



FSA GROUP LIMITED

ABN 98 093 855 791

NOTICE OF ANNUAL GENERAL MEETING

Time: 2.00pm (Sydney time)

Date: Friday 25 October 2013

Place: Level 4, 70 Phillip Street, Sydney NSW 2000

FSA GROUP LIMITED

NOTICE OF ANNUAL GENERAL MEETING

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the Annual General Meeting of Shareholders of FSA Group Limited ABN 98 093 855 791 (**Company**) will be held at Level 4, 70 Phillip Street, Sydney NSW 2000, on Friday 25 October 2013 at 2.00pm (Sydney time).

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

The Directors have determined that pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 7.00pm on Wednesday 23 October 2013.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting at the time, date and place set out above

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- Each member has the right to appoint a proxy;
- The proxy need not be a member of the Company; and
- A member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Proxy vote if appointment specifies way to vote

Section 250BB (1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- The proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- If the proxy has two or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- If the proxy is the Chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (ie as directed); and

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- If the proxy is not the Chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-Chair proxy in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the Chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - o the proxy is not recorded as attending the meeting
 - o the proxy does not vote on the resolution

the Chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

Restrictions on proxy voting for resolutions relating to remuneration matters

Section 250R of the Corporations Act provides that Key Management Personnel and their Closely Related Parties can only exercise a vote as a proxy on the resolution relating to the adoption of the Remuneration Report if specific conditions are satisfied. Please refer to the Voting Prohibition Statement for Resolution 1 in the Notice of Meeting for more details.

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BUSINESS OF THE MEETING

Agenda

ORDINARY BUSINESS

Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2013 together with the declaration of the Directors, the Directors' Report, the Remuneration Report, and the Auditors' Report.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non binding resolution**:

"That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the year ended 30 June 2013."

Note: the vote on this Resolution is advisory only and does not bind the Directors of the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) A member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) A Closely Related Party of such a member

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy, if the vote is not cast on behalf of a person described above and either:

- (a) The voter is appointed as a proxy; and
- (b) the vote is not cast on behalf of a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report or a Closely Related Party of such a member, and either:
 - (c) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
 - (d) the voter is the Chair and the appointment of the Chair as proxy;
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – STAN KALINKO

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution**:

“That, for the purposes of Article 39.1 of the Company’s Constitution and for all other purposes, Stan Kalinko, retires by rotation, and being eligible, is re-elected as a Director.”

3. RESOLUTION 3 - RE-ELECTION OF DIRECTOR – TIM ODILLO MAHER

To consider and, if thought fit, pass, with or without amendment, the following resolution as an **Ordinary Resolution**:

“That, for the purposes of Article 39.1 of the Company’s Constitution and for all other purposes, Tim Odillo Maher, retires by rotation, and being eligible, is re-elected as a Director.”

4. RESOLUTION 4 – ADOPTION OF NEW CONSTITUTION

To consider and, if thought fit, pass, with or without amendment, the following resolution as a **Special Resolution**:

"That the current constitution of the Company be repealed and that the Company adopt a new constitution".

5. GENERAL BUSINESS

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

Specific comments relating to the Resolutions are set out in the Explanatory Statement.

By order of the Board



Don Mackenzie
Company Secretary
23 September 2013

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

1. FINANCIAL STATEMENT AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2013 together with the declaration of the Directors, the Directors' Report, the Remuneration Report and Auditor's Report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.fsagroup.com.au.

No voting is required for this item.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed Company's annual general meeting, a resolution that the Remuneration Report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors of the Company.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and Senior Executive of the Company who comprise the Key Management personnel of the Company. The Remuneration Report is part of the Directors' Report contained in the annual financial report of the Company for the financial year ending 30 June 2013.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report. A vote on this resolution is advisory only and does not bind the Directors of the Company.

2.2 Voting consequences

Under the Corporations Act, if at least 25% of the votes cast on a Remuneration Report resolution are voted against the adoption of the Remuneration Report in two consecutive annual general meetings, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of Directors of the Company (**Spill Resolution**) at the second annual general meeting.

If more than 50% of shareholders vote in favour of the Spill Resolution, the Company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the second annual general meeting. All of the Directors of the Company who were in office when the Directors Report (as included in the Company's annual financial report for the financial year ended immediately before the second annual general meeting) was approved, other than the Executive Directors of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as Directors of the Company is approved will be the Directors of the Company.

At the Company's previous annual general meeting the votes cast against the Remuneration Report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

2.3 Voting Restrictions

On a resolution to adopt the Remuneration Report, members of the Key Management Personnel and their Closely Related Parties are restricted from:

- (a) voting on a resolution put to Shareholders that the Remuneration Report of the Company be adopted; and
- (b) exercising a vote as a proxy unless specific conditions are satisfied.

