Appendix 4E

Preliminary Final Report to the Australian Stock Exchange

Name of Entity	**FSA Group Limited**
ABN	98 093 855 791
Financial Year Ended	30 June 2005
Previous Corresponding Reporting Period	30 June 2004

Results for Announcement to the Market

	$	**Percentage increase /(decrease) over previous corresponding period**
Revenue from ordinary activities	14,178,201	1.8%
Profit / (loss) from ordinary activities after tax attributable to members	1,302,008	8.0%
Net profit / (loss) for the period attributable to members	1,302,008	8.0%

Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	-	-
Interim Dividend	-	-
Record date for determining entitlements to the dividends (if any)	-	

Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

Refer to the accompanying Review of Operations and Financial Statements.

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Dividends

Date the dividend is payable	-
Record date to determine entitlement to the dividend	-
Amount per security	-
Total dividend	-
Amount per security of foreign sourced dividend or distribution	-
Details of any dividend reinvestment plans in operation	-
The last date for receipt of an election notice for participation in any dividend reinvestment plans	-

NTA Backing

	Current Period	**Previous corresponding period**
Net tangible asset backing per ordinary security	4.8 cents	3.2 cents

Commentary on the Results for the Period

Refer to the accompanying Review of Operations and Financial Statements.

Audit/Review Status

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited		The accounts have been subject to review	
The accounts are in the process of being audited or subject to review	**X**	The accounts have not yet been audited or reviewed	

Financial Statements

Refer to the accompanying Financial Statements.

By Order of the Board
Duncan Cornish
Company Secretary
13 September 2005

REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

Background

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

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

Since FSA Group commenced operations five years ago, it has developed and evolved its business practices and procedures to support the considerable number of consumer debtors who seek solutions to their financial problems through the products offered. In conjunction with changing client and stakeholder demands and expectations, the organisational structure continues to evolve to ensure efficient and satisfactory client outcomes are delivered. This structure allows the undertaking of the following range of activities:

- marketing and advertising, field agent and call centre services designed to promote and capture awareness of distressed debtors;
- exploration of debtor options;
- identification of alternatives for the most appropriate management of the consumer's debts;
- rigorous assessment of a debtor's eligibility for assistance or refinancing;
- internal auditing of a debtor's submission to creditors;
- liaison with creditors, ITSA and debtors or financial institutions;
- advocacy on the debtor's behalf with creditors;
- ethical compliance; and
- monitoring debtor compliance and ongoing administration.

FSA currently has 69 full time and part time employees and 17 contractor field agents engaged to provide the above services.

Operating Results

FSA Group's core business is to provide financial services to individuals with a range of financial problems. FSA Group made a profit after tax of $1.3 million in the 12 months to 30 June 2005, from revenues of $14.2 million.

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

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

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

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

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

Products and services provided by FSA Group

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

FSA Group, in an effort to achieve a satisfactory solution for their client, also aims to:

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

Under a Debt Agreement, the debtor and creditor must agree on the terms of arrangement, and an external administrator (such as FSA Group's subsidiary, Debt Relief Services Pty Ltd) may be appointed to administer the arrangement. Where FSA Group facilitates the acceptance of a Debt Agreement, Debt Relief Services Pty Ltd will be appointed as administrator of the agreement for the purpose of the Bankruptcy Act. Creditors remunerate Debt Relief Services Pty Ltd for the work it performs by agreeing to forgo a small part of the debts to be repaid.

With the escalating growth of personal debt in Australia, FSA Group realised the advantage of using Debt Agreements as an affordable, effective and binding method of resolving an individual's debt problem. A Debt Agreement has a number of advantages for debtors, including the avoidance of bankruptcy proceedings and the inherent flexibility available under such an agreement. For creditors one of the most obvious advantages is that they are likely to yield a greater rate of return.

Debt Agreements, Part IX Bankruptcy Act

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

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

A Debt Agreement offers an alternative to bankruptcy for those people who find themselves temporarily unable to pay all their debts or who may be unable to meet repayments due to changes in their circumstances. It allows these people to avoid the stigma and consequences of bankruptcy when they face misfortune and where misfortune can be defined, for example, as illness, loss of employment or marital breakdown. Fraud or deliberate financial recklessness is not deemed to be suitable criteria for Debt Agreement eligibility.

