Queste Communications Limited

A.B.N 58 081 688 164

FULL YEAR REPORTS:

ASX Appendix 4E Preliminary Final Report
Directors' Report
Auditors' Independence Declaration
Financial Report
Audit Report

30 June 2005

www.queste.com.au

QUESTE COMMUNICATIONS LIMITED

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CORPORATE DIRECTORY

BOARD

Farooq Khan	(Executive Chairman)
Michael J van Rens	(Non-Executive Director)
Azhar Chaudhri	(Non-Executive Director)
Yaqoob Khan	(Non-Executive Director)

COMPANY SECRETARY

Victor Ho

PRINCIPAL & REGISTERED OFFICE

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STOCK EXCHANGE

Australian Stock Exchange
Perth, Western Australia

ASX CODE

QUE

AUDITORS

BDO
Level 8
256 St Georges Terrace

BANKER

National Australia Bank
Level 1, 50 St Georges Terrace
Perth Western Australia 6000

APPENDIX 4E PRELIMINARY FINAL REPORT

This Preliminary Final Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.3A

Current Reporting Period:	Financial year ended year ended 30 June 2005
Previous Corresponding Period:	Financial year ended year ended 30 June 2004
Balance Date:	30 June 2005
Company:	Queste Communications Limited (**"QUE"**)
Consolidated Entity:	QUE and controlled entity:
	(1) Central Exchange Limited (**"CXL"**)
	(an ASX listed investment company in which QUE is a 49% controlling shareholder)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Consolidated			**Company**		
	2005 $	**2004** $	**% Change**	**2005** $	**2004** $	**% Change**
Total revenues from ordinary activities	13,765,807	21,049,709	-35% (Down)	301,291	1,533,361	-80% (Down)
Total expenses from ordinary activities	(12,741,695)	(2,366,571)	438% (Up)	(696,538)	768,851	-191% (Down)
Profit/(loss) from ordinary activities before tax	1,024,112	18,683,138	-95% (Down)	(395,247)	2,302,212	-117% (Down)
Income tax relating to ordinary activities	(330,922)	(1,003,436)	-67% (Down)	-	-	unchanged
Profit/(loss) from ordinary activities after tax	693,190	17,679,702	-96% (Down)	(395,247)	2,302,212	-117% (Down)
Net profit attributable to outside equity interests	(516,213)	(9,353,792)	-94% (Down)	-	-	unchanged
Profit/(loss) from ordinary activities after tax attributable to members	176,977	8,325,910	-98% (Down)	(395,247)	2,302,212	-117% (Down)
Basic earnings/(loss) per share (cents)	0.60	28.31	-98% (Down)	(1.34)	7.83	-117% (Down)
Diluted earnings/(loss) per share (cents)	0.37	17.20	-98% (Down)	(0.82)	4.76	-117% (Down)
Undiluted post tax NTA backing per share (cents)	42.08	41.47	1% (Up)	42.08	41.47	1% (Up)
Diluted post tax NTA Backing per share (cents)	33.41	33.04	1% (Up)	33.41	33.04	1% (Up)

NTA backings at the Consolidated Entity level are reported net of Outside Equity interests.

APPENDIX 4E PRELIMINARY FINAL REPORT

Dividends

The Company has not declared or paid any dividends during the financial year. The Company is not in a position to pay a dividend for the year ended 30 June 2005.

Brief Explanation of Results

At the Company level:

Revenues from ordinary activities include:

(1) $295,745 gross proceeds from the sale of equity investments (2004: $989,671);

(2) $2,135 dividend income (2004: $415,341).

Expenses from ordinary activities include:

(1) $283,480 costs of disposal of equity investments (2004: $1,013,668);

(2) $259,273 personnel expenses (2004: $267,941).

COMMENTARY ON RESULTS AND OTHER SIGNIFICANT INFORMATION

Please refer to the attached Directors' Report and Financial Report for further information on a review of the Consolidated Entity's operations and the financial position and performance of the Consolidated Entity and Company for the year ended 30 June 2005.

STATUS OF AUDIT

This Preliminary Final Report is based on:

| X | Accounts that have been audited. |

For and on behalf of the Directors,

Date: 13 September 2005

Victor Ho
Company Secretary

Telephone: +61 8 9214 9777
Email: info@queste.com.au

DIRECTORS' REPORT

The Directors present their report on Queste Communications Limited (**"Company"** or **"Queste"**) and its controlled entities (the **"Consolidated Entity"**) for the financial year ended 30 June 2005 (**"Balance Date"**).

Queste is a company limited by shares that is incorporated and domiciled in Western Australia and has been listed on the Australian Stock Exchange (**"ASX"**) since November 1998.

Queste has prepared a consolidated financial report incorporating the entities that it controlled during the financial year. Controlled entities are ASX listed investment company, Central Exchange Ltd ABN 77 000 742 843 (**"Central Exchange"**) (controlled throughout the financial year).

ASX listed Central Exchange has been treated as a controlled entity pursuant to Accounting Standard AASB 1024 "Consolidated Accounts" by virtue of the Company being a 49.34% substantial shareholder of Central Exchange as at Balance Date (30 June 2004: 48.817%).

PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year were the pursuit of opportunities to commercially exploit the Company's VoiceNet System Voice-over-Internet Protocol (**"VoIP"**) technology and the management of its net assets/investments.

The principal activities of Central Exchange during the financial year were the management of its net assets/investments, including investments in listed securities, property development and resource projects.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 8 July 2004, Central Exchange was re-admitted to ASX as an investment entity (as defined under the ASX Listing Rules).

There was no other significant change in the state of affairs of the Company or the Consolidated Entity during the financial year other than that referred to in this Directors' Report or the financial statements or notes thereto.

OPERATING RESULTS

	Consolidated		**Company**	
	2005	**2004**	**2005**	**2004**
	$	**$**	**$**	**$**
Total revenues from ordinary activities	13,765,807	21,049,709	301,291	1,533,361
Total expenses from ordinary activities	(12,741,695)	(2,366,571)	(696,538)	768,851
Profit/(loss) from ordinary activities before tax	1,024,112	18,683,138	(395,247)	2,302,212
Income tax relating to ordinary activities	(330,922)	(1,003,436)	-	-
Profit/(loss) from ordinary activities after tax	693,190	17,679,702	(395,247)	2,302,212
Net profit attributable to outside equity interests	(516,213)	(9,353,792)	-	-
Profit/(loss) from ordinary activities after tax attributable to members	176,977	8,325,910	(395,247)	2,302,212

DIRECTORS' REPORT

At the Company level:

Revenues from ordinary activities include:

(1) $295,745 gross proceeds from the sale of equity investments (2004: $989,671);

(2) $2,135 dividend income (2004: $415,341).

Expenses from ordinary activities include:

(1) $283,480 costs of disposal of equity investments (2004: $1,013,668);

(2) $259,273 personnel expenses (2004: $267,941).

EARNINGS PER SHARE

	Consolidated Entity		Company	
	2005	**2004**	**2005**	**2004**
Basic earnings/(loss) per share (cents)	0.60	28.31	(1.34)	7.83
Weighted average number of fully paid ordinary shares in the Company outstanding during the year used in the calculation of basic earnings per share	29,404,879	29,404,879	29,404,879	29,404,879
Diluted earnings/(loss) per share (cents)	0.37	17.20	(0.82)	4.76
Weighted average number of fully paid ordinary shares in the Company outstanding during the year used in the calculation of diluted earnings per share	48,404,879	48,404,879	48,404,879	48,404,879

The Company's 20,000,0000 partly paid ordinary shares, to the extent that they have been paid (one cent per share), have been included in the determination of the basic earnings per share.

The Company's partly paid shares are included in the determination of diluted earnings per share on the basis that each partly paid share have become fully paid.

DIRECTORS' REPORT

FINANCIAL POSITION

	Consolidated Entity		Company	
	2005	2004	2005	2004
	$	$	$	$
Cash	125,106	18,201,976	56,014	94,737
Current investments - equities	11,171,686	4,973,171	3,036,946	2,987,876
Non-current investments - equities	-	-	9,291,929	8,718,968
Investments - listed Associate entities	7,085,260	-	-	-
Inventory	3,796,552	-	-	-
Receivables	435,092	34,482	78,273	429,890
Deferred tax assets	227,053	-	-	-
Other assets	70,957	89,609	27,957	33,980
	22,911,706	23,299,238	12,491,119	12,265,451
Tax liabilities	(569,911)	(1,003,436)	-	-
Other payables and liabilities	(448,680)	(737,674)	(118,502)	(70,548)
Net assets	21,893,115	21,558,128	12,372,617	12,194,903
Contributed Equity	6,087,927	6,087,927	6,087,927	6,087,927
Reserves	2,138,012	2,138,012	8,725,366	8,152,405
Outside equity interest	9,520,970	9,362,960	-	-
Accumulated profit/(losses)	4,146,206	3,969,229	(2,440,676)	(2,045,429)
Total Equity	21,893,115	21,558,128	12,372,617	12,194,903

NET TANGIBLE ASSET BACKING

The effects of the Company's 20,000,000 partly paid ordinary shares (which were issued at a price of 20 cents each and have been partly paid to one cent each and have an outstanding amount payable of 19 cents per partly paid share) on the net tangible asset (**"NTA"**) backing of the Company and Consolidated Entity have been considered below.

The Directors also note that:

- The Company's NTA at Balance Date includes a valuation of the Company's 8,303,779 shares in Central Exchange (representing a 49.4% interest) at Central Exchange's post tax NTA backing at Balance Date of $1.12 per CXL share.
- The Consolidated Entity's NTA at Balance Date also includes the effects of the NTA position of Central Exchange as a controlled entity.
- NTA backings at the Consolidated Entity level are reported net of Outside Equity interests.

DIRECTORS' REPORT

The undiluted (which includes a representation of the extent (1/20th) to which the partly paid shares have been paid) and diluted (which includes the full effects of all partly paid shares) NTA backing per share as at the Balance Date are as follows.

(1) UNDILUTED FOR PARTLY PAID SHARES

	Consolidated Entity		Company	
	2005	2004	2005	2004
NTA (pre tax)	$12,715,003	$13,198,604	$12,372,617	$12,194,903
NTA (post tax)	$12,372,145	$12,195,168	$12,372,617	$12,194,903
Share capital base of the Company:				
Fully paid ordinary shares	28,404,879	28,404,879	28,404,879	28,404,879
Portion of 20,000,000 partly paid ordinary shares (representing the extent to which such shares have been paid, being one cent per share with a balance of the call of 19 cents per share)	1,000,000	1,000,000	1,000,000	1,000,000
Adjusted undiluted total fully paid ordinary share capital	29,404,879	29,404,879	29,404,879	29,404,879
Undiluted pre-tax NTA backing per share	**$0.43**	$0.45	**$0.42**	$0.41
Undiluted post-tax NTA backing per share	**$0.42**	$0.41	**$0.42**	$0.41

(2) DILUTED FOR PARTLY PAID SHARES

	Consolidated Entity		Company	
	2005	2004	2005	2004
Proceeds on conversion of 20,000,000 partly paid ordinary shares into fully paid ordinary shares	$3,800,000	$3,800,000	$3,800,000	$3,800,000
Diluted NTA (pre tax)	$16,515,003	$16,998,604	$16,172,617	$15,994,903
Diluted NTA (post tax	$16,172,145	$15,995,168	$16,172,617	$15,994,903
Share capital base of the Company:				
Fully paid ordinary shares	28,404,879	28,404,879	28,404,879	28,404,879
Conversion of 20,000,000 partly paid ordinary shares into fully paid ordinary shares	20,000,000	20,000,000	20,000,000	20,000,000
Fully diluted total fully paid ordinary share capital of the Company	48,404,879	48,404,879	48,404,879	48,404,879
Diluted pre-tax NTA backing per share	**$0.34**	$0.35	**$0.33**	$0.33
Diluted post-tax NTA backing per share	**$0.33**	$0.33	**$0.33**	$0.33

DIRECTORS' REPORT

DIVIDENDS

The Company has not declared or paid any dividends during the financial year. The Company is not in a position to pay a further dividend for the year ended 30 June 2005.

On 13 September 2005, Central Exchange announced the declaration of a dividend in respect of the financial year ended 30 June 2005:

Dividend Rate	Record Date	Payment Date	Franking	Total Dividends Paid
1.50 cent per share	30 September 2005	7 October 2005	Fully franked	$267,216

The Company entitlement to such Central Exchange dividend is $124,557, which will be accounted for as income for the year ended 30 June 2006.

