ISA INTERNATIONALE INC
Form 10KSB
January 12, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-KSB

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OF 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal year ended September 30, 2006.

Commission File Number: 001-16423
Old Commission File Number: 000-27373

ISA INTERNATIONALE INC.
(Exact name of registrant as specified in its charter)

Delaware	41-1925647
(State of Incorporation)	(I.R.S. Employer Identification No.)

2560 Rice Street, St. Paul, MN	55113
(Mailing address of principal executive offices)	(Zip Code)

Issuer's telephone number (651) 483-3114

Securities registered pursuant to Section 12(b) of the Act:

(Title of each class)	(Name of each exchange on which registered)
None	Not applicable

Securities registered pursuant to Section 12(g) of the Exchange Act:

(Title of each class)	(Name of each exchange on which registered)
Common Stock, $.0001 par value	OTC Bulletin Board

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in the Exchange Act Rule 12d-2).
Yes [ ] No [X]

State issuer's revenues for its most recent fiscal year:

None for continuing operations.

State the aggregate market value of the voting and non-voting common stock held by non-affiliates of the Registrant computed by reference to the price at which the common stock was sold, or the average bid and asked price of such common stock, as of a specified date within the past 60 days (See definition of affiliate in Rule 12b-2 of the Exchange Act):

$19,311,879 as of January 12, 2007, based upon the average bid price of $.805 as defined in the prior paragraph.

State the number of shares outstanding of each of the Issuer's classes of common equity and preferred equity as of the latest practicable date:

The number of shares outstanding of the issuer's common stock as of January 12, 2007 were 23,989,912 shares, $.0001 par value.

There are no shares outstanding of the issuer's preferred stock as of January 12, 2007.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes [} No [X]

Transitional Small Business Disclosure Format: Yes [ ] No [x]

DOCUMENTS INCORPORATED BY REFERENCE:

NONE

ISA INTERNATIONALE INC.
FORM 10-KSB

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FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-KSB contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. For this purpose, any statements contained in this Form 10-KSB that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, words such as "may," "will," "expect," "believe," "anticipate," "estimate," "plan," or "continue" or the negative or other variations thereof or comparable terminology are intended to identify forward-looking statements. These statements by their nature involve substantial risks and uncertainties, and actual results may differ materially depending on a variety of factors, including those set forth in the section below entitled "Important Factors."

PART I

Item 1. DESCRIPTION OF BUSINESS

As used herein, the terms "ISAI" or "ISAT", the trading symbol of the Company and the "Company" refer to ISA Internationale Inc. unless the context indicates otherwise.

1.1 Corporate History, Organization and Recapitalization

ISA Internationale Inc. (the Company or ISAI) was incorporated in Delaware in 1989 under a former name, and was inactive operationally for some time prior to its May 1998 recapitalization through an acquisition of Internationale Shopping Alliance Incorporated (Internationale), which was a wholly owned subsidiary of ISAI. This subsidiary was acquired when the former shareholders of Internationale acquired 89% of the outstanding common stock of ISAI through a stock exchange. ISAI issued 11,772,600 shares of its common stock in exchange for all of the outstanding common stock of Internationale. This transaction was effected as a reverse merger for financial statement and operational purposes. Accordingly, ISAI regards its inception as being the incorporation of Internationale on October 7, 1997. Subsequent to this reverse merger, the name of Internationale Shopping Alliance Incorporated was changed to ShoptropolisTV.com, Inc (Shoptropolis).

The primary business strategy of Shoptropolis, was to develop a multimedia home shopping network for the purpose of offering in-home shoppers a convenient electronic shopping experience through broadcast television, cable, satellite or the Internet, and featuring a broad diversity of high quality, moderately priced, unique consumer products.

ISAI incorporated its precious metals subsidiary, International Strategic Assets, Inc. (ISA), in March 1999. The primary business strategy of ISA was outbound direct telemarketing sales of precious commodities, primarily including gold, silver, platinum and palladium in bullion form including bars and coins of various types and face amounts.

On May 19, 2000, ISAI sold ISA to an individual who was an officer and director of ISAI. In December 2000, due to a lack of capital, the Company concluded that no further efforts would be expended to develop its planned shopping network and the disposal of the Shoptropolis subsidiary was approved by the Board of Directors. Shoptropolis was sold on March 29, 2001.

In May 2005, the Company consummated its first purchase of performing, sub-performing and non-performing consumer receivables. These portfolios generally consist of one or more of the following types of consumer receivables:

- charged-off receivables -- accounts that have been written-off by the originators and may have been previously serviced by collection agencies;

- sub-performing receivables -- accounts where the debtor is currently making partial or irregular monthly payments, but the accounts may have been written-off by the originators; and are currently being serviced by collection agencies;

- performing receivables - accounts where the debtor is making regular payments or pays upon normal and customary procedures to collection agencies.

The Company has acquired these receivables at a significant discount to the amount actually owed by the debtors from a group of Companies in California. The receivables purchased represented a portion of distressed debt the companies owned and previously purchased as distressed consumer debt receivables. The Company does outsource its collections to one carefully selected collection agency. The Company will actively monitor collection performance and review and adjust collection and servicing strategies accordingly.

The purchased receivables consist primarily of credit cards, student loans, retail installment contracts, medical and other types of receivables. We intend to pursue new acquisitions of consumer receivable portfolios during the coming year.

For the year ended September 30, 2006, The Company had no recognized collection revenue due to the Company adoption of the "cost recovery" method of debt collection income.

The Company has experienced extensive problems of account duplications within the various portions of the portfolio files purchased, accounts being previously sold to other collection companies and required adjustments and deletions of accounts sold not being properly notated with the purchased files coupled with portions of the purchased files and accounts being improperly being sold by the third part collection agencies utilized by the

"seller" distressed debt collection companies that the Company (ISAT) finds that no reliable statistics of collection can be properly attached to these purchased files and accounts of distressed consumer debt receivables.

Since no conclusive statistics of collection by the Company can be realistic discerned to facilitate the development of reliable collection conclusions as to the amount, if any, of income that can ultimately from these new purchased debt portfolios, the Company is obligated, in accordance with industry standards and AICPA pronouncements regarding income recognition for troubled asset purchases to adopt the "cost recovery" method of income collection. Accordingly, the Company will recognize income from the collection of its portfolios only after it has collected the full purchase price of $1,094,900 less $378,287 of impairment write-downs, for the portfolios purchased during the period from May 18, 2005 to September 30, 2006. At September 30, 2006, the remaining carrying cost of the Company's portfolios was $373,028.

The Company believes that the earliest year in which revenues could be recognized would by the years of 2009 and 2010, based upon the application of industry recognized standards for receiving cash collections on its purchased debt portfolios. However, for the year ended September 30, 2006, the Company did receive cash collections in the gross amount of $265,245. These collections of $265,245 for the year ended September 30, 2006 and $78,343 collected during the year ended September 30, 2005 have been received since the portfolios were purchased on May 18, 2005 and they have been applied to the initial gross portfolio cost of $1,094,900. There have also been impairment write-downs to the carrying value of the portfolio carrying costs totaling $378,287 thereby reducing the carrying cost to the Company to $373,028 as of September 30, 2006.

Industry Overview

The purchasing, servicing and collection of charged-off, sub-performing and performing consumer receivables is an industry that is driven by:

- levels of consumer debt;
- defaults of the underlying receivables; and
- utilization of third-party agency collectors providers to collect such receivables.

According to the U.S. Federal Reserve Board, consumer credit has increased from $1.2 trillion at December 31, 1997 to $2.9 trillion at August 31, 2006. According to the Nilson Report, a credit card industry newsletter, the consumer credit market will increase to $2.8 trillion by 2010 and credit card charge-offs are predicted to reach $72.9 billion by 2005. According to the ABA, credit card delinquencies stood at 4.81% in the first quarter of 2005.

As a result of the difficulty in collecting these past due receivables and the desire of originating institutions to focus on their core businesses and to generate revenue from these receivables, originating institutions are increasingly electing to sell these portfolios.

Strategy

The Company's current strategy is to acquire additional portfolios and outsource the collections. The Company does however intend to develop its own collection staff and related call centers as the quantity and amount of purchased portfolios increases. For these additional purchases, the Company will need to secure suitable financing to allow for these purchases of

portfolios. At September 30, 2006, the Company does not have any new financing proposals or opportunities in existence. The Company will need to develop the strategy to acquire new financing.

Competition

The business of purchasing distressed consumer receivables is highly competitive and fragmented, and we expect that competition from new and existing companies will increase. The Company will be competing with other purchasers of consumer receivables, including third-party collection companies and other financial services companies who purchase consumer receivables. Some of our competitors are larger and more established and may have substantially greater financial, technological, personnel and other resources than we have, including greater access to capital sources and markets.

1.2. Personnel

Mr. Bernard L. Brodkorb is the ISAI President, Chief Operating Officer, Chief Financial Officer, and Chairman of the Board. He also serves as a consultant to the Company. On the date of this report December 29, 2006, the Company has one additional administrative full time employee, one paralegal working on staff as an employee and two accountants retained as independent consultants, advisors or bookkeepers.

Item 1A. IMPORTANT FACTORS

The following factors are important and should be considered carefully in connection with any evaluation of the Company's business, financial condition, results of operations and prospects. Additionally, the following factors could cause the Company's actual results to materially differ from those reflected in any forward-looking statements of the Company.

New Business Ventures

With respect to the business strategy of developing and launching a multimedia home shopping network, ISAI had only a very limited operating history on which to base an evaluation of its business and prospects. The Board of Directors decided in the year 2000 to dispose of the Shoptropolis Subsidiary and its precious metals subsidiary, International Strategic Assets, Inc. (ISA). On May 19, 2000, ISAI sold ISA to an individual who was an officer and director of ISAI. Shoptropolis was sold on March 29, 2001. All efforts of the Company up to the August 18, 2004 have been directed to a complete reorganization of all of its affairs.

On August 18, 2004, the Company entered into a contract to purchase the debt collection business assets of three California companies. The Company believed that it would be purchasing in excess of $5,000,000 in various assets such as cash, marketable securities, office furniture and fixtures and consumer debt receivables having a charged-off face value in excess of $200,000,000. The transaction was not completed in accordance with either the original negotiated contract terms or the subsequent negotiated revised terms. However, the Company did complete a purchase of a portion of these collection consumer debt receivables in May for a price of $1,094,900 in restricted common shares of the Company. The Company issued 1,250,000 in restricted common shares to the California collection companies in order to complete the purchase of the assets. This purchase of consumer debt receivables allows the Company to enter into the financial services industry, more specifically into the consumer debt collection business. The Company does intend to purchase additional portfolios of distressed consumer debt

receivables in the future. The Company is currently creating its operational and marketing strategy to further develop this business venture.

Therefore, the Company's prospects for its new business ventures must be considered in light of the many risks, expenses and difficulties encountered frequently by companies in the financial services industry.

Major risks include, but are not limited to, an evolving business model and the overall effective management of future growth. To address the many startup risks and difficulties the Company has encountered, it must in the future have the ability to successfully execute any of its operational and marketing strategies that it may develop in any new business venture. There would be no assurance the Company would be successful in addressing the many risks and difficulties it could encounter and the failure to do so would continue to have a material adverse effect on the Company's business, prospects, financial condition and results of any operations it pursues or tries to develop within the financial services industry. There can be no assurance that ISAI can find and attract new capital for this new business venture and any other new business ventures and if successful in finding sufficient capital, that it can successfully grow and manage the business or new business venture into a profitable and successful operation. No assurance can be given on any of these developments.

Other Risk Factors

We may not be able to purchase consumer receivable portfolios at favorable prices or on sufficiently favorable terms or at all and our success depends upon the continued availability of consumer receivable portfolios that meet our purchasing criteria and our ability to identify and finance the purchases of such portfolios.

The availability of consumer receivable portfolios at favorable prices and on terms acceptable to us depends on a number of factors outside of our control, including:

- the continuation of the current growth trend in consumer debt;
- the continued volume of consumer receivable portfolios available for sale; and
- competitive factors affecting potential purchasers and sellers of consumer receivable portfolios.

We have seen at certain times that the market for acquiring consumer receivable portfolios is becoming more competitive, thereby possibly diminishing our ability to acquire such receivables at attractive prices in future periods.

The growth in consumer debt may also be affected by:

- a slowdown in the economy;
- reductions in consumer spending;
- changes in the underwriting criteria by originators; and
- changes in laws and regulations governing consumer lending.

Any slowing of the consumer debt growth trend could result in a decrease in the availability of consumer receivable portfolios for purchase that could

affect the purchase prices of such portfolios. Any increase in the prices we are required to pay for such portfolios in turn will reduce the profit, if any, we generate from such portfolios.

Our quarterly operating results may fluctuate and cause our stock price to decline.

Because of the nature of our business, our quarterly operating results may fluctuate, which may adversely affect the market price of our common stock. Our results may fluctuate as a result of any of the following:

- the timing and amount of collections on our consumer receivable portfolios;

- our inability to identify and acquire additional consumer receivable portfolios;

- a decline in the estimated value of our consumer receivable portfolio recoveries;

- increases in operating expenses associated with the growth of our operations; and general and economic market conditions.

We may not be able to recover sufficient amounts on our consumer receivable portfolios to recover the costs associated with the purchase of those portfolios and to fund our operations.

In order to operate profitably over the long term, which we have not yet been able to do since our inception, we must continually purchase and collect on a sufficient volume of receivables to generate cash that exceeds our costs.

