FSA GROUP LTD

ANNUAL REPORT 2007

CORPORATE INFORMATION

DIRECTORS
Sam Doumany (Chairman)
Tim Odillo Maher
Deborah Southon
Hugh Parsons
Stan Kalinko

COMPANY SECRETARY
Duncan Cornish

REGISTERED OFFICE AND CORPORATE OFFICE
Level 5, 60 Edward Street, Brisbane QLD 4000
Phone: +61 (0)7 3303 0690
Fax: +61 (0)7 3303 0601

PRINCIPAL BUSINESS OFFICE
Level 3, 70 Phillip Street, Sydney NSW 2000
Phone: +61 (0)2 9293 6096
Fax: +61 (0)2 9290 6098

SOLICITORS
Hopgood Ganim
Level 8, Waterfront Place
1 Eagle Street, Brisbane QLD 4000

SHARE REGISTER
Link Market Services Ltd
Level 12, 300 Queen Street, Brisbane QLD 4000
Phone: +61 (0)2 8280 7454

AUDITORS
PKF
Level 6, 10 Eagle Street, Brisbane QLD 4000

COUNTRY OF INCORPORATION
Australia

STOCK EXCHANGE LISTING
Australian Stock Exchange Ltd
ASX Code: FSA

INTERNET ADDRESS
www.fsagroup.com.au

AUSTRALIAN BUSINESS NUMBER
ABN 98 093 855 791

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1 CHAIRMAN'S REPORT

Dear Shareholder,

I am delighted to report the 2007 financial year has been very successful for FSA Group Ltd (FSA Group or the Company).

The Company generated $33.9 million in revenue and achieved a record profit after tax attributable to members of $6.5 million for the 2007 financial year. This represents a 156% increase in profit after tax attributable to members compared with the results of 2006.

Throughout the year, the Company has continued to diversify its product range across the core areas of Personal Debt, Corporate Debt and Lending.

With consumer and small business debt at record levels and the enduring growth in non-conforming lending it is inevitable there will be continued strong demand for our extensive range of debt solutions and direct lending services.

The subsidiary "Fox Symes" retained its position as the leading provider of debt solutions to individuals. It currently administers around 50% of all debt agreements and is the largest individual mortgage broker of non-conforming residential mortgages in Australia, brokering new business to external non-conforming mortgage lenders in excess of $200 million per annum.

The "180 Group" subsidiary is the leading provider of debt solutions to businesses. It maintains a high profile and growing profitability from its core role of providing debt solutions to directors of companies experiencing financial difficulties.

In May 2007, the Company announced it had secured non-recourse funding for its non-conforming residential mortgage lending business with Westpac Banking Corporation committing funding of $210 million. During the 2007 financial year the Company expensed on a pre-tax basis a total of $1.7 million of set-up costs and initial operating losses for this new initiative.

The Company's direct lending services now include mortgage finance, bridging finance and factoring finance. The Company will be launching its inventory finance product in the 2008 financial year. The Company is in discussions with prospective wholesale funders in relation to a significant funding facility for its bridging finance and factoring finance lending activities.

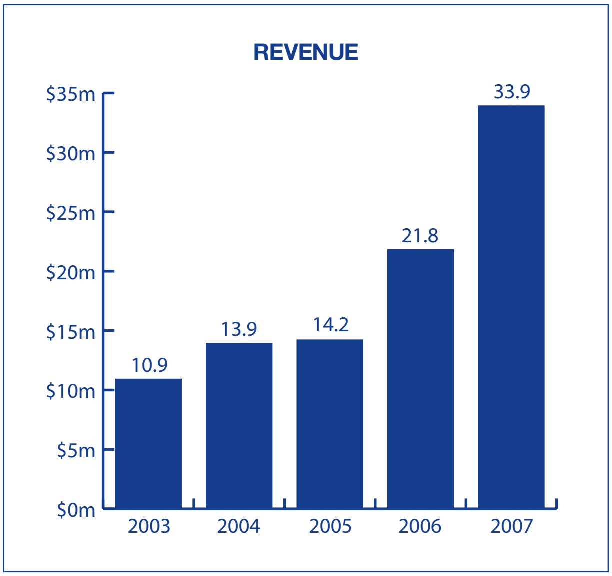
The Company will continue to focus on and invest in the future growth of the business. The Directors have committed to continuing the current policy of retaining otherwise distributable earnings for re-investment in its direct lending services and therefore have not recommended a dividend.

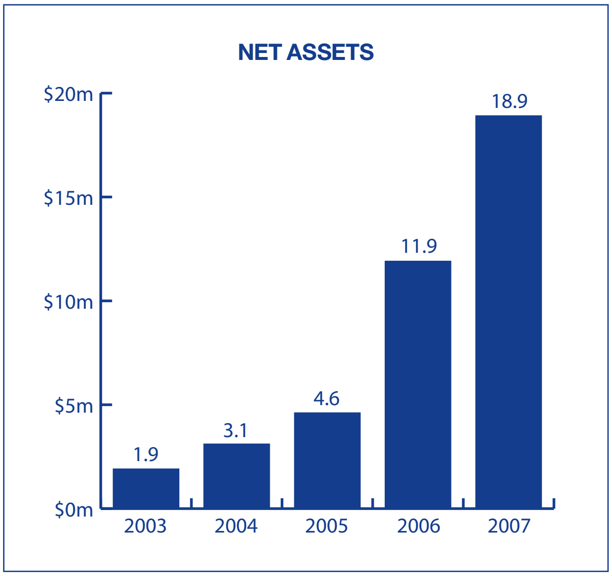
I am delighted to welcome Stan Kalinko to join the Board as a Non-Executive Director. Mr. Kalinko has spent over 40 years as a practising solicitor and for the last 16 years was a partner of Deacons, a national and international law firm.

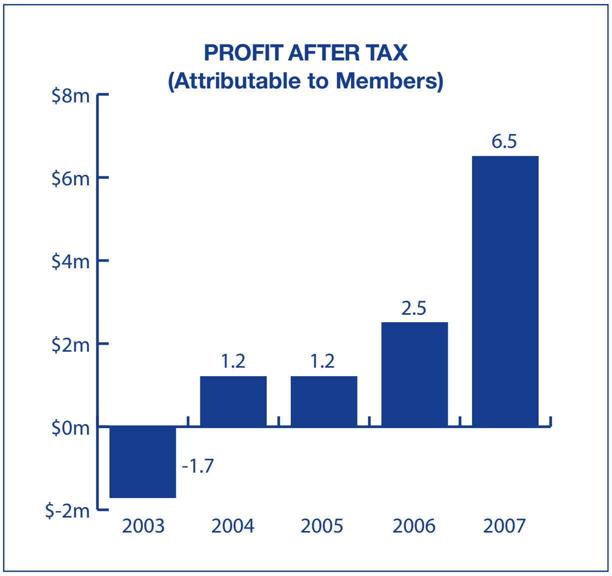
I am confident of continued substantial growth for the Company in the financial year ahead and would like to conclude with my sincere appreciation to my fellow directors, all our executives and staff for their contribution to the successes of the current year.

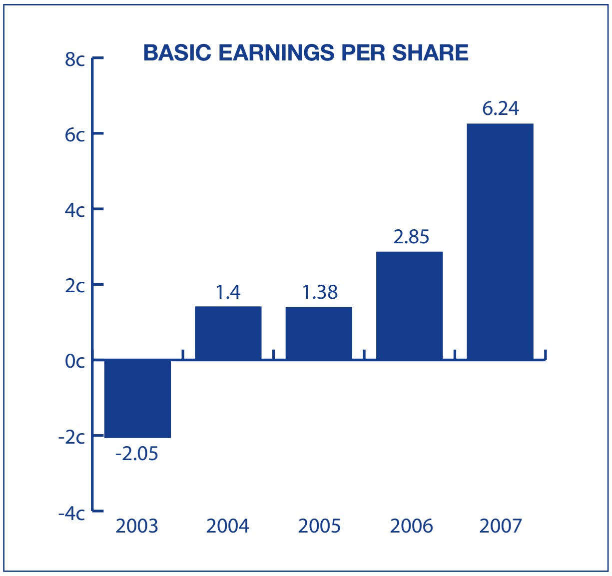
Sam Doumany
Chairman

2 FINANCIAL HIGHLIGHTS









3 REVIEW OF OPERATIONS

BACKGROUND TO THE COMPANY

For many years the Company has been the leading provider of debt solutions to individuals and businesses in Australia. It has retained and built on this position through a deliberate and strategic roll out of additional products and services.

Each core area of the Company has increased its product range and this process will continue as the Company strives to provide a comprehensive range of products and services to meet client needs.

PERSONAL DEBT

The subsidiary "Fox Symes" is the leading provider of debt solutions to individuals in Australia. The key solutions which the Company offers to indebted individuals are:

- A Debt Agreement
- Mortgage Finance
- A Personal Insolvency Agreement
- Bankruptcy

Not all individuals can rely upon or require the above solutions. The Company can assist other individuals through additional debts solutions including:

- Budgeting Assistance
- Advocating with the Primary Creditor
- Referral to an Independent Financial Counsellor
- Assisting with the structure of an Informal Agreement
- Securing a Consolidation Loan

The Company can also provide ancillary solutions for individuals who may or may not be in debt but who have a demand for additional services. At this stage the Company offers:

- Financial Planning
- Taxation Services

Debt Agreement

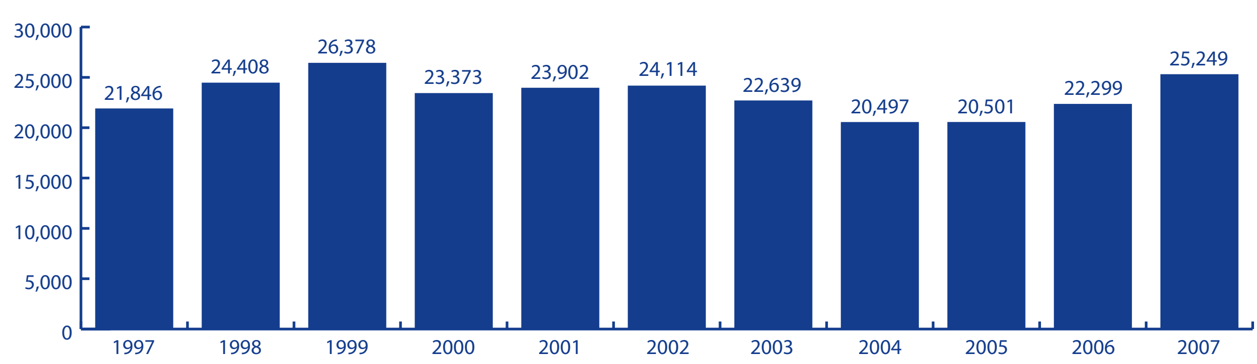
A debt agreement, which was introduced into the Bankruptcy Act in 1996, is a simple way for an indebted individual to come to an arrangement with their creditors. It is also an alternative to going bankrupt.

Since debt agreements were introduced in 1996 as a remedy to address individual indebtedness there has been a steady growth in number of individuals relying upon them. A debtor who relies upon a debt agreement engages in a disciplined and rehabilitative process which, in addition to repaying all or a portion of their debts, attempts to identify and resolve the underlying problem which resulted in the debt problem.

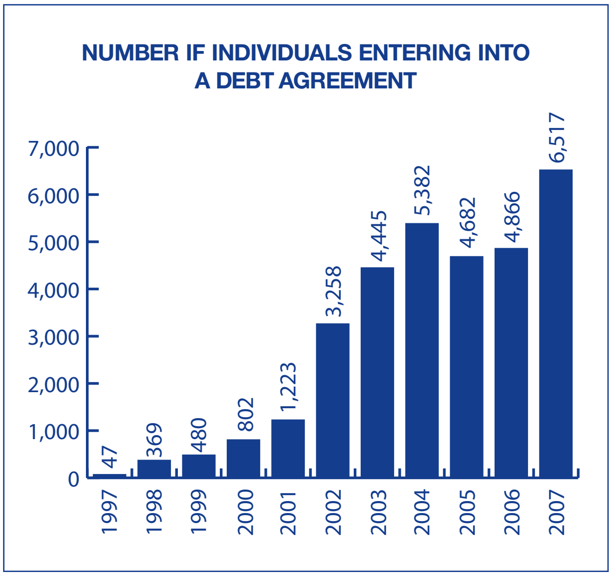
Unlike most consumer bankruptcy, servicing a debt agreement requires discipline and commitment.

The Company is the largest provider of debt agreements in Australia and currently administers around 50% of all debt agreements.

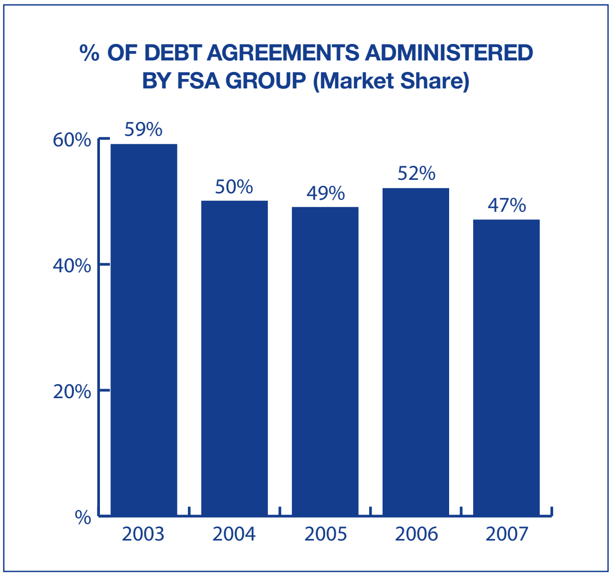
NUMBER OF INDIVIDUALS ENTERING INTO BANKRUPTCY



Source: Insolvency and Trustee Service Australia



Source: Insolvency and Trustee Service Australia

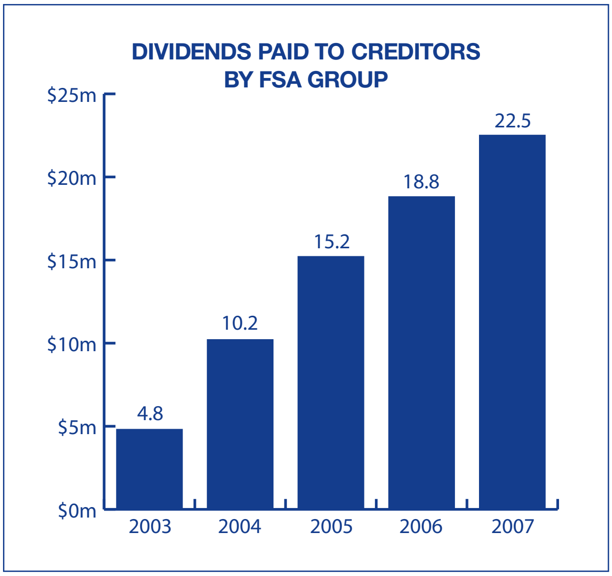


Source: Insolvency and Trustee Service Australia

Creditors play a pivotal role in the debt agreement process. When a debt agreement proposal is submitted by the debtor the majority in value of creditors who are party to that proposal must vote to accept the terms of arrangement and to appoint the Company, if nominated, to act as the administrator of that agreement.

Creditors benefit significantly from the dividends yielded in debt agreements compared with other formal individual insolvency solutions. In debt agreements a significantly lower portion of funds recovered is absorbed in fees and expenses.

Over the past five financial years the Company has made dividend payments under debt agreements to creditors of $71.5 million.



DIVIDEND RETURNS
BANKRUPTCIES VS DEBT AGREEMENTS

Item	Bankruptcies Administered by ITSA	Debt Agreements Administered by FSA Group
3 year cases - compounding average	**58,000**	**8,000**
Dividends paid to creditors - Financial 2006	**$13.1m**	**$18.8m**
Dividends paid to creditors - Financial 2007	**Not yet available**	**$22.5m**

Mortgage Finance

The Company is the largest individual mortgage broker of non-conforming residential mortgages in Australia, brokering new business to external non-conforming mortgage lenders in excess of $200 million per annum.

