FSA GROUP LTD

ANNUAL REPORT

2005

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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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

FSA GROUP LIMITED

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1 CHAIRMAN'S REPORT

Dear Shareholder,

The 2005 financial year continued to be another year of slow but steady progress for FSA Group. The Company generated $14.2 million in revenue and achieved a before tax profit of $1.7 million, a 5.5 % increase compared with the results of the 2004 financial year.

FSA Group was approved as the administrator for 2,293 new Debt Agreements in FY2005. This brings the total number of active Debt Agreements under administration to 7,371. Some 1,525 Debt Agreements have been completed.

This sound result was achieved in an environment where the number of Debt Agreements accepted by creditors reduced by 13.6% during the financial year from a total of 5,487 in FY2004 down to 4,739 in FY2005.

FSA Group distributed over $15.0 million to financial institutions during the year, which is approximately 50% more than the previous year. This is a significant milestone and should engender further credibility in the Debt Agreement regime amongst the financial institutions.

While Australia currently has record levels of household debt and a softening property market, the overall sound economic conditions, combined with continued low levels of unemployment and wage growth have prevented the rising debt levels to reach unserviceable levels in most households.

FSA Group is Australia's largest debt relief company and continues to be the market leader in the field of consumer insolvency. However, competition has been increasing in recent years, particularly by small service providers.

The Company believes that as the leader in this field it must continue to deliver and provide the highest quality service to its clients and stakeholders. In doing so FSA Group continues to evolve and refine its procedures and systems whilst also ensuring that stringent ethical standards are embedded within the business.

Another major challenge that the business identified last year was the task of managing the continuously growing, cumulative number of administrations that the Company now services. While administrative systems have been streamlined to be as effective as possible, much of the work involved in managing Debt Agreements requires personal interactions and negotiations between all the parties involved in debts agreements, including the multiple debtors, creditors and ITSA. The proportion and level of investment in human resources compared to the revenues available to FSA Group as an administrator continue to be a concern.

During the financial year, the Refinance division of the Company continued to grow in both non-conforming and conforming lending, broadening the Company's revenue base. This division bridges the gap for people who are in financial difficulty, but do not qualify for Debt Agreements.

As reported last year, the Company continues to defend allegations from the Australian Competition and Consumer Commission (ACCC). At the time of writing, the allegations have been reduced, however the company expects to incur significant expenditure on legal fees in the year ahead. We take this opportunity to state that, as with any legal proceedings, there is inherent uncertainty about the prospects of a positive outcome.

Providing financial solutions for individuals and companies in financial difficulties poses many challenges for the managers and staff of FSA Group. On behalf of the Directors, I would like to extend my thanks to all of those who have assisted the Company in its steady progress during the year.

Sam Doumany

Sam Doumany - Chairman

2 REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

BACKGROUND

FSA Group's core business is providing financial solutions to companies, businesses and individuals with financial problems.

FSA Group presents options for restructuring the financial problems facing companies, businesses and individuals through a variety of debt restructuring products, loan re-financing and other solutions. In the majority of cases, this is done through relying upon various provisions of the Corporations Law and the Bankruptcy Act.

Since FSA Group commenced operations five years ago, it has developed and evolved its business practices and procedures to support the considerable number of consumer debtors who seek solutions to their financial problems through the products offered. In conjunction with changing client and stakeholder demands and expectations, the organisational structure continues to evolve to ensure efficient and satisfactory client outcomes are delivered. 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;
- exploration of debtor options;
- identification of alternatives for the most appropriate management of the consumer's debts;
- rigorous assessment of a debtor's eligibility for assistance or refinancing;
- internal auditing of a debtor's submission to creditors;
- liaison with creditors, ITSA and debtors or financial institutions;
- advocacy on the debtor's behalf with creditors;
- ethical compliance; and
- monitoring debtor compliance and ongoing administration.

FSA currently has 69 full time and part time employees and 17 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 $1.3 million in the 12 months to 30 June 2005, from revenues of $14.2 million.

The Company distributed over $15 million to financial institutions during the financial year. This is a significant increase on the previous financial year and is indicative of the benefits which can flow to creditor institutions from performing Debt Agreements.

During the year, substantial efforts were made to invest in and enhance the Company's technology. This remains an important and ongoing focus for the Company but already concrete results have been achieved from the developments.

Significant costs were incurred across all of the Company's business processes to manage the growth and achieve the necessary efficiency gains. The nature of this business necessitates that it will always require high levels of personal interaction between the parties involved in Debt Agreements and, no existing technology can effectively fulfill this role.

FSA Group relies on advertising to attract prospective clients and the most effective medium for reaching the target market is television. However, television advertising is a major expense for the business and during the year, the advertising rates for television and newspaper increased again. The expenses associated with marketing, advertising and call centres are carefully monitored and controlled to ensure that maximum value is achieved.

During the year, the Company improved its web site to provide a greater source of material to potential clients to assist them to understand some of the options available and the services provided by FSA Group. The Company made a significant investment in multiple representations on the internet. Web-based advertising and communication has moderated the cost of communication however the absolute dollars expended remains a concern.

2 REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

PRODUCTS AND SERVICES PROVIDED BY FSA GROUP

FSA Group's core business is centered on assisting individuals who have debts they cannot service. As over-indebtedness continues to rise, the importance of providing consumer debt solutions that are fair and afford dignity and self-respect to the individual, becomes critical.

FSA Group, in an effort to achieve a satisfactory solution for its clients 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 Pty Ltd 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 inherent 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.

Debt Agreements, Part IX Bankruptcy Act

Debt Agreements were introduced into the Bankruptcy Act in 1996. Since that time, they have grown steadily, (see table). However, community awareness of the benefits, as well as the spirit and intention of the legislation, is still not well known.

Financial year ended	1997	1998	1999	2000	2001	2002	2003	2004	2005
Number of Debt Agreements	48	349	480	806	1,224	3,287	4,453	5,482	4,739

A Debt Agreement offers an alternative to bankruptcy for 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. It 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 Debt Agreement eligibility.

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 striving 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.

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 $54,286. The introduction of the Bill did not meet expectations in terms of materially expanding FSA Group's Debt Agreement base.

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 must agree to the terms for administration proposed.

REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

Bankruptcies in Australia

Any consideration of Debt Agreements needs to consider the backdrop of bankruptcies in Australia. It is clear and well documented that, from a commercial standpoint, Debt Agreements provide greater 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 Debt Agreements.

Financial year ended	1997	1998	1999	2000	2001	2002	2003	2004	2005
Number of Bankruptcies	21,830	24,408	26,376	23,306	23,907	24,109	22,639	20,496	20,507
Number of Debt Agreements	48	349	480	806	1,224	3,287	4,453	5,482	4,739

An increase in Debt Agreements 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 Debt Agreement. Under Voluntary Administration (Deed of Company Arrangement), the corporate equivalent of a Debt Agreement, the average return to creditors is about 24 cents in the dollar. This compares to a return rate under a Debt Agreement, which is typically more than 55 cents in the dollar, and quite commonly 65 cents or more.

2. Debt Agreement administrators are not creating a market in Debt Agreements but are primarily substituting Debt Agreements for bankruptcies – thereby responding to the debt problems amongst debtors rather than developing it;

3. Debtors who honour their repayment plans under a Debt Agreement 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.

Refinance Division

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 their debts. This area of lending is referred to as non-conforming lending.

This division provides a complementary service to the Debt Agreements Division, because it offers an alternative service to people who are attracted by FSA's marketing efforts and are seeking solutions to their financial and debt problems.

During the financial year, this division continued to grow in both non-conforming and conforming lending, broadening the Company's revenue base.

Future Developments

ACCC proceedings

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, Maher and Southon, 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.

On 6 July 2004, the Company applied for an order requiring the ACCC to provide further and better particulars of the Statement of Claim. At the hearing of that application, the Federal Court ordered the ACCC to provide some of those particulars, and ordered it to amend its Statement of Claim in other respects. The ACCC then changed solicitors.

In October 2004, the Company successfully applied for an order that the Statement of Claim be struck out in its entirety. The court also dismissed the proceedings which had been commenced against Debt Relief Services Pty Ltd.

