FSA GROUP LTD

ANNUAL REPORT

2004

CORPORATE INFORMATION

DIRECTORS

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

COMPANY SECRETARY

Duncan Cornish

REGISTERED OFFICE AND CORPORATE OFFICE

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PRINCIPAL BUSINESS OFFICE

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SOLICITORS

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1 Eagle Street, Brisbane QLD 4000

SHARE REGISTER

ASX Perpetual Registrars (Formerly Pitcher Partners Registries)
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Phone: +61 7 3228 4000

AUDITORS

PKF
Level 6, 120 Edward Street
Brisbane QLD 4000

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 2003/04 financial year was one of many challenges for FSA Group Limited (the "Company" and "FSA Group"), however it achieved a modest profit. FSA Group generated $13.9 million in revenue and achieved a profit after tax of $1.2 million.

The Company had hoped that the Bankruptcy Legislation Amendment Bill 2002, which took effect from May 2003 and raised the income threshold for debtors eligible to submit a Debt Agreement, would result in an increase in the number of administrations. While the number of administrations was greater than the previous year, the introduction of this legislation did not improve business as much as expected.

Over the last year we have observed an increasing number of administrators offering similar products to the FSA Group and accordingly the sector is becoming increasingly competitive. As a leader in this field, FSA Group is well placed to remain a strong competitor, however further competition is eroding FSA Group's capacity for new client acquisition and accordingly its market share.

The Company has incurred significant costs in strengthening its advertising and communication efforts through multiple mediums including continued television and print advertising and a stronger web presence. The costs associated with the Company's communications have unfortunately risen throughout the year and remain a significant concern.

FSA Group continued to explore the potential of consolidation loans and non-conforming lending. Early indications show that this is a prospective area for future growth. It is expected that more investment and focus will need to be placed on these initiatives in the year ahead.

During the year there were management changes and structural changes which resulted in improved focus on the core business and initiatives.

One of the major challenges for the Company is managing the large cumulative growth in the administrations under management which have substantially increased over recent years. The desired productivity gains from investment in technologies have been elusive primarily due to the cumulative volume of long-term administrations being managed.

From its inception the Company has always been aware of its responsibilities to its many stakeholders and has intensely focused on guaranteeing that systems and procedures are in place to ensure absolutely stringent ethical dealings to protect our clients as well as our various counterparties.

In April 2004, FSA Group reported to the Australian Stock Exchange that it was defending allegations by the Australian Competition and Consumer Commission (ACCC). Proceedings against Fox Symes and Associates Pty Ltd and Debt Relief Services Pty Ltd (both wholly owned subsidiaries of FSA Group) and two of its directors have commenced in the Federal Court. The allegations relate to the Company's role as a debt administrator (under Part IX of the *Bankruptcy Act 1966*) during the period 2000 to 2002. The Company does not accept the Commissions allegations in these proceedings and they are being strenuously defended.

Unfortunately the year ahead may see a very significant expenditure on legal fees as the Company defends the above action. Further, as with any legal proceedings, there is inherent uncertainty with the prospects of a positive outcome.

The Company continues to rely on the acceptance and goodwill of the financial institutions in administering Part IX debt agreements. FSA Group distributed over $10.0 million to financial institutions during the year. This is a significant milestone in maintaining the strong relationship with the financial institutions.

I would like to extend my thanks to the Directors, management and staff who have made a valuable contribution to the improved result achieved by the Company this financial year.

Thank you for your continued support.

Sam Doumany

Sam Doumany - Chairman

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REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

HISTORY AND BACKGROUND

FSA Group 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.

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 Group").

Shareholders' 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 Group 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.

For the year ended 30 June 2003, the FSA Group consolidated entity's operating loss before tax, interest and depreciation and amortisation (EBITDA) was $611,682 before allowing for the write off of the carrying value of the Intellectual Property relating to gogo7 business. Last year, 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 (relating to the closure of the gogo7 virtual tour business).

FSA Group's core business is to provide financial services to individuals with financial problems. This core part of the group's activities made a small operating loss (EBITDA) during the 11 months from its acquisition (30 July 2002) to 30 June 2003 from revenues of $10.4 million, for the 11 month period, lower than expected.

OVERVIEW

For the FSA Group, the 2003/04 financial year was the first full year of operation solely as a financial services company.

In the four years since FSA Group commenced operations, an administrative structure has been developed to support the considerable number of consumer debtors who want to rely upon the remedies offered by FSA Group, to address their financial problems. This structure is underpinned by operational systems and procedures which, although still evolving, are focused on ensuring efficient and streamlined client outcomes. This structure allows the undertaking of 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 debtor's eligibility for assistance;
- internal auditing of a debtor's submission to creditors;
- liaison with creditors, ITSA and debtors;
- advocacy on the debtor's behalf with creditors;
- ethical compliance;
- exploration of debtor options; and
- monitoring debtor compliance and ongoing administration.

FSA currently has 53 full time and part time employees and 24 contractor field agents engaged to provide the above services.

OPERATING RESULTS

FSA Group's core business is to provide financial services to individuals with a range of financial problems. FSA Group made a profit after tax of $1.2 million in the 12 months to 30 June 2004, from revenues of $13.9 million.

The Company distributed over $10.0 million to financial institutions during the financial year which is significant as the Company relies on the acceptance and goodwill of the financial institutions in administering debt agreements.

2 REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

Substantial efforts were made last financial year to invest in and build systems and operations. This effort did not fully achieve the desired efficiency and productivity gains because of the cumulative growth in the number of debt agreements to be managed. Over the twelve month period the number of debt agreements managed by FSA Group increased by 55%.

Further significant costs are currently being incurred across all of the Company's business processes to manage the growth and achieve the necessary efficiency benefits.

The advertising and marketing strategies adopted by the business have always been a major overhead cost. Once again this area has been the subject of constant focus and refinement and the costs in this regard remain an area of concern. Television advertising continued and other mediums including the internet were utilised. There have been increases in costs from all of the television networks and newspapers throughout the year. Incoming calls in response to advertising have been variable and have not always followed increases in expenditure.

PRODUCTS AND SERVICES PROVIDED BY FSA GROUP

FSA Group specialises in providing financial services to companies, businesses and individuals with financial problems.

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

FSA Group is currently the market leader in terms of the number of debt agreement proposals lodged with the Insolvency and Trustee Service of Australia (ITSA). Debt agreements are a valid and non-adversarial means for resolving a consumer debtor's financial problems. They allow those debtors, who want to repay their debts, an affordable and effective method of resolving their financial problems while also endeavouring to minimise the effects of insolvency on the individual and the community. In essence a consumer debtor who relies upon a debt agreement engages in a rehabilitative process aimed at repaying the debt. Part of this process intends the debtor to address the underlying problems, which lead to insolvency and thus prevent indebtedness from occurring again.

Debt agreements rely equally upon the support of creditors as well as commitment from individual consumer debtors. In this regard FSA Group has forged key strategic alliances with major institutional creditors. This is seen as a critical part of the business conducted by FSA Group because it is the creditors who adjudicate on whether a debt agreement is ultimately acceptable and approved for administration.

FSA Group's core business remains centred on assisting those individuals who have debts they cannot service. As over-indebtedness continues to rise, the importance of providing consumer debt solutions which are humane and afford dignity and self respect to the individual, becomes critical. FSA Group, in an effort to achieve a satisfactory solution for their client, also aims to:

- minimise the effect of insolvency on the community and the major financial institutions;
- establish an affordable, effective and legally binding method of resolving debt problems; and
- offer significantly higher returns to creditors than those they would receive through bankruptcy.

Under a debt agreement 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) may be appointed to administer the arrangement. Where FSA Group facilitates the acceptance of a debt agreement Debt Relief Services will be appointed as administrator of the agreement for the purpose of the Bankruptcy Act. Creditors remunerate Debt Relief Services Pty Ltd for the work it performs by agreeing to forgo a small part of the debts to be repaid.

With the escalating growth of personal debt in Australia, FSA Group realised the advantage of using debt agreements as an affordable, effective and binding method of resolving an individual's debt problem. A debt agreement has a number of advantages for debtors, including the avoidance of bankruptcy proceedings and the flexibility available under such an agreement. For creditors one of the most obvious advantages is that they are likely to yield a greater rate of return. Additionally society benefits because a greater number of consumer debts, which may have been pursued through an already congested court system, are dealt with through a simple and legal negotiation process.

Debt Agreements, Part IX Bankruptcy Act

Introduction

Debt agreements were introduced into the Bankruptcy Act in 1996. Until recently, debtors have infrequently relied them upon. Community awareness of the benefits, as well as the spirit and intention of the legislation, is still not well known.

Debt agreements were 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 be defined, for example, as illness, loss of employment or marital breakdown. Fraud or deliberate financial recklessness is not deemed to be suitable criteria for Part IX eligibility.

In May 2003, the Bankruptcy Legislation Amendment Bill 2002 took effect. Amongst other changes this Bill increased after tax income threshold for debtors eligible to rely upon a debt agreement. Currently the net income threshold is $52,900.

The introduction of the Bill did not meet expectations in terms of materially expanding FSA Group's Part IX base.

Bankruptcies in Australia

Any consideration of debt agreements must be considered against the backdrop of bankruptcies in Australia. It is axiomatic and well documented that debt agreements 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 debt agreements.

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.

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

(1) 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 55 cents in the dollar, and quite commonly 65 cents or more.