Debt Agreements are a valid and non-adversarial means for resolving a consumer debtor's financial problems. They allow those debtors, who want to repay their debts, an affordable and effective method of resolving their financial problems while also striving to minimise the effects of insolvency on the individual and the community. In essence, a consumer debtor who relies upon a Debt Agreement engages in a rehabilitative process aimed at repaying the debt. Part of this process intends the debtor to address the underlying problems, which lead to insolvency and thus prevent indebtedness from occurring again.

In May 2003, the *Bankruptcy Legislation Amendment Bill 2002* took effect. Amongst other changes, this Bill increased after tax income threshold for debtors eligible to rely upon a Debt Agreement. Currently the net income threshold is $54,286. The introduction of the Bill did not meet expectations in terms of materially expanding FSA Group's Debt Agreement base.

Debt Agreements rely equally upon the support of creditors as well as commitment from individual consumer debtors. In this regard, FSA Group has forged key strategic alliances with major institutional creditors. This is seen as a critical part of the business conducted by FSA Group because it is the creditors who must agree to the terms for administration proposed.

Bankruptcies in Australia

Any consideration of Debt Agreements needs to consider the backdrop of bankruptcies in Australia. It is clear and well documented that, from a commercial standpoint, Debt Agreements provide greater benefits to creditors than bankruptcy. Evidence shows that creditors can expect to see a substantial return on debts through Debt Agreements.

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

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

An increase in Debt Agreements at the expense of bankruptcies means five important factors, namely:

1. Rates of returns are higher. Unlike in a bankruptcy, where a debtor's assets are liquidated (subject to certain exemptions), the debtor continues to work to repay the debt under a Debt Agreement. Under Voluntary Administration (Deed of Company Arrangement), the corporate equivalent of a Debt Agreement, the average return to creditors is about 24 cents in the dollar. This compares to a return rate under a Debt Agreement, which is typically more than 55 cents in the dollar, and quite commonly 65 cents or more.
2. Debt Agreement administrators are not creating a market in Debt Agreements but are primarily substituting Debt Agreements for bankruptcies – thereby responding to the debt problems amongst debtors rather than developing it;
3. Debtors who honour their repayment plans under a Debt Agreement may be eligible for further finance based on their demonstrated ability to repay debts;
4. Debtors are rehabilitated rather than bankrupted – meaning the social impact of bankruptcy generally is lessened over time, with creditors also bearing the economic benefits of debtors with greater financial planning skills; and
5. The banks and other financial institutions are assisting individuals in financial difficulty.

Refinance Division

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

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

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

Future Developments

ACCC proceedings

In April 2004, FSA Group reported to the Australian Stock Exchange that it was defending allegations by the Australian Competition and Consumer Commission (ACCC). Proceedings against Fox Symes and Associates Pty Ltd and Debt Relief Services Pty Ltd (both wholly owned subsidiaries of FSA Group) and two of its directors, Maher and Southon, have commenced in the Federal Court. The allegations relate to the Company's role as a debt administrator (under Part IX of the *Bankruptcy Act 1966*) during the period 2000 to 2002.

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

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

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

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

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

To put the complaints into context, the ACCC made initial enquiry in 2002 in relation to three (one on each of three different states), ultimately five complaints – FSA Group has assisted over 10,000 clients since it commenced operations in 2000.

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

Purchase of 180 Group

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

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

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

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

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

Statements of Financial Performance for the year ended 30 June 2005

	Note	Consolidated Entity		Parent Entity	
		2005 $	2004 $	2005 $	2004 $
REVENUE FROM ORDINARY ACTIVITIES	2	**14,178,201**	**13,921,648**	**118,767**	**172,614**
EXPENSES FROM ORDINARY ACTIVITIES (excluding borrowing costs and write downs)	3	(12,509,458)	(12,271,756)	(11,322)	(98,713)
BORROWING COSTS	3(a)	(3,724)	(71,240)	-	(65,805)
PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		**1,665,019**	**1,578,652**	**107,445**	**8,096**
INCOME TAX EXPENSE RELATING TO ORDINARY ACTIVITIES	4	(554,020)	(373,171)	(36,676)	(925,982)
CORRECTION OF A FUNDAMENTAL ERROR	5	191,009	-	191,009	-
PROFIT / (LOSS) FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE		**1,302,008**	**1,205,481**	**261,778**	**(917,886)**
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS		1,302,008	1,205,481	261,778	(917,886)
Basic earnings per share (cents per share)	24	1.51	1.40		
Diluted earnings per share (cents per share)		1.43	1.38		