The ACCC then filed an Amended Statement of Claim. The Company's lawyers considered that it too was defective and, in February this year, applied to the court for an order striking out some paragraphs in the Amended Statement of Claim. That application was primarily successful. A number of paragraphs of the Amended Statement of Claim have been struck out, and the court has directed that, if the ACCC decides to file a further Amended Statement of Claim, it has to seek the court's permission before doing so. The Company has also been awarded its costs of the successful court applications.

The ACCC subsequently applied to the court for permission to file a Further Amended Statement of Claim. The Company's lawyers considered that certain paragraphs in the proposed further court document were defective and successfully objected to those paragraphs.

As a result, although the court gave the ACCC permission to file a Further Amended Statement of Claim, that permission was conditional upon the removal of the paragraphs to which the Company's lawyers objected.

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 10,000 clients since it commenced operations in 2000.

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.

Purchase of 180 Group

On 29 July 2005, FSA announced that it entered into a Heads of Agreement to acquire Sydney-based corporate advisory company, 180 Group Pty Ltd.

The 180 Group specialises in corporate advisory services for small to medium-sized companies which are experiencing financial difficulty. It works with a client company's accountants and lawyers to assist the directors of companies to find solutions to resolve their financial difficulties.

Some of the solutions may include short-term funding and business cash flow, shareholder and asset protection, taxation, legal and turnaround advice.

The solutions aim to prevent the company from entering external administration, or where administration is unavoidable, providing advice on how to best manage the matters involved in the process.

The 180 Group provides a service which is complementary to the services already offered by the FSA Group. The directors believe that this acquisition will offer significant opportunities in a growing and profitable sector and will strengthen the group's position as a leader in the field of insolvency.

3 DIRECTORS' REPORT

Your directors submit their report for the year ended 30 June 2005.

DIRECTORS

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

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 Director)

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

Mr Duncan Cornish was the secretary of the Company during the period and until the date of this report.

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 & 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 holds a Bachelor of Business (Accounting) and is a member of the Australian Institute of Chartered Accountants. He is also the Company Secretary of several other ASX listed companies.

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	17,495,512	3,150,000	6,250,000
Deborah Southon	12,946,533	3,150,000	6,250,000
Fletcher Quinn	5,213,138	253,334	-

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 solutions to individuals in financial distress.

Employees

As at 30 June 2005, the consolidated entity employed 69 full-time employees (2004: 37) and 17 (independent) contractor field agents (2004: 24).

REVIEW OF FINANCIAL CONDITION

Capital structure

During the period the only change to the Company's capital structure was the conversion of 750,000 (Seco) Convertible Notes into 750,000 ordinary shares and 1,500,000 listed 20 cent options, exercisable on or before 31 December 2005.

At 30 June 2005, and at the date of this report, the Company had 87,134,947 ordinary shares and the following options on issue:

- 24,623,334 listed 20 cent options exercisable on or before 31 December 2005;
- 25,000,000 unlisted 60 cent options exercisable on or before 30 November 2006;
- 273,333 unlisted ESOP 10 cent options exercisable on or before 9 June 2006;
- 250,000 unlisted ESOP 10 cent options exercisable on or before 24 November 2006; and
- 447,566 unlisted 10 cent options exercisable on or before 9 June 2006.

Treasury policy

The Company does not have a formally established treasury function. The Board is responsible for managing the Company's currency risks and finance facilities. The Company does not currently undertake hedging of any kind.

Liquidity and funding

The Company has sufficient funds to finance its operations, and to allow the Company to take advantage of favourable business opportunities, not specifically budgeted for, or to fund unforeseen expenditure.

OPERATING RESULTS

The consolidated profit from ordinary activities for the Consolidated Entity after providing for income tax was $1,302,008 (2004: $1,205,481).

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 and Future Developments.

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 2005.

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 and Future Developments.

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 the information contained in the Review of Operations and Future Developments in the Director's Report and information which the directors believe comment on or disclosure of would prejudice the interests of the Company.

ENVIRONMENTAL ISSUES

There are no matters 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 50,594,233 unissued ordinary shares under options. Refer to Note 18 of the financial statements for further details of the options outstanding.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Each of the directors and the secretary 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.

The Company has not indemnified its auditor.

REMUNERATION REPORT

This report outlines the remuneration arrangements in place for Directors and Executives of FSA Group Ltd (the Company).

Remuneration policy

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives.

The Board does not presently have a Remuneration and Nomination Committee. The Directors consider that the Company is not of a size, nor are its affairs of such complexity, as to justify the formation of a separate committee. All matters which might be dealt with by such a committee are reviewed by the Directors meeting as a Board. The Board, in carrying out the functions of the Remuneration and Nomination Committee, are responsible for determining and reviewing compensation arrangements for the Directors and the Executive team.

The Board, in carrying out the functions of the Remuneration and Nomination Committee, assess 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 are 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 payments chosen will be optimal for the recipient without creating undue cost for the Company.

The Company aims to reward the Executive Directors and Senior Management with a level and mix of remuneration commensurate with their position and responsibilities within the Company. The Board's policy is to align Director and Executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering short and long-term incentives.

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive Director and Senior Management remuneration is separate and distinct.

Non-Executive Director remuneration

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest caliber, whilst incurring a cost which is acceptable to shareholders.

The Constitution of the Company and the ASX Listing Rules specify that the Non-Executive Directors are entitled to remuneration as determined by the Company in General Meeting. The remuneration currently determined by the Company is $50,000 per annum for the Non-Executive Chairman and $25,000 per annum for each Non-Executive Director. Additionally, Non-Executive Directors will be entitled to be reimbursed for properly incurred expenses.

If a Non-Executive Director performs extra services, which in the opinion of the Directors are outside the scope of the ordinary duties of the Director, the Company may remunerate that Director by payment of a fixed sum determined by the Directors in addition to or instead of the remuneration referred to above. A Non-Executive Director is entitled to be paid travel and other expenses properly incurred by them in attending Director's or General Meetings of the Company or otherwise in connection with the business of the Company.

The remuneration of Non-Executive Directors for the period ending 30 June 2005 is detailed in Table 1 of this Remuneration Report.

Executive Directors and Senior Management remuneration

The Company aims to reward the Executive Directors and Senior Management with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- reward Executives for company and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of Executives with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

The remuneration of the Executive Directors and Senior Management may from time to time be fixed by the Board. The remuneration will comprise a fixed remuneration component and also may include offering specific short and long-term incentives, in the form of:

1. performance based salary increases and/or bonuses; and/or
2. the issue of options

All executives and employees have the opportunity to qualify for participation in the FSA Group Ltd Employee Share Option Plan ("ESOP").

The remuneration of the Executive Directors and Senior Management for the period ending 30 June 2005 is detailed in Table 1 of this Remuneration Report.

Employment contracts

It is the Board's policy that employment agreements are entered into with all Executive Directors, Executives and employees. The current employment agreements with the Executive Directors and the Company Secretary have three month notice periods. All other employment agreements have one month (or less) notice periods. No current employment contracts contain early termination clauses.

Executive Directors

The Executive Directors, Mr Tim Maher and Ms Deborah Southon are employed under Executive Service Contracts. Under the terms of the contracts:

- Both FSA Group Ltd and the Executive Directors are entitled to terminate the contract upon giving three (3) months written notice.
- FSA Group Ltd is entitled to terminate the agreements upon the happening of various events or other conduct or if Mr Maher or Ms Southon cease to be a Director of FSA Group Ltd.
- The contracts provide for annual reviews of performance by FSA Group Ltd.

Senior Management

Employment contracts entered into with senior management contain the following key terms:

Event	Company Policy
Performance based salary increases and/or bonuses	Board discretion
Short and long-term incentives, such as options	Board discretion
Resignation / notice period	1 month
Serious misconduct	Company may terminate at any time
Payouts upon resignation or termination, outside industrial regulations (ie 'golden handshakes')	None

(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	
Nino Eid	Refinance Manager
Julie Sarieddine	Lending Manager
Andrew Aravanis	Audit Manager
Barry Turner	Operations Manager
Duncan Cornish	Company Secretary and Finance Manager

(b) Remuneration of Specified Directors and Specified Executives

The Specified Executives are also the five most highly paid Executive Officers of the Company for the period ended 30 June 2005.