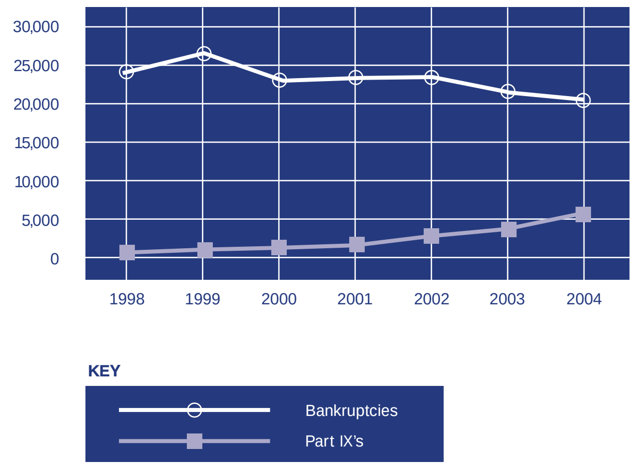
(2) Part IX administrators are not creating a market in Part IX's but are primarily substituting Part IX's for bankruptcies – thereby responding to the debt problems amongst debtors rather than developing it;

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

(4) 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

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

NUMBER OF BANKRUPTCIES AND PART IX's: 1998 - 2004



2 REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

New Products and Services

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

Further avenues are being explored to expand the division's scope by establishing relationships with conforming lenders. The growth of the Refinance Division in both non-conforming and conforming lending is broadening the Company's revenue base.

Further, FSA Group 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 portfolio to include non-conforming unsecured consolidation loans.

Client satisfaction is of absolute importance to FSA Group. In this context the Company has employed a full time financial counselor to add additional depth and range of services to actual and potential clients.

Future Developments

In April 2004, the Australian Competition and Consumer Commission commenced proceedings in the Federal Court against Fox Symes and Associates Pty Ltd (a wholly owned subsidiary) of FSA Group and its directors Mr Tim Maher and Ms Deborah Southon. The allegations relate to the period from 2000 to 2002.

The directors of FSA Group accept that the Commission discharges an important role in the Australian economy and in consumer welfare, however the directors do not accept the Commission's allegations in these proceedings and they are being vigorously and strenuously defended.

To put the complaints into context, the ACCC made initial enquiry in 2002 in relation to three (one on each of three different states), ultimately five complaints – FSA Group has assisted over 9,000 clients since it commenced operations in 2000.

While 2003/04 has seen the Company make some headway and return to profitability, there is still considerable further work to be done in the areas of building systems, improving the outcomes from marketing and advertising investment and further enhancing and streamlining procedures and client and stakeholder outcomes.

This year the major emphasis in stakeholder relations will be directed towards raising awareness among the financial institutions of the commercial imperatives and genuine benefits of debt agreements.

The marketplace is being constantly reviewed for opportunities for new products and growth that fit comfortably and ethically with the existing business and are financially viable.

DIRECTORS' REPORT

Your directors submit their report for the year ended 30 June 2004.

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.

Mr Doumany serves on the Company's Audit Committee.

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 Certified Practicing Accountant. 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 20 years experience in venture capital, corporate finance and investment banking including extensive managerial experience with both listed and unlisted companies. Further, he has some 17 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 Pty Ltd, a boutique Australian investment bank which is a Queensland based syndicated investor and venture capitalist. He was a founding director of Scorpion Minerals Inc. (1995 – 2001), which is listed on the Toronto Stock Exchange in Canada.

Mr Quinn serves on the Company's Audit Committee.

SECRETARY

The name of the secretary of the Company in office during the period and until the date of this report is as follows.

Name, qualifications, experience and special responsibilities

Duncan Cornish (Company Secretary)

Mr Cornish has more than ten years experience in the accountancy profession both in England and Australia, mainly with the accountancy firms Ernst and Young and PricewaterhouseCoopers. He has extensive experience in all aspects of company financial reporting, corporate regulatory and governance areas, business acquisition and disposal due diligence, capital raising and company listings and company secretarial responsibilities.

Mr Cornish is a Chartered Accountant. He holds a Bachelor of Business (Accounting) and is a member of the Australian Institute of Chartered Accountants.

Mr Cornish is also company secretary of D'Aguilar Gold Ltd, an ASX listed gold exploration company.

Mr Cornish also serves as secretary on the Company's Audit Committee.

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	17,120,512	2,400,000	6,250,000
Deborah Southon	12,571,533	2,400,000	6,250,000
Fletcher Quinn	5,750,560	253,334	-

3 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 it's controlled entities.

Nature of operations and principal activities

The principal activities of the Company during the period were providing financial services to individuals in financial distress.

Employees

As at 30 June 2004, the consolidated entity employed 37 full-time employees (2003: 48) and 24 (independent) contractor field agents (2003: 22).

OPERATING RESULTS

The consolidated profit from ordinary activities for the Consolidated Entity after providing for income tax was $1,205,481 (2003: loss of $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

No significant changes in the state of affairs of the parent entity occurred in the financial year.

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 2004.

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.

ENVIRONMENTAL ISSUES

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

SHARE OPTIONS

As at the date of this report (and at the balance date) there were 49,674,233 unissued ordinary shares under options. Refer to Notes 17 and 21 of the financial statements for further details of the options outstanding.

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 of FSA Group Limited is responsible for determining and reviewing compensation arrangements for the directors and the executive 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. Such officers may be given the opportunity to receive their base emolument in a variety of forms including cash and fringe benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the company.

To assist in achieving these objectives the Board links the nature and amount of executive directors' and officers emoluments to the company's financial performance. All directors and executives have the opportunity to qualify for participation in the Employee Share Option Plan which currently provides incentives, at the Board's discretion, based on individual key performance indicators ("KPI's") being met and other criteria relating to profitability, cash flow and share price growth.

In addition, executive directors are entitled to annual bonuses payable upon the achievement of certain pre-determined operational KPI's.

It is the Board's policy that employment agreements are entered into with all executive directors and executives. The current employment agreements each has a one month notice period.

Emoluments' of directors and other officers of FSA Group Ltd

Emoluments of directors of FSA Group Ltd for the year ended 30 June 2004:

	Annual Emoluments			Post-Employment		Equity	Other	Total
	Salary & Fees	Cash Bonus	Non-Cash benefits	Superannuation	Retirement benifits	Options		
Sam Doumany	46,048	-	-	4,144	-	-	-	50,192
Tim Odillo Maher	120,000	20,000	-	-	-	-	-	140,000
Deborah Southon	113,903	20,000	-	10,251	-	-	-	144,154
Flecther Quinn	93,992	-	-	-	-	-	-	93,992

Emoluments of the five most highly paid executive officers of the consolidated entity for the year ended 30 June 2004:

	Annual Emoluments			Post-Employment		Equity	Other	Total
	Salary & Fees	Cash Bonus	Non-Cash benefits	Superannuation	Retirement benifits	Options		
Andrew Aravanis	104,379	-	-	9,200	-	263	-	113,842
Jamal Tabbaa	96,162	-	-	7,652	-	-	-	103,814
Kevin McDonnell	93,472	-	-	8,380	-	840	-	102,692
Nino Eid	86,942	-	-	7,739	-	840	-	95,521
Duncan Cornish	92,400	-	-	-	-	-	-	92,400

DIRECTORS' REPORT

Calculation of value of options granted is made 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 of granted options in relation to each officer of vested options are set out below:

	Number of Options	Vesting Date	Expiry Date	Strike Price Cents	Market Value at date of issue Cents	Black-Scholes Price per option Cents	Black-Scholes Valuation $	Previously recognised $	2004 Remuneration $
Andrew Aravanis	30,000	9/6/04	9/6/06	10.0	5.0	2.9	870	(679)	263
Kevin McDonnell	100,000	23/11/04	23/11/06	10.0	5.0	2.8	840	-	840
Nino Eid	100,000	23/11/04	23/11/06	10.0	5.0	2.8	840	-	840

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	11	11
Tim Odillo Maher	11	11
Deborah Southon	11	11
Fletcher Quinn	11	11

Total number of meetings held during the financial year – 11.

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	2	2
Fletcher Quinn	2	2

Total number of meetings held during the financial year – 2

TAX CONSOLIDATION

Effective 1 July 2003 FSA Group Limited and its 100% owned subsidiaries have formed a tax consolidated group. At the date of this report, the members of the group are in the process of finalising tax sharing and tax funding arrangements effective for the year ended 30 June 2004. Accordingly the substance of this intention existed at 30 June 2004 and inter-company tax balances have been accounted for as if the agreements were in place during the year given the existence of the constructive obligation.

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
30 September 2004

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 27 September 2004.

(a) Distribution of equity securities

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

	Quoted Ordinary shares		Quoted $0.20 options exercisable on or before 31 December 2005		Unquoted $0.60 options exercisable on or before 30 November 2006	
	Number of holders	Number of shares	Number of holders	Number of options	Number of holders	Number of options
1 – 1,000	7	2,961	-	-	-	-
1,001 – 5,000	172	589,834	26	58,340	-	-
5,001 – 10,000	235	2,231,187	2	20,000	-	-
10,001 – 100,000	128	4,699,778	239	5,131,251	-	-
100,001 and over	51	78,861,187	24	17,913,743	4	25,000,000
Total	593	86,384,947	291	23,123,334	4	25,000,000

The number of shareholders holding less than a marketable parcel of shares are 222 (906,056 ordinary shares).