Please refer to the Voting Prohibition Statement for Resolution 1 in the Notice of Meeting for more details.

Shareholders should be aware that any undirected proxies given to the Chairperson will be cast by the Chairperson and counted in favour of the resolutions the subject of this Meeting, including this Resolution 1, subject to compliance with the Corporations Act.

2 RESOLUTION 2 – RE-ELECTION OF DIRECTOR – STAN KALINKO

The Company's Constitution requires that at the Company's annual general meeting in every year, one third of the Directors for the time being, or, if their number is not a multiple of three, then the number nearest one third (rounded upwards in the case of doubt) shall retire from office, provided always that no Director (except a Managing Director/Executive Director) shall hold office for a period in excess of three years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

A Director who retires by rotation under the Constitution is eligible for re-election.

Accordingly, Stan Kalinko retires in accordance with the Constitution and, being eligible, offers himself for re-election as a Non-Executive Director.

Experience and Expertise

Mr Kalinko was appointed to the Board of FSA on 9 May 2007.

He has been a director of companies for many years, and, since his retirement from law on 30 June 2007, his main occupation has been as a director.

Mr Kalinko practised law for more than 30 years and was a merchant banker for 6 years.

Mr Kalinko is a fellow of the Australian Institute of Company Directors and also serves on the Boards of Hydro Tasmania, Indigenous Community Volunteers Limited, Seisia Enterprises Pty Ltd and the Central Synagogue.

He has a B.Com, LLB, and a Higher Diploma in Tax and is an accredited mediator.

The Directors (with Stan Kalinko being excluded) recommend that you vote in favour of this Ordinary Resolution.

3 RESOLUTION 3 - RE-ELECTION OF DIRECTOR – TIM ODILLO MAHER

Tim Odillo Maher also retires in accordance with the Company's Constitution and, being eligible, offers himself for re-election as a Director.

Experience and Expertise

Mr Odillo Maher was appointed on 30 July 2002.

Mr Odillo Maher's background has been in banking and finance, before concentrating on insolvency and corporate finance assignments. He has worked at ANZ Banking Group and Star Dean Wilcocks Chartered Accountants. Mr Odillo Maher holds a Bachelor of Business Degree (majoring in Accounting and Finance) from Australian Catholic University and is a Certified Practising 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.

The Directors (with Tim Odillo Maher being excluded) recommend that you vote in favour of this Ordinary Resolution.

4 RESOLUTION 4 – ADOPTION OF NEW CONSTITUTION

The Board proposes the repeal of the existing constitution of the Company and the adoption of a new constitution.

Pursuant to section 136(2) of the Corporations Act 2001 (Cth), a special resolution of Shareholders is required to approve an amendment to the Constitution.

Background

The Company proposes to put to Shareholders a resolution to repeal and replace the Company's Existing Constitution. The New Constitution proposed to be adopted pursuant to this resolution is available on the Company's website, www.fsagroup.com.au.

The Existing Constitution has been in place since 2 August 2000. The New Constitution is a standard form constitution appropriate for a public company which reflects amendments to the Corporations Act and Listing Rules since the current Constitution was adopted, as well as current market practice.

Under the Corporations Act, a company may elect to either amend parts of its constitution or replace the entire document. As there have been a number of changes to the Corporations Act and Listing Rules since the adoption of the Existing Constitution, the Directors consider that it is preferable in the circumstances to repeal the existing document and replace it with a new constitution rather than to amend and insert specific updates.

The proposed New Constitution is broadly consistent with the provisions of the Existing Constitution. A number of amendments are also proposed in the New Constitution to ensure it is as clear and concise as possible. There have been no fundamental changes to Shareholders' rights, such as the right to vote, to participate in dividends or in the event of a winding up.

A summary of the key amendments is as follows:

