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 2006
Previous Corresponding Reporting Period	30 June 2005

Results for Announcement to the Market

	$	**Percentage increase /(decrease) over previous corresponding period**
Revenue from ordinary activities	21,818,508	53.9%
Profit / (loss) from ordinary activities after tax attributable to members	2,546,164	83.4%
Net profit / (loss) for the period attributable to members	2,546,164	83.4%

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.

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	5.7 cents	5.0 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 2006

FSA GROUP LTD

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2006

CORPORATE INFORMATION

DIRECTORS

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

COMPANY SECRETARY

Duncan Cornish

REGISTERED OFFICE AND CORPORATE OFFICE

Level 5
60 Edward Street
Brisbane QLD 4000
Phone: + 617 3303 0690
Fax: + 617 3303 0601

PRINCIPAL BUSINESS OFFICE

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Phone: +612 9290 2288
Fax: +612 9290 1977

SOLICITORS

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Level 8, Waterfront Place
1 Eagle Street
Brisbane QLD 4000

SHARE REGISTER

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Level 22, 300 Queen Street
Brisbane QLD 4000
Phone: +61 7 3228 4000

AUDITORS

PKF
Level 6
120 Edward Street
Brisbane QLD 4000

COUNTRY OF INCORPORATION

Australia

STOCK EXCHANGE LISTING

Australian Stock Exchange Ltd
ASX Code: FSA

INTERNET ADDRESS

www.fsagroup.com.au

AUSTRALIAN BUSINESS NUMBER

ABN 98 093 855 791

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CHAIRMAN'S REPORT

Dear Shareholder,

I am delighted to report the 2006 financial year has been very successful for the FSA Group Limited (the "Company"). Our financial results are solid and our business is now well positioned for the future due to our focus in the areas of infrastructure, product range and service delivery.

The Company generated $21.8 million in revenue and achieved a profit after tax of $2.6 million for the 2006 financial year. This represents an 83% increase in profit after tax compared with the results of 2005.

During the 2006 financial year, the Company expensed a number of items considered to be of a non-recurring nature. Additionally, the Company consolidated the operating results of the 180 Group of Companies ("180 Group") from the date it was acquired, on 21 April 2006. These items are analysed more comprehensively in "Review of Operations". I note that the Company achieved a "normalised" profit after tax of $3.7 million after adjusting for these one-off expenses and adjusting for the full year result of 180 Group.

After careful consideration, the Directors have again not recommended a dividend, continuing the current policy of retaining otherwise distributable earnings for re-investment in further growth, new product development and the maintenance of an adequate capital base.

The Company has diversified into three primary areas: Personal Debt, Corporate Debt and Lending.

For Personal Debt the principal subsidiary "Fox Symes" is the largest personal insolvency business in Australia. It currently administers around 50% of all Debt Agreements and is the largest individual originator of non-conforming residential mortgages in Australia, originating new business of around $200 million per annum.

For Corporate Debt the principal subsidiary "180 Group" which was acquired on 21 April 2006 maintains a high profile and growing profitability in relation to the provision of turnaround solutions for directors of companies that are experiencing financial difficulty.

For Lending the Company continues to expand its lending activities for its short term bridging finance and factoring finance.

We welcome the proposed Debt Agreement reforms announced by the Attorney General and we applaud the Federal Government's new initiative to improve financial knowledge and to promote better money management.

As a consequence, the Company believes that as a market leader it must continue to deliver the highest quality customer-focused services. This requires continuous investment in quality staff and technology.

At a Board level I am delighted to welcome Hugh Parsons as a Non-Executive Director. Mr. Parsons was a Finance Director in a leading Investment Banking Company and more recently Executive Director of the Insolvency Practitioners Association of Australia.

With rising interest rates and fuel costs placing further pressure on consumer debt it is inevitable there will be strong demand for our extensive range of products and services. Despite increasing competition we are well placed to continue in our premier position.

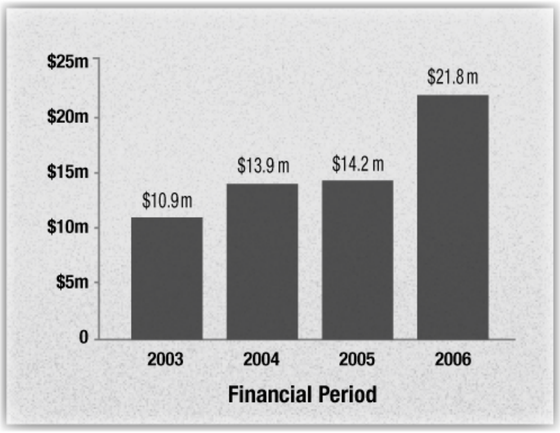
I am confident of continued substantial growth for the Company in the financial year ahead and would like to conclude with my sincere appreciation to all our executives and staff for their contribution to the successes of the current year.

Sam Doumany

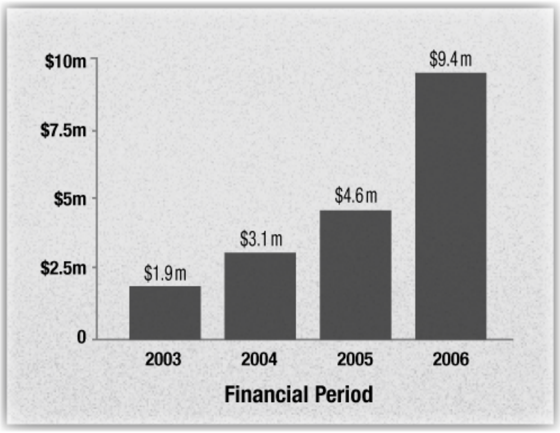
Chairman

FINANCIAL HIGHLIGHTS

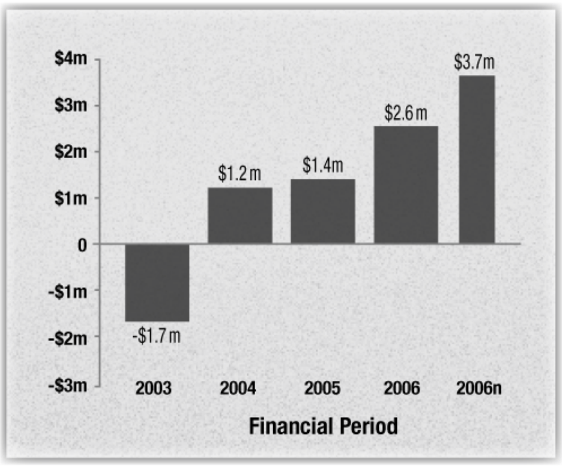
Revenue



Net Assets

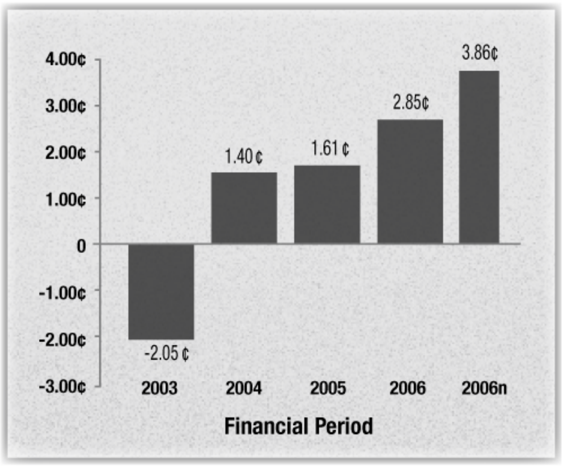


Profit After Tax



2006n - “Normalised” Profit After Tax for 2006

Basic Earnings Per Share

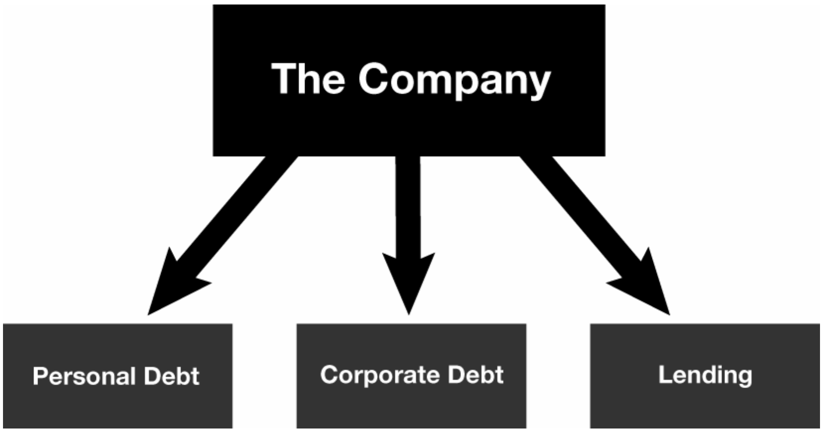


2006n - “Normalised” Basic Earnings Per Share for 2006

REVIEW OF OPERATIONS

Background to the Company

The Company was established in February 2000 to assist individuals who are experiencing financial difficulty. It provides solutions to resolve these financial difficulties. The Company has since diversified into three primary areas.



Personal Debt

Australian households are in more debt than ever with savings at an all time low. Spending habits on credit, driven by a consumer oriented society have seen Australian consumer debt rise to billions of dollars.