	Unquoted $0.10 ESOP options exercisable on or before 9 June 2006		Unquoted $0.10 ESOP options exercisable on or before 24 November 2006		Unquoted $0.10 options exercisable on or before 24 November 2006	
	Number of holders	Number of shares	Number of holders	Number of options	Number of holders	Number of options
1 – 1,000	-	-	-	-	-	-
1,001 – 5,000	-	-	-	-	-	-
5,001 – 10,000	-	-	-	-	-	-
10,001 – 100,000	4	310,000	5	400,000	12	677,566
100,001 and over	1	163,333	-	-	-	-
Total	5	473,333	5	400,000	12	677,566

(b) Twenty largest holders

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

Ordinary shares:

1.	Mazamand Group Pty Ltd	17,120,512	19.8%
2.	ADST Pty Ltd	12,571,533	14.6%
3.	Monhill Pty Ltd	11,650,000	13.5%
4.	Solutions Network Pty Ltd	11,060,000	12.8%
5.	Q Supa Pty Ltd	5,750,560	6.7%
6.	Anglo Irish Nominees Pty Ltd	4,666,667	5.4%
7.	Tricom Nominees Pty Ltd	1,685,000	2.0%
8.	Sareena Enterprises Pty Ltd	1,356,667	1.6%
9.	Mr G W Pernase & Mrs S A Botica	1,090,000	1.3%
10.	Gregory Woszczalski	1,000,097	1.2%
11.	Sirocco Technologies Group Ltd	732,000	0.8%
12.	Albiano Pty Ltd	714,355	0.8%
13.	TDM Nominees Pty Ltd	678,638	0.8%
14.	Karia Investments Pty Ltd	666,666	0.8%
15.	Moonheath Pty Ltd	658,037	0.8%
16.	Mr David John Vincent	600,000	0.7%
17.	Mr Derek Roger Maltz	579,834	0.7%
18.	Eumundi Brewing Group Limited	545,986	0.6%
19.	Cliffsun Pty Ltd	422,342	0.5%
20.	Renison Consolidated Mines NL	400,000	0.5%
	Top 20	73,948,894	85.6%
	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 Ventures Pty Ltd	1,000,000	4.3%
8.	J F Enterprises Pty Ltd	958,333	4.1%
9.	Mr Derek Roger Maltz	665,000	2.9%
10.	Tizoku Securities Pty Ltd	540,250	2.3%
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 Hamish Arthur Jamieson	170,000	0.7%
17.	Mr G W Pernase & Mrs S A Botica	161,500	0.7%
18.	Mr Kenneth Livingston	161,500	0.7%
19.	Mr Rizwan Khan	160,000	0.7%
20.	Mikinos Investment Pty Ltd	160,000	0.7%
	Top 20	17,673,743	76.4%
	Total	23,123,334	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	17,120,512
ADST Pty Ltd	12,571,533
Monhill Pty Ltd	11,650,000
Solutions Network Pty Ltd	11,500,000
Q Supa Pty Ltd	5,750,560
Anglo Irish Nominees Pty Ltd	4,666,667

(d) Voting rights

All ordinary shares carry one vote per share without restriction.

(e) Restricted securities

As at the date of this report, there were no securities subject to (ASX or voluntary) restriction agreements.

(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.

FSA Group Ltd's Corporate Governance Statement is now structured with reference to the Australian Stock Exchange Corporate Governance Council's (the "Council") "Principles of Good Corporate Governance and Best Practice Recommendations", which are as follows:

Principle 1	Lay solid foundations for management and oversight
Principle 2	Structure the board to add value
Principle 3	Promote ethical and responsible decision making
Principle 4	Safeguard integrity in financial reporting
Principle 5	Make timely and balanced disclosure
Principle 6	Respect the rights of shareholders
Principle 7	Recognise and manage risk
Principle 8	Encourage enhanced performance
Principle 9	Remunerate fairly and responsibly
Principle 10	Recognise the legitimate interests of stakeholders

FSA Group Ltd's corporate governance practices were in place throughout the year ended 30 June 2004. Any departures to the Council's best practice recommendations are set out below.

Structure of the Board

The skills, experience and expertise relevant to the position of director held by each director on office at the date of the annual report is included in the Director's Report. Corporate Governance Council Recommendation 2.1 requires a majority of the board to be independent directors. The Corporate Governance Council defines independence as being free from any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgement.

In the context of director independence, "materiality" is considered from both the company and the individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal or less than 5% of the appropriate base amount. It is presume to be material (unless there is qualitative evidence to the contrary) if it is equal to or grater than 10% of the appropriate base amount. Qualitative factors considered included whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the director in question to shape the direction of the company's loyalty.

In accordance with the Council's definition of independence above, and the materiality thresholds set, the following director is considered to be independent:

Name	Position
Mr Sam Doumany	Chairperson, Non-Executive Director

CORPORATE GOVERNANCE STATEMENT

In accordance with the Council's definition of independence above, and the materiality thresholds set, the following directors are not considered to be independent:

Name	Position	Reason for non-compliance
Mr Tim Odillo Maher	Executive Director	Mr Maher is employed by the Company in an executive capacity
Ms Deborah Southon	Executive Director	Ms Southon is employed by the Company in an executive capacity
Mr Fletcher Quinn	Non-Executive Director	Mr Quinn has a relevant interest in a substantial shareholder

FSA Group Ltd has four directors in total. The three directors listed above are not considered to be independent when applying the Council's definition of independence. Therefore the majority of the board are not independent. FSA Group Ltd considers industry experience and specific expertise, as well as general corporate experience, to be important attributes of its board members. The members of the board have been brought together to provide a blend of qualifications, considerable industry skills and national and international experience required for managing a company operating within the financial services and debt management industry.

There are procedures in place, agreed by the board, to enable directors, in furtherance of their duties, to seek independent professional advice at the company's expense.

The term in office held by each director in office at the date of this report is as follows:

Name	Term in office
Sam Doumany	2 years
Tim Odillo Maher	2 years
Deborah Southon	2 years
Fletcher Quinn	2 years

Nomination and Remuneration Committees

Recommendations 2.4 and 9.2 require listed entities to establish nomination and remuneration committees. During the year ended 30 June 2004, FSA Group Ltd did not have separately established nomination or remuneration committees. The full Board shall for the time being carry out the functions of remuneration & nomination committees. The board does not believe that any marked efficiencies or enhancements would be achieved by the creation of separate remuneration or nomination committees.

CORPORATE GOVERNANCE STATEMENT

Audit committee

The Board has established an audit committee, which operates under a charter approved by the Board. It is the Board's 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, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the consolidated entity to the audit committee.

The committee also provides the board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. All members of the audit committee are non-executive directors.

The members of the audit committee during the year were:

- Sam Doumany
- Fletcher Quinn

For additional details of directors' attendance at audit committee meetings and to review the qualifications of the members of the audit committee, please refer to the Directors' Report.

Performance

The performance of the board and key executives is reviewed regularly against both measurable and qualitative indicators. The performance criteria against which directors and executives are assessed is aligned with the financial and non-financial objectives of FSA Group Limited.

Remuneration

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality board and executive team by remunerating director and key executives fairly and appropriately with reference to relevant and employment market conditions. To assist in achieving this objective, the Board links the nature and amount of executive director's and officer's emoluments to the company's financial and operations performance. The expected outcomes of the remuneration structure are:

- Retention and Motivation of key executives
- Attraction of quality management to the company
- Performance incentives which allow executives to share the rewards of the success of FSA Group Limited

For details on the amount of remuneration and all monetary and non-monetary components for each of the five highest paid (non-director) executives during the year, and for all directors, please refer to the Directors' Report. In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the board, having regard to the overall performance of FSA Group Limited and the performance of the individual during the period.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

The Board is responsible for determining and reviewing compensation arrangements for the directors themselves and the executive team. As noted above, no separate remuneration committee has been created.

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2004

	Notes	Consolidated Entity		Parent Entity	
		2004	2003	2004	2003
		$	$	$	$
Revenues from ordinary activities	2	**13,921,648**	**10,926,923**	**172,614**	**493,051**
Expenses from ordinary activities (excluding borrowing costs and write downs)	3	(12,271,756)	(11,883,629)	(98,713)	(1,193,681)
Borrowing costs	3(a)	(71,240)	(85,665)	(65,805)	(58,689)
Write down of Intellectual Property	3(b)	-	(499,995)	-	(499,995)
Profit / (Loss) from ordinary activities before income tax expense		**1,578,652**	**(1,542,366)**	**8,096**	**(1,259,314)**
Income tax expense relating to ordinary activities	4	(373,171)	(126,025)	(925,982)	-
Profit / (Loss) from ordinary activities before income tax expense		**1,205,481**	**(1,668,391)**	**(917,886)**	**(1,259,314)**
Transaction costs arising on issue of shares	18(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		1,205,481	(1,933,742)	(917,886)	(1,524,665)
Basic earnings per share (cents per share)	23	1.40	(2.05)		
Diluted earnings per share (cents per share)		1.38	(1.90)		