Table 1

	Primary			Post-Employment		Equity	Other	Total
	Salary & Fees	Cash Bonus	Non-cash benefits	Superan-nuation	Retirement benefits	Options		
Specified Directors								
Sam Doumany								
2005	45,872	-	-	4,128	-	-	-	50,000
2004	46,048	-	-	4,144	-	-	-	50,192
Tim Odillo Maher								
2005	120,000	30,000	-	-	-	-	-	150,000
2004	120,000	20,000	-	-	-	-	-	140,000
Deborah Southon								
2005	110,758	30,000	-	9,968	-	-	-	150,726
2004	113,903	20,000	-	10,251	-	-	-	144,154
Flecther Quinn								
2005	73,992	-	-	-	-	-	-	73,992
2004	73,992	-	-	-	-	-	-	93,992
Total Remuneration: Specified Directors								
2005	**350,622**	**60,000**	**-**	**14,096**	**-**	**-**	**-**	**424,718**
2004	**373,943**	**40,000**	**-**	**14,395**	**-**	**-**	**-**	**428,338**
Specified Executives								
Nino Eid								
2005	128,699	-	-	5,284	-	1,396	-	135,379
2004	86,942	-	-	7,739	-	840	-	95,521
Julie Sarieddine								
2005	115,246	-	13,677	4,808	-	-	-	133,731
2004	34,471	10,000	-	3,476	-	-	-	47,947
Andrew Aravanis								
2005	101,350	-	-	9,000	-	822	-	111,172
2004	104,379	-	-	9,200	-	263	-	113,842
Barry Turner								
2005	85,572	-	9,709	7,650	-	2,239	-	105,170
2004	74,631	-	-	6,069	-	2,563	-	83,263
Duncan Cornish								
2005	71,500	-	-	-	-	-	-	71,500
2004	92,400	-	-	-	-	-	-	92,400
Total Remuneration: Specified Executives*								
2005	**502,367**	**-**	**23,386**	**26,742**	**-**	**4,457**	**-**	**556,952**
2004	**392,823**	**10,000**	**-**	**26,484**	**-**	**3,666**	**-**	**432,973**

* Group totals in respect of the financial year ended 30 June 2004 do not equal the sums of amounts disclosed for 2004 for individuals specified in 2005, as different individuals were specified in 2004.

Fair value of options granted as part of remuneration are estimates only. The estimates are based on the use of the Black Scholes option pricing model. This model takes account of factors such as the option exercise price, the current level and volatility of the underlying share price and the time to maturity of the options.

(c) Options issued as part of remuneration for the period ended 30 June 2005

There were no options granted as part of remuneration during the period ended 30 June 2005.

(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 2004	Granted as remuneration	Options Exercised	Net Change Other	Balance at 30 June 2005	Vested at 30 June 2005		
						Total	Not Exercisable	Exercisable
ESOP Options								
Specified Executives								
Nino Eid	100,000	-	-	-	100,000	100,000	50,000	50,000
Julie Sarieddine	-	-	-	-	-	-	-	-
Andrew Aravanis	60,000	-	-	-	60,000	60,000	-	60,000
Barry Turner	163,333	-	-	-	163,333	163,333	-	163,333
Duncan Cornish	-	-	-	-	-	-	-	-
Total	**323,333**	**-**	**-**	**-**	**323,333**	**323,333**	**50,000**	**273,333**

	Balance at 1 July 2004	Granted as remuneration	Options Exercised	Net Change Other	Balance at 30 June 2005
Options ($0.20 @ 31-Dec-05)					
Specified Directors					
Sam Doumany	-	-	-	-	-
Tim Odillo Maher	2,400,000	-	-	750,000	3,150,000
Deborah Southon	2,400,000	-	-	750,000	3,150,000
Fletcher Quinn	253,334	-	-	-	253,334
Specified Executives					
Nino Eid	-	-	-	-	-
Julie Sarieddine	-	-	-	-	-
Andrew Aravanis	120,000	-	-	-	120,000
Barry Turner	40,000	-	-	-	40,000
Duncan Cornish	3,333	-	-	-	3,333
Total	**5,216,667**	**-**	**-**	**-**	**6,716,667**

(e) Option holdings of Specified Directors and Specified Executives (Cont'd)

	Balance at 1 July 2004	Granted as remuneration	Options Exercised	Net Change Other	Balance at 30 June 2005
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**

(f) Shareholdings of Specified Directors and Specified Executives

Shares held in FSA Group Limited (number)	Balance at 1 July 2004	Granted as remuneration	Options Exercised	Net Change Other	Balance at 30 June 2005
Specified Directors					
Sam Doumany	-	-	-	-	-
Tim Odillo Maher	17,120,512	-	-	375,000	17,495,512
Deborah Southon	12,571,533	-	-	375,000	12,946,533
Fletcher Quinn	5,750,560	-	-	(537,422)	5,213,138
Specified Executives					
Nino Eid	-	-	-	-	-
Julie Sarieddine	-	-	-	-	-
Andrew Aravanis	60,000	-	-	-	60,000
Barry Turner	20,000	-	-	-	20,000
Duncan Cornish	717,688	-	-	-	717,688
Total	**36,240,293**	**-**	**-**	**212,578**	**36,452,871**

(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. 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 at 1 July 2004	Drawdown	Repayment	Conversion	Balance at 30 June 2005
Specified Directors					
Sam Doumany	-	-	-	-	-
Tim Odillo Maher	75,000	-	-	(75,000)	-
Deborah Southon	75,000	-	-	(75,000)	-
Fletcher Quinn	-	-	-	-	-
Total	**150,000**	**-**	**-**	**(150,000)**	**-**

No interest was paid to the Specified Directors on the above convertible notes during the period (2004: $19,200). There were no other transactions or balances with Specified Directors or Specified Executives during the period.

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	9	9
Tim Odillo Maher	9	9
Deborah Southon	9	9
Fletcher Quinn	9	9

Total number of meetings held during the financial year – 9

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

FSA Group Limited and its 100% owned subsidiaries have formed a tax consolidated group and have entered tax sharing and tax funding arrangements.

NON-AUDIT SERVICES

The board of directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external Auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement F1: Professional Independence.

- all non-audit services are performed by persons not involved in the audit.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2005:

Tax consulting services	$29,041

AUDITORS' INDEPENDENCE DECLARATION

The Auditor Independence Declaration forms part of the Directors Report and can be found on page 18.

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.

Tim Odillo Maher
Director

Sydney
29 September 2005

AUDITOR INDEPENDENCE DECLARATION

As lead engagement partner for the audit of FSA Group Ltd for the year ended 30 June 2005, I declare that, to the best of my knowledge and belief, there have been:

(a) no contravention of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(b) no contravention of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of FSA Group Ltd and the entities it controlled during the period.

Signed in Brisbane this 29th day of September 2005.

J E F Frayne

PKF Chartered Accountants

SHAREHOLDER INFORMATION

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 29 September 2005.

