordinary shares on issue		
Balance at beginning of period	6,914,398	6,914,398
Issued during the period:		
On 30 July 2002, 53,000,000 fully paid ordinary shares was issued in exchange for shares in FSA Group Pty Ltd (now known as FSA Australia Pty Ltd)	2,064,935	-
On 30 July 2002, 3,000,000 fully paid ordinary shares were issued as a result of the initial public offering	600,000	-
During July 2003, 345,000 Convertible Notes converted into 345,000 ordinary shares and 690,000 $0.20 options exercisable on or before 31 December 2003	69,000	-
Costs associated with capital raising	(265,351)	-
On 10 January 2003, 333,333 ordinary shares issued in accordance with an executive service contracts (CEO)	36,667	-
Balance at 30 June 2003, 86,178,353 ordinary shares fully paid (30 June 2002: 29,500,020)	**9,419,649**	**6,914,398**
Movements in $0.20 options exercisable on or before 31 December 2005 on issue		
Balance at beginning of period	-	-
Issued during the period:		
On 30 July 2002, 4,166,667 $0.20 options exercisable on or before 31 December 2005 were issued as a result of the initial public offering	20,833	-
Balance at 30 June 2003, 4,166,667 options (30 June 2002: 0)	**20,833**	**-**
Total balance at 30 June 2003	**9,440,482**	**6,914,398**

(c) Movements in number of securities on offer since 30 June 2002 to the date of this report

	Ordinary shares	$0.75 options exercisable on or before 31 December 2002	$0.20 options exercisable on or before 31 December 2005
Balance at 30 June 2002	29,500,020	4,166,667	-
Securities issued under the FSA Agreement	53,000,000	-	11,266,667
Securities offered under the prospectus dated 3 May 2002 (closed 26 July 2002)	3,000,000	-	10,166,667
Convertible Note equity conversions	345,000	-	690,000
Securities issued in accordance with executive services contract (CEO)	333,333	-	1,000,000
Option expiry	-	(4,166,667)	-
Securities issued to employees and external consultants	-	-	-
Balance as at 30 June 2003	**86,178,353**	**-**	**23,123,334**

	Unlisted $0.60 options exercisable on or before 30 November 2006	Unlisted $0.10 ESOP options exercisable on or before 9 June 2006	Unlisted $0.10 options exercisable on or before 9 June 2006
Balance at 30 June 2002	-	-	-
Securities issued under the FSA Agreement	25,000,000	-	-
Securities offered under the prospectus dated 3 May 2002 (closed 26 July 2002)	-	-	-
Convertible Note equity conversions	-	-	-
Securities issued in accordance with executive service contracts CEO)	-	1,000,000	-
Option expiry	-	-	-
Securities issued to employees and external consultants	-	856,666	737,566
Balance as at 30 June 2003	**25,000,000**	**1,856,666**	**737,566**

Note 18 continued

(d) Issued Capital – Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, whether in person or by proxy, at a meeting of the company.

(e) Options – Options granted by the Company give the grantee the right, but not the obligation to purchase shares in the company at a predetermined price by a predetermined date. They do not confer any rights on the grantor to participate in dividends declared by the Company or vote at any meetings of the shareholders of the Company.

19. ACCUMULATED LOSSES & TOTAL EQUITY

	Consolidated Entity		Parent Entity	
	2003	2002	2003	2002
	$	$	$	$
(a) Accumulated Losses				
Balance at the beginning of period	(5,848,571)	(3,728,836)	(5,848,571)	(3,728,836)
Net profit/(loss) attributable to members of FSA Group Limited	(1,668,391)	(2,119,735)	(1,259,314)	(2,119,735)
Total available for appropriation	(7,516,962)	(5,848,571)	(7,107,885)	(5,848,571)
Dividends provided for or paid	-	-	-	-
Balance at end of period	**(7,516,962)**	**(5,848,571)**	**(7,107,885)**	**(5,848,571)**
(b) Total Equity				
Balance at beginning of year	1,065,827	3,185,562	1,065,827	3,185,562
Net Loss recognised in the Statement of Financial Performance	(1,668,391)	(2,119,735)	(1,259,313)	(2,119,735)
Transactions with owners as owners: - contributions of equity	2,791,435	-	2,791,435	-
Transaction costs arising from the issue of shares	(265,351)	-	(265,351)	-
Balance at end of year	**1,923,520**	**1,065,827**	**2,332,598**	**1,065,827**