During the financial year, Central Exchange paid the following dividends in respect of the last financial year ended 30 June 2004:

Dividend Rate	Record Date	Payment Date	Franking	Total Dividends Paid
5 cent per share	6 July 2004	9 July 2004	60% franked	$861,000

The Company's entitlement to such Central Exchange dividend was $415,189 – which was accounted for as income for the year ended 30 June 2004.

Dividend Policy

The Company's dividend policy is to pay dividends from the dividend, interest and other income it receives from its investments and the gains on its investments, to the extent permitted by law and prudent business practices. Dividends will be franked to the extent that available franking credits permit.

SECURITIES IN THE COMPANY

At the date of this report, the Company has the following securities on issue:

(i) 28,404,879 listed fully paid ordinary shares;

(ii) 20,000,000 unlisted partly paid ordinary shares, each paid to one cent with 19 cents per partly paid ordinary share outstanding.

There were no securities issued or granted by the Company during or since the financial year.

The terms of issue of the Company's 20,000,000 partly paid shares were disclosed in the Prospectus for the initial public offering of shares in the Company dated 6 August 1998 and are attached to this Directors' Report.

DIRECTORS' REPORT

REVIEW OF OPERATIONS

1. Voicenet System VoIP Technology

The Company continues to seek opportunities for the commercial exploitation of its VoiceNet System VoIP telephony technology. The Company has not had any results from the commercial exploitation of its VoiceNet System VoIP technology during the financial year.

During the financial year, the Company entered into two non-exclusive agreements with parties to licence the Company's VoiceNet System VoIP technology. As at the date of this report, due diligence examination of the Company's technology is still continuing and no final agreement has been concluded with either party.

2. Central Exchange Limited (CXL)

2.1. Current Status

The Company holds 8,303,779 shares in Central Exchange, being 49.4% of its issued ordinary share capital (30 June 2004: 8,303,779 shares and 48.2%).

In light of such significant shareholding, Central Exchange has been recognised as a controlled entity and included as part of the Consolidated Entity since 1 July 2002.

On 8 July 2004, Central Exchange was re-admitted to ASX as an investment entity (as defined under the ASX Listing Rules).

Queste shareholders are advised to refer to the 2005 Full Year Reports and monthly NTA disclosures lodged by Central Exchange for further information about the current status and affairs of such company.

Information concerning CXL may be also viewed from its website: www.centralexchange.com.au and CXL's market announcements may be viewed from the ASX website (www.asx.com.au) under ASX code "CXL".

Sections 2.2 to 2.9 below contain information extracted from Central Exchange's public statements.

DIRECTORS' REPORT

2.2. Performance for year ended 30 June 2005

Central Exchange **Consolidated Entity**	**2005** **$**	**2004** **$**
Total revenues from ordinary activities	2,363,939	14,201,324
Total expenses from ordinary activities	(1,047,128)	5,078,376
Profit from ordinary activities before tax	1,316,811	19,279,700
Income tax relating to ordinary activities	(330,922)	(1,003,436)
Profit from ordinary activities after tax attributable to members	985,889	18,276,264
Basic and diluted earnings per share	5.79	206.52
Pre-tax NTA backing per share	1.139	1.108
Post-tax NTA backing per share	1.119	1.050

Central Exchange has accounted for the following investments at Balance Date as investments in an Associate entity (on an equity accounting basis) pursuant to Accounting Standard AASB 1016 "Accounting for Investment in Associates":

(1) 25.5% interest in ASX listed Scarborough Equities Limited (**"SCB"**) (20.4% from 4 May 2005 to 30 June 2005; 26.6% from 15 July 2005);

(2) 19% interest in ASX listed Bentley International Limited (**"BEL"**) from 30 June 2005 (24.9% from 1 July 2005).

Revenues from ordinary activities comprise:

(1) $1,491,273 net profit from share trading portfolio (including dividend income of $98,766);

(2) $111,965 net profit from options portfolio;

(3) $512,069 interest income; and

(4) $167,225 share of Associate entities' net profits (being SCB from 4 May 2005 to 30 June 2005) and $81,407 dividends received from Associate entities (being SCB).

Expenses from ordinary activities include:

(1) $276,588 legal and professional fees (including $266,642 in relation to SCB);

(2) $261,180 personnel costs (including directors' fees);

(3) $150,149 costs incurred in relation to investment in SCB;

(4) $68,348 brokerage costs; and

(5) $60,759 for costs of consultants.

DIRECTORS' REPORT

2.3. Portfolio Details as at 30 June 2005

Asset Weighting

	% of Net Assets
Australian equities	
- Investments in Associate entities	38%
- Other Australian equities	43%
Property	20%
International equities	- +
Net cash/other assets	(1%)
TOTAL	100%

Top 15 Equity Holdings

Equities	% of Net Assets	ASX Code	Industry Sector Exposures
1. Scarborough Equities Limited *	22.8%	SCB	Diversified Financials
2. Technology Investment Fund	21.2%	TIF	Diversified Financials
3. Bentley International Limited * +	14.9%	BEL	Diversified Financials
4. Oilex NL	5.0%	OEX	Energy
5. Rio Tinto Limited	2.4%	RIO	Diversified Metals & Mining
6. Flight Centre Limited	1.9%	FLT	Hotels, Resorts & Cruise Lines
7. MMC Contrarian Limited	1.7%	MMA	Diversified Financials
8. Independence Group NL	1.4%	IGO	Metals & Mining - Gold
9. Global Mining Investments Limited	1.4%	GMI	Diversified Financials
10. CMA Corporation Limited	1.3%	CMV	Capital Goods
11. Fleetwood Corporation Limited	1.3%	FWD	Automobile Manufacturers
12. Telstra Corporation Limited	1.1%	TLS	Diversified Telecommunication Services
13. PMP Limited	1.1%	PMP	Commercial Services & Supplies
14. Hunter Hall Global Value Limited	1.0%	HHV	Diversified Financials
15. Golden Cross Resources Ltd	0.5%	GCR	Metals & Mining
TOTAL	**78.9%**		

* BEL and SCB have been accounted for as Associate entities of Central Exchange

\+ BEL is an ASX listed investment company wholly invested in securities listed on overseas markets

2.4. Investment Objectives

The investment objectives of Central Exchange are to:

- Achieve a consistent high real rate of return, comprising both income and capital growth, whilst operating within acceptable risk parameters set by the Board of Central Exchange;
- Deliver a regular income stream for Central Exchange shareholders in the form of franked dividends;
- Preserve and protect the capital of Central Exchange.

2.5. Investment Strategy

Central Exchange will seek to implement an actively managed investment strategy undertaking investments typically into one of two broad investment categories:

- Strategic Investments; and
- Non-strategic Investments.

Central Exchange does not seek to allocate a fixed proportion of funds into each or any of the above investment categories, since it believes that complete flexibility to invest across these categories is key to maximising long-term value growth for its shareholders.

(a) Strategic Investments

Central Exchange will seek to undertake investments in which it can reasonably expect to exert a degree of influence, including board representation or through playing an active role alongside management in order to enhance or realise shareholder value.

Investments will include those that have the potential for turnaround in profitability or capital appreciation through the introduction of new management, capital, improved business practices, industry rationalisation, and/or improved investor relations.

Strategic investments by their nature will rely heavily on Central Exchange's ability to identify, attract and exploit unique opportunities.

(b) Non-Strategic Investments

Central Exchange will seek to make non-strategic investments in entities where attractive investment opportunities develop due to market sentiment or mispricing or where Central Exchange sees other potential for generating positive returns. In contrast to strategic investments, with non-strategic investments Central Exchange does not envisage that it will take an active role in the management of the investment.

For each strategic and non-strategic investment, Central Exchange will expect to receive a level of return that is commensurate with the level of risk associated with such investment. In each investment and for its investment portfolio in aggregate, Central Exchange will at least aim to achieve a return that is consistently in excess of an appropriate benchmark share index and or a return which could be earned from investments in cash, bills of exchange or negotiable instruments drawn or endorsed by a bank, non-bank financial institution or a government.

DIRECTORS' REPORT

2.6. Portfolio Allocation

In executing its investment strategy, Central Exchange may, from time to time, hold a high proportion of net assets in cash, preferring to be patient and selective rather than filling its investment portfolio with mediocre or underperforming investments for the sake of becoming "fully-invested".

Central Exchange will not be limited to the principles of broad diversification; in other words, the company may invest a significant proportion of funds in any single investment that represents an exceptional opportunity.

Every investment made by Central Exchange will be continuously monitored and formally reviewed on a periodic basis. Central Exchange will be willing to move quickly to realise investments when a view is formed that an investment is overvalued or there has been a material adverse change in an investment's circumstances or prospects – Central Exchange recognises the importance of being nimble and responsive to material changes affecting its investments.

Central Exchange recognises that in some cases, investments take significant periods of time to provide acceptable returns. As such investments may be relatively illiquid, Central Exchange will seek to minimise potential loss in the investment's value where a rapid or unplanned exit from that investment is sought.

Central Exchange may also decide to dispose of shares in an entity if in Central Exchange's view, maintaining the investment is not in the best long-term interests of Central Exchange or an alternative, superior investment opportunity arises.

2.7. Investment Sectors

Investments may be made by Central Exchange in Australia or an overseas market and into any underlying industry, business or sector, in accordance with Central Exchange's stated investment objectives and strategies.

In this regard, Central Exchange has a history of activity in the resource sector. Investments undertaken in this sector will continue to provide Central Exchange with a window into the highly prospective resources sector domestically and globally. Such opportunities can provide the possibility for exceptional growth and returns for relatively small levels of investment.

Resource investments may span large mining companies that produce base metals and precious metals, industrial minerals and bulk commodities to junior explorers with exposure to highly prospective projects or tenements. From time to time the Portfolio may have exposure to oil and gas opportunities.

Investments in the resources sector component of the portfolio may be undertaken:

- Directly – through pegging of tenements, entering into joint ventures, taking options over and acquiring tenements, projects and joint venture interests;
- Indirectly – through placements and initial public offerings in existing companies (private, listed, or those seeking admission to ASX); or
- Actively – Central Exchange recognises funding of exploration and resources development can be a problem for small and medium-sized resource companies (in Australia and overseas) and will seek to assist carefully selected companies in this sector to optimise their opportunities through the provision of funds and a range of financial and management expertise or services as required.

DIRECTORS' REPORT

Central Exchange will also seek to engage geological consultants and other relevant advisers from time to time to assist in the assessment of investment opportunities in this sector.

2.8. Investment Classes

In pursuit of the investment objectives and strategies outlined above, Central Exchange will have absolute discretion in applying its equity and any debt funds to a universe or range of potential investments in assets, businesses, securities, hybrid securities, cash, bills of exchange, other negotiable investments, debentures and other investments and structures.

2.9. Management of Investments

Central Exchange's implementation of its investment strategies in accordance with its investment objectives and investment decisions in this regard will be carried out by its Board of Directors and its Investment Committee (in conjunction with external consultants and advisers where appropriate) and not an external investment manager.

The Chairman and Managing Director of Queste, Farooq Khan, has been a member of the CXL Investment committee since 8 July 2004.

Where necessary, Central Exchange's Investment Committee will engage additional specialist resource(s) to assist with the identification, evaluation and management of particular investment opportunities. This includes specialist consultants and advisers, analysts and brokers.

3. CORPORATE

3.1. Altera Capital Limited (AEA) and Sofcom Limited (SOF)

The Company is currently the second largest shareholder in ASX listed Altera Capital Limited (**"AEA"**) with a holding of 10,699,428 shares (17.25%) acquired at a cost of $560,363.

On 22 July 2005, the Company received its entitlements under an AEA equal return of capital, being:

(a) 254,348 shares in CXL; and

(b) 6,255,349 shares in ASX listed Sofcom Limited (**"SOF"**).

AEA currently has minimal net assets and has been suspended from the ASX since 13 June 2003 and has advised that its suspension will continue until the company is recapitalised and re-complies with admission requirements under the ASX Listing Rules.

After the AEA return of capital, the Company has become the second largest shareholder in SOF with 14% of its total issued share capital.

SOF currently has minimal net assets and has been suspended from the ASX since 29 June 2005 and has advised that its suspension will continue until the company is recapitalised and re-complies with admission requirements under the ASX Listing Rules.

The Company is seeking to sell a whole or part of its shareholding in both such companies.

DIRECTORS' REPORT

In order to facilitate a sale of the Company's shareholding in AEA. the Company has agreed to provide financial accommodation in the amount of up to $17,000 to AEA to assist that company in its working capital requirements pending a possible recapitalisation and re-listing of its shares on ASX.