In February 2006, the Reserve Bank of Australia reported that Australians spent $15 billion dollars on 12.44 million credit cards. In September 2004, the Reserve Bank in a report on Australian "financial stability" warned that the economy could be derailed by surging debt levels. The debt levels continue to rise in an economy which is especially buoyant with interest rates, inflation and unemployment levels remaining low. However, the economy has recently experienced a series of interest rate rises and a surge in petrol prices. These events will place additional pressure on Australian households and ultimately their capacity to service debt.

The principal subsidiary "Fox Symes" is the largest personal insolvency business in Australia. When the Company commenced operation it offered a single product. Over the past three years it has expanded the products and services it offers debtors to assist them in resolving their financial difficulties. These solutions include:

- Informal Agreements
- Consolidation Loans
- Mortgage Refinancing
- Debt Agreements
- Personal Insolvency Agreements
- Bankruptcy

Informal Agreements and Consolidation Loans

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

Mortgage Refinancing

The Company is an introducer to conforming and non-conforming mortgage lenders and expects to originate over $200 million worth of non-conforming residential mortgage lending for calendar year 2006. The Company is the largest individual originator of non-conforming residential mortgages in Australia.

The non-conforming residential mortgage market is made up of lenders who provide loan products to individuals unlikely to meet or “conform” to the rules of traditional lenders. They are normally credit worthy individuals 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
- No savings history
- Needs to consolidate debts
- Refinancing or investing

The market is dominated by non-bank lenders such as Liberty Financial, Bluestone, Pepper Home Loans and GE Mortgage Solutions.

Debt Agreements

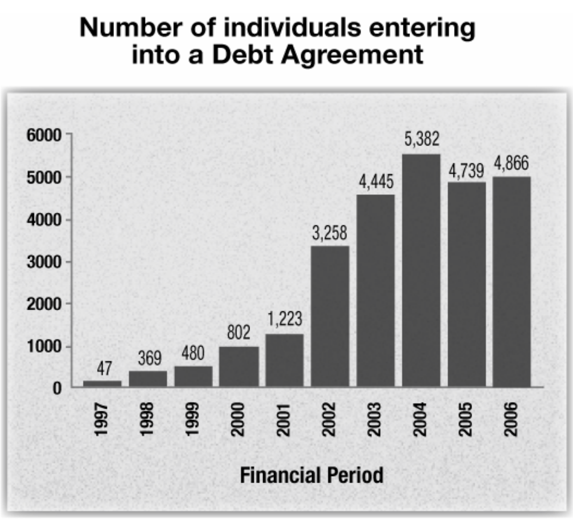
Debt Agreements were introduced into the Bankruptcy Act in 1996 as a mechanism for an alternative to bankruptcy for those who find themselves temporarily unable to pay all their debts or who may be unable to meet repayments due to changes in their circumstances.

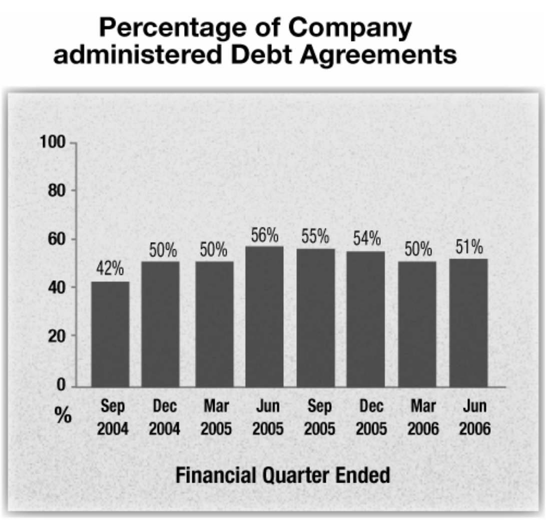
It provides an opportunity for these people to avoid the stigma and consequences of bankruptcy.

Debt Agreements are a valid and non-adversarial means for resolving a consumer debtor’s financial problems. They allow those debtors, who strongly desire to repay their debts, an affordable and effective method of resolving their financial problems.

Under a Debt Agreement, the debtor and creditor agree on the terms of arrangement, and the Company may be appointed to administer the arrangement.

The Company is the largest provider of Debt Agreements and currently administers around 50% of all Debt Agreements entered into in Australia.



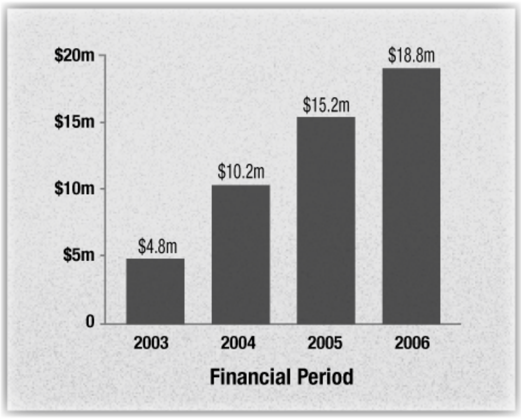


Source: Insolvency and Trustee Service Australia

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

The Company has made dividend payments under Debt Agreements to creditors of $48.9 million over the last four financial years. It is clear that Debt Agreements pay superior dividends to creditors compared with Bankruptcies.

Dividends paid under Debt Agreements by the Company to creditors



Dividend Returns Bankruptcies vs. Debt Agreements

Item	Bankruptcies ITSA	Debt Agreements Company
3 year cases - compounding average	57,000	7,000
Dividends paid to creditors - Financial 2005	$13.1m	$15.2m
Dividends paid to creditors - Financial 2006	Not Yet Available	$18.8m

Source: Insolvency and Trustee Service Australia

Personal Insolvency Agreements and Bankruptcy

The Company previously referred debtors to external Registered Trustees around Australia for the administration of Personal Insolvency Agreements and Bankruptcy. On 1 January 2006, the Company acquired 65% of the issued capital 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.

Other Products

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 problems the Company can then assist to develop savings and build "wealth". In June 2005 the Company established its own financial planning department.

Additionally, 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 principal subsidiary "180 Group" was acquired by the Company on 21 April 2006. It maintains a high profile in relation to the provision of turnaround solutions for directors of companies which are experiencing financial difficulty.

The Company aims to provide solutions to resolve these financial difficulties by aiming to prevent the client company from entering into external administration. If external administration is unavoidable then the Company will assist the directors to deal effectively with the consequences of administration.

The primary target company assisted has a turnover averaging approximately $1 million and rarely exceeding $3 million. Unlike administrators or liquidators, the Company assists the directors of the client company.

The Company provides the following corporate turnaround solutions:

- Assisting companies in dealing with legal claims, including winding up applications, court proceedings, Australian Taxation Office actions;
- Assisting directors negotiate informally with creditors and debtors;
- Preparing plans and strategies to assist companies with the possibility or actuality of external administration;
- Assisting directors during the voluntary administration, including:
  - developing a detailed business plan and financial model;
  - structuring a deed of company arrangement (when appropriate); and
  - securing the commitment of key creditors.
- Securing suitable credit and finance facilities to promote successful trade both during and post administration;
- Exploring the possibility of a third party acquiring the business and/or business assets;
- Assisting directors with issues relating to:
  - personal guarantees;
  - insolvent trading claims;
  - Australian Taxation Office director's penalty notices; and
  - other director liability issues.

Lending

The Company continues to expand its lending book for its short term bridging finance and factoring finance**.**

Short Term Bridging Finance

The Company has established and internally funds its own short term bridging finance to its corporate clients. Short term bridging finance plays an important role in corporate debt solutions. The Company understands and is able to mitigate against the risks associated with corporate insolvency and reconstruction and is prepared to lend where other lenders are not. All short term bridging finance is secured by a registered or registerable mortgage over real property and as secondary security a charge over business assets.

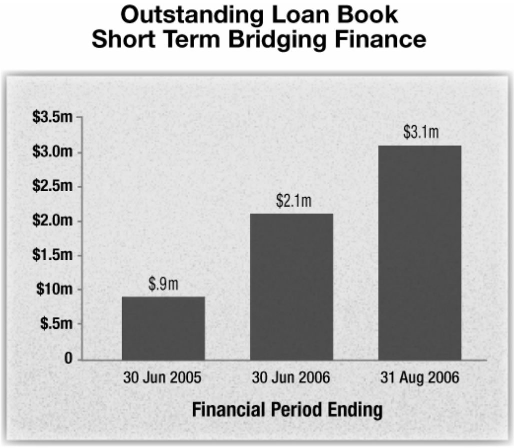
The Company has established relationships with senior lenders (when required) to either:

- Refinance the Company's monies out; and/or
- Support larger transactions with the Company.

Typical uses for the Company's short term bridging finance include:

- Funding working capital and assisting the directors/company to meet any statutory payments;
- Funding the acquisition of a business and/or its assets for value prior to the appointment of an external administrator;
- Funding to pay out a winding up creditor to enable the administration to proceed;
- Funding a director to fund an administrator during the trade on period;
- Funding the removal of a secured creditor during the administration;
- Funding a Deed of Company Arrangement;
- Funding the acquisition of business and/or business assets from the administrator, Deed of Company Arrangement administrator or liquidator; and
- Other business or investment needs in an insolvency context where other lenders will not operate.