20. NOTES TO STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

Cash balance comprises:

	Consolidated Entity 2003 $	Consolidated Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
Cash on hand	2,033,686	862,206	640,172	862,206
Deposits	-	73,750	-	73,750
	2,033,686	**935,956**	**640,172**	**935,956**

(b) Reconciliation of net cash outflows from operating activities to Profit/(loss) from ordinary activities after tax

	Consolidated Entity 2003 $	Consolidated Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
Profit/(loss) from ordinary activities after tax	(1,668,391)	(2,119,735)	(1,259,313)	(2,119,735)
Add back/(deduct) items not involving cash flows:				
Depreciation of non-current assets	173,656	58,376	27,333	58,376
Amortisation of non-current assets	40,094	74,928	38,348	74,928
Amortisation of intellectual property	131,274	200,000	100,005	200,000
Write down of intellectual property	499,995		499,995	
Write down on P&E and Disposal	232,912	-	13,572	-
Write down of investment	-	603,600	-	603,600
Unrealised losses/(gain) on investments – listed marketable securities	(1,932)	84,138	(1,932)	84,138
Shares issued in lieu of services rendered	36,667	-	36,667	
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables	(288,732)	223,557	374,739	223,557
(Increase)/decrease in inventory	43,749	5,174	43,749	5,174
(Increase)/decrease in other current assets	197,294	(129,310)	192,848	(129,310)
(Decrease)/increase in trade and other creditors	(81,910)	(57,284)	(314,301)	(57,284)
(Decrease)/increase in employee entitlements	3,915	(40,640)	(6,357)	(40,640)
(Decrease)/increase in other liabilities	1,639,463	-	-	-
Net cash outflows from operating activities	**958,054**	**(1,097,196)**	**(254,647)**	**(1,097,196)**

(c) Non-cash Financing and Investing Activities

During the year, the Company issued:

- 53,000,000 ordinary shares for consideration in relation to the acquisition of FSA Australia Pty Ltd and subsidiaries;
- 345,000 ordinary shares and 690,000 $0.20 options exercisable on or before 31 December 2005 for Convertible Note conversions; and
- 333,333 ordinary shares in lieu of services performed by an employee.

	Consolidated Entity		Parent Entity	
	2003 $	2002 $	2003 $	2002 $
(d) Business acquired				
During the year 100% of the ordinary shares of FSA Australia Pty Ltd were acquired. Details are as follows:				
Consideration:				
- 53,000,000 ordinary shares of FSA Group Ltd issued for 3.90 cents per share	2,064,935	-	2,064,935	-
- Cash	500,000	-	500,000	-
	2,564,935	-	2,564,935	-
Fair values of net assets acquired:				
Cash assets	346,703			
Receivables	4,134,433			
Property, plant & equipment	557,445			
Other assets	143,060			
Inventories	-			
Trade creditors	(137,555)			
Other liabilities	(2,941,824)			
	2,102,262			
Goodwill on acquisition (Note 12)	462,673			
	2,564,935			
Outflow of cash to acquire FSA Australia Pty Ltd, net of cash acquired:				
Cash consideration	(500,000)			
Less cash balances acquired	346,703			
Outflow of cash	(153,297)			
(e) Financing facilities available				
At balance date, the following financing facilities had been negotiated and were available:				
Total facilities				
- Convertible Notes (see Note 29)	931,000	545,000	931,000	545,000
Facilities used at balance date:				
- Convertible Notes	931,000	545,000	931,000	545,000
Facilities unused at balance date:				
- Convertible Notes	-	-	-	-

	Consolidated Entity		Parent Entity	
	2003	2002	2003	2002
	$	$	$	$

21. EXPENDITURE COMMITMENTS

(a) Lease expenditure commitments

(i) Operating leases (non-cancellable):