3.2. Technology Investment Fund (TIF)

The Company maintained its investment in the Technology Investment Fund (**"TIF"**) during the financial year. Central Exchange also acquired TIF units during the year.

At Balance Date, a summary of the Company and Central Exchange's position in TIF is as follows:

	Queste	**Central Exchange**	**Queste and Central Exchange Combined**
Holdings in TIF (units)	6,325,000	8,560,814	14,885,814
% of interest in TIF	8.50%	11.49%	19.99%
Market value based on TIF closing price on ASX of $0.465	$2,941,125	$3,980,779	$6,921,904
Cost of holding	$2,912,482	$4,064,097	$6,976,579
Unrealised gain on investment based on market value	$28,643	($83,318)	($54,675)
Value based on TIF NTA backing of $0.52	$3,289,000	$4,451,623	$7,740,623
Unrealised gain on investment based on NTA backing	$376,518	$387,527	$764,045

On 21 July 2005, TIF obtained unit holder approval to de-list from ASX and operate as an unlisted managed fund structure with redemptions at the prevailing NTA backing of TIF (less commission on sale).

Based on the 1 August redemption price of $0.5479:

	Queste	**Central Exchange**	**Queste and Central Exchange Combined**
Value of holding at TIF redemption price of $0.5479	$3,465,468	$4,690,470	$8,155,937
Unrealised gain on investment	$552,986	$626,373	$1,178,859

During August 2005:

(a) QUE redeemed 229,796.6 units realising gross proceeds of $125,000 at an average redemption price of $0.544 per unit;

(b) CXL redeemed 1,022,356.2 units realising gross proceeds of $550,000 at an average redemption price of $0.538 per unit.

As at 7 September 2005, the TIF NTA backing was $0.5359 per unit and the redemption price was $0.5344 per unit, valuing the balance of:

(a) QUE's 6,095,203.4 units at $3,257,277;

(b) CXL's 7,538,457.8 units at $4,028,552.

DIRECTORS' REPORT

3.3. Partly Paid Shares

The Company currently has 20,000,000 partly paid shares on issue which are paid up to 1 cent, with 19 cents still payable (20 cents in total) (the **"Partly Paid"** shares). The Company's undiluted Net Tangible Assets per share (**"NTA"**) is approximately 42 cents per share and its fully diluted NTA per share (taking into account the effect of the immediate conversion of the Partly Paid shares) is approximately 33 cents per share, as at 30 June 2005.

The Directors believe that the existence of such a large number of outstanding Partly Paid shares relative to the Company's total issued capital may create a negative sentiment amongst shareholders and investors towards the Company's stock.

In particular, the effect of conversion of such Partly Paid shares dilutes the NTA per fully paid share of the Company and given the significant number of such Partly Paid shares on issue, any future increase in the NTA backing of the Company creates the opportunity for a value shift from the holders of fully paid shares to the holder of the Partly Paid shares.

Whilst the Company is able to progressively make calls for the payment of the unpaid portion of the Partly Paid shares, the terms of their issue are such that it could, theoretically, take over 30 years for the Partly Paid shares to become fully paid.

The Directors have therefore, as a capital management exercise, entered into discussions with the holder of the Partly Paid shares (which is an entity associated with Azhar Chaudhri, a director of the Company) (the **"Holder"**) with a view to reach a settlement whereby, in exchange for cash and/or ordinary fully paid shares in the Company, the Partly Paid shares are wholly or partially cancelled.

If agreement between the Company and the Holder is reached, then a settlement proposal (the **"Settlement Proposal"**) will be put to shareholders for approval at a general meeting. An Independent Expert Report (**"IER"**) will be commissioned by the independent Directors to consider the terms of the Settlement Proposal to ensure it is far and reasonable to the Company. The IER will be given to shareholders as part of the general meeting documentation.

At the date of this Directors' Report, the Holder is still considering its position in relation to this matter. The Company will advise the market and shareholders if and when a Settlement Proposal has been reached between the Holder and the independent Directors of the Company.

FUTURE DEVELOPMENTS

Disclosure of information regarding likely developments in the operations of the Consolidated Entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Consolidated Entity. Accordingly, this information has not been disclosed in this report.

ENVIRONMENTAL REGULATION AND PERFORMANCE

To the extent that any aspect of the activities of the Consolidated Entity are subject to any environmental regulation under either Commonwealth or State legislation, the Directors are not aware of any breach by the Consolidated Entity of such regulations during or since the financial year.

DIRECTORS' REPORT

DIRECTORS

Information concerning Directors in office during or since the financial year are:

Farooq Khan — **Executive Chairman and Managing Director**

Appointed — 10 March 1998

Qualifications — BJuris , LLB. (*Western Australia*)

Experience — Mr Khan is a qualified lawyer having previously practised principally in the field of corporate law. Mr Khan has extensive experience in the securities industry, capital markets and particularly capital raisings, mergers and acquisitions and investments. Mr Khan has also led the executive management of a number of ASX listed companies through their establishment and growth

Relevant interest in shares — 6,108,061 shares

Special Responsibilities — Chairman of the Board and Managing Director

Other current directorships in listed entities — Current Chairman and Managing Director of:

(1) Fast Scout Limited (since 9 September 1999);
(2) Altera Capital Limited (since 26 November 2001);
(3) Sofcom Limited (since 3 July 2002).

Current Chairman of:

(4) Bentley International Limited (director since 2 December 2003).
(5) Scarborough Equities Limited (since 29 November 2004)

Former directorships in other listed entities in past 3 years — Formerly Chairman and Managing Director of Central Exchange Limited (4 October 1999 to 4 July 2003).

Azhar Chaudhri — **Non-Executive Director**

Appointed — 4 August 1998

Qualifications — Bachelor of Science degree in Maths and Physics and a Masters degree in Economics and postgraduate computer studies

Experience — Mr Chaudhri has considerable expertise in computer systems, analysis and design and advanced programming experience, particularly with respect to business and information technology systems and Data Base computing. In particular Mr Chaudhri has formed and led software development teams creating integrated database and management information systems for utilities, local government land tax departments, hospitals, libraries and oil terminals

Relevant interest in shares — 3,693,500 shares
20,000,000 partly paid shares

Special Responsibilities — None

Other current directorships in listed entities — Current Director of:

(1) Fast Scout Limited (since 9 September 1999)

Former directorships in other listed entities in past 3 years — None

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DIRECTORS' REPORT

Yaqoob Khan — Non-Executive Director

Appointed	10 March 1998
Qualifications	— BCom (*Western Australia*), Master of Science in Industrial Administration (*Carnegie Mellon*)
Experience	— After working for several years in the Australian Taxation Office, Mr Khan completed his postgraduate Masters degree and commenced work as a senior executive responsible for product marketing, costing systems and production management. Mr Khan has been founding Executive Director of 2 ASX floats – Queste Communications Limited in 1998 and Fast Scout Limited in 2000. He was an integral member of the team responsible for the pre-IPO structuring and IPO promotion and has been actively involved in the executive management of such companies since their floats. Mr Khan brings considerable international experience in key aspects of corporate finance and the strategic analysis of listed investments
Relevant interest in shares	— 157,920 shares
Special Responsibilities	None
Other current directorships in listed entities	— Current Director of: (2) Fast Scout Limited (since 9 September 1999); (3) Central Exchange Limited (since 5 November 1999).
Former directorships in other listed entities in past 3 years	— None

Michael van Rens — Non-Executive Director

Appointed	4 August 1998
Qualifications and Experience	— Mr van Rens is a founding Director of the Company. He is also a director of Canadian listed company Exall Resources Limited, which holds gold and natural gas interests in Ontario and Alberta, Adelaide based unlisted IT company Rocksoft Limited, which markets technology in the data redundancy sector of the computer industry, and Project Biotech Limited, a Perth based unlisted company which has developed a range of chemical free cleaning products currently being marketed in Europe and South-East Asia. Mr van Rens brings an extensive marketing, sales and investment background to the Company, developed over the last 20 years in the financial services industry
Relevant interest in shares	— 259,799 shares
Special Responsibilities	None
Other current directorships in listed entities	— Current Director of: (1) Exall Resources Limited (TSX, Canada)
Former directorships in other listed entities in past 3 years	— (1) European Goldfields Limited (TSX, Canada) (ceased December 2004)

At the Balance Date, Messrs Azhar Chaudhri and Yaqoob Khan were resident overseas.

DIRECTORS' REPORT

COMPANY SECRETARY

Information concerning the Company Secretary in office during or since the financial year are:

Victor P. H. Ho — Company Secretary

Appointed	30 August 2000
Qualifications	— BCom, LLB (*Western Australia*)
Experience	— Mr Ho has been in company secretarial/executive roles with a number of public listed companies since early 2000. Previously, Mr Ho had 9 years experience in the taxation profession with the Australian Tax Office and in a specialist tax law firm. Mr Ho has been actively involved in the structuring and execution of a number of corporate transactions, capital raisings and capital management matters and has extensive experience in public company administration, corporations law and stock exchange compliance and shareholder relations.
Relevant interest in shares	— 17,500 shares
Other positions held in listed entities	— Current Executive Director and Company Secretary of: (1) Fast Scout Limited (Secretary since 9 March 2000 and Director since 12 October 2000); (2) Central Exchange Limited (Secretary since 2 August 2000 and Director since 4 July 2003); (3) Altera Capital Limited (Director since 9 November 2001 and Secretary since 26 November 2001); (4) Sofcom Limited (Director since 3 July 2002 and Secretary since 23 July 2003). Current Company Secretary of: (5) Bentley International Limited (since 5 February 2004); (6) Scarborough Equities Limited (since 29 November 2004).

DIRECTORS' MEETINGS

The following table sets out the numbers of meetings of the Company's Directors held during the financial year (including Directors' circulatory resolutions), and the numbers of meetings attended by each Director of the Company:

Name of Director	Meetings Attended	Maximum Possible Meetings
F Khan	7	7
M van Rens	7	7
Y Khan	7	7
A Chaudhri	7	7

There were no meetings of committees of the Board of the Company.

DIRECTORS' REPORT

Board Committees

During the financial year and as at the date of this Directors' Report, the Company did not have separate designated Audit or Remuneration Committees. In the opinion of the Directors, in view of the size of the Board and nature and scale of the Consolidated Entity's activities, matters typically dealt with by an Audit or Remuneration Committee are dealt with by the full Board.

REMUNERATION REPORT

This report details the nature and amount of remuneration for each Director of the Company and Executive Officer of the Consolidated Entity.

(1) Remuneration Policy

The Board determines the remuneration structure of all Directors and Executive Officers having regard to the Consolidated Entity's nature, scale and scope of operations and other relevant factors, including the frequency of Board meetings, length of service, particular experience and qualifications.

The Executive and Non-Executive Directors of the Company are paid a fixed amount per annum plus employer superannuation contributions.

Pursuant to the Company's Constitution, each Director is also entitled to receive:

(1) Payment for the performance of extra services or the undertaking of any executive or other work for the Company beyond his or her general duties.

(2) Payment for travelling and other expenses properly incurred by a Director in attending meetings of the Company or the Board or in connection with the Company's business.

The Company does not presently have any equity (shares or options) based remuneration arrangements pursuant to any executive or employee share or option plan or otherwise.

The Company does not presently provide retirement benefits or incentive/performance based benefits to Directors or the sole Executive Officer.

The Company does not presently have formal service agreements or employment contracts with the Directors or the current sole Executive Officer.

The Company has not had during the financial year and does not currently have a directors' and officers' liability insurance policy which covers all Directors and officers of the Company and its wholly-owned subsidiaries.

DIRECTORS' REPORT

(2) Details of Remuneration of Directors

Details of the nature and amount of each element of remuneration of each Director of the Company paid or payable by the Consolidated Entity during the financial year are as follows:

Name of Director	Office Held	Salary	Fees	Superannuation	Other Benefits	Total
		$	$	$	$	$
F Khan	Chairman and Managing Director	125,000	-	11,250	-	136,250
M van Rens	Non-Executive Director	-	15,000	1,350	-	16,350
Y Khan	Non-Executive Director	-	15,000	-	-	15,000
A Chaudhri	Non-Executive Director	-	15,000	-	-	15,000

The above table does not include the remuneration paid or payable by controlled entity, Central Exchange, to Yaqoob Khan (in his capacity as a Director of Central Exchange) and Farooq Khan (in his capacity as a member of the Central Exchange Investment Committee).