The average short term bridging finance is for around $80,000, lent over a period of around four months. The Company's outstanding loan book as at 31 August 2006 was $3.1 million.



The Company's short term bridging finance department is evolving. A wholesale line of credit to further support the growth of its lending activities is planned.

Factoring Finance

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

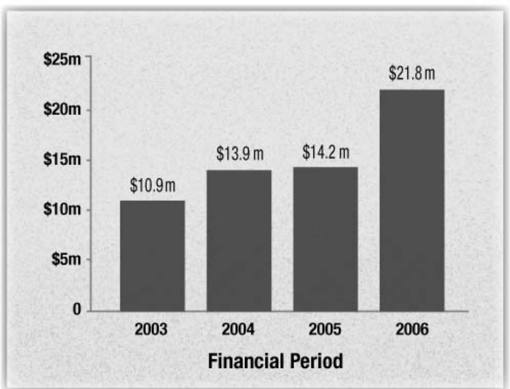
The Company, in addition to acting as an originator to factoring financiers for larger transactions, has recently established and internally funds its own factoring finance department. The Company secures its funds against each client's debtors. In can also require a registered or registerable mortgage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

The Company's factoring department is evolving. A wholesale line of credit to further support the growth of its lending activities is planned.

OPERATING RESULTS

Revenue

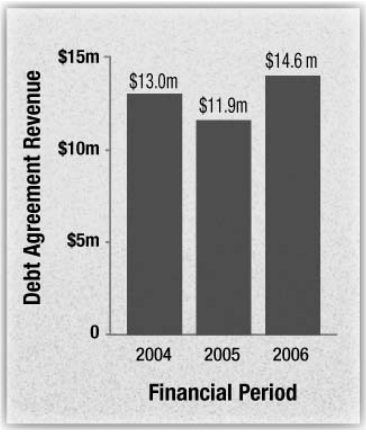
The Company generated $21.8 million in revenue for the 2006 financial year. This represents a 54% increase in revenue compared with the results of 2005.

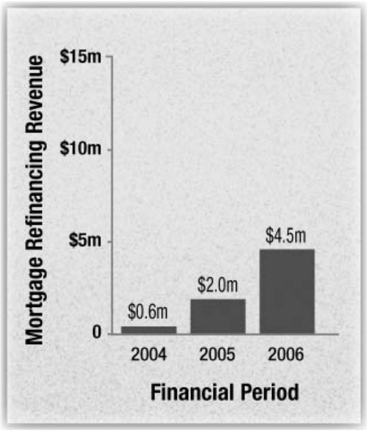


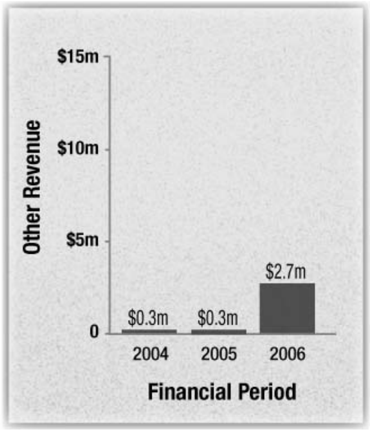
Revenue is broken down by three primary areas as follows:

- Personal Debt
- Corporate Debt
- Lending

Personal Debt





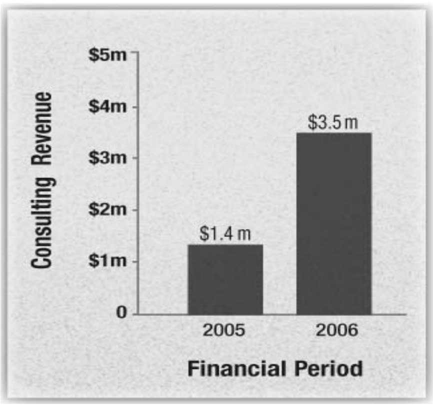


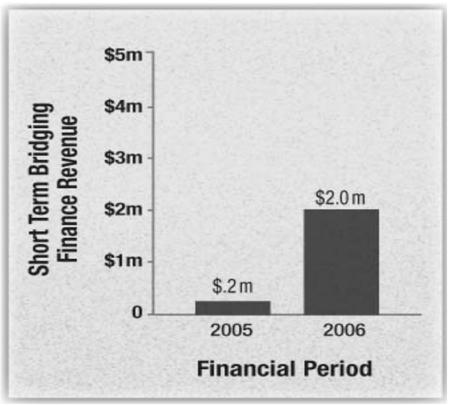
Over the past few years the Company has been actively seeking to diversify the products and services it offers debtors to reduce its reliance upon Debt Agreements as the primary revenue stream. Debt Agreements are a labour and capital intensive business with low operating margins.

One of the key areas the Company has been focusing on is the Mortgage refinancing department. The Mortgage Refinancing department has seen increases in revenue over the past three years and trades with good operating margins.

The Company also plans to generate future revenue streams from the following departments:
- Personal Insolvency Agreements and Bankruptcy;
- Taxation services; and
- Financial Planning.

Corporate Debt and Lending

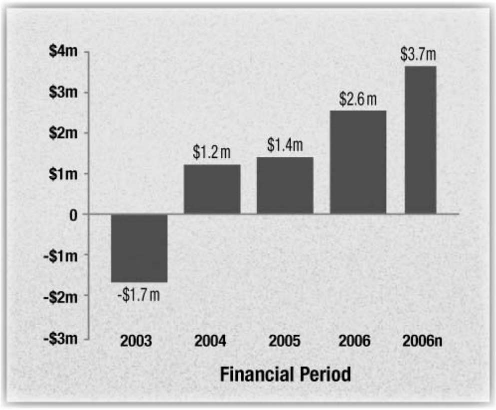




The Corporate Debt Revenue and Lending Revenue is derived from the principal subsidiary “180 Group” which was acquired by the Company on 21 April 2006. The Company also plans to generate future revenue streams from its Factoring Finance department.

Profit After Tax

The Company achieved a profit after tax of $2.6 million for the 2006 financial year. This represents an 83% increase in profit after tax compared with the results of 2005.



2006n - "Normalised" Profit After Tax for 2006

"Normalised" Profit After Tax

During the 2006 financial year, the Company expensed a number of items considered to be expenses of a non-recurring nature. Additionally, the Company consolidated the operating results of 180 Group from the date it was acquired, on 21 April 2006. The Company achieved a "normalised" profit after tax of $3.7 million after adjusting for these one-off expenses and adjusting for the full year result of 180 Group.

One-off expenses to be added back to "normalise" profit after tax include:

1. Costs of defending allegations from the ACCC. The Company announced to the market on 14 June 2006 that the ACCC investigation had been concluded.
2. Costs associated with the acquisition of 180 Group.
3. Formation costs and initial losses of new departments. These departments are expected to be profitable during the 2007 financial year.
4. Costs associated with re-locating the Company's office at the start of the financial year from York Street to Phillip Street.
5. Assumed corporate tax rate of 30%.

180 Group was acquired by the Company on 21 April 2006. 180 Group generated $5.2 million in revenue and achieved a profit after tax of $806,557 for the 2006 financial year.

DIRECTORS' REPORT

Your directors present their report for the year ended 30 June 2006.

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)
Fletcher Quinn (resigned 30 November 2005)

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 both private and public companies, industry authorities/associations and review committees.

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

Other current directorships

Nil

Former 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 ($0.60 @ 30/11/06)	-
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 directorships

Nil

Former directorships in last 3 years

Nil

Special responsibilities

Nil

Interest in shares and options

Ordinary Shares	24,695,512
Options ($0.60 @ 30/11/06)	6,250,000
Convertible Redeemable Preference Shares	32

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 directorships

Nil

Former directorships in last 3 years

Nil

Special responsibilities

Nil

Interest in shares and options

Ordinary Shares	12,946,533
Options ($0.60 @ 30/11/06)	6,250,000
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 1991 and between 1993 to 1996 acted as a consultant to Price Waterhouse (in Process Re-Engineering, Banking), including 10 months in Bangkok with Siam Commercial Bank.

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, AIMM, AICM.

Other current directorships

Nil

Former directorships in last 3 years

Nil

Special responsibilities

Chairman of the Company's Audit Committee

Interest in shares and options

Ordinary Shares	-
Options ($0.60 @ 30/11/06)	-
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 also serves as secretary on the Company's Audit Committee.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the period were providing financial solutions to individuals and companies experiencing financial difficulties.

OPERATING RESULTS

The consolidated profit from ordinary activities for the Consolidated Entity after providing for income tax and eliminating outside equity interests was $2,546,164 (2005: $1,388,288).

DIVIDENDS PAID OR RECOMMENDED

There were no dividends paid or recommended during or since 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.

REVIEW OF FINANCIAL CONDITION

Capital structure

On 31 December 2005, all (24,623,334) of the unexercised $0.20 listed options exercisable on or before 31 December 2005 expired.

On 10 February 2006, 1,200,000 ordinary shares and 500,000 unlisted ESOP $0.10 cent options exercisable on or before 31 December 2008were 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 and 32 Convertible Redeemable Preference Shares were issued as partial relating to the acquisition of 180 Group Holdings, pursuant to resolutions passed by the shareholders at general meeting.