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2004

	Notes	Consolidated Entity 2004 $	Consolidated Entity 2003 $	Parent Entity 2004 $	Parent Entity 2003 $
CURRENT ASSETS					
Cash assets	19	4,303,722	2,033,686	2,226,518	640,172
Receivables	5	5,260,904	4,333,115	-	16,612
Other Financial Assets	6	-	68,299	-	68,299
Other	7	125,285	158,757	-	20,143
Total Current Assets		9,689,911	6,593,857	2,226,518	745,226
NON-CURRENT ASSETS					
Receivables	8	270,100	201,402	-	-
Plant and equipment	10	360,313	340,040	-	-
Other Financial Assets		-	-	2,564,935	2,564,935
Deferred Tax Benefit		233,326	104,005	233,326	-
Intangibles	11	345,124	431,404	-	-
Total Non-Current Assets		1,208,863	1,076,851	2,798,261	2,564,935
TOTAL ASSETS		**10,898,774**	**7,670,708**	**5,024,779**	**3,310,161**
CURRENT LIABILITIES					
Payables	12	5,356,693	3,633,621	1,707,643	46,564
Tax Liabilities		393,700	71,966	393,700	-
Interest-bearing liabilities	13	339,000	-	339,000	-
Provisions	14	510,655	83,439	-	-
Total Current Liabilities		6,600,048	3,789,026	2,440,343	46,564
NON-CURRENT LIABILITIES					
Interest-bearing liabilities	15	-	931,000	-	931,000
Deferred Income Tax liabilities	16	1,159,308	1,027,162	1,159,308	-
Total Non-Current Liabilities		1,159,308	1,958,162	1,159,308	931,000
TOTAL LIABILITIES		**7,759,356**	**5,747,188**	**3,599,651**	**977,564**
NET ASSETS		**3,139,418**	**1,923,520**	**1,425,128**	**2,332,597**
EQUITY					
Contributed equity	17	9,450,899	9,440,482	9,450,899	9,440,482
Accumulated losses	18	(6,311,481)	(7,516,962)	(8,025,771)	(7,107,885)
TOTAL EQUITY		**3,139,418**	**1,923,520**	**1,425,128**	**2,332,597**

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2004

	Notes	Consolidated Entity		Parent Entity	
		2004	2003	2004	2003
		$	$	$	$
		Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from debtors and customers		22,966,927	10,445,970	18,708	908,981
Payments to institutional creditors, suppliers and employees		(19,305,705)	(9,179,323)	(7,818)	(1,163,284)
Income Tax Paid		(48,612)	-	-	-
Interest received		165,628	53,795	71,453	28,903
Interest and other costs of finance paid		(71,240)	(85,665)	(65,805)	(58,689)
GST recovered/(paid)		(670,242)	(276,723)	(1,139)	29,442
Net cash inflow/outflow from operating activities	19(b)	3,036,756	958,054	15,399	(254,647)
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of plant and equipment		(273,168)	(158,521)	-	(1,160)
Proceeds from sale of property, plant and equipment		-	11,500	-	4,143
Acquisition of controlled entity		-	-	-	(500,000)
Acquisition of controlled entity – net of cash		-	(153,297)	-	-
Proceeds from disposal of liquid marketable securities		98,448	34,157	98,448	34,157
Net cash inflow/outflow from investing activities		**(174,720)**	**(266,161)**	**98,448**	**(462,860)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Borrowings – commercial loan		-	(33,128)	-	(33,128)
Share subscription proceeds		-	340,028	-	340,028
Capital raising costs		-	(265,351)	-	(265,351)
Proceeds / (repayments) from borrowing		(592,000)	455,000	(592,000)	455,000
Intercompany loans		-	-	2,064,499	-
Finance lease principal		-	(90,712)	-	(74,826)
Net cash inflow/(outflow) from financing activities		**(592,000)**	**405,837**	**1,472,499**	**421,723**
Net increase/(decrease) in cash held		**2,270,036**	**1,097,730**	**1,586,346**	**(295,784)**
Cash at the beginning of the financial year		2,033,686	935,956	640,172	935,956
Cash at the end of the financial year	**19(a)**	**4,303,722**	**2,033,686**	**2,226,518**	**640,172**

NOTES TO THE FINANCIAL STATEMENTS

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 9).

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

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 2 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 revenue is recognised, based on historical trends. 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.

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: 2 to 5 years

Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased property, without transferring the legal ownership, and operating leases under which the lessor effectively retains substantially all the risks and benefits.

Where assets are acquired by means of finance leases, the present value of minimum lease payments is established as an asset at the beginning of the lease term and amortised on a straight line basis over the expected economic life. A corresponding liability is also established and each lease payment is allocated between such liability and interest expense.

Operating lease payments are charged to expense on a basis which is representative of the pattern of benefits derived from the leased property.

SUMMARY OF ACCOUNTING POLICIES (Cont'd)

Intangibles

Goodwill is amortised over its useful life, being 5 years. During the year the directors reassessed the useful life of goodwill that was previously assessed at 20 years. This resulted in an increased amortisation expense of $63,146 during the year.

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.

Monies received (and not yet distributed pursuant to the Debt Agreement Proposals) on behalf of institutional creditors are recorded as current liabilities.

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.

Provision for Institutional Creditor Payments

Dividends payable to Institutional Creditors are provided for in the financial statements in accordance with the respective Debt Agreement Proposals and are classified as current provisions unless all of the Debt Agreement fee has been received, in which case they are classified as a current payable.

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 when 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 of the service can be reliably estimated, specifically:

Part IX Application Fees

Upon the completion of preparing the Part IX proposal for consideration by the creditors and ITSA.

Part IX Fees

At the date of approval of the Part IX debt proposal by at least 50% (in number) of creditors who vote and they must carry with them at least 75% of the vote value (ie those who vote).

Refinance Fees

Upon receipt of upfront fee and subsequent trail commission.

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

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

SUMMARY OF ACCOUNTING POLICIES (Cont'd)

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 "deferred tax benefit" or "provision for deferred income tax", as the case may be at current tax rates. A deferred income tax benefit is only carried forward as an asset where realisation of the benefit can be regarded as being assured beyond reasonable doubt.

Effective 1 July 2003, for the purposes of income taxation, FSA Group Limited and its 100% owned subsidiaries have formed a tax consolidated group. At the date of this report, the members of the group are in the process of finalising tax sharing and tax funding arrangements effective for the year ended 30 June 2004. Accordingly the substance of this intention existed at 30 June 2004 and inter-company tax balances have been accounted for as if the agreements were in place during the year given the existence of the constructive obligation.

Employee benefits

Provision is made for employee 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 benefits 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 notes 21 and 26 is not being charged as an employee benefit expense.

Earnings per share

Basic earnings per share is determined by dividing the profit from ordinary activities after related income tax expense 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);

- 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

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures. The operations of the parent entity (gogo7 virtual tours) were discontinued during the prior period (refer note 30).

Financing arrangements

The convertible note facilities currently in place expired on 24 June 2004. Any monies owing on the convertible notes at 24 June 2004, after any conversions, may become due and payable (within 14 days) providing notice of repayment is received from the Noteholder. Accordingly, this liability is no longer interest bearing and is disclosed as a current payable.

	Consolidated Entity 2004 $	Consolidated Entity 2003 $	Parent Entity 2004 $	Parent Entity 2003 $

2. REVENUES FROM ORDINARY ACTIVITIES

	2004 $	2003 $	2004 $	2003 $
Revenue from operating activities				
Sales revenue – services (Debt Agreement Fees)	13,053,541	10,387,480	-	-
Sales revenue – services (Refinance Fees)	604,031	-	-	-
Sales revenue - sale of goods	-	464,148	-	464,148
Revenues from non-operating activities				
Interest received	165,628	63,795	74,166	28,903
Proceeds on sale of property, plant & equipment	-	11,500	-	-
Proceeds on sale of listed marketable securities	98,448	-	98,448	-
Total revenues from operating activities	13,921,648	10,926,923	172,614	493,051

3. EXPENSES FROM ORDINARY ACTIVITIES

Classification of expenses by function

Expenses from operating activities excluding borrowing costs and write downs:

	2004 $	2003 $	2004 $	2003 $
Cost of goods sold	-	439,949	-	439,949
Marketing expenses	1,978,751	1,505,506	-	50,843
Administrative expenses	4,675,550	3,533,776	98,713	48,933
Operating expenses	1,587,344	2,130,573	-	505,635
Employee benefits expenses	4,030,111	4,273,825	-	148,321
	12,271,765	**11,883,629**	**98,713**	**1,193,681**

(a) Borrowing costs

	2004 $	2003 $	2004 $	2003 $
Finance leases	-	31,179	-	4,203
Interest bearing debt – external parties	52,040	35,286	46,605	35,286
Interest bearing debt – related parties	19,200	19,200	19,200	19,200
	71,240	**85,665**	**65,805**	**58,689**

(b) Significant item

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

	2004 $	2003 $	2004 $	2003 $
Write down of intellectual property – discontinued operations	-	499,995	-	499,995

	Consolidated Entity 2004 $	Consolidated Entity 2003 $	Parent Entity 2004 $	Parent Entity 2003 $
(c) Profit / Loss from ordinary activities before income tax				
Profit/Loss from ordinary activities before income tax expense is after charging / crediting the following items:				
Depreciation of non-current assets				
- Office equipment	185,253	173,656	-	27,333
- Plant and equipment under lease	-	40,094	-	38,348
Amortisation of non-current assets - Goodwill	-	100,005	-	100,005
Amortisation of non-current assets - Intellectual Property	86,280	31,269	-	-
Total depreciation and amortisation expenses	271,533	345,024	-	165,686
Write down of value of intangibles	-	499,995	-	499,995
Write down of non-current assets	64,990	-	-	
Loss on Disposal Fixed Assets	2,652	232,912	-	-
Bad and doubtful debts – trade debtors	3,931,671	2,813,319	9,123	33,836
Operating lease rental	-	74,826	-	74,826
Obsolete stock	-	32,446	-	32,446
Unrealised losses / (gains) on investments – listed marketable securities	-	(1,932)	-	(1,932)