Our ability to recover on our portfolios and produce sufficient returns can be negatively impacted by the quality of the purchased receivables. In the normal course of our portfolio acquisitions, some receivables may be included in the portfolios that fail to conform to certain terms of the purchase agreements and we may seek to return these receivables to the seller for payment or replacement receivables. However, we cannot guarantee that any of such sellers will be able to meet their payment obligations to us. Accounts that we are unable to return to sellers may yield no return. If cash flows from operations are less than anticipated as a result of our inability to collect sufficient amounts on our receivables, our ability to satisfy our debt obligations, purchase new portfolios and our future growth and profitability may be materially adversely affected.

We are subject to intense competition for the purchase of consumer receivable portfolios and, as a result of this competition, if we are unable to purchase receivable portfolios, our profits, if any, will be limited.

We will be competing with other purchasers of consumer receivable portfolios, with third-party collection agencies and with financial services companies that manage their own consumer receivable portfolios. We compete on the basis of reputation, industry experience and performance. Some of our competitors have greater capital, personnel and other resources than we have. The possible entry of new competitors, including competitors that historically have focused on the acquisition of different asset types, and the expected increase in competition from current market participants may reduce our access to consumer receivable portfolios. Aggressive pricing by our competitors could raise the price of consumer receivable portfolios above levels that we are willing to pay, which could reduce the number of consumer receivable portfolios suitable for us to purchase or if purchased by us,

reduce the profits, if any, generated by such portfolios. If we are unable to purchase receivable portfolios at favorable prices or at all, our revenues and earnings could be materially reduced.

Failure of our third party recovery partners to adequately perform collection services could materially reduce our revenues and our profitability, if any.

We are dependent upon outside collection agencies to service all our consumer receivable portfolios. Any failure by our third party recovery partners to adequately perform collection services for us or remit such collections to us could materially reduce our revenues and our profitability. In addition, our revenues and profitability could be materially adversely affected if we are not able to secure replacement recovery partners and redirect payments from the debtors to our new recovery partner promptly in the event our agreements with our third-party recovery partners are terminated, our third-party recovery partners fail to adequately perform their obligations or if our relationships with such recovery partners adversely change. Our collections may decrease if bankruptcy filings increase.

During times of economic recession, the amount of defaulted consumer receivables generally increases, which contributes to an increase in the amount of personal bankruptcy filings. Under certain bankruptcy filings, a debtor's assets are sold to repay credit originators, but since the defaulted consumer receivables we purchase are generally unsecured we often would not be able to collect on those receivables. We cannot assure you that our collection experience would not decline with an increase in bankruptcy filings.

If our actual collection experience with respect to a defaulted consumer receivables portfolio is significantly lower than we projected when we purchased the portfolio, our earnings could be negatively affected. We may not be able to continue our operations if we are unable to generate funding from third party financing sources.

If we are unable to access external sources of financing, we may not be able to fund and grow our operations. The failure to obtain financing and capital as needed would limit our ability to purchase consumer receivable portfolios and achieve our growth plans.

We will possibly use estimates for recognizing revenue on a portion of our consumer receivable portfolio investments and our earnings would be reduced if actual results are less than estimated.

The loss of any of our executive officers may adversely affect our operations and our ability to successfully acquire receivable portfolios.

Our Chairman and President and two other officers or directors are responsible for making substantially all management decisions, including determining which portfolios to purchase, the purchase price and other material terms of such portfolio acquisitions. These decisions are instrumental to the success of our business. The loss of these services by these individuals could disrupt our operations and adversely affect our ability to successfully acquire receivable portfolios until such time as replacement expertise can be found and utilized in the Company management process.

Government regulations may limit our ability to recover and enforce the collection of our receivables.

Federal, state and municipal laws, rules, regulations and ordinances may limit our ability to recover and enforce our rights with respect to the receivables acquired by us. These laws include, but are not limited to, the following federal statutes and regulations promulgated there under and comparable statutes in states where consumers reside and/or where creditors are located:

- the Fair Debt Collection Practices Act;
- the Federal Trade Commission Act;
- the Truth-In-Lending Act;
- the Fair Credit Billing Act;
- the Equal Credit Opportunity Act; and
- the Fair Credit Reporting Act.

Additional laws may be enacted that could impose additional restrictions on the servicing and collection of receivables. Such new laws may adversely affect the ability to collect the receivables.

Because the receivables were originated and serviced pursuant to a variety of federal and/or state laws by a variety of entities and involved consumers in almost all 50 states, there can be no assurance that all original servicing entities have at all times been in substantial compliance with applicable law. Additionally, there can be no assurance that we or our recovery partners have been or will continue to be at all times in substantial compliance with applicable law. The failure to comply with applicable law could materially adversely affect our ability to collect our receivables and could subject us to increased costs and fines and penalties. In addition, our third-party recovery partners may be subject to these and other laws and their failure to comply with such laws could also materially adversely affect our revenues and earnings.

Certain originators and recovery partners in the consumer credit industry have been subject to class actions and other litigation. Claims include failure to comply with applicable laws and regulations and improper or deceptive origination and servicing practices. If we become a party to such class action suits or other litigation, our results of operations and financial condition could be materially adversely affected.

If a significant portion of our shares available for resale are sold in the public market, the market value of our common stock could be adversely affected.

Sales of a substantial number of shares of our common stock in the public market could cause a decrease in the market price of our common stock. We had approximately 23,989,912 shares of common stock issued and outstanding as of the date hereof. In addition, options to purchase approximately 6,000,000 shares of our common stock were outstanding as of September 30, 2006. All of these options were vested and the exercise prices of such options were substantially lower than the current market price of our common stock.

If a significant portion of these shares were sold in the public market, the market value of our common stock could be adversely affected.

History of Losses and Anticipated Further Losses

ISAI has generated no revenues to date and has an accumulated deficit as of September 30, 2006 of $8,476,539. Further, the Company expects to continue to incur losses until it establishes a means of generating revenues at appropriate margins to achieve profitability. There can be no assurance the Company will ever generate revenues or that it will achieve profitability, or that its future operations will prove commercially successful, or that it will establish any means of generating revenues at appropriate margins to achieve profitability.

Need for Additional Financing

The Company's current capital resources are not sufficient to support the Company's anticipated day-to-day operations. As such, the Company must obtain significant additional capital in order to support the Company's anticipated day-to-day operations and settle the debt incurred by ISAI during its past operations until it establishes a means of generating revenues at appropriate margins to achieve profitability

The debt collection business the Company recently entered into is being analyzed and appropriate business strategy models are being developed. The Company still needs to secure additional financing and is investigating new financing strategies.

The Company currently has an agreement with Doubletree Capital Partners, Inc. (hereinafter referred to as the financial company or DCP) to loan the Company at the financial company's sole discretion, funds to meet its day-to-day operational expense and settle certain debt incurred by ISAI. The financial company is owned by two individuals, one of which is ISAI's current President, CEO and Chairman of the Board of Directors.

The financial company has commenced its best efforts to help the Company resolve, consolidate, and reorganize the Company's present debt structure and contractual liabilities. There is no assurance that the financial company will provide the Company any additional capital. Additional financing is contemplated by the Company, but such financing is not guaranteed and is contingent upon pending successful settlement of the Company's problems with various creditors. There is no assurance that the Company will be able to obtain any additional capital. There can be no assurance that the necessary additional financing will be available when needed by the Company, or that such capital will be available on terms acceptable to the Company. If the Company is unable to obtain financing sufficient to meet its operating and development needs, the Company will be unable to develop and implement a new business strategy or continue its operations. As a result of the Company's history of operating losses and its need for significant additional capital, the reports of the Company's consolidated financial statements for the year ended September 30, 2006 include an explanatory paragraph concerning the Company's ability to continue as a going concern.

Reliance on Key Personnel

The Company's future success will be dependent upon the ability to attract and retain executive officer(s) and certain other key persons. The inability to attract such individuals or the loss of services of one or more of such persons would have a material adverse effect on ISAI's ability to implement its current plans or continue its operations. There can be no assurance the Company will be able to attract and retain qualified personnel as needed for its business control by existing management.

One principal shareholder, Doubletree Capital Partners, Inc., a related party corporation owned 50% by the Company's President and 50% by an affiliated stockholder, beneficially owns approximately 89.12% of ISAI's outstanding common stock as of September 30, 2006 and accordingly has complete control of the business and development, including the ability to manage all operations, establish all corporate policies, appoint future executive officers, determine management salaries and other compensation, and elect all members of the Board of Directors of ISAI.

Effects of Trading in the Over-the-Counter Market

The Company's common stock is traded in the over-the-counter market on the OTC Electronic Bulletin Board. The Company's stock symbol is ISAT. Consequently, the liquidity of the Company's common stock may be impaired, not only in the number of shares that may be bought and sold, but also through delays in the timing of transactions, and coverage by security analysts and the news media may also be reduced. As a result, prices for shares of the Company's common stock may be lower than might otherwise prevail if the Company's common stock were traded on a national securities exchange or listed on the NASDAQ Stock Market. Further, the recent adoption of new eligibility standards and rules for broker dealers who make a market in shares listed on the OTC Election Bulletin Board may limit the number of brokers willing to make a market in the Company's common stock.

Limited Market For Securities

There is a limited trading market for the Company's common stock, which is not listed on any national stock exchange or the NASDAQ stock market. The Company's securities are subject to the "penny stock rules" adopted pursuant to Section 15(g) of the Securities Exchange Act of 1934, which applies to non- NASDAQ companies whose common stock trades at less than $5 per share or has tangible net worth of less than $2,000,000. These "penny stock rules" require, among other things, that brokers who sell covered "penny stock" to persons other than "established customers" complete certain documentation, make suitability inquiries of investors and provide investors with certain information concerning trading in the security, including a risk disclosure document and quote information under certain circumstances.

Many brokers have decided not to trade "penny stock" because of the requirements of the "penny stock rules" and, as a result, the number of broker-dealers willing to act as market makers in such securities is limited. There can be no assurance that an established trading market will develop, the current market will be maintained or a liquid market for the Company's common stock will be available in the future.

Item 2. DESCRIPTION OF PROPERTY

The principal executive office of the Company is located at 2560 Rice St., St. Paul, MN 55113. The President of ISAI, at the location of his own accounting business, provides office space to the Company for an annual charge of $3,600 for personnel and consultants employed by the Company and also provide storage for Company records.

On August 19, 2004, ISAI entered into an asset acquisition agreement wherein ISAI would issue 5,250,000 shares of ISAI common stock shares on August 19, 2004 and a combination of 4,000,000 bonus common shares and 5,250,000 common stock warrants at varying prices to purchase additional common shares over a three year period. The companies from whom the assets were being purchased (the "California Collection companies") were not able to comply with certain terms of the agreement wherein two years of certified audits were required as a part of the acquisition agreement.

Consequently, the agreement to purchase was amended on October 29, 2004, January 13, 2005, and again on April 30, 2005. The agreement was not completed as of September 30, 2005, due to the inability of the California Collection Companies to deliver the requested certified audits for the years 2003 and 2004. Consequently, the agreement has been terminated in full and will not be pursued any further. The Company incurred costs in the amount of $146,755 through September 30, 2005 and an additional $124,670 during the year ended September 30, 2006. The Company has charged off to operations or bad debts all of these expenses and does not carry any asset value for these costs and expenses on its financial statements at September 30, 2006. The Company did receive a promissory notes and related collateral security agreements for expenses totaling $95,809 executed by the California Collection Companies wherein they did agree to reimburse ISA Internationale Inc. for these costs. However, since the collection companies have filed a Chapter 7 Petition in U.S. Bankruptcy Court in Woodland Hills, California in October 2005, all costs associated with the acquisition agreement and related bankruptcy issues have been charged off to operations through September 30, 2006.

The California Collection Companies did seek the protection of The United States Bankruptcy Court in Woodland Hills, California by filing voluntary Chapter 7 bankruptcy petitions on October 13, 2005. The Company can't state whether it will recover its incurred costs of $95,809 (those covered by filed security agreements) for the acquisition efforts or its full costs incurred of $271,425 even though it did obtain and timely file their collateral security interest. However, no provision is being made in these financial statements for the recovery of any portion of these costs. These incurred costs through September 30, 2006 in the amount of $271,425 were for travel, legal, bookkeeping and accounting and consulting fees incurred to assist the certified audit process required by the original asset acquisition agreement dated August 19, 2004 and costs related to the bankruptcy case in Woodland Hills, California. The Company has made no provision for the collection of these costs and any additional costs and damages it incurred from the bankruptcy process ongoing in U.S. Bankruptcy Court, Woodland Hills, CA.

Item 3. LEGAL PROCEEDINGS

In December 2002, the Company was sued by Merrill Communications, Inc. for $11,943 plus legal costs to collect for past due invoices. This debt was accrued at December 31, 2003 for $2,500. The debt was settled and paid in July 2004 for $2,500.

On July 18, 2006, The Company was served a summons and complaint in the commencement of an adversary proceeding in the U.S. Bankruptcy Court Case(s) of Harrison Asset Management, Inc., Cash Asset Management, Inc. and Money Asset Management, Inc. in the Central District of California, San Fernando Valley Division. The U.S. Bankruptcy Court Trustee, on behalf of the debtor collection companies, filed the summons and complaint against the Company seeking avoidance and recovery of fraudulent transfers; civil conspiracy for fraudulent transfer; avoidance of unperfected sale; determination of the validity, priority and extent of lien (as filed by the Company); turnover (of debt receivables purchased) and objection to the proof of claims filed by the Company, ISA Internationale, Inc., subsequent in January 2006.