On 21 April 2006, 1,000,000 ordinary shares were issued as remuneration, pursuant to a resolution passed by shareholders at general meeting.

On 21 April 2006, 53,333 ordinary shares were issued following the exercise of 53,333 (unlisted) $0.10 options.

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

At 30 June 2006, the Company had 98,217,513 ordinary shares and the following other securities on issue:

- 25,000,000 unlisted $0.60 options exercisable on or before 30 November 2006;
- 200,000 unlisted ESOP $0.10 options exercisable on or before 24 November 2006;
- 500,000 unlisted ESOP $0.10 options exercisable on or before 31 December 2008;
- 475,000 $0.20 Convertible Notes; and
- 32 Convertible Redeemable Preference Shares.

On 1 August 2006, 100,000 unlisted ESOP $0.10 options exercisable on or before 24 November 2006 were exercised into 100,000 ordinary shares and on 11 September 2006 120,000 ordinary shares were issued in consideration for services rendered.

Financial position

The net assets of the Consolidated Entity have increased by $4,772,210 from 30 June 2005 to $9,449,916 at 30 June 2006. This increase has largely resulted from the following factors:

- Improved operating performance of the Company (profit after tax and eliminating outside equity interests of $2,546,164); and
- The acquisition of 180 Group.

The group's working capital, being current assets less current liabilities has improved from $4,083,484 in 2005 to $6,658,384 in 2006.

Treasury policy

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

Liquidity and funding

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

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 31 December 2005, all (24,623,334) of the unexercised $0.20 listed options exercisable on or before 31 December 2005 expired.

On 10 February 2006, 1,200,000 ordinary shares and 500,000 unlisted ESOP $0.10 cent options exercisable on or before 31 December 2008were 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 and 32 Convertible Redeemable Preference Shares (CRPS) were issued as partial consideration for the acquisition of 180 Group Holdings, pursuant to a Share Purchase Agreement between Capital Management Corporation Pty Limited (Capital Management), Tim Odillo Maher, 180 Group Holdings Pty Limited (180 Group Holdings) and the Company dated 27 October 2005 (as varied) (Share Purchase Agreement). The terms and conditions of the Share Purchase Agreement, the requirements to be met by the ASX Listing Rules and the Corporations Act 2001 (Cwlth) and the terms of CRPS were set in the Notice of Meeting and Explanatory Memorandum sent to shareholders. The resolution to approve the acquisition was passed by the shareholders at the general meeting held on 21 April 2006.

On 21 April 2006, 1,000,000 ordinary shares were issued as remuneration, pursuant to a resolution passed by shareholders at general meeting.

On 21 April 2006, 53,333 ordinary shares were issued following the exercise of 53,333 (unlisted) $0.10 options.

On 9 June 2006, 454,233 ordinary shares were issued following the exercise of 454,233 (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.

ADOPTION OF AUSTRALIAN EQUIVALENTS TO AIFRS

As a result of the introduction of Australian Equivalents to International Financial Reporting Standards (IFRS) the Company's financial report has been prepared in accordance with those Standards. A reconciliation of adjustments arising on the transition to IFRS is included in Note 2 to the financial statements.

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 2006.

FUTURE DEVELOPMENTS

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

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

ENVIRONMENTAL ISSUES

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

SHARE OPTIONS

As at 30 June 2006 there were 25,700,000 unissued ordinary shares under options. As at the date of this report there were 25,600,000 unissued ordinary shares under options.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

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

The Company has not indemnified its auditor.

REMUNERATION REPORT

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

Remuneration policy

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

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

The Board, in carrying out the functions of the Remuneration and Nomination Committee, assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and Executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and fringe benefits. It is intended that the manner of payments chosen will be optimal for the recipient without creating undue cost for the Company.

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

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

Non-Executive Director remuneration

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

The Constitution of the Company and the ASX Listing Rules specify that the Non-Executive Directors are entitled to remuneration as determined by the Company in General Meeting. The 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.

During the year Mr Fletcher Quinn retired as a (non-executive) director of the Company. The board determined that, taking into account Mr Quinn's contribution to the Company, that he be paid a termination payment of $45,000. There is no currently no other scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

The remuneration of Non-Executive Directors for the period ending 30 June 2006 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. the issue of options

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

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

Employment contracts

It is the Board's policy that employment agreements are entered into with all Executive Directors, Executives and employees. 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 (appointed on 1 August 2006) has been engaged under an Employment Agreement and a Letter of Appointment of Non-Executive Director.

The key terms of the 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 to be issued, subject to shareholder approval at the next Annual General Meeting, to Mr Parsons. The options will expire five years after issue and have an exercise price equal to the weighted average of the 30 trading days prior to 15 August 2006.
- Redundancy Payment as follows:

Termination within 6 months after commencement	$50,000
Termination after six months and within 12 months after commencement	$75,000
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 Parson 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 the Letter of Appointment of Non-Executive Director are:

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

Senior Management

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

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

(a) Details of Directors and Key Management Personnel

(i) Directors

Sam Doumany	Chairman (non-executive)
Tim Odillo Maher	Director (executive)
Deborah Southon	Director (executive)
Fletcher Quinn	Director (non-executive) (resigned 30 November 2005)
Hugh Parsons	Director (non-executive) (appointed 1 August 2006)

(ii) Key Management Personnel

Duncan Cornish	Chief Financial Officer and Company Secretary
Nino Eid	Refinance Manager
Julie Sarieddine	Lending Manager
Scott Paterson	Lending Manager
Cellina Chen	Financial Controller

(b) Remuneration of Directors and Key Management Personnel

The Key Management Personnel are also the five most highly paid Executive Officers of the Company for the period ended 30 June 2006.

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								
2006	52,752	-	-	4,748	-	-	195,000	252,500
2005	45,872	-	-	4,128	-	-	-	50,000
Tim Odillo Maher								
2006	150,000	-	-	-	-	-	-	150,000
2005	120,000	30,000	-	-	-	-	-	150,000
Deborah Southon								
2006	146,722	-	-	13,338	-	-	-	160,060
2005	110,758	30,000	-	9,968	-	-	-	150,726
Fletcher Quinn								
2006	45,000	-	-	-	45,000	-	-	90,000
2005	73,992	-	-	-	-	-	-	73,992
Total Remuneration: Directors *								
2006	394,474	-	-	18,086	45,000	-	-	652,560
2005	350,622	60,000	-	14,096	-	-	-	424,718
Key Management Personnel								
Duncan Cornish								
2006	78,517	-	-	-	-	38,850	80,000	197,367
2005	71,500	-	-	-	-	-	-	71,500
Nino Eid								
2006	172,766	-	-	5,284	-	-	-	178,050
2005	128,699	-	-	5,284	-	1,396	-	135,379
Julie Sarieddine								
2006	169,742	-	-	5,400	-	-	-	175,142
2005	115,246	-	13,677	4,808	-	-	-	133,731
Scott Paterson								
2006	125,588	-	-	4,050	-	-	-	129,638
2005	39,206	-	-	1,620	-	-	-	40,826
Cellina Chen								
2006	90,969	10,000		8,970	-	-	16,000	125,939
2005	68,945	5,000	-	6,096	-	-	-	80,040
Total Remuneration: Key Management Personnel*								
2006	637,582	10,000	-	-	-	38,850	-	806,136
2005	423,596	5,000	13,677	-	-	1,396	-	461,476

* Group totals in respect of the financial year ended 30 June 2005 do not equal the sums of amounts disclosed for 2005 for individuals specified in 2006, as different individuals were specified in 2005.

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 2006

During the year options were granted as equity compensation benefits to one Key Management Personnel. The options were issued free of charge. Each of the granted options entitles the holder to subscribe for one fully paid ordinary share in the entity at an exercise price of $0.10 that expire on 31 December 2008, 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 Remuner-ation**
Directors	No options have been issued to directors							
Key Management Personnel								
Duncan Cornish	10-Feb-06	500,000	10-Feb-06	$0.0777	$0.10	n/a	n/a	19.7%

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.