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

A non-conforming borrower may have one or more of the following characteristics:

- Contract, casual or seasonal worker
- Self-employed
- Credit impaired
- Needs to consolidate debts
- Refinancing or investing

Personal Insolvency Agreements and Bankruptcy

The Company acquired an interest in the business of a Registered Trustee in Bankruptcy. This acquisition allows the Company to assist internally those debtors who may require the services of a controlling trustee or a bankruptcy trustee should creditors require it. It is a logical complement to the debt solution core business.

Budgeting Assistance, Primary Creditor and Independent Financial Counsellor

The Company endeavours to provide a solution to each person who contacts it. In some instances the actual solution provider will be external to the Company.

Many debtors who call the Company can be, and are, referred back to their primary creditors because they are most appropriately positioned to assist. The solution may include a restructuring of the debtor's finances through a consolidation loan or the relief offered through the hardship provision of the primary creditor.

On occasions the most practical and pragmatic assistance for the debtor may be the assistance of a financial counsellor. In these instances the Company will refer the debtor to the relevant financial counselling agency.

For some debtors the key to a healthy financial future can be achieved through the discipline imposed by structuring a household budget and sticking to it. Where this is the most appropriate solution the Company will assist the debtor by providing that budgeting assistance.

Informal Agreements and Consolidation Loans

The Company reviews and prepares on behalf of debtors offers to creditors as an alternative to a formal arrangement. Additionally, it acts as an introducer of debtors to banks and finance companies.

Financial Planning and Taxation Services

The Company has a strategy of building a long-term relationship with its clients. Even though the Company's primary role is to assist the client with their debts, once a client has resolved their debt the Company can then assist to generate savings and build "wealth". In June 2005 the Company established its own financial planning department.

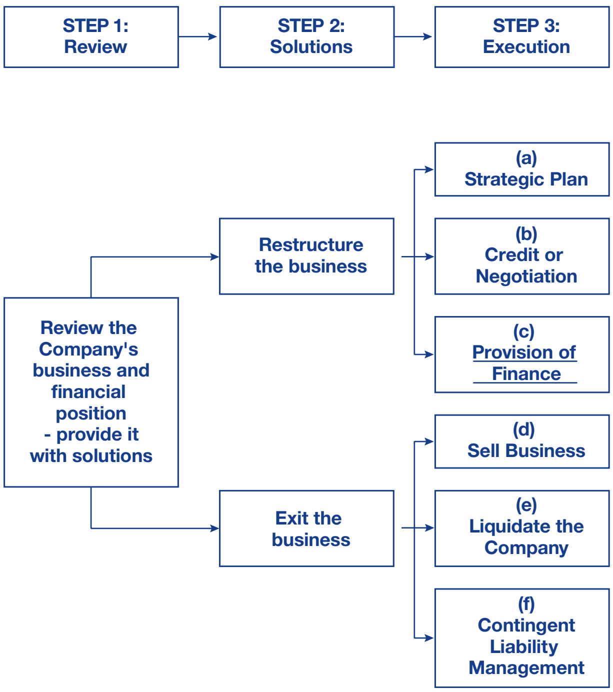
It is also a fact that many clients have outstanding taxation issues or taxation debt. To enhance the Company's long term relationship with its clients it established a taxation services department to assist with outstanding tax matters.

CORPORATE DEBT

The subsidiary "180 Group" is the leading provider of debt solutions to businesses in Australia. The primary target client company assisted by the Company normally has an annual revenue of less than $3 million. The role the Company fulfils is to review the client company's business performance and, based on the evidence ascertained, present the directors of the client company with a range of solutions to address and resolve the underlying issues.

3 REVIEW OF OPERATIONS

The 180 Group Process is mapped below



The provision of finance plays a critical role in the debt solutions provided by the Company. There is a range of finance solutions for which the Company acts as a broker on behalf of the client company and these are:

- Bridging Finance
- Factoring Finance
- Plant and Equipment Finance
- Mortgage Finance
- Inventory Finance

In addition to acting as a broker of finance, the Company can, where applicable, also be the lender. The Company can provide:

- Mortgage Finance
- Bridging Finance
- Factoring Finance

Lending continues to offer growth opportunities for the Company.

While the Company currently deals mostly with client companies with an annual revenue of less than $3 million the future growth strategy is to start assisting target client companies with revenue greater than $3 million. It has been recognised that a current market opportunity exists in this target group, one that remains untapped. The Company will also develop referral relationships to further compliment and accelerate the existing deal flow.

LENDING

The provision of direct lending services is a major step in the future growth strategy of the Company. The effect of the introduction of direct lending services will allow the Company to:

- Act as principal lender as well as a broker
- Offer more comprehensive solutions directly to its clients
- Create recurring revenue and profit streams

The Company's direct lending services now include:

- Mortgage Finance
- Bridging Finance
- Factoring Finance

The Company will be launching an Inventory Finance product in the 2008 financial year.

Mortgage Finance

In May 2007, the Company announced it had secured non-recourse funding for its non-conforming residential mortgage lending business with Westpac Banking Corporation committing funding of $210 million. The funding facility will enable the Company to act as principal mortgage lender as well as a mortgage broker. This will result in a greater lending margin being captured within the Company rather than being passed on to external non-conforming mortgage lenders.

The entity created is Fox Symes Home Loans Pty Ltd ("FSHL"). The Company owns 100% of FSHL reducing to 90% with the balance of the equity equally shared between Westpac Direct Equity Investments (through an option agreement) and FSHL senior management (through a converting share agreement).

The loan portfolio will be funded through the "Fox Symes Home Loans Warehouse Trust" with Westpac Banking Corporation and the Company committing funding of $210 million and $2 million respectively.

The funding of the "Fox Symes Home Loans Warehouse Trust" is on a non-recourse basis to FSA Group. The maximum capital at risk for FSA Group in the "Fox Symes Home Loans Warehouse Trust" is $2 million, if FSA Group's operating subsidiary does not breach representations and covenants provided by it to Westpac Banking Corporation.

The cost of funds of the"Fox Symes Home Loans Warehouse Trust" is benchmarked to BBSW (Bank Bill Swap Rate) as funding is domestically sourced. FSA Group has no exposure to offshore markets.

The loan portfolio created in the "Fox Symes Home Loans Warehouse Trust" will then be securitised in the capital markets.

Bridging Finance

The Company has established and internally funds its own bridging finance to its business clients. Bridging finance plays an important role in corporate debt solutions. All bridging finance is secured by a registered or registrable mortgage over real property and as secondary security a charge over business assets.

Bridging finance is utilised by borrowers until more suitable finance facilities can be arranged.

Common purposes for which bridging finance is utilised:

- To meet short term working capital requirements
- To satisfy GST, PAYG, superannuation or other statutory payments
- To refinance existing debt
- Other business or investment purposes

The average bridging finance loan is for around $85,000 lent over a period of around four months. The Company's outstanding loan book as at 31 July 2007 for bridging finance was $4.6 million. The Company is planning wholesale lines of credit to further support the growth of bridging finance.

Factoring Finance

Many of the Company's business clients which have gone through an informal or formal reconstruction find it difficult to obtain finance to cash flow their business. Factoring finance becomes a key source of finance for these clients.

The Company, in addition to acting as a broker to factoring financiers for larger transactions, has recently established and internally funds its own factoring finance department. The Company secures its funds against each client's debtors. It can also require a registered or registrable mortgage over real property.

The average factoring finance facility is for around $80,000. The Company's outstanding loan book as at 31 July 2007 for factoring finance was $1.2 million. The Company is planning wholesale lines of credit to further support the growth of factoring finance.

FUTURE DEVELOPMENTS

The Company's recent growth has been achieved due to a deliberate and strategic roll out of additional products and services. Each core area of the Company has increased its product range and this process will continue as the Company strives to provide a comprehensive range of products and services to meet client needs.

The Company will continue to investigate and explore growth opportunities. These may include the acquisition of additional business and the development of additional products.

To ensure that growth opportunities are responsive to client needs the Company has commissioned an extensive survey of current and former clients. A critical component of the survey is to identify the expectations of clients, assess client satisfaction and to establish the need, if any, for additional Company solutions. The information extracted from the survey will be used in future marketing and product development.

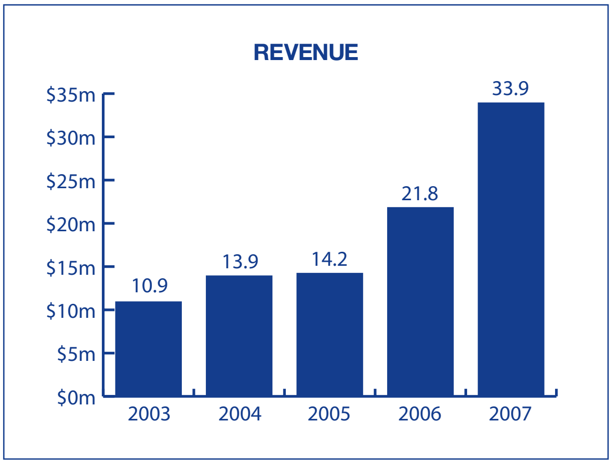
There is a strong and growing demand for bridging finance and factoring finance. This demand has outstripped the Company's capacity to fund internally. As a result the Company is planning wholesale lines of credit to further support the growth of these activities. The Company is in discussions with prospective wholesale funders in relation to a significant funding facility for its bringing finance and factoring finance lending activities.

The Company will continue to grow its direct lending services. One additional product will be Inventory Finance which will be launched in the 2008 financial year. The Company will continue to explore other direct lending services.

The Company will continue to invest in research and development of future opportunities.

REVENUE

The Company generated $33.9 million in revenue for the 2007 financial year. This represents a 55.4% increase in revenue compared with the results of 2006.

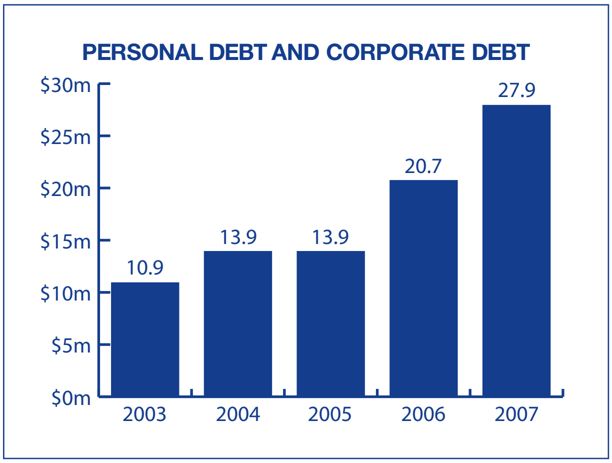


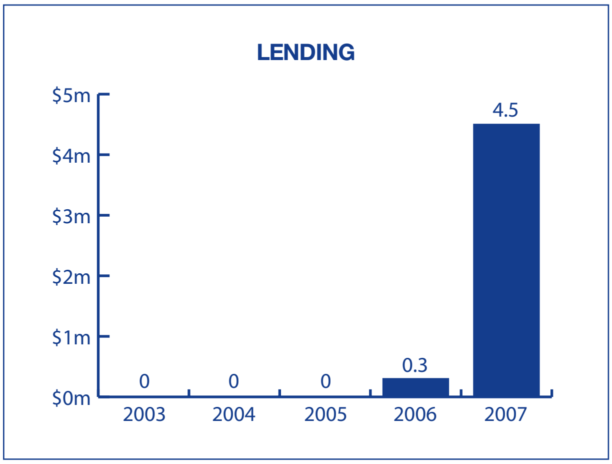
Revenue is broken down by three primary areas as follows:

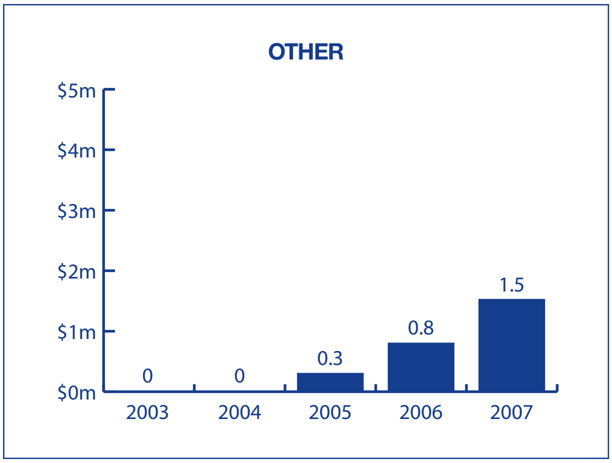
- Personal Debt and Corporate Debt
- Lending
- Other

The growth in revenue for Personal Debt and Corporate Debt over the 2006 and 2007 financial years was due to a deliberate and strategic roll out of additional products and services. Each core area of the Company has increased its product range and this process will continue as the Company strives to provide a comprehensive range of products and services to meet client needs.

The growth in revenue for Lending for the 2007 financial year was due to growth in the loan books of both bridging finance and factoring finance. There is a strong and growing demand for bridging finance and factoring finance and it is important that the Company secures wholesale lines of credit to further support the growth of these activities. The Company should see a strong contribution to revenue from its non-conforming mortgage lending business during the 2008 and 2009 financial years. The Company will be launching an Inventory Finance product in the 2008 financial year.



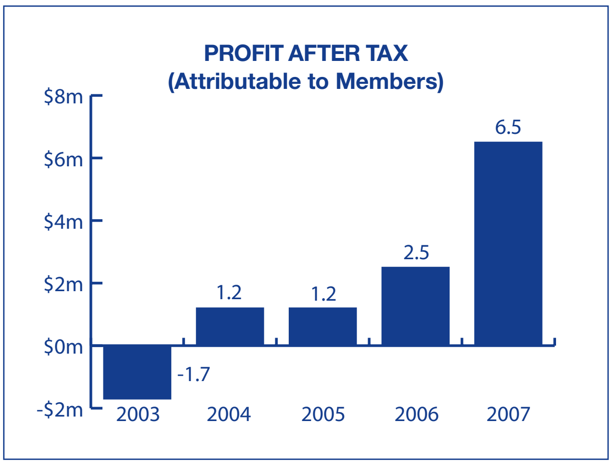




Segment revenue represents revenue exclusive of transactions with other group companies – refer to note 24 Segment Information.

PROFIT AFTER TAX ATTRIBUTABLE TO MEMBERS

The Company achieved a profit after tax attributable to members of $6.5 million for the 2007 financial year. This represents a 156% increase in profit after tax attributable to members compared with the results of 2006.



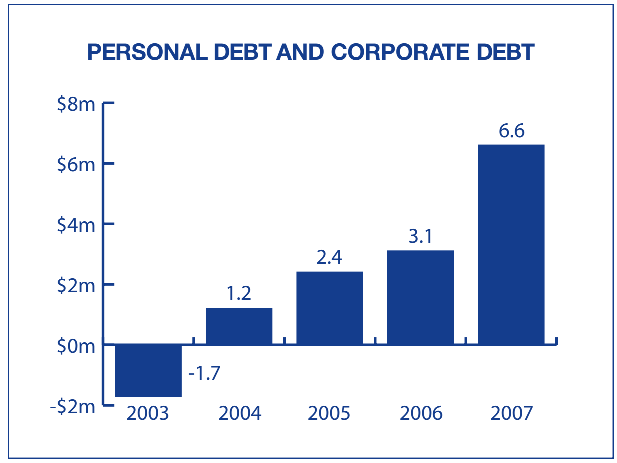
Profit after tax is broken down by three primary areas as follows:

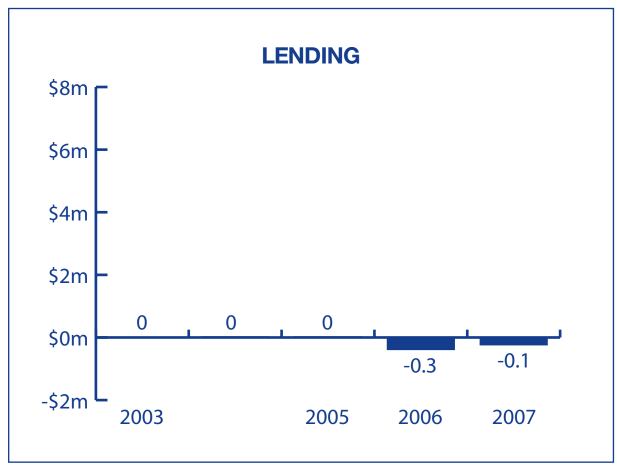
- Personal Debt and Corporate Debt
- Lending
- Other

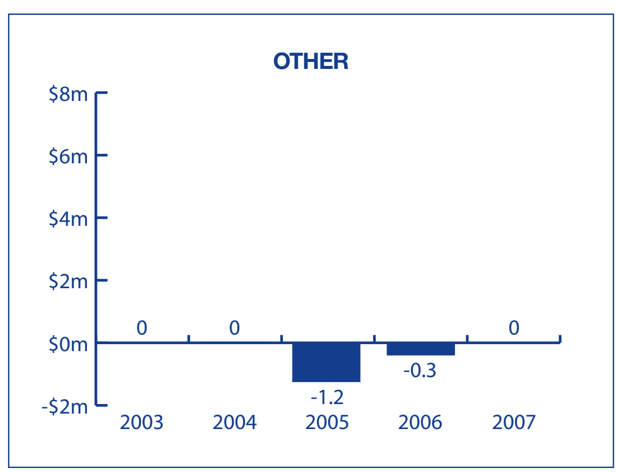
Profitability for Personal Debt and Corporate Debt increased as a result of revenue growth and continually improving collections procedures.