4. INCOME TAX

The prima facie income tax on the profit/(loss) from ordinary activities is reconciled to the income tax provided in the financial statements as follows:

	Consolidated Entity 2004 $	Consolidated Entity 2003 $	Parent Entity 2004 $	Parent Entity 2003 $
The prima facie income tax benefit (30%) (2003:30%) on profit/(loss) from ordinary activities before income tax	473,596	(462,710)	2,429	(377,794)
Tax effect of permanent differences:				
Amortisation of intangible assets	25,884	9,763	-	-
Amortisation of intellectual property	-	180,000	-	180,000
Adjustment for under/over provision in prior year	(23,355)	-	-	-
Transfer of tax balances for tax consolidation	-	-	923,157	-
Increase in net tax balances of subsidiaries within tax consolidated entities	-	-	2,825	-
Other items (net)	10,253	4,648	(2,429)	1,240
Tax effect of timing differences	(113,207)	394,324	-	196,554
Income tax expense attributable to ordinary activities	373,171	126,025	925,982	-

Dividend Imputation

There were no dividends paid or payable during the financial year or since the end of the financial year. The balance of the franking account at balance date was $442,313.

	Consolidated Entity		Parent Entity	
	2004	2003	2004	2003
	$	$	$	$

5. RECEIVABLES (CURRENT)

Trade debtors	10,435,534	7,332,451	-	26,612
Provision for doubtful debts	(5,175,652)	(3,014,169)	-	(10,000)
	5,259,882	4,318,282	-	16,612
Other	1,022	14,833	-	-
	5,260,904	**4,333,115**	**-**	**16,612**

6. OTHER FINANCIAL ASSETS (CURRENT)

Listed marketable securities on a prescribed stock exchange at net market value	-	68,299	-	68,299

7. OTHER ASSETS (CURRENT)

Prepayments	61,852	76,284	-	20,143
Security Bonds	63,433	82,473	-	-
	125,285	**158,757**	**-**	**20,143**

8. RECEIVABLES (NON-CURRENT)

Trade debtors	365,000	272,165	-	-
Provision for doubtful debts	(94,900)	(70,763)	-	-
	270,100	**201,402**	**-**	**-**

9. CONTROLLED ENTITIES

Name	Country of Incorporation	Percentage of equity interest held by the consolidated entity		Investment	
		2004 %	2003 %	2004 $	2003 $
Prospex Profile Pty Ltd (previously Prospex Holdings Pty Ltd)	Australia	100	100	2	2
FSA Australia Pty Ltd *	Australia	100	100	2,564,935	2,564,935
Debt Relief Solutions Pty Ltd ** ^@	Australia	-	100	-	2
FSA Finance Pty Ltd *^	Australia	100	100	2	2
Fox Symes & Associates Pty Ltd *^	Australia	100	100	50	50
Debt Relief Services Pty Ltd *^	Australia	100	100	2	2
FSA Services Group Pty Ltd *#	Australia	100	100	2	2

* Acquired 30 July 2002
** Incorporated 6 March 2003
^ Investment held by FSA Australia Pty Ltd
@ De-registered 19 December 2003. This Company was dormant from inception. There was no effect on the Consolidated Entity upon de-registration.
# Investment held by Fox Symes & Associates Pty Ltd

	Consolidated Entity		Parent Entity	
	2004	2003	2004	2003
	$	$	$	$

10. PLANT AND EQUIPMENT (NON-CURRENT)

	Consolidated 2004 $	Consolidated 2003 $	Parent 2004 $	Parent 2003 $
Plant and Equipment				
At cost	671,735	636,520	113,076	113,076
Accumulated depreciation	(311,422)	(296,480)	(113,076)	(113,076)
	360,313	340,040	-	-
Plant and Equipment under lease				
At cost	-	229,452	229,452	229,452
Accumulated depreciation	-	(229,452)	(229,452)	(229,452)
	-	-	-	-
Total plant and equipment				
At cost	671,735	865,972	342,528	342,528
Accumulated depreciation	(311,422)	(525,932)	(342,528)	(342,528)
	360,313	**340,040**	**-**	**-**
Plant & Equipment: *Movements during year:*				
Beginning of the year	340,040	43,888	-	43,888
Additions	273,168	158,521	-	1,160
Disposals	(2,652)	(231,750)	-	(17,715)
Depreciation	(185,253)	(173,656)	-	(27,333)
Write downs	(64,990)	-	-	-
Assets transferred upon the acquisition of controlled entities	-	634,054	-	-
Accumulated depreciation transferred upon the acquisition of controlled entities	-	(91,017)	-	-
	360,313	**340,040**	**-**	**-**
Plant & Equipment under finance lease: *Movements during year:*				
Beginning of the year	-	38,348	-	38,348
Additions	-	-	-	-
Disposals	-	(12,662)	-	-
Amortisation	-	(40,094)	-	(38,348)
Write downs	-	-	-	-
Assets transferred upon the acquisition of controlled entities	-	18,793	-	-
Accumulated amortisation transferred upon the acquisition of controlled entities	-	(4,385)	-	-
	-	**-**	**-**	**-**
Total Plant & Equipment *Movements during year:*				
Beginning of the year	340,040	82,236	-	82,236
Additions	273,168	158,521	-	1,160
Disposals	(2,652)	(244,412)	-	(17,715)
Depreciation	(185,253)	(213,750)	-	(65,681)
Write downs	(64,990)	-	-	-
Assets transferred upon the acquisition of controlled entities	-	652,847	-	-
Accumulated depreciation transferred upon the acquisition of controlled entities	-	(95,402)	-	-
	360,313	**340,040**	**-**	**-**

	Consolidated Entity		Parent Entity	
	2004	2003	2004	2003
	$	$	$	$
11. INTANGIBLES (NON-CURRENT)				
Intellectual property – at cost	2,344,959	2,344,959	2,344,959	2,344,959
Accumulated amortisation	(729,914)	(729,914)	(729,914)	(729,914)
	1,615,045	1,615,045	1,615,045	1,615,04
Write down to recoverable amount	(1,615,045)	(1,615,045)	(1,615,045)	(1,615,045)
	-	-	-	-
Goodwill	462,673	462,673	-	-
Accumulated amortisation	(117,549)	(31,269)	-	-
	345,124	**431,404**	**-**	**-**
12. PAYABLES (CURRENT)				
Trade creditors - unsecured	454,355	237,712	9,568	19,288
Institutional creditors - unsecured	4,071,862	2,245,775	-	-
Other creditors - unsecured	830,476	1,150,134	-	27,276
Intercompany loan – controlled entities	-	-	1,698,075	-
	5,356,693	**3,633,621**	**1,707,643**	**46,564**
13. INTEREST-BEARING LIABILITIES (CURRENT)				
Convertilble Note facliity - unseured				
- director related entities	150,000	-	150,000	-
- other	189,000	-	189,000	-
	339,000	**-**	**339,000**	**-**
14. PROVISIONS (CURRENT)				
Employee entitlements	88,905	83,439	-	-
Provision for Institutional Creditor Payments	421,750	-	-	-
	510,655	**83,439**	**-**	**-**
15. INTEREST-BEARING LIABILITIES (NON-CURRENT)				
Convertilble Note facliity - unseured				
- director related entities	-	240,000	-	240,000
- other	-	691,000	-	691,000
	-	**931,000**	**-**	**931,000**
16. DEFERRED INCOME TAX LIABILITIES (NON-CURRENT)				
Provision for deferred income tax	1,159,308	1,027,162	1,159,308	-
Future income tax benefits attributable to tax losses deducted in arriving at the provision for deferred income tax	-	588,337	-	-

	Consolidated entity 2004 $	2003 $
17. CONTRIBUTED EQUITY		
(a) Issued and paid up capital		
86,384,947 ordinary shares fully paid	9,450,899	9,440,482
(b) Movements in securities on issue		
Movements in ordinary shares on issue		
Balance at beginning of period	9,419,649	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
On 21 August 2003, 206,594 ordinary shares issued in accordance with an executive service contracts (CEO)	10,417	-
Balance at 30 June 2004, 86,384,947 ordinary shares fully paid (30 June 2003: 86,178,353)	**9,430,066**	**9,419,649**
Movements in $0.20 options exercisable on or before 31 December 2005 on issue		
Balance at beginning of period	20,833	-
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 2004, 23,123,334 options (30 June 2003: 23,123,334)	**20,833**	**20,833**
Total balance at 30 June 2004	**9,450,899**	**9,440,482**

(c) Movements in number of securities on offer since 30 June 2003 to the date of this report

	Listed Ordinary shares	Listed $0.20 options exercisable on or before 31 December 2005	Unlisted $0.60 options exercisable on or before 30 November 2006
Balance at 30 June 2003	86,178,353	23,123,334	25,000,000
Securities issued in accordance with executive services contract (CEO)	206,594	-	-
Balance as at 30 June 2004 (and date of this report)	**86,384,947**	**23,123,334**	**25,000,000**

	Unlisted $0.10 ESOP options exercisable on or before 9 June 2006	Unlisted $0.10 options exercisable on or before 9 June 2006	Unlisted $0.10 options exercisable on or before 24 November 2006
Balance at 30 June 2003	1,856,666	737,566	-
Options forfeited	(1,383,333)	(60,000)	(150,000)
Securities issued to employees and external consultants	-	-	550,000
Balance as at 30 June 2004 (and date of this report)	**473,333**	**677,566**	**400,000**

(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.