Statements of Financial Position as at 30 June 2005

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

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Statements of Cash Flows for the year ended 30 June 2005

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

Notes to the Financial Statements for the year ended 30 June 2005

1. SUMMARY OF ACCOUNTING POLICIES

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

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

Principles of consolidation

The consolidated financial report combines the financial reports of FSA Group Limited (parent entity) and all its controlled entities. (Refer Note 9)

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

Cash and cash equivalents

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

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

Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made, when revenue is recognised, based on historical trends. Bad debts are written-off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due. Interest is taken up as income on an accrual basis.

Investments

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

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

Recoverable Amount

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

1. SUMMARY OF ACCOUNTING POLICIES (cont'd)

Plant and equipment

Measurement

All classes of plant and equipment are measured at cost.

Depreciation

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

Major depreciation periods are:

Plant and equipment:	2 to 5 years

Leases

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

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

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

Intangibles

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

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

Trade and other payables

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

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

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

Provision for Institutional Creditor Payments

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

Interest bearing liabilities

All loans are measured at the principal amount. Interest is charged as an expense as it accrues.

Contributed Equity

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

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

1. SUMMARY OF ACCOUNTING POLICIES (cont'd)

Revenue recognition

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

Rendering of Services

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

Part IX Application Fees

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

Part IX Fees

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

Refinance Fees

Upon receipt of upfront fee and subsequent trail commission.

Interest

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

Income tax

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

Effective 1 July 2003, for the purposes of income taxation, FSA Group Limited and its 100% owned subsidiaries have formed a tax consolidation group.

1. SUMMARY OF ACCOUNTING POLICIES (cont'd)

Employee benefits

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

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

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

- wages and salaries, non-monetary benefits, annual leave, long service leave, sick leave and other leave entitlements; and
- other types of employee entitlements are charged against profits on a net basis in their respective categories.

The value of the employee share option plan described in notes 22 and 27 is not being charged as an employee benefit expense.

Earnings per share

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

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

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

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

Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

Financing arrangements

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

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

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

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

4 INCOME TAX

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

	Consolidated 2005 $	Consolidated 2004 $	Parent 2005 $	Parent 2004 $
The prima facie income tax benefit (30%) (2004:30%) on profit from ordinary activities before income tax	499,506	473,596	32,233	2,429
Tax effect of permanent differences:				
Amortisation of intangible assets	25,884	25,884	-	-
Adjustment for under/over provision in prior year	15,316	(23,355)	-	-
Transfer of tax balances for tax consolidation	-	-	-	923,157
Increase in net tax balances of subsidiaries within tax consolidated entities	-	-	-	2,825
Other items (net)	8,870	10,253	-	(2,429)
Tax effect of timing differences	4,443	(113,207)	4,443	-
	554,020	373,171	36,676	-
Fundamental error (refer Note 5)	(191,009)	-	(191,009)	-
Income tax expense attributable to ordinary activities	**363,010**	**373,171**	**(154,333)**	**925,982**

Dividend Imputation

There were no dividends paid or payable during the financial year or since the end of the financial year. The balance of the franking account at balance date was $1,085,863.

