

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

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

Name of entity

SERVICEPOINT LTD

ABN

57 010 597 672

Quarter ended ("current quarter")

31 MARCH 2003

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from customers	900	2,392
1.2 Payments for		
(a) staff costs	(260)	(1,149)
(b) advertising and marketing	(4)	(77)
(c) research and development	-	-
(d) leased assets	(27)	(75)
(e) other working capital (sec Note 1 below)	(523)	(1,886)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	6
1.5 Interest and other costs of finance paid	(16)	(64)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net operating cash flows</b>	<b>70</b>	<b>(853)</b>

Note 1:

Payments included at item 1.2(e), "other working capital" include payments for stock purchases and other associated trading expenses in relation to the video conferencing business of ServicePoint Australia Pty Ltd.

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

		Current quarter \$A'000	Year to date (9 months) \$A'000
1.8	Net operating cash flows (carried forward)	70	(853)
<b>Cash flows related to investing activities</b>			
1.9	Payment for acquisition of:		
	(a) businesses (item 5)		
	(b) equity investments		
	(c) intellectual property		
	(d) physical non-current assets	(1)	(54)
	(e) other non-current assets		
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)		
	(b) equity investments		
	(c) intellectual property		
	(d) physical non-current assets	7	59
	(e) other non-current assets		
1.11	Loans to other entities		
1.12	Loans repaid by other entities		
1.13	Other (provide details if material)		
	<b>Net investing cash flows</b>	6	5
<b>1.14</b>	<b>Total operating and investing cash flows</b>	76	(848)
<b>Cash flows related to financing activities</b>			
1.15	Proceeds from issues of shares, options, etc.	-	-
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	250
1.18	Repayment of borrowings	(20)	(50)
1.19	Dividends paid	-	-
1.20	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	(20)	200
	<b>Net increase (decrease) in cash held</b>	56	(648)
1.21	Cash at beginning of quarter/year to date	234	938
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	<b>Cash at end of quarter</b>	290	290

**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	5
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

The aggregate payment comprises directors fees and remuneration, including amounts paid under consulting arrangements.

**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

N/A

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

N/A

**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 (see note 1 below)	950	950
3.2	Credit standby arrangements	-	-

Note 1:

The loan facility is secured by a fixed and floating charge over all the assets of the wholly owned subsidiaries of the ServicePoint Group, with a guarantee from the parent entity, ServicePoint Ltd. The facility comprises:

\$250,000 interest only loan payable by 30/6/03  
 \$250,000 repayable at the rate of \$15,000 per quarter for quarters to 30/9/02 and 31/12/02 and \$20,000 per quarter thereafter  
\$450,000 rolling 90 day bills facility  
\$950,000

**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	280	197
4.2 Deposits at call	10	37
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>290</b>	<b>234</b>

**Acquisitions and disposals of business entities**

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity		
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

**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.

Sign here:   
 Director

Date: 30 April 2003

Print name: MARK WILSON

## 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.

**ServicePoint Limited**

**Notes accompanying Appendix 4C for the quarter ended 31 March 2003.**

There has been a turn around in net operating cash flows during the March 2003 quarter, with a positive cash flow of \$70,000 for the quarter compared to a negative \$268,000 in the preceding quarter. Consequently, cash reserves during the quarter have increased and closed at \$290,000 at 31 March 2003.

Customer receipts have shown a marked improvement. Whilst payments relating to inventory purchases and other costs of sale (presented as "Payments for other working capital", item 1.2(e) on the cash flow statement) have gone up in line with greater sales and customer receipts, staff costs have been reduced considerably. These cost reductions have been foreshadowed in previous market announcements, including the Company's announcement dated 6 February 2003.

During the quarter, the ServicePoint Group finalised a contract with Optus to provide videoconferencing systems and services to Centrelink. This arrangement has not contributed in any significant manner to the cash flows for the March 2003 quarter. Management does not expect a significant contribution to cash flows from this contract in the June 2003 quarter but does expect a significant contribution in the September 2003 quarter.

Following the positive result for the March 2003 quarter, the directors anticipate similar tight controls over operating costs and stronger customer receipts in the June 2003 quarter. At the end of that period (June 2003 quarter), the Company is required to repay a \$250,000 bank loan.

On 6 March 2003, the Company announced a conditional offer from Durak Pty Ltd ("Durak") to acquire the wholly owned operating subsidiary, ServicePoint Australia Pty Ltd ("SAPL"). This offer was extended to 30 April 2003.

Durak has today advised the Company that its conditional offer to purchase SAPL has now been withdrawn for the reason that Durak has not been able to satisfy certain offer conditions. These conditions related principally to Durak securing bank approval, which would result in the release of the parent company, ServicePoint Ltd, from guarantee obligations and liabilities that exist under the current borrowing facilities extended to SAPL. ServicePoint is exploring other options to reduce bank debt and to fund the future working capital requirements of the Company, although a sale of SAPL to Durak and / or other parties on mutually acceptable terms has not been ruled out.