	Consolidated Entity		Parent Entity	
	2004	2003	2004	2003
	$	$	$	$

18. ACCUMULATED LOSSES & TOTAL EQUITY

(a) Accumulated Losses				
Balance at the beginning of period	(7,516,962)	(5,848,571)	(7,107,885)	(5,848,571)
Net profit/(loss) attributable to members of FSA Group Limited	1,205,481	(1,668,391)	(917,886)	(1,259,314)
Total available for appropriation	(6,311,481)	(7,516,962)	(8,025,771)	(7,107,885)
Dividends provided for or paid	-	-	-	-
Balance at end of period	**(6,311,481)**	**(7,516,962)**	**(8,025,771)**	**(7,107,885)**
(b) Total Equity				
Balance at beginning of period	1,923,520	1,065,827	2,332,597	1,065,826
Net Profit / (Loss) recognised in the Statement of Financial Performance	1,205,481	(1,668,391)	(917,886)	(1,259,313)
Transactions with owners as owners: - contributions of equity	10,417	2,791,435	10,417	2,791,435
Transaction costs arising from the issue of shares	-	(265,351)	-	(265,351)
Balance at end of period	**3,139,418**	**1,923,520**	**1,425,128**	**2,332,597**

	Consolidated Entity		Parent Entity	
	2004	2003	2004	2003
	$	$	$	$

19. NOTES TO STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

Cash balance comprises:

Cash on hand	2,147,874	2,033,686	70,670	640,172
Deposits	2,155,848	-	2,155,848	-
	4,303,722	**2,033,686**	**2,226,518**	**640,172**

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

Profit/(loss) from ordinary activities after tax	1,205,481	(1,668,391)	(917,886)	(1,259,314)
Add back/(deduct) items not involving cash flows:				
Depreciation of non-current assets	185,253	173,656	-	27,333
Amortisation of non-current assets	-	40,094	-	38,348
Amortisation of intellectual property	-	100,005	-	100,005
Amortisation of goodwill	86,280	31,269	-	-
Write down of intellectual property	-	499,995	-	499,995
Write down and loss on disposal on Plant & Equiptment	67,642	232,912	-	13,572
Unrealised losses / (gain) on investments listed marketable securities	-	(1,932)	-	(1,932)
Loss / (gain) on sale of investments – listed	(30,149)	-	(30,149)	-
Shares issued in lieu of services rendered	-	36,667	-	36,667
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables	(996,487)	(288,732)	31,713	374,739
(Increase)/decrease in inventory	-	43,749	-	43,749
(Increase)/decrease in other current assets	33,472	197,294	5,043	192,848
(Decrease)/increase in trade and other creditors	329,154	(81,910)	916,261	(314,300)
(Decrease)/increase in employee entitlements	5,466	3,915	-	(6,357)
(Decrease)/increase in other liabilities	2,150,644	1,639,463	10,417	-
Net cash outflows from operating activities	**3,036,756**	**958,054**	**15,399**	**(254,647)**

(c) Non-cash Financing and Investing Activities

During the year, the Company issued 206,594 ordinary shares in accordance with an executive service contract (CEO).

	Consolidated Entity 2004 $	Consolidated Entity 2003 $	Parent Entity 2004 $	Parent Entity 2003 $

(d) Business acquired

During the year 100% of the ordinary shares of FSA Australia Pty Ltd were acquired. Details are as follows:

	Consolidated Entity 2004 $	Consolidated Entity 2003 $	Parent Entity 2004 $	Parent Entity 2003 $
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
	n/a	2,564,935	n/a	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 11)		462,673		
		2,564,935		
Outflow of cash to acquire FSA Australia Pty Ltd, net of cash acquired:	n/a		n/a	
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:

	Consolidated Entity 2004 $	Consolidated Entity 2003 $	Parent Entity 2004 $	Parent Entity 2003 $
Total facilities				
- Convertible Notes (see Note 29)	339,000	931,000	339,000	931,000
Facilities used at balance date:				
- Convertible Notes	339,000	931,000	339,000	931,000
Facilities unused at balance date:				
- Convertible Notes	-	-	-	-

	Consolidated Entity		Parent Entity	
	2004	2003	2004	2003
	$	$	$	$

20. EXPENDITURE COMMITMENTS

(a) Lease expenditure commitments

(i) Operating leases (non-cancellable):

	2004 $	2003 $	2004 $	2003 $
Minimum lease payments				
– not later than one year	178,582	62,052	-	31,145
– later than one year and not later than five years	-	-	-	-
– later than five years	-	-	-	-
	178,582	62,052	-	31,145

(ii) Finance leases:

	2004 $	2003 $	2004 $	2003 $
– not later than one year	-	-	-	-
– later than one year and not later than five years	-	-	-	-
– later than five years	-	-	-	-
Total minimum lease payments	-	-	-	-
– future finance charges	-	-	-	-
– lease liability	-	-	-	-
Current liability	-	-	-	-
Non-current liability	-	-	-	-
	-	-	-	-

21. EMPLOYEE BENEFITS

(a) Employee benefits

The aggregate employee liability is comprised of:

	2004 $	2003 $	2004 $	2003 $
Accrued wages and salaries	9,062	79,137	-	-
Provisions (current)	88,905	83,439	-	-
	97,967	162,576	-	-

At balance date the Consolidated Entity had 37 full time employees (2003: 48)

(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.

There have been two tranches ESOP options issued, 1,856,666 issued on 10 June 2003 and 550,000 issued on 24 November 2003.

ESOP 10c options (issued 10 June 2003)	2004 Number of Options	2003 Number of Options	Weighted average exercise price
Balance at beginning of period	733,333	-	10 cents
- granted	-	1,856,666	10 cents
- forfeited	(260,000)	(1,123,333)	10 cents
- exercised	-	-	
Balance at end of period	473,333	733,333	10 cents
Exercisable at end of period	263,666	-	

ESOP 10c options (issued 24 November 2003)	2004 Number of Options	2003 Number of Options	Weighted average exercise price
Balance at beginning of period	-	-	10 cents
- granted	550,000	-	10 cents
- forfeited	(150,000)	-	10 cents
- exercised	-	-	
Balance at end of period	400,000	-	10 cents
Exercisable at end of period	-	-	

Total ESOP 10c options (issued all dates)	2004 Number of Options	2003 Number of Options	Weighted average exercise price
Balance at beginning of period	733,333	-	10 cents
- granted	550,000	1,856,666	10 cents
- forfeited	(410,000)	(1,123,333)	10 cents
- exercised	-	-	
Balance at end of period	873,333	733,333	10 cents
Exercisable at end of period	263,666	-	

22. CONTINGENT LIABILITIES

In April 2004, the FSA Group reported to the Australian Stock Exchange that it was defending allegations by the Australian Competition and Consumer Commission (ACCC). Proceedings against Fox Symes and Associates Pty Ltd and Debt Relief Services Pty Ltd (both wholly owned subsidiaries of the FSA Group) and two of its directors have commenced in the Federal Court. The allegations relate to the Company's role as a debt administrator (under Part IX of the Bankruptcy Act 1966) during the period 2000 to 2002. The Company does not accept the Commissions allegations in these proceedings and they are being strenuously defended.

Very significant expenditure on legal fees may be incurred as the Company defends the above action. Further, as with any legal proceedings, there is inherent uncertainty about any prospect of a positive outcome.

The action is being strenuously defended. It is not possible to estimate any potential liability at this stage.

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

23. EARNINGS PER SHARE

	2004	2003
Basic earnings / (losses) per share [cents per share]	1.40	(2.05)
Diluted earnings / (losses) per share [cents per share]	1.38	(1.90)
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	86,356,080	81,200,828
Dilution effect of convertible notes	4,598,233	4,655,000
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share	90,954,313	85,855,828
Earnings used in the calculation of basic earnings per share	$1,205,481	($1,668,391)
After tax interest expense attributable to convertible notes	$49,868	$38,140
Earnings used in the calculation of diluted earnings per share	$1,255,349	($1,630,251)

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

24. SUBSEQUENT EVENTS

There have been no events since the end of the financial year that impact upon the financial report as at 30 June 2004.

25. AUDITORS' REMUNERATION

	Consolidated Entity		Parent Entity	
	2004	2003	2004	2003
	$	$	$	$
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	68,200	68,700	-	-
- other services (taxation) in relation to the entity and any other entity in the Consolidated Entity	35,000	10,810	-	-
	103,200	**79,510**	**-**	**-**

26. DIRECTOR AND EXECUTIVE DISCLOSURES

(a) Details of Specified Directors and Specified Executives

(i) Specified directors

Sam Doumany	Chairman (non-executive)
Tim Odillo Maher	Director (executive)
Deborah Southoun	Director (executive)
Fletcher Quinn	Director (non-executive)

(ii) Specified executives

Andrew Aravanis	Call Centre Manager
Kevin McDonnell	IT Manager
Nino Eid	Refinance Manager
Barry Turner	Operations Manager
Cellina Chen	Financial Controller
Duncan Cornish	Company Secretary and Finance Manager

(b) Remuneration of Specified Directors and Specified Executives

(i) Remuneration Policy

The Board of Directors of FSA Group Limited is responsible for determining and reviewing compensation arrangements for the directors and the executive 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. Such officers may be given the opportunity to receive their base emolument in a variety of forms including cash and fringe benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the company.