	Number of Ordinary Shares Issued	Amount Paid per Share	Amount Unpaid per Share
Key Management Personnel			
Cellina Chen	100,000	$0.10	-
Total	**100,000**		

(d) Shares issued on exercise of remuneration options

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

(e) Option holdings of Directors and Key Management Personnel

	Balance at 1 July 2005	Granted as remunera-tion	Options Exercised	Net Change Other	Balance at 30 June 2006	Vested at 30 June 2006		
						Total	Not Exercisable	Exercisable
ESOP Options								
Directors	n/a							
Key Management Personnel								
Duncan Cornish	-	-	-	-	-	-	-	-
Nino Eid	100,000	-	-	-	100,000	100,000	-	100,000
Julie Sarieddine	-	-	-	-	-	-	-	-
Scott Paterson	-	-	-	-	-	-	-	-
Cellina Chen	100,000	-	100,000	-	-	-	-	-
Duncan Cornish	-	-	-	-	-	-	-	-
Total ESOP Options	**200,000**	**-**	**100,000**	**-**	**100,000**	**100,000**	**-**	**100,000**
Unlisted Options ($0.10 @ 31-Dec-08								
Directors	n/a							
Key Management Personnel								
Duncan Cornish	-	500,000	-	-	**500,000**	500,000	-	500,000
Nino Eid	-	-	-	-	-	-	-	-
Julie Sarieddine	-	-	-	-	-	-	-	-
Scott Paterson	-	-	-	-	-	-	-	-
Cellina Chen	-	-	-	-	-	-	-	-
Duncan Cornish	-	-	-	-	-	-	-	-
Total Unlisted Options	**-**	**500,000**	**-**	**-**	**500,000**	**500,000**	**-**	**500,000**

	Balance at 1 July 2005	Granted as remunera-tion	Options Exercised	Net Change Other*	Balance at 30 June 2006
Listed Options ($0.20 @ 31-Dec-05)*					
Directors					
Sam Doumany	-	-	-	-	-
Tim Odillo Maher	3,150,000	-	-	(3,150,000)	-
Deborah Southon	3,150,000	-	-	(3,150,000)	-
Fletcher Quinn	253,334	-	-	(253,334)	-
Key Management Personnel					
Duncan Cornish	3,333	-	-	(3,333)	-
Nino Eid	-	-	-	-	-
Julie Sarieddine	-	-	-	-	-
Scott Paterson	-	-	-	-	-
Cellina Chen	-	-	-	-	-
Total	**3,333**	**-**	**-**	**(3,333)**	**-**
Options ($0.60 @ 30-Nov-06)					
Unlisted 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 $0.20 @ 31-Dec-05 Options expired on 31 December 2005

(f) Shareholdings of Directors and Key Management Personnel

Shares held in FSA Group Limited (number)	**Balance 1 July 2005**	**Granted as Remunera-tion**	**Options Exercised**	**Net Change Other**	**Balance 30 June 2006**
Directors					
Sam Doumany	-	1,000,000	-	-	1,000,000
Tim Odillo Maher	17,495,512	-	-	7,200,000	24,695,512
Deborah Southon	12,946,533	-	-	-	12,946,533
Fletcher Quinn (resigned 1 November 2005)	5,213,138	-	-	(5,213,138)	-
Key Management Personnel					
Duncan Cornish	717,688	1,000,000	-	282,312	2,000,000
Nino Eid	-	-	-	-	-
Julie Sarieddine	-	-	-	-	-
Scott Paterson	-	-	-	-	-
Cellina Chen	-	200,000	100,000	-	300,000
Total	**36,372,871**	**2,200,000**	**100,000**	**2,269,174**	**40,942,045**

(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

Acquisition of 180 Group

On 27 October 2005, the Company entered into an agreement (Share Purchase Agreement) with Capital Management Corporation Pty Limited (Capital Management), Tim 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 in the capital of the Company on the terms described below (CRPS).
- Capital Management owns 100% of 180 Group Holdings which in turn owns 70% of the issued capital in 180 Group Pty Limited which in turn owns interests in other operating subsidiaries (collectively, the 180 Group).

Shareholder approval was required and obtained (on 21 April 2006) due to:

- 180 Group Holdings being a substantial asset;
- Capital Management (the vendor) was controlled by Mr Tim Maher (a director of FSA Group), so was therefore a related party of FSA Group;
- consideration for the acquisition of 180 Group Holdings includes the issue of Shares and Convertible Redeemable Preference Shares; and
- the consideration paid to the vendor would result in Mr Tim Maher and his associates voting power increasing from 20% or below to more than 20% of FSA Group.

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, 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.

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	7	7
Tim Odillo Maher	7	7
Deborah Southon	7	7
Fletcher Quinn (resigned 30 Nov 2005)	3	3

Total number of meetings held during the financial year – 7

AUDIT COMMITTEE MEETINGS

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

	Number of meetings held while in office	Meetings attended
Sam Doumany	1	1
Fletcher Quinn (resigned 30 Nov 2005)	1	1

Total number of meetings held during the financial year – 1

TAX CONSOLIDATION

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

NON-AUDIT SERVICES

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

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement F1: Professional Independence.
- all non-audit services are performed by persons not involved in the audit.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2006:

Tax consulting services $20,000

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.

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 2006. 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 grater than 10% of the appropriate base amount. Qualitative factors considered included whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the director in question to shape the direction of the company's loyalty.

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

Name	Position
Mr Sam Doumany	Chairperson, Non-Executive Director

Mr Hugh Parsons was appointed as a non-executive director on 1 August 2006. When applying the Council's definition of independence, Mr Parsons is considered to be independent.

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

Name	Position	Reason for non-compliance
Mr Tim Odillo Maher	Executive Director	Mr Maher is employed by the Company in an executive capacity
Ms Deborah Southon	Executive Director	Ms Southon is employed by the Company in an executive capacity

Until his resignation on 30 November 2005, Mr Fletcher Quinn (non-executive director) was also not considered to be independent when applying the Council's definition of independence, due to him having a relevant interest in a substantial shareholder. As the directors listed above are not considered to be independent when applying the Council's definition of independence,. the majority of the board are not independent. FSA Group Ltd considers industry experience and specific expertise, as well as general corporate experience, to be important attributes of its board members. The members of the board have been brought together to provide a blend of qualifications, considerable industry skills and national and international experience required for managing a company operating within the financial services and debt management industry.

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

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

Name	Term in office
Sam Doumany	3 years 9 months
Tim Odillo Maher	4 years 2 months
Deborah Southon	4 years 2 months
Hugh Parsons	2 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 2006, FSA Group Ltd did not have separately established nomination or remuneration committees. The full Board shall for the time being carry out the functions of remuneration & nomination committees. The board does not believe that any marked efficiencies or enhancements would be achieved by the creation of separate remuneration or nomination committees.

Audit committee

The Board has established an audit committee, which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the consolidated entity to the audit committee.

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

The members of the audit committee during the period 1 July 2005 to 30 November 2005 were:

- Sam Doumany
- Fletcher Quinn (resigned as a director on 30 November 2005)

During this period, the structure of the audit committee did not meet the ASX's recommendations of containing a majority of independent directors, an independent chairperson (who in not chairperson of the board) and having at least three members. The board 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 December 2005 to 31 July 2005, the full board carried out the functions of the audit committee.

Mr Hugh Parsons was appointed as a non-executive director on 1 August 2006. Mr Parsons was also appointed chairman of the audit committee. Although the audit committee now contains a majority of independent directors (Messrs Doumany and Parsons) and an independent chairperson (Mr Parsons), the structure of the audit committee does not meet the ASX's recommendations of having at least three members. The board considers the structure of the audit committee to be appropriate given the size and structure of the board and the relevant experience of members of the audit committee.

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

Performance

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

Remuneration

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

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

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

During the year Mr Fletcher Quinn retired as a (non-executive) director of the Company. The board determined that, taking into account Mr Quinn's contribution to the Company, that he be paid a termination payment of $45,000. There is no currently no other scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

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

Income Statements for the year ended 30 June 2006

	Note	Consolidated Entity		Parent Entity	
		2006 $	2005 $	2006 $	2005 $
REVENUES	3	**21,818,508**	**14,178,201**	**137,947**	**118,767**
EXPENSES FROM ORDINARY ACTIVITIES (excluding finance costs)	4a	(17,671,407)	(12,423,178)	(234,276)	(11,322)
FINANCE COSTS	4a	(80,531)	(3,724)	-	-
PROFIT BEFORE INCOME TAX		**4,066,570**	**1,751,299**	**(96,329)**	**107,445**
INCOME TAX EXPENSE	5	(1,483,276)	(554,020)	(29,601)	(36,676)
CORRECTION OF A FUNDAMENTAL ERROR	4b	-	191,009	-	191,009
PROFIT FOR THE YEAR		**2,583,294**	**1,388,288**	**(125,930)**	**261,778**
PROFIT ATTRIBUTABLE TO MINORITY EQUITY INTEREST		37,130	-	-	-
PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		2,546,164	1,388,288	(125,930)	261,778
Overall Operations					
Basic earnings per share (cents per share)	8	2.85	1.61		
Diluted earnings per share (cents per share)	8	2.77	1.52		