5 CORRECTION OF A FUNDAMENTAL ERROR

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

6 RECEIVABLES (CURRENT)

	Consolidated 2005 $	Consolidated 2004 $	Parent 2005 $	Parent 2004 $
Trade debtors	11,570,314	10,435,534	-	-
Provision for doubtful debts	(6,719,488)	(5,175,652)	-	-
	4,850,826	5,259,882	-	-
Other	35,924	1,022	-	-
	4,886,750	**5,260,904**		**-**

7 OTHER ASSETS (CURRENT)

	Consolidated 2005 $	Consolidated 2004 $	Parent 2005 $	Parent 2004 $
Prepayments	77,580	61,852	-	-
Security Bonds	142,684	63,433	-	-
	220,264	**125,285**	**-**	**-**

8 RECEIVABLES (NON-CURRENT)

	Consolidated 2005 $	Consolidated 2004 $	Parent 2005 $	Parent 2004 $
Trade debtors	341,945	365,000	-	-
Provision for doubtful debts	(88,906)	(94,900)	-	-
	253,039	**270,100**	**-**	**-**

9 OTHER FINANCIAL ASSETS (NON-CURRENT)

	Consolidated 2005 $	Consolidated 2004 $	Parent 2005 $	Parent 2004 $
Security Bonds	313,600	-	-	-
Investments in controlled entities	-	-	2,565,036	2,564,935
	313,600	**-**	**2,565,036**	**2,564,935**

10 CONTROLLED ENTITIES

Name	Country of Incorporation	Percentage of equity interest held by the consolidated entity		Investment	
		2005 %	**2004 %**	**2005 $**	**2004 $**
Prospex Profile Pty Ltd (previously Prospex Holdings Pty Ltd)	Australia	100	100	2	2
FSA Australia Pty Ltd *	Australia	100	100	2,565,035	2,564,935
Debt Relief Solutions Pty Ltd ** ^ @	Australia	-	-	-	-
FSA Finance Pty Ltd *^	Australia	100	100	2	2
Fox Symes & Associates Pty Ltd *^	Australia	100	100	50	50
Debt Relief Services Pty Ltd *^	Australia	100	100	2	2
FSA Services Group Pty Ltd *#	Australia	100	100	2	2
Fox Symes Business Services Pty Ltd*** ^	Australia	100	-	100	-

* Acquired 30 July 2002

** Incorporated 6 March 2003

***Incorporated 24 June 2005 – the company did not trade in 2005

^ Investment held by FSA Australia Pty Ltd

@ De-registered 19 December 2003. This Company was dormant from inception. There was no effect on the Consolidated Entity upon de-registration.

Investment held by Fox Symes & Associates Pty Ltd

Ultimate Parent Entity

FSA Group Ltd is the ultimate parent entity.

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

11 PLANT AND EQUIPMENT (NON-CURRENT)

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

12 INTANGIBLES (NON-CURRENT)

Intellectual property – at cost	2,344,959	2,344,959	2,344,959	2,344,959
Accumulated amortisation	(729,914)	(729,914)	(729,914)	(729,914)
	1,615,045	1,615,045	1,615,045	1,615,045
Write down to recoverable amount	(1,615,045)	(1,615,045)	(1,615,045)	(1,615,045)
	-	-	-	-
Goodwill	462,673	462,673	-	-
Accumulated amortisation	(203,829)	(117,549)	-	-
	258,844	**345,124**	**-**	**-**

13 PAYABLES (CURRENT)

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

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

14 INTEREST-BEARING LIABILITIES (CURRENT)

Convertible Note facility – unsecured:				
- director related entities	-	150,000	-	150,000
- other	-	189,000	-	189,000
	-	339,000	-	339,000
Hire Purchase Liability – secured	14,578	-	-	-
	14,578	**339,000**	**-**	**339,000**

