ASX
AUSTRALIAN STOCK EXCHANGE

Australian Stock Exchange Limited
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Perth WA 6000

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FAXED

1 November 2004

Mr V Ho
Company Secretary
Fast Scour Limited
Level 14 221 St George's Terrace
PERTH WA 6000

By facsimile: 9322 1515

Dear Sir

Fast Scour Limited (the "Company")

I refer to the Company's Quarterly Report in the form of Appendix 4C for the period ended 30 September 2004 released to Australian Stock Exchange Limited ("ASX") on 29 October 2004 (the "Appendix 4C").

ASX notes that the Company has reported the following.

1. Receipts from customers of $19,000.

2. Net negative operating cash flows for the quarter of $186,000

3. Cash at end of quarter of $193,000.

4. Financing facilities available of zero and no fund raising.

In light of the information contained in the Appendix 4C, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, the Company may only have sufficient cash to fund its activities for less than two quarters. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?

2. Does the Company intend to take other steps to ensure that it has sufficient funds in order to continue its operations at the present rate beyond the December quarter?

3. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?

4. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me on facsimile number (08) 9221 2020. It should <u>not</u> be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than 5 pm WST on Wednesday 3 November 2003.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries regarding any of the above, please contact me.

Yours faithfully,

Jill Hewitt
<u>Companies Adviser</u>

3 November 2004

Australian Stock Exchange Limited
Level 8
Exchange Plaza
2 The Esplanade
Perth WA 6000

Attention: Ms Jill Hewitt
Companies Advisor
By Email: jill.hewitt@asx.com.au
By Facsimile: (08) 9221 2020

Dear Ms Hewitt,

Response to ASX Enquiry Concerning September 2004 Quarterly Cashflow Report

We refer to your letter dated 1 November 2004 enquiring about the financial position of the Company in light of the cashflow report lodged by the Company on 26 October 2004 in respect of the quarter ending 30 September 2004 and respond as follows:

1. As disclosed in the cashflow report referred to above, the Company had share investments with a market value of $0.88 million as at 26 October 2004 in addition to its cash reserves of $0.193 million and 32.3% investment in ASX listed but suspended company Altera Capital Limited (**AEA**).

   The Company's share investments (save for AEA) have a current market value of ~$0.88 million.

   The Company regards its share investments (save for AEA) as being liquid assets to supplement its cash reserves. Accordingly, the Company advises that it has sufficient liquid assets to fund its activities beyond the next two quarters.

2. As noted above, the Company has sufficient liquid assets to continue its operations at the present rate beyond the December 2004 quarter. The Company is also investigating obtaining an overdraft or line of credit facility to provide additional working capital cash reserves.

3. The Company confirms that it is in compliance with its continuous disclosure obligations under the ASX Listing Rules.

4. In relation to the Company's compliance with Listing Rule 12.2 (adequacy of financial condition to warrant continued quotation):

   4.1. We refer to the enclosed unaudited Consolidated Statement of Financial Position as at 31 October 2004 and the notes thereto – which shows net tangible assets of $1,651,922 or 2.02 cents per share.

4.2. We confirm that the Company is continuing its principal activities (as stated in the Directors' Report of the 2004 Annual Report) being the sale and marketing and on-going development of its Virtual Web Internet filtering and monitoring software solution, the pursuit of other Internet technologies and the management of its investments. As noted above, the Company has sufficient funds to meets its business operations beyond the next two quarters.

4.3. Accordingly, the Company is of the view that it is in a sound financial position to carry on its principal activities and that there is no issue under Listing Rule 12.2 in relation to the continued quotation of the Company's shares on ASX.

We trust this response addresses the matters raised in your letter.

The Company has no objection to the release of this response to the market.

If you have any queries regarding anything in this letter, please contact me.

