GROUP LIMITED

31 July 2012

ASX Announcement & Media Release

MDS Financial Group Limited
ACN 091 744 884

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ASX Code: MWS

Directors

Sean Rothsey
Chairman and Non Executive Director
Wayne Johnson
Deputy Chairman and Executive Director
Richard Symon
Executive Director
Jamie Khoo
Independent Non-Executive Director

Secretariat

Andrew Phillips
Company Secretary

317.1 million listed shares
12.5 million unlisted options

Appendix 4C: June 2012 Quarter Overview

MDS Financial Group (the "Group") has today released its Appendix 4C consolidated statement of cash flows for the quarter ended 30 June 2012.

The Group's cash position for the quarter ended 30 June 2012, resulted in a net cash outflow of $92,000 to finish the quarter with available cash reserves of $289,000.

Cash receipts from customers for the quarter of $2,299,000 represents the strongest quarter's performance for the past 12 months and represents a 5% increase from the previous year's corresponding period, and a 32% increase over the prior 12 month period. These increases are particularly pleasing given that overall market value has significantly dropped over the past 12 months, being 20% down on the corresponding quarter and 34% down on the prior 12 months.

Included within operating cash outflows for the quarter was a refundable bond payment of $150,000 made to the Group's third party clearing agent. The payment of this bond is a direct result of the increased brokerage trading with a total bond currently on deposit of $350,000, compared to $200,000 held as a bond at the end of the prior quarter.

Excluding this bond payment, operating cash for the Group was a positive inflow of $58,000 for the quarter. This improvement in the cash expended is a direct result of operational rationalisations of overheads within the Group as previously announced.

Financing cash flow for the quarter was an outflow of $106,000 being the first periodic repayment of the working capital financing facility as announced to the market on 16 March 2012.

The Group's software data costs have been reduced successfully as earlier indicated to the market, however the major aspects of the cost reduction will see the Group benefit from 1 July 2012.

MDS directors believe that the ongoing operational reviews and initiatives taken in the past 12 months will allow the Group to leverage its sound operational base to take advantage of the changing landscape in the stockbroking industry.

ABOUT MDS FINANCIAL GROUP

MDS Financial Group is a full-service corporate advisory and capital markets specialist with clients in Australia and the Asia-Pacific region. The Company is listed on the Australian Securities Exchange Ltd (ASX), and has three licensed subsidiaries. One of its licensed subsidiaries is an ASX market participant, with institutional and third-party wholesale brokerage facilities underpinned by substantial retail online trading and market data services.

Sean Rothsey
Chairman

END

For more information please contact:

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Rule 4.7B

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/00. Amended 30/9/01, 24/10/05,17/12/10.

Name of entity

MDS Financial Group Limited

ABN	Quarter ended ("current quarter")
90 091 744 884	30 June 2012

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		2,299	8,297
1.2	Payments for	(a) staff costs	(625)	(2,365)
		(b) advertising and marketing	(5)	(67)
		(c) research and development	-	-
		(d) leased assets	-	-
		(e) other working capital	(1,594)	(6,502)
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		3	10
1.5	Interest and other costs of finance paid		(20)	(34)
1.6	Income taxes paid		-	-
1.7	Other (provide details if material)		(150)	(350)
	Net operating cash flows		(92)	(1,011)

+ See chapter 19 for defined terms.

		Current quarter $A'000	Year to date (12 months) $A'000
1.8	Net operating cash flows (carried forward)	**(92)**	**(1,011)**
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	(109)
	(d) physical non-current assets	(3)	(5)
	(e) other non-current assets	-	-
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	63
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	-	(6)
1.11	Loans to other entities	-	-
1.12	Loans repaid by other entities	-	-
1.13	Other (provide details if material)		
	Net investing cash flows	(3)	(57)
1.14	**Total operating and investing cash flows**	(95)	(1,068)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	-	-
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	571
1.18	Repayment of borrowings	(106)	(106)
1.19	Dividends paid	-	-
1.20	Other - Payment for share buy-back	-	-
	Net financing cash flows	(106)	465
	Net increase (decrease) in cash held	(201)	(603)
1.21	Cash at beginning of quarter/year to date	490	892
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	**Cash at end of quarter**	**289**	**289**

+ 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	139
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

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	1,951	477
3.2	Credit standby arrangements	-	-

3.3 Explanation necessary for an understanding of the transactions

Information regarding financing facilities is set out in the Company's ASX Announcement "MDS Financial Group Completes US$2 Million Funding Facility" dated 16 March 2012

+ 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	289	490
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	289	490

Acquisitions and disposals of business entities

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

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 /~~does not~~* *(delete one)* give a true and fair view of the matters disclosed.

Sign here: .... Date: 31 July 2012
(~~Director/~~Company Secretary)

Print name: Andrew Phillips

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 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.

3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting 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.