(3) Executive Officers

Details of the nature and amount of each element of remuneration of each Executive Officer paid or payable by the Consolidated Entity during the financial year are as follows:

Remuneration of Executive Officers of the Company

Name of Executive Officer	Position Held	Salary	Superannuation	Other Benefits	Total
		$	$	$	$
V Ho	Company Secretary	31,000	2,790	-	33,790

The above table does not include the remuneration paid or payable by controlled entity, Central Exchange, to Victor Ho, in his capacity as Company Secretary of Central Exchange.

DIRECTORS' REPORT

(4) Directors' Deeds

In addition to the rights of indemnity provided under the Company's Constitution (to the extent permitted by the Corporations Act), the Company has also entered into a deed with each of the Directors to regulate certain matters between the Company and each Director, both during the time the Directors holds office and after the Director ceases to be an officer of the Company (or wholly owned subsidiaries), including the following matters:

(i) The Company's retention of and the Director's access to Board papers and company books (subject to confidentiality and privilege) both while the Director is a director of the Company and after the Director ceases to hold office, for the purposes expressly permitted by the deed.

(ii) The Company's obligation to use its best efforts to ensure that so far as practical (having regard to the cost of coverage and its availability), that there is an appropriate directors' and officers' insurance cover (as permitted by the Corporations Act) for the period that each Director is a director of the Company and for 7 years after that Director ceases to hold office;

(iii) The Company's obligation to indemnify a Director for liabilities or legal costs incurred as an officer of the Company (to the extent permitted by the Corporations Act);

(iv) Subject to the terms of the deed and the Corporations Act, the Company may, at the request of the Director and on such terms as it thinks fit, advance monies to the Director to meet any costs or expenses of the Director incurred in circumstances relating to the indemnities provided under the deed and prior to the outcome of a legal proceeding. The Company cannot make such an advance to a Director in respect of legal costs incurred in a legal proceeding initiated by the Company against the Director. Advances must be repaid by the Director once the outcome of the legal proceeding is known, but may be set-off by indemnities from the Company (where permitted by the deed and the Corporations Act); and

(v) the Company's and Director's rights and obligations in respect of confidential information, legal proceedings against the Director, disclosure of Director's benefits and notifiable interests, costs of independent advice and related party benefits.

(5) Other Directors' Benefits

No Director of the Company has, since the end of the previous financial year, received or become entitled to receive a benefit, other than a remuneration benefit as disclosed above, by reason of a contract made by the Company or a related entity with the Director or with a firm of which he is a member, or with a Company in which he has a substantial interest.

DIRECTORS' REPORT

AUDITOR

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the financial year are set our below:

Consolidated Entity			Company		
Audit & Review Fees	**Fees for Other Services**	**Total**	**Audit & Review Fees**	**Fees for Other Services**	**Total**
$	**$**	**$**	**$**	**$**	**$**
21,178	6,520	27,698	9,345	-	9,345

There has been no provision of non-audit services to the Company by the auditor during the year.

The board of Central Exchange has advised that they are satisfied that the provision of non audit services by the auditor to Central Exchange (within the Consolidated Entity) during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The board of Central Exchange was satisfied that the nature of the non-audit services disclosed above did not compromise the general principles relating to auditor independence as set out in the Institute if Chartered Accountants in Australia and CPA Australia's Professional Statement F1: Professional Independence, including reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 forms part of this Directors Report and is set out on page 24. This relates to the Audit Report, where the Auditors state that they have issued an independence declaration.

EVENTS SUBSEQUENT TO BALANCE DATE

The Directors are not aware of any matters or circumstances at the date of this Directors' Report, other than those referred to in this Directors' Report (in particular, in Review of Operations) or the financial statements or notes thereto (in particular Subsequent Events Note 33), that have significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Company in subsequent financial years.

BDO

Chartered Accountants
& Advisers

Level 8, 256 St George's Terrace Perth WA 6000
PO Box 7426 Cloisters Square Perth WA 6850
Tel: (61-8) 9360 4200
Fax: (61-8) 9481 2524
Email: bdo@bdowa.com.au
www.bdo.com.au

13 September 2005

The Directors
Queste Communications Ltd
Level 14, The Forrest Centre
221 St Georges Terrace
PERTH WA 6000

Dear Sirs

DECLARATION OF INDEPENDENCE BY BDO CHARTERED ACCOUNTANTS TO THE DIRECTORS OF QUESTE COMMUNICATIONS LTD

To the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of this Act in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to this audit.

Yours faithfully
BDO
Chartered Accountants & Advisers

B. McVeigh

BG McVeigh
Partner

DIRECTORS' REPORT

Signed for and on behalf of the Directors in accordance with a resolution of the Board.

Farooq Khan	**Azhar Chaudhri**
Chairman	Director

Perth, Western Australia

13 September 2005

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005

		Consolidated Entity		Company	
		2005	2004	2005	2004
	Note	$	$	$	$
Rendering of services	2	-	659	-	-
Cost of sales	2	-	(13,013)	-	-
Gross Profit		-	(12,354)	-	-
Other revenue from ordinary activities	2	13,598,582	21,049,050	301,291	1,533,361
Share of Associate entities' profits	2	167,225	-	-	-
Cost of investments sold	2	(10,458,891)	(6,743,882)	(297,541)	(1,013,668)
(Write down) / write back of investments	2	(771,859)	5,128,594	(45,349)	2,202,587
Occupancy expenses	2	(45,661)	(54,200)	(26,835)	(27,771)
Finance expenses	2	(6,891)	(3,766)	(2,239)	(2,450)
Borrowing costs	2	(1,795)	(295)	(4)	(148)
Corporate expenses	2	(420,963)	(252,099)	(27,071)	(82,704)
Administration expenses					
- personnel	2	(520,453)	(316,848)	(259,273)	(267,941)
- others	2	(515,182)	(111,062)	(38,226)	(39,054)
Profit/ (loss) from ordinary activities before income tax expense		1,024,112	18,683,138	(395,247)	2,302,212
Income tax expense relating to ordinary activities	3	(330,922)	(1,003,436)	-	-
Profit/ (loss) from ordinary activities after income tax expense		693,190	17,679,702	(395,247)	2,302,212
Net profit attributable to outside equity interests		(516,213)	(9,353,792)	-	-
Net profit/(loss) attributable to members of the company	25	176,977	8,325,910	(395,247)	2,302,212
Total changes in equity other than those resulting from transactions with owners as owners		176,977	8,325,910	(395,247)	2,302,212
Earnings per share					
Basic earnings (cents per share)	26	0.60	28.31	(1.34)	7.83
Diluted earnings (cents per share)	26	0.37	17.20	(0.82)	4.76
Weighted average number of ordinary shares outstanding during the period used in calculation of basic earnings per share		29,404,879	29,404,879	29,404,879	29,404,879

The statements of financial performance should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2005

		Consolidated Entity		Company	
		2005	2004	2005	2004
	Note	$	$	$	$
CURRENT ASSETS					
Cash	28	125,106	18,201,976	56,014	94,737
Receivables	6	402,269	6,610	78,273	416,124
Inventory	7	-	-	-	-
Other financial assets	8	11,171,686	4,973,171	3,036,946	2,987,876
Other	9	1,736	1,663	893	1,663
TOTAL CURRENT ASSETS		11,700,797	23,183,420	3,172,126	3,500,400
NON CURRENT ASSETS					
Receivables	10	32,823	27,872	-	13,766
Other financial assets	11	-	-	9,291,929	8,718,968
Investments in Associate entities (equity accounted)	12	7,085,260	-	-	-
Inventory	13	3,796,552	-	-	-
Property, plant and equipment	14	53,599	63,915	27,064	32,317
Intangibles	15	-	-	-	-
Tax assets	16	227,053	-	-	-
Other	17	15,622	24,031	-	-
TOTAL NON CURRENT ASSETS		11,210,909	115,818	9,318,993	8,765,051
TOTAL ASSETS		22,911,706	23,299,238	12,491,119	12,265,451
CURRENT LIABILITIES					
Payables	18	380,501	249,423	69,748	40,259
Provisions	19	-	445,811	-	-
Current tax liabilities	20	569,911	1,003,436	-	-
NON CURRENT LIABILITIES					
Provisions	21	68,179	42,440	48,754	30,289
TOTAL LIABILITIES		1,018,591	1,741,110	118,502	70,548
NET ASSETS		21,893,115	21,558,128	12,372,617	12,194,903
EQUITY					
Contributed equity	22	6,087,927	6,087,927	6,087,927	6,087,927
Reserves	23	2,138,012	2,138,012	8,725,366	8,152,405
Outside equity interest	24	9,520,970	9,362,960	-	-
Accumulated profit/(losses)	25	4,146,206	3,969,229	(2,440,676)	(2,045,429)
TOTAL EQUITY		21,893,115	21,558,128	12,372,617	12,194,903

The statements of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2005

		Consolidated Entity		Company	
		2005	2004	2005	2004
	Note	$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES	28(a)				
Receipts from customers		-	659	-	-
Payments to suppliers and employees		(2,063,784)	(486,981)	(284,971)	(380,377)
Payments to exploration and evaluation		(10,404)	(24,031)		-
Sale proceeds from trading portfolio		11,910,799	-	-	-
Purchase payments for trading portfolio		(16,464,611)	-	-	-
Proceeds from writing options		240,140	-	-	-
Payments to settle written options		(81,794)	-	-	-
Deed settlement payment		-	19,051,014	-	-
Income tax paid		(991,500)	(3,844)	-	(3,844)
Income tax refunded		-	4,993	-	4,993
Dividend received		182,308	2,386	417,324	152
Interest received		515,480	606,111	3,410	128,349
Interest paid		(1,795)	(295)	(4)	(148)
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES		(6,765,161)	19,150,012	135,759	(250,875)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment		(3,797,666)	(1,757)	(557)	(878)
Payments for investment securities		(7,387,215)	(5,749,142)	(469,180)	(3,682,470)
Proceeds from sale of investment securities		295,745	1,349,419	295,745	989,671
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(10,889,136)	(4,401,480)	(173,992)	(2,693,677)
CASH FLOWS FROM FINANCING ACTIVITIES					
Payments to former unmarketable parcels' shareholders		(2,039)	(367)	(490)	(367)
Dividend paid		(420,534)	-	-	-
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		(422,573)	(367)	(490)	(367)
NET DECREASE IN CASH ASSETS HELD		(18,076,870)	14,748,165	(38,723)	(2,944,919)
Add opening cash assets brought forward		18,201,976	3,453,811	94,737	3,039,656
CLOSING CASH ASSETS AT END OF PERIOD	28(b)	125,106	18,201,976	56,014	94,737

The statements of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2005

1. SUMMARY OF ACCOUNTING POLICIES

Financial Reporting Framework

The Financial Report is a general purpose Financial Report, which has been prepared and is based on historical costs in accordance with the Corporations Act 2001, applicable Accounting Standards and Urgent Issues Group Consensus Views, and complies with other requirements of the law.

The Financial Report has been prepared on an accrual basis and on the basis of historical costs, and except where stated does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Significant Accounting Policies

Accounting policies are selected and applied in a manner that ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the Financial Report. The accounting policies have been consistently applied unless otherwise stated.

1.1. Principles of Consolidation

The consolidated Financial Statements are prepared by combining the Financial Statements of all the entities that comprise the Consolidated Entity, being the Company and its controlled entities. Control exists where the Company has the capacity to dominate the decision making in relation to the financial and operating policies of another entity so that the other entity operates with the Company to achieve the objectives of the Company. A list of controlled entities is contained in Note 11 to the Financial Statements.

All inter-company balances and transactions between entities in the Consolidated Entity, including any unrealised profits or losses, have been eliminated on consolidation. Outside interest in the equity and results of the entity that are controlled are shown as a separate item in the consolidated financial report.

1.2. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

i. Sale of Goods and Disposal of Assets

Revenue is recognised when the Consolidated Entity has passed control of the goods or other assets to the buyer. Control of goods or assets is considered to be passed to buyer upon delivery of asset to buyer or their agents.

ii. Contributions of Assets

Revenue arising from the contribution of assets is recognised when the Consolidated Entity gains control of the contribution or the right to receive the contribution.

iii. Interest Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

iv. Dividend Revenue

Dividend revenue is brought to account on the applicable ex-dividend entitlement date.

v. Other Revenue

Other revenue is recognised on a receipts basis.