Yours Faithfully,

Victor Ho
Company Secretary

Consolidated Statement of Financial Position
for Fast Scout Limited (and controlled entities)
as at 31 October 2004

	Note	Audited 30-Jun-04 $	Unaudited 31-Oct-04 $
CURRENT ASSETS			
Cash		686,850	17,534
Receivables		32,823	93,118
Other		-	-
TOTAL CURRENT ASSETS		719,673	110,652
NON CURRENT ASSETS			
Receivables		19,266	5,500
Property, plant and equipment		61,886	61,886
Other financial assets	1	573,827	875,547
Investments accounted for using equity method	2	640,092	640,092
Internet technologies			
Prepaid classification works		-	-
Other development works		56,214	-
Intangibles		2,070	2,070
TOTAL NON CURRENT ASSETS		1,353,355	1,585,095
TOTAL ASSETS		2,073,028	1,695,747
CURRENT LIABILITIES			
Payables		129,733	28,515
Provisions		15,309	15,309
TOTAL CURRENT LIABILITIES		145,042	43,825
NET ASSETS		1,927,986	1,651,922
EQUITY			
Contributed equity		16,414,372	16,414,372
Accumulated losses		(14,486,386)	(14,762,450)
TOTAL EQUITY		1,927,986	1,651,922
Net Tangible Assets		1,869,702	1,649,852
NTA Backing per share		0.0229	0.0202

Notes

1. The Company holds 20,002,860 shares (32.253%) in Associate, Altera Capital Limited (**AEA**), being the largest shareholding in the company. AEA has been suspended from ASX since 13 June 2003 and has advised that its suspension will continue until the company fully re-complies with the ASX Listing Rules. The valuation of such investment as at 31 October 2004 remains unchanged from 30 June 2004 (which was based on AEA's consolidated NTA backing of 3.20 cents per share). Please refer to Note 12 of the notes to the financial statements in Fast Scout's 2004 Annual Report for further information.

   The Company also notes that AEA's major assets are 36,273,262 shares (81.26%) in ASX listed Sofcom Limited (**SOF**) which has a current market value of ~$2.3 million, cash and other listed securities having a market value of $0.19 million (as at 26 October 2004 as reported in AEA's September 2004 Quarterly Cashflow Report). The Company notes that SOF's major assets are 7,074,734 shares (18.167%) in ASX listed Bentley International Limited (**BEL**) and 3,400,000 shares (3.389%) in Rivkin Financial Services Limited (**RFS**) which have a combined current market value of ~$3.5 million.

2. This comprises the market value of investments in other listed securities. The Company regards such share investments as being liquid assets to supplement its cash reserves.

3. The proceedings in relation to RFS in which the Company is a co-defendant and cross-claimant is currently before the Federal Court in Sydney and the hearing is expected to close before the end of this week. The Company has agreed to share costs incurred in relation to the investment of SOF, AEA and Fast Scout Limited in RFS in proportion to each company's relative interest in their collective stake in RFS (currently 5,058,471 shares or 5.043% of RFS' issued share capital - the Company currently has 908,471 (0.91%) shares in RFS. The Company has incurred costs of ~$60,000 since 1 July 2004 in relation to the legal proceedings and other related matters involving RFS.

4. The Company is in discussions with Data Base Systems Limited (**Data Base**) with respect to the Portal Classification Agreement (pursuant to which Data Base is required to classify a total of 3,146,000 Internet website URL's over a 5 ½ year period) in relation to either re-negotiating its terms or seeking a mutually acceptable early termination.

   As at 1 October 2004, the outstanding matters pursuant to the Portal Classification Agreement with Data Base are summarized as follows:

Balance of website URL's to be classified by Data Base	1,387,758
Term Outstanding (to April 2006)	19 months
Balance of Cash component payable by Company	$971,431
Balance of Outstanding Prepaid Shares	22,188,998

   The Company notes the resolution of the Portal Classification Agreement with Data Base is likely to encompass the Company seeking a substantially reduced pay-out figure than that cash amount outstanding above and furthermore, which may be satisfied in whole or in part by the issue of shares, thus preserving the cash reserves of the Company. The Company expects to finalise it negotiations with Data Base within the next 3 months.