(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	6	2,835	-	-	-	-
1,001 – 5,000	166	589,302	26	58,340	-	-
5,001 – 10,000	220	2,082,261	2	20,000	-	-
10,001 – 100,000	113	4,348,311	239	5,131,251	-	-
100,001 and over	53	80,132,238	22	19,413,743	4	25,000,000
Total	558	87,134,947	289	24,623,334	4	25,000,000

The number of shareholders holding less than a marketable parcel of shares are 215 (holding a total of 885,398 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	2	110,000	3	250,000	8	477,566
100,001 and over	1	163,333	-	-	-	-
Total	3	273,333	3	250,000	8	477,566

(b) Twenty largest holders

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

Ordinary shares:

1	Mazamand Group Pty Ltd	17,495,512	20.1%
2	ADST Pty Ltd <The Southon Family A/C>	11,875,000	13.6%
3	Monhill Pty Ltd	11,650,000	13.4%
4	Q Supa Pty Ltd	5,213,138	6.0%
5	TDM Nominees Pty Ltd	5,178,638	5.9%
6	Anglo Irish Nominees Pty Ltd	4,666,667	5.4%
7	Bulwarra Holdings Pty Ltd	3,720,016	4.3%
8	Solutions Network Pty Ltd	3,065,750	3.5%
9	Spinite Pty Ltd	1,864,881	2.1%
10	Sareena Enterprises Pty Ltd	1,356,667	1.6%
11	Mr G W Pernase & Mrs S A Botica	1,105,000	1.3%
12	ADST Pty Ltd	1,071,533	1.2%
13	Leopard Asset Management Pty Ltd	1,000,000	1.1%
14	ANZ Nominees Ltd	754,793	0.9%
15	Albiano Pty Ltd	714,355	0.8%
16	Karia Investments Pty Ltd	666,666	0.8%
17	Susan A Botica & Garth W Pernase	582,013	0.7%
18	Mr Derek Roger Maltz	579,834	0.7%
19	Eumundi Brewing Group Limited	545,986	0.6%
20	Sirocco Technologies Group Ltd	532,000	0.6%
	Top 20	73,638,449	84.5%
	Total	87,134,947	100.0%

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

1	Mazamand Group Pty Ltd	3,150,000	12.8%
2	ADST Pty Ltd	3,150,000	12.8%
3	Monhill Pty Ltd	2,400,000	9.7%
4	Solutions Network Pty Ltd	2,400,000	9.7%
5	Spinite Pty Ltd	1,666,667	6.8%
6	ANZ Nominees Ltd	1,139,493	4.6%
7	GBUS Ventures Pty Ltd	1,000,000	4.1%
8	J F Enterprises Pty Ltd	958,333	3.9%
9	Mr Mark Planten	710,250	2.9%
10	Mr Derek Roger Maltz	665,000	2.7%
11	Moonheath Pty Ltd	395,833	1.6%
12	Hadley Castle Pty Ltd	251,667	1.0%
13	Cliffsun Pty Ltd	250,000	1.0%
14	Arrowhead Media Pty Ltd	220,000	0.9%
15	Mrs Jenni Read	173,500	0.7%
16	Mr G W Pernase & Mrs S A Botica	161,500	0.7%
17	Mr Kenneth Livingston	161,500	0.7%
18	Mr Rizwan Khan	160,000	0.6%
19	Mikinos Investment Pty Ltd	160,000	0.6%
20	Mr David John Vincent	130,000	0.5%
	Top 20	19,303,743	78.4%
	Total	24,623,334	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.

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 2005. 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	Chairman, 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 9 months
Tim Odillo Maher	3 years 2 months
Deborah Southon	3 years 2 months
Fletcher Quinn	2 years 11 months

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 2005, 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.

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

The structure of the audit committee does not meet the ASX's recommendations of containing a majority of independent directors, an independent chairperson (who in not chairperson of the board) and having at least three members. The board considers the structure of the audit committee to be appropriate given the size and structure of the board and the relevant experience of members of the audit committee.

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 directors' and officers' 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 Remuneration Report within 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.

7 STATEMENTS OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2005

	Notes	Consolidated Entity 2005 $	Consolidated Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Revenues from ordinary activities	2	**14,178,201**	**13,921,648**	**118,767**	**172,614**
Expenses from ordinary activities (excluding borrowing costs and write downs)	3	(12,509,458)	(12,271,756)	(11,322)	(98,713)
Borrowing costs	3(a)	(3,724)	(71,240)	-	(65,805)
Profit from ordinary activities before income tax expense		**1,665,019**	**1,578,652**	**107,445**	**8,096**
Income tax expense relating to ordinary activities	4	(554,020)	(373,171)	(36,676)	(925,982)
Correction of a fundamental error	5	191,009	-	191,009	-
Profit / (Loss) from ordinary activities after income tax expense		**1,302,008**	**1,205,481**	**261,778**	**(917,886)**
Total changes in equity other than those resulting from transactions with owners as owners		1,302,008	1,205,481	261,778	(917,886)
Basic earnings per share (cents per share)	24	1.51	1.40		
Diluted earnings per share (cents per share)		1.43	1.38		

8 STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2005

	Notes	Consolidated Entity 2005 $	Consolidated Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
CURRENT ASSETS					
Cash assets	20	5,141,092	4,303,722	2,313,980	2,226,518
Receivables	6	4,886,750	5,260,904	-	-
Other	7	220,264	125,285	-	-
Total Current Assets		10,248,106	9,689,911	2,313,980	2,226,518
NON-CURRENT ASSETS					
Receivables	8	253,039	270,100	-	-
Plant and equipment	11	357,391	360,313	-	-
Other Financial Assets	9	313,600	-	2,565,036	2,564,935
Deferred Tax Benefit		365,432	233,326	365,432	233,326
Intangibles	12	258,844	345,124	-	-
Total Non-Current Assets		1,548,306	1,208,863	2,930,468	2,798,261
TOTAL ASSETS		**11,796,412**	**10,898,774**	**5,244,448**	**5,024,779**
CURRENT LIABILITIES					
Payables	13	4,710,471	5,356,693	1,374,735	1,707,643
Tax Liabilities		1,033,105	393,700	1,035,352	393,700
Interest-bearing liabilities	14	14,578	339,000	-	339,000
Provisions	15	406,468	510,655	-	-
Total Current Liabilities		**6,164,622**	**6,600,048**	**2,410,087**	**2,440,343**
NON-CURRENT LIABILITIES					
Interest-bearing liabilities	16	42,909	-	-	-
Deferred Income Tax liabilities	17	997,455	1,159,308	997,455	1,159,308
Total Non-Current Liabilities		1,040,364	1,159,308	997,455	1,159,308
TOTAL LIABILITIES		**7,204,986**	**7,759,356**	**3,407,542**	**3,599,651**
NET ASSETS		**4,591,426**	**3,139,418**	**1,836,906**	**1,425,128**
EQUITY					
Contributed equity	18	9,600,899	9,450,899	9,600,899	9,450,899
Accumulated losses	19	(5,009,473)	(6,311,481)	(7,763,993)	(8,025,771)
TOTAL EQUITY		**4,591,426**	**3,139,418**	**1,836,906**	**1,425,128**

9 STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2005

	Notes	Consolidated Entity		Parent Entity	
		2005 $ Inflows/ (Outflows)	2004 $ Inflows/ (Outflows)	2005 $ Inflows/ (Outflows)	2004 $ Inflows/ (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from debtors and customers		28,983,409	22,966,927	-	18,708
Payments to institutional creditors, suppliers and employees		(27,781,818)	(19,305,705)	(11,321)	(7,818)
Income Tax Paid		(2,248)	(48,612)	-	-
Interest received		256,092	165,628	118,767	71,453
Interest and other costs of finance paid		(3,724)	(71,240)	-	(65,805)
GST recovered/(paid)		(365,859)	(670,242)	(984)	(1,139)
Net cash inflow/(outflow) from operating activities	20(b)	**1,085,852**	**3,036,756**	**106,462**	**15,399**
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of plant and equipment		(220,083)	(273,168)	-	-
Proceeds from disposal of liquid marketable securities		-	98,448	-	98,448
Net cash inflow/(outflow) from investing activities		**(220,083)**	**(174,720)**	**-**	**98,448**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds / (repayments) from borrowing		(9,399)	(592,000)	-	(592,000)
Intercompany loans		-	-	-	2,064,499
Unsecured notes repaid		(19,000)	-	(19,000)	-
Net cash inflow/(outflow) from financing activities		**(28,399)**	**(592,000)**	**(19,000)**	**1,472,499**
Net increase/(decrease) in cash held		**837,370**	**2,270,036**	**87,462**	**1,586,346**
Cash at the beginning of the financial year		4,303,722	2,033,686	2,226,518	640,172
Cash at the end of the financial year	20(a)	**5,141,092**	**4,303,722**	**2,313,980**	**2,226,518**

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 two working days, net of outstanding bank overdrafts.

Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made, when 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

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.

1. SUMMARY OF ACCOUNTING POLICIES (Cont'd)

Intangibles

Goodwill is amortised over its useful life, being 5 years.