- (a) Clause 18 requires the Company to notify the ASX of its intention to fix a record date for determining entitlements to a reduction of capital and any other record date for any other purpose (for example determining entitlements to participate in a rights issue undertaken by the Company);
- (b) Clause 24 adds new provisions with regards to the conduct of general meetings, including the authority of the chairman to control the meeting and the entitlement of any Director to speak at the meeting;
- (c) Clause 29.11 expands the discretion with respect to the form of proxy which can be specified for use for a meeting of shareholders to reflect the requirements of the Corporations Act and Listing Rules;
- (d) Clause 31.5 updates the requirements for delivery of certification by a representative of a corporate shareholder attending a meeting of shareholders – whether prior to the meeting or via a previously delivered standing order;
- (e) Clause 38.13 extends the timeframe required for delivery to the Company of nominations to be elected as a director – increasing from 15 business days to 30 business days;
- (f) The 5 year limitation on the appointment of the managing director in current clause 44.2 (clause 43 in the New Constitution) has been removed;
- (g) The authority allowing only directors located in Australia to pass resolutions of the Board has been removed from Clauses 44 and 45;
- (h) Clause 44.14 contains a new authority for the Board to adopt a code of conduct with regards to the holding of meetings of Directors;
- (i) Clause 61 is updated to reflect, in accordance with an amendment of section 245T of the Corporations Act, that the determination of dividends by the Board are by reference to the amount that the assets of the Company exceed the liabilities of the Company, instead of on the basis of the profits of the Company;

- (j) Clause 61.13 adds a provision for dividends to be paid by way of electronic funds transfer where nominated by the shareholder;
- (k) Clause 62 updates the provisions relating to the forego of cash dividends to reflect the ability of the Company to adopt a dividend reinvestment plan in accordance with the Corporations Act and Listing Rules;
- (l) Clause 68 updates the requirements for distribution of financial and annual reports;
- (m) Clause 73 updates the process for the sale of minimum holdings. Shares held by shareholders who increase their holding above a marketable parcel prior to the specified election date (and who have not otherwise elected to retain their shares) will not be subject to sale. The Board may only implement a process for the sale of minimum holdings once in any 12 month period. This is consistent with Listing Rule 15.13;
- (n) Clause 76 updates the circumstances in which a shareholder will not be entitled to receive annual and financial reports – with all shareholders entitled to receive these reports unless they expressly notify the Company in the required form;
- (o) Clause 78 expressly provides for delivery of notices and annual reports in the manners permitted by the Corporations Act which will facilitate electronic communication with shareholders;
- (p) Clause 86 requires the Company, in the event it is ever listed on a foreign stock exchange, to comply with the requirements of that foreign stock exchange in addition to the Listing Rules except where there is inconsistency between them, in which case the Listing Rules are to prevail; and
- (q) The deletion of former clause 82.3 regarding access to documentation and records by Directors, which is regulated by section 198F of the Corporations Act.

This is a summary of the key amendments as identified by the Company and each shareholder should carefully consider the terms of the New Constitution themselves.

Shareholders will have an opportunity to ask questions about the New Constitution at the Annual General Meeting or by contacting the Company Secretary in advance of the Annual General Meeting.

If this resolution is passed, the Existing Constitution will be repealed in its entirety and replaced with the New Constitution.

Special resolution

In accordance with section 136(2) of the Corporations, this resolution must be passed as a special resolution, which is a resolution that has been passed by at least 75% of the votes cast by Shareholders entitled to vote on the resolution.

Shareholders may obtain a copy of the current and the proposed Constitution on the Company's website at www.fsagroup.com.au or by contacting the Company on +61 2 8985 5114.

The Directors unanimously recommend that you vote in favour of this Resolution 4.

GLOSSARY

ASIC means the Australian Securities and Investments Commission.

ASX means the ASX Limited

Board means the board of Directors of the Company.

Closely Related Party of a member of the Key Management Personnel means:

- (a) A spouse or child of the member;
- (b) A child of the member's spouse;
- (c) A dependant of the member or the member's spouse;
- (d) Anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) A company the member controls; or
- (f) A person prescribed by the Corporation Regulations 2001 (Cth).

Company means FSA Group Ltd ABN 98 093 855 791.

Constitution means the current constitution of the Company's

Corporations Act means the Corporations Act 2001 (Commonwealth).

Explanatory Statement means the Explanatory Statement contained in this Notice.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listing Rules means the listing rules of the ASX.

Meeting means the General Meeting of the Company to be held on 25 October 2013.

Notice means this notice of meeting.

Ordinary Resolution means a resolution passed by more than 50% of the votes at a general meeting of shareholders.

Remuneration Report means the Remuneration Report set out in the Directors' Report section of the Company's annual financial report for the year ended 30 June 2013.

Resolution means a resolution to be proposed at the Meeting.

Special Resolution means a resolution passed by more than 75% of the votes cast by members entitled to vote on the resolution at a general meeting of shareholders.

Any inquiries in relation to the Resolutions or the Explanatory Statement should be directed to Don Mackenzie (Company Secretary):

FSA Group Limited

Postal address: Locked Bag 29, Australia Square NSW 1215

Ph: (02) 8985 5114 **Fax:** (02) 8985 5356

Email: dmackenzie@fsagroup.com.au