1.3. Income Tax

The Consolidated Entity adopts the liability method of tax-effect accounting whereby the income tax expense shown in the statement of financial performance is based on the operating profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of operating profit before income tax and taxable income are brought to account as either a provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

1.4. Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. For receivables and payables which are recognised inclusive of GST, the net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the Australian Taxation Office, are classified as operating cash flows.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2005

1.5. Employee Entitlements
Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave ("employee entitlements") when it is probable that settlement will be required and they are capable of being measured reliably. Employee entitlements are expected to be settled within one year and have been measured at their nominal amount. Other employee entitlements expected to be payable later than one year have been measured at the present value of the estimated cash flows to be made of those entitlements. Superannuation contributions are made by the Consolidated Entity in accordance with statutory obligations and are charged as expenses when incurred.

1.6. Receivables
Trade receivables and other receivables are recorded at amounts due less any provision for doubtful debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

1.7. Holdings of Securities

i. Balance Sheet Classification
The Consolidated Entity has three portfolios of investments in securities, the investments portfolio, the options portfolio and the trading portfolio. The investment portfolio relates to holdings of securities which the Directors intend to retain on a long-term basis, which is classified as a "non-current asset". The options portfolio contains exchange traded options contracts that are entered into in relation to underlying listed securities. The trading portfolio comprises securities held for trading purposes, which is classified as a "current asset".

ii. Valuation of Options Portfolio
Options written against underlying listed securities are initially brought to account at the amount received upfront for entering into the options contract (the option premium), which are included in Net Profit.

iii. Valuation of Trading Portfolio
Securities, including listed and unlisted shares, units and notes, are initially brought to account at cost and are revalued to market values at each balance date.

Any unrealised gains or losses at balance date are included in the Net Profit of the Consolidated Entity.

Where disposals are made from the trading portfolio the gain or loss arising from the difference between the proceeds and the carrying value is included in the Net Profit of the Consolidated Entity.

iv. Determination of Market Value
Market value for the purpose of valuing securities is determined by reference to market prices prevailing at balance date, where the securities are traded on an organised market. Where a security is unlisted or suspended, its fair value is determined by its net tangible asset value.

v. Income from Holdings of Securities
Distributions relating to listed securities are recognised as income when those securities are quoted in the market on an ex-distribution basis. Distributions relating to unlisted securities are recognised as income when received.

The premium received on options written against underlying listed securities (the options portfolio) is offset against these underlying listed securities until the option expires, is exercised or is repurchased from the holder. When one of these events occurs, the net gain or loss arising on the option contract is included in Net Profit.

1.8. Investments in Controlled Entities
Investments in controlled entities are recorded at their net tangible asset backing (post tax).

1.9. Investments in Associate Companies
Investments in associates are accounted for under the equity method in the consolidated financial statements and the cost method in the company financial statements.

1.10. Property held for Resale
Property held for development and resale is valued at the lower of cost and net realisable value. The cost includes the cost of acquisition, development and holding costs until completion of development. Any borrowing costs and holding charges incurred after development are expensed. Profits are brought to account on the signing of an unconditional contract of sale.

1.11. Property, Plant and Equipment
Property, plant & equipment are brought to account at cost, independently or Directors' valuation, less, where applicable, any accumulated depreciation or amortisation. The carrying amount of property, plant and equipment is reviewed bi-annually by Directors to ensure it is not in excess of the recoverable amount from these assets. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of such improvements. The depreciable amount of all fixed assets is depreciated on a diminishing value basis over their expected useful lives to the Consolidated Entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate	Depreciation Method
Plant and Equipment		
- acquired before 1 July 99	13%-27%	Straight Line
- acquired after 30 June 99	15%-50%	Diminishing Value
Leasehold Improvements	15%	Diminishing Value

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2005

1.12. Valuation of Other Non Current Assets
The carrying amount of non-current assets are reviewed annually to determine whether they are in excess of the recoverable amount. Non-current assets are written down to recoverable amount where the carrying value of any non-current asset exceeds recoverable amount. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

1.13. Acquisition of Assets
Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

1.14. Exploration, Evaluation and Development Expenditure
Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

i. such costs are expected to be recouped through successful development and exploitation or from sale of the area; or

ii. exploration and evaluation activities in the area have not, at balance date, reached a stage which permit a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Accumulated costs in respect of areas of interest, which are abandoned, are written off in full against profit in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

1.15. Payables
Trade payables and other accounts payable are recognised when the Consolidated Entity becomes obliged to make future payments resulting from the purchase of goods and services.

1.16. Provision for dividends
In accordance with *AASB 1044: Provisions, Contingent Liabilities and Contingent Assets*, a provision can only be made for the amount of any dividend declared, determined or publicly recommended by the Directors on or before the end of the financial year, but not distributed at balance date.

1.17. Contributed Equity
Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

1.18. Financial Instruments Issued by the Company

i. Debt and Equity Instruments
Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

ii. Transaction Costs on the Issue of Equity Instruments
Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

1.19. Earnings Per Share

i. Basic Earnings per Share
Basic earnings per share is determined by dividing the operating result after income tax by the weighted average number of ordinary shares on issue during the financial year.

ii. Diluted Earnings per Share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial year.

1.20. Segment Reporting
Segment information is prepared in conformity with the accounting policies of the entity as disclosed in Note 1 and *AASB 1005: Segment Reporting*. Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, property, plant and equipment and other assets, net of related provisions. Segment liabilities consist primarily of trade and other creditors, employee benefits and provisions.

1.21. The Impact of Adoption of Australian Equivalents to International Financial Reporting Standards

The Consolidated Entity is preparing and managing the transition to Australian Equivalents to International Financial Reporting Standards (AIFRS) effective for the financial years commencing from 1 January 2005. The adoption of AIFRS will be reflected in the Consolidated Entity's and the parent entity's financial statements for the year ending 30 June 2006. On first adoption of AIFRS, comparatives for the financial year ended 30 June 2005 are required to be restated. The majority of the AIFRS transitional adjustments will be made retrospectively against retained earnings at 1 July 2004.

The Consolidated Entity's management, with the assistance of external consultants, have assessed the significance of the expected changes and have prepared for their implementation. The impact of the alternative treatments and elections under *AASB 1: First Time Adoption of*

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2005

Australian Equivalents to International Financial Reporting Standards has been considered where applicable.

The Directors are of the opinion that the key material differences in the Consolidated Entity's accounting policies on conversion to AIFRS and the financial effect of these differences where known, are as follows. Users of the financial statements should note, however that the amounts disclosed could change if there are any amendments by standard-setters to the current AIFRS or interpretation of the AIFRS requirements changes.

i. Income Tax

Currently, the Consolidated Entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit.

Under the *AASB112: Income Taxes*, the Consolidated Entity will be required to adopt a "balance sheet approach" under which temporary differences are identified for each asset and liability rather than the effects of timing and permanent differences between taxable income and accounting profit.

The effect of this change in the accounting policy gives rise to a potential change in the net profit result.

Consolidated Entity	
Movement in Tax Expense	$
Opening balance	330,922
Increase in tax expense	36,116
Closing balance	367,038
Movement in Tax Provision	
Opening balance	562,702
Increase in tax provision	23,082
Closing balance	585,784
Movement in Deferred Tax Asset	
Opening balance	227,053
Decrease in deferred tax asset	(11,609)
Closing balance	215,444
Movement in Deferred Tax Liability	
Opening balance	7,209
Increase in deferred tax liability	-
Closing balance	7,209
Total movement in income tax expense	
Increase in tax expense	36,116
Increase in tax provision	(23,082)
Decrease in deferred tax asset	(11,609)
	1,425
Company	
Movement in Deferred Tax Liability	
Opening balance	-
Increase in deferred tax liability	1,976,206
Closing balance	1,976,206
Movement in Asset Revaluation Reserve	
Opening balance	6,014,393
Deferred tax liability	(1,976,206)
Closing balance	4,038,187

ii. Inventories

Property held for resale falls under the definition of inventory based on *AASB 102: Inventory*. As the requirements of *AASB 102: Inventory* has remained the same to the superseded standard, there is no impact to its first time adoption and will not require restatement of its comparative information.

iii. Non-Current Investments

Under *AASB 139: Financial Instruments: Recognition and Measurement,* financial assets are required to be classified into four categories, which determines the accounting treatment of the item. The categories and various treatments are:

- Held to maturity, measured at amortised cost;
- Held for trading (or designated "as at fair value through profit and loss" upon initial recognition), measured at fair value with unrealised gains or losses charged to the profit and loss;
- Loans and receivables, measured at amortised cost; and
- Available for sale instruments, measured at fair value with unrealised gains or losses taken to equity.

The Consolidated Entity's "Current" financial assets (trading portfolio) will be classified as "trading securities" and are recognised in the Statement of Financial Position at fair value. "Non-current" financial assets will be classified as "at fair value through profit and loss" upon initial recognition and are recognised in the Statement of Financial Position at fair value. During the period changes in the fair value of all such financial assets will be recognised in the Statement of Financial Performance. The fair value of financial assets will be measured at bid price (where available) and last sale price (where bid price is not available) and will exclude disposal costs.

On transition to AIFRS this change will not impact net assets.

AASB 1 provides an election whereby the requirements of AASB 139 dealing with financial instruments are not required to be applied to the AIFRS comparative year, and the first time adoption of this standard will apply from 1 July 2005. The Consolidated Entity has decided that it will adopt this election and will not restate comparative information for the 30 June 2005 financial year.

	Consolidated Entity	Company
Reconciliation of Net Profit	$	$
Net profit under Australian Accounting Standards	176,977	(395,247)
key transitional adjustments:		
- income tax expense (Note 1.21 (i))	1,425	-
Net profit under AIFRS	175,522	(395,247)
Reconciliation of Equity		
Total equity reported under Australian Accounting Standards	21,893,115	12,372,617
Decrease in current year profit resulting from transition to AIFRS	1,425	-
Decrease in asset revaluation reserves	-	(1,976,206)
Total equity under AIFRS	21,891,690	10,396,411

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

2. PROFIT/ (LOSS) FROM ORDINARY ACTIVITIES

	Consolidated Entity		Company	
The operating profit/(loss) from ordinary activities before income tax includes the following items of revenue and expense:	2005 $	2004 $	2005 $	2004 $
(a) Operating revenue				
Sales revenue				
Rendering of services	-	659	-	-
Other revenue				
Settlement deed payment	-	19,051,014	-	-
Dividend received	182,308	2,386	2,135	415,341
Interest received - other	515,480	606,111	3,411	128,349
Proceeds from sale of securities				
- non-current investments portfolio	295,745	1,349,419	295,745	989,671
- trading portfolio	12,152,192		-	
- options portfolio	240,140		-	
Net unrealised gains on revaluation of investments	-	40,120	-	-
Gain from increase in control of subsidiary after share buy backs	212,717	-	-	-
Share of Associate entities' profits	167,225	-	-	-
Total revenue	13,765,807	21,049,709	301,291	1,533,361
(c) Expenses				
Cost of sales and services	-	13,013	-	-
Cost of securities sold				
- non-current investments portfolio	283,480	6,743,882	283,480	1,013,668
- trading portfolio	10,033,175	-	-	-
- options portfolio	87,155	-	-	-
Cost of lapsed options	55,081	-	14,061	-
Net unrealised loss on revaluation of investments	771,859	-	45,349	-
Write back of diminution of investments	-	(5,128,594)	-	(2,202,587)
Operating expenses				
Occupancy expenses	45,661	54,200	26,835	27,771
Finance expenses	6,891	3,766	2,239	2,450
Borrowing costs - interest paid	1,795	295	4	148
Corporate expenses				
Consultancy	66,651	120,357	5,891	25,319
Professional fees	277,561	49,180	973	20,501
Other corporate expenses	76,751	82,562	20,207	36,884
Administration expenses				
Depreciation	11,430	14,080	5,810	7,121
Personnel expenses				
Employee entitlements	25,739	51,984	18,465	41,178
Other	494,714	264,864	240,808	226,763
Write off loans receivable	-	92	-	-
Write off loan to subsidiary	-	1,713	-	1,713
Investment costs	216,285	-	(2,212)	-
Doubtful debts provision/ (write back)	-	(1,486)	-	(1,486)
Other administrative expenses	139,308	95,362	34,628	31,706
Loss on dilution	110,170	-	-	-
Exploration expenses	37,989	1,301	-	-
	12,741,695	2,366,571	696,538	(768,851)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