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

Trade and other payables

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

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:

Debt Agreement Application Fees

Upon the completion of preparing the Debt Agreement proposal for consideration by the creditors and ITSA.

Debt Agreement Fees

At the date of approval of the Debt Agreement proposal by at least 50% (in number) of creditors who vote and they must carry with them at least 75% of the vote value (i.e. those who vote).

Refinance Fees

Upon receipt of upfront fee and subsequent trail commission.

Interest

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

1. 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 consolidation group and have entered tax sharing and tax funding arrangements.

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 options described in notes 22 and 27 are not being charged as an employee benefit expenses.

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.

Financing arrangements

The convertible note facilities expired on 24 June 2004. Any monies outstanding on the convertible notes may become due and payable. Accordingly, this liability is no longer interest bearing and is disclosed as a current payable.

	Consolidated Entity 2005 $	Consolidated Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
2. REVENUES FROM ORDINARY ACTIVITIES				
Revenue from operating activities				
Sales revenue – services (Debt Agreement Fees)	11,933,034	13,053,541	-	-
Sales revenue – services (Refinance Fees)	1,989,075	604,031	-	-
Revenues from non-operating activities				
Interest received	256,092	165,628	118,767	74,166
Proceeds on sale of listed marketable securities	-	98,448	-	98,448
Total revenues from operating activities	**14,178,201**	**13,921,648**	**118,767**	**172,614**

3. EXPENSES FROM ORDINARY ACTIVITIES

Classification of expenses by function

	Consolidated Entity 2005 $	Consolidated Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Expenses from operating activities excluding borrowing costs and write downs:				
Marketing expenses	2,357,204	1,978,751	-	-
Administrative expenses	3,420,229	4,675,550	11,322	98,713
Operating expenses	1,983,532	1,587,344	-	-
Employee benefits expenses	4,748,493	4,030,111	-	-
	12,509,458	**12,271,756**	**11,322**	**98,713**
(a) Borrowing costs				
Hire purchase liability	3,724	-	-	-
Interest bearing debt – external parties	-	52,040	-	46,605
Interest bearing debt – related parties	-	19,200	-	19,200
	3,724	**71,240**	**-**	**65,805**
(b) Profit from ordinary activities before income tax				
Profit from ordinary activities before income tax expense is after charging / crediting the following items:				
Depreciation of non-current assets	252,005	185,253	-	-
Amortisation of non-current assets - Goodwill	86,280	86,280	-	-
Total depreciation and amortisation expenses	**338,285**	**271,533**	**-**	**-**
Write down of non-current assets	29,103	64,990	-	-
Loss on Disposal Fixed Assets	-	2,652	-	-
Bad and doubtful debts – trade debtors	2,755,184	3,931,671	-	9,123
Bad debt recovery	(198,710)	-	-	-
Operating lease payments	178,582	62,052	-	-

	Consolidated Entity		Parent Entity	
	2005 $	2004 $	2005 $	2004 $

4. INCOME TAX

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

	Consolidated Entity 2005 $	Consolidated Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
The prima facie income tax benefit (30%) (2004:30%) on profit from ordinary activities before income tax	499,506	473,596	32,233	2,429
Tax effect of permanent differences:				
Amortisation of intangible assets	25,884	25,884	-	-
Adjustment for under/over provision in prior year	15,316	(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)	8,870	10,253	-	(2,429)
Tax effect of timing differences	4,443	(113,207)	4,443	-
	554,019	373,171	36,676	-
Fundamental error (refer Note 5)	(191,009)	-	(191,009)	-
Income tax expense attributable to ordinary activities	**363,010**	**373,171**	**(154,333)**	**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 $1,085,863.

5. CORRECTION OF A FUNDAMENTAL ERROR

In June 2003 tax losses of $636,697 relating to the results of the parent entity were not recognised in the financial statements. They have not been otherwise recognised or disclosed. The effect on the statement of financial position is to reduce tax payable by $191,009 for the recognition of these tax losses, and decrease accumulated losses brought forward by $191,009 if these had been recognized in the prior year.

	Consolidated Entity 2005 $	Consolidated Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
6. RECEIVABLES (CURRENT)				
Trade debtors	11,570,314	10,435,534	-	-
Provision for doubtful debts	(6,719,488)	(5,175,652)	-	-
	4,850,826	5,259,882	-	-
Other	35,924	1,022	-	-
	4,886,750	**5,260,904**	**-**	**-**
7. OTHER ASSETS (CURRENT)				
Prepayments	77,580	61,852	-	-
Security Bonds	142,684	63,433	-	-
	220,264	**125,285**	**-**	
8. RECEIVABLES (NON-CURRENT)				
Trade debtors	341,945	365,000	-	-
Provision for doubtful debts	(88,906)	(94,900)	-	-
	253,039	**270,100**	**-**	**-**
9. OTHER FINANCIAL ASSETS (CURRENT)				
Security Bonds	313,600	-	-	-
Investments in controlled entities	-	-	2,565,036	2,564,935
	313,600	**-**	**2,565,036**	**2,564,935**

10. CONTROLLED ENTITIES

Name	Country of Incorporation	Percentage of equity interest held by the consolidated entity		Investment	
		2005	2004	2005	2004
		%	%	$	$
Prospex Profile Pty Ltd (previously Prospex Holdings Pty Ltd)	Australia	100	100	2	2
FSA Australia Pty Ltd *	Australia	100	100	2,565,035	2,564,935
Debt Relief Solutions Pty Ltd ** ^@	Australia	-	-	-	-
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
Fox Symes Business Services Pty Ltd ***^	Australia	100	-	100	-

* Acquired 30 July 2002
** Incorporated 6 March 2003
*** Incorporated 24 June 2005 - the company did not trade in 2005
^ 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

ULTIMATE PARENT ENTITY

FSA Group Ltd is the ultimate parent entity.

	Consolidated Entity		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$

11. PLANT AND EQUIPMENT (NON-CURRENT)

	Consolidated 2005 $	Consolidated 2004 $	Parent 2005 $	Parent 2004 $
Plant and Equipment				
At cost	1,037,875	671,735	113,076	113,076
Accumulated depreciation	(680,484)	(311,422)	(113,076)	(113,076)
	357,391	360,313	-	-
Plant and Equipment under lease				
At cost	-	-	229,452	229,452
Accumulated depreciation	-	-	(229,452)	(229,452)
	-	-	-	-
Total plant and equipment				
At cost	1,037,875	671,735	342,528	342,528
Accumulated depreciation	(680,484)	(311,422)	(342,528)	(342,528)
	357,391	**360,313**	**-**	**-**
Plant & Equipment:				
Movements during year:				
Beginning of the year	360,313	340,040	-	-
Additions	278,186	273,168	-	-
Disposals	-	(2,652)	-	-
Depreciation	(252,005)	(185,253)	-	-
Write downs	(29,103)	(64,990)	-	-
	357,391	**360,313**	**-**	**-**

12. INTANGIBLES (NON-CURRENT)

	Consolidated 2005 $	Consolidated 2004 $	Parent 2005 $	Parent 2004 $
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	1,615,045
Write down to recoverable amount	(1,615,045)	(1,615,045)	(1,615,045)	(1,615,045)
	-	-	-	-
Goodwill	462,673	462,673	-	-
Accumulated amortisation	(203,829)	(117,549)	-	-
	258,844	**345,124**	**-**	**-**

	Consolidated Entity		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$

13. PAYABLES (CURRENT)

Trade creditors - unsecured	319,752	454,355	11,167	9,568
Institutional creditors - unsecured	3,719,678	4,071,862	-	-
Other creditors - unsecured	501,041	830,476	-	-
Intercompany loan – controlled entities	-	-	1,193,568	1,698,075
Notes payable – non-interest bearing	170,000	-	170,000	-
	4,710,471	**5,356,693**	**1,374,735**	**1,707,643**

14. INTEREST-BEARING LIABILITIES (CURRENT)

Convertilble Note facliity - unseured:				
- director related entities	-	150,000	-	150,000
- other	-	189,000	-	189,000
	-	339,000	-	339,000
Hire Purchase Liability – secured	14,578	-	-	-
	14,578	**339,000**	**-**	**339,000**

Hire purchase liabilities are secured over their underlying assets.