During the 2007 financial year the Company expensed on a pre-tax basis a total of $1.7 million of set-up costs and initial operating losses for its non-conforming residential mortgage lending business. The Company therefore achieved for Lending a "normalised" profit after tax attributable to members of $1.1 million.

The effect of the introduction of direct lending services will allow the Company to capture a greater margin and create recurring revenue and profit streams. The full effect of this initiative will be seen in the 2008 and 2009 financial years.







Segment profits exclude minority interests and represent that portion attributable to members of the parent – refer to note 24 Segment Information.

DIRECTORS' REPORT

Your Directors present their report for the year ended 30 June 2007.

DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are:

- **Sam Doumany**
- **Tim Odillo Maher**
- **Deborah Southon**
- **Hugh Parsons (appointed 1 August 2006)**
- **Stan Kalinko (appointed 9 May 2007)**

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Sam Doumany (Non-Executive Chairman)

Experience and Expertise

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 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.

Other current (listed company) directorships

Nil

Former (listed company) directorships in last 3 years

Nil

Special responsibilities

Member of the Company's Audit Committee

Interest in shares and options

Ordinary Shares	1,000,000
Options ($0.25 @ 31/01/10)	-
Options ($1.00 @ 31/01/10)	-
Convertible Redeemable Preference Shares	-

Tim Odillo Maher (Executive Director)

Experience and Expertise

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.

Other current (listed company) directorships

Nil

Former (listed company) directorships in last 3 years

Nil

Special responsibilities

Nil

Interest in shares and options

Ordinary Shares	32,695,512
Options ($0.25 @ 31/01/10)	-
Options ($1.00 @ 31/01/10)	-
Convertible Redeemable Preference Shares	24

Deborah Southon (Executive Director)

Experience and Expertise

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.

Other current (listed company) directorships

Nil

Former (listed company) directorships in last 3 years

Nil

Special responsibilities

Nil

Interest in shares and options

Ordinary Shares	12,946,533
Options ($0.25 @ 31/01/10)	-
Options ($1.00 @ 31/01/10)	-
Convertible Redeemable Preference Shares	-

Hugh Parsons (Non-Executive Director)

Experience and Expertise

Mr Parsons was appointed on 1 August 2006.

Mr Parsons commenced his career in 1969 working for Coopers & Lybrand in London and overseas.

Between 1972 and 1985 he worked for Binder Hamlyn & Co (in Audit and Banking), became a Partner in 1975 and Sydney Managing Partner and National Executive between 1983 and 1985. Binder Hamlyn & Co merged with Ernst & Whinney in 1985, subsequently Ernst & Young 1985, where he specialised in insurance and banking.

Mr Parsons became the Finance Director of Schroders Australia Group between 1987 to 1992 and between 1992 to 1996 acted as a consultant to Price Waterhouse (in Process Re-Engineering, Banking), including 10 months in Bangkok with Commercial Bank of Siam.

Between 1997 and July 2006 he has been the Executive Director of the Insolvency Practitioners Association. In the same period he was a director of a major overseas corporation.

Mr Parsons holds the following qualifications/memberships: FCA, SA Fin., AICD, AIM, AICM.

Other (listed company) current directorships

Nil

Former (listed company) directorships in last 3 years

Nil

Special responsibilities

Chairman of the Company's Audit Committee

Interest in shares and options

Ordinary Shares	-
Options ($0.25 @ 31/01/10)	500,000
Options ($1.00 @ 31/01/10)	-
Convertible Redeemable Preference Shares	-

Stan Kalinko (Non-Executive Director)

Experience and Expertise

Mr Kalinko was appointed on 9 May 2007.

Mr Kalinko commenced his career in South Africa and spent 20 years as a practising solicitor.

In late 1983, he migrated to Australia and spent 20 years as an associate at Stephen Jaques Stone James, now Mallesons Stephen Jaques.

Between 1985 and1989 he worked as a merchant banker for Kleinwort Benson Australia ("KBA"), a subsidiary of the largest merchant bank in the United Kingdom at the time, until KBA was sold to Security Pacific Ltd. Mr Kalinko continued to work there until 1991.

For 16 years prior to joining the board of FSA, Mr Kalinko was a partner at Deacons, a national and international law firm. He specialised primarily in corporate and commercial law, focussing on mergers and acquisitions, management buy-outs and joint ventures, and advising Company Directors and Underwriters on capital raisings.

He spent 8 years on the board of Deacons in Sydney, 3 years on their national board and 10 years as the business unit leader of their Banking and Finance Practice Group.

Mr Kalinko retired from Deacons on 30 June 2007.

Mr Kalinko is a Fellow of the Australian Institute of Company Directors and has Bachelor of Commerce, Bachelor of Law, and Higher Diploma in Tax Degrees. He is also an accredited mediator.

Other (listed company) current directorships

Nil

Former (listed company) directorships in last 3 years

Nil

Special responsibilities

Member of the Company's Audit Committee

Interest in shares and options

Ordinary Shares	-
Options ($0.25 @ 31/01/10)	-
Options ($1.00 @ 31/01/10)	250,000
Convertible Redeemable Preference Shares	-

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 is also the secretary on the Company's Audit Committee.

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the period were providing debt solutions to individuals and businesses.

OPERATING RESULTS

The consolidated profit from ordinary activities for the Consolidated Entity after providing for income tax and eliminating outside equity interests was $6,519,690 (2006: $2,546,164).

DIVIDENDS PAID OR RECOMMENDED

There were no dividends paid or recommended during or since the end of 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.

REVIEW OF FINANCIAL CONDITION

Capital structure

Changes to the Company's capital structure during or since the end of the financial year are as follows:

On 2 August 2006, 100,000 unlisted ESOP $0.10 options exercisable on or before 24 November 2006 were exercised into 100,000 ordinary shares;

On 11 September 2006, 120,000 ordinary shares were issued in consideration for services rendered;

On 20 September 2006, 200,000 ordinary shares were issued in consideration for services rendered;

On 9 October 2006, 8 Convertible Redeemable Preference Shares ("CRPS") were converted pursuant to the terms of the purchase agreement of 180 Group, which was acquired on 21 April 2006 and 180 Group exceeding its first profit target. The 8 CRPS were converted into 8,000,000 ordinary shares;

On 3 November 2006, 100,000 ordinary shares were issued on exercise of 100,000 $0.10 options;

On 21 November 2006, 500,000 options exercisable at $0.25 on or before 20 November 2011 were issued as part of Director's remuneration;

On 1 December 2006, 25,000,000, $0.60 options expired;

On 19 February 2007, 640,000 options exercisable at $0.60 on or before 31 January 2010 were issued as part of staff remuneration pursuant to the Company's ESOP, and 450,000 options exercisable at $0.655 on or before 31 January 2010 were issued as part of executive remuneration pursuant to the Company's ESOP;

On 1 May 2007, 100,000 ordinary shares were issued on exercise of 100,000 $0.10 options;

On 12 July 2007, 250,000 options exercisable at $1.00 on or before 31 January 2010 were issued as part of Director's remuneration, and 400,000 ordinary shares were issued upon exercise of 400,000 $0.10 options; and

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

Financial position

The net assets of the Consolidated Entity have increased by $6,976,807 from that at 30 June 2006 to $18,903,941 at 30 June 2007. This increase is due largely to the improved operating performance of the Consolidated Entity in 2007 (profit after tax and eliminating outside equity interests of $6,519,690).

The Consolidated Entity's working capital, being current assets less current liabilities has improved from $7,538,797 in 2006 to $10,403,300 in 2007.

Treasury policy

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

Liquidity and funding

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The following significant changes in the state of affairs of the Company occurred in the financial period:

On 2 August 2006, 100,000 unlisted ESOP $0.10 options exercisable on or before 24 November 2006 were exercised into 100,000 ordinary shares;

On 11 September 2006, 120,000 ordinary shares were issued in consideration for services rendered;

On 20 September 2006, 200,000 ordinary shares were issued in consideration for services rendered;

On 9 October 2006, 8 Convertible Redeemable Preference Shares ("CRPS") were converted pursuant to the terms of the purchase agreement of 180 Group, which was acquired on 21 April 2006 and 180 Group exceeding its first profit target. The 8 CRPS were converted into 8,000,000 ordinary shares;

On 3 November 2006, 100,000 ordinary shares were issued on exercise of 100,000 $0.10 options;

On 21 November 2006, 500,000 options exercisable at $0.25 on or before 20 November 2011 were issued as part of Director's remuneration;

On 1 December 2006, 25,000,000, $0.60 options expired;

On 19 February 2007, 640,000 options exercisable at $0.60 on or before 31 January 2010 were issued as part of staff remuneration pursuant to the Company's ESOP, and 450,000 options exercisable at $0.655 on or before 31 January 2010 were issued as part of executive remuneration pursuant to the Company's ESOP;

On 1 May 2007, 100,000 ordinary shares were issued on exercise of 100,000 $0.10 options;

On 4 May 2007, The Consolidated Entity effected all necessary transactions to commence Fox Symes Home Loans, including obtaining a $210m Non-Recourse Mortgage Facility from its business partners, Westpac Banking Corporation and Westpac Direct Equity Investments. Fox Symes Home Loans provides direct lending services.

On 12 July 2007, 250,000 options exercisable at $1.00 on or before 31 January 2010 were issued as part of Director's remuneration, and 400,000 ordinary shares were issued upon exercise of 400,000 $0.10 options; and

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

AFTER BALANCE DATE EVENTS

There have been no events since the end of the financial year that impact upon the financial report as at 30 June 2007.

FUTURE DEVELOPMENTS

Likely developments in the operations of the Consolidated Entity 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 Consolidated Entity's operations in subsequent financial years other than the information contained in the Review of Operations and Future Developments in the Directors' Report and information which the Directors believe comment on or disclosure of would prejudice the interests of the Consolidated Entity.

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 30 June 2007 there were 1,990,000 unissued ordinary shares under options. As at the date of this report there were 1,840,000 unissued ordinary shares under options. All options granted are for unissued ordinary shares in FSA Group Ltd.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Each of the Directors and the Secretary of the Company have 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, 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 calibre, 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 total aggregate annual remuneration payable to Non-Executive Directors of the Company is currently determined to be a maximum aggregate of $250,000 (to be divided between Non-Executive Directors as the Board determines). 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 2007 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. As noted above, 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.

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. share-based payments.

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 ended 30 June 2007 is detailed in Table 1 of this Remuneration Report.

An employee share incentive scheme has been established where executives and certain members of staff of FSA Group Ltd are issued with options over the ordinary shares of FSA Group Ltd. The options, issued for nil consideration, are issued in accordance with performance guidelines established by the Directors of FSA Group Ltd. 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 and the exercise period is determined by the Board in accordance with Listing Rules.

Employment contracts

It is the Board's policy that employment agreements are entered into with all Executive Directors, Executives and employees. An employment agreement has also been entered into with Mr Hugh Parsons, a Non-Executive Director.

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 Directors of FSA Group Ltd.
- The contracts provide for annual reviews of performance by FSA Group Ltd.
- There are non early termination clauses.

Non-Executive Directors

Mr Hugh Parsons

Mr Hugh Parsons (appointed 1 August 2006) has been engaged under an Employment Agreement and a Letter of Appointment of Non-Executive Director.

The key terms of Mr Parsons' Employment Agreement are:

- To serve as the Company's Compliance and Public Relations Officer for a minimum of 14 hours per week.
- Three year term, plus an option (by both parties) for a further three year term.
- Total remuneration package of $70,850 per year.
- 500,000 (unlisted) options were issued, as approved at the Annual General Meeting, to Mr Parsons. The terms of this issue were subsequently amended and approved at the EGM of 29 June 2007. The options will expire on 31 January 2010 (as amended) and have an exercise price of $0.25. The variation of the terms approved at the EGM changed the vesting period of Mr Parsons' options from the grant date to 2 years after the grant date.

- Redundancy Payment as follows:

Termination after 12 months after commencement	$100,000

The Redundancy Payment is payable in lieu of the Notice Period in the following circumstances:

- The Company terminates the Employment Agreement
- The Company does not renew the Employment Agreement for a further fixed term of three years
- Mr Parsons is not re-elected as a Director by the members of the Company
- Mr Parsons is removed as a Director by members of the Company

The Redundancy Payment is not payable in the following circumstances:

- Mr Parsons terminates the Employment Agreement
- The Company terminates the Employment Agreement in the event of bankruptcy or misconduct (as defined in the Employment Agreement)

The key terms of Mr Parsons' Letter of Appointment as Non-Executive Director are:

- Annual fee of $38,150 (inclusive of Superannuation).

Mr Stan Kalinko

Mr Stan Kalinko (appointed 9 May 2007) has been engaged under a Letter of Appointment of Non-Executive Director.

The key terms of Mr Kalinko's Letter of Appointment as Non-Executive Director are:

- Annual fee of $45,000 (inclusive of Superannuation).
- 250,000 (unlisted) options were issued, as approved at the EGM of 29 June 2007. The options will expire at 31 January 2010 and have an exercise price of $1.00.

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 and shares	Board discretion
Resignation / notice period	1-3 month
Serious misconduct	Company may terminate at any time
Payouts upon resignation or termination, outside industrial regulations (ie 'golden handshakes')	None

(a) Details of Directors and Key Management Personnel

(i) Directors

Sam Doumany	Chairman (Non-Executive)
Tim Odillo Maher	Director (Executive)
Deborah Southon	Director (Executive)
Hugh Parsons	Director (Non-Executive) (appointed 1 August 2006)
Stan Kalinko	Director (Non-Executive) (appointed 9 May 2007)

(ii) Key Management Personnel

Duncan Cornish	Company Secretary
Anthony Carius	Chief Financial Officer (employed 1 February 2007)
Goran Turner	Chief Executive – Fox Symes Home Loans
Gregory Woszczalski	Chief Executive - 180 Group
Nino Eid	Manager - Refinance

(b) Remuneration of Directors and Key Management Personnel

The Key Management Personnel of the Group include Duncan Cornish and Anthony Carius, being the only two Executive Officers of the Group's parent company, FSA Group Ltd.