Hire purchase liabilities are secured over their underlying assets

15 PROVISIONS (CURRENT)

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

16 INTEREST-BEARING LIABILITIES (NON-CURRENT)

Hire Purchase Liability – secured	42,909	-	-	-

Hire purchase liabilities are secured over their underlying assets

17 DEFERRED INCOME TAX LIABILITIES (NON-CURRENT)

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

18 CONTRIBUTED EQUITY

	CONSOLIDATED ENTITY 2005 $	CONSOLIDATED ENTITY 2004 $
(a) Issued and paid up capital		
87,134,947 ordinary shares fully paid	9,600,899	9,450,899
(b) Movements in securities on issue		
Movements in ordinary shares on issue		
Balance at beginning of period	9,430,066	9,419,649
Issued during the period:		
On 21 August 2003, 206,594 ordinary shares issued in accordance with an executive service contract (CEO)	-	10,417
Conversion of 750,000 (Seco) Convertible Notes into 750,000 ordinary shares and 1,500,000 listed 20 cent options, exercisable on or before 31 December 2005	150,000	-
Balance at 30 June 2005, 87,134,947 ordinary shares fully paid (30 June 2004: 86,384,947)	**9,580,066**	**9,430,066**
Movements in $0.20 options exercisable on or before 31 December 2005 on issue		
Balance at beginning of period	20,833	20,833
Issued during the period:		
Conversion of 750,000 (Seco) Convertible Notes into 750,000 ordinary shares and 1,500,000 listed 20 cent options, exercisable on or before 31 December 2005	-	-
Balance at 30 June 2005, 24,623,334 options (30 June 2004: 23,123,334)	**20,833**	**20,833**
Total balance at the end of the period	**9,600,899**	**9,450,899**

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

	Listed Ordinary shares	Listed $0.20 options exercisable on or before 31 December 2005	Unlisted $0.60 options exercisable on or before 30 November 2006
Balance at 30 June 2004	86,384,947	23,123,334	25,000,000
Conversion of 750,000 (Seco) Convertible Notes into 750,000 ordinary shares and 1,500,000 listed 20 cent options, exercisable on or before 31 December 2005	750,000	1,500,000	-
Balance as at 30 June 2005 (and date of this report)	**87,134,947**	**24,623,334**	**25,000,000**

(c) Movements in number of securities on offer since 30 June 2004 to the date of this report (con't)

	Unlisted $0.10 ESOP options exercisable on or before 9 June 2006	Unlisted $0.10 options exercisable on or before 9 June 2006	Unlisted $0.10 ESOP options exercisable on or before 24 November 2006
Balance at 30 June 2004	473,333	677,566	400,000
Options forfeited	(200,000)	(230,000)	(150,000)
Securities issued to employees and external consultants	-	-	-
Balance as at 30 June 2005 (and date of this report)	**273,333**	**447,566**	**250,000**

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

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

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

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

20 NOTES TO STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

Cash balance comprises:

	Consolidated 2005 $	Consolidated 2004 $	Parent 2005 $	Parent 2004 $
Cash on hand	2,827,112	2,147,874	-	70,670
Deposits	2,313,980	2,155,848	2,313,980	2,155,848
	5,141,092	**4,303,722**	**2,313,980**	**2,226,518**

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

	Consolidated 2005 $	Consolidated 2004 $	Parent 2005 $	Parent 2004 $
Profit/(loss) from ordinary activities after tax	1,302,008	1,205,481	261,778	(917,886)
Add back/(deduct) items not involving cash flows:				
Depreciation of non-current assets	252,005	185,253	-	-
Amortisation of goodwill	86,280	86,280	-	-
Write down and loss on disposal on Plant & Equipment	29,103	67,642	-	-
Loss / (gain) on sale of investments – listed securities		(30,149)	-	(30,149)
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables	391,215	(996,487)	-	31,713
(Increase)/decrease in other non-current assets	(313,600)			
(Increase)/decrease in other current assets	(94,979)	33,472	-	5,043
(Decrease)/increase in trade and other creditors	(816,222)	329,154	(502,024)	916,261
(Decrease)/increase in employee entitlements	55,079	5,466	-	-
(Decrease)/increase in other liabilities	194,963	2,150,644	346,708	10,417
Net cash outflows from operating activities	**1,085,852**	**3,036,756**	**106,462**	**15,399**

(c) Non-cash Financing and Investing Activities

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

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

21 EXPENDITURE COMMITMENTS

(a) Lease expenditure commitments

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

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

22 EMPLOYEE BENEFITS

(a) Employee benefits

The aggregate employee liability is comprised of:				
Accrued wages and salaries	32,838	9,062	-	-
Provisions (current)	143,984	88,905	-	-
	176,822	**97,967**	**-**	**-**

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

(b) Employee Share Incentive Scheme

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

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

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

22 EMPLOYEE BENEFITS (continued)

There have been two tranches ESOP options issued, 1,856,666 issued on 10 June 2003 and 550,000 issued on 24 November 2003. Information with respect to the number of options granted under the employee share incentive scheme is as follows:

