Queste Communications Limited

A.B.N 58 081 688 164

Appendix 4E
Preliminary Final Report

For Year Ended 30 June 2003

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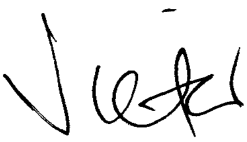
RESULTS FOR ANNOUNCEMENT TO MARKET

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

Current Reporting Period:	financial year ended 30 June 2003
Previous Corresponding Period:	financial year ended 30 June 2002
Balance Date:	30 June 2003

For and on behalf of the directors,



………………………………. Date: 12 September 2003
Victor Ho
Company Secretary

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue and Net Profit (Loss)

Revenue from ordinary activities	down	74%	to	$226,492
Profit (loss) from ordinary activities after tax attributable to members	down	57%	to	($768,005)
Net profit (loss) for the period attributable to members	down	76%	to	($434,032)

Dividends

No dividends have been paid or declared during the financial year. The Directors do not recommend the payment of a dividend in respect of the financial year.

Brief Explanation of Revenue, Net Profit (Loss) and Dividends (above)

ASX listed company, Central Exchange Ltd ABN 77 000 742 843 (**"Central Exchange"**), has been treated as a controlled entity during the whole of current reporting period pursuant to Accounting Standard 1024 "Consolidated Accounts" by virtue of the Company becoming a controlling shareholder of Central Exchange with 48.817% of the company's issued ordinary share capital (from 12 August 2002). In the previous corresponding period, the Company had accounted for its investment in 31.44% of Central Exchange on an equity accounting basis as an Associate entity pursuant to Accounting Standard AASB 1016 "Accounting for Investment in Associates."

COMMENTARY ON RESULTS AND OTHER SIGNIFICANT INFORMATION

Queste Communications Limited (**"Company"** or **"Queste"**) has prepared a consolidated financial report incorporating the entities that it controlled during the financial year. Controlled entities are:

- Central Exchange Ltd ABN 77 000 742 843 (controlled throughout the financial year);
- Queste Operations Pty Ltd ABN 84 094 097 097 (controlled until de-registration on 6 May 2003); and
- Queste Communications (USA), Inc. (controlled throughout the financial year).

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the financial year were the pursuit of opportunities to commercially exploit the Company's VoiceNet System Voice-over-Internet Protocol (**"VoIP"**) technology, the operation, by Central Exchange, of a telecommunication network utilising the VoiceNet System, the management of its share investments and the pursuit of other commercial and investment opportunities.

OPERATING RESULTS

	Consolidated Entity 2003 $	Consolidated Entity 2002 $
Net profit (loss) from ordinary activities after tax attributable to members reported for the 1st half year	(401,155)	(401,439)
Net profit (loss) from ordinary activities after tax attributable to members for the 2nd half year	(32,877)	(1,400,337)
Net profit (loss) from ordinary activities after tax attributable to members for financial year	(434,032)	(1,801,776)

EARNINGS PER SHARE

	Consolidated Entity 2003	Consolidated Entity 2002
Basic earnings per share (cents)	(1.48)	(6.04)
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	29,843,726
Diluted earnings per share (cents)	(0.90)	(3.69)
Weighted average number of fully paid ordinary shares in the Company outstanding during the half year used in the calculation of diluted earnings per share	48,404,879	48,843,726

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 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.

COMMENTARY ON RESULTS AND OTHER SIGNIFICANT INFORMATION

NET TANGIBLE ASSET BACKING

	Consolidated Entity 2003	2002
Net assets	$4,112,062	$4,303,289
Less intangible assets	-	($69,000)
Net tangible assets of the Consolidated Entity	$4,112,062	$4,234,289
Issued ordinary share capital base of the Company:		
Fully paid ordinary shares	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
Adjusted issued ordinary share capital base	29,404,879	29,404,879
Net tangible asset backing per issued ordinary share as at Balance Date (cents)	**13.98**	**14.40**

SECURITIES IN THE COMPANY

At the date of this report, there are the following numbers of the Company's 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.

5,000,000 unlisted options (each to take up one fully paid ordinary share in the Company at an exercise price of 20 cents per option) lapsed on 21 July 2003.

ON-MARKET BUY-BACK OF SHARES

On 26 June 2002, the Company announced an intention to commence an on-market "within 10/12 limit" share buy-back pursuant to Part 2J.1 Division 2 of the Corporations Act 2001. That is, the Company was permitted to buy-back on-market up to 10% of its issued ordinary share capital within a 12 month period.

To this end, 442,484 fully paid ordinary shares were bought-back on 28 June 2002 at a cost of $15,642 (including transaction costs) with such shares being cancelled on 4 July 2002.

The Directors note that the buy-back of shares at prices below the Company's net tangible asset backing per share would improve the net tangible asset backing per share for existing shareholders post share buy-back.