Table 1

	Short-term			Post-Employment		Share –based Payment		Total
	Salary & Fees $	Cash Bonus $	Non-cash benefits $	Superan-nuation $	Termination benefits $	Options $	Shares $	$
Directors								
Sam Doumany								
2007	73,711	-	-	6,634	-	-	-	80,345
2006	52,752	-	-	4,748	-	-	195,000	252,500
Tim Odillo Maher								
2007	165,000	38,500	-	-	-	-	-	203,500
2006	150,000	-	-	-	-	-	-	150,000
Deborah Southon								
2007	157,092	35,000	-	17,288	-	-	-	209,380
2006	146,722	-	-	13,338	-	-	-	160,060
Hugh Parsons								
2007	42,307	-	6,723	45,192	-	33,924	-	128,146
Stan Kalinko								
2007	-	-	493	6,058	-	137	-	6,688
Formerly specified as a Director								
Fletcher Quinn								
2006	45,000	-	-	-	45,000	-	-	90,000
Total Remuneration: Directors								
2007	**438,110**	**73,500**	**7,216**	**75,172**	**-**	**34,061**	**-**	**628,059**
2006	**394,474**	**-**	**-**	**18,086**	**45,000**	**-**	**195,000**	**652,560**
Key Management Personnel								
Duncan Cornish								
2007	83,446	-	-	-	-	-	-	83,446
2006	78,517	-	-	-	-	38,850	80,000	197,367
Anthony Carius								
2007	45,871	-	3,600	4,128	-	35,402	-	89,001
Goran Turner								
2007	292,800	-	-	-	-	-	-	292,800
Gregory Woszczalski								
2007	137,822	-	-	3,494	-	-	-	141,316
Nino Eid								
2007	187,445	-	4,463	16,781	-	16,101	-	224,790
2006	172,766	-	-	5,284	-	-	-	178,050
Formerly specified as Key Management Personnel								
Julie Sarieddine								
2006	169,742	-	-	5,400	-	-	-	175,142
Scott Paterson								
2006	125,588	-	-	4,050	-	-	-	129,638
Cellina Chen								
2006	90,969	10,000	-	8,970	-	-	16,000	125,939
Total Remuneration: Key Management Personnel								
2007	**747,384**	**-**	**8,063**	**24,403**	**-**	**51,503**	**-**	**831,353**
2006	**637,582**	**10,000**	**-**	**23,704**	**-**	**38,850**	**96,000**	**806,136**

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 2007

During the year options were granted as equity compensation benefits to two Non-Executive Directors and two Key Management Persons. The options were issued for no consideration. Each of the granted options entitles the holder to subscribe for one fully paid ordinary share in the entity at an exercise price and expiry date, as set out below.

The Company uses employee continuity of service and the future share price to align comparative shareholder return and reward for Executives.

	Terms & Conditions for Each Grant							
	Grant Date	Grant Number	Vest Date	Fair Value per Option at grant date ($)#	Exercise Price	Fair Value per Option at Exercise Date	Fair Value at Date Option Lapsed	% of Remuneration
Directors								
Hugh Parsons	21-Nov-2006	500,000	20-Nov-2008	$0.2736	$0.25	n/a	n/a	26%
Stan Kalinko	29-Jun-2007	250,000	28-Jun-2009	$0.4014	$1.00	n/a	n/a	2%
Key Management Personnel								
Anthony Carius	1-Feb-2007	150,000	31-Dec-2007	$0.2948	$0.655	n/a	n/a	22%
Anthony Carius	1-Feb-2007	150,000	31-Dec-2008	$0.2948	$0.655	n/a	n/a	11%
Anthony Carius	1-Feb-2007	150,000	31-Dec-2009	$0.2948	$0.655	n/a	n/a	7%
Nino Eid	19-Feb-2007	50,000	31-Dec-2009	$0.3220	$0.600	n/a	n/a	7%

Calculation of fair value of options granted using the Black-Scholes option pricing model, which takes into account factors such as the option exercise price, the market price at the date of issue and volatility of the underlying share price and the time to maturity of the option.

(d) Shares issued on exercise of remuneration options

Options exercised during the year that were granted as remuneration in prior periods

Key Management Personnel

	Number of Ordinary Shares Issued	Amount Paid per Share	Amount Unpaid per Share
Duncan Cornish	100,000	$0.10	-
Nino Eid	100,000	$0.10	-
Total	**200,000**		

(e) Option holdings of Directors and Key Management Personnel

	Balance at 1 July 2006	Granted as remuneration	Options Exercised	Net Change Other	Balance at 30 June 2007	Vested at 30 June 2007		
						Total	Not Exercisable	Exercisable
ESOP Options								
Directors	**n/a**							
Key Management Personnel								
Duncan Cornish	500,000	-	(100,000)	-	400,000	400,000	-	400,000
Anthony Carius	-	450,000	-	-	450,000	-	-	-
Nino Eid	100,000	50,000	(100,000)	-	50,000	-	-	-
Total ESOP Options	**600,000**	**500,000**	**(200,000)**	**-**	**900,000**	**400,000**	**-**	**400,000**
Unlisted Options ($0.25 @ 31-Jan-10)								
Directors								
Hugh Parsons	-	500,000	-	-	500,000	-	-	-
Key Management Personnel	**n/a**							
Unlisted Options ($1.00 @ 31-Jan-10)								
Directors								
Stan Kalinko	-	250,000	-	-	250,000	-	-	-
Key Management Personnel	**n/a**							
Total Unlisted Options	**-**	**750,000**	**-**	**-**	**750,000**	**-**	**-**	**-**

	Balance at 1 July 2006	Granted as remuneration	Options Exercised	Net Change Other*	Balance at 30 June 2007
Options ($0.60 @ 30-Nov-06)*					
Unlisted Directors					
Tim Odillo Maher	6,250,000	-	-	(6,250,000)	-
Deborah Southon	6,250,000	-	-	(6,250,000)	-
Total	**12,500,000**	**-**	**-**	**(12,500,000)**	**-**

* The $0.60 @ 30-Nov-06 Options expired on 30 November 2006.

(f) Shareholdings of Directors and Key Management Personnel

Shares held in FSA Group Ltd, including CRPS (number)	Balance at 1 July 2006	Granted as remuner-ation	Options Exercised	Net Change Other	Balance at 30 June 2007
Directors					
Sam Doumany	1,000,000	-	-	-	1,000,000
Tim Odillo Maher	24,695,544	-	-	7,999,992**	32,695,536
Deborah Southon	12,946,533	-	-	-	12,946,533
Key Management Personnel					
Duncan Cornish	2,000,000	-	100,000	-	2,100,000
Gregory Woszczalski	2,169,810	-	-	-	2,169,810
Nino Eid	-	-	100,000	-	100,000
Total	**42,811,887**	**-**	**200,000**	**7,999,992**	**51,011,879**

**** refer to (h) below**

(g) Loans to Directors and Key Management Personnel

There were no loans to Directors or Key Management Personnel during the period.

(h) Other transactions to Directors and Key Management Personnel

Convertible Redeemable Preference Shares (CRPS)

Background to the transaction

Part of the consideration for the acquisition of 180 Group Holdings was paid by FSA Group by the issue of the CRPS. In summary, the terms of the CRPS are as follows:

- a total of 32 one dollar ($1) CRPS were issued to Capital Management Corporation Pty Ltd, the Vendor;
- each CRPS will be convertible, subject to certain performance parameters being achieved in the 180 Group, into 1,000,000 ordinary fully paid FSA Group shares (such that if all of the CRPS are converted, a total of 32,000,000 FSA Group shares will be issued); and
- CRPS are able to be converted into ordinary FSA Group shares under one of three scenarios (or "Phases") based on the financial performance of the 180 Group. These Phases were set out fully in the Notice of Meeting and Explanatory Memorandum distributed to shareholders on 17 March 2006.

On 8 October 2006, upon 180 Group exceeding the performance parameters required, 8 CRPS, converted in to 8,000,000 ordinary shares and were issued to the Vendor, a company associated with Mr Tim Odillo Maher.

There were no other transactions or balances with Directors or Key Management Personnel 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	10	10
Tim Odillo Maher	10	10
Deborah Southon	10	10
Hugh Parsons (Appointed 1 August 2006)	9	9
Stan Kalinko (Appointed 9 May 2007)	2	2

Total number of meetings held during the financial year – 10

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
Hugh Parsons	3	3
Sam Doumany	3	0
Stan Kalinko	1	1

Total number of meetings held during the financial year –3

TAX CONSOLIDATION

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

180 Group Pty Ltd (controlled by FSA Group Ltd) 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 2007:

Tax consulting services $41,775

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration forms part of the Directors Report and can be found on page 24.

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 separately contained in the Annual Report.

Signed in accordance with a resolution of the directors.

Deborah Southon
Director

Sydney
29 August 2007.

6 AUDITOR'S INDEPENDENCE DECLARATION

PKF

As lead engagement partner for the audit of FSA Group Ltd for the year ended 30 June 2007, 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.

PKF
Chartered Accountants

Wayne Wessels
Partner

Signed in Brisbane this 28th day of August 2007.

Liability limited by a scheme approved by Professional Standards Legislation.

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 24 August 2007.

(a) Distribution of equity securities

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

	Quoted Ordinary shares	
	Number of holders	Number of shares
1 – 1,000	52	40,502
1,001 – 5,000	444	1,420,229
5,001 – 10,000	353	2,960,414
10,001 – 100,000	346	9,563,258
100,001 and over	69	93,453,110
Total	**1264**	**107,437,513**

The number of shareholders holding less than a marketable parcel of shares are 12 (holding a total of 4,408 ordinary shares).

	Unquoted $0.10 options exercisable on or before 31 December 2008		Convertible Redeemable Preference Shares ("CRPS")	
	Number of holders	Number of options	Number of holders	Number of CRPS
1 – 1,000	-	-	1	24
1,001 – 5,000	-	-	-	-
5,001 – 10,000	-	-	-	-
10,001–100,000	-	-	-	-
100,001 and over	1	400,000	-	-
Total	1	400,000	1	24

	Unquoted $0.25 options exercisable on or before 31 January 2010		Unquoted $0.60 options exercisable on or before 31 January 2010	
	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	-	-	13	600,000
100,001 and over	1	500,000	-	-
Total	1	500,000	13	600,000

	Unquoted $0.655 options exercisable on or before 31 January 2010		Unquoted $1.00 options exercisable on or before 31 January 2010	
	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	-	-	-	-
100,001 and over	1	450,000	1	250,000
Total	1	450,000	1	250,000

(b) Twenty largest holders

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

Ordinary shares:

1	Mazamand Group Pty Ltd	16,695,512	15.5%
2	Capital Management Corporation	16,000,000	14.8%
3	ANZ Nominees Ltd	14,573,903	13.5%
4	ADST Pty Ltd	12,946,533	12.0%
5	BJR Investment Holdings Pty	10,500,000	9.7%
6	Bulwarra Holdings Pty Ltd	2,169,810	2.0%
7	Cogent Nominees Pty Ltd	1,773,777	1.6%
8	Sareena Enterprises Pty Ltd	1,356,667	1.2%
9	Top Chook Investments Pty Ltd	1,111,111	1.0%
10	Maramindi Pty Ltd	1,000,000	0.9%
11	Corporate Administration	714,355	0.6%
12	Phillips Consolidated Pty Ltd	710,000	0.6%
13	Mrs Zhi Chen	700,000	0.6%
14	Catherine Louisa Cornish	693,407	0.6%
15	Karia Investments Pty Ltd	666,666	0.6%
16	Eumundi Brewing Group Ltd	629,319	0.5%
17	Mr Ashley Lalit Sharma	450,533	0.4%
18	Mr Derek Maltz	427,333	0.3%
19	ETS Holdings Pty Ltd	411,500	0.3%
20	Aftron Pty Ltd	400,000	0.3%
	Top 20	**83,930,426**	**78.1%**
	Total	**107,437,513**	**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	16,695,512
ADST Pty Ltd	12,946,533
BJR Investment Holdings Pty Ltd	10,500,000

(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.

8 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 2007. 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 in 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 presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater 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 Directors are considered to be independent:

Name	**Position**
Mr Sam Doumany	Chairperson, Non-Executive Director
Mr Hugh Parsons	Non-Executive Director
Mr Stan Kalinko	Non-Executive Director

Mr Hugh Parsons was appointed as a Non-Executive Director on 1 August 2006. Mr Stan Kalinko was appointed as a Non-Executive Director on 9 May 2007.

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

CORPORATE GOVERNANCE STATEMENT

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

As the Directors listed above are not considered to be independent when applying the Council's definition of independence, the majority of the Board were not independent for the year until 9 May 2007. 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 the 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	4 years 8 months
Tim Odillo Maher	5 years 1 months
Deborah Southon	5 years 1 months
Hugh Parsons	1 year 1 month
Stan Kalinko	4 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 2007, 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 Audit 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 period 1 July 2006 to 30 June 2007 were:

- Sam Doumany
- Hugh Parsons – Chairperson (Appointed 1 August 2006)
- Stan Kalinko (Appointed 9 May 2007)

During this period, the structure of the Audit Committee did not meet the ASX's recommendations of an independent chairperson, who in not chairperson of the Board (from 1 July 2006 to 1 August 2006) and having at least three members (from 1 July 2006 to 9 May 2007). The Board considered 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.

During the period 1 July 2006 to 31 July 2006, the full board carried out the functions 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 Ltd.

Remuneration

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

- Retention and motivation of key executives
- Attraction of quality management to the Company
- Performance incentives which allow executives to share the rewards of the success of FSA Group Ltd

For details on the amount of remuneration and all monetary and non-monetary components for each of the key management personnel 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 Ltd and the performance of the individual during the period.

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.

INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

	Note	Consolidated Entity		Parent Entity	
		2007 $	2006 $	2007 $	2006 $
REVENUE	2	**33,916,371**	**21,818,508**	**133,955**	**137,947**
SHARE OF PROFITS OF AN ASSOCIATE USING THE EQUITY ACCOUNTING METHOD	26	187,836	-	-	-
EXPENSES FROM ORDINARY ACTIVITIES (excluding finance costs)	3	(24,147,626)	(17,671,407)	(102,790)	(234,276)
FINANCE COSTS	3	(260,675)	(80,531)	-	-
PROFIT/(LOSS) BEFORE INCOME TAX		**9,695,906**	**4,066,570**	**31,165**	**(96,329)**
INCOME TAX (EXPENSE)/BENEFIT	4	(2,874,320)	(1,483,276)	87,539	(29,601)
PROFIT/(LOSS) FOR THE YEAR		**6,821,586**	**2,583,294**	**118,704**	**(125,930)**
PROFIT ATTRIBUTABLE TO MINORITY EQUITY INTEREST		301,896	37,130	-	-
PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		6,519,690	2,546,164	118,704	(125,930)
Earnings per share					
Basic earnings per share (cents per share)	6	6.24	2.85		
Diluted earnings per share (cents per share)	6	5.76	2.77		

The Income Statements should be read in conjunction with the Notes to the Financial Statements.