	2005	2004	
ESOP 10c options (issued 10 June 2003)	**Number of Options**	**Number of Options**	**Weighted average exercise price**
Balance at beginning of period	473,333	733,333	10 cents
- granted		-	10 cents
- forfeited	(200,000)	(260,000)	10 cents
- exercised	-	-	
Balance at end of period	273,333	473,333	10 cents
Exercisable at end of period	273,333	236,666	
ESOP 10c options (issued 24 November 2003)	**Number of Options**	**Number of Options**	**Weighted average exercise price**
Balance at beginning of period	400,000	-	
- granted	-	550,000	10 cents
- forfeited	(150,000)	(150,000)	10 cents
- exercised	-	-	
Balance at end of period	250,000	400,000	10 cents
Exercisable at end of period	125,000	-	
Total ESOP 10c options (issued all dates)	**Number of Options**	**Number of Options**	**Weighted average exercise price**
Balance at beginning of period	873,333	733,333	10 cents
- granted	-	550,000	10 cents
- forfeited	(350,000)	(410,000)	10 cents
- exercised	-	-	
Balance at end of period	523,333	873,333	10 cents
Exercisable at end of period	398,333	236,666	

23 CONTINGENT LIABILITIES

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

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

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

Net legal costs of $44,416 were incurred in 2005 defending the allegations. Further significant expenditure on legal fees may be incurred as the Company continues to defend the action. Further, as with any legal proceedings, there is inherent uncertainty about any prospect of a positive outcome. A negative outcome may lead to further legal expenses and/or penalties imposed by the ACCC.The action is being strenuously defended. It is not possible to estimate any potential liability at this stage.

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

24 EARNINGS PER SHARE

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

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

25 SUBSEQUENT EVENTS

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

26 AUDITORS' REMUNERATION

	Consolidated Entity		Parent Entity	
	2005 $	2004 $	2005 $	2004 $
Amounts received or due and receivable by PKF:				
- an audit or review of the financial report of the entity and any other entity in the Consolidated Entity	60,000	68,200	-	-
- other services (taxation) in relation to the entity and any other entity in the Consolidated Entity	29,041	35,000	-	-
	89,041	**103,200**	**-**	**-**

27 DIRECTOR AND EXECUTIVE DISCLOSURES

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

(a) Details of Specified Directors and Specified Executives

(i) Specified directors

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

(ii) Specified executives

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

(b) Option holdings of specified directors and specified executives

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

	Balance at 1 July 2004	Granted as remunera-tion	Options Exercised	Net Change Other	Balance at 30 June 2005
Options ($0.20 @ 31-Dec-05)					
Specified Directors					
Sam Doumany	-	-	-	-	-
Tim Odillo Maher	2,400,000	-	-	750,000	3,150,000
Deborah Southon	2,400,000	-	-	750,000	3,150,000
Fletcher Quinn	253,334	-	-	-	253,334
Specified Executives					
Nino Eid	-	-	-	-	-
Julie Sarieddine	-	-	-	-	-
Andrew Aravanis	120,000	-	-	-	120,000
Barry Turner	40,000	-	-	-	40,000
Duncan Cornish	3,333	-	-	-	3,333
Total	**5,216,667**	**-**	**-**	**-**	**6,716,667**
Options ($0.60 @ 30-Nov-06)					
Specified Directors					
Sam Doumany	-	-	-	-	-
Tim Odillo Maher	6,250,000	-	-	-	6,250,000
Deborah Southon	6,250,000	-	-	-	6,250,000
Fletcher Quinn	-	-	-	-	-
Total	**12,500,000**	**-**	**-**	**-**	**12,500,000**

(c) Shareholdings of specified directors and specified executives

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

(d) Loans to specified directors and specified executives

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

(e) Other transactions to specified directors and specified executives

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

Convertible Notes ($0.20) ($ value)	**Balance 1 July 2004**	**Drawdown**	**Repayment**	**Conversion**	**Balance 30 June 2005**
Specified Directors					
Sam Doumany	-	-	-	-	-
Tim Odillo Maher	75,000	-	-	(75,000)	-
Deborah Southon	75,000	-	-	(75,000)	-
Fletcher Quinn	-	-	-	-	-
Total	**150,000**	**-**	**-**	**(150,000)**	**-**

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

28 RELATED PARTY DISCOSURES

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

a) Transactions with Directors and Director-Related Entities

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

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

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

29 SEGMENT INFORMATION

The Consolidated Entity operated solely in the financial services industry within Australia for the entire year ended 30 June 2005.