15. PROVISIONS (CURRENT)

Employee entitlements	143,984	88,905	-	-
Provision for Institutional Creditor Payments	262,484	421,750	-	-
	406,468	**510,655**	**-**	**-**

16. INTEREST-BEARING LIABILITIES (NON-CURRENT)

Hire Purchase Liability – secured	42,909	-	-	-

Hire purchase liabilities are secured over their underlying assets.

17. DEFERRED INCOME TAX LIABILITIES (NON-CURRENT)

Provision for deferred income tax	997,455	1,159,308	997,455	1,159,308

	Consolidated entity 2005 $	2004 $

18. CONTRIBUTED EQUITY

(a) Issued and paid up capital

	2005 $	2004 $
87,134,947 ordinary shares fully paid	9,600,899	9,450,899

(b) Movements in securities on issue
Movements in ordinary shares on issue

	2005 $	2004 $
Balance at beginning of period	9,430,066	9,419,649
Issued during the period:		
On 21 August 2003, 206,594 ordinary shares issued in accordance with an executive service contract (CEO)	-	10,417
Conversion of 750,000 (Seco) Convertible Notes into 750,000 ordinary shares and 1,500,000 listed 20 cent options, exercisable on or before 31 December 2005	150,000	-
Balance at 30 June 2005, 87,134,947 ordinary shares fully paid (30 June 2004: 86,384,947)	**9,580,066**	**9,430,066**

Movements in $0.20 options exercisable on or before 31 December 2005 on issue

	2005 $	2004 $
Balance at beginning of period	20,833	20,833
Issued during the period: Conversion of 750,000 (Seco) Convertible Notes into 750,000 ordinary shares and 1,500,000 listed 20 cent options, exercisable on or before 31 December 2005	-	-
Balance at 30 June 2005, 24,623,334 options (30 June 2004: 23,123,334)	**20,833**	**20,833**
Total balance at the end of the period	**9,600,899**	**9,450,899**

(c) Movements in number of securities on offer since 30 June 2004 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 2004	86,384,947	23,123,334	25,000,000
Conversion of 750,000 (Seco) Convertible Notes into 750,000 ordinary shares and 1,500,000 listed 20 cent options, exercisable on or before 31 December 2005	750,000	1,500,000	-
Balance as at 30 June 2005 (and date of this report)	**87,134,947**	**24,623,334**	**25,000,000**

(c) Movements in number of securities on offer since 30 June 2004 to the date of this report (Cont'd)

	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 ESOP options exercisable on or before 24 November 2006
Balance at 30 June 2004	473,333	677,566	400,000
Options forfeited	(200,000)	(230,000)	(150,000)
Securities issued to employees and external consultants	-	-	-
Balance as at 30 June 2005 (and date of this report)	**273,333**	**447,566**	**250,000**

(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.

19. ACCUMULATED LOSSES & TOTAL EQUITY

	Consolidated Entity 2005 $	Consolidated Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
(a) Accumulated Losses				
Balance at the beginning of period	(6,311,481)	(7,516,962)	(8,025,771)	(7,107,885)
Net profit/(loss) attributable to members of FSA Group Limited	1,302,008	1,205,481	261,778	(917,886)
Total available for appropriation	(5,009,473)	(6,311,481)	(7,763,993)	(8,025,771)
Dividends provided for or paid	-	-	-	-
Balance at end of period	**(5,009,473)**	**(6,311,481)**	**(7,763,993)**	**(8,025,771)**
(b) Total Equity				
Balance at beginning of period	3,139,418	1,923,520	1,425,128	2,332,597
Net Profit / (Loss) recognised in the Statement of Financial Performance	1,302,008	1,205,481	261,778	(917,886)
Transactions with owners as owners: - contributions of equity	150,000	10,417	150,000	10,417
Transaction costs arising from the issue of shares	-	-	-	-
Balance at end of period	**4,591,426**	**3,139,418**	**1,836,906**	**1,425,128**

	Consolidated Entity		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$

20. NOTES TO STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

Cash balance comprises:

Cash on hand	2,827,112	2,147,874	-	70,670
Deposits	2,313,980	2,155,848	2,313,980	2,155,848
	5,141,092	**4,303,722**	**2,313,980**	**2,226,518**

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

Profit/(loss) from ordinary activities after tax	1,302,008	1,205,481	261,778	(917,886)
Add back/(deduct) items not involving cash flows:				
Depreciation of non-current assets	252,005	185,253	-	-
Amortisation of goodwill	86,280	86,280	-	-
Write down and loss on disposal on Plant & Equiptment	29,103	67,642	-	-
(Gain) on sale of investments - listed securities	-	(30,149)	-	(30,149)
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables	391,215	(996,487)	-	31,713
(Increase)/decrease in other non-current assets	(313,600)	-	-	-
(Increase)/decrease in other current assets	(94,979)	33,472	-	5,043
(Decrease)/increase in trade and other creditors	(816,222)	329,154	(502,024)	916,261
(Decrease)/increase in employee entitlements	55,079	5,466	-	-
(Decrease)/increase in other liabilities	194,963	2,150,644	346,708	10,417
Net cash outflows from operating activities	**1,085,852**	**3,036,756**	**106,462**	**15,399**

(c) Non-cash Financing and Investing Activities

During the period the Company acquired assets by way of hire purchase. The costs of these assets was $58,103.

	Consolidated Entity		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
(d) Financing facilities available				
At balance date, the following financing facilities had been negotiated and were available:				
Total facilities				
- Convertible Notes (see Note 30)	170,000	339,000	170,000	339,000
Facilities used at balance date:				
- Convertible Notes	170,000	339,000	170,000	339,000
Facilities unused at balance date:				
- Convertible Notes	-	-	-	-

21. EXPENDITURE COMMITMENTS

(a) Lease expenditure commitments

	Consolidated Entity 2005 $	Consolidated Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
(i) Operating leases (non-cancellable):				
Minimum lease payments				
– not later than one year	362,060	178,582	-	-
– later than one year and not later than five years	1,962,127	-	-	-
– later than five years	-	-	-	-
	2,324,187	178,582	-	-
(ii) Hire purchase liability:				
– not later than one year	18,481	-	-	-
– later than one year and not later than five years	47,557	-	-	-
– later than five years	-	-	-	-
Total minimum lease payments	66,038	-	-	-
– future finance charges	(8,551)	-	-	-
Lease liability	57,487	-	-	-
– Current liability	14,578	-	-	-
– Non-current liability	42,909	-	-	-
	57,487	-	-	-

	Consolidated Entity		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$

22. EMPLOYEE BENEFITS

(a) Employee benefits

The aggregate employee liability is comprised of:

	2005 $	2004 $	2005 $	2004 $
Accrued wages and salaries	32,838	9,062	-	-
Provisions (current)	143,984	88,905	-	-
	176,822	97,967	-	-

At balance date the Consolidated Entity had 69 full time employees (2003: 37)

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

ESOP 10c options (issued 10 June 2003)	2005 Number of Options	2004 Number of Options	Weighted average exercise price
Balance at beginning of period	473,333	733,333	10 cents
- granted	-	-	10 cents
- forfeited	(200,000)	(260,000)	10 cents
- exercised	-	-	
Balance at end of period	273,333	473,333	10 cents
Exercisable at end of period	273,333	236,666	

22. EMPLOYEE BENEFITS (Cont)

ESOP 10c options (issued 24 November 2003)	2005 Number of Options	2004 Number of Options	Weighted average exercise price
Balance at beginning of period	400,000	-	10 cents
- granted	-	550,000	10 cents
- forfeited	(150,000)	(150,000)	10 cents
- exercised	-	-	
Balance at end of period	250,000	400,000	10 cents
Exercisable at end of period	125,000	-	

Total ESOP 10c options (issued all dates)	2005 Number of Options	2004 Number of Options	Weighted average exercise price
Balance at beginning of period	873,333	733,333	10 cents
- granted	-	550,000	10 cents
- forfeited	(350,000)	(410,000)	10 cents
- exercised	-	-	
Balance at end of period	523,333	873,333	10 cents
Exercisable at end of period	398,333	236,666	

23. 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.