BALANCE SHEETS AS AT 30 JUNE 2007

	Note	Consolidated Entity		Parent Entity	
		2007 $	2006 $	2007 $	2006 $
CURRENT ASSETS					
Cash and cash equivalents	7	8,420,886	7,954,396	2,253,102	2,503,238
Trade and other receivables	8	14,295,004	8,087,876	-	-
Other assets	9	151,802	134,712	-	-
Total Current Assets		22,867,692	16,176,984	2,253,102	2,503,238
NON-CURRENT ASSETS					
Trade and other receivables	8	4,816,321	209,913	-	-
Investment in associate	26	139,449	-	-	-
Plant and equipment	11	701,744	649,558	-	-
Investment property	12	1,359,387	352,081	-	-
Other assets	9	594,716	640,464	6,546,397	6,546,397
Deferred tax assets	4d	812,622	714,040	-	-
Intangible assets	13	3,830,835	3,830,835	-	-
Total Non-Current Assets		12,255,074	6,396,891	6,546,397	6,546,397
TOTAL ASSETS		**35,122,766**	**22,573,875**	**8,799,499**	**9,049,635**
CURRENT LIABILITIES					
Trade and other payables	14	7,098,919	5,752,041	1,888,664	1,445,804
Current tax liabilities		929,350	1,982,615	489,079	1,456,000
Borrowings	15	3,176,313	364,024	-	-
Provisions	16	1,259,810	539,507	-	-
Total Current Liabilities		12,464,392	8,638,187	2,377,743	2,901,804
NON-CURRENT LIABILITIES					
Borrowings	15	1,099,542	880,446	-	-
Provisions	16	39,218	-	-	-
Deferred tax liabilities	4e	2,615,673	1,128,108	-	-
Total Non-Current Liabilities		3,754,433	2,008,554	-	-
TOTAL LIABILITIES		**16,218,825**	**10,646,741**	**2,377,743**	**2,901,804**
NET ASSETS		**18,903,941**	**11,927,134**	**6,421,756**	**6,147,831**
EQUITY					
Share capital	17	6,943,472	6,891,022	6,943,472	6,891,022
Reserves	18	141,619	38,848	141,619	38,848
Retained earnings/(Accumulated losses)		11,250,545	4,730,855	(663,335)	(782,039)
Minority equity interest		568,305	266,409	-	-
TOTAL EQUITY		**18,903,941**	**11,927,134**	**6,421,756**	**6,147,831**

The Balance Sheets should be read in conjunction with the Notes to the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2007

Consolidated Entity

	Share Capital $	Retained Earnings/ (Accumulated Losses) $	Reserves $	Minority Interest $	Total $
Balance at 1 July 2005	**9,600,899**	**(4,923,193)**	**-**	**-**	**4,677,706**
Issue of shares and options (remuneration)	291,000	-	38,848	-	329,848
Convertible Notes converted into shares	75,000	-	-	-	75,000
Ordinary Shares issued for acquisitions (180 Group)	1,504,000	-	-	-	1,504,000
Options exercised into ordinary shares	50,757	-	-	-	50,757
Capital reduction	(7,107,884)	7,107,884	-	-	-
Share Capital attributable to minority interests of companies acquired	-	-	-	385	385
Retained earnings attributable to minority shareholders of companies acquired	-	-	-	228,894	228,894
Profit for the year attributable to minority shareholders	-	-	-	37,130	37,130
Profit for the year attributable to members of the parent	-	2,546,164	-	-	2,546,164
Issue of Convertible Redeemable Preference Shares for acquisitions (180 Group)	2,477,250	-	-	-	2,477,250
Balance at 30 June 2006/1 July 2006	**6,891,022**	**4,730,855**	**38,848**	**266,409**	**11,927,134**
Profit for the year attributable to members of the parent	-	6,519,690	-	-	6,519,690
Profit for the year attributable to minority shareholders	-	-	-	301,896	301,896
Issue of options (remuneration)	-	-	102,771	-	102,771
Options exercised into ordinary shares	60,000	-	-	-	60,000
Issue costs	(7,550)	-	-	-	(7,550)
Balance at 30 June 2007	**6,943,472**	**11,250,545**	**141,619**	**568,305**	**18,903,941**

Parent Entity

	Share Capital $	Retained Earnings/ (Accumulated Losses) $	Reserves $	Minority Interest $	Total $
Balance at 1 July 2005	**9,600,899**	**(7,763,993)**	**-**	**-**	**1,836,906**
Issue of shares and options (remuneration)	291,000	-	38,848	-	329,848
Convertible Notes converted into shares	75,000	-	-	-	75,000
Ordinary Shares issued for acquisitions (180 Group)	1,504,000	-	-	-	1,504,000
Options exercised into ordinary shares	50,757	-	-	-	50,757
Capital reduction	(7,107,884)	7,107,884	-	-	-
Loss for the year	-	(125,930)	-	-	(125,930)
Issue of Convertible Redeemable Preference Shares for acquisitions (180 Group)	2,477,250	-	-	-	2,477,250
Balance at 30 June 2006/1 July 2007	**6,891,022**	**(782,039)**	**38,848**	**-**	**6,147,831**
Profit for the year attributable to members of the parent	-	118,704	-	-	118,704
Issue of options (remuneration)	-	-	102,771	-	102,771
Options exercised into ordinary shares	60,000	-	-	-	60,000
Issue costs	(7,550)	-	-	-	(7,550)
Balance at 30 June 2007	**6,943,472**	**(663,335)**	**141,619**	**-**	**6,421,756**

The Statements of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

	Note	Consolidated Entity		Parent Entity	
		2007 $ Inflows/ (Outflows)	2006 $ Inflows/ (Outflows)	2007 $ Inflows/ (Outflows)	2006 $ Inflows/ (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from debtors and customers		52,437,572	39,138,914	-	554
Payments to institutional creditors, suppliers and employees		(50,971,320)	(36,254,281)	-	-
Net payments for operating financial assets		(273,304)	-	-	-
Income tax paid		(2,467,910)	(1,025,092)	(1,328,277)	-
Interest received		440,913	407,341	133,955	137,947
Interest and other costs of finance paid		(260,675)	(80,531)	-	-
Net cash inflow/(outflow) from operating activities	**19**	**(1,094,724)**	**2,186,351**	**(1,194,322)**	**138,501**
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of plant and equipment		(404,781)	(456,488)	-	-
Acquisition of Investment property		(1,039,878)	-	-	-
Acquisition of Investment in associate		(7,963)	-	-	-
Acquisition of subsidiaries, net of cash acquired		-	1,034,820	-	-
Proceeds from disposal of plant and equipment		-	25,000	-	-
Net cash inflow/(outflow) from investing activities		**(1,452,622)**	**603,332**	**-**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from / (repayment of) borrowings		3,331,386	(27,136)	986,736	-
Proceeds for shares issues		52,450	50,757	52,450	50,757
Unsecured Notes repaid		(370,000)	-	(95,000)	-
Net cash inflow from financing activities		**3,013,836**	**23,621**	**944,186**	**50,757**
Net increase/(decrease) in cash held		**466,490**	**2,813,304**	**(250,136)**	**189,258**
Cash at the beginning of the financial year		7,954,396	5,141,092	2,503,238	2,313,980
Cash at the end of the financial year	**7**	**8,420,886**	**7,954,396**	**2,253,102**	**2,503,238**

The Cash Flow Statements should be read in conjunction with the Notes to the Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report includes the financial statements of FSA Group Ltd (the Parent Entity or the Company) and the Consolidated entity (or the Group) consisting of FSA Group Ltd and its subsidiaries. FSA Group Ltd is a listed public company, incorporated and domiciled in Australia.

The Financial Report was authorised for issue by the Directors on 29 August 2007.

The following is a summary of the material accounting policies adopted in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of preparation

The financial report is presented in Australian dollars.

Reporting basis and conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies

(a) Principles of Consolidation

A controlled entity is any entity FSA Group Ltd has the power to control the financial and operating policies so as to obtain benefits from its activities. A list of controlled entities is contained in Note 10 to the financial statements. All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity. Where controlled entities have entered or left the Group during the year, their operating results have been included from the date control was obtained or until the date control ceased.

Minority interests in equity and results of the entities controlled are shown as a separate item in the consolidated financial report.

(b) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax is recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Tax consolidation

FSA Group Ltd and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation Regime. Additionally, 180 Group Pty Ltd and its wholly-owned Australian subsidiaries have also formed an income tax consolidated group under the Tax Consolidation Regime.

(b) Income Tax *cont'd*

Tax consolidation cont'd

FSA Group Ltd and 180 Group Pty Ltd as head entities of their respective tax consolidated groups and the controlled entities in each group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, the head entity of each tax consolidated group also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The respective tax consolidated groups have entered into tax sharing agreements whereby each company in the group contributes to the income tax payable of the consolidated group.

(c) Financial Instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit and loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised if the Group's contractual rights to cashflows from the financial assets expire or the Group transfers the financial asset to another party without retaining control or substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date i.e. the date the Group commits itself to purchase or sell an asset. Financial liabilities are de-recognised if the Group's obligations specified in the contract expire, are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the Statement of Cashflows.

Ordinary Share Capital

Incremental costs directly attributable to the issue of Ordinary shares and share options are recognised as a deduction from equity net of any related income tax benefit.

Held-to-maturity investments

If the Group has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

Available-for-sale financial assets

The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign exchange gains and losses on available-for-sale monetary items are recognised as a separate component of equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

Investments at fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changed therein are recognised in profit or loss.

Other

Other non-derivative financial instruments are measured amortised cost using the effective interest method, less any impairments losses.

(d) Property, Plant and Equipment

Property, Plant and equipment

Property, plant and equipment are measured on the cost basis less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

Property, plant and equipment is depreciated over their useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The useful lives used for each class of asset are:

Class of Asset	Useful life
Plant and equipment	2 to 5 years
Computers and Office Equipment	2 to 5 years
Leasehold improvements	5 years
Furniture and Fitting	2 to 5 years
Motor Vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement.

(e) Investment properties

Investment property is property held either to earn rental income or for capital appreciation or both. Investment properties are measured at cost less accumulated depreciation.

Investment properties have a useful life of 40 years.

(f) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the Group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Contingent lease payments are accounted for by revising the lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(g) Impairment of assets

At each reporting date, the Group reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(h) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Equity settled compensation

Share based compensation benefits are provided to employees via the FSA Group Ltd Employee Share Option Plan ("ESOP"). Information relating to the ESOP is set out in the Remuneration Report, contained within the Directors' report.

The fair value of options granted under the ESOP is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital and the proceeds received, net of any directly attributable transaction costs, are credited to share capital.

Under the employee share scheme, shares issued to employees for no cash consideration vest immediately on grant date. On this date, the market value of the shares issued is recognised as an employee benefits expense with a corresponding increase in equity.

Bonuses and profit sharing arrangements

A provision is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(i) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(j) 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 – Personal Insolvency

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 the Insolvency and Trustee Service of Australia (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).

(j) Revenue recognition *cont'd*

Trustee Fees – Bankruptcy and Personal Insolvency Agreements

Trustee Fees are recognised as work in progress and time billed. Fee income is only recognised to the extent fees have been approved by creditors.

Rendering of Services – Recruitment Fees

Recruitment Fees are recognised upon commencement of employment under the agreed contact terms for that placement.

Under the contract terms the outcome of the transaction cannot be measured reliably until such time as the candidate is placed.

Refinance Fees

Upon receipt of upfront fee and subsequent turbo or trail commission.

Interest

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

All revenue is stated net of the amount of goods and services tax (GST).

(k) Goods & Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances GST is recognised as part of the acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of financing and investing activities, which are disclosed as operating cash flows.

(l) Comparative figures

Where required by Australian Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(m) Investments in Subsidiaries

Investments are brought to account on the cost basis. The carrying amount of investments is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the shares' current market value or the underlying net assets in the particular entities. The expected net cash flow from investments has not been discounted to their present value in determining the recoverable amounts, except where stated.

(n) Intangibles

Goodwill on consolidation is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(o) 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 Group.

Monies received (and not yet distributed pursuant to the Debt Agreements) 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.

(p) 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.

(q) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumption about future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities with the next annual reporting period are:

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units to which the goodwill is allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill are discussed in note 13.

Impairment of receivables

<u>Debt agreement receivables</u>
Impairment of debt agreement receivables is assessed on a collective basis based on historical collections data. Considering the length of time it takes to collect debts in administration and the inherent uncertainty over the collection of these amounts this method represents management's "best estimate" of the recoverability of debtors in the debt agreement business.

The evaluation process is subject to a series of estimates and judgments. The frequency of default, loss history, and economic conditions are considered. Changes in these estimates could have a direct impact on the level of provision determined.

<u>Other loans and advances</u>
For other loans and advances individually assessed provisions are raised where there is objective evidence of impairment and full recovery of the principal is considered doubtful. Provisions are established after considering the estimates of the fair value of the collateral taken.

(r) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method (equity accounted investees).

The consolidated financial statements include the Group's share of the income and expenses of the equity accounted investees, after adjustments to align the accounting policies with those of the Group, from that date the significant influence commences until the date where significant influence ceases. When the Group's share of the loss extends its interest in the equity accounted investee, the carrying amount of that interest (including any long term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(s) Finance Income and Costs

Finance Income is measured and recognised as per (j) Revenue recognition above.

Finance costs comprise interest expense on borrowings, unwinding of discount on provisions, dividends on preference shares classified as liabilities, foreign currency losses, changes in fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets and losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

(t) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(u) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses (including revenues and expenses relating to transactions with other components of the same entity); whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available.

(u) Operating segments *cont'd*

Operating segments are distinguished and presented based on the differences in providing services and providing finance products.

(v) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the Group in the period of initial application. They are available for early adoption at 30 June 2007, but have not been applied in preparing these financial statements:

AASB 101 'Presentation of Financial Statements' (October 2006) has deleted the Australian specific Illustrative Financial Report Structure and reinstated the current IASB 1 guidance on Illustrative Financial Statement Structure. The revised AASB 101 is applicable for annual reporting periods beginning on or after 1 January 2007.

AASB7 'Financial Instruments: Disclosures' and AASB 2005-10 'Amendments to Australian Accounting Standards' [AASB132, AASB114, AASB117, AASB133, AASB139, AASB1, AASB4, AASB1023 & AASB1038] AASB7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007. The Group has not adopted the standards early. Application of the standards will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Group financial instruments.

AASB 2007-4 'Amendments to Australian Accounting Standards arising from ED151 and other amendments.' AASB 2007-4 is applicable to reporting periods commencing on or after 1 July 2007. The Group has not early adopted the amending standard. The Group has no plans to adopt accounting policy options with effect from 1 July 2007. Application of the amending standard will not affect any of the amounts recognised in the financial statements and is expected to only impact disclosures contained within the financial report.

(w) Early application of new or revised Australian Accounting Standards or Interpretations

AASB 8 Operating Segments which applies to annual reporting periods beginning on or after 1 January 2009 has been applied to the year ended 30 June 2007 in accordance with the early application permitted by paragraph Aus 2.3 of AASB 8. In this respect an election has been made in accordance with section 334(5) of the Corporations Act.

	Consolidated Entity		Parent Entity	
	2007 $	2006 $	2007 $	2006 $
2 REVENUE				
Continuing activities				
- Services (Personal Insolvency)	20,497,855	14,706,688	-	-
- Services (Refinance Fees)	5,183,707	4,527,127	-	-
- Services (Corporate and Lending)	6,650,330	1,606,791	-	-
- Services (Recruitment)	735,538	303,227	-	-
- Services (other services)	408,748	267,334	-	-
Other revenue				
Interest received	440,193	407,341	133,955	137,947
Total revenue	**33,916,371**	**21,818,508**	**133,955**	**137,947**
3 PROFIT/(LOSS) FOR THE YEAR				
Expenses				
Classification of expenses by function				
Expenses from continuing activities excluding finance costs:				
Marketing expenses	4,306,350	3,492,847	-	-
Administrative expenses	6,297,713	5,370,677	102,771	234,276
Operating expenses	13,543,563	8,807,883	19	-
	24,147,626	**17,671,407**	**102,790**	**234,276**
Expenses include:				
Finance costs:				
- external	226,675	80,531	-	-
- related entities	34,000	-	-	-
	260,675	**80,531**	**-**	**-**
Depreciation on plant and equipment	319,186	245,241	-	-
Amortisation on leasehold improvements	5,738	-	-	-
Depreciation on investment properties	32,572	-	-	-
	357,496	**245,241**	**-**	**-**
Bad and doubtful debts – trade receivables (a)	5,111,924	3,414,801	-	-
Bad debt recovery	(3,239,073)	(864,190)	-	-
Rental expense on operating lease				
- minimum lease payment	803,709	419,218	-	-
Employee benefits expenses	10,827,760	7,339,282	102,771	233,848
Legal and consultancy	1,251,323	823,352	-	-

(a) Change in estimates previously reported at an interim period

As stated in Note 1(q), the impairment of trade receivables is based on a method which evaluates the frequency of default, loss history, and current economic conditions. During the period, management received updated information on the loss history and recoverability percentages of debt agreement preparation and administration fees over their collection periods. Accordingly management has revised its "best-estimate" based on assumptions consistent with the updated information. This has resulted in the reduction in the provision for doubtful debts amount previously reported in the income statement at the half year ended 31 December 2006 of $708,562.