2. PROFIT/ (LOSS) FROM ORDINARY ACTIVITIES (continued)

(c) Sale of Assets

	Consolidated Entity		Company	
Sale of assets in the ordinary course of business have given rise to the following gains and losses:	**2005** **$**	**2004** **$**	**2005** **$**	**2004** **$**
Net Gain/ (Losses):				
- non-current investments portfolio	12,265	(5,394,463)	12,265	(23,997)
- trading portfolio	2,119,017	-	-	-
- options portfolio	152,985	-	-	-
	2,284,267	(5,394,463)	12,265	(23,997)

3. INCOME TAX EXPENSE

(a) The prima facie income tax on operating loss is reconciled to the income tax provided in the accounts as follows:

	Consolidated 2005	Consolidated 2004	Company 2005	Company 2004
Profit/ (loss) from ordinary activities	1,024,112	18,683,138	(395,247)	2,302,212
Income tax expense calculated at 30% (2004:30%) of operating losses.	307,234	5,604,941	(118,574)	690,664
Permanent differences				
Other non-deductible items	3,747	1,723	51	117
Other deductible items	-	(16,148)	-	(1,138)
Gain from increase in control of subsidiary after share buy backs	(63,815)	-	-	-
Loss on dilution	33,051	-	-	-
Share of Associates' profits	(50,168)	-	-	-
Other assessable items	23,081	-	-	-
Timing differences				
Other non-deductible items	37,764	14,508	23,026	-
Other deductible items	(33,112)	(10,007)	(19,266)	-
Dividend income receivable	-	-	-	(124,602)
Diminution of investment	231,558	(1,538,578)	13,605	(660,776)
Investment costs	-	-	-	-
Software development tax depreciation	-	(2,617)	-	(2,617)
Exploration expenses	(4,687)	(7,209)	-	-
Prior year revenue losses brought to account	-	(2,296,594)	-	-
Prior year capital losses brought to account	-	(941)	-	-
Prior year revenue losses of controlled entities brought to account on tax consolidation	-	(161,000)	-	-
Capital losses of controlled entities brought to account on tax consolidation	-	(241)	-	-
Capital loss on termination of licence	-	(690,000)	-	-
Capital loss on share investments	-	(829)	-	-
Tax effect of timing differences not brought to account	-	12,036	-	-
Tax losses not brought to account as future income tax benefits	-	-	101,158	98,352
Income tax expense	484,653	909,044	-	-
Less franking credits	(76,938)			
(Under)/Overprovision of income tax payable	(76,793)	94,392		
	330,922	1,003,436	-	-
Aggregate income tax expense comprises:				
Current income tax provision	562,702	991,400	-	-
Deferred income tax provision	(12,036)	12,036	-	-
Future income tax benefit	(227,053)	-	-	-
Under/(over) provision in previous years	7,309	-	-	-
	330,922	1,003,436	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

3. INCOME TAX EXPENSE (continued)

Company

The approximate total income tax benefits associated with prior year tax losses not brought to account are $309,438 (2004: $208,000).

This benefit of tax losses will only be obtained if:

(i) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised,

(ii) the Company continues to comply with the conditions for deductibility imposed by tax legislation, and

(iii) no changes in tax legislation adversely affect the entity in realising the benefit from the deductions for the losses.

4. DIRECTORS' AND EXECUTIVES' DISCLOSURES

(a) Names and positions held of parent entity directors in office at any time during the financial year are:

Farooq Khan	(Chairman & Managing Director)	Yaqoob Khan	(Non-Executive Director)
Michael J van Rens	(Non-Executive Director)	Azhar Chaudhri	(Non-Executive Director)

(b) Specified Directors' Remuneration

Consolidated Entity	Primary	Primary	Primary	
2005	**Salaries & Fees**	**Superannuation**	**Other Benefits**	**Total**
Specified Directors	**$**	**$**	**$**	**$**
Farooq Khan	125,000	11,250	-	136,250
Michael van Rens	15,000	1,350	-	16,350
Yaqoob Khan	40,398	-	-	40,398
Azhar Chaudhri	15,000	-	-	15,000
2004				
Specified Directors				
Farooq Khan	177,885	16,009	-	193,894
Michael van Rens	15,000	1,350	-	16,350
Yaqoob Khan	15,000	-	-	15,000
Azhar Chaudhri	15,000	-	-	15,000

In addition, Farooq Khan received $30,000 in fees and $2,700 in superannuation from Central Exchange Limited (a controlled entity) in respect of services rendered on the Central Exchange Investment Committee.

Company	Primary	Primary	Primary	
2005	**Salaries & Fees**	**Superannuation**	**Other Benefits**	**Total**
Specified Directors	**$**	**$**	**$**	**$**
Farooq Khan	125,000	11,250	-	136,250
Michael van Rens	15,000	1,350	-	16,350
Yaqoob Khan	15,000	-	-	15,000
Azhar Chaudhri	15,000	-	-	15,000
2004				
Specified Directors				
Farooq Khan	125,000	11,250	-	136,250
Michael van Rens	15,000	1,350	-	16,350
Yaqoob Khan	15,000	-	-	15,000
Azhar Chaudhri	15,000	-	-	15,000

The Directors have not received any post-employment remuneration or any equity based remuneration.

(c) Names and positions held of parent entity executives in office at any time during the financial year are:

Victor P H Ho (Company Secretary)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

4. DIRECTORS' AND EXECUTIVES' DISCLOSURES (continued)

(d) Specified Executives' Remuneration

Company	Primary Salaries & Fees	Primary Superannuation	Primary Other Benefits	Total
2005	**$**	**$**	**$**	**$**
Specified Executives				
Victor P H Ho	31,000	2,790	-	33,790
2004				
Specified Executives				
William M Johnson	72,115	6,490	-	78,605
Victor P H Ho	31,000	2,790	-	33,790

The Specified Executives have not received any post-employment remuneration or any equity based remuneration.

The above disclosures of remuneration of specified directors and executives at the Consolidated Entity level includes (where applicable) remuneration paid by Central Exchange to the named persons in their capacity as directors and executives of Central Exchange.

(e) Number of fully paid shares held by Parent Entity Directors and Specified Executives

Specified Directors	Balance at 1 July 2004	Issued during the Year	Net Change	Balance at 30 June 2005
Farooq Khan	11,841,031	-	-	11,841,031
Michael van Rens	323,549	-	-	323,549
Yaqoob Khan	11,841,031	-	-	11,841,031
Azhar Chaudhri	4,906,950	-	-	4,906,950
Specified Executives				
William M Johnson	80,000	-	-	80,000
Victor P H Ho	23,100	-	-	23,100

The balance at 1 July 2004 in respect of Michael van Rens was incorrectly reported as 361,351 shares in the notes to the financial statements for the year ended 30 June 2004 due to a transcription and addition error.

(f) Number of partly paid shares held by Parent Entity Directors and Specified Executives

Specified Directors	Balance at 1 July 2004	Issued during the Year	Net Change	Balance at 30 June 2005
Farooq Khan	20,000,000	-	-	20,000,000
Michael van Rens	-	-	-	-
Yaqoob Khan	20,000,000	-	-	20,000,000
Azhar Chaudhri	20,000,000	-	-	20,000,000
Specified Executives				
William M Johnson	-	-	-	-
Victor P H Ho	-	-	-	-

The above disclosures of equity holdings are in accordance with Accounting Standard AASB 1046 (Director and Executive Disclosure by Disclosing Entities) which includes disclosure of direct and indirect holdings of spouses, relatives, spouses of relatives and entities under the control or significant influence of each of the same. There are instances of some overlap between the disclosed holdings in this regard.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

4. DIRECTORS' AND EXECUTIVES' DISCLOSURES (continued)

(g) Remuneration Practices

The Company's policy for determining the nature and amount of emoluments to directors of the Company is as follows: The Board determines the remuneration structure of all Directors and Executive Officers having regard to the Consolidated Entity’s nature, scale and scope of operations and other relevant factors, including the frequency of Board meetings, length of service, particular experience and qualifications.

	Consolidated Entity		Company	
5. AUDITORS REMUNERATION	**2005**	**2004**	**2005**	**2004**
Amounts received or due and receivable by the Consolidated Entity's auditors for:	**$**	**$**	**$**	**$**
Audit and review of financial report	21,178	24,145	9,345	9,530
Other services	6,520	3,725	-	475
	27,698	27,870	9,345	10,005
6. CURRENT RECEIVABLES				
Amounts receivable from				
Deposits	935	-	935	-
Receivables on sale of investments	241,392	-	-	-
Amounts receivable from Director related entities	57,357	-	-	-
Other receivables	95,215	-	77,338	416,124
GST receivable	7,370	6,610	-	-
	402,269	6,610	78,273	416,124

Please refer to Note 30 for details of amounts receivable from Director related entities.

	Consolidated Entity		Company	
7. CURRENT INVENTORY	**2005**	**2004**	**2005**	**2004**
	$	**$**	**$**	**$**
Inventory - at cost	18,273	18,273	18,273	18,273
Less: Write down of inventory	(18,273)	(18,273)	(18,273)	(18,273)
	-	-	-	-
8. CURRENT OTHER FINANCIAL ASSETS				
Other financial assets comprises investments in:				
Listed securities	12,199,886	5,229,511	3,396,125	3,301,705
Provision for diminution	(1,028,200)	(256,340)	(359,179)	(313,829)
	11,171,686	4,973,171	3,036,946	2,987,876
Market value of listed securities	11,171,686	13,678,878	3,036,946	2,979,976
9. OTHER CURRENT ASSETS				
Prepayments	1,736	1,663	893	1,663
10. NON-CURRENT RECEIVABLES				
Bonds and guarantees	32,823	27,872	-	13,766

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

11. NON-CURRENT OTHER FINANCIAL ASSETS	**Consolidated Entity 2005 $**	**Consolidated Entity 2004 $**	**Company 2005 $**	**Company 2004 $**
Shares in controlled entities - at cost	-	-	2,704,575	2,704,575
Add: Revaluation of shares in CXL	-	-	6,587,354	6,014,393
	-	-	9,291,929	8,718,968
Market value of listed securities	-	-	4,359,484	8,718,968

(a) Investment in Controlled Entities

	Ownership Interest 2005	**Ownership Interest 2004**
Central Exchange Limited (A.C.N. 000 742 843) ("CXL")	49.39%	48.22%

CXL was valued based on its post-tax net tangible asset ("NTA") backing at balance date of $1.119 per share ($9,291,929) as the Directors' are of the opinion that CXL's NTA is more reflective of an appropriate value of the Company's investment in CXL given the nature of its assets (predominantly cash and investments in listed securities) and the ability of the Company to control the affairs of CXL including voting at general meetings of CXL.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The following interests in listed Associate entities are held by Central Exchange Limited (CXL), a controlled entity of the Company.

Name of Associate	**Principal Activity**	**Ownership Interest 2005**	**Ownership Interest 2004**	**Consolidated Carrying Amount 2005 $**
Scarborough Equities Limited (formerly Rivkin Financial Services Limited)	Investments	25.49%	n/a	4,285,489
Bentley International Limited	Investments	19.03%	n/a	2,799,771
				7,085,260

Movement in Investments in Associates

Shares in listed Associate entities - at cost	6,918,035
Share of losses from ordinary activities before income tax expense	80,411
Share of income tax expense related to ordinary activities	86,814
Equity accounted amount of investment at the end of the financial year	7,085,260
Market value of listed Associate entities	4,844,808
Net tangible asset backing (post tax) value of listed Associate entities	7,419,711

On 4 May 2005, Scarborough Equities Limited ("SCB") bought back and cancelled 24,999,314 shares, resulting in CXL's shareholding in SCB increasing to 20.36%. On 30 June 2005, CXL settled on the acquisition of 3,865,870 SCB shares, increasing CXL's shareholding to 25.49%. CXL has accounted for its investment in SCB on an equity accounting basis as an Associate entity from 4 May 2005.

On 30 June 2005, CXL settled on the acquisition of 2,100,000 shares in Bentley International Limited ("BEL"), increasing CXL's shareholding in BEL to 19.03%. On 1 July 2005, CXL settled on the acquisition of a further 2,300,000 shares in BEL (refer Note 30), increasing its shareholding in BEL to 24.9%. CXL has accounted for its investment in BEL on an equity accounting basis as an Associate entity from 30 June 2005.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

Summarised Financial Position of Associates	**2005**
Current assets:	
Cash	1,664,228
Receivables	646,949
Investments	18,331,397
Other	6,979
Non-current assets:	
Property, plant and equipment	11,774
Investments	13,444,034
Deferred tax asset	7,230
Current liabilities:	
Payables	(271,005)
Provisions	(225,427)
Net assets	33,616,159
Share of net assets at 30 June 2005	7,435,385
Net profit	2,483,662

Expenditure Commitments

Bentley International Limited

(i) On 18 May 2004, BEL entered into an investment management agreement with Constellation Capital Management Limited for an initial term of 2 years, with following management fees (exclusive of goods and services tax) payable to Constellation:

(a) A base fee of $69,000 per annum; and

(b) A variable fee of:

- 0.5% per annum of portfolio value up to $15m; and
- 0.4% per annum of portfolio value in excess of $15m.