	Consolidated 2003 $	Consolidated 2002 $	Parent 2003 $	Parent 2002 $
Minimum lease payments				
– not later than one year	62,052	75,079	31,145	75,079
– later than one year and not later than five years	-	34,177	-	34,177
– later than five years	-	-	-	-
	62,052	109,256	31,145	109,256

(ii) Finance leases:

	Consolidated 2003 $	Consolidated 2002 $	Parent 2003 $	Parent 2002 $
– not later than one year	-	44,550	-	44,550
– later than one year and not later than five years	-	37,012	-	37,012
– later than five years	-	-	-	-
Total minimum lease payments	-	81,562	-	81,562
– future finance charges	-	(6,736)	-	(6,736)
– lease liability	-	74,826	-	74,826
Current liability	-	39,217	-	39,217
Non-current liability	-	35,609	-	35,609
	-	74,826	-	74,826

22. EMPLOYEE ENTITLEMENTS

(a) Employee entitlements

The aggregate employee liability is comprised of:

	Consolidated 2003 $	Consolidated 2002 $	Parent 2003 $	Parent 2002 $
Accrued wages and salaries	79,137	58,845	-	58,845
Provisions (current)	83,439	6,357	-	6,357
	162,576	65,202	-	65,202

At balance date the Consolidated Entity had 48 employees (2002: 8)

(b) Employee Share Incentive Scheme

An employee share incentive scheme has been established where executives and certain members of staff of FSA Group Limited are issued with options over the ordinary shares of FSA Group Limited. The options, issued for nil consideration, are issued in accordance with performance guidelines established by the directors of FSA Group Limited. The options cannot be transferred and will not be quoted on the ASX. The total number of shares in respect of which options may be granted under the scheme to employees and which have not been exercised or lapsed shall not at any time exceed five percent (5%) of the Company's total issued share capital. There are no such restrictions as to the number of shares in respect of which options may be granted under the scheme to executives.

The exercise price of an option is ten (10) cents or such other price as may be determined by the Board in accordance with Listing Rules. The option period is three (3) years or such earlier period as either determined by the Board or as a result of the employee ceasing his or her employment with the Company. The option exercise period is the period commencing on:

- in respect of 1/2 of the Options, the first anniversary of the Option Commencement Date;
- in respect of the second 1/2 of the Options, the second anniversary of the Option Commencement Date;
- and expiring, (unless the Board determines a shorter period) at the end of the option period.

The Option Commencement Date for the options issued during the period was 9 June 2003.

Information with respect to the number of options granted under the employee share incentive scheme is as follows:

	2003 Number of Options	2002 Number of Options	2002 Weighted average exercise price
Balance at beginning of period	-	500,000	
- granted	1,856,666	-	10 cents
- forfeited	(1,123,333)	(500,000)	-
- exercised	-	-	
Balance at end of period	733,333	-	10 cents
Exercisable at end of period	-	-	

23. CONTINGENT LIABILITIES

There are no contingent liabilities that the Consolidated Entity is aware of.

24. EARNINGS PER SHARE

	2003	2002
Basic earnings / (losses) per share [cents per share]	(2.05)	(7.19)
Diluted earnings / (losses) per share [cents per share]	(2.05)	(7.19)
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share	81,200,828	29,500,020
Earnings used in the calculation of earnings per share	(1,668,391)	(2,119,735)

In calculating earnings per share, the weighted average number of the potential ordinary shares (options and convertible notes) was not included as they were considered not dilutive.

25. SUBSEQUENT EVENTS

There have been no events since the end of the financial year that impact upon the financial report as at 30 June 2003.