	Consolidated Entity		Parent Entity	
	2007 $	2006 $	2007 $	2006 $
4 INCOME TAX				
a. Income tax expense				
Current tax expense	1,545,289	1,421,329	40,181	29,601
Deferred tax expense	1,468,930	74,883	-	-
(Over)/under provision in a prior period	(139,899)	(12,936)	(127,720)	-
	2,874,320	1,483,276	(87,539)	29,601
Deferred income tax expense included in income tax expense comprises:				
(Increase)/decrease in deferred tax assets	(33,617)	(55,770)	-	-
Increase in deferred tax liabilities	1,502,547	130,653	-	-
	1,468,930	74,883	-	-
b. Numerical reconciliation of income tax expense to prima facie tax payable				
Profit/(Loss) before income tax	9,695,906	4,066,570	31,165	(96,329)
Tax at the Australian tax rate of 30% (2006:30%)	2,908,772	1,219,971	9,350	(28,899)
Tax effect at the Australian tax rate of 30% (2006:30%)				
Entertainment	22,379	13,708	-	-
Unrecognised tax losses	51,614	202,671	-	-
Penalties	-	1,362	-	-
Other	624	-	-	-
Non-deductible employee costs	30,830	58,500	30,831	58,500
	3,014,219	1,496,212	40,181	29,601
(Over) provision in the prior year	(139,899)	(12,936)	(127,720)	-
Income tax expense/(benefit)	2,874,320	1,483,276	(87,539)	29,601
c. Unused tax losses				
Unused tax losses for which no deferred tax asset has been recognised	449,003	675,570	-	-
Potential tax benefit	134,701	202,671	-	-

Unused tax losses were principally incurred by entities not part of the tax consolidated group

	Consolidated Entity		Parent Entity	
	2007 $	2006 $	2007 $	2006 $
4 INCOME TAX CONT'D				
d. Deferred tax assets				
Provisions	363,728	300,974	-	-
Capital legal expenses	285,716	70,500	-	-
Accrued expenditure	43,690	39,548	-	-
Other	119,488	10,180	-	-
	812,622	421,202	-	-
Deferred tax assets acquired as part of the purchase of a subsidiary				
Provisions	-	264,122	-	-
Accrued expenditure	-	9,598	-	-
Other	-	19,118	-	-
	-	292,838	-	-
Total deferred tax assets	812,622	714,040	-	-
e. Deferred tax liabilities				
Temporary difference on assessable income	2,614,595	1,127,203	-	-
Other	1,078	905	-	-
	2,615,673	1,128,108	-	-
5 AUDITORS' REMUNERATION				
Amounts received or due and receivable by PKF:				
Audit and review of financial reports	109,400	100,500	-	-
Other services - taxation	41,775	20,000	-	-
	151,175	120,500	-	-

	Consolidated Entity	
	2007	2006
6 EARNINGS PER SHARE		
(a) Reconciliation of earnings used to calculated basic and dilutive earnings per share		
Profit before income tax	$6,519,690	$2,546,164
Basic earning per share (cents)	6.24	2.85
Diluted earning per share (cents)	5.76	2.77

	2007 Number	2006 Number
(b) Weighted average number of ordinary shares outstanding during the year	104,427,760	89,470,008
Dilution effect of convertible notes	-	473,699
Dilution effect of options	686,457	387,123
Dilution effect of preference shares	7,978,082	1,534,247
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	113,092,299	91,865,077

	Consolidated Entity		Parent Entity	
	2007 $	2006 $	2007 $	2006 $
7 CASH AND CASH EQUIVALENTS				
Cash on hand and at bank	8,420,886	7,954,396	2,253,102	2,503,238
8 TRADE AND OTHER RECEIVABLES				
Current				
Mortgage receivables**	4,224	-	-	-
Trade receivables	18,707,687	16,071,779	-	-
Provision for doubtful debts	(4,594,309)	(8,087,996)	-	-
Sundry receivables	177,402	104,093	-	-
	14,295,004	**8,087,876**	**-**	**-**
Non-current				
Mortgage receivables**	560,776	-	-	-
Trade receivables	5,202,939	283,666	-	-
Provision for doubtful debts	(947,394)	(73,753)	-	-
	4,816,321	**209,913**	**-**	**-**

** - Mortgage receivables have a first mortgage security on the underlying property assets of the borrower

	Consolidated Entity		Parent Entity	
9 OTHER ASSETS				
Current				
Prepayments	109,334	68,462	-	-
Security Bonds	7,715	-	-	-
Other	34,753	66,250	-	-
	151,802	**134,712**	**-**	**-**
Non-current				
Security Bonds	594,716	640,464	-	-
Investments in controlled entities (Refer Note 10)	-	-	6,546,397	6,546,397
	594,716	**640,464**	**6,546,397**	**6,546,397**

10 CONTROLLED ENTITIES

Name	Country of Incorporation	Percentage of equity interest held by the consolidated entity 2007 %	2006 %
Prospex Profile Pty Ltd (6)	Australia	100	100
FSA Australia Pty Ltd (6)	Australia	100	100
Fox Symes Financial Pty Ltd (4)	Australia	100	100
Fox Symes & Associates Pty Ltd (4)	Australia	100	100
Fox Symes Debt Relief Services Pty Ltd (4)	Australia	100	100
FSA Services Group Pty Ltd (5)	Australia	100	100
Fox Symes Home Loans Pty Ltd, formerly ACN 118 229 771 Pty Ltd (6)	Australia	90	100
180 Group Holdings Pty Ltd (1)(6)	Australia	100	100
Aravanis Insolvency Pty Ltd (2) (4)	Australia	65	65
Fox Symes Business Services Pty Ltd (3) (4)	Australia	75	75
Fox Symes Recruitment Pty Ltd (3) (4)	Australia	70	70
Fox Symes Wealth Management Pty Ltd (3)(4)	Australia	67	67
180 Group Pty Ltd (7)	Australia	70	70

(1) Acquired 21 April 2006
(2) Acquired 1 January 2006
(3) Incorporated during the year ended 30 June 2006
(4) Investment held by FSA Australia Pty Ltd
(5) Investment held by Fox Symes & Associates Pty Ltd
(6) Investment held by FSA Group Ltd
(7) Investment held by 180 Group Holdings Pty Ltd

The following entities are subsidiaries of 180 Group Pty Ltd

Name	Country of Incorporation	Percentage of equity interest held by 180 Group Pty Ltd 2007 %	2006 %
180 Capital Finance Pty Ltd	Australia	100	100
180 Corporate Pty Ltd	Australia	100	100
180 Property Holdings Pty Ltd	Australia	100	100
180 Equity Partners Pty Ltd	Australia	100	100
180 Capital Funding Pty Ltd	Australia	100	100
One Financial Pty Ltd	Australia	65	65

The following entities are subsidiaries of Fox Symes Home Loans Pty Ltd and were incorporated during the year ended 30 June 2007

Name	Country of Incorporation	Percentage of equity interest held by Fox Symes Home Loans Pty Ltd 2007 %
Fox Symes Home Loans (Services) Pty Ltd	Australia	100
Fox Symes Home Loans (Mgmt) Pty Ltd	Australia	100
Fox Symes Home Loans Warehouse Trust No.1	Australia	85

Ultimate Parent Entity

FSA Group Ltd is the ultimate parent entity.

10 CONTROLLED ENTITIES CONT'D

Business Combinations relating to the prior year ended 30 June 2006

(a) Summary of acquisition

Aravanis Insolvency Pty Ltd

On 1 January 2006 the Parent Entity acquired 65% of the issued share capital of Aravanis Insolvency Pty Ltd.

The acquired business contributed revenues of $75,336 and a net loss of $94,456 to the Group for the period from 1 January 2006 to 30 June 2006. If the acquisition had occurred on 22 July 2005 (incorporation date), consolidated revenue and consolidated loss for the year ended 30 June 2006 would have been $125,043 and $94,391 respectively. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiary to reflect the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 22 July 2005, together with the consequential tax effects.

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

Purchase consideration (refer to (b) below):

Consideration:	$
Cash	65
Ordinary shares issued	-
Total purchase consideration	65
Fair value of net identifiable assets acquired (refer to (c) below)	65
Goodwill - refer to (c) below	-

180 Group Holdings Pty Ltd

On 21 April 2006 the Parent Entity acquired all of the issued share capital of 180 Group Holdings Pty Ltd. 180 Group Holdings Pty Ltd has a 70% interest in 180 Group Pty Ltd and its controlled entities.

The acquired business 180 Group Holdings Pty Ltd contributed revenues of $1,606,791 and net profit after tax and outside equity interests of $69,482 to the Group for the period from 21 April 2006 to 30 June 2006. If the acquisition had occurred on 1 July 2005, consolidated revenue and consolidated profit for the year ended 30 June 2006 would have been $5,230,767 and $564,590 respectively. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiary to reflect the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 July 2005, together with the consequential tax effects.

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

Purchase consideration (refer to (b) below):

Consideration	$
Cash	-
Ordinary shares issued	1,504,000
Convertible redeemable preference shares	2,477,250
Total purchase consideration	3,981,250
Fair value of net identifiable assets acquired (refer to (c) below)	534,189
Goodwill - refer to (c) below	3,447,061
	3,981,250

The goodwill is attributable to the current and potential high profitability of 180 Group Holdings Pty Ltd.

10 CONTROLLED ENTITIES CONT'D

Business Combinations

(b) Purchase Consideration

On 27 October 2005, the Company entered into an agreement (Share Purchase Agreement) with Capital Management Corporation Pty Limited (Capital Management), Tim Odillo Maher (a Director of the Company) and 180 Group Holdings Pty Limited (180 Group Holdings).

Under the Share Purchase Agreement, the Company agreed to acquire all of the issued capital in 180 Group Holdings from Capital Management in consideration for the issue on completion of:

- Eight million (8,000,000) ordinary shares in the capital of the Company (Shares); and
- Thirty two (32) Convertible Redeemable Preference Shares (CRPS) in the capital of the Company.

In summary, the terms of the CRPS are as follows:

- a total of 32 one dollar ($1) CRPS were issued to Capital Management, the Vendor;
- each CRPS will be convertible, subject to certain performance parameters being achieved in the 180 Group, into 1,000,000 ordinary fully paid FSA Group shares (such that if all of the CRPS are converted, a total of 32,000,000 FSA Group shares will be issued); and
- CRPS are able to be converted into ordinary FSA Group shares under one of three scenarios (or "Phases") based on the financial performance of the 180 Group. These Phases were set out fully in the Notice of Meeting and Explanatory Memorandum distributed to shareholders on 17 March 2006.

Following shareholder approval on 21 April 2006, 8,000,000 ordinary shares were issued to Capital Management at a total cost of $1,504,000.

The fair value of the 32 CRPS issued to Capital Management on 21 April 2006 was $2,477,250. This value has been determined by reference to an independent valuation at the time of the acquisition.

The total fair value of the consideration paid to Capital Management on 21 April 2006 was $3,981,250.

(c) Assets and liabilities acquired

The assets and liabilities arising from the acquisition of Aravanis Insolvency Pty Ltd are as follows:

	Acquiree's carrying amount $	Fair Value $
Cash at Bank	3,855	3,855
Trade receivables	12,525	12,525
Property Plant & Equipment	1,304	1,304
Trade payables	(498)	(498)
Other payables & accruals	(13,727)	(13,727)
Provision employee entitlements	(3,359)	(3,359)
Net assets	100	100
Minority Interests		(35)
Net identifiable assets acquired		65

The assets and liabilities arising from the acquisition of 180 Group Pty Ltd are as follows:

	Acquiree's carrying amount $	Fair Value $
Cash at Bank	1,030,965	1,030,965
Trade payables	2,692,629	2,692,629
Other current assets	36,200	36,200
Trade payables	(181,249)	(181,249)
Unearned Income	(63,728)	(63,728)
Other payables & accruals	(273,912)	(273,912)
Hire Purchase Liability - current	(8,661)	(8,661)
Hire Purchase Liability – non current	(48,458)	(48,458)
Provision employee entitlements	(31,689)	(31,689)
Loans – directors	(10,000)	(10,000)
Loans – related corps	(500,000)	(500,000)
Loans - Mortgages	(272,000)	(272,000)
Unsecured Notes	(875,000)	(875,000)
Provision for doubtful debts	(848,715)	(848,715)
Property Plant & Equipment	453,519	453,519
Intangibles – goodwill	3,650	3,650
Future Income Tax Benefits	292,817	292,817
Provision for Income Tax	(633,241)	(633,241)
Net assets	763,127	763,127
Minority Interests		(228,938)
Net identifiable assets acquired		534,189

	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
11 PLANT AND EQUIPMENT				
Computer equipment at cost	1,187,379	977,951	-	-
Accumulated depreciation	(846,957)	(645,274)	-	-
Net carrying amount	340,422	332,677	-	-
Office equipment at cost	294,845	249,785	-	-
Accumulated depreciation	(185,524)	(131,592)	-	-
Net carrying amount	109,321	118,193	-	-
Leasehold improvements at cost	37,820	-	-	-
Accumulated amortisation	(5,738)	-	-	-
Net carrying amount	32,082	-	-	-
Furniture and fittings at cost	220,240	168,088	-	-
Accumulated depreciation	(59,781)	(27,131)	-	-
Net carrying amount	160,459	140,957	-	-
Motor vehicles at cost	97,103	76,040	-	-
Accumulated depreciation	(37,643)	(18,309)	-	-
Net carrying amount	59,460	57,731	-	-
Total plant and equipment at cost	1,837,387	1,471,864	-	-
Accumulated depreciation	(1,135,643)	(822,306)	-	-
Net carrying amount	**701,744**	**649,558**	**-**	**-**

Consolidated

	Computer Equipment $	Office Equipment $	Office Improvements $	Furniture & Fittings $	Motor Vehicles $	Total $
Movements during year:						
Balance at 1 July 2006	332,677	118,193	-	140,957	57,731	649,558
Additions	228,610	45,219	37,820	58,217	34,913	404,779
Disposals	(17,827)	(173)	-	-	(9,669)	(27,669)
Depreciation	(203,038)	(53,918)	(5,738)	(38,715)	(23,515)	(324,924)
Balance at 30 June 2007	**340,422**	**109,321**	**32,082**	**160,459**	**^^59,460**	**701,744**

^^ - Included in this amount are Motor Vehicles which have a fixed charge relating to a Hire Purchase Liability. The Hire Purchase Liability is secured by the underlying asset. Refer note 15 for further information.

	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
12 INVESTMENT PROPERTY				
Investment property at cost	1,402,217	362,339	-	-
Accumulated depreciation	(42,830)	(10,258)	-	-
	1,359,387	**352,081**	**-**	**-**
Movements during year:				
Beginning of the year	352,081	-	-	-
Additions	1,039,878	-	-	-
Acquisitions through business combinations	-	352,081	-	-
Disposals	-	-	-	-
Depreciation	(32,572)	-	-	-
	1,359,387	**352,081**	**-**	**-**

There are first mortgages over the Investment Properties (see Note 15).
The directors have assessed the fair value of the investment properties to be at least equal to their carrying amounts.

	Consolidated Entity		Parent Entity	
	2007 $	2006 $	2007 $	2006 $
13 INTANGIBLE ASSETS				
Goodwill	**3,830,835**	**3,830,835**	**-**	**-**
Movement schedule				
Balance at the beginning of year	3,830,835	345,124	-	-
Acquisitions through business combinations	-	3,450,711	-	-
Additions	-	35,000	-	-
Disposals	-	-	-	-
Impairment losses	-	-	-	-
Closing value at the end of the year	**3,830,835**	**3,830,835**	**-**	**-**

Included in the carrying amount of Goodwill is an amount of $3,450,711, which relates to the Goodwill acquired on acquisition of the 180 Group Holdings Pty Ltd.

Impairment

The recoverable amount of goodwill is determined based on “fair value less costs to sell” by capitalisation of estimated Future Maintainable Earnings (“FME”) at an appropriate earnings multiple. The FME is that level of sustainable earning that can be maintained by the Cash Generating Unit (“CGU”) and excludes one-off and/or non-recurring items.

The appropriate earnings multiple is determined with reference to the observed multiples of entities whose businesses are comparable to that of the CGU being considered. The key assumption on which management has based its determination is that the CGUs could be sold for the earnings multiple derived from the analysis.