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

Balance Sheets as at 30 June 2006

	Note	Consolidated Entity 2006 $	Consolidated Entity 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
CURRENT ASSETS					
Cash and cash equivalents	9	7,954,396	5,141,092	2,503,238	2,313,980
Trade and other receivables	10	8,087,876	4,886,750	-	-
Other assets	11	134,712	220,264	-	-
Total Current Assets		16,176,984	10,248,106	2,503,238	2,313,980
NON-CURRENT ASSETS					
Trade and other receivables	10	209,913	253,039	-	-
Plant and equipment	13	649,558	357,391	-	-
Investment property	14	352,081	-	-	-
Other assets	11	640,464	313,600	6,546,397	2,565,036
Deferred tax assets		714,040	365,432	-	-
Intangible assets	15	3,830,835	345,124	-	-
Total Non-Current Assets		6,396,891	1,634,586	6,546,397	2,565,036
TOTAL ASSETS		**22,573,875**	**11,882,692**	**9,049,635**	**4,879,016**
CURRENT LIABILITIES					
Trade and other payables	16	5,752,041	4,710,471	1,445,804	1,009,303
Current tax liabilities		1,982,615	1,033,105	1,456,000	1,035,352
Borrowings	17	364,024	14,578	-	-
Provisions	18	539,507	406,468	-	-
Total Current Liabilities		8,638,187	6,164,622	2,901,804	2,044,655
NON-CURRENT LIABILITIES					
Borrowings	17	880,446	42,909	-	-
Convertible Redeemable Preference Shares liabilities	23	2,477,250	-	2,477,250	-
Deferred tax liabilities		1,128,108	997,455	-	997,455
Total Non-Current Liabilities		4,485,804	1,040,364	2,477,250	997,455
TOTAL LIABILITIES		**13,123,991**	**7,204,986**	**5,379,054**	**3,042,110**
NET ASSETS		**9,449,884**	**4,677,706**	**3,670,581**	**1,836,906**
EQUITY					
Issued capital	19	4,413,772	9,600,899	4,413,772	9,600,899
Reserves	20	38,848	-	38,848	
Retained earnings		4,730,855	(4,923,193)	(782,039)	(7,763,993)
Minority equity interest		266,409	-	-	
TOTAL EQUITY		**9,449,884**	**4,677,706**	**3,670,581**	**1,836,906**

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 2006

Consolidated Entity

	Share Capital	Retained Earnigs/ (Accumulated Losses)	Reserves	Minority Interest	Total
	$	$	$	$	$
Balance at 1 July 2004	9,450,899	(6,311,481)	-	-	3,139,418
Convertible Notes converted	150,000	-	-	-	150,000
Profit for the year	-	1,388,288	-	-	1,388,288
Balance at 30 June 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
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	-	-	-	228,894	228,894
Profit attributable to minority shareholders		-	-	37,130	37,130
Profit for the year	-	2,546,164	-	-	2,546,164
Balance at 30 June 2006	**4,413,772**	**4,730,855**	**38,848**	**266,409**	**9,449,884**

Parent Entity

	Share Capital	Retained Earnigs/ (Accumulated Losses)	Reserves	Minority Interest	Total
	$	$	$	$	$
Balance at 1 July 2004	9,450,899	(8,025,771)	-	-	1,425,128
Convertible Notes converted	150,000	-	-	-	150,000
Profit for the year	-	261,778	-	-	261,778
Balance at 30 June 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
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	-	-	-
Profit for the year	-	(125,930)	-	-	(125,930)
Balance at 30 June 2006	**4,413,772**	**(782,039)**	**38,848**	**-**	**3,670,581**

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 2006

	Note	Consolidated Entity 2006 $ Inflows/ (Outflows)	Consolidated Entity 2005 $ Inflows/ (Outflows)	Parent Entity 2006 $ Inflows/ (Outflows)	Parent Entity 2005 $ Inflows/ (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from debtors and customers		39,138,914	28,983,409	-	-
Payments to institutional creditors, suppliers and employees		(35,141,433)	(27,781,818)	(429)	(11,321)
Income Tax Paid		(1,025,092)	(2,248)	-	-
Interest received		407,341	256,092	137,947	118,767
Interest and other costs of finance paid		(80,531)	(3,724)		-
GST recovered/(paid)		(1,112,848)	(365,859)	983	(984)
Net cash inflow from operating activities	21	**2,186,351**	**1,085,852**	**138,501**	**106,462**
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of plant and equipment		(456,488)	(220,083)	-	-
Acquisition of subsidiaries, net of cash acquired		1,034,820	-	-	-
Proceeds from disposal of property, plant and equipment		25,000	-	-	-
Net cash inflow/(outflow) from investing activities		**603,332**	**(220,083)**	**-**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds / (repayments) from borrowing		(27,136)	(9,399)	-	-
Proceeds for shares issues		50,757	-	50,757	-
Unsecured Notes repaid		-	(19,000)	-	(19,000)
Net cash inflow/(outflow) from financing activities		**23,621**	**(28,399)**	**50,757**	**(19,000)**
Net increase in cash held		**2,813,304**	**837,370**	**189,258**	**87,462**
Cash at the beginning of the financial year		5,141,092	4,303,722	2,313,980	2,226,518
Cash at the end of the financial year	9	**7,954,396**	**5,141,092**	**2,503,238**	**2,313,980**

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

Notes to the Financial Statements for the year ended 30 June 2006

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Equivalents to International Reporting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the economic entity of FSA Group Limited and Consolidated Entity (the "Company"), and FSA Group Limited as an individual parent entity. FSA Group Limited is a listed public company, incorporated and domiciled in Australia.

The financial report of FSA Group Limited and Consolidated Entity, and FSA Group Limited as an individual parent entity comply with all Australian Equivalents to International Financial Reporting Standards (IFRS) in their entirety.

The Financial Report was authorised for issue by the Directors on 13 September 2006.

The following is a summary of the material accounting policies adopted by the Consolidated Entity 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.

First-time adoption of Australian Equivalents to International Financial Reporting Standards

FSA Group Limited and its controlled entities and FSA Group Limited as an individual parent entity have prepared financial statements in accordance with the Australian Equivalents to International Financial Reporting Standards (IFRS) from 1 July 2005.

In accordance with the requirement of AASB1: First-time of adoption of Australian Equivalents to International Financial Reporting Standards, adjustments to the parent entity and consolidated entity accounts resulting from the introduction of IFRS have been applied retrospectively to comparative figures. These consolidated financial statements are the first financial statements of FSA Group Limited to be prepared in accordance with Australian Equivalents to IFRS.

The accounting policies set out below have been consistently applied to all years presented.

Reconciliations of the transition from previous Australian GAAP to IFRS have been included in Note 2 to this report.

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 Limited 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 12 to the financial statements. All inter-company balances and transactions between entities in the Consolidated Entity, 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 Consolidated Entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

(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 will be 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 Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

FSA Group Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation Regime. FSA Group Limited will be responsible for recognising the current taxes. Deferred tax assets and liabilities for the tax consolidation group are reflected in the entities to which these assets and liabilities relate. The tax consolidated group have entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the consolidated group.

(c) Plant and Equipment

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Consolidated Entity includes the cost of materials, direct labour, borrowing costs and an appropriate portion of fixed and variable costs.

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 Company 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

The depreciable amount of all fixed assets is depreciated over their useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of assets are:

Class of Fixed Assets	Depreciation Rate
Investment property	40 years
Plant and equipment	2 to 5 years
Computers and Office Equipment	2 to 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. When revalued assets are sold, amounts included in the revaluation reserve related to that asset are transferred to retained earnings.

(d) 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 Consolidated Entity, 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.

(e) Financial instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition trade and other receivables and trade and other payables are measured at amortised cost.

Impairment

At each reporting date, the Company assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impariment losses are recognized in the income statement.

(f) Impairment of assets

At each reporting date, the Company 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 Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(g) Employee benefits

Provision is made for the Company’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

The Company issues share-based compensation in the form of shares and unlisted options. The bonus element over the exercise price of the employee services rendered in exchange for the grant of shares and options is recognised as an expense in the income statement. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares and options granted.

(h) Provisions

Provisions are recognised when the Company 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.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

(j) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready fro their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(k) 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.

(l) Revenue recognition

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

Rendering of Services

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

Debt Agreement Application Fees

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

Debt Agreement Fees

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

Refinance Fees

Upon receipt of upfront fee and subsequent trail commission.

Interest

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

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

(m) 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 show 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.

(n) Comparative figures

When required by Australian Equivalents to International Reporting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(o) Investments in Subsidiaries

Investments are brought to account on the costs 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.

(p) Intangibles

Goodwill

Goodwill and goodwill on consolidation are 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.

(q) 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.

(r) 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.

Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key estimates – impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

NOTE 2 FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Consolidated (and Parent) Entity

Reconciliation of Equity at 1 July 2004

There were no material impacts of adopting Australian Equivalents to IFRS on Equity as reported under previous GAAP at 1 July 2004.

Reconciliation of Equity at 30 June 2005

Reconciliation of equity as presented under AGAAP to that under AIFRS as at 30 June 2005 for the Economic Entity

	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	2(a)	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**

There were no material effects of transition to Australian Equivalents to IFRS on Equity for the Parent Entity as reported under previous GAAP for 2005.

During the financial year the Company granted options to an executive. In accordance with the Australian Equivalent to International Financial Reporting Standard AASB 2: Share-Based Payments the Company has recognised a share option reserve of $38,850 in the Balance Sheet as at 30 June 2006.

Reconciliation of Profit or Loss for 2005

		Consolidated Entity	
		2005	2004
	Note	$	$
Net profit as reported under AGAAP		1,302,008	1,205,481
Write back of amortisation expense	2(a)	86,280	-
Net profit under AIFRS		1,388,288	1,205,481

There were no material effects of transition to Australian Equivalents to IFRS on Profit or Loss for the Parent Entity as reported under previous GAAP for 2005.
During the financial year the Company granted options to an executive. In accordance with the Australian Equivalent to International Financial Reporting Standard AASB 2: Share-Based Payments the Company has recognised an expense of $38,850 in the Income Statement the year ended 30 June 2006. In previous reporting periods the Company was not required to expense share based payments.