The Company was authorised to buy-back up to a further 2,442,252 shares by 26 June 2003. However, the Company did not buy-back any further shares during the financial year and announced the end of this on-market buy-back effective 26 June 2003.

COMMENTARY ON RESULTS AND OTHER SIGNIFICANT INFORMATION

REVIEW OF OPERATIONS

1. Commercial Opportunities For VoIP Technology

The Company has continued its pursuit of all means of commercially exploiting its VoiceNet System VoIP technology during the financial year. The Company has had negotiations with a number of parties interested in either licensing or acquiring the Company's VoiceNet VoIP technology. However, such interests have not advanced to the receipt of formal binding offers for the same. At the date of this report, the Company is not in discussions with any party in relation to the commercial exploitation of such technology.

2. Sale Of Commercial Property

The Company disposed of a commercial property during the financial year at gross sale price of $435,000. This sale represented a gain on disposal of $39,958 based on the written-down value of such property at the time of disposal. The property was acquired at a cost of $443,416 shortly after the Company's admission to official quotation on ASX in November 1998, as apart of the ASX requirements for the same.

3. Central Exchange Ltd

Central Exchange, a licenced telecommunications carrier, was granted a 14 year non-exclusive Australian licence to the Company's VoiceNet System VoIP technology (from 5 October 1999). Furthermore, the Company has assisted Central Exchange to establish an Australian telecommunications network utilising the VoiceNet System VoIP technology, pursuant to a technical services agreement dated 4 June 1999 (**"Technical Services Agreement"**).

3.1 Termination and Settlement of Technical Services Agreement

By the Technical Services Agreement, the Company agreed to provide technical support services to Central Exchange for the set up, support and administration of a telephony network based on the Company's VoiceNet System Voice-over Internet Protocol technology, which was licensed to Central Exchange pursuant to the licence agreement between the Company and Central Exchange dated 4 June 1999.

The Technical Services Agreement was for a term of three years and Central Exchange was required to pay the Company for the provision by the Company of 3,000 hours per annum of technical support services fee of $1,000,000 per annum (indexed for inflation after the first 12 months), payable by equal monthly payments in advance (**"Monthly Fees"**). The first instalment of Monthly Fee commenced in November 1999.

During the 2001/2002 financial year, Central Exchange requested that the Technical Services Agreement be terminated as it no longer required the provision of technical services. The Board subsequently entered into discussions with the Board of Central Exchange regarding the outstanding Monthly Fees from 1 September 2001 and with respect to the balance of the term of the Technical Services Agreement (up to and including 1 September 2002) with the view to a possible termination of the Technical Services Agreement prior to its natural effluxion. Monthly Fees in the sum of $1,167,000 remained unpaid for the period from 1 September 2001 to the end of the term of the Technical Services Agreement.

In light of legal advice received, the then independent directors of the Company agreed with the then independent director of the Central Exchange, subject to shareholder approvals being obtained, to terminate the Technical Services Agreement on the basis that Central Exchange pay to the Company, in full and final satisfaction of all fees currently payable, or which would become payable, under the Technical Services Agreement:

(1) the sum of $300,000 to be satisfied by the issue of 19,342,360 shares in Central Exchange at an issue price of 80% of the weighted average price for fully paid ordinary shares in Central Exchange for the period from 28 December 2001 to 26 March 2002, being 1.551 cents per share (on a pre 1:10 consolidated basis); and

(2) $150,000.00 cash.

On 8 August 2002, shareholders passed a resolution at a general meeting approving the settlement and termination of the Technical Services Agreement. Central Exchange shareholders also approved the same at their general meeting held on 30 July 2002.

Pursuant to such shareholder approvals:

(i) On 12 August 2002, Central Exchange issued 1,934,236 shares (on a post 1:10 share consolidation basis) to the Company at a deemed consideration of $300,000; and

(ii) On 5 September 2002, Central Exchange paid $150,000 cash to the Company.

After such share issue, the Company held (and continues to hold) 4,149,112 shares in Central Exchange (being 48.817% of its issued ordinary share capital).

In light of such significant shareholding, Central Exchange has been consolidated into the Company accounts for the current financial year.

COMMENTARY ON RESULTS AND OTHER SIGNIFICANT INFORMATION

3.2 ASX Suspension

On 20 June 2003, the ASX advised Central Exchange that it would not reinstate the company to official quotation as they were of the view that the company's level of operations was not sufficient to warrant the quotation of its securities as required by Listing Rule 12.1. Central Exchange's shares were suspended from quotation on the official list of the ASX prior to commencement of trading on the day of its general meeting on 30 July 2002.

Central Exchange has advised that it will be required to re-comply with the admission requirements of the ASX set out in chapters 1 and 2 of the ASX Listing Rules for its securities to be reinstated for quotation. As part of these admission requirements, Central Exchange will have to issue a prospectus and successfully complete a capital raising at a minimum price of 20 cents per share.