	Consolidated Entity		Parent Entity	
	2007 $	2006 $	2007 $	2006 $
14 TRADE AND OTHER PAYABLES				
Unsecured				
Trade payables	1,206,944	700,551	-	-
Institutional Creditors	3,945,993	3,569,897	-	-
Sundry payables and accruals	1,945,982	1,386,593	12,241	12,148
Intercompany loan – controlled entities	-	-	1,876,423	1,338,656
Notes payable – non-interest bearing	-	95,000	-	95,000
	7,098,919	**5,752,041**	**1,888,664**	**1,445,804**
15 BORROWINGS				
Current				
Unsecured				
Interest bearing notes	600,000	325,000	-	-
Interest bearing loan	-	10,000	-	-
Warehouse facilities	2,478,095	-	-	-
Bank loans other	84,152	15,996	-	-
	3,162,247	350,996	-	-
Secured				
Hire Purchase Liability	14,066	13,028	-	-
	3,176,313	364,024	-	-
Non-current				
Unsecured				
Interest bearing notes	-	550,000	-	-
	-	550,000	-	-
Secured				
Hire Purchase Liability	43,775	58,446	-	-
Mortgage	1,055,767	272,000	-	-
	1,099,542	330,446	-	-
	1,099,542	880,446	-	-
(a) Total current and non-current secured liabilities:				
Hire Purchase Liability	57,841	71,474	-	-
Mortgage	1,055,767	272,000	-	-
Warehouse facilities	2,478,095	-	-	-
	3,591,703	343,474	-	-
(b) The carrying amount of non-current assets pledged as security are:				
Floating charge over assets				
Motor vehicle and lease assets	35,305	60,146	-	-
First mortgage on Investment properties	1,359,387	352,081	-	-
Interest bearing notes – loan and other assets in the Fox Symes Warehouse Trust No. 1	2,500,777	-	-	-
	3,895,469	412,227	-	-

(c) The interest bearing notes held by persons outside the Group and are unsecured.

Maturity date	Interest Rates	Consolidated 2007 $	Consolidated 2006 $	Parent 2007 $	Parent 2006 $
30 June 2007	20.0%	-	275,000	-	-
30 June 2008	22.5%	550,000	550,000	-	-
		550,000	825,000	-	-

(d) The interest bearing notes held by persons within the Group and are unsecured.

Maturity date	Interest Rates	Consolidated 2007 $	Consolidated 2006 $	Parent 2007 $	Parent 2006 $
7 July 2007	20.0%	50,000	50,000	-	-

		Consolidated Entity		Parent Entity	
		2007 $	2006 $	2007 $	2006 $

15 BORROWINGS CONT'D

(e) The interest bearing loan held by a person outside the Group and is unsecured.

Maturity date	Interest Rates	Consolidated 2007 $	Consolidated 2006 $	Parent 2007 $	Parent 2006 $
No maturity date	10.0%	-	10,000	-	-

(f) Warehouse facility

Warehouse facilities are used to fund mortgages prior to securitisation and include revolving Senior and Mezzanine Note facilities (the facilities). The drawdown limit under the Senior and Mezzanine Note facilities is $200 million and $10 million respectively and at balance date $2,375,000 and $100,000 respectively had been drawn down.

The Warehouse facilities are 364 day facilities that are renewable annually. Interest is payable at the applicable BBSW rate plus a margin of 1% for the Senior Notes and a margin of 6% for the Mezzanine Notes. The interest rate at 30 June 2007 for the Senior and Mezzanine Notes is 7.34% and 12.34% respectively.

The facilities are secured against current and future mortgage receivables (refer note 8).

16 PROVISIONS

	Consolidated 2007 $	Consolidated 2006 $	Parent 2007 $	Parent 2006 $
Current				
Provision for Institutional Creditor Payments	882,596	283,665	-	-
Employee benefits	377,214	255,842	-	-
	1,259,810	539,507	-	-
Non Current				
Employee benefits	39,218	-	-	-
Analysis of provisions				
Institutional Creditor Payments				
Balance at 1 July 2006	283,665	262,484	-	-
Additional provisions	882,596	283,665	-	-
Unused amounts reversed	(283,665)	(262,484)	-	-
Balance at 30 June 2007	882,596	283,665	-	-

Provision for employee benefits

A provision has been recognised for employee benefits relating to annual leave and long service leave. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to this report.

As at 30 June 2007, the Consolidated Entity employed 138 full-time equivalent employees (2006: 76) plus a further 15 (independent) contractor field agents (2006: 15).

	Consolidated Entity		Parent Entity	
	2007 $	2006 $	2007 $	2006 $
17 SHARE CAPITAL				
106,837,513 (2006: 98,217,513) fully paid Ordinary Shares	5,085,535	4,413,772	5,085,535	4,413,772
24 (2006: 32) Convertible Redeemable Preference Shares (CRPS)	**1,857,937	2,477,250	**1,857,937	2,477,250
	6,943,472	6,891,022	6,943,472	6,891,022

(a) Ordinary shares

	2007 Number	2006 Number	2007 Number	2006 Number
Balance 1 July	98,217,513	87,134,947	98,217,513	87,134,947
- 13 February 2006	-	1,200,000	-	1,200,000
- 3 March 2006	-	375,000	-	375,000
- 21 April 2006	-	9,053,333	-	9,053,333
- 9 June 2006	-	454,233	-	454,233
- 2 August 2006	100,000	-	100,000	-
- 11 September 2006	120,000	-	120,000	-
- 20 September 2006	200,000	-	200,000	-
- 9 October 2006	8,000,000	-	8,000,000	-
- 3 November 2006	100,000	-	100,000	-
- 1 May 2007	100,000	-	100,000	-
Balance 30 June	106,837,513	98,217,513	106,837,513	98,217,513

** - During the period 8 CRPS converted into 8,000,000 in ordinary share capital. The determined fair value of the CRPS, amounting to $619,313 was transferred from the CRPS capital account to the Ordinary share capital account.

2006

On 13 February 2006, 1,200,000 ordinary shares were issued as executive remuneration.

On 3 March 2006, 375,000 (Seco) Convertible Notes were converted into 375,000 ordinary shares.

On 21 April 2006, 8,000,000 ordinary shares were issued relating to the acquisition of 180 Group Holdings Pty Ltd, pursuant to resolutions passed by the shareholders at general meeting. Also on 21 April 2006, 1,000,000 ordinary shares were issued to the Chairman as remuneration, pursuant to a resolution passed by shareholders at general meeting, plus a further 53,333 ordinary shares were issued following the exercise of 53,333 (unlisted) $0.10 options.

On 21 April 2006 an equal capital reduction for the purposes of writing down the value of the share capital by an amount of $7,107,884 was completed. This reduction represented the accumulated losses of the Company up to 30 June 2003 relating to its previous activities. The terms and conditions under which the capital reduction took place were set in the Notice of Meeting and Explanatory Memorandum sent to shareholders. The resolution to approve the capital reduction was passed by shareholders at the general meeting held on 21 April 2006.

On 9 June 2006, 454,233 ordinary shares were issued following the exercise of 454,233 (unlisted) $0.10 options.

2007

On 2 August 2006, 100,000 unlisted ESOP $0.10 options exercisable on or before 24 November 2006 were exercised into 100,000 ordinary shares;

On 11 September 2006, 120,000 ordinary shares were issued in consideration for services rendered;

On 20 September 2006, 200,000 ordinary shares were issued in consideration for services rendered;

On 9 October 2006, 8 Convertible Redeemable Preference Shares ("CRPS") were converted pursuant to the terms of the purchase agreement of 180 Group, which was acquired on 21 April 2006 and 180 Group exceeding its first profit target. The 8 CRPS were converted into 8,000,000 ordinary shares;

On 3 November 2006, 100,000 ordinary shares were issued on exercise of 100,000 $0.10 options; and

On 1 May 2007, 100,000 ordinary shares were issued on exercise of 100,000 $0.10 options.

At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(b) Convertible Redeemable Preference Shares (CRPS)

On 21 April 2006, 32 CRPS were issued relating to the acquisition of 180 Group Holdings Pty Ltd, pursuant to resolutions passed by the shareholders at general meeting.

In summary, the terms of the CRPS are as follows:

- each CRPS will be convertible, subject to certain performance parameters being achieved in the 180 Group, into 1,000,000 ordinary fully paid FSA Group shares (such that if all of the CRPS are converted, a total of 32,000,000 FSA Group shares will be issued); and
- CRPS are able to be converted into ordinary FSA Group shares under one of three scenarios (or "Phases") based on the financial performance of the 180 Group. These Phases were set out fully in the Notice of Meeting and Explanatory Memorandum distributed to shareholders on 17 March 2006.

(c) Options

On 21 November 2006, 500,000 options exercisable at $0.25 on or before 20 November 2011 were issued as part of Director's remuneration;

On 1 December 2006, 25,000,000, $0.60 options expired;

On 19 February 2007, 640,000 options exercisable at $0.60 on or before 31 January 2010 were issued as part of staff remuneration pursuant to the Company's ESOP, and 450,000 options exercisable at $0.655 on or before 31 January 2010 were issued as part of executive remuneration pursuant to the Company's ESOP;

On 12 July 2007, 250,000 options exercisable at $0.98 on or before 31 January 2010 were issued as part of Director's remuneration, and 400,000 ordinary shares were issued upon exercise of 400,000 $0.10 options; and

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

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

For information relating to share options issued to key management personnel during the financial year, refer to the Remuneration Report included in the Directors' Report.

18 RESERVES

Option Reserve

The option reserve records items recognised as expenses on valuation of employee share options.

	Consolidated Entity		Parent Entity	
	2007 $	2006 $	2007 $	2006 $
19 CASH FLOW INFORMATION				
Reconciliation of cash flows from operations to Profit after tax				
Profit/(loss) after tax	6,821,586	2,583,294	118,704	(125,930)
Non-cash flows in profit/(loss):				
Depreciation	357,497	245,241	-	-
Loss/ (Gain) on disposal of Plant & Equipment	27,669	(3,179)	-	-
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables	(10,838,536)	(1,301,261)	-	-
(Increase)/decrease in other non-current assets	45,747	(326,864)	-	-
(Increase)/decrease in other current assets	(17,091)	65,929	-	-
(Decrease)/increase in trade and other payables	1,405,201	899,725	93	69,391
(Decrease)/increase in employee entitlements	160,590	76,810	-	-
(Decrease)/increase in other liabilities	942,613	(53,344)	(1,313,119)	195,040
Cash flow from operating activities	**(1,094,724)**	**2,186,351**	**(1,194,322)**	**138,501**

	Consolidated Entity		Parent Entity	
	2007 $	2006 $	2007 $	2006 $
20 COMMITMENTS				
(i) Operating leases (non-cancellable):				
Minimum lease payments				
– not later than one year	841,713	808,562	-	-
– later than one year and not later than five years	2,364,809	3,206,522	-	-
– later than five years	-	-	-	-
	3,206,522	4,015,084	-	-
(ii) Hire purchase liability:				
– not later than one year	17,161	17,161	-	-
– later than one year and not later than five years	48,962	66,123	-	-
– later than five years	-	-	-	-
Total minimum lease payments	66,123	83,284	-	-
– future finance charges	(8,282)	(11,810)	-	-
– lease liability	57,841	71,474	-	-
– current liability (note 15)	14,066	13,028	-	-
– non-current liability (note 15)	43,775	58,446	-	-
	57,841	71,474	-	-

21 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of Directors and Key Management Personnel

(i) Directors

Sam Doumany	Chairman (Non-Executive)
Tim Odillo Maher	Director (Executive)
Deborah Southon	Director (Executive)
Hugh Parsons	Director (Non-Executive) (appointed 1 August 2006)
Stan Kalinko	Director (Non-Executive) (appointed 9 May 2007)

(ii) Key Management Personnel of the Group

Duncan Cornish	Company Secretary
Anthony Carius	Chief Financial Officer (employed 1 February 2007)
Goran Turner	Chief Executive - Fox Symes Home Loans
Gregory Woszczalski	Chief Executive - 180 Group
Nino Eid	Manager - Refinance

(b) Remuneration of Directors and Key Management Personnel

	Consolidated Entity		Parent Entity	
	2007 $	2006 $	2007 $	2006 $
Short-term employee benefits	1,274,273	1,042,056	-	-
Post-employment benefits	99,575	86,790	-	-
Share-based payments	85,564	329,850	85,564	195,000
	1,459,412	**1,458,696**	**85,564**	**195,000**

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.

Information about the remuneration of Directors and Key Management Personnel which is currently required under Section 300A of the Corporations Act and under Accounting Standard AASB 124 "Related Party Disclosures" is included in the Remuneration Report within the Director's Report on pages 15 to 22. The Company has taken the relief provided by the Corporations Amendments Regulation 2006 (No. 4) released on 1 June 2006.

21 KEY MANAGEMENT PERSONNEL DISCLOSURES CONT'D

(c) Options issued as part of remuneration for the period ended 30 June 2007

During the year options were granted as equity compensation benefits to two Non-Executive Directors and two Key Management Persons. The options were issued for no consideration. Each of the granted options entitles the holder to subscribe for one fully paid ordinary share in the entity at an exercise price and expiry date, as set out below.

The Company uses employee continuity of service and the future share price to align comparative shareholder return and reward for Executives.

Terms & Conditions for Each Grant

	Grant Date	Grant Number	Vest Date	Fair Value per Option at grant date ($)#	Exercise Price	Fair Value per Option at Exercise Date	Fair Value at Date Option Lapsed	% of Remuneration
Directors								
Hugh Parsons	21-Nov-2006	500,000	20-Nov-2008	$0.2736	$0.25	n/a	n/a	26%
Stan Kalinko	29-Jun-2007	250,000	28-Jun-2009	$0.4014	$1.00	n/a	n/a	2%
Key Management Personnel								
Anthony Carius	1-Feb-2007	150,000	31-Dec-2007	$0.2948	$0.655	n/a	n/a	22%
Anthony Carius	1-Feb-2007	150,000	31-Dec-2008	$0.2948	$0.655	n/a	n/a	11%
Anthony Carius	1-Feb-2007	150,000	31-Dec-2009	$0.2948	$0.655	n/a	n/a	7%
Nino Eid	19-Feb-2007	50,000	31-Dec-2009	$0.3220	$0.600	n/a	n/a	7%

Calculation of fair value of options granted using the Black-Scholes option pricing model, which takes into account factors such as the option exercise price, the market price at the date of issue and volatility of the underlying share price and the time to maturity of the option.

(d) Shares issued on exercise of remuneration options

Options exercised during the year that were granted as remuneration in prior periods

Key Management Personnel

	Number of Ordinary Shares Issued	Amount Paid per Share	Amount Unpaid per Share
Duncan Cornish	100,000	$0.10	-
Nino Eid	100,000	$0.10	-
Total	**200,000**		

(e) Option holdings of Directors and Key Management Personnel

	Balance at 1 July 2006	Granted as remuneration	Options Exercised	Net Change Other	Balance at 30 June 2007	Vested at 30 June 2007 Total	Not Exercisable	Exercisable
ESOP Options								
Directors	**n/a**							
Key Management Personnel								
Duncan Cornish	500,000	-	(100,000)	-	400,000	400,000	-	400,000
Anthony Carius	-	450,000	-	-	450,000	-	-	-
Nino Eid	100,000	50,000	(100,000)	-	50,000	-	-	-
Total ESOP Options	**600,000**	**500,000**	**(200,000)**	**-**	**900,000**	**400,000**	**-**	**400,000**
Unlisted Options ($0.25 @ 31-Jan-10)								
Directors								
Hugh Parsons	-	500,000	-	-	500,000	-	-	-

21 KEY MANAGEMENT PERSONNEL DISCLOSURES CONT'D

(e) Option holdings of Directors and Key Management Personnel cont'd

	Balance at 1 July 2006	Granted as remuneration	Options Exercised	Net Change Other	Balance at 30 June 2007	Vested at 30 June 2007 Total	Vested at 30 June 2007 Not Exercisable	Vested at 30 June 2007 Exercisable
Unlisted Options ($0.25 @ 31-Jan-10) *Continued*								
Key Management Personnel	**n/a**							
Unlisted Options ($1.00 @ 31-Jan-10)								
Directors								
Stan Kalinko	-	250,000	-	-	250,000	-	-	-
Key Management Personnel	**n/a**							
Total Unlisted Options	**-**	**750,000**	**-**	**-**	**750,000**	**-**	**-**	**-**

	Balance at 1 July 2006	Granted as remuneration	Options Exercised	Net Change Other*	Balance at 30 June 2007
Unlisted Options ($0.60 @ 30-Nov-06)*					
Directors					
Sam Doumany	-	-	-	-	-
Tim Odillo Maher	6,250,000	-	-	(6,250,000)	-
Deborah Southon	6,250,000	-	-	(6,250,000)	-
Total	**12,500,000**	**-**	**-**	**(12,500,000)**	**-**

* The $0.60 @ 30-Nov-06 Options expired on 30 November 2006.