Note 2(a).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.

	Consolidated Entity		Parent Entity	
	2006	2005	2006	2005
	$	$	$	$
3 REVENUE				
Operating activities				
- Services (Debt Agreement Fees)	14,631,352	11,933,034	-	-
- Services (Refinance Fees)	4,527,127	1,989,075	-	-
- Services (Corporate)	1,606,791	-	-	-
- Services (other operating)	645,897	-	-	-
Other revenue				
Interest received	407,341	256,092	137,947	118,767
Total revenue	**21,818,508**	**14,178,201**	**137,947**	**118,767**

4 PROFIT FOR THE YEAR

a. Expenses

Classification of expenses by function

Expenses from operating activities excluding borrowing costs and write downs:

	Consolidated 2006 $	Consolidated 2005 $	Parent 2006 $	Parent 2005 $
Marketing expenses	3,492,847	2,357,204	-	-
Administrative expenses	4,358,456	3,420,229	428	11,322
Operating expenses	2,480,822	1,897,252	-	-
Employee benefits expenses	7,339,282	4,748,493	233,848	-
	17,671,407	**12,423,178**	**234,276**	**11,322**
Expenses include:				
Finance costs:				
- external	80,531	3,724	-	-
- related entities	-	-	-	-
- other related entities	-	-	-	-
Write down of non-current assets	-	29,103	-	-
Bad and doubtful debts – trade debtors	3,414,801	2,755,184	-	-
Bad debt recovery	(864,190)	(198,710)	-	-
Rental expense on operating lease				
- minimum lease payment	419,218	178,582	-	-
CORRECTION OF A FUNDAMENTAL ERROR	-	191,009	-	191,009

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

The effect of this correction was to increase basic earnings per share by 0.23 cents and increase diluted earnings per share by 0.20 cents.

5 INCOME TAX

a. Income tax expense

	Consolidated Entity 2006 $	Consolidated Entity 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
Current tax expense	1,714,165	244,745	29,601	36,676
Deferred tax expense	(217,955)	293,959	-	-
Correction of an error	-	(191,009)	-	(191,009)
Over provision in a prior period	(12,936)	15,316	-	-
	1,483,274	363,011	29,601	(154,333)

Deferred income expense included in income tax expense comprises

	Consolidated Entity 2006 $	Consolidated Entity 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
Increase in deferred tax assets	(348,608)	132,106	-	-
Increase in deferred tax liabilities	130,653	161,853	-	-
	(217,955)	293,959	-	-

b. Numerical reconciliation of income tax expense to prima facie tax payable

	Consolidated Entity 2006 $	Consolidated Entity 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
Profit/(Loss) before income tax	4,066,570	1,751,229	(96,329)	107,445
Tax at the Australian tax rate of30%(2005:30%)	1,219,971	525,391	(28,899)	32,233
Tax effect at the Australian tax rate of 30% (2005:30%)				
Entertainment	13,706	8,702	-	-
Unrecognised tax losses	202,671	168	-	-
Penalties	1,362	-	-	-
Other	-	4,443	-	4,443
Non-deductible employee costs	58,500	-	58,500	-
	1,496,210	538,704	29,601	36,676
Over provision in the prior year	(12,936)	15,316	-	-
Income tax expense	1,483,274	554,020	29,601	36,676
Correction of fundamental error	-	(191,009)	-	(191,009)
	1,483,274	363,011	29,601	(154,333)

c. Unused tax losses

	Consolidated Entity 2006 $	Consolidated Entity 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
Unused tax losses for which no deferred tax assets has been recognised	675,570	-	-	-
Potential tax benefit	202,671	-	-	-

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

	Consolidated Entity	
	2006	2005
	$	$

7 AUDITORS' REMUNERATION

Amounts received or due and receivable by PKF:		
- an audit or review of the financial report of the entity and any other entity in the consolidated group	71,000	60,000
Other services in relation to the entity and any other entity in the consolidated group		
- taxation services	20,000	29,041
- other services	-	-
	91,000	89,041

8 EARNINGS PER SHARE

(a) Reconciliation of Earnings to Profit		
Profit		
Earnings used to calculate basic and dilutive	$2,546,164	$1,388,288
Basic earning per share (cents)	2.85	1.61
Diluted earning per share (cents)	2.77	1.52

	2006 Number	2005 Number
(b) Weighted average number of ordinary shares outstanding during the year	89,470,008	86,469,194
Dilution effect of convertible notes	473,699	4,570,753
Dilution effect of options	387,123	-
Dilution effect of CRPS	1,534,247	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	91,865,076	91,039,947

	Consolidated Entity		Parent Entity	
	2006	2005	2006	2005
	$	$	$	$

9 CASH AND CASH EQUIVALENTS

Cash on hand and at bank	7,954,396	2,827,112	2,503,238	-
Cash on deposit	-	2,313,980	-	2,313,980
	7,954,396	5,141,092	2,503,238	2,313,980

The effective interest rate on short-term bank deposits was 5.1% in 2005; these deposits had an average maturity of 30 days.

10 TRADE AND OTHER RECEIVABLES

Current				
Trade receivables	16,071,779	11,570,314	-	-
Provision for doubtful debts	(8,087,996)	(6,719,488)	-	-
	7,983,783	4,850,826	-	-
Sundry receivables	104,093	35,924	-	-
	8,087,876	**4,886,750**		**-**
Non-current				
Trade receivables	283,666	341,945	-	-
Provision for doubtful debts	(73,753)	(88,906)	-	-
	209,913	**253,039**	**-**	**-**

11 OTHER ASSETS

Current				
Prepayments	68,462	77,580	-	-
Security Bonds	-	142,684	-	-
Other	66,250	-	-	-
	134,712	220,264	-	-
Non-current				
Security Bonds	640,464	313,600	-	-
Investments in controlled entities (Refer Note 12)	-	-	6,546,397	2,565,036
	640,464	**313,600**	**6,546,397**	**2,565,036**

12 CONTROLLED ENTITIES

Name	Country of Incorporation	Percentage of equity interest held by the consolidated entity		Investment	
		2006 %	2005 %	2006 $	2005 $
Prospex Profile Pty Ltd	Australia	100	100	2	2
FSA Australia Pty Ltd	Australia	100	100	2,565,035	2,565,035
Fox Symes Financial Pty Ltd (4)	Australia	100	100	2	2
Fox Symes & Associates Pty Ltd (4)	Australia	100	100	50	50
Fox Symes Debt Relief Services Pty Ltd (4)	Australia	100	100	2	2
FSA Services Group Pty Ltd (5)	Australia	100	100	2	2
180 Group Holdings Pty Ltd (1)(6)	Australia	100	-	3,981,250	-
Aravanis Insolvency Pty Ltd (2)	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	-	64	-
180 Group Pty Ltd (7)	Australia	70	-	700	-

(1) Acquired 21 April 2006
(2) Acquired during 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 Limited
(7) Investment held by 180 Group Holdings Pty Ltd

The following entities are held by 180 Group Pty Ltd

Name	Country of Incorporation	Percentage of equity interest held by 180 Group Pty Ltd		Investment	
		2006 %	2005 %	2006 $	2005 $
180 Capital Finance Pty Ltd	Australia	100	-	1	-
180 Corporate Pty Ltd	Australia	100	-	50	-
180 Property Holdings Pty Ltd	Australia	100	-	1	-
180 Equity Partners Pty Ltd	Australia	100	-	1	-
180 Capital Funding Pty Ltd	Australia	100	-	2	-
One Financial Pty Ltd	Australia	65	-	65	-

Ultimate Parent Entity

FSA Group Ltd is the ultimate parent entity.

12 CONTROLLED ENTITIES continued

Business Combinations

(a) Summary of acquisition

Aravanis Insolvency Pty Ltd

On 1st of January 2006 the parent entity acquired 65% of the issued share capital of Aravanis Insolvency Pty Ltd.

The acquired business Aravanis Insolvency contributed revenues of $75,336 and 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 21st 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 combined entities.

The acquired business 180 Group 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
CRPS	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

12 CONTROLLED ENTITIES continued

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 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 receivables	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)
Lease Liability - current	(8,661)	(8,661)
Lease 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)
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	(633,247)	(633,247)
Net assets	763,127	763,127
Minority Interests		(228,938)
Net identifiable assets acquired		534,189

	Consolidated Entity		Parent Entity	
	2006	2005	2006	2005
	$	$	$	$

13 PLANT AND EQUIPMENT

Total plant and equipment				
At cost	1,578,578	1,037,875	-	-
Accumulated depreciation	(929,020)	(680,484)	-	-
	649,558	**357,391**	**-**	**-**
Plant & Equipment:				
Movements during year:				
Beginning of the year	357,391	360,313	-	-
Additions	456,488	278,186	-	-
Acquisitions through business combinations	102,742	-		
Disposals	(21,822)	-	-	-
Depreciation	(245,241)	(252,005)	-	-
Write downs	-	(29,103)	-	-
	649,558	**357,391**	**-**	**-**

14 INVESTMENT PROPERTY

Investment property				
At cost	362,339	-	-	-
Accumulated depreciation	(10,258)	-	-	-
	352,081	**-**	**-**	**-**
Movements during year:				
Beginning of the year	-	-	-	-
Additions	-	-	-	-
Acquisitions through business combinations	352,081			
Disposals	-	-	-	-
Depreciation	-	-	-	-
Impairment losses recognised in the income statements	-	-	-	-
	352,081	**-**	**-**	**-**

There is a first mortgage over the Investment Property (see Note 17).

