

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

98 093 855 791

Quarter ended ("current quarter")

30 June 2003

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	4,490	14,910
1.2 Payments for		
(a) staff costs	(801)	(3,095)
contractor payments	(255)	(1,236)
(b) advertising and marketing	(526)	(1,635)
(c) research and development	-	-
(d) leased assets	-	(27)
(e) other working capital	(555)	(3,433)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	19	63
1.5 Interest and other costs of finance paid	(19)	(55)
1.6 Income taxes paid	-	-
1.7 Other (distribution of funds to financial institutions)	(1,912)	(4,991)
Net operating cash flows	441	501

+ See chapter 19 for defined terms.

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	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	441	501
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	(314)
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(20)	(128)
(e) other non-current assets	(71)	(74)
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	34
(c) intellectual property	-	-
(d) physical non-current assets	10	10
(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	(81)	(472)
1.14 Total operating and investing cash flows	360	29
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	-	(83)
1.19 Dividends paid	-	-
1.20 Other – Convertible Note facility	-	455
Net financing cash flows	-	661
Net increase (decrease) in cash held	360	690
1.21 Cash at beginning of quarter/year to date	1,266	936
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	1,626	1,626

+ 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	105
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	-	-

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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	1,626	1,266
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		1,626	1,266

Acquisitions and disposals of business entities

	Acquisitions \$A'000 <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1	Name of entity FSA Australia Pty Ltd <i>(acquired July 2002)</i>	-
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 July 2003

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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.

Quarter 4 (1 April 2003 to 30 June 2003) commentary

- The Company ended the quarter with \$1.6 million cash, an increase of \$360,000 from 31 March 2003.
- The improvement in the quarter's operating cash flow is partly ameliorated and offset by creditor accumulation - the timing of the creditor distributions can vary significantly, which is a normal part of administering the Part IX debt agreements.
- The Company continues to rely on the acceptance and goodwill of the financial institutions in administering Part IX debt agreements. The Company distributed a total of \$5.0 million to financial institutions in the year to 30 June 2003, a significant milestone in maintaining the strong relationship with the institutions.
- FSA Group has continued to invest in and build improvements to its systems and operations. As previously noted, this process is ongoing and taking more time than originally foreshadowed, however we are now starting to benefit from these efficiencies with the current quarters' operating expenses showing a reduction of \$0.3 million compared to the previous quarter and the lowest quarter total for the financial year ended 30 June 2003. Further improvements in our systems and operations are tracking to plan and we expect the full efficiency benefits and a further reduction to the cost base to be experienced through current financial year (commencing 1 July 2003).
- The newly formed Refinance Division continues to make positive contribution to the Company's cash flow. This division specialises in aiding credit worthy people with unique circumstances or that have experienced temporary problems (termed non-conforming lending). We are continuing to explore avenues to expand that divisions' scope by establishing relationships with conforming lenders.

For further information on the progress of the Company an Investor Update will also be released shortly, a copy of which will be mailed to shareholders.

For further information contact:

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