Rule 4.7B

Appendix 4C

Quarterly report
for entities admitted
on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

FSA Group Limited

ABN	Quarter ended ("current quarter")
98 093 855 791	31 December 2002

Consolidated statement of cash flows

			Current quarter $A'000	Year to date (6 months) $A'000
Cash flows related to operating activities				
1.1	Receipts from customers		3,823	6,330
1.2	Payments for	(a) staff costs	(871)	(1,459)
		contractor payments	(411)	(726)
		(b) advertising and marketing	(363)	(649)
		(c) research and development	-	-
		(d) leased assets	(12)	(23)
		(e) other working capital	(1,115)	(1,900)
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		13	25
1.5	Interest and other costs of finance paid		(2)	(23)
1.6	Income taxes paid		-	-
1.7	Other (distribution of funds to financial institutions)		(478)	(953)
	Net operating cash flows		584	622

+ See chapter 19 for defined terms.

		Current quarter $A'000	Year to date (6 months) $A'000
1.8	Net operating cash flows (carried forward)	584	622
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a)businesses (item5)	-	(314)
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	(20)	(86)
	(e) other non-current assets	-	-
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	34
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	-	-
1.11	Loans to other entities	-	-
1.12	Loans repaid by other entities	-	-
1.13	Other	-	-
	Net investing cash flows	(20)	(366)
1.14	**Total operating and investing cash flows**	564	256
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	-	289
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	-
1.18	Repayment of borrowings	(14)	(28)
1.19	Dividends paid	-	-
1.20	Other – Convertible Note facility	-	455
	Net financing cash flows	(14)	716
	Net increase (decrease) in cash held	550	972
1.21	Cash at beginning of quarter/year to date	1,357	935
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	**Cash at end of quarter**	1,907	1,907

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	101
1.25	Aggregate amount of loans to the parties included in item 1.11	

1.26 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities (Convertible Notes)	931	931
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
4.1	Cash on hand and at bank	1,833	1,283
4.2	Deposits at call	74	74
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	1,907	1,357

Acquisitions and disposals of business entities

		Acquisitions $A'000 *(Item 1.9(a))*	Disposals *(Item 1.10(a))*
5.1	Name of entity	FSA Australia Pty Ltd	-
5.2	Place of incorporation or registration	New South Wales	-
5.3	Consideration for acquisition or disposal	2,784	-
5.4	Total net assets	2,140	-
5.5	Nature of business	Financial Services	-

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.

2 This statement does give a true and fair view of the matters disclosed.

Duncan Cornish
Company Secretary
31 January 2003

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.

   - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
   - 9.2 - itemised disclosure relating to acquisitions
   - 9.4 - itemised disclosure relating to disposals
   - 12.1(a) - policy for classification of cash items
   - 12.3 - disclosure of restrictions on use of cash
   - 13.1 - comparative information

3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.

Quarter 2 (1 October 2002 to 31 December 2002) commentary

- The acquisition of the Fox Symes group of companies was completed on 31 July 2002. Therefore only 2 months of the Fox Symes group's trading was captured in Quarter 1 (1 July 2002 to 30 September 2002).

- Operating expenses were higher than normal as the company continues to invest in and build improvements to its systems and operations. This process is ongoing and taking more time than originally foreshadowed. It is now the expectation that these costs will continue for the next two quarters.

- The efficiency benefits and the reduction to the cost base are expected to be experienced through financial year commencing 1 July 2003.

- The improvement in the quarter's operating cash flow is in part seasonal and is ameliorated and offset by creditor accumulation, most of which is disbursed in January and February. Elevated creditor disbursements have occurred in January and are expected to continue in February.

- Wage outlays were high in the last two weeks of December as staff were paid in advance for Christmas and January holidays.

- Seasonal effects are evident in November, December and January. A normal trading profile re-emerges in February and March.

For further information on the progress of the company an Investor Update has also been released today, a copy of which is being mailed to shareholders.

For further information contact:

Duncan Cornish or Fletcher C. Quinn
Phone: (07) 3832 6494
Fax: (07) 3832 6261
PO Box 7066, Riverside Center
Brisbane QLD 4001

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