The Company believes that the Trustee's summons and complaint positions are without merit and will vigorously defend its actions in the debt receivable

purchase and seek recovery of all damages incurred, expenses advanced and related losses thereto since August 19, 2004, the date the relationship with the debtor companies commenced through and including the date of May 18, 2005, the date of the debt receivable purchases by the Company and further through the date of suit commencement and termination.

Since July 18, 2006, the Trustee in the U.S. Bankruptcy Court Case has also sued the Company's President in his capacity as President for civil conspiracy. On September 11, 2006, the Trustee filed their first amended complaint and suing the Company's President for civil conspiracy. On September 25, 2006, the Company and its President filed counterclaims against the Trustee and third party claims against Dante Fala, former President and current sole shareholder of the "seller" collection companies and the third party collection company, their predecessor business and their officers.

On November 22, 2006, a motion to dismiss adversary proceeding for failure to state a claim was filed by the Company's President. The motion was subsequently granted with leave to amend by the Bankruptcy Judge in December 2006. The Company is seeking costs and damages in excess of $1,000,000 and will vigorously defend against all claims and expects to prevail in its actions against the Trustee as well as the third party claimants. The parties are currently set to begin discovery in January 2007.

Presently, the Company is not a party to any other pending legal or administrative proceeding, and is not aware of any threatened litigation or administrative proceeding being considered against the Company. In addition, there is no material proceeding to which any director, officer or affiliate of the issuer, any owner of record or beneficially of more than 5% of any class of voting securities of the Company, or security holder is a party adverse to the Company or has a material interest adverse to the Company.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

During the fiscal year ended September 30, 2006, there were no submissions of any matters to a vote of the Company's security holders.

PART II

Item 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

5-A. Market, Holders and Dividends

The Company's Common Stock traded publicly on the NASDAQ Over-The-Counter Electronic Bulletin Board (OTCBB) under the symbol "ISAI" since May 11, 1998 to January 21, 2004. From January 22, 2004 to present it has traded and quoted under the symbol "ISAT".

Information provided regarding periods prior to January 2001 is not an indication an active market existed for the Company's common stock during such periods. Further, there can be no assurance the current market for the Company's common stock will be sustained or grow in the future.

The following Table sets forth the high and low bid closing prices for the Company's Common Stock as reported by the OTC Bulletin Board during this period of time after giving effect of the reverse stock split that occurred on January 12, 2004, effective as of January 22, 2004. These bid quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

	HIGH BID	LOW BID
2004		

First Quarter	$2.80	$0.52
Second Quarter	$0.55	$0.52
Third Quarter	$1.01	$0.55
Fourth Quarter	$1.25	$0.55
2005		

First Quarter	$1.10	$0.35
Second Quarter	$1.25	$0.35
Third Quarter	$0.90	$0.55
Fourth Quarter	$1.01	$0.70
2006		

First Quarter	$ .61	$0.61
Second Quarter	$1.00	$0.61
Third Quarter	$1.00	$0.61
Fourth Quarter (to date)	$1.15	$0.61

For the period ending September 30, 2006, there were approximately 4 beneficial owners and approximately 338 registered holders of record of the Company's common stock. The Company has not declared or paid any cash dividends on its common stock since its inception and does not anticipate declaring or paying any such dividends on its common stock in the foreseeable future. The Company has provided for a preferred stock dividend that is derived from the beneficial conversion features contained in the preferred stock issuance in November 2000. The preferred stock conversion feature was never exercised. To date, the Company has incurred losses and presently expects to retain its future earnings to finance development and expansion of its business. The declaration of dividends is within the discretion of the Board of Directors of the Company. There are no current restrictions limiting the Company's ability to pay dividends.

5-B. Sales History of Unregistered Securities

The following information includes a history of all securities sold by the Company from January 2000 to present:

B.1 From November 1997 to June 1998, the Company sold a total of 1,579,535 (pre-split) Units at a purchase price of $.6536 per Unit, a total amount of $1,032,376, to a limited number of 16 investors (most of whom are accredited investors) in a private placement, with each Unit consisting of one share of Common Stock of the Company and a five-year warrant to purchase two shares of Common Stock exercisable at $1.00 per share. In December 2003, and in exchange for mutual releases to the Company, these investors were granted price concessions in the purchase of their original shares wherein all of the common share purchases were re-priced to $.02 per share and the Company did issue an additional 1,547,142 common shares, par value $.0001. Exemption for this transaction is claimed under Section 4(2) of the Securities Act of 1933 since it was strictly a private placement whereby all investors agreed to accept the shares for long-term investment and to have the certificates therefore legended to prevent further distribution or resale of the securities unless pursuant to registration or an appropriate exemption there from.

B.2 In November 2000, the Company issued 5,000,000 shares of its Preferred Stock to Doubletree Capital Partners, Inc., a Minnesota Corporation, in a

private sale at $0.0002 per share, for total consideration of $1,000, and, 2,999,999 (pre-split) shares of its common stock to Doubletree Capital Partners, Inc. in a private sale at $0.0097 per share, for total consideration of $29,000. The preferred stock is convertible into common shares at a conversion rate of 3.5 common shares for each preferred share being converted. Furthermore, there is an anti-dilution provision clause in the preferred shares that states upon exercise, the preferred shares will ultimately convert into no less than a 75% ownership of the then common shares to be outstanding. The timing of the conversion is at the discretion of the holder. As a result of the reverse stock split that was declared in January 2004, effective as of January 22, 2004, the conversion feature has changed to .025 common shares for every preferred shared being converted the dimension, however, remains the same and Doubletree Capital Partners The anti-dilution will convert into no less than a 75% ownership of the then common shares outstanding. This was an isolated private transaction and exemption from registration is claimed under Section 4(2) of the Securities Act of 1933, with the stock certificate being legended to prevent further disposition without registration or an appropriate exemption there from.

B.3 The Company previously issued 71,270 (post-split) shares of common stock during the year ended December 31, 2002, as part of a troubled debt restructuring to satisfy $1,105,644 in principal and accrued interest on convertible Debentures.

B.4 The Company also authorized 41,376 (post-split) shares of common stock at the negotiated rate of $0.70 per share during the year ended December 31, 2003, as part of its troubled debt restructuring, for conversion of convertible debt and related interest accruals of $115,823 combined. These shares were issued in 2004.

B.5 In December, 2003, The Company's Board of Directors approved for issuance 513,328 (post-split) common stock shares for issuance to all previously converted debenture holders for the express purpose of equalizing their respective share conversion price received for debenture principal and interest due on debenture investments. All of the debenture holders will receive common shares at the revised price of $0.70 per share (post-split) for the period ended September 30, 2003, their final date of conversion. This transaction resulted in settlement expense charge to the income statement of the Company of $359,329 for the year ended December 31, 2003. Of these shares, 273,220 shares were issued in May 2004, 160,850 shares were issued in September 2004 due to a delay in receiving correspondence from the debenture holder and 100,002 are still remaining to be issued due to the non-timely receipt of certain required paperwork to complete their issuance. These additional 100,002 common shares were issued in 2005.

B.6 In addition, the Company's Board of Directors approved the issuance of 523,572 (post-split) common shares that were given as following: 166,429 (post-split) shares for payment for services rendered by the Company's Board of Directors for the entire reorganization process and two consultants who rendered additional reorganization services to the Company and 357,143 (post-split) common shares to the Company's President as a partial payment for accrued consulting services due as of December 31, 2003. These shares were issued in 2004.

B.7 On January 12, 2004, by written action of the holders of a majority of the common stock outstanding, and at a duly called special meeting of its shareholders, the Company approved a 1 for 140 reverse stock split, effective January 22, 2004, for the purpose of reducing the number of shares outstanding to a more manageable level and make trading volume levels more relevant to the price of the Company's common stock on the NASDAQ OTC

Bulletin Board. At the same meeting the shareholders also approved the increase of the aggregate number of shares of preferred stock authorized from 5,000,000 to 30,000,000.

B.8 In July 2004, the Company approved an Indemnification Agreement between the Company and Doubletree Liquidation Corporation (DLC),a related party, wherein the Company issued to DLC 1,200,000 unregistered shares of common stock for the express purpose of receiving as consideration from DLC, a guarantee from DLC that this issue of common shares will completely and finally settle the Company's liability to two debenture holders, including their respective accrued interest that is currently due, and or may be due on an estimated basis, upon completion of negotiations between the Company and these creditors whenever it occurs and also included the attempt to resolve the settlement of any and all liabilities that did arise from the operation of ShoptroplisTV.com during its final months of operations back in the years of 1999, 2000 and 2001. The payment of these shares did finalize the Company's payment of these bills and related liabilities and will further allow the Company to proceed with new acquisition efforts to bring shareholder value to the Company. These shares provide a buffer to protect the assets of any new acquisition candidate and preserve and protect the acquirees' assets and insure that their assets are not used to pay off old creditors and liabilities of ISAI or the Company. The Company, ISAI, chose not to initiate bankruptcy proceedings but instead reorganized its finances mainly through frank, friendly negotiations.

DLC will use the shares to pay certain specific liabilities, as documented by the Indemnification Agreement. The estimated total amount of these potential liabilities that are involved in this action is approximately $329,714 including estimated legal and administrative costs to settle the liabilities and provide the Company with legal defense services against these bills and expenses previously incurred by the Company and its former operating subsidiary, ShoptropolisTV.com.

The 1,200,000 common shares were valued based upon the consideration given to the Company in the indemnification agreement, which also approximated the value of the Company's common stock. The issuance of these shares should constitute full and final resolution by the Company of these potential liabilities. Whenever DLC settles or completes payment of these liabilities the Company will be allowed to remove these debts from its financial statements with no additional obligation to DLC by the Company.

B.9 Subsequent to the recording of the Indemnification Agreement (reference should be made to note 1(b) of notes to financial statements at September 30, 2004) in July 2004, the Company through DLC settled with Mr. Gerard Ferri for a $20,000 unpaid trade payable and DLC did issue to him 7,143 shares from the 1,200,000 shares held by DLC for indemnification purposes. The Company removed the $20,000 accounts payable from its books as of September 30, 2004.

B.10 On August 13, 2004, the Company issued 1,854 shares to two investors to settle additional interest liabilities in the conversion of Convertible Debentures to stock at a negotiated price of $.70 per share for an addition to paid in capital of $1,298.

B.11 On September 14, 2004, the Company issued 160,850 common shares to an investor to settle convertible debenture liabilities and accrued interest amounting to $112,595 and previously approved by the Company in December 2003.

B.12 On July 1, 2004 the Board of Directors approved the issuance to

Doubletree Capital Partners, Inc. a 6,000,000 common stock shares option to be effective as of July 1, 2004. The conversion price was set at $.60 per common share of common stock exercised. This common stock option will have a term of five years from July 1, 2004 and will be similar in all respects to a cashless exercise common stock option. DCP was awarded the common stock option as a means to preserve ownership interests as required in preliminary acquisition discussions. The Company recorded $60,000 of expense during the period ended September 30, 2004 for the granting of these options.

B.13 On June 29, 2005, The Company issued 100,002 shares to an investor to settle convertible debenture liabilities and accrued interest amounting to $100,301 and previously approved by the Company on December 2003 And July 2004.

B.14 On June 29, 2005, The Company issued 24,240 common shares to a consultant for accounting and financing services rendered to the Company in the amount of $30,300.

B.15 On June 29, 2005, The Company issued 1,250,000 common shares to a subsidiary company, ISA Financial Services Inc., to complete their purchase of $43,733,000 of debt contract receivables from three California debt Collection Companies.

B.16 On or about June 6, 2006, The Company issued 1,709,418 shares of its restricted common stock to the financial company, Doubletree Capital Partners, Inc., a related party, as consideration for the repayment and conversion of $854,970 of loan advances and related interest due thereon, as of May 31, 2006.

B.17 On or about June 6, 2006, the Company issued 740,000 shares of its restricted common stock as payment for the conversion of $370,000 of accrued consulting fees due Bernard L. Brodkorb, President and CEO of the Company.

B.18 On or about June 6, 2006, the Company issued 142,000 shares of restricted common stock to Charles J. Newman as compensation for services rendered to the Company in its reorganization efforts. Donald G. Kampmann, a Director, was issued 142,000 shares of restricted common stock for services rendered. Other outside consultants were issued 98,560 shares of restricted common stock in payment for services rendered. These shares were issued at a price of $.50 per share.

B.19 On or about June 26, 2006, the Company issued 155,000 shares of its restricted common stock to the Directors of the Company as compensation for services rendered to the Company in their positions as Directors to the Company. These shares were issued at a price of $.50 per share for Directors expense totaling $77,500.

B.20 On or about June 26, 2006, the Company issued 17,054,934 of its restricted common stock pursuant to the terms of a November 2, 2000 funding agreement between The Company, as agreed and executed by its prior management and Board of Directors on that date, and Doubletree Capital Partners, Inc. The issuances of these common shares are in exchange for conversion of 5,000,000 preferred stock shares, previous issued to Doubletree Capital Partners, Inc. on November 7, 2000, and are in accordance with the conversion terms of the November 2, 2000 funding agreement.

As a result of the above issuances of common stock, the total outstanding common shares of the Company as of September 30, 2006 totals 23,989,912 common shares, $.0001 par value.

C. Stock Repurchases

No stock repurchase transactions have occurred during the reporting period.