26. REMUNERATION OF DIRECTORS AND EXECUTIVES

	Consolidated Entity		Parent Entity	
	2003 $	2002 $	2003 $	2002 $
(a) Directors' Remuneration				
Income paid or payable, or otherwise made available to all Directors of each entity in the Consolidated Entity by the entities of which they were a director and any related parties.	376,636	128,778		
Income paid or payable, or otherwise made available to all Directors of the parent entity and any related parties.			376,636	128,778

Number of Directors of the Company where income from the Company and any related parties was within the following bands:

	2003 No.	2002 No.
$ 0 - $ 9,999	2	1
$ 10,000 - $ 19,999	-	-
$ 20,000 - $ 29,999	1	1
$ 40,000 - $ 49,999	1	-
$ 50,000 - $ 59,999	1	2
$ 90,000 - $ 99,999	-	-
$ 120,000 - $ 129,999	2	-

The names of Directors of the Company who have held office at any time during the financial year:

Sam Doumany	(appointed 18 December 2002)
Tim Odillo Maher	(appointed 30 July 2002)
Deborah Southon	(appointed 30 July 2002)
Fletcher Quinn	(appointed 22 October 2002)
Vernan Wills	(resigned 30 June 2003)
Shane Smollen	(resigned 30 July 2002)
Richard Moore	(resigned 30 July 2002)

(b) Executives Remuneration

Remuneration received or due and receivable by executive officers of the consolidated entity whose remuneration is $100,000 or more, from entities in the consolidated entity or a related party, in connection with the management of the affairs of the entities in the consolidated entity whether as an executive officer or otherwise:

	Consolidated Entity		Parent Entity	
	2003 $	2002 $	2003 $	2002 $
	709,267	-	709,267	-

The number of executives of the consolidated entity and the company whose remuneration falls within the following bands:

	2003 No.	2002 No.	2003 No.	2002 No.
$ 100,000 - $ 109,999	1	-	1	-
$ 110,000 - $ 119,999	1	-	1	-
$ 130,000 - $ 139,999	1	-	1	-
$ 150,000 - $ 159,999	1	-	1	-
$ 190,000 - $ 199,999	1	-	1	-

	Consolidated Entity		Parent Entity	
	2003 $	2002 $	2003 $	2002 $
27. AUDITORS' REMUNERATION				
Amounts received or due and receivable by PKF:				
- an audit or review of the financial report of the entity and any other entity in the Consolidated Entity	42,200	41,750	-	41,750
- other services in relation to the entity and any other entity in the Consolidated Entity	20,250	2,000	-	2,000
	62,450	43,750	-	43,750

28. RELATED PARTY DISCOSURES

Directors

The directors of FSA Group Ltd during the financial year were:

Sam Doumany	(appointed 18 December 2002)
Tim Odillo Maher	(appointed 30 July 2002)
Deborah Southon	(appointed 30 July 2002)
Fletcher Quinn	(appointed 22 October 2002)
Vernan Wills	(resigned 30 June 2003)
Shane Smollen	(resigned 30 July 2002)
Richard Moore	(resigned 30 July 2002)

As at balance date and the date of this report, the interests of the directors in the shares and options of FSA Group Ltd were:

	Ordinary Shares	$0.20 options exercisable on or before 31 December 2005	$0.60 options exercisable on or before 30 November 2006
Sam Doumany	-	-	-
Tim Odillo Maher	12,048,589	2,400,000	6,250,000
Deborah Southon	11,500,000	2,400,000	6,250,000
Fletcher Quinn	-	251,667	-

During the period, 548,589 ordinary shares were acquired by entities associated with Tim Odillo Maher and 251,667 $0.20 options were acquired by entities associated with Fletcher Quinn. All of the remaining shares and options held by Tim Odillo Maher and Deborah Southon noted above were issued on 30 July 2002 in accordance the terms of the agreement to acquire FSA Group Pty Ltd.

Ultimate Parent Entity

FSA Group Ltd is the ultimate parent entity.

29. SEGMENT INFORMATION

At the end of the period, the Consolidated Entity operated solely in the financial services industry within Australia.

During the period, the Consolidated Entity also operated a business specialising in real estate marketing products (gogo7 real estate virtual tour division), also within Australia. This business was discontinued in February 2003.

Further financial information regarding this discontinued segment is contained in Note 31.

Details regarding Asset additions for the period in relation to the discontinued segment are contained in the asset movement schedule for the parent entity in Note 11. Details regarding amortisation and depreciation expense for the discontinued segment are disclosed under the parent entity in Note 3(c). There were no inter-segment transactions during the period.