To assist is achieving these objectives, the Board links the nature and amount of executive directors' and officers emoluments to the company's financial performance. All directors and executives have the opportunity to qualify for participation in the Employee Share Option Plan which currently provides incentives, at the Board's discretion, based on individual key performance indicators ("KPI's") being met and other criteria relating to profitability, cash flow and share price growth.

In addition, executive directors are entitled to annual bonuses payable upon the achievement of certain pre-determined operational KPI's. The maximum amount of the annual bonuses is $30,000 each.

It is the Board's policy that employment agreements are entered into with all executive directors and executives. The current employment agreements each has a one month notice period. No termination or other benefits other than the above bonuses are contained within the contracts.

(ii) Remuneration of Specified Directors and Specified Executives

	Primary			Post-Employment		Equity	Other	Total
	Salary & Fees	Cash Bonus	Non-Cash benefits	Superan-unation	Retirement benefits	Options		
Sam Doumany								
2004	46,048	-	-	4,144	-	-	-	50,192
2003	29,542	-	-	-	-	-	-	29,542
Tim Odillo Maher								
2004	120,000	20,000	-	-	-	-	-	140,000
2003	120,393	-	-	-	-	-	-	120,393
Deborah Southon								
2004	113,903	20,000	-	10,251	-	-	-	144,154
2003	125,286	-	-	-	-	-	-	125,286
Fletcher Quinn								
2004	93,992	-	-	-	-	-	-	93,992
2003	48,332	-	-	-	-	-	-	48,332
Total Remuneration: Specified Directors								
2004	373,943	40,000	-	14,395	-	-	-	428,338
2003	323,553	-	-	-	-	-	-	323,553
Specified Executives								
Andrew Aravanis								
2004	104,379	-	-	9,200	-	263	-	113,842
2003	106,144	-	-	8,116	-	679	-	114,939
Kevin McDonnell								
2004	93,472	-	-	8,380	-	840	-	102,692
Nino Eid								
2004	86,942	-	-	7,739	-	840	-	95,521
Barry Turner								
2004	74,631	-	-	6,069	-	2,563	-	83,263
Cellina Chen								
2004	58,661	-	-	4,762	-	785	-	64,208
Duncan Cornish								
2004	92,400	-	-	-	-	-	-	92,400
2003	101,500	-	-	-	-	-	-	101,500
Total Remuneration: Specified Executives								
2004	510,485	-	-	36,150	-	5,291	-	551,926
2003*	207,644	-	-	8,116	-	679	-	216,439

* Group totals in respect of the financial year ended 30 June 2003 do not equal the sums of amounts disclosed for 2003 for individuals specified in 2004, as different individuals were specified in 2003.

(c) Remuneration options: Granted and vested during the year

During the year options were granted as equity compensation benefits to certain specified executives as disclosed below (no options were granted to specified directors during the period). The options were issued free of charge. Each of the granted options entitles the holder to subscribe for one fully paid ordinary share in the entity at an exercise price of $0.10. The option period is three (3) years or as a result of the employee ceasing his or her employment with the Company. The option exercise period for the granted options 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.

There have been two tranches ESOP options issued, 1,856,666 issued on 10 June 2003 and 550,000 issued on 24 November 2003.

Terms & Conditions for Each Grant

	Vested number	Granted number	Grant Date	Value per option at grant date ($)#	Exercise Price per share ($)	First Exercise Date	Last Exercise Date
Specified Executives							
Andrew Aravanis	30,000	-					
Kevin McDonnell	-	100,000	24-Nov-03	$0.028	$0.10	23-Nov-2004	23-Nov-2006
Nino Eid	-	100,000	24-Nov-03	$0.028	$0.10	23-Nov-2004	23-Nov-2006
Barry Turner	81,667	-					
Cellina Chen	25,000	-					
	-	50,000	24-Nov-03	$0.028	$0.10	23-Nov-2004	23-Nov-2006
Duncan Cornish	-	-					
Total	**136,667**	**250,000**					

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. The information set out above, plus the share price of 51 cents of the ordinary share price on the date the options were granted, was used in the calculations in relation to each specified executive of granted options.

(d) Shares issued on exercise of remuneration options

No remuneration options were exercised during the year.

(e) Option holdings of specified directors and specified executives

	Balance at 1 July 2003	Granted as remunera-tion	Options Exercised	Net Change Other	Balance at 30 June 2004	Vested at 30 June 2004		
						Total	Not Exercisable	Exercisable
ESOP Options Specified Executives								
Andrew Aravanis	60,000	-	-	-	60,000	30,000	-	30,000
Kevin McDonnell	-	100,000	-	-	100,000	-	-	-
Nino Eid	-	100,000	-	-	100,000	-	-	-
Barry Turner	163,333	-	-	-	163,333	81,667	-	81,667
Cellina Chen	50,000	50,000	-	-	100,000	25,000	-	25,000
Duncan Cornish	-	-	-	-	-	-	-	-
Total	**273,333**	**250,000**	**-**	**-**	**523,333**	**136,667**	**-**	**136,667**

(e) Option holdings of specified director and specified executives (continued)

	Balance at 1 July 2003	Granted as remuneration	Options Exercised	Net Change Other	Balance at 30 June 2004
Options ($0.20 @ 31-Dec-05)					
Specified Directors					
Sam Doumany	-	-	-	-	-
Tim Odillo Maher*	2,400,000	-	-	-	2,400,000
Deborah Southon*	2,400,000	-	-	-	2,400,000
Fletcher Quinn	251,667	-	-	1,667	253,334
Specified Executives					
Andrew Aravanis	120,000	-	-	-	120,000
Kevin McDonnell	-	-	-	-	-
Nino Eid	-	-	-	-	-
Barry Turner	40,000	-	-	-	40,000
Cellina Chen	-	-	-	-	-
Duncan Cornish	3,333	-	-	-	3,333
Total	**5,215,000**	**-**	**-**	**1,667**	**5,216,667**
Options ($0.60 @ 30-Nov-06)					
Specified Directors					
Sam Doumany	-	-	-	-	
Tim Odillo Maher*	6,250,000	-	-	-	6,250,000
Deborah Southon*	6,250,000	-	-	-	6,250,000
Fletcher Quinn	-	-	-	-	-
Total	**12,500,000**	**-**	**-**	**-**	**12,500,000**

** These options were subject to ASX escrow until 2 August 2004*

(f) Shareholdings of specified directors and specified executives

Shares held in FSA Group Limited (number)	Balance at 1 July 2003	Granted as remuneration	Options Exercised	Net Change Other	Balance at 30 June 2004
Specified Directors					
Sam Doumany	-	-	-	-	-
Tim Odillo Maher#	12,048,589	-	-	5,071,923	17,120,512
Deborah Southon#	11,500,000	-	-	1,071,533	12,571,533
Fletcher Quinn	-	-	-	5,750,560	5,750,560
Specified Executives					
Andrew Aravanis	60,000	-	-	-	60,000
Kevin McDonnell	-	-	-	-	-
Nino Eid	-	-	-	-	-
Barry Turner	20,000	-	-	-	20,000
Cellina Chen	-	-	-	-	-
Duncan Cornish	3,333	-	-	714,355	717,688
Total	**23,631,922**	**-**	**-**	**12,608,371**	**36,240,293**

 # 11,500,000 ordinary shares for both Tim Odillo Maher and Deborah Southon were subject to ASX escrow until 2 August 2004.

(g) Loans to specified directors and specified executives

There were no loans to specified directors or specified executives during the period.

(h) Other transactions to specified directors and specified executives

When the Company acquired FSA Group and re-listed on the ASX in August 2002, two specified directors contributed funds through a Convertible Note facility, described further in Notes 13,15 and 29. The opening and closing balances, and any movements during the period, of the value of the Convertible Notes held by the specified directors are set out below:

Convertible Notes ($0.20) *($ value)*	Balance 1 July 2003	Drawdown 30 June 2004	Repayment	Conversion	Balance
Specified Directors					
Sam Doumany	-	-	-	-	-
Tim Odillo Maher	165,000	-	(90,000)	-	75,000
Deborah Southon	75,000	-	-	-	75,000
Fletcher Quinn	-	-	-	-	-
Total	**240,000**	**-**	**(90,000)**	**-**	**150,000**

Interest paid to Specified Directors on the above convertible notes was $19,200 (2003: $19,200).
There were no other transactions or balances with specified directors or specified executives during the period.

27. 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)

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	$0.20 Convertible Notes (Number)
Sam Doumany	-	-	-	-
Tim Odillo Maher	17,120,512	2,400,000	6,250,000	375,000
Deborah Southon	12,571,533	2,400,000	6,250,000	375,000
Fletcher Quinn	5,750,560	253,334	-	-

Ultimate Parent Entity
FSA Group Ltd is the ultimate parent entity.

28. SEGMENT INFORMATION

The Consolidated Entity operated solely in the financial services industry within Australia for the entire year ended 30 June 2004.