Item 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Forward Looking Statements

The information herein contains certain forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended, which are intended to be covered by the safe harbors created thereby. Investors are cautioned that all forward-looking statements involve risks and uncertainties, including, without limitation, the ability of the Company to continue its present business strategy which will require it to obtain significant additional working capital, changes in costs of doing business, identifying and establishing a means of generating revenues at appropriate margins to achieve profitability, changes in governmental regulations and labor and employee benefits and costs, and general economic and market conditions. Such risks and uncertainties may cause the Company's actual results, levels of activity, performance or achievements to be materially different from those future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements.

Although the Company believes that the assumptions and expectations reflected in these forward-looking statements are reasonable, any of the assumptions and expectations could prove inaccurate or not be achieved, and accordingly there can be no assurance the forward-looking statements included in this Form 10-KSB will prove to be accurate. In view of the significant uncertainties inherent in these forward looking statements, their inclusion herein should not be regarded as any representation by the Company or any other person that the objectives, plans, and projected business results of the Company will be achieved. Generally, such forward-looking statements can be identified by terminology such as "may," "anticipate," "expect," "will," "believes," "intends," "estimates," "plans," or other comparable terminology.

Overview

ISAI was incorporated in Delaware in 1989 under a former name, and was inactive operationally for some time prior to its May 1998 recapitalization through an acquisition of Shoptropolis, which was a wholly owned subsidiary of ISAI. ISAI acquired its home shopping network business through such purchases, after which the former shareholders of this subsidiary acquired 89% of the outstanding common stock of ISAI through a stock exchange. ISAI issued 11,772,600 shares of its common stock in exchange for all of the outstanding common stock of ShoptropolisTV.com, Inc. This transaction was effected as a reverse merger for financial statement and operational purposes, and accordingly, ISAI regards its inception as being the incorporation of ShoptropolisTV.com, Inc. on October 7, 1997. ISAI's strategy since December 2000 to 2005 has been the restructuring of its financial affairs.

On May 2005, ISAI completed a contract to purchase distressed consumer debt Receivables. ISAI has outsourced the collection of these debts to an outside collection agency. The purchase price of $1,094,900 was paid to three California collection companies via the issuance of 1,250,000 restricted common shares. ISAI now considers its restructuring to be completed and will concentrate its efforts in the financial services industry, specifically in the debt collection business.

Results of Operations for the Twelve Months ended September 30, 2006.

Sales and Gross Profit

As a result of the discontinuance of its two business segments in prior years and no collection revenues being recognized from the collection efforts of the purchased portfolios, no sales or collection revenues were recorded for the twelve month period ended September 30, 2006, for the Company. The Company is using the "cost recovery" for collection revenue recognition and until such time as the entire cost of the purchased portfolios is recovered, there will be no income recognized as collection revenue.

Operating and Interest Expenses

General and administrative expenses were $614,472, for the twelve months ended September 30, 2006. The expenses for the fiscal year were principally for office occupancy, telephone changes, consulting costs ($253,162), President's consulting fees ($77,000) and salary ($28,000), accounting ($50,944), legal ($44,726) and bad debt ($95,809) costs. Interest expenses decreased to $70,264 in the twelve months ended September 30, 2006 from $83,111 for the twelve months ended September 30, 2005 primarily the result of the decreased borrowings from the related and affiliated finance company (DCP) that has been the sole source of required working capital needs as well as the conversion of all loans and advances and related accrued interest from the related and affiliated finance company into common shares in June 2006.

General and administrative expenses were $361,677 for the twelve months ended September 30, 2005.

An impairment charge against the carrying value of the collections portfolio was recorded as an expense in the amount of $378,287 in period ending September 30, 2006 reducing the inventory value of finance contract receivables.

Additional interest charges continue to be recorded as interest expense due on previously non-converted and defaulted convertible debt obligations of the Company.

As a result of the Company's entry in the debt collection business, the Company has no specific anticipation as to new operating expenses in future periods, except for third party collections cost's which have been set at approximately 35% of gross collections.

These expenses will be recorded as portfolio collection cost as incurred by the Company on its portfolio debt collections. However, new current expenses are being incurred for office, telephone, consulting and legal and professional expenses relating to proposed additional debt portfolio acquisitions and the Company efforts in developing new business operations in the debt collection business and related financial services industries.

Gains and Losses

Net loss for the fiscal year ended September 30, 2006 was $1,159,995. The operating loss in 2006 is due principally to charges for services rendered for consulting services, legal, professional, accounting costs and bad debts and related expenses from the legal issues associated with the debt purchase activities referred to in Item 3 - Legal Proceedings above. Also included in the net loss for the year in addition to the expenses enumerated before is an

impairment write-down of $378,287 to the portfolio carrying value.

There were also interest expenses incurred in the amount of $70,264 during the year ended September 30, 2006 that related to defaulted convertible debentures that still exist at September 30, 2006 and related-party convertible notes payable of the Company that were converted to common shares in June 2006.

Liquidity and Capital Resources

For the fiscal year ended September 30, 2006 the Company raised $40,814 respectively from secured demand notes payable from a related investor. The demand loans bear interest at the rate of 12% per annum and are collateralized by all the assets of the Company.

The Company received net collections from its distressed debt portfolios of $168,273, net after related direct collection costs, for the fiscal year ended September 30, 2006. The Company believes net collections from the current debt portfolios will be substantially reduced in the next year. As a result, the Company will need to find additional sources of liquidity and capital resources in the near future to sustain its current level of operations. Further, the actions and related results of the U.S. Bankruptcy Court Trustee will have a direct major effect on all liquidity and capital resources of the Company in the year ended September 30, 2007 and thereafter.

As of September 30, 2006, the Company had current assets of $33,796 consisting of $25,561 in cash and $8,235 in trade receivables due from its third party collector (net of the third party collection fee of approximately 35%). At the same time, the Company had $72,357 in current liabilities consisting of $31,543 in accounts payable and demand secured notes payable of $40,814. Accordingly, the Company had a working capital deficit of $38,561 as of September 30, 2006.

The Company's current capital resources are not sufficient to supports its development and operations. Capital will be necessary to support the ongoing operation of the Company's general and administrative expenses and interest expenses now currently due. The Company cannot continue its existence without full and complete reorganization effort of all of its financial affairs and obligations. The Company is currently utilizing the cash collections being received from the gross collections being made on its purchased debt collection portfolios, however, the cash collections being generated are not sufficient to support its future development of the financial services business strategy being developed as well as the costs associated with the month to month operations of the Company.

The Company will be seeking new additional sources of debt or equity financing other than additional convertible notes payable issued by a related party. Until the answers to new financing needs are solidified, the reorganization process is not completed and the Company cannot provide assurances as to its future viability or its ability to prevent the possibility of filing a bankruptcy petition, either voluntary or involuntary, by any creditor of the Company. As a result of the Company's history of operating losses and its need for significant additional capital, the reports of the Company's independent auditors' on the Company's financial statements for the twelve months ended September 30, 2006 and 2005 include explanatory notes concerning the Company's ability to continue as a going concern.

Income Tax Benefit

The Company has an income tax benefit from net operating losses, if any,

which is available to offset any future operating profits. None of this benefit was recorded in the accompanying financial statements as of September 30, 2006. Federal tax laws impose significant restrictions on the utilization of net operating loss carry-forwards in the event of a change in ownership of the Company which constitutes an "ownership change", as defined by the Internal Revenue Code, Section 382. The Company's net operating loss carry-forward will be subject to the above limitations.

Cash Flows and Expenditures

Year ended September 30, 2006

During the year ended September 30, 2006, the Company did not acquire any new distressed debt receivable portfolios. The Company collected $265,245 in gross collections through that date. After the collections fees were applied and related verification costs, the Company received, on a net basis, $168,273 from portfolio collections.

During the year ended September 30, 2005, the Company acquired $1,094,900 of distressed debt receivable portfolio acquisitions and collected $78,343 in gross collections through that date. After the collections fees were applied and related verification costs, the Company received, on a net basis, $60,424 from portfolio collections.

The Company currently utilizes two collection agencies for the collection of the distressed debt receivables and utilizes one law firm on a contingency basis.

Portfolio Data

The following table shows the Company's portfolio buying activity during the years ended September 30, 2006 and 2005 including the purchase price, impairment write downs, actual cash collections and estimated future cash collections value as of September 30, 2006 and 2005.

	Year ended 9/30/2006	Year ended 9/30/2005
Purchase Price Actual Cost (1):		$1,094,900
Beginning of Year Carrying Value:	$1,016,557	
Impairment Write downs (3)	(378,287)	0
Collections Reduction to Portfolio Value	(265,242)	(78,343)
End of Year Carrying Value:	373,028	1,016,557
Gross Collections	265,242	78,343
Direct Collection Costs	(96,972)	(17,919)
Actual Cash Collections (2)	168,270	60,424
Estimated Future Collection Values (4):	$ 606,180	$1,797,780

(1) Purchase price refers to the cost paid to a seller to acquire defaulted receivables, plus certain capitalized expenses, less the purchase price refunded by the seller due to the return of non-compliant accounts (also defined as buybacks). Non-compliant refers to the contractual representations and warranties between the seller and the buyer. These representations and warranties from the sellers generally cover account holders' death or bankruptcy and accounts settled or disputed prior to sale. The seller has the

option to replace or repurchase these accounts.

(2) Actual cash collections, net of recovery costs or sale.

(3) The Company will take an impairment charge if the actual recoveries fall short of expected recoveries or the Company determines the portions of the portfolio carrying value requires a write down in value due to worthlessness of portions of the portfolio.

(4) Total estimated collections refer to the actual cash collections, including cash sales, plus estimated remaining collections.

Inflation

The Company's management believes that inflation has not had a material impact on our results of operations for the year ended September 30, 2006.

Critical Accounting Policies

The Company utilizes the cost recovery method under guidance provided by the AICPA issued Statement of Position ("SOP") 03-03 to determine income recognized on finance receivables.

In October 2003, the American Institute of Certified Public Accountants issued Statement of Position ("SOP") 03-03, "Accounting for Loans or Certain Securities Acquired in a Transfer." This SOP proposes guidance on accounting for differences between contractual and expected cash flows from an investor's initial investment in loans or debt securities acquired in a transfer if those differences are attributable, at least in part, to credit quality. This SOP is effective for loans acquired in fiscal years beginning after December 15, 2004.

The SOP would limit the revenue that may be accrued to the excess of the estimate of expected future cash flows over a portfolio's initial cost of accounts receivable acquired. The SOP would require that the excess of the contractual cash flows over expected cash flows not be recognized as an adjustment of revenue, expense, or on the balance sheet. The SOP would freeze the internal rate of return, referred to as IRR, originally estimated when the accounts receivable are purchased for subsequent impairment testing. Rather than lower the estimated IRR if the original collection estimates are not received, the carrying value of a portfolio would be written down to maintain the original IRR. Increases in expected future cash flows would be recognized prospectively through adjustment of the IRR over a portfolio's remaining life. The SOP provides that previously issued annual financial statements would not need to be restated.

Other Going Concern matters

One remaining officer, Bernard L. Brodkorb, is currently managing the Company. The Company is still in default under the terms of its obligation to make quarterly interest payments of certain defaulted convertible 12% debentures issued between September 1999 and June 2000. The debentures in default total $200,000 in principal and $131,281 in related accrued interest as of September 30, 2006. No interest payments were ever made by the Company on the debentures. These debentures are classified as current liabilities. The Company converted $940,000 of principal and accrued interest in the amount of $165,644 into 15,794,917 (pre-split) common shares of the Company at the rate of $0.07 per share during the year ended December 31, 2001. The

Company also converted during the year ended December 31, 2002, $386,640 in principal and $112,247 in related interest into 9,977,750 (pre-split) shares of common stock at the rate of $0.05 per share.

During the twelve months ended December 31, 2003, $65,000 in debentures payable plus additional accrued interest due on extended debentures payable of $50,000 in the amount of $21,633 were converted into common shares at a negotiated price of $0.70 per share. Accordingly, 41,358 (post-split) common shares were issued to these debenture holders. The Company and its financial partner are presently attempting to convert the remaining $200,000 in defaulted debenture holders to common shares.

Item 7. FINANCIAL STATEMENTS

The following consolidated financial statements of ISA Internationale Inc. and its wholly owned subsidiaries and Independent Auditor's Reports thereon are included herein:

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To: The Board of Directors
ISA Internationale Inc.
St. Paul, MN

We have audited the accompanying consolidated balance sheets of ISA Internationale Inc. and subsidiaries as of September 30, 2006 and 2005, and the related consolidated statements of operations, stockholders' deficit, and cash flows for each of the twelve months then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes

examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of ISA Internationale Inc. and subsidiaries as of September 30, 2006 and 2005 and the results of its consolidated operations and its consolidated cash flows for each of the twelve months then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As discussed in note 2 to the consolidated financial statements, the Company has had virtually no operations, suffered recurring losses and has debt in default. These matters raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

De Joya Griffth & Company, LLC
Henderson, NV
December 29, 2006

ISA INTERNATIONALE INC. and SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

ASSETS	(Audited) Sept 30, 2006	(Audited) Sept 30, 2005
Current assets:		
Cash and cash equivalents	$ 25,561	$ 18,963
Trade receivable	8,235	15,766
Total Current assets	33,796	34,729
Office equipment, at cost less deprecation	5,133	0
Other assets:		
Finance contract receivables, net of collections	373,028	1,016,557
Note receivable	17,600	95,809
Organization cost - net of amortization	268	345
Total Assets	$ 429,825	$1,147,440
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable - trade and taxes	$ 31,543	$ 13,531
Convertible notes payable - related party	40,814	609,520
Accrued interest payable - related party	0	193,116
Accounts payable - related party	0	315,000
Common stock payable	0	17,400

Indemnification agreement - related party	0	0
Total Current Liabilities	72,357	1,148,567
Stockholders' Equity (deficit):		
Preferred convertible stock, par value $.0001; 30,000,000 shares authorized, 5,000,000 shares issued and outstanding at September 30, 2005 and none at September 30, 2006	0	500
Common stock, par value $.0001; 300,000,000 shares authorized; 3,948,000 shares issued and outstanding at September 30, 2005 and 23,989,912 at September 30, 2006	2,399	394
Additional paid-in capital	8,831,608	7,314,523
Accumulated deficit	(8,476,539)	(7,316,544)
Total Stockholders' Equity (deficit)	357,468	(1,127)
Total Liabilities and Stockholders' Equity (deficit)	$ 429,825	$1,147,440

The accompanying notes are an integral part of these financial statements.