No performance related fees are payable to Constellation. Management fees accrues daily and are paid quarterly.

(ii) On 20 August 2004, BEL entered into a custody agreement with National Australia Bank Limited for NAB to provide custodian services for an initial term of 2 years. Various fees are payable by BEL for the provision of custodial and reporting services by NAB. The minimum fees payable are $26,400 (exclusive of GST) per annum.

Scarborough Equities Limited

On 9 December 2004, FSP Equities Management Limited ("FSP") was appointed to manage SCB's investment funds for an initial two-year term, pursuant to an investment management agreement. FSP holds an Australian Financial Services Licence to manage its FSP Equities Leaders' Fund ("FSP Fund"). The management fees normally payable by participants in the FSP Fund are a 1% per annum base management fee and a performance fee of 20% of the performance of the fund in excess of the S&P/ASX 200 Accumulation Index benchmark. The board of SCB has advised that they have negotiated a variable fee structure that represents a favourable rebate to the normal fees charged by the FSP Fund, whilst still providing a material incentive to the Investment Manager for investment out performance of the benchmark.

Contingent Liabilities

Scarborough Equities Limited

SCB has provided indemnity to IWL Limited and IWL Broking Solutions Limited ("IWLB") with respect to the acquisition by IWLB of SCB's shareholding in Avcol Stockbroking Pty Ltd ("Avcol") on 29 April 2005. This indemnity covers contingent claims in relation to the operations of Avcol. The SCB Directors have advised that they believe these contingent claims are not material (not exceeding $100,000 in aggregate) in terms of its potential negative effect on SCB's net asset position.

13. NON-CURRENT INVENTORY	**Consolidated Entity**		**Company**	
	2005	**2004**	**2005**	**2004**
	$	**$**	**$**	**$**
Property held for resale - at cost	3,796,552	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

14. PROPERTY, PLANT AND EQUIPMENT

CONSOLIDATED ENTITY	Plant and Equipment	Leasehold Improve-ments	Total
Gross Carrying Amount	$	$	$
Balance at 30 June 2004	262,659	43,575	306,234
Additions	1,114	-	1,114
Balance at 30 June 2005	263,773	43,575	307,348
Accumulated Depreciation			
Balance at 30 June 2004	(220,383)	(21,936)	(242,319)
Depreciation expense	(8,184)	(3,246)	(11,430)
Balance at 30 June 2005	(228,567)	(25,182)	(253,749)
Net Book Value			
As at 30 June 2004	42,276	21,639	63,915
As at 30 June 2005	35,206	18,393	53,599

COMPANY:	Plant and Equipment	Leasehold Improve-ments	Total
Gross Carrying Amount			
Balance at 30 June 2004	79,520	21,787	101,307
Additions	557	-	557
Balance at 30 June 2005	80,077	21,787	101,864
Accumulated Depreciation			
Balance at 30 June 2004	(58,023)	(10,967)	(68,990)
Depreciation expense	(4,187)	(1,623)	(5,810)
Balance at 30 June 2005	(62,210)	(12,590)	(74,800)
Net Book Value			
As at 30 June 2004	21,497	10,820	32,317
As at 30 June 2005	17,867	9,197	27,064

Aggregate depreciation during the year is recognised as an expense and disclosed in Note 2 of the Financial Statements.

	Consolidated Entity		Company	
15. INTANGIBLES	**2005**	**2004**	**2005**	**2004**
	$	$	$	$
VoiceNet System VoIP Technology - at cost	2,000,000	2,000,000	2,000,000	2,000,000
VoiceNet System VoIP Licence - at cost	-	-	-	-
Less: Accumulated amortisation	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)
Less: Write-down of VoiceNet Technology	(900,000)	(900,000)	(900,000)	(900,000)
	-	-	-	-

16. TAX ASSETS

Future income tax benefit is made up of the following estimated tax benefits:				
- timing differences	227,053	-	-	-

17. OTHER NON-CURRENT ASSETS	Consolidated Entity		Company	
	2005	**2004**	**2005**	**2004**
Deferred Exploration Expenditure	$	$	$	$
Balance at beginning of the year	24,031	-	-	-
Direct expenditure	10,404	24,031	-	-
Direct expenditure written off	(18,813)	-	-	-
Balance at end of the year	15,622	24,031	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

18. CURRENT PAYABLES

Trade creditors	20,551	6,665	3,715	1,409
Payables on purchase of investments	205,894	152,933	-	-
Amounts payable from Director related entities	3,630	-	21,628	-
Other creditors and accruals	124,917	89,825	44,173	38,850
Dividend payable	25,277	-	-	-
GST payable	232	-	232	-
	380,501	249,423	69,748	40,259

19. CURRENT PROVISIONS

Dividend payable	-	445,811	-	-

20. CURRENT TAX LIABILITIES

Provision for income tax	562,702	991,400	-	-
Deferred tax liabilities	7,209	12,036	-	-
	569,911	1,003,436	-	-

21. NON-CURRENT PROVISIONS

Provision for employee entitlements	68,179	42,440	48,754	30,289
Number of employees (including Executive Directors and Officers) at balance date	5	5	4	4

22. CONTRIBUTED EQUITY

	Consolidated Entity		Company	
Issued and Paid-Up Capital	**2005**	**2004**	**2005**	**2004**
	$	**$**	**$**	**$**
28,404,879 (2004: 28,404,879) fully paid ordinary shares	5,887,927	5,887,927	5,887,927	5,887,927
20,000,000 (2004: 20,000,000) partly paid ordinary shares	200,000	200,000	200,000	200,000
	6,087,927	6,087,927	6,087,927	6,087,927

(a) Movement in Issued Ordinary Share Capital

(i) Fully paid ordinary shares

Balance at beginning of financial year	5,887,926	5,887,926	5,887,926	5,887,926
	-	-	-	-
Balance at end of the year	5,887,926	5,887,926	5,887,926	5,887,926

There were no movements during the period for fully paid ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

22. CONTRIBUTED EQUITY (continued)

(ii) Partly paid ordinary shares

There were no movements during the year for partly paid ordinary shares.

The Company's 20,000,000 unlisted partly paid ordinary shares are each paid to one cent with 19 cents per share outstanding.

At any meeting, each shareholder present in person or by proxy, attorney or representative has one vote for each ordinary fully paid share held either upon a show of hands or by a poll. Holders of partly paid shares have a fraction of a vote for each partly paid share held with the fractional vote of each share being equivalent to the proportion which the amount actually paid (not credited) for that share is of the total amounts paid and payable (excluding amounts credited) for that share. Amounts paid in advance of a call are ignored when calculating proportions. The holder of a partly paid share is not entitled to vote at a meeting in respect of those shares on which calls are outstanding.

The profits of the Company, which the Directors may from time to time determine to distribute to shareholders by way of a dividend, will be divisible amongst the shareholders in proportion to the amounts paid on the shares held by them. An amount paid in advance of a call is not to be included as an amount paid on a share for the purposes of calculating entitlement to dividends for such share.

	Consolidated Entity		Company	
23. RESERVES	**2005**	**2004**	**2005**	**2004**
	$	**$**	**$**	**$**
Option Premium Reserve	2,138,012	2,138,012	2,138,012	2,138,012
Asset Revaluation Reserve				
Balance at beginning of the year	-	-	6,014,393	6,014,393
Revaluation of CXL investment	-	-	572,961	-
Balance at end of financial year	-	-	6,587,354	6,014,393
Total Reserves	2,138,012	2,138,012	8,725,366	8,152,405

The Option Premium Reserve comprise consideration received by the Company on the issue of options in prior years which have lapsed.

The Asset Revaluation Reserve relates to a revaluation of the Company's investment in CXL from a cost of $2,704,575 to a carrying value of $9,291,929 at Balance Date. Please refer to Note 11 for further details about the carrying value of such investment at Balance Date.

	Consolidated Entity	
24. OUTSIDE EQUITY INTERESTS	**2005**	**2004**
	$	**$**
Outside equity interests in controlled entity comprises:		
Contributed equity	14,533,911	15,002,284
Accumulated losses	(5,012,941)	(6,739,131)
Reserves	-	1,099,807
	9,520,970	9,362,960

	Consolidated Entity		Company	
25. ACCUMULATED LOSSES	**2005**	**2004**	**2005**	**2004**
	$	**$**	**$**	**$**
Balance at beginning of the year	3,969,229	(4,356,681)	(2,045,429)	(4,347,641)
Net profit/(loss)	176,977	8,325,910	(395,247)	2,302,212
Balance at end of financial year	4,146,206	3,969,229	(2,440,676)	(2,045,429)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

26. EARNINGS PER SHARE

	Consolidated Entity		Company	
	2005	2004	2005	2004
Basic earnings per share (cents)	0.60	28.31	(1.34)	7.83
Diluted earnings per share (cents)	0.37	17.20	(0.82)	4.76

(a) Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Net Profit/(Loss) ($)	176,977	8,325,910	(395,247)	2,302,212
Weighted average number of ordinary shares	29,404,879	29,404,879	29,404,879	29,404,879

(i) The Company's partly paid shares, to the extent that they have been paid (one cent per share), have been included in the determination of the basic earnings per share.

The Company's options and partly paid shares, to the extent of the balance of the call (19 cents per share), have not been included in the determination of basic earnings per share. These securities are included in the determination of diluted earnings per share on the basis that each option will convert to one ordinary share and each partly paid share will become fully paid.

(b) Diluted earnings per share

The earnings and weighted average number of ordinary and potential ordinary shares used in the calculation of diluted earnings per share are as follows:

	Consolidated Entity		Company	
	2005	2004	2005	2004
Net Profit/(Loss) ($)	176,977	8,325,910	(395,247)	2,302,212
Weighted average number of ordinary shares (i)	48,404,879	48,404,879	48,404,879	48,404,879

(i) The weighted average number of ordinary shares and potential ordinary shares used in calculation of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	2005 No.	2004 No.
Weighted average number of ordinary shares used in the calculation of basic EPS	29,404,879	29,404,879
Portion of partly-paid ordinary shares that remain unpaid	19,000,000	19,000,000
Weighted average number of ordinary shares used in the calculation of diluted EPS	48,404,879	48,404,879

27. CONSOLIDATED SEGMENT REPORTING

The Consolidated Entity operates predominantly within Australia and in one industry segment, being investments.