30 FINANCIAL INSTRUMENTS

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

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

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

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

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

Convertible Note facility – FSA Group Ltd has entered into convertible note facilities that, at 30 June 2005, had $170,000 owing. The convertible note facilities currently in place expired on 24 June 2004. The Noteholders have the ability to convert the loan moneys into ordinary shares in the Company at an issue price of 20 cents each, together with two (2) free attaching options to subscribe for ordinary shares in the Company, exercisable at 20 cents each on or before 31 December 2005. The notes are no longer interest bearing.

30 FINANCIAL INSTRUMENTS continued

(b) Interest rate risk

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

	Floating interest rate	Fixed interest rate	Non-interest bearing	Total carrying amount as per the balance sheet	Weighted average effective interest rate
	2005	2005	2005	2005	2005
(i) Financial assets	$	$	$	$	%
Cash	2,827,112	2,313,980	-	5,141,092	4.17%
Other financial assets	-	313,600	-	313,600	5.24%
Trade receivables	-	-	4,850,826	4,850,826	
Total financial assets	2,827,112	2,627,580	4,850,826	10,305,581	
(ii) Financial liabilities					
Trade creditors	-	-	319,752	319,752	
Institutional creditors	-	-	3,719,678	3,719,678	
Other creditors	-	-	501,041	501,041	
Hire purchase liabilities	-	57,487	-	57,487	7.60%
Convertible Note - unsecured	-	-	170,000	170,000	
Total financial liabilities	-	57,487	4,710,471	4,767,958	
Net financial assets / (liabilities)	2,827,112	2,570,093	140,355	5,537,560	

The consolidated entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at 30 June 2004, were as follows:

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

(c) Net fair values

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

(d) Credit risk exposures

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

31 IMPACTS OF ADOPTING AUSTRLAIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

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

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

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

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

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

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

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

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

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

(d) Further key differences

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

Income Tax

AASB 112: 'Income Taxes' requires all income tax balances to be calculated using the comprehensive balance sheet liability method. Deferred tax items will be calculated by comparing the difference in carrying amounts to tax bases for all assets and liabilities and multiplying this by the tax rates expected to apply to the period when the asset is realised or the liability settled. Recognition of the resulting amounts are subject to some exceptions, but generally deferred tax balances must be calculated for each item in the statement of financial position. Deferred tax assets will only be recognised where there exists the probability that future taxable profit will be available to recognise the asset. The impact on the transition to AIFRS is not expected to be material.

Property, plant & equipment

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

Items of property, plant and equipment measured at fair value will still be carried at fair value, however the offsets of balances in the asset revaluation reserve under the new standards will be determined on an "asset by asset" basis rather than the current "class by class" treatment. This means that a change to profit or loss will occur where impairment write down is necessary and there is no existing balance for that asset in the asset revaluation reserve. All consolidated entity assets of property plant and equipment assets are tested to ensure the carrying amount is less than recoverable and write downs are made to reflect losses arising.

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

Business Combinations

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

Operating Leases

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

Share Based Payments

AASB 2 "Share Based Payments" requires that employee share options as part of their remuneration packages under the employee share option plan and also payments made to other counterparties in return for goods and services shall be measured at the more readily determinable fair value of the good/service or the fair values of the equity instrument. This amount will be expensed in the income statement. Where the grant date and the vesting date are different the total expenditure calculated will be allocated between the two dates taking into account the terms and conditions attached to the instruments and the counterparties as well as management's assumptions about probabilities of payments and compliance with and attainment of the set out terms and conditions. No material impact is expected under the transition to AIFRS for the year ended 30 June 2005.

Table 1

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

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

Note

1. Intangible Assets

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