ISA INTERNATIONALE INC. and SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	(Audited) Twelve Months Ended September 30, 2006	(Audited) Twelve Months Ended September 30, 2005
Operating revenues		
Portfolio collections	$ 0	$ 0
Operating expenses:		
Portfolio collection Costs	96,972	17,920
General & administrative	614,472	361,677
Impairment charge on portfolio carrying cost	378,287	0
Operating expenses	1,089,731	379,597
Operating loss	(1,089,731)	(379,597)
Other income (expense):		
Interest expense	(70,264)	(83,111)
Net (loss) - operations	(1,159,995)	(462,708)
Net (loss)	$ (1,159,995)	$ (462,708)
Basic and diluted (loss) per share	$ (0.12)	$ (0.16)
Weighted Average common shares outstanding: (restated for reverse stock split)		
Basic & Assuming Diluted	9,373,146	2,923,907

The accompanying notes are an integral part of these financial statements.

ISA INTERNATIONALE INC. and SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
TWELVE MONTHS ENDED September 30, 2006 AND 2005

	Preferred Number of shares	Stock Par Value	Common Numbers Shares	Stock of par value	Additional Paid-in Capital	Accumulated Deficit
Balance, September 30, 2004	5,000,000	$500	2,573,758	$257	$6,080,108	$(6,853,836)
Issuance of common stock as Settlement to former convertible debenture holders and stockholders at $0.70 per share			100,002	10	69,991	
Issuance of common stock for service			24,240	2	21,208	
Issuance of common stock to purchase debt receivables			1,250,000	125	1,094,775	
Beneficial conversion expense related to convertible notes, related party					27,441	
Indemnification agreement additional interest for two debenture holders					21,000	
Net (loss) for period						(462,708)
Balance, September 30, 2005	5,000,000	$500	3,948,000	$394	$7,314,523	($7,316,544)
Issuance of common stock for service			382,560	39	195,081	
Indemnification agreement additional interest for two debenture holders					21,000	
Issuance of common stock to related party for debt conversions of $854,970			1,709,418	171	854,799	
Issuance of common stock to President for debt conversions of $370,000			740,000	74	369,926	
Issuance of common stock to Directors for services			155,000	15	77,485	
Issuance of common stock in exchange of preferred stock, as per November 2000 agreement	(5,000,000)	(500)	17,054,934	1,706	(1,206)	
Net (loss) for period						(1,159,995)
Balance, September 30, 2006	0	$0	23,989,912	$2,399	$8,831,608	($8,476,539)

The accompanying notes are an integral part of these financial statements.

ISA INTERNATIONALE INC. and SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Twelve Months Ended September 30, 2006 and 2005

	(AUDITED) Twelve Months Ended September 30, 2006	(AUDITED) Twelve Months Ended September 30, 2005
Cash flows from operations:		
(Loss) before extraordinary item from continuing operations	$(1,159,995)	$ (462,708)
Adjustments to reconcile net (loss) from operations to cash flow used in operating activities:		
Depreciation, a non cash charge	367	0
Amortization of incorporation costs	79	47
Consulting expense charge, a non cash charge	275,689	0
Reduction of debt receivable purchase price on gross collections received	265,241	78,343
Impairment charge on debt receivable purchase price carrying cost	378,287	0
Charge off of costs incurred for unsuccessful acquisitions	95,809	39,806
Beneficial conversion charge	0	27,441
Trade receivables	7,531	(15,766)
Note receivable for incurred acquisition costs	(17,600)	(95,809)
Common stock payable - services	(17,400)	17,400
Common stock issued - services	0	21,210
Accounts payable & accrued expenses	18,012	3,214
Accrued expenses - related party	55,000	140,000
Accrued interest payable, related party and other	70,264	83,112
Cash used in operations	(28,716)	(163,710)
Cash flow from investing activities:		
Purchase of office equipment	(5,500)	0
Incorporation costs- new subsidiary	0	(393)
Cash (used in) investing activities	(5,500)	(393)
Cash flows from financing activities		
Proceeds from issuance of convertible and secured debt to related party	40,814	180,411
Cash Provided by financing activities	40,814	180,411
Increase (decrease) in cash and cash equivalents	6,598	16,308
Cash and cash equivalents, beginning of period	18,963	2,655
Cash and cash equivalents, end of period	25,561	18,963
Non-cash investing in financing transactions:		
Issuance of common stock for services by directors and consultants	272,620	0
Payment of convertible debentures and accrued interest thereon with common stock	0	70,001
Payment of convertible and secured loans and accrued interest thereon with common stock to related party	854,970	0

Payment of accrued consulting payable to President with common stock	370,000	0
Stock issued for investment in subsidiary to purchase debt receivables	0	1,094,900
Additional paid in capital for indemnification agreement	21,000	21,000
Total non-cash transactions	$ 1,518,590	$ 1,185,901

The accompanying notes are an integral part of these financial statements.

ISA INTERNATIONALE INC. and SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED SEPTEMBER 30, 2006

1.) NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

1.a) NATURE OF BUSINESS

ISA Internationale Inc. (the Company or ISAI) was incorporated on June 2, 1989, under the laws of the State of Delaware under a former name and became a reporting publicly held corporation on November 15, 1999. On May 8, 1998, Internationale Shopping Alliance Incorporated (Internationale), a Minnesota corporation, was merged with the Company, a Delaware corporation, pursuant to a merger agreement dated April 23, 1998. Upon consummation of the merger, Internationale became a wholly owned subsidiary of the Company. During 2000, the Company sold its International Strategic Assets, Inc. subsidiary and discontinued the operations of its ShoptropolisTV.com subsidiary. Since then, reorganization specialists, Doubletree Capital Partners LLC, has internally reorganized the Company's financial affairs and changed its direction to focus on the financial services industry.

These consolidated financial statements included the parent Company, ISA Internationale, Inc., its wholly owned subsidiary, ISA Financial Services, Inc. (formerly ISA Acquisition Corporation), and further its wholly owned subsidiary, ISA Acceptance Corporation. As a result of a distressed consumer debt receivable that commenced on May 18, 2005 and completed in September 2005, the Companies currently operate as debt collection companies.

On August 19, 2004, the Company signed an asset purchase agreement with five California Companies, wherein common shares of the Company would be used to purchase the assets being acquired. Terms of the agreement, as previously reported in 8K filings by the Company on August 23, 2004, November 3, 2004, January 14, 2005 and recently April 30, 2005, were not complied with by the seller of the assets enumerated in the agreement and, accordingly, the Company was not able to complete the asset purchase agreement. Certified audits of the seller companies were required by the agreement and the seller companies were not able to deliver these required certified audits for the years 2003 and 2004. However, on May 18, 2005, the Company did consummate the purchase of a portion of the companies consumer receivable portfolios for $1,094,900.

The Company accounts for its debt receivables under the guidance of Statement of Position ("SOP") 03-3, "Accounting for Loans or Certain Debt Securities Acquired in a Transfer." This SOP limits the yield that may be accreted (accretive yield) to the excess of the Company's estimate of undiscounted expected principal, interest and other cash flows (cash flows expected at the acquisition to be collected) over the Company's initial investment in the debt receivables. Subsequent increases in cash flows expected to be collected are recognized prospectively through adjustment of the debt receivables yield

over its remaining life. Decreases in cash flows expected to be collected are recognized as impairment to the debt receivable portfolios. The Company's proprietary collections model is designed to track and adjust the yield and carrying value of the debt receivables based on the actual cash flows received in relation to the expected cash flows. This method is commonly referred to as the "cost recovery method" for revenue recognition under which no revenue is recognized until the investment amount of $1,094,900 has been recovered.

In the event that cash collections would be inadequate to amortize the carrying balance and the resulting estimated remaining fair market value of the remaining portfolio debt receivables were to be less than the carrying

value, an impairment charge would need to be taken with a corresponding write off of the "impaired" or deficient receivable carrying value with a corresponding charge to profit and loss of the Company at that time.

During the year ended September 30, 2006, the Company did record an impairment write-down of its debt portfolio carrying cost in the amount of $378,287. The Company determined that there are large portions of the purchased debt receivables that are virtually uncollectible. The Company further discovered that portions of the purchased accounts had been previously sold by the "seller" collection companies prior to the Company's purchase of the debt receivables in May 2005. The Company also has discovered that portions of its purchased debt receivables have been improperly sold by the "seller" third party collection agents and recovery is being sought for these losses. However, the impairment write down charge has been made at September 30, 2006 for all of these types of account issues as well as others.

The agreements to purchase the aforementioned receivables include general representations and warranties from the sellers covering account holder death or bankruptcy, and accounts settled or disputed prior to sale. The representation and warranty period permitting the return of these accounts from the Company to the seller is typically 90 to 180 days. Any funds received from the seller of debt receivables as a return of purchase price are referred to as buybacks. Buyback funds are simply applied against the debt receivable balance received. They are not included in the Company's cash collections from operations nor are they included in the Company's cash collections applied to principal amount.

At September 30, 2006, the "seller" collection companies are in chapter 7 bankruptcy proceedings and no recoveries for incurred expenses or costs to date are provided for in these financial statements.

Gains on sale of debt receivables, representing the difference between sales price and the unamortized value of the debt receivables, are recognized when debt receivables are sold.

Changes in debt receivables for the year ended September 30, 2006 were as follows:

	Year Ended September 30, 2006
Balance at beginning of period October 1, 2005	$ 1,016,557
Acquisition of debt receivables	0
Cash collections applied to principal	(265,242)
Impairment write down	(378,287)
Balance at the end of the period	$ 373,028

Estimated Remaining Collections ("ERC")(unaudited) *	$ 606,180

* The Estimated Remaining Collection refers to the sum of all future projected cash collections from acquired portfolios. ERC is not a balance sheet item, however, it is provided for informational purposes. There was no revenue recognized on debt receivables for the year ended September 30, 2006.

Under SOP-03-3 debt security impairment is recognized only if the fair market value of the debt has declined below its amortized costs. The Company has recorded impairment write downs in the amount of $378,287 and no amortized costs are in excess of fair market value. Therefore, no further impairment for the finance receivables is needed at September 30, 2006.

1.b) Stock split

On January 12, 2004, the Company's Board of Directors approved a reverse stock split of 1 to 140, effective on common shares outstanding as of January 22, 2004. The accompanying financial statements and notes reflect all shares and per share amounts on a post-split basis.

1.c) Presentation

The Consolidated Balance Sheet at September 30, 2006 contains contra account statement presentation for certain convertible debenture notes payable, related accrued interest payable and accounts payable-disposed business in the amount of $355,281. Reference should be made to note 4.e. in these notes to financial statements for additional information as to consolidated financial statement presentation at September 30, 2006.

1.d) USE OF ESTIMATES

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

In 2004, significant estimates of the fair value of the Company's common stock were computed under FASB Statement No. 123, Accounting for Stock-Based Compensation, and used to value the 6,000,000 shares stock option for $60,000 to DCP, a related party corporation owned 50% by the company's President and 50% by an affiliated stockholder and the 1,200,000 shares to DLC a related party corporation owned 50% by the company's President and 50% by an affiliated stockholder for an indemnification agreement to the Company in the amount of $329,714. The valuations were based upon the Company's estimates of the goods or services or transactional related value of consideration received by the Company. Since no established market exists for the Company's common shares, the Company used alternative valuations of estimates for consummated agreements and approved actions for stock issuances by the Company's Board of Directors through September 30, 2006.

1.e) REVENUE RECOGNITION

There were no operating revenues in 2006. Revenue will be recognized based on AICPA Statement of Position 03-3, if the management is reasonably comfortable with expected cash flows. In the event, expected cash flows cannot be reasonably estimated, the Company will use the "Recovery Method" under which revenues are only recognized after the initial investment has been recovered.

1.f) ADVERTISING COSTS

No advertising expenses were incurred in 2006.

1.g) LOSS PER SHARE

Basic loss per share excludes dilution and is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. Diluted loss per share includes assumed conversion shares consisting of dilutive stock options and warrants determined by the treasury stock method and dilutive convertible securities. In 2006 and 2005, all potentially issuable shares have been excluded from the calculation of loss per share, as their effect is anti-dilutive. The weighted average calculation includes the common stock payable transactions as enumerated in note 5b. potentially issuable.

1.h) INCOME TAXES

The Company has adopted the asset and liability method of accounting for income taxes. Deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial statement carrying amount and tax basis of assets and liabilities. The Company provides for deferred taxes at the enacted tax rate that is expected to apply when the temporary differences reverse.