30. FINANCIAL INSTRUMENTS

(a) Terms and Conditions relating to financial assets and liabilities:

Receivables – Trade debtors are non-interest bearing and can take up to one year to collect. This is normal for this type of business.

Other Financial Assets – Listed shares are readily saleable with no fixed terms. There would be no material capital gains tax payable if these assets were sold at the reporting date.

Payables – Trade creditors are non-interest bearing and normally settled on 30 day terms.

Lease Liabilities – Finance leases have an average term of 3 years with the option to purchase the asset at the completion of the lease term. Secured lease liabilities are secured by a charge over the leased asset.

Convertible Note facility – FSA Group Ltd has entered into convertible note facilities that, at 30 June 2003, had $931,000 owing. The convertible note facilities currently in place are due to expire on 24 June 2004. The Noteholders have the ability at any time up to 24 June 2004 to convert the loan moneys into ordinary shares in the Company at an issue price of 20 cents each, together with two (2) free attaching options to subscribe for ordinary shares in the Company, exercisable at 20 cents each on or before 31 December 2005. Any monies owing on the convertible notes at 24 June 2004, after any conversions, will become due and payable at this date providing notice of repayment is received from the Noteholder. Should the Noteholders not call these funds at this date, the funds will become payable in 14 days of any subsequent notice received.

(b) Interest rate risk

The consolidated entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

	Floating interest rate 2003 $	Fixed interest interest rate 2003 $	Non-interest bearing 2003 $	Total carrying amount as per the balance sheet 2003 $	Weighted average effective interest rate 2003 %
(i) Financial assets					
Cash	2,033,686	-	-	2,033,686	3.00%
Trade receivables	-	-	4,519,684	4,519,684	
Other receivables	-	-	158,757	158,757	
Listed shares	-	-	68,299	68,299	
Total financial assets	2,033,686	-	4,746,740	6,780,426	
(ii) Financial liabilities					
Trade creditors	-	-	237,712	237,712	
Institutional creditors	-	-	2,245,775	2,245,775	
Other creditors	-	-	1,222,100	1,222,100	
Convertible Note - unsecured	-	931,000	-	931,000	8.00%
Total financial liabilities	-	931,000	3,705,587	4,636,587	
Net financial assets / (liabilities)	2,033,686	(931,000)	1,041,153	2,143,839	

The consolidated entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at 30 June 2002, were as follows:

	Floating interest rate 2002 $	Fixed interest interest rate 2002 $	Non-interest bearing 2002 $	Total carrying amount as per the balance sheet 2002 $	Weighted average effective interest rate 2002 %
(i) Financial assets					
Cash	935,955	-	-	935,955	4.60%
Trade receivables	-	-	104,293	104,293	
Other receivables	-	280,000	-	280,000	8.00%
Listed shares	-	-	102,456	102,456	
Unlisted shares	-	-	-	-	
Total financial assets	935,955	280,000	206,749	1,422,704	
(ii) Financial liabilities					
Trade creditors	-	-	305,189	305,189	
Other creditors	-	-	57,608	57,608	
Finance lease liability	-	74,824	-	74,824	9.73%
Commercial loan	-	33,128	-	33,128	5.20%
Unallocated Share Proceeds	-	-	280,805	280,805	
Convertible Note – unsecured	-	545,000	-	545,000	8.00%
Total financial liabilities	-	652,952	643,602	1,296,554	
Net financial assets / (liabilities)	935,955	(372,952)	(436,853)	126,150	

(c) Net fair values

All financial assets and liabilities have been recognised at the balance date at their net fair values.

(d) Credit risk exposures

The consolidated entity's maximum exposures to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount of those assets indicated in the Statement of Financial Position.

9 NOTES TO THE FINANCIAL STATEMENTS

31. DISCONTINUED OPERATION

On 29 January 2003, the Directors publicly announced their intention to close the gogo7 real estate virtual tour division. The gogo7 division was non-core – a review was undertaken which concluded that it was unlikely that the division would generate sufficient profits in the near future. Following the review the directors decided to close the division.