During the prior 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 30.

Details regarding Asset additions for the prior period in relation to the discontinued segment are contained in the asset movement schedule for the parent entity in Note 10. Details regarding prior year 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 prior or current period.

29. FINANCIAL INSTRUMENTS

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

Trade Receivables – Trade debtors are non-interest bearing and can take up to eighteen months 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 and other creditors are non-interest bearing and normally settled on 30 day terms.

Institutional Creditors – Non-interest bearing and are dispersed to institutional creditors in accordance with the debt agreements.

Convertible Note facility – FSA Group Ltd has entered into convertible note facilities that, at 30 June 2004, had $339,000 owing. The convertible note facilities currently in place expired 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, may become due and payable (within 14 days) providing notice of repayment is received from the Noteholder. The notes are no longer interest bearing.

(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 2004 $	Fixed interest rate 2004 $	Non-interest bearing 2004 $	Total carrying amount as per the balance sheet 2004 $	Weighted average effective interest rate 2004 %
(i) Financial assets					
Cash	2,147,874	2,155,848	-	4,303,722	3.00%
Trade receivables	-	-	5,259,882	5,259,882	
Total financial assets	2,147,874	2,155,848	5,259,882	9,563,604	
(ii) Financial liabilities					
Trade creditors	-	-	454,355	454,355	
Institutional creditors	-	-	4,071,862	4,071,862	
Other creditors	-	-	853,830	853,830	
Convertible Note - unsecured	-	-	339,000	339,000	
Total financial liabilities	-	-	5,719,047	5,719,047	
Net financial assets / (liabilities)	2,147,874	2,155,848	(459,165)	3,844,557	

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 2003, were as follows:

	Floating interest rate 2003 $	Fixed 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	
Listed shares	-	-	68,299	68,299	
Total financial assets	2,033,686	-	4,587,983	6,621,669	
(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)	882,396	1,985,082	

(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.

30. DISCONTINUED OPERATION

During the year ended 30 June 2003 (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 2003 was $499,995, which was written off at 31 December 2003.

	2004 $	2003 $
Financial Performance Information for the year ended 30 June		
Revenues from ordinary activities	-	464,149
Expenses from ordinary activities (including borrowing expenses)	-	(1,137,103)
Write down of intellectual property	-	(499,995)
Write down of investment	-	-
Loss before income tax	-	(1,172,949)
Income tax	-	-
Net loss	-	(1,172,949)
Financial Position Information as at 30 June		
Assets	-	16,617
Liabilities	-	(19,290)
Net assets	-	(2,673)
Financial Performance Information for the year ended 30 June		
Cash inflow/(outflow) from operating activities	-	(108,934)
Cash inflow/(outflow) from investing activities	-	2,983
Cash inflow/(outflow) from financing activities	-	(107,954)
Total cash inflow/(outflow)	-	(213,905)

31. IMPACTS OF ADOPTING AUSTRLAIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Australian equivalents to International Financial Reporting Standards ("IFRS") will be adopted in the financial report for the year ended 30 June 2006 and the comparative information presented in that report for the year ended 30 June 2005. In preparation for the transition, opening balances as at 1 July 2004 for the comparative year ending 30 June 2005 will be converted to AIFRS in accordance with new accounting standard AASB 1"First Time Adoption of Australian Financial Reporting Pronouncements".

FSA Group Ltd's management are assessing the significance of these changes and preparing for their implementation. The Audit Committee will oversee and manage the Company's transition to IFRS. The board has authorised ongoing training courses for members of the Audit Committee (where appropriate) and will also provide access to selected appropriately skilled consultants where necessary to ensure the successful implementation and transition to IFRS. We will seek to keep stakeholders informed as to any material impact of these new standards as they are finalised.

The key differences in accounting policy that may arise from the adoption of AIFRS are listed below:

Income Tax

AASB 112 "Income Tax" requires all income tax balances to be calculated using the comprehensive balance sheet liability method. Deferred tax items will be calculated by comparing the difference in carrying amounts to tax bases for all assets and liabilities and multiplying this by the tax rates expected to apply to the period when the asset is realised or the liability settled. Recognition of the resulting amounts are subject to some exceptions, but generally deferred tax balances must be calculated for each item in the statement of financial position. Deferred tax assets will only be recognised where there exists the probability that future taxable profit will be available to recognise the asset.

The application of AASB 112 "Income Tax" should not result in any significant adjustment to either tax assets and liabilities or net profit.

Property, plant & equipment

Under AASB 116 "Property Plant & Equipment" an impairment test is required when there is an indication that impairment exists by reference to internal and external market factors. Any item of property, plant and equipment which is impaired must be written down to its recoverable amount. The amount of the impairment write down for assets carried at cost will be expensed through the statement of financial performance.

Items of property, plant and equipment measured at fair value will still be carried at fair value, however the offsets of balances in the asset revaluation reserve under the new standards will be determined on an "asset by asset" basis rather than the current "class by class" treatment. This means that a change to profit or loss will occur where impairment write down is necessary and there is no existing balance for that asset in the asset revaluation reserve.

All consolidated entity assets of property plant and equipment assets are tested to ensure the carrying amount is less than recoverable and write downs are made to reflect losses arising.

Goodwill

Amortisation of goodwill will no longer be permitted under the new standard. At the date of adoption of IFRS, goodwill will be allocated to cash generating units of the entity and will be impairment tested on initial adoption of IFRS and annually thereafter.

Any necessary impairment write down in relation to goodwill after initial adoption will be expensed through the statement of financial performance.

Share Based Payments

The entity currently engages in the practice of allocating to its employees share options as part of their remuneration packages under the employee share option plan. AASB 2 “Share Based Payments” require that these payments and also payments made to other counterparties in return for goods and services shall be measured at the more readily determinable fair value of the good/service or the fair values of the equity instrument. This amount will be expensed in the statement of financial performance. Where the grant date and the vesting date are different the total expenditure calculated will be allocated between the two dates taking into account the terms and conditions attached to the instruments and the counterparties as well as management’s assumptions about probabilities of payments and compliance with and attainment of the set out terms and conditions.

Business Combinations

AASB 3 “Business Combinations” mandates that discounts on acquisition will no longer be allocated over the non-monetary assets of the entity. Instead a discount on acquisition will be recognised in profit and loss as income.

This standard has retrospective application however the exemption provisions in AASB 1 “First Time Adoption of Australian International Financial Reporting Pronouncements” allows the prospective application of the standard from the time of initial adoption of the standards. If the exemption in AASB 1 is not applied this will result in the entity reinstating the balances of goodwill and non monetary items in relation to its acquisitions for all business combinations effected from 30 July 2002 to the date of adoption of the new standards and adjusting retained earnings by those amounts. Any reverse acquisition situations will also then be accounted for accordingly and will result in an altered consolidated entity column for reporting purposes. The directors propose to utilise this exemption and will not retrospectively apply this standard.

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 2004 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
30 September 2004

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 2004. 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 2004 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
30 September 2004

Notice of Meeting

FOURTH ANNUAL GENERAL MEETING

Notice is hereby given that the fourth 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 Friday, 26 November 2004.

Business

1. To receive and consider the Directors' Report and Financial Report for the year ended 30 June 2004 and the Auditor's Report on the financial report and consolidated financial report.

2. To elect two directors

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

   (b) Ms Deborah Southon retires in accordance with the Constitution of the Company and, being eligible, offers herself for re-election.

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

By Order of the Board

D P Cornish - Secretary

Brisbane
25 October 2004

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.

Proxy

FORM OF PROXY

Secretary
FSA Group Ltd
Level 5,
60 Edward 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-sixth day of November 2004 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.

Resolutions	For	Against	Abstain
2 (a) Re-election of Director - Mr Tim Odillo Maher			
2 (b) Re-election of Director - Ms Deborah Southon			

Securityholder 1 (INDIVIDUAL)	Joint Securityholder 2 (INDIVIDUAL)	Joint Securityholder 3 (INDIVIDUAL)
Sole Director and Sole Secretary	Director / Secretary (delete one)	Director
Date	Date	Date

(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 5, 60 Edward Street, Brisbane QLD 4000

or by facsimile at (07) 3303 0601.

Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the shareholder's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes.

Shareholders who are a body corporate are able to appoint representatives to attend and vote at the Meeting under Section 250D of the Corporations Act 2001 (Cwlth).

If a member wishes to direct a proxy how to vote an "X" should be inserted in the appropriate space against each a resolution to be proposed at the meeting, otherwise the proxy may vote as he or she thinks fit or may abstain from voting.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) and certificates appointing body corporate representatives or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) or certificate appointing a body corporate representative must be deposited at, posted to, or sent by facsimile transmission to the Company's office not less than 48 hours before the time for holding the Meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

Deposit or Mail the proxy form to: FSA Group Ltd
Level 5
60 Edward Street
Brisbane QLD 4000

Or

Fax the proxy form to: Fax +61 7 3303 0601

The proxy form must be signed by the shareholder or his/her attorney duly authorised in writing or, if the shareholder is a corporation, in a manner permitted by the Corporations Act.

The proxy may, but need not, be a shareholder of the Company.

In the case of shares jointly held by two or more persons, all joint holders must sign the proxy form.

Voting Entitlement

For the purposes of determining voting entitlements at the Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 4.00pm 25 November 2004. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

FSA GROUP LTD

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2004

FSA GROUP LTD

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2004