1.i) STOCK-BASED COMPENSATION

Shares of the Company's common stock were issued for consulting services and settlement expenses. The common stock share issuances for the settlement expenses were computed using a common stock price of $0.50 per share. These stock issuances were valued based upon the fair value of the consideration of debt relief or services rendered to the Company. See Note 1.c) above for discussion of the use of estimates in share valuation. The common stock shares issued for consulting services were issued utilizing a negotiated common stock price of $1.25 per share.

1.j) FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company uses the following methods and assumptions to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

Cash and short-term investments: The carrying amount approximates fair value because of the short maturity of those instruments.

Accounts payable: The carrying value of accounts payable approximates fair value due to the short-term nature of the obligations.

Convertible debentures and notes payable: The carrying value of the Company's convertible debentures and notes payable, which are in default, approximates fair value due to the short-term nature of the obligations.

1.k) NEW ACCOUNTING PRONOUNCEMENTS

In December 2004, the FASB issued SFAS No.153, "Exchanges of Nonmonetary Assets, an amendment of APB Opinion No. 29, Accounting for Nonmonetary Transactions. "The amendments made by Statement 153 are based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. Further, the amendments eliminate the

narrow exception for nonmonetary exchanges of similar productive assets and replace it with a broader exception for exchanges of nonmonetary assets that do not have commercial substance. Previously, Opinion 29 required that the accounting for an exchange of a productive asset for a similar productive asset or an equivalent interest in the same or similar productive asset should be based on the recorded amount of the asset relinquished. Opinion 29 provided an exception to its basic measurement principle (fair value) for exchanges of similar productive assets. The Board believes that exception required that some nonmonetary exchanges, although commercially substantive, be recorded on a carryover basis. By focusing the exception on exchanges that lack commercial substance, the Board believes this Statement produces financial reporting that more faithfully represents the economics of the transactions. The Statement is effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. Earlier application is permitted for nonmonetary asset exchanges occurring in fiscal periods beginning after the date of issuance.

The provisions of this Statement shall be applied prospectively. The Company has evaluated the impact of the adoption of SFAS 153, and does not believe the impact will be significant to the Company's overall results of operations or financial position. In December 2004, the FASB issued SFAS No.123 (revised 2004), "Share-Based Payment". Statement 123(R) will provide investors and other users of financial statements with more complete and neutral financial information by requiring that the compensation cost relating to share-based payment transactions be recognized in financial statements. That cost will be measured based on the fair value of the equity or liability instruments issued. Statement 123(R) covers a wide range of share-based compensation arrangements including share options, restricted share plans, performance-based awards, share appreciation rights, and employee share purchase plans. Statement 123(R) replaces FASB Statement No. 123, Accounting for Stock-Based Compensation, and supersedes APB Opinion No. 25, Accounting for Stock Issued to Employees. Statement 123, as originally issued in 1995, established as preferable a fair-value-based method of accounting for share-based payment transactions with employees. However, that Statement permitted entities the option of continuing to apply the guidance in Opinion 25, as long as the footnotes to financial statements disclosed what net income would have been had the preferable fair-value-based method been used. Public entities (other than those filing as small business issuers) will be required to apply Statement 123(R) as of the first interim or annual reporting period that begins after June 15, 2005. The Company has evaluated the impact of the adoption of SFAS 123(R), and does not believe the impact will be significant to the Company's overall results of operations or financial position.

In March 2004, the FASB approved the consensus reached on the Emerging Issues Task Force (EITF) Issue No. 03-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments." The objective of this Issue is to provide guidance for identifying impaired investments. EITF 03-1 also provides new disclosure requirements for investments that are deemed to be temporarily impaired. In September 2004, the FASB issued a FASB Staff Position (FSP) EITF 03-1-1 delaying the effective date of the measurement and recognition guidance in EITF 03-1 until after further deliberations by the FASB. The disclosure requirements are effective only for annual periods ending after June 15, 2004. The Company has evaluated the impact of the adoption of the disclosure requirements of EITF 03-1 and does not believe the impact will be significant to the Company's overall results of operations or financial position. Once the FASB reaches a final decision on the measurement and recognition provisions, the company will evaluate the impact of the adoption of EITF 03-1.

In November 2004, the FASB issued SFAS No. 151 "Inventory Costs, an amendment

of ARB No. 43, Chapter 4". The amendments made by Statement 151 clarify that abnormal amounts of idle facility expense, freight, handling costs, and wasted materials (spoilage) should be recognized as current-period charges and require the allocation of fixed production overheads to inventory based on the normal capacity of the production facilities. The guidance is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. Earlier application is permitted for inventory costs incurred during fiscal years beginning after November 23, 2004. The Company has evaluated the impact of the adoption of SFAS 151, and does not believe the impact will be significant to the Company's overall results of operations or financial position.

In December 2004, the FASB issued SFAS No.152, "Accounting for Real Estate Time-Sharing Transactions, an amendment of FASB Statements No. 66 and 67" (SFAS 152). The amendments made by Statement 152 This Statement amends FASB Statement No. 66, Accounting for Sales of Real Estate, to reference the financial accounting and reporting guidance for real estate time-sharing transactions that is provided in AICPA Statement of Position (SOP) 04-2, Accounting for Real Estate Time-Sharing Transactions. This Statement also amends FASB Statement No. 67, Accounting for Costs and Initial Rental Operations of Real Estate Projects, to state that the guidance for (a) incidental operations and (b) costs incurred to sell real estate projects does not apply to real estate time-sharing transactions. The accounting for those operations and costs is subject to the guidance in SOP 04-2.

This Statement is effective for financial statements for fiscal years beginning after June 15, 2005, with earlier application encouraged. The Company has evaluated the impact of the adoption of SFAS 152, and does not believe the impact will be significant to the Company's overall results of operations or financial position.

(2.) LIQUIDITY AND GOING CONCERN MATTERS

The Company has had limited operations and only recently entered into new operations in the debt collection business and incurred losses since its inception and, as a result, has an accumulated deficit of $8,476,539 at September 30, 2005. The net loss for the twelve month period ended September 30, 2006 was $1,159,995. The Company had convertible debenture debt in default in the amount of $ 200,000, plus related accrued interest payable of $131,281.These factors raise substantial doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern depends upon successfully restructuring its debt, obtaining sufficient financing to maintain adequate liquidity and provide for capital expansion until such time as operations produce positive cash flow. The Company had been in reorganization and at the present time is entering into the debt collection business within the financial services industry and remains in default on certain debenture obligations amounting to $200,000.

The accompanying consolidated financial statements have been prepared on a going concern basis, which assumes continuity of operations and realization of assets and liabilities in the ordinary course of business. The consolidated financial statements do not include any adjustments that might result if the Company was forced to discontinue its operations. The Company's current plans are to continue to insert itself into the debt collection industry as a result of its recent consumer debt asset acquisition agreement. The Company resumed operations after an approximate five year reorganization period. However, there is no assurance these actions will be successful.

Recent acquisition agreement contracts were previously announced in the Company's 8-K filings that did not result in a successful asset acquisition as originally planned. Due to the inability of the Company to receive certified audits of the assets of the acquired companies, as required in the asset acquisition agreement, none of the acquisition companies assets were acquired except for a smaller purchase of $43,733,000 in consumer debt assets that was completed in September 30, 2005. The Company did provide audit and bookkeeping assistance to enable the completion of the agreement for the certified audits for the years 2003 and 2004 as required by the contract terms. The Company incurred costs of $125,670 and $146,755 as of September 30, 2006 and 2005, respectively related to this acquisition and bankruptcy activity.

These costs have been recorded as a charge to the operations of the Company either in the form of bad debts or specific charges for the expenses. During the year ended September 30, 2005, the Company did receive a secured promissory note from the "seller" collection companies in the amount of $95,809, however, it has been charged off as a bad debt from the "seller" collection companies. These companies are involved in Chapter 7 bankruptcy proceedings in the U.S. Bankruptcy Court in Woodland Hills, California.

Additionally, the Company has recorded impairment write-downs of $378,287 at September 30, 2006 respectively on the purchased debt receivable total costs of $1,094,900. These impairment cost write-downs and the additional $272,425 for incurred acquisition costs are the subject of a priority and secured claim submitted to the United States Bankruptcy Court in California. The Company is attempting to assert and protect its filed claim rights against the former collection companies with whom it previously sought to purchase various debt collection assets that were represented to be owned by them.

The Company is a party as a defendant in an adversarial lawsuit that was commenced in July, 2006 against the Company by the Trustee for the debtor collection companies in the Chapter 7 proceeding as filed in the U.S. Bankruptcy in California. The Company does not believe that the Trustee's adversarial proceeding lawsuit position and asserted claims will prevail and the Company is continuing to assert its priority and secured creditor status, and obtain recovery of its losses, incurred expenses, and related damages.

On July 18, 2006, The Company was served a summons and complaint in the commencement of an adversary proceeding in the U.S. Bankruptcy Court Case(s) of Harrison Asset Management, Inc., Cash Asset Management, Inc. and Money Asset Management, Inc. in the Central District of California, San Fernando Valley Division. The U.S. Bankruptcy Court Trustee, on behalf of the debtor collection companies, filed the summons and complaint against the Company seeking avoidance and recovery of fraudulent transfers; civil conspiracy for fraudulent transfer; avoidance of unperfected sale; determination of the validity, priority and extent of lien (as filed by the Company); turnover (of debt receivables purchased) and objection to the proof of claims filed by the Company, ISA Internationale, Inc., subsequent in January 2006.

The Company believes that the Trustee's summons and complaint positions are without merit and will vigorously defend its actions in the debt receivable purchase and seek recovery of all damages incurred, expenses advanced and related losses thereto since August 19, 2004, the date the relationship with the debtor companies commenced through and including the date of May 18, 2005, the date of the debt receivable purchases by the Company and further through the date of suit commencement and termination.

Since July 18, 2006, the Trustee in the U.S. Bankruptcy Court Case has also sued the Company's President in his capacity as President for civil conspiracy. On September 11, 2006, the Trustee filed their first amended complaint and suing the Company's President for civil conspiracy. On September 25, 2006, the Company and its President filed counterclaims against the Trustee and third party claims against Dante Fala, former President and current sole shareholder of the "seller" collection companies and the third party collection company, their predecessor business and their officers.

On November 22, 2006, a motion to dismiss adversary proceeding for failure to state a claim was filed by the Company's President. The motion was subsequently granted with leave to amend by the Bankruptcy Judge in December 2006. The Company is seeking costs and damages in excess of $1,000,000 and will vigorously defend against all claims and expects to prevail in its actions against the Trustee as well as the third party claimants. The parties are currently set to begin discovery in January 2007.

(3.) INCOME TAXES

The Company has incurred significant net operating losses. The Company has not reflected any benefit of such net operating loss carry-forwards in the accompanying financial statements. The income tax expense benefit differed from the amount computed by applying the U.S. federal income tax rate of 34% to income before income taxes as a result of the following:

	2006	2005
Computed "expected" tax benefit	34.0%	34.0%
State income tax, net of federal benefit	3.8%	3.8%
Change in valuation allowance	(37.8%)	(37.8%)

The tax effect of temporary differences that give rise to significant portions of the deferred tax assets for the period ended September 30, 2006 and September 30, 2005 is presented below:

	2006	2005
Deferred tax assets:		
Net operating loss carry forward	$2,546,597	$2,202,929
Start up costs	-	-
Other	-	-
Total gross deferred tax assets	2,546,597	2,202,929
Valuation allowance	(2,546,597)	(2,202,929)
Net deferred tax assets	$ --	$ --

In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Based on the level of historical taxable income and projections of future taxable income over the periods in which the deferred tax assets are deductible, management

does not believe that it is more likely than not the Company will realize the benefits of these deductible differences. Accordingly, the Company has provided a valuation allowance against the gross deferred tax assets as of September 30, 2006.

For the period ended September 30, 2006, the Company reported a net operating tax loss carry-forwards of approximately $6,737,030. The federal net operating loss carry-forwards begin to expire in the year 2011.

Federal tax laws impose significant restrictions on the utilization of net operating loss carry-forwards in the event of a change in ownership of the Company that constitutes an "ownership change" as defined by the Internal Revenue Code, Section 382. The Company's net operating loss carry-forward will be subject to the above limitations.

(4.) STOCK ISSUANCE

(4.a) PREFERRED STOCK

The preferred stock may be issued from time to time in one or more series. Each series is to be distinctly designated. All shares of any series of the preferred stock shall be alike in all rights. Each series will identify the rights to preference in liquidations, voting rights, dividend and other powers, qualifications, or restrictions.

During 2000, the Company issued 5,000,000 shares of preferred stock with voting rights equivalent to the number of shares of common stock the shareholder would be entitled to under the conversion feature of the stock. The conversion feature allows the shareholder to convert to 125,000 (post-split) common shares (after giving effect to the reverse stock split that was effective on January 22, 2004) or 75% ownership of the common stock to be outstanding, based upon an anti-dilution provision clause that states upon exercise, the preferred shares will ultimately convert into no less than a 75% ownership of the then common shares to be outstanding. As a result of the shares issued and common stock payable as of September 30, 2005, common shares issuable to the Financial Company for its convertible loans and accrued interest payable and computed on a post-split basis, the preferred shares upon conversion would convert into no less than 12,910,508 additional common shares. The timing of the conversion is at the discretion of the holder.

On January 12, 2004, by written action of the stockholders of a majority of the common stock outstanding, and at a duly called special meeting of its shareholders, the Company approved the increase of the aggregate number of shares of preferred stock authorized from 5,000,000 to 30,000,000. The principal purpose of the authorizing of a preferred share increase was to enable the Company to have additional means to facilitate new capital attraction at the time of the completion of the reorganization process.