The closure of the gogo7 division was completed in February 2003. The value of the gogo7 Intellectual Property at 31 December 2002 was $499,995, which was written off at 31 December 2002.

	2003 $	2002 $
Financial Performance Information for the year ended 30 June		
Revenues from ordinary activities	464,149	848,478
Expenses from ordinary activities (including borrowing expenses)	(1,137,103)	(2,203,873)
Write down of intellectual property	(499,995)	-
Write down of investment	-	(603,600)
Loss before income tax	(1,172,949)	(1,958,995)
Income tax	-	-
Net loss	(1,172,949)	(1,958,995)
Financial Position Information as at 30 June		
Assets	16,617	1,262,935
Liabilities	(19,290)	(602,159)
Net assets	(2,673)	660,776
Financial Performance Information for the year ended 30 June		
Cash inflow/(outflow) from operating activities	(108,934)	(1,018,546)
Cash inflow/(outflow) from investing activities	2,983	(9,684)
Cash inflow/(outflow) from financing activities	(107,954)	(33,904)
Total cash inflow/(outflow)	(213,905)	(1,062,134)

10 DIRECTORS' DECLARATION

In accordance with a resolution of the directors of FSA Group Ltd, I state that:

In the opinion of the directors:

(a) the financial statements and notes of the company and the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2003 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Fletcher Quinn - Director

Brisbane
3 October 2003

INDEPENDENT AUDIT REPORT

Scope

The financial report and directors' responsibilities

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both FSA Group Limited and the consolidated entity, for the year ended 30 June 2003. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit opinion

In our opinion, the financial report of FSA Group Limited and its controlled entities is in accordance with:

(a) The Corporations Act 2001, including:

  (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2003 and of their performance for the year ended on that date; and

  (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

PKF Chartered Accountants - Brisbane Partnership

C G Bellamy

Brisbane
3 October 2003

Notice of Meeting

THIRD ANNUAL GENERAL MEETING

Notice is hereby given that the third annual general meeting of FSA Group Ltd will be held at the Brisbane Polo Club, Level 2, 1 Eagle Street, Brisbane at 12.00pm on Thursday, 27 November 2003.

Business

1. To receive, consider and adopt the Directors' Report and Financial Report for the year ended 30 June 2003 and the Auditor's Report on the financial report and consolidated financial report.

2. To elect two directors

   (a) Mr Fletcher Quinn retires in accordance with the Constitution of the Company and, being eligible, offers himself for re-election.

   (b) Mr Sam Doumany retires in accordance with the Constitution of the Company and, being eligible, offers himself for re-election.

To transact any other business which may be lawfully brought forward.

By Order of the Board

D P Cornish - Secretary

Brisbane
24 October 2003

Proxies

A member entitled to attend and vote at the meeting is entitled to appoint a proxy. A member entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. A proxy need not be a member of the Company. Proxies must be received by the Company not later than 48 hours before the meeting. A form of proxy is provided with this notice.

FORM OF PROXY

Secretary
FSA Group Ltd
Level 30, Riverside Centre
123 Eagle Street
Brisbane QLD 4000

I/We ______________________

Of ______________________

Being a member(s) of FSA Group Limited hereby appoint ______________________

Of ______________________

or, in his/her absence ______________________

Of ______________________

As my/our proxy vote for me/us on my/our behalf at the annual general meeting of the Company to be held at 12.00pm on the twenty-seventh day of November 2003 and at any adjournment of that meeting.

I/We desire to vote on the resolutions as indicated below:

Please indicate with an X how you wish your vote to be cast. Unless otherwise instructed, the proxy may vote as he/she thinks fit.

The resolutions are numbered as in the notice of meeting.

Resolution No.	1	2(a)	2(b)
FOR			
AGAINST			

Signed this **day of** **2003**

Signature(s) of member(s)

(Proxies must be received by the Company not less than forty-eight hours before the time appointed for the holding of the meeting).

Proxies can be received by the Company at either

Level 30, Riverside Centre, 123 Eagle Street, Brisbane QLD 4000

or by facsimile at (07) 3832 6261.

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FSA GROUP LTD

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2003

ESA GROUP LIMITED