	Consolidated Entity 2006 $	Consolidated Entity 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
15 INTANGIBLE ASSETS				
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	3948,384	462,673	-	-
Accumulated amortisation	(117,549)	(117,549)	-	-
	3,830,835	**345,124**	**-**	**-**

Consolidated Entity	**Goodwill**
Year ended 30 June 2005	
Balance at the beginning of year	345,124
Additions	-
Disposals	-
Amortisation charge	-
Impairment losses	-
Closing value at 30 June 2005	345,124
Year ended 30 June 2006	
Balance at the beginning of year	345,124
Acquisitions through business combinations	3,450,711
Additions	35,000
Disposals	-
Amortisation charge	-
Impairment losses	-
Closing value at 30 June 2006	3,830,835

	Consolidated Entity 2006 $	Consolidated Entity 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
16 TRADE AND OTHER PAYABLES				
Current				
Trade payables – unsecured	700,551	319,752	-	11,167
Institutional Creditors – unsecured	3,569,897	3,719,678	-	-
Sundry payables and accruals – unsecured	1,386,593	501,041	12,148	-
Intercompany loan – controlled entities	-	-	1,338,656	828,136
Notes payable – non-interest bearing	95,000	170,000	95,000	170,000
	5,752,041	**4,710,471**	**1,445,804**	**1,009,303**

17 BORROWINGS

	Consolidated Entity 2006 $	Consolidated Entity 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
Current				
Unsecured				
Interest bearing notes	325,000	-	-	-
Interest bearing loan	10,000	-	-	-
Banks loans other	15,996	-	-	-
	350,996	-	-	-
Secured				
Hire Purchase Liability	13,028	14,578	-	-
	364,024	14,578	-	-
Non-current				
Unsecured				
Interest bearing notes	550,000	-	-	-
Secured				
Hire Purchase Liability	58,446	42,909	-	-
Mortgage	272,000	-	-	-
	330,446	42,909	-	-
	880,446	42,909	-	-

(a) Total current and non-current secured liabilities:

	Consolidated Entity 2006 $	Consolidated Entity 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
Hire Purchase Liability	71,474	57,487	-	-
Mortgage	272,000	-	-	-
	343,474	57,487	-	-

(b) The carrying amount of non-current assets pledged as security are:

	Consolidated Entity 2006 $	Consolidated Entity 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
Floating charge over assets				
Motor vehicle and lease assets	60,146	50,828	-	-
First mortgage			-	-
Investment Property	352,081	-		
	412,227	50,828	-	-

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

Maturity date	Interest Rates	Consolidated Entity 2006 $	Consolidated Entity 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
30 June 2007	20.0%	325,000	-	-	-
30 June 2008	22.5%	550,000	-	-	-
		875,000	-	-	-

(d) The interest bearing loan held by a person outside the Company and are unsecured.

Maturity date	Interest Rates	Consolidated Entity 2006 $	Consolidated Entity 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
No maturity date	10.0%	10,000	-	-	-

	Consolidated Entity		Parent Entity	
	2006	2005	2006	2005
	$	$	$	$

18 PROVISIONS

Analysis of provisions

	Consolidated 2006 $	Consolidated 2005 $	Parent 2006 $	Parent 2005 $
Current				
Provision for Institutional Creditor Payments	283,665	262,484	-	-
Employee benefits	255,842	143,984	-	-
	539,507	406,468	-	-

Provision for employee benefits

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

As at 30 June 2006, the Consolidated Entity employed 76 full-time employees (2005: 69) plus a further 15 (independent) contractor field agents (2005: 17).

Consolidated Entity:

	Institutional Creditor Payments 2006 $	Institutional Creditor Payments 2005 $
Opening balance at 1 July 2005:	262,484	421,750
Additional provisions	283,665	262,665
Unused amounts reversed	(262,484)	(421,750)
Balance at 30 June 2006	283,665	262,484

Parent entity:

	Institutional Creditor Payments 2006 $	Institutional Creditor Payments 2005 $
Opening balance at 1 July 2005:	-	-
Additional provisions	-	-
Unused amounts reversed	-	-
Balance at 30 June 2006	-	-

19 ISSUED CAPITAL

	Consolidated Entity 2006 $	Consolidated Entity 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
98,217,513 (2005: 87,134,947) fully paid ordinary shares	4,413,772	9,600,899	4,413,772	9,600,899

(a) Ordinary shares	**Number**	**Number**	**Number**	**Number**
Balance 1 July	87,134,947	86,384,947	87,134,947	86,384,947
- 20 May 2005	-	750,000	-	750,000
- 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	-
Balance 30 June	98,217,513	87,134,947	98,217,513	87,134,947

On 20 May 2005 750,000 (Seco) Convertible Notes were converted into 750,000 ordinary shares and 1,500,000 listed 20 cent options, exercisable on or before 31 December 2005

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 and 32 Convertible Redeemable Preference Shares were issued as partial relating to the acquisition of 180 Group Holdings, pursuant to resolutions passed by the shareholders at general meeting. Also on 21 April 2006, 1,000,000 ordinary shares were issued 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 9 June 2006, 454,233 ordinary shares were issued following the exercise of 454,233 (unlisted) $0.10 options.

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

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) Options

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

20 RESERVES

(a) Option Reserve

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

21 CASH FLOW INFORMATION

	Consolidated Entity		Parent Entity	
	2006 $	2005 $	2006 $	2005 $
(a) Reconciliation of cash flows from operations to Profit after tax				
Profit after tax	2,583,294	1,388,288	(125,930)	261,778
Non-cash flows in profit:				
Depreciation	245,241	252,005	-	-
Write down on disposal of Plant & Equipment	(3,179)	29,103	-	-
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables	(1,301,261)	391,215	-	-
(Increase)/decrease in other non-current assets	(326,864)	(313,600)	-	-
(Increase)/decrease in other current assets	65,929	(94,979)	-	-
(Decrease)/increase in trade and other creditors	899,725	(816,222)	69,391	(502,024)
(Decrease)/increase in employee entitlements	76,810	55,079	-	-
(Decrease)/increase in other liabilities	(53,344)	194,963	195,040	346,708
Cash flow from operations	**2,186,351**	**1,085,852**	**138,501**	**106,462**

22 COMMITMENTS

(a) Lease expenditure commitments

	Consolidated Entity 2006 $	Consolidated Entity 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
(i) Operating leases (non-cancellable):				
Minimum lease payments				
– not later than one year	808,562	362,060	-	-
– later than one year and not later than five years	3,206,522	1,962,127	-	-
– later than five years	-	-	-	-
	4,015,084	2,324,187	-	-
(ii) Hire purchase liability:				
– not later than one year	17,161	18,481	-	-
– later than one year and not later than five years	66,123	47,557	-	-
– later than five years	-	-	-	-
Total minimum lease payments	88,284	66,038	-	-
– future finance charges	(11,810)	(8,551)	-	-
– lease liability	71,474	57,487	-	-
– current liability	13,028	14,578	-	-
– non-current liability	58,446	42,909	-	-
	71,474	57,487	-	-

23 CONVERTIBLE REDEEMABLE PREFERENCE SHARES

	Consolidated Entity 2006 $	Consolidated Entity 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
Balance 1 July	-	-	-	-
Issued as partial consideration for 180 Group	2,477,250	-	2,477,250	-
Balance 30 June	2,477,250	-	2,477,250	-

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, 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.

24 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 124 “Related Party Disclosures” is included in the Remuneration Report within the Director’s Report. The Company has taken the relief provided by the Corporations Amendments Regulation 2006 (No. 4) released on 1 June 2006.

25 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 2006.

26 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 former director), was a director of Sirocco Broadband Pty Ltd during the period. Sirocco Broadband Pty Ltd provided broadband services to the Company. The Company paid $33,004 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) Prior to the acquisition of 180 Group, Mr Tim Odillo Maher (a director), was 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 $103,862 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.

27 SEGMENT INFORMATION

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

- Debt Agreements
- Mortgage Refinancing
- Other services

The Company operates in one geographical segment being Australia.

Business segment Revenue and Results

	Debt Agreements		Mortgage Refinancing		Other		Consolidated Total	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
Revenue								
External sales	14,632,705	11,933,034	4,634,954	1,989,075	2,550,849	256,092	21,818,508	14,178,201
Internal sales	-	-	-	-	198,654	4,154,293	198,654	4,154,293
Eliminations	-	-	-	-	(198,654)	(4,154,293)	(198,654)	(4,154,293)
Total Revenue							**21,818,508**	**14,178,201**
Results								
Segment profit	1,803,298	1,876,554	954,814	504,300	-	-	2,758,112	2,380,854
Unallocated loss	-	-	-	-	(174,818)	(1,078,846)	(174,818)	(1,078,846)
Net Profit							**2,583,294**	**1,302,008**

All segment assets and liabilities belong to the Debt relief services business segment.