In October 2004, the Company successfully applied for an order that the Statement of Claim be struck out in its entirety. The court also dismissed the proceedings which had been commenced against Debt Relief Services Pty Ltd.

The ACCC subsequently applied to the court for permission to file a Further Amended Statement of Claim. The Company's lawyers considered that certain paragraphs in the proposed further court document were defective and successfully objected to those paragraphs. As a result, although the court gave the ACCC permission to file a Further Amended Statement of Claim, that permission was conditional upon the removal of the paragraphs to which the Company's lawyers objected.

Net legal costs of $44,416 were incurred in 2005 defending the allegations. Further significant expenditure on legal fees may be incurred as the Company continues to defend the action. Further, as with any legal proceedings, there is inherent uncertainty about any prospect of a positive outcome. A negative outcome may lead to further legal expenses and/or penalties imposed by the ACCC.

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.

24. EARNINGS PER SHARE

	2005	2004
Basic earnings per share (cents per share)	1.51	1.40
Diluted earnings per share (cents per share)	1.43	1.38
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	86,469,194	86,356,080
Dilution effect of convertible notes	4,570,753	4,598,233
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share	91,039,947	90,954,313
Earnings used in the calculation of basic earnings per share	$1,302,008	$1,205,481
After tax interest expense attributable to convertible notes	-	$49,868
Earnings used in the calculation of diluted earnings per share	$1,302,008	$1,255,349

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

25. SUBSEQUENT EVENTS

There have been no events since the end of the financial year that impact upon the financial report as at 30 June 2005.

26. AUDITORS' REMUNERATION

	Consolidated Entity		Parent Entity	
	2005 $	2004 $	2005 $	2004 $
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	60,000	68,200	-	-
- other services (taxation) in relation to the entity and any other entity in the Consolidated Entity	29,041	35,000	-	-
	89,041	**103,200**	**-**	**-**

27. DIRECTOR AND EXECUTIVE DISCLOSURES

Information about the remuneration of Directors and Executives which is currently required under Section 300A of the Corporations Act and under Accounting Standard AASB 1046 “Directors and Executives Disclosures by Disclosing Entities” is included in the Remuneration Report within the Director’s Report. The Company has taken the relief provided by Corporations Amendments Regulations 2005 (No. 4) released on 5 July 2005.

(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

Nino Eid	Refinance Manager
Julie Sarieddine	Lending Manager
Andrew Aravanis	Audit Manager
Barry Turner	Operations Manager
Duncan Cornish	Company Secretary and Finance Manager

(b) Option holdings of Specified Directors and Specified Executives

	Balance at 1 July 2004	Granted as remuneration	Options Exercised	Net Change Other	Balance at 30 June 2005	Vested at 30 June 2005		
						Total	Not Exercisable	Exercisable
ESOP Options Specified Executives								
Nino Eid	100,000	-	-	-	100,000	100,000	50,000	50,000
Julie Sarieddine	-	-	-	-	-	-	-	-
Andrew Aravanis	60,000	-	-	-	60,000	60,000	-	60,000
Barry Turner	163,333	-	-	-	163,333	163,333	-	163,333
Duncan Cornish	-	-	-	-	-	-	-	-
Total	**323,333**	**-**	**-**	**-**	**323,333**	**323,333**	**50,000**	**273,333**

	Balance at 1 July 2004	Granted as remuneration	Options Exercised	Net Change Other	Balance at 30 June 2005
Options ($0.20 @ 31-Dec-05)					
Specified Directors					
Sam Doumany	-	-	-	-	-
Tim Odillo Maher	2,400,000	-	-	750,000	3,150,000
Deborah Southon	2,400,000	-	-	750,000	3,150,000
Fletcher Quinn	253,334	-	-	-	253,334
Specified Executives					
Nino Eid	-	-	-	-	-
Julie Sarieddine	-	-	-	-	-
Andrew Aravanis	120,000	-	-	-	120,000
Barry Turner	40,000	-	-	-	40,000
Duncan Cornish	3,333	-	-	-	3,333
Total	**5,216,667**	**-**	**-**	**1,500,000**	**6,716,667**
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**

(c) Shareholdings of specified directors and specified executives

Shares held in FSA Group Limited (number)	Balance at 1 July 2004	Granted as remuneration	Options Exercised	Net Change Other	Balance at 30 June 2005
Specified Directors					
Sam Doumany	-	-	-	-	-
Tim Odillo Maher	17,120,512	-	-	375,000	17,495,512
Deborah Southon	12,571,533	-	-	375,000	12,946,533
Fletcher Quinn	5,750,560	-	-	(537,422)	5,213,138
Specified Executives					
Nino Eid	-	-	-	-	-
Julie Sarieddine	-	-	-	-	-
Andrew Aravanis	60,000	-	-	-	60,000
Barry Turner	20,000	-	-	-	20,000
Duncan Cornish	717,688	-	-	-	717,688
Total	**36,240,293**	**-**	**-**	**212,578**	**36,452,871**

(d) Loans to specified directors and specified executives

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

(e) 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. 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 2004**	**Drawdown**	**Repayment**	**Conversion**	**Balance 30 June 2005**
Specified Directors					
Sam Doumany	-	-	-	-	-
Tim Odillo Maher	75,000	-	-	(75,000)	-
Deborah Southon	75,000	-	-	(75,000)	-
Fletcher Quinn	-	-	-	-	-
Total	**150,000**	**-**	**-**	**-**	**-**

No interest was paid to the Specified Directors on the above convertible notes during the period (2004: $19,200).

There were no other transactions or balances with specified directors or specified executives during the period.

28 RELATED PARTY DISCOSURES

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

a) Transactions with Directors and Director-Related Entities

(i) Mr Fletcher Quinn (a director), is a director of Sirocco Broadband Pty Ltd. Sirocco Broadband Pty Ltd provided broadband services to the Company. The Company paid $23,441 for the provision of broadband services to Sirocco Broadband Pty Ltd during the year. The services were based on normal commercial terms and conditions.

(ii) Mr Tim Odillo Maher (a director), is a director and majority shareholder of 180 Group Pty Ltd. 180 Group Pty Ltd rented office space from the Company during the period. 180 Group Pty Ltd paid $34,227 for office rental to the Company during the year. The rental was based on normal commercial terms and conditions.

(b) Share and Option transactions of Directors and Director-Related Entities are shown in the Remuneration Report within the Directors Report and in Note 27.

29 FINANCIAL INSTRUMENTS

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

Trade Receivables – Trade receivables 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 payables 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 2005, had $170,000 owing. The convertible note facilities currently in place expired on 24 June 2004. The Noteholders have the ability 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. 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 2005 $	Fixed interest rate 2005 $	Non-interest bearing 2005 $	Total carrying amount as per the balance sheet 2005 $	Weighted average effective interest rate 2005 %
(i) Financial assets					
Cash	2,827,112	2,313,980	-	5,141,092	4.17%
Otherf financial assets	-	313,600	-	313,600	5.24%
Trade receivables	-	-	4,850,826	4,850,826	
Total financial assets	2,827,112	2,627,580	4,850,826	10,305,581	
(ii) Financial liabilities					
Trade creditors	-	-	319,752	319,752	
Institutional creditors	-	-	3,719,678	3,719,678	
Other creditors	-	-	501,041	501,041	
Hire purchase liabilities	-	57,487	-	57,487	7.60%
Convertible Note - unsecured	-	-	170,000	170,000	
Total financial liabilities	-	57,487	4,710,471	4,767,958	
Net financial assets / (liabilities)	2,827,112	2,570,093	140,355	5,537,560	

29 FINANCIAL INSTRUMENTS (Cont'd)

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 2004, were 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	

(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 SEGMENT INFORMATION

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

- Debt relief services
- Refinance broking

The Company operates in one geographical segment being Australia.