(f) Shareholdings of Directors and Key Management Personnel

Shares held in FSA Group Ltd including CRPS (number)	Balance 1 July 2006	Granted as remuneration	Options Exercised	Net Change Other	Balance 30 June 2007
Directors					
Sam Doumany	1,000,000	-	-	-	1,000,000
Tim Odillo Maher	24,695,544	-	-	7,999,992**	32,695,536
Deborah Southon	12,946,533	-	-	-	12,946,533
Key Management Personnel					
Duncan Cornish	2,000,000	-	100,000	-	2,100,000
Gregory Woszczalski	2,169,810	-	-	-	2,169,810
Nino Eid	-	-	100,000	-	100,000
Total	42,811,887	-	200,000	7,999,992	51,011,879

**** refer to (h) below**

21 KEY MANAGEMENT PERSONNEL DISCLOSURES CONT'D

(g) Loans to Directors and Key Management Personnel

There were no loans to Directors or Key Management Personnel during the period.

(h) Other transactions to Directors and Key Management Personnel

Convertible Redeemable Preference Shares (CRPS)

Part of the consideration for the acquisition of 180 Group Holdings was paid by FSA Group by the issue of the CRPS. In summary, the terms of the CRPS are as follows:

- a total of 32 one dollar ($1) CRPS were issued to Capital Management Corporation Pty Ltd, the Vendor;
- each CRPS will be convertible, subject to certain performance parameters being achieved in the 180 Group, into 1,000,000 ordinary fully paid FSA Group shares (such that if all of the CRPS are converted, a total of 32,000,000 FSA Group shares will be issued); and
- CRPS are able to be converted into ordinary FSA Group shares under one of three scenarios (or "Phases") based on the financial performance of the 180 Group. These Phases were set out fully in the Notice of Meeting and Explanatory Memorandum distributed to shareholders on 17 March 2006.

On 8 October 2006, upon 180 Group exceeding the performance parameters required, 8 CRPS, converted in to 8,000,000 ordinary shares and were issued to the Vendor, a company associated with Mr Tim Odillo Maher.

Other transactions with Directors and Key Management Personnel and related parties

During the period, the Group provided factoring finance to Skin Patrol Pty Ltd, a company which is associated with Mr Tim Odillo Maher. The total of all factoring fees received was $36,685 for the year ended 30 June 2007 (2006:Nil). The finance facility and factoring fees charged were provided on normal commercial terms.

During the period the Group purchased supplies from Ethan Group Pty Ltd, a company which is associated with Mr Tim Odillo Maher. The total amount purchased was $22,023 (2006:$17,090). The supplies were purchased on normal commercial terms.

During the period, interest was paid to Gregory Woszczalski on an Interest bearing note subscribed. The rate of interest paid was 20% p.a. The total amount of interest paid to Gregory Woszczalski was $10,000 (2006:$1,666). These note liabilities of $50,000 were paid out subsequent to year end, in accordance with the subscription notice.

During the period, interest was paid to Croxted Investments Pty Ltd Allocated Pension Fund, an entity associated with Mr Tim Odillo Maher. The rate of interest paid was 20% p.a. The total amount of interest paid to the entity was $30,000 (2006:$5,000). These note liabilities of $150,000 were paid out at 30 June 2007, in accordance with the subscription notice.

22 EVENTS OCCURRING 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 2007.

23 RELATED PARTY DISCLOSURES

(a) Key management personnel

Disclosures relating to key management personnel are set out in note 21.

(b) Subsidiaries

Interests in subsidiaries are set out in notes 9 and 10.

23 RELATED PARTY DISCLOSURES CONT'D

(c) Transactions with related parties

Transactions with related parties of Directors or Key Management Personnel are as disclosed in note 21 (h)

Details of other related party transactions are as follows:

	Consolidated Entity		Parent Entity	
	2007 $	2006 $	2007 $	2006 $
Tax Consolidation legislation				
Current tax payable assumed from wholly-owned tax consolidated entities	-	-	448,898	1,455,988

(d) Outstanding related party balances arising from sales/purchase of goods or services

	Consolidated Entity		Parent Entity	
	2007 $	2006 $	2007 $	2006 $
Current payables – other related parties	614	-	-	-
Current factoring receivables – Other related parties	108,370	-	-	-
Current factoring payables – Other related parties	508	-	-	-

(e) Loans from related parties

	Consolidated Entity		Parent Entity	
	2007 $	2006 $	2007 $	2006 $
Loans from subsidiaries				
Beginning of the year	-	-	1,338,656	1,193,467
Proceeds received	-	-	3,511,493	1,902,331
Repayments (including liabilities from the tax consolidated group)	-	-	(2,973,726)	(1,757,142)
Balance at the end of the year	**-**	**-**	**1,876,423**	**1,338,656**

24 SEGMENT INFORMATION

Operating Segments

	Personal and Corporate Debt Services		Lending Services		Other/Unallocated		Consolidated Total	
	2007	2006	2007	2006	2007	2006	2007	2006
Revenue								
External sales	27,532,533	20,417,532	446,403	-	1,435,178	733,086	29,414,114	21,150,618
Interest - Lending services	-	-	4,062,064	260,549	-	-	4,062,064	260,549
Interest revenue - non operating	303,779	266,958	-	-	136,414	140,383	440,193	407,341
Internal sales	266,817	24,000	-	-	373,260	174,654	640,077	198,654
Eliminations							(640,077)	(198,654)
Total Revenue	**28,103,129**	**20,708,490**	**4,508,467**	**260,549**	**1,944,852**	**1,048,123**	**33,916,371**	**21,818,508**
Results								
Segment profit before tax	9,573,674	4,559,002	255,462	(432,908)	(133,230)	(59,524)	9,695,906	4,066,570
Income tax (expense)/benefit	(2,872,102)	(1,367,700)	(22,738)	129,872	20,520	(245,448)	(2,874,320)	(1,483,276)
Segment profit	**6,701,572**	**3,191,302**	**232,724**	**(303,036)**	**(112,710)**	**(304,972)**	**6,821,586**	**2,583,294**
Items included in Profit for the year								
Share of the profits of an associate using the Equity Accounting Method	-	-	-	-	187,836	-	187,836	-
Finance costs	17,352	17,267	448,830	58,435	61,310	4,829	527,492	80,531
Less elimination	-	-	-	-	(266,817)	-	(266,817)	-
Net Finance costs							260,675	80,531
Depreciation and amortisation	305,503	243,104	-	-	51,993	2,137	357,496	245,241
Bad and doubtful debts – trade receivables	3,978,185	3,305,710	1,133,739	109,091	-	-	5,111,924	3,414,801
Bad debt recovery	(3,239,073)	(864,190)	-	-	-	-	(3,239,073)	(864,190)
Rental expense on operating lease								
– minimum lease payment	687,283	369,117	45,926	10,101	70,500	40,000	803,709	419,218
Legal and consultancy	586,460	520,199	664,863	303,153	-	-	1,251,323	823,352
Segment assets	32,279,336	18,266,252	11,225,167	2,654,510	11,203,751	9,944,944	54,708,254	30,865,706
Eliminations							(19,585,488)	(8,291,831)
Total assets							**35,122,766**	**22,573,875**
Included in Segment assets								
Investment in associate	-	-	139,449	-	-	-	139,449	-
Segment liabilities	17,228,241	10,058,894	10,621,624	2,141,526	5,200,236	3,983,940	33,050,101	16,184,360
Eliminations							(16,831,276)	(5,537,619)
Total liabilities							**16,218,825**	**10,646,741**

Information about operating segments

Identification of reportable segments

Management has identified two reportable segments based on the differences in providing services and providing finance products. These two segments are subject to different regulatory environments and legislation.

24 SEGMENT INFORMATION CONT'D

The two identified reportable segments are:

Personal and Corporate Debt Services and Lending.

Personal and Corporate Debt Services include debt agreement proposal preparation and administration, refinance broking, trustee services, corporate insolvency consultancy services and other related services.

Lending includes the provision of bridging finance, factoring finance and the mortgage finance.

Measurement

Each identified reportable segment accounts for transactions consistently with the Accounting policies mentioned in Note 1 to these financial statements. Inter-segment transactions are highlighted as eliminated to reconcile to the profit, total assets and liabilities amounts of the consolidated entity.

Changes from the prior period

The Consolidated Entity previously reported segment information in accordance with AASB 114 "Segment reporting" The Consolidated entity previously reported 3 separate identifiable segments identified in accordance with the principles contained AASB 114.

The Consolidated Entity in this period, in adopting AASB 8 "Operating segments" has reported 2 identifiable reportable segments as determined by the Consolidated Entity's Chief Operating Decision Maker. Comparative information has been restated to report consistently with the reportable segment information presented in the current period.

There are no differences in the measurement bases used to account for transactions within reportable segments to those used in the comparative year.

NOTE 25 FINANCIAL INSTRUMENTS

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

Receivables – Trade receivables are non-interest bearing and can take up to eighteen months to collect. This is normal for this type of business.

Loan assets are interest bearing and are collected over the period of the loan. For Mortgage loan assets this can be in excess of 20 years.

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

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

Warehouse facility – FSA Group Ltd has a secured note facility comprising of senior and mezzanine debt through a special purpose entity, the Fox Symes Warehouse Trust No.1. The facility has a combined drawdown limit of $210 million. This facility is secured against the book of loan assets created by the trust. As at 30 June 2007 the Group had withdrawn $2,475,000 from this facility. It had unused credit at the end of the year of $207.525 million.

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to the financial report.

The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group.

NOTE 25 FINANCIAL INSTRUMENTS CONT'D

(c) Interest Rate Risk

The Consolidated Entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

2007	Floating interest rate	Fixed interest rate				Non-interest bearing	Total carrying amount as per the balance sheet	Weighted average effective interest rate
		1 yr and less	2-3 yrs	3-4 yrs	More than 5 yrs			
	$	$	$	$	$	$	$	%
(i) Financial assets								
Cash and cash equivalents	8,420,886	-	-	-	-	-	8,420,886	4.82%
Other financial assets	-	594,717	-	-	-	-	594,717	6.00%
Trade and other receivables	565,000	4,225,229	-	-	-	14,321,096	19,111,325	16.90%
Total financial assets	8,985,886	4,819,946	-	-	-	14,321,096	28,126,928	
(ii) Financial liabilities								
Trade payables	-	-	-	-	-	1,206,944	1,206,944	
Institutional creditors	-	-	-	-	-	3,945,993	3,945,993	
Other payables	-	-	-	-	-	1,945,982	1,945,982	
Bank loans - other	84,152	-	-	-	-	-	84,152	12%
Hire purchase liabilities	-	14,066	43,775	-	-	-	57,841	7.60%
Mortgage loan	783,767	-	-	272,000	-	-	1,055,767	6.81%
Note liabilities	-	600,000	-	-	-	-	600,000	20%
Warehouse facility	2,478,095	-	-	-	-	-	2,478,095	7.53%
Total financial liabilities	3,364,014	614,066	43,775	272,000	-	7,098,919	11,374,774	
Net financial assets/ (liabilities)	**5,639,872**	**4,205,880**	**(43,775)**	**(272,000)**	**-**	**7,222,177**	**16,752,154**	

NOTE 25 FINANCIAL INSTRUMENTS CONT'D

2006	Floating interest rate	Fixed interest rate				Non-interest bearing	Total carrying amount as per the balance sheet	Weighted average effective interest rate
		1 yr and less	1-2 yrs	2-3 yrs	4-5 yrs			
	$	$	$	$	$	$	$	%
(i) Financial assets								
Cash and cash equivalents	7,954,396	-	-	-	-	-	7,954,396	5.13%
Other financial assets	-	640,464	-	-	-	-	640,464	5.24%
Trade and other receivables	-	1,895,705	-	-	-	6,297,991	8,193,696	5.91%
Total financial assets	7,954,396	2,536,169	-	-	-	6,297,991	16,788,556	
(ii) Financial liabilities								
Trade payables	-	-	-	-	-	700,551	700,551	
Institutional creditors	-	-	-	-	-	3,569,897	3,569,897	
Other payables	-	-	-	-	-	1,386,593	1,386,593	
Hire purchase liabilities	-	13,633	14,066	43,775	-	-	71,474	7.60%
Mortgage loan	-	-	-	-	272,000	-	272,000	6.75%
Convertible Note - unsecured	-	-	-	-	-	95,000	95,000	
Total financial liabilities	-	13,633	14,066	43,775	272,000	5,752,041	6,095,515	
Net financial assets/ (liabilities)	**7,954,396**	**2,522,536**	**(14,066)**	**(43,775)**	**(272,000)**	**545,950**	**10,693,041**	

NOTE 26 INVESTMENTS IN ASSOCIATES

Equity accounted investments in associates

	Consolidated Entity		Parent Entity	
	2007 $	2006 $	2007 $	2006 $
Purchase consideration	7,963	-	-	-
Share of associates profit for the year	131,486	-	-	-
	139,449	-	-	-

The consolidated entity has one investment in an associate which it accounts for using the equity accounting method. The name of the associate is Huntingdale Smythe Lawyers Pty Ltd, a company incorporated in Australia. The company provides legal services. The consolidated entity has 50% ownership and 50% of the voting power in the entity.

Information about the Associate is as follows:

Consolidated entity's share of:

	2007 $
Profit before tax	187,836
Income tax expense	(56,350)
Profit for the year	131,486
Assets	209,639
Liabilities	75,364
Net assets	134,275

NOTE 27 CONTINGENT LIABILITIES

There were no contingent liabilities relating to the Group at balance date except the following:

Mortgage loans

At balance date loan applications that had been accepted by the Group but not yet settled amount to $2,370,000. Mortgages are usually settled within 4 weeks of acceptance.

14 DIRECTORS' DECLARATION

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 2007 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.

(c) The audited remuneration disclosures set out on pages 15 to 22 of the directors' report comply with Accounting Standards AASB 124 Related Party Disclosures and the Corporations Regulations 2001.

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;

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

(d) any other matters that are prescribed by regulations in relation to the financial statements and notes for the financial year are satisfied.

On behalf of the Board

This declaration is made in accordance with a resolution of the Board of Directors.

Deborah Southon
Director

Sydney
29 August 2007.

15 INDEPENDENT AUDITOR'S REPORT

To the members of FSA Group Limited

PKF

Report on the Financial Report and AASB 124 remuneration disclosures contained in the directors' report

We have audited the accompanying financial report of FSA Group Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration for both FSA Group Limited ("the company") and the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

We have also audited the remuneration disclosures contained in the directors' report. As permitted by the Corporations Regulations 2001, the company has disclosed information about remuneration of directors and executives ('remuneration disclosures') required by accounting standard AASB 124 Related Party Disclosures, under the heading "remuneration report" in pages 15 to 22 of the directors' report and not in the financial report.

Directors' Responsibility for the Financial Report and AASB 124 remuneration disclosures contained in the directors' report

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

The directors' of the company are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards.

These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibility is to also express an opinion on the remuneration disclosures contained in the directors' report based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures in the directors' report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of FSA Group Limited on 28th August 2007, would be in the same terms if provided to the directors as at the date of this auditor's report.

INDEPENDENT AUDITOR'S REPORT

Auditor's Opinion

In our opinion the financial report of FSA Group Limited is in accordance with the *Corporations Act 2001,* including:

(a) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and

(b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001.*

Auditor's opinion on the AASB 124 remuneration disclosures contained in the directors' report

In our opinion the remuneration disclosures that are contained in pages 15 to 22 of the directors' report comply with Accounting Standard AASB 124.

PKF
Chartered Accountants

Wayne Wessels
Partner

Dated at Brisbane this 29th day of August 2007.

Liability limited by a scheme approved by Professional Standards Legislation.

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FSA GROUP LTD

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2007

FSA GROUP LTD

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2007