In June, 2006, the holder of the 5,000,000 preferred shares exercised their right to convert their preferred shares into common shares. In accordance with the terms as specified in the second paragraph of this footnote and the terms of the re-organization agreement consummated on November 2, 2000, the holder, with the agreement of the prior management of the Company and the prior Board of Directors on that date, was issued 17,054,934 common shares in exchange for the preferred shares that have since been retired by the Company.

(4.b) COMMON STOCK

As of September 30, 2006, 23,989,912 shares of common stock were issued and outstanding.

During 2006, the following common shares were issued in exchange for services rendered to the Company or liabilities extinguished by the Company:

To whom issued:	Common shares issued:	Value:
Consultants and Directors	537,560	$ 270,120
President of Company	740,000	370,000
Doubletree Capital Partners	1,709,418	854,970
Doubletree Capital Partners (per November 2000 Preferred Stock Conversion Agreement)	17,054,934	
Totals:	20,041,912	$1,495,090

In June, 2006, the Company also issued 17,054,934 common shares to the holder of the 5,000,000 preferred shares as they exercised their right to convert their preferred shares into common shares in accordance with the terms as specified in the second paragraph of this footnote and the terms of the re-organization agreement consummated on November 2, 2000. See note 4.a above for additional information. The preferred shares previously outstanding have since been retired by the Company.

As of September 30, 2005, 3,948,000 shares of Common stock were issued and outstanding, of which 1,374,242 shares of Common stock were issued during the twelve month period ending September 30, 2005. Of these shares, 100,002 were valued based upon the amount of the liability settled at a negotiated per share price of $0.70 per share. The remaining 1,274,240 were issued as follows: 1,250,000 restricted common shares as payment for the purchase of $43,733,000 of distressed defaulted consumer debt receivables and 24,240 restricted common shares for services rendered for consulting services to the Company.

As discussed in Note 1, the Company entered into an asset purchase agreement with five California Companies which was subsequently terminated as result of the failure to provide required certified audits by the California Companies. However, the Company had issued approximately 8,000,000 shares of common stock related to this unsuccessful asset purchase agreement which had not been returned from an escrow account designated to facilitate the transaction. The Company is currently seeking the return of these shares from the escrow account and believes it will be successful. The Company has not included these shares in the accompanying consolidated financial statements as either issued or outstanding since there were no consideration given for these shares and the asset purchase agreement was terminated.

(4.c) STOCK OPTIONS

On July 1, 2004, the Company's Board of Directors granted a stock option for 6,000,000 common shares to a related party Doubletree Capital Partners, Inc.(DCP) at an exercise price of $.60 per share for a five year term commencing July 1, 2004. The option was granted to DCP as a means to preserve ownership interest as required in preliminary acquisition discussions. As of September 30, 2006, the stock options were still outstanding and none of the options had been exercised.

The Company values its stock options awards under SFAS 123(R).

As of September 30, 2006, the following table is a summary of the stock options outstanding on that date adjusted for the reverse stock split of 1 for 140 that occurred in January 2004

Stock Options	Number of Shares (post-split)	Weighted Average Exercise Price (post-split)
Outstanding & exercisable at September 30, 2004	6,023,661	1.78
Granted	0	0
Exercised	-	-
Expired or cancelled	(23,661)	(3.00)
Outstanding & exercisable at September 30, 2005	6,000,000	$ .60
Granted	0	0
Exercised	-	-
Expired or cancelled	0	0
Outstanding & exercisable at September 30, 2006	6,000,000	$ .60

(4.e) INDEMNIFICATION AGREEMENT - RELATED PARTY

On July 1, 2004, the Company approved the issuance of 1,200,000 common shares to an affiliated company, Doubletree Liquidation Corporation (DLC). DLC is a corporation owned 50% by the Company's President and 50% by an affiliated stockholder, whose ownership exceeds, beneficially, 5% of the Company's common stock. The affiliated company, DLC, has issued an indemnification guarantee to the Company wherein it will process, review, and guarantee payment for certain prior Company liabilities (both actual and contingent) that may arise during the next four years from June 30, 2004. The Company has deemed the value of the transaction to be $329,714 based upon the consideration given to the Company in the indemnification agreement.

During the four years of the agreement, DLC will endeavor to finalize and bring to a conclusion, the payment of prior operation's liabilities. As the remaining liabilities are paid or resolved, The Company will receive such notification of the resolution and may be allowed to reduce the carrying value of the indemnification receivable. The remaining unpaid liabilities can be summarized as (1) one defaulted convertible debenture in the amount of $150,000 and one converted debenture loan payable in the amount of $50,000, now also defaulted as to payment at September 30, 2006. Both of these notes are included on the books of the Company along with related accrued interest payable in the amount of $110,281, (2) One account payable - disposed business in the amount of $24,000 is also covered by this indemnification agreement.

The following is summary of the presentation of the liabilities in the Balance Sheet at September 30, 2006:

Description of debt indemnification:	Current	Long-term
Defaulted convertible debenture payable	$ 150,000	$ 0
Defaulted accrued interest payable	131,281	
Account payable-disposed business	24,000	
Convertible debenture payable	50,000	0

Less, contra-indemnification receivable	(355,281)	0
Balances per Balance Sheet, at September 30, 2006:	$ 0	$ 0

The Company believes that beyond the $355,281 referred to above, there will be no additional charge or exposure for past liabilities, contingent or otherwise to the Company and if any do occur, they will be the responsibility of DLC in accordance with their guarantee to the Company as enumerated in the Indemnification Agreement.

(5.) CONVERTIBLE DEBT

(5.a) CONVERTIBLE DEBENTURES

The Company issued convertible debentures in a private placement between November 1999 and May 2000. These debentures were convertible at the option of the holder into common stock at $1.50 per share and bear interest, which is payable quarterly beginning June 30, 2000 at 12%. The debentures had a term of three years and mature between November 2002 and May 2003. The issuance of these debentures included a beneficial conversion feature with intrinsic value resulting from the market price for common stock being greater than the option price. The beneficial conversion feature amounted to $422,920, which was greater than the proceeds of the related debentures by $25,000.

The amount of the beneficial conversion feature not exceeding the proceeds from the debentures is immediately recognized as interest expense because the right to convert to common stock is vested upon issuance of the debentures. Accordingly, interest expense for the year ended December 31, 2000 included $397,920 related to the beneficial conversion feature.

As of September 30, 2006, the Company was in default on the terms of payment of quarterly interest on these debentures amounting to $131,281. Accordingly, two remaining convertible debentures have been classified as a current liability amounting to $150,000. Reference should be made to note 4.e in these notes to financial statements as this amount has been offset by a contra-indemnification receivable.

During 2003, the Company extended one previously defaulted $50,000 convertible debenture to a future due date of March 31, 2006 with interest payable at that date. The interest rate was also lowered to 6% par annum. The debenture is also convertible into common shares of the Company at the rate of $3.00 per share at the option of the holder. It is classified as a current liability and has been offset by a contra-indemnification receivable.

As of the date of this report December 29, 2006, the currently due $50,000 convertible debenture principal has not yet been paid nor has the related interest due thereon in the amount of %10,750. The $150,000 previous defaulted debenture notes and their related interest both continue to remain unpaid.

(5.b) CONVERTIBLE or SECURED NOTES PAYABLE - RELATED PARTY

The Company issued convertible notes payable during the twelve months ended September 30, 2005 to an entity owned by two of the Company's stockholders. These notes were due on demand, had interest rates at 12% per annum and were secured by the assets of the Company. They were also convertible at the option of the holder into common stock at $0.70 per share. These convertible

notes were previously convertible at the rate of $2.80 per share, but in July 2004, the Board of Directors changed the conversion rate to $.70 per share. The change did not result in any beneficial intrinsic value to their holders and no change to the Company's financial statements was required as the fair value of the Company's common stock was less than the $0.70 per share.

The issuance of these notes did not include a beneficial conversion feature with intrinsic value resulting from the market value for common stock being less than the conversion price. Interest expense on these notes amounted to $62,112 during the twelve months ended September 30, 2005.

Accrued interest on these notes was $193,116 at September 30, 2005. On June 6, 2006 these convertible notes had an unpaid loan balance due by the Company in the amount of $612,590 and unpaid total interest due also by the Company in the amount of $242,380. These notes and their unpaid interest were converted into common shares of the Company at the reduced price of $.50, as approved by the Company's Board of Director's at a duly held meeting and the notes and related interest are now paid in full.

Item 8.a. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Within the 90 days prior to the end of the period covered by this report, the Registrant carried out an evaluation of the effectiveness of the design and operation of its disclosure controls and procedures pursuant to rule 13a-15 under the Securities Exchange act of 1934, as amended ("Exchange Act"). This evaluation was done under the supervision and with the participation of the Registrant's President. Based upon that evaluation, they concluded that the Registrant's disclosure controls and procedures are effective in gathering, analyzing and disclosing information needed to satisfy the Registrant's disclosure obligation under the Exchange Act. There were no significant changes in the Registrant's disclosure Controls and procedures, or in its factors that could significantly affect those controls since the most recent evaluation of such controls.

As a non-accelerated filer with a fiscal year end of September 30, the Company must first begin to comply with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 ("Section 404") for the fiscal year ending September 30, 2007. During fiscal 2007, management will review and evaluate the effectiveness, and where necessary, enhance the Company's internal controls over financial reporting. The Company anticipates that it may need to engage a third party to assist it with the design of such internal controls over financial reporting. As of the date of this report, the Company has not yet engaged any such third party. This review and any enhancements, if necessary, will likely involve significant time and expense by the Company and its independent auditors. Accordingly, there can be no assurances that the Company will be in compliance with the requirements of Section 404 by September 30, 2007.

Item 8.b. OTHER INFORMATION

None

PART III

Item 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

Directors and Executive Officers of the Company

Set forth below are the names of the directors and executive officers of the Company as of September 30, 2006, their ages, the year first elected as an executive officer and/or director of the Company, and employment history for the past five years.

Also set forth below are the changes to names of the directors and executive officers of the Company as of January 1, 2004 through September 30, 2005, their ages, the year first elected as an executive officer and/or director of the Company, and employment for select persons for the past five years.

Name	Positions with the Company	Age	Since
Bernard L. Brodkorb,	President, Chief Executive Officer, Chief Financial Officer and Director Chairman of the Board of Directors [1]	65	January 2001

[1] (Note: Was Treasurer, Chief Financial Officer and Director from October 1997 to July 2000.

Name	Positions with the Company	Age	Since
Donald G. Kampmann	Outside Director	52	January 2001
James S. Dixon	Outside Director	58	January 2001

Directors:

BERNARD L. BRODKORB (October 1997 to July 2000; January 2001 to present) was the Treasurer, Chief Financial Officer and a director of the Company since it's inception in October 1997. Mr. Brodkorb resigned as Treasurer, Chief Financial Officer and Director on July 2000. He was elected to the board of directors in January 2001, elected by the board of directors as interim President, Chief Executive Officer, and Chief Financial Officer in February 2001. Mr. Brodkorb is an independent practicing licensed Certified Public Accountant (CPA) within the State of Minnesota for many years, and has extensive experience in financial and accounting matters relating to both private and public companies, including auditing, financial consulting and advising on corporate taxation. He is a member of the Minnesota Society of Certified Public Accountants and the American Institute of Certified Public Accountants.

DONALD G. KAMPMANN (January 2000 to present) is an outside director of the Company from January 2000 to present. Mr. Kampmann has been an allotted board member by Doubletree Capital Partners, Inc. Mr. Kampmann is President of Freeland Financial Services and Minneapolis Financial Center, a Minnesota mortgage placement and service center for mortgage loans for over the last six years.

JAMES S. DIXON (January 2000 to present) is an outside director of the Company from January 2000 to present. Mr. Dixon has been an allotted board member by Doubletree Capital Partners, Inc. Mr. Dixon has been Vice President and Secretary of West America Securities, Inc. of Scottsdale, Arizona during the last six years.

Changes to names of Directors and Officers during the period from October 1, 2003 through September 30, 2006:

Resignations (August 25, 2005):

ROGER G. GARMANN (August 2000 to August 25, 2005) was an outside director of the Company from August 2000 to August 25, 2005. Mr. Garmann has a law enforcement background and worked for ISAI's wholly owned subsidiary International Strategic Assets, Inc for five years as a salesman.

Section 16(A) Beneficial Ownership Reporting Compliance

Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), requires the Company's directors, executive officers, and any persons holding more than 10% of the outstanding common stock of the Company to file reports with the Securities and Exchange Commission concerning their initial ownership of common stock and any subsequent changes in that ownership.

In 2004 and 2005, Bernard Brodkorb, Charles Newman and Doubletree Capital Partners, Inc. filed Statements of Beneficial Ownership on Form 3 and Form 4.

CODE OF ETHICS

We have adopted a code of ethics that applies to our principal executive officers, principal financial officer, principal accounting officer or controller, or persons performing similar functions as well as all Board of Director's members.

Item 10. EXECUTIVE AND DIRECTOR COMPENSATION

For the twelve months ended September 30, 2006 and 2005, cash and non cash compensation was paid to executive officers or directors.

The following table sets forth information the remuneration of our chief executive officer during any part of our last two fiscal years, including non cash compensation.