Business segment Revenue and Results

	Debt relief services 2005	Debt relief services 2004	Refinance Broking 2005	Refinance Broking 2004	Other 2005	Other 2004	Consolidated Total 2005	Consolidated Total 2004
Revenue								
External sales	11,933,034	13,053,541	1,989,075	604,031	256,092	264,076	14,178,201	13,921,648
Internal sales	-	-	-	-	4,154,293	4,230,562	4,154,293	4,230,562
Eliminations	-	-	-	-	(4,154,293)	(4,230,562)	(4,154,293)	(4,230,562)
Total Revenue							**14,178,201**	**13,921,648**
Results								
Segment profit	1,876,554	2,278,795	504,300	64,361	-	-	2,380,854	2,343,157
Unallocated loss	-	-	-	-	-	-	(1,078,846)	(1,137,676)
Net Profit							**1,302,008**	**1,205,481**

All segment assets and liabilities belong to the Debt Relief Services business segment.

31 IMPACTS OF ADOPTING AUSTRLAIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

FSA Group Ltd is in the process of transitioning its accounting policies and financial reporting from current Australian Accounting Standards (AGAAP) to Australian equivalents of International Financial Reporting Standards (AIFRS) which will be applicable for the financial year ended 30 June 2006. In 2005, the Company allocated internal resources and engaged expert consultants to conduct impact assessments to identify key areas that would be impacted by the transition to AIFRS. As a result FSA Group's Audit Committee addressed each of the areas in order of priority. Priority has been given to the preparation of an opening balance sheet in accordance with AIFRS as at 1 July 2004, FSA Group Ltd's transition date to AIFRS. This will form the basis of accounting for AIFRS in the future, and is required when FSA Group prepares its first fully AIFRS compliant financial report for the year ended 30 June 2006.

Set out below are the key areas where accounting policies are expected to change on adoption of AIFRS and our best estimate of the quantitative impact of the changes on total equity as at the date of transition and 30 June 2005 and on net profit for the year ended 30 June 2005.

The figures disclosed are management's best estimates of the quantitative impact of changes as at the date of preparing the 30 June 2005 financial report. The actual effects of transition to AIFRS may differ from the estimates disclosed due to (a) ongoing work being undertaken by the Audit Committee; (b) potential amendments to AIFRSs and Interpretations thereof being issued by the standard-setters; and (c) emerging accepted practice in the interpretation and application of AIFRS and UIG Interpretations.

(a) Reconciliation of equity as presented under AGAAP to that under AIFRS

There were no changes to balances as at the date of transition (1 July 2004).

Reconciliations of equity as presented under AGAAP to that under AIFRS as at 30 June 2005 are set out in Table 1.

(b) Reconciliation of net profit under AGAAP to that under AIFRS

		Consolidated Entity	
		2005	2004
	Note	$	$
Net profit as reported under AGAAP		**1,302,008**	**1,205,481**
Write back of amortisation expense	1	86,280	-
Net profit under AIFRS		**1,388,288**	**1,205,481**

(c) Restated AIFRS Statement of Cash Flows for the period ended 30 June 2005

No material impacts are expected to the cashflows presented under AGAAP on adoption of AIFRS.

(d) Further key differences

Further key differences in accounting policy that have arisen or may arise from the adoption of AIFRS are listed below:

31 IMPACTS OF ADOPTING AUSTRLAIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Cont'd)

Income Tax

AASB 112: 'Income Taxes' 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 will be no impact on the transition to AIFRS.

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.

Business Combinations

The Company has elected under AASB 1: 'First Time Adoption of Australian Financial Reporting Pronouncements', not to apply AASB 3: 'Business Combinations', retrospectively.

Operating Leases

AASB 117: 'Leases', requires operating lease income to be recognised on a straight line basis over the lease term, unless another systematic basis is more reflective of the time pattern in which the benefit derived from the asset is diminished. No material impact is expected under the transition to AIFRS for the year ended 30 June 2005.

Share Based Payments

AASB 2 "Share Based Payments" requires that employee share options as part of their remuneration packages under the employee share option plan 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 income statement. 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. No material impact is expected under the transition to AIFRS for the year ended 30 June 2005.

Table 1

Reconciliation of equity as presented under AGAAP to that under AIFRS as at 30 June 2005

	Notes	AGAAP 30 June 2005 $	AIFRS 1 July 2004 Adjustments $	AIFRS FY 2005 Adjustments $	AIFRS 30 June 2005 $
CURRENT ASSETS					
Cash assets		5,141,092	-	-	5,141,092
Receivables		4,886,750	-	-	4,886,750
Other		220,264	-	-	220,264
Total Current Assets		10,248,106	-	-	10,248,106
NON-CURRENT ASSETS					
Receivables		253,039	-	-	253,039
Plant and equipment		357,391	-	-	357,391
Other Financial Assets		313,600	-	-	313,600
Deferred Tax Benefit		365,432	-	-	365,432
Intangibles	1	258,844	-	86,280	345,124
Total Non-Current Assets		1,548,306	-	86,280	1,634,586
TOTAL ASSETS		**11,796,412**	**-**	**86,280**	**11,882,692**
CURRENT LIABILITIES					
Payables		4,710,471	-	-	4,710,471
Tax Liabilities		1,033,105	-	-	1,033,105
Interest-bearing liabilities		14,578	-	-	14,578
Provisions		406,468	-	-	406,468
Total Current Liabilities		6,164,622	-	-	6,164,622
NON-CURRENT LIABILITIES					
Interest-bearing liabilities		42,909	-	-	42,909
Deferred Income Tax Liabilities		997,455	-	-	997,455
Total Non-Current Liabilities		1,040,364	-	-	1,040,364
TOTAL LIABILITIES		**7,204,986**	**-**	**-**	**7,204,986**
NET ASSETS		**4,591,426**	**-**	**86,280**	**4,677,706**
EQUITY					
Contributed equity		9,600,899	-	-	9,600,899
Accumulated losses	1	(5,009,473)	-	86,280	(4,923,193)
TOTAL EQUITY		**4,591,426**	**-**	**86,280**	**4,677,706**

Note

1.Intangible Assets

AASB 138: 'Intangible Assets' generally requires derecognition of all items that do not qualify as identifiable intangible assets. The transition rules allow items that where purchased as part of a business combination and do not qualify as an identifiable intangible asset to be transferred back to the related goodwill balance. Amortisation of goodwill will no longer be permitted under the new standard. At the date of adoption of AIFRS, goodwill will be allocated to cash generating units of the Combined Group and will be impairment tested on initial adoption of IFRS and annually thereafter. Any necessary impairment write down in relation to goodwill will be expensed through the statement of financial performance. The company has elected under AASB 1: 'First Time Adoption of Australian Financial Reporting Pronouncements', not to apply AASB 138: 'Intangible Assets', retrospectively. The balance of goodwill at 1 July 2004 is $345,124. Amortised goodwill for the year ended 30 June 2005 of $86,280 is to be reversed under AIFRS. There is no impairment of goodwill in the current year.

11 DIRECTOR'S 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 2005 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.

The Chief Executive Officer and Chief Financial Officer have each declared that:

(a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

(b) the financial statements and accompanying notes for the financial year comply with the Accounting Standards; and

(c) the financial statements and accompanying notes for the financial year give a true and fair view.

On behalf of the Board

Tim Odillo Maher
Director

Sydney
29 September 2005

INDEPENDENT AUDIT REPORT

To the members of FSA Group Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statements of financial position, statements of financial performance, statements of cash flows, accompanying notes to the financial statements, and the directors' declaration for FSA Group Limited and the consolidated entity for the year ended 30 June 2005. 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.

Disclosure of Information about Director and Executive Remuneration

In accordance with Corporations Regulations 2001, the company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), as required by Accounting Standard AASB 1046 Director and Executive Disclosures by Disclosing Entities, under the heading "remuneration report" in pages 10 to 16 of the directors' report. The directors of the parent entity are responsible for the information contained in the remuneration disclosures. The remuneration report also contains other information that is not required by Accounting Standard AASB 1046, which is not subject to our audit.

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 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 2005 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.

(c) The remuneration disclosures required by Accounting Standard AASB 1046, which are contained in pages 10 to 16 of the remuneration report in the directors' report comply with that standard and the Corporations Regulations 2001.

PKF
Chartered Accountants
Brisbane Partnership

J E Frayne
Partner

Dated at the 29th day of September 2005

FSA GROUP LTD

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2005

FSA GROUP LTD

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2005