	External Revenue		Operating results	
Segment Revenues & Results	2005	2004	2005	2004
	$	$	$	$
Investments	13,250,327	20,442,939	1,655,133	18,827,651
Unallocated	515,480	606,770	(631,021)	(144,513)
	13,765,807	21,049,709		
Profit from ordinary activities before income			1,024,112	18,683,138
Income tax expense relating to ordinary activities			(330,922)	(1,003,436)
Loss from ordinary activities after income tax			693,190	17,679,702

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

27. CONSOLIDATED SEGMENT REPORTING (continued)

Segment Assets & Liabilities	Assets 2005 $	Assets 2004 $	Liabilities 2005 $	Liabilities 2004 $
Investments	22,310,512	4,997,202	(205,894)	(152,933)
Unallocated	601,194	18,302,036	(812,697)	(1,588,177)
	22,911,706	23,299,238	(1,018,591)	(1,741,110)

Other Segment Information	Investments 2005 $	Investments 2004 $
Acquisition of segment assets	23,808,335	5,893,794
Other non-cash expenses		
Diminution of segment assets	771,859	(5,128,594)

28. STATEMENTS TO CASH FLOWS

(a) Reconciliation of Loss from Ordinary Activities after Tax to Net Cash Flows from Operations

	Consolidated Entity 2005 $	Consolidated Entity 2004 $	Company 2005 $	Company 2004 $
Operating income/ (loss) after tax	693,190	17,679,702	(395,247)	2,302,212
Depreciation	11,430	14,080	5,810	7,121
Net unrealised loss/ (gains) on revaluation of share investments	771,859	(40,120)	45,349	-
Doubtful debts provision/ (write back)	-	(1,486)	-	(1,486)
Diminution (write back) of investments	-	(5,128,594)	-	(2,202,587)
Write off loan to subsidiary	-	1,713	-	1,713
Loss on sale of investment	(12,265)	5,394,463	(12,265)	23,997
Cost of lapsed options	55,081	-	14,061	-
Share of Associate Companies' profits	(167,225)	-	-	-
Increase/ (decrease) in income tax payable	(433,525)	1,003,436	-	-
Increase/ (decrease) in deferred tax asset	(227,053)	-	-	-
(Increase)/decrease in assets:				
Receivables	(323,391)	1,252	429,607	(408,831)
Investments	(7,275,177)	-	-	-
Other assets	8,336	192,808	-	(639)
Increase/(decrease) in liabilities:				
Payables	133,117	6,396	29,979	13,416
Provision	462	26,362	18,465	14,210
Net cash flows from operating activities	(6,765,161)	19,150,012	135,759	(250,874)

(b) Reconciliation of Cash

For the purposes of the statements of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Consolidated Entity 2005 $	Consolidated Entity 2004 $	Company 2005 $	Company 2004 $
Cash at bank	101,768	1,740,508	32,676	72,414
Term deposit	23,338	22,323	23,338	22,323
Bank bills	-	16,439,145	-	-
	125,106	18,201,976	56,014	94,737

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

28. STATEMENTS TO CASH FLOWS (continued.)

(c) Non-cash Financing and Investing Activities

On 30 June 2005, controlled entity, Central Exchange Limited (CXL), issued 812,810 fully paid ordinary shares (at $1.0343 per share, being CXL's reported NTA (post tax) backing as at 31 May 2005) as part consideration for the settlement of:

(i) The acquisition of 3,167,152 shares in Scarborough Equities Limited (SCB) from Sofcom Limited (SOF) pursuant to CXL's exercise under an Option Deed between CXL and SOF dated 2 May 2005 (as amended by Deed of Variation dated 30 May 2005) – the total consideration was $669,219 (based on SCB's last published NTA backing (post tax) as at 31 May 2005 of $0.2113 per share) satisfied by the payment of $200,000 cash and the issue of 453,659 fully paid ordinary shares in CXL to SOF;

(ii) The acquisition of 2,100,000 shares in Bentley International Limited (BEL) from SOF pursuant to a First Tranche BEL Share Sale Agreement between SOF and CXL (dated 30 May 2005) – the total consideration was $946,470 (based on BEL's last published NTA backing (post tax) as at 31 May 2005 of $0.4507 per share) satisfied by the payment of $575,000 cash and the issue of 359,151 fully paid ordinary shares in CXL to SOF,

as approved by SOF shareholders on 30 June 2005.

On 1 July 2005, CXL acquired a further 2,300,000 shares in BEL in consideration for the issue of 1,002,233 shares to SOF. Please refer to Note 33 for further details.

29. FINANCIAL INSTRUMENTS

(a) Interest Rate Risk Exposure	Average Interest Rate	Variable Interest Rate	Fixed Interest Rate	Non-Interest Bearing	Total
2005		$	$	$	$
Financial assets					
Cash	5.63%	101,768	23,338	-	125,106
Receivables		-	-	402,269	402,269
Shares in listed companies		-	-	11,171,686	11,171,686
		101,768	23,338	11,573,955	11,699,061
Financial liabilities					
Payables		-	-	(380,501)	(380,501)
Employee entitlements		-	-	(68,179)	(68,179)
		-	-	(448,680)	(448,680)
Net financial assets		101,768	23,338	11,125,275	11,250,381
2004					
Financial assets					
Cash	4.50%	1,740,508	16,461,468	-	18,201,976
Receivables		-	-	6,610	6,610
Shares in listed companies		-	-	4,973,171	4,973,171
		1,740,508	16,461,468	4,979,781	23,181,757
Financial liabilities					
Payables		-	-	(249,423)	(249,423)
Employee entitlements		-	-	(42,440)	(42,440)
		-	-	(291,863)	(291,863)
Net financial assets		1,740,508	16,461,468	4,687,918	22,889,894

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

29. FINANCIAL INSTRUMENTS (continued)

Reconciliation of net financial assets to net assets	**Consolidated Entity**	
	2005	**2004**
	$	**$**
Net financial assets as above	11,250,381	22,889,894
Non-financial assets and liabilities		
Non-current receivables	32,823	27,872
Inventory	3,796,552	-
Associate companies	7,085,260	-
Property, plant and equipment	53,599	63,915
Other assets	244,411	25,694
Provisions	-	(445,811)
Current tax liabilities	(569,911)	(1,003,436)
	21,893,115	21,558,128

(b) Credit Risk Exposure

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the Financial Statements, net of any provisions for losses, represents the Company's maximum exposure to credit risk.

(c) Net Fair Value of Financial Assets and Liabilities

Except as detailed below, the carrying amount of financial assets and financial liabilities recorded in the Financial Statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

The net fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

	Carrying Amount		**Net Fair Value**	
	2005	**2004**	**2005**	**2004**
Financial Assets	**$**	**$**	**$**	**$**
Traded on Organised Markets				
Shares on listed companies	11,171,686	4,973,171	11,171,686	13,678,878
Shares on listed associated company	7,085,260	-	4,844,808	-

30. RELATED PARTY DISCLOSURES

Names of parent entity directors in office at any time during the financial year are:

- Farooq Khan (Chairman & Managing Director)
- Michael J van Rens (Non-Executive Director)
- Yaqoob Khan (Non-Executive Director)
- Azhar Chaudhri (Non-Executive Director)

During the financial year, there were transactions between the Company, Central Exchange (a controlled entity), Altera Capital Limited, Fast Scout Limited and Sofcom Limited (being entities in which some of the Company's Directors are also directors), pursuant to shared office and administration expense arrangements, on a cost recovery basis. At balance date, the following amounts were outstanding. Interest is not charged on such outstanding amounts.

	Amounts Payable
Entity	**$**
Central Exchange Limited	17,998
Altera Capital Limited	3,630
	21,628

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

31. LEASE COMMITMENTS

	Consolidated Entity		Company	
	2005	**2004**	**2005**	**2004**
	$	**$**	**$**	**$**
Non-cancellable operating lease commitments:				
Not longer than one year	124,033	129,972	-	-

The lease is in relation to the office premises of Central Exchange Limited and includes all outgoings. Such expenditure is shared equally with other companies, including Queste Communications Limited pursuant to shared office and administration expense arrangements.

32. CONTINGENT LIABILITIES AND ASSETS

The Consolidated Entity does not have any material contingent assets or liabilities at Balance Date.

33. SUBSEQUENT EVENTS

(a) On 1 July 2005, controlled entity, Central Exchange Limited (CXL) issued 1,002,233 shares (at $1.0343 per share, being CXL's reported NTA (post tax) backing as at 31 May 2005) as consideration for the settlement of the acquisition of 2,300,000 shares in Bentley International Limited (BEL) from Sofcom Limited (SOF) pursuant to a Second Tranche BEL Share Sale Agreement between SOF and CXL (dated 30 May 2005) – the total consideration was $1,036,610 (based on BEL's last published NTA backing (post tax) as at 31 May 2005 of $0.4507 per share) satisfied by the issue of 1,002,233 fully paid ordinary shares in CXL to SOF, as approved by SOF shareholders on 30 June 2005 and BEL shareholders on 1 July 2005.

(b) On 22 July 2005, the Company received its entitlements under an Altera Capital Limited (AEA) equal return of capital, being:

(i) 254,348 shares in Central Exchange Limited (CXL); and
(ii) 6,255,349 shares in ASX listed Sofcom Limited (SOF). The Company has become the second largest shareholder in SOF with 14% of SOF's total issued share capital.

SOF currently has minimal net assets and has been suspended from ASX since 29 June 2005 and has advised that its suspension will continue until the company is recapitalised and re-complies with admission requirements under the ASX Listing Rules.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements, comprising the Statements of Financial Performance, Position and Cash Flows, and accompanying notes as set out on pages 26 to 47, are in accordance with the *Corporations Act 2001* and:

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the Company's financial position as at 30 June 2005 and of its performance for the year ended on that date;

2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3. The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* by the Executive Chairman, the person who performs the chief executive function, and by the Company Secretary, the person who performs the chief financial officer function, for the purposes of section 295A, who have each declared that:

   (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;

   (b) the financial statements are in accordance with the *Corporations Act 2001,* comply with Accounting Standards and the Corporations Regulations 2001 and give a true and fair view of the Company's financial position as at 30 June 2005 and of its performance for the year ended on that date; and

   (c) the financial statements are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board. The Company's risk management and internal compliance and control systems are operating efficiently and effectively in all material respects.

This declaration is made in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001*.

Farooq Khan
Chairman

Azhar Chaudhri
Director

Perth, Western Australia

13 September 2005

BDO

Chartered Accountants
& Advisers

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF QUESTE COMMUNICATIONS LIMITED

Scope

The Financial Report and Directors' Responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Queste Communications Limited (the company) and the consolidated entity, for the year ended 30 June 2005. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We have conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

The independence declaration given to the directors in accordance with section 307C.

Audit Opinion

In our opinion, the financial report of Queste Communications Limited is in accordance with:

(a) the Corporations Act 2001, including:

  (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2005 and of its performance for the year ended on that date; and

  (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

BDO
Chartered Accountants

B G McVeigh
Partner

Perth
13 September 2005

TERMS OF ISSUE OF PARTLY PAID SHARES

The Company has on issue 20,000,000 ordinary shares at an issue price of 20 cents each which have been partly paid to 1 cent each and upon which there is an outstanding amount payable of 19 cents per share. Such partly paid shares were issued on 3 August 1998. The total outstanding liability of the holders of these shares is the sum of $3,800,000.

The terms of issue of such partly paid shares (as disclosed in the Company's initial public offering prospectus dated 6 August 1998) are as follows:

1. No call will be made by the Directors on such partly paid shares until the expiry of at least two years from the date of issue of such shares;
2. No more than two (2) calls will be made upon such shares in any one financial year and no call within any one financial year will be made within six (6) months from the date of a previous call;
3. No call may be made for more than Ten Percentum (10%) of the then outstanding amount due and payable for such shares;
4. The Directors may with the prior written consent of a particular holder of such shares vary as for that particular holder the foregoing terms upon which the Directors shall be entitled to make a call;
5. Nothing shall prevent the holders of such shares pre-paying up from time to time or at any one time the whole or part of the amount unpaid on such shares even though no amount has been called to be paid up by the Directors;
6. Dividends of the Company shall be paid to the holders of such shares in the proportion which the amount paid (not credited) on the share is of the total amounts paid and payable (excluding amounts credited) on such share held by them. An amount paid in advance of a call is not to be included as an amount paid on that share for the purposes of calculating entitlement to dividends for such a share;
7. Where the Company shall be listed upon the ASX, the Company will not whilst there shall remain any outstanding liability with respect to such shares apply for Official Quotation of the same with the ASX;
8. Upon such shares being fully paid for in accordance with calls made by the Directors such that there shall be no outstanding liability with respect to the same, such shares will rank in all respects pari passu with the existing ordinary fully paid shares in the capital of the Company then on issue;
9. Where the Company shall be listed upon the ASX, upon such shares being fully paid for in accordance with calls made by the Directors such that there shall be no outstanding liability with respect to the same, the Company will within three (3) business days from receipt of the monies fully paying up such shares, apply for Official Quotation of all such shares, in accordance with the Corporations Law and the Listing Rules of the ASX;
10. Where the Company shall reorganise its capital, the number of such partly paid shares must be reorganised in the same proportions as other classes of shares and the reorganisation must not involve cancellation or reduction of the total amount payable and unpaid by the holder of such shares;
11. The holders of such shares shall have a fraction of a vote for each partly paid share held with the fractional vote of each share being equivalent to the proportion which the amount actually paid (not credited) for that share is of the total amounts paid and payable (excluding amounts credited) for that share. An amount paid in advance of a call is not to be included as an amount paid up on that share for the purposes of calculating the voting entitlement of such a share;
12. The holders of such shares shall not be entitled to vote at a meeting in respect of those shares on which calls are outstanding and unpaid;
13. Where there is any inconsistency between the terms of issue of these partly paid shares and the terms of the Listing Rules of the ASX (in circumstances where the Company shall be listed upon the ASX) the terms of the Listing Rules of the ASX shall prevail; and
14. Save for the specific terms of issue of these partly paid shares as referred to above (and subject to the Listing Rules of the ASX) in all other respects, the terms of issue of such partly paid shares shall be in accordance with the provisions of the Constitution of the Company.

The partly paid shares are also subject to the Company's Constitution.