SUMMARY EXECUTIVE AND DIRECTOR COMPENSATION

		ANNUAL COMPENSATION			LONG TERM COMPENSATION			
					AWARDS		PAYOUTS	
NAME AND PRINCIPAL POSITION	FISCAL YEAR	SALARY ($)	BONUS ($)	OTHER ANNUAL COMPENSA TION ($)	RESTRICTED STOCK AWARD ($)	SECURITIES UNDERLYING OPTIONS SARS ($)	LTIP PAYOUTS ($)	ALL OTHER COMPENSA TION($)
Bernard L. Brodkorb President, CEO	2006	$28,000(1)	-0-	77,000	-0-	-0-	-0-	-0-
	2005	(1)	-0-	140,000	-0-	-0-	-0-	-0-
Directors	2006	-0-	-0-	$77,500	-0-	-0-	-0-	0
Directors	2005	-0-	-0-	-0-	-0-	-0-	-0-	0

(1) Compensation for Bernard L. Brodkorb was recorded on the books of the Company as compensation -consulting ($77,000) and salary ($28,000) for the

year 2006 and was paid in cash or common stock for services rendered. For the year 2005, all of the compensation was non-cash consulting and accrued as Accounts Payable-Related Party and then paid in common stock in June 2006.

Director Compensation

In 2006, Directors received 155,000 shares of common stock as compensation for their services as directors for the period from January 1, 2004 through June 30, 2006.

These shares were voted and approved by the Board of Directors in December 2006 and were valued at $.50 per common share to be issued.

No additional Director compensation has been authorized for services for the year 2006 for the period from July 1, 2006 through January 12, 2007, the date of this 10KSB report filing.

Stock Options Granted for Compensation

We do not have any stock option plans at this time, but plan to adopt a plan for our employees in the future.

In July 2004 the Company's Board of Directors granted a stock option for 6,000,000 common shares to a related party, Doubletree Capital Partners, Inc., at an exercise price of $.60 per share for a five year term commencing July 1, 2004.

The option was granted to DCP as a means to preserve ownership interests as required in preliminary acquisition discussions. As of September 30, 2005, the stock options were still outstanding and none of the options had been exercised.

Item 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth as of September 30, 2006, certain information regarding the beneficial ownership of shares of common stock of the Company by (1) each person or entity who is known by the Company to own more than 5% of the Company's common stock, (2) each director of the Company, and (3) all directors and executive officers of the Company as a group.

11-A. Security Ownership of Certain Beneficial Owners

11-B. Security Ownership of Management

Name and Address of Beneficial Owner	Shares of Common Stock Beneficially Owned	Percent of Outstanding
Doubletree Capital Partners, Inc. (1) A Minnesota corporation 12201 Champlin Drive, Champlin, MN 55318	27,254,710	90.54%
Bernard L. Brodkorb (2) St. Paul, MN.	13,607,171	45.37%

(1) Includes 21,429 common shares acquired in November, 2000 and 1,232,143 common shares held by an affiliated company to be distributed to creditors of ShoptropolisTV.com, a former subsidiary company of ISAI, as may be deemed necessary for the resolution of any contingent, non-contingent and or real liabilities that may arise in the future; includes warrants to purchase 6,000,000 shares exercisable at $.60 per share to Doubletree Capital

Partners, Inc.

(2) Includes a 50% beneficial interest in warrants to purchase 6,000,000 shares exercisable at $0.60 per share issued to Doubletree Capital Partners, Inc.; includes 50% beneficial interest in Doubletree Capital Partners, Inc.; includes 8,929 common shares owned since 1998; 383,857 common shares issued in 2004 and 790,000 shares issued in 2006, which would result in total ownership shares of 13,607,171.

Name and Address of Beneficial Owner	Shares of Common Stock Beneficially Owned	Percent of Outstanding
Bernard L. Brodkorb, Jr. (3) St. Paul, MN	27,153,487	90.88%
Donald G. Kampmann (5) Prior Lake, MN.	227,714	.76%
James S. Dixon (5) Scottsdale, AZ.	227,714	.76%
Directors and executive officers as a group	27,608,915	92.06%

(4) persons, including those named above)
(3) Includes 50% beneficial interest in warrants to purchase shares exercisable at $.60 per share.
(4) Includes 35,714 common shares issued in 2004 and 192,000 issued in 2006.
(5) Includes 35,714 common shares issued in 2004 and 192,000 issued in 2006.

Item 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

On or about June 6, 2006, ISA Internationale Inc. ("ISA" or the "Company") issued 1,709,418 shares of its restricted common stock as consideration for the repayment and conversion of $854,709 of loan advances and related interest due thereon, as of May 31, 2006. These shares were issued under the auspices of Rule 4(2).

On or about June 6, 2006, the Company issued 740,000 shares of its restricted common stock as payment for the conversion of $370,000 of accrued consulting fees due Bernard L. Brodkorb, President and CEO of the Company. These shares were issued under the auspices of Rule 4(2).

On or about June 6, 2006 the Company issued 142,000 shares of restricted common stock to Charles J. Newman as compensation for services rendered to the Company in its reorganization efforts. These shares were issued at a price of $.47 per share and under the auspices of Rule 4(2).

On or about June 26, 2006, the Company issued 322,000 share of its restricted common stock to the Directors of the Company and an additional two persons as compensation for services rendered to the Company in their positions as directors or consultants to the Company. These shares were issued at a price of $.38 per share and under the auspices of Rule 4(2).

On or about June 26, 2006, the Company issued 17,054,924 of its restricted common stock pursuant to the terms of a November 2, 2000 funding agreement between The Company, as agreed and executed by its prior management and Board of Directors, on that date and Doubletree Capital Partners, Inc. The issuances of these common shares are in exchange for conversion of 5,000,000 preferred stock shares, previous issued to Doubletree Capital Partners, Inc. on November

7, 2000, and are in accordance with the conversion terms of the November 2, 2000 funding agreement.

The total outstanding common shares of the Company as of September 30, 2006 after all issuances now total 23,989,912.

Item 13. EXHIBITS

(a) LISTING OF EXHIBITS
The exhibits required to be a part of this report are listed in the Index to Exhibits on page 57.

(b) REPORTS ON FORM 8-K SUMMARY

On February 24, 2006, ISA Internationale Inc. (ISA) filed its annual 10KSB report for the year ended September 30, 2005 on January 13, 2006 without the permission of its previous accountant, Stonefield Josephson Inc., to include their previous Accountant's Report in the 10KSB, due to a communication misunderstanding between ISA Internationale Inc., Stonefield Josephson Inc. and the ISA's new auditors, DeJoya Griffith & Company, CPA's. ISA Internationale, Inc. was notified by Stonefield Josephson on January 24, 2006 via email and later by a follow up letter.

The financial statements referred to by Stonefield Josephson are the audited financial statements for the nine month period ended September 30, 2004. The financial statements that were included in the form 10KSB report filed on January 13, 2006 are correct and can be relied upon as being correct. The communication misunderstanding that led to the apparent unauthorized inclusion of the Stonefield Josephson audit report in Form 10-KSB was due to a misunderstanding of an email received on January 11, 2006 by ISA Internationale Inc. and the Company's new auditors.

The Company's audit committee and two members of the board of directors were made aware of these matters and were involved in the discussion and resolution of this matter. One of these board members did discuss the matter with representatives of Stonefield Josephson Inc. accounting firm.

The permission to file was received from Stonefield Josephson Inc. on February 3, 2006 and no changes were requested by Stonefield Josephson Inc. to be made to the Form 10-KSB that does contain the Stonefield Josephson audit report for the period ended September 30, 2004 that was previously filed by ISA Internationale Inc. on January 13, 2006.

This 8-k filing has been submitted to Stonefield Josephson Inc. this 24th day of February, 2006, for acknowledgement of their respective agreement of the above facts. ISA Internationale, Inc. is requesting that ISA Internationale, Inc. receive a letter of agreement with the above facts and upon receipt of the letter, ISA Internationale, Inc. will file a copy of their agreement as an exhibit to the above facts in a subsequent 8-K filing. To date the Company has not received any acknowledgement of agreement or disagreement with Stonefield Josephson Inc.

On or about June 6, 2006, ISA Internationale Inc. ("ISA" or the "Company") issued 1,709,418 shares of its restricted common stock as consideration for the repayment and conversion of $854,709 of loan advances and related interest due thereon, as of May 31, 2006. These shares were issued under the auspices of Rule 4(2).

On or about June 6, 2006, the Company issued 740,000 shares of its restricted common stock as payment for the conversion of $370,000 of accrued consulting

fees due Bernard L. Brodkorb, President and CEO of the Company. These shares were issued under the auspices of Rule 4(2).

On or about June 6, 2006 the Company issued 142,000 shares of restricted common stock to Charles J. Newman as compensation for services rendered to the Company in its reorganization efforts. These shares were issued at a price of $.47 per share and under the auspices of Rule 4(2).

On or about June 26, 2006, the Company issued 322,000 share of its restricted common stock to the Directors of the Company and an additional two persons as compensation for services rendered to the Company in their positions as directors or consultants to the Company. These shares were issued at a price of $.38 per share and under the auspices of Rule 4(2).

On or about June 26, 2006, the Company issued 17,054,924 of its restricted common stock pursuant to the terms of a November 2, 2000 funding agreement between The Company, as agreed and executed by its prior management and Board of Directors, on that date and Doubletree Capital Partners, Inc. The issuances of these common shares are in exchange for conversion of 5,000,000 preferred stock shares, previous issued to Doubletree Capital Partners, Inc. on November 7, 2000, and are in accordance with the conversion terms of the November 2, 2000 funding agreement.

The total outstanding common shares of the Company as of September 30, 2006 after all issuances now total 23,989,912.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit Fees.

The aggregate fees billed for each of the two fiscal years for professional services for the audit of the Registrant's annual financial statements, and review of financial statements included in the company's Form 10-QSB's: 2006 - $50,944; 2005 - $66,956.

Audit-Related Fees.

The aggregate fees billed in each of the last two fiscal years for assurance and related services that are reasonably related to the performance of the audit or review of the Registrant's financial statements and are not under Audit Fees above: $0 and $0 in 2006 and 2005.

Tax Fees.

The aggregate fees billed in each of the last two fiscal years for professional services rendered for tax compliance and tax planning: $0 and $0 in 2006 and 2005.

All Other Fees.

The aggregate fees billed in each of the last two fiscal years for products and services other than the services reported above: $0 and $0 in 2006 and 2005.

Audit Committee's pre-approval policies and procedures.

The Registrant's committee consists of two Directors. The audit committee has adopted a written charter. The Registrant's Board of Directors has determined the Company does have a financial expert serving on its audit committee.

The Registrant does not have any pre-approval policies and procedures. The audit committee makes recommendation concerning the engagements of independent public accountants, review with the independent public accountants the scope and results of the audit engagement, approves all professional services provided by the independent accountants, reviews the independence of the independent public accountants, considers the range of audit and non-audit fees, and review the adequacy of the Registrant's internal accounting controls.

Work performed by other than the principal accountant's engagement of full time permanent employees.

The percentage of time expended by other than full time permanent employees of the principal accountant did not exceed 50%.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Signature	Title	Date

ISA INTERNATIONALE INC.

/s/Bernard L. Brodkorb
By Bernard L. Brodkorb — January 12, 2007
President, Chief Executive Officer, and Director

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Bernard L. Brodkorb, — January 12, 2007

By: Bernard L. Brodkorb
President, Chief Executive Officer, and Director

/s/ Donald G. Kampmann — January 12, 2007

By: Donald G. Kampmann — Director

/s/ James S. Dixon — January 12, 2007

By: James S. Dixon — Director

SECTION 302 CERTIFICATION

I, Bernard L. Brodkorb, certify that:

1. I have reviewed the annual report on Form 10-KSB of ISA Internationale Inc.;

2. Based on my knowledge, this report does not contain any untrue statements of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
   a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this report (the "Evaluation Date"); and
   c) presented in this report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors:
   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls.

6. The registrant's other certifying officers and I have indicated in this report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/s/ Bernard L. Brodkorb
President, CEO, CFO, Chairman of the Board   Date: January 12, 2007

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of ISA Internationale Inc., (the "Company") of Form 10-KSB for the period ending September 30, 2005, as filed

with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bernard L. Brodkorb, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge and belief:

(1.) the report fully complies with the requirements of Section 13(a) or 15 (d) of the Securities Exchange Act of 1934; and

(2.) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Bernard L. Brodkorb
By: Bernard L. Brodkorb
President, Chief Executive Officer, and Chief Financial Officer

Date: January 12, 2007

ISA INTERNATIONALE INC.
FORM 10-KSB
INDEX TO EXHIBITS

All of the following are included in our Form 10-SB Registration Statement (File No. 0-027373) and are incorporated by reference.

Item No. Description

3.1 Articles of Incorporation of the Company (incorporated by reference to Exhibit 2(i) to the Company's registration statement on Form 10-SB (File No. 0-27373)).

3.2 By-laws of the Company (incorporated by reference to Exhibit 2(ii) to the Company's registration statement on Form 10-SB (File No. 0-27373)).

4.1 Form of Common Stock Certificate (incorporated by reference to Exhibit 3 to the Company's Registration Statement on Form 10-SB (File No. 0-27373)).

10.1 Agreement and Plan of Business Combination dated April 11, 1998 between ISA Internationale Inc. (formerly known as 1-800 Consumer International Inc.), a Delaware corporation and Internationale Shopping Alliance, Inc., a Minnesota corporation (now a wholly owned subsidiary of ISA Internationale Inc. (incorporated by reference to Exhibit 6(i) to the Company's registration statement on Form 10-SB (File No. 0-27373)).

End of Report