3.3 Closure Of Telecommunications Network

Central Exchange has advised that its telecommunications network had generated disappointingly low revenues since its commercial launch in August 2001 (from existing Queste and Central Exchange shareholders and the public at large).

In the light of the limited prospects for future growth of the Central Exchange network, the low level of cash reserves of the company and the ASX decision not to reinstate Central Exchange to official quotation on ASX, Central Exchange announced on 4 July 2003 that its directors could see no commercial benefit in continuing to operate the network and had decided to suspend such operations.

Central Exchange noted that the company still retained the license to operate the VoiceNet System VoIP technology which it acquired from Queste in 1999 for the network and advised that should market conditions improve in the future, the company could relatively easily redeploy its network infrastructure and recommence operations.

COMMENTARY ON RESULTS AND OTHER SIGNIFICANT INFORMATION

CONTINGENT ASSET - Anaconda Settlement Deed Payment

Pursuant to a settlement deed between Anaconda and Central Exchange dated 17 September 1996 (**"Settlement Deed"**), Anaconda agreed to pay Central Exchange $16,250,000 (to be indexed - $18,937,738 as indexed by the United States Consumer Price Index (**"US CPI"**) (non-seasonally adjusted all urban consumers for all items) from September 1996 to August 2003) (**"Agreed Amount"**) on the earlier of certain Review Dates defined as follows:

(1) 12 months after the financiers to the Murrin Murrin Nickel Project (**"Murrin Murrin Project"**) has confirmed that the Murrin Murrin Project is operating to design standards of performance in terms of throughput, recovery and metal production;

(2) 3 years after the commissioning of a nickel/cobalt treatment plant of ore from the Murrin Murrin Project;

(3) 3 years after 250,000 tonnes of ore from the Murrin Murrin Project has been mined and treated;

(4) When Anaconda has sold its interest in the Murrin Murrin Project for not less than A$350,000,000.

Anaconda Position

Anaconda, in its 2002 Annual Report at Note 31 (Contingent Assets and Liabilities) of the notes its financial statements, makes the following statements about this matter:

> *"Under a settlement agreement with Central Exchange Limited (formerly Central Bore Nickel NL, "Central Exchange") the Murrin Murrin Joint Venture may be required to pay $16.25m (subject to escalation for inflation based on USA consumer price index) to Central Exchange. The payment is dependent upon several factors. The first factor is that the Review Date as defined under the settlement contract is triggered.*
>
> *Anaconda considers that the Review Date, as defined in the Deed, whereby Anaconda is required to consider whether any monies are payable to Central Exchange under the Deed occurred on 28 September 2002. On that date, Anaconda was required to calculate the LME average nickel price for the preceding 12 months and, only if that price is above $US3.50lb indexed, will Anaconda have the pay $16,250,000 (indexed from September 1996 to September 2002).*
>
> *The trigger price was not met on 28 September 2002 and therefore Anaconda is required to repeat the process each month until the trigger price is exceeded and the money becomes payable to Central Exchange."*

On 8 October 2002, Anaconda formally advised Central Exchange in writing that it considered the Review Date was 29 September 2002. Anaconda did not provide any explanation as to the basis for this determination. However, Central Exchange notes that in its 2001 and 2000 annual reports, Anaconda stated that the Review Date was triggered with the mining of 250,000 tonnes of ore on 12 September 1999 and that the Review Date was therefore 12 September 2002.

Therefore, based on Anaconda's view which Central Exchange did not concede, the Agreed Amount would be due and payable by Anaconda at the Review Date of 12/28 September 2002 (to be reconciled by Anaconda) (or at each subsequent month thereafter) if the average London Metals Exchange Nickel (**"LME"**) nickel daily settlement price (**"LME Average Nickel Price"**) in the 12 months prior to 12/28 September 2002 (or each subsequent month) exceeded the trigger price of US$3.50 per pound as indexed by the US CPI (**"Trigger Price"**).

In this regard, on 8 October 2002, Anaconda advised Central Exchange formally that the LME Average Nickel Price in the 12 months to 28 September 2002 was US$2.84 per pound and that this was below the indexed Trigger Price of US$4.01 per pound at that time.

Anaconda have also formally advised Central Exchange in each subsequent month thereafter that the relevant LME Average Nickel Price continued to be below the relevant indexed Trigger Price and that, accordingly, the Agreed Amount was not yet payable to Central Exchange.

In the most recent advice dated 11 August 2003, Anaconda advised Central Exchange that the LME Average Nickel Price in the 12 months to 28 July 2003 was US$3.53 per pound and that this was below the indexed Trigger Price of US$4.07 per pound at that time.

Central Exchange Position

Central Exchange has previously advised that a trigger event under Review Date (2) above has occurred in that a nickel/cobalt treatment plant from the Murrin Murrin Project was commissioned on 7 May 1999 when Anaconda issued a market announcement stating that the production of nickel metal from the Murrin Murrin Project had commenced and the commissioning phase of Murrin Murrin was moving immediately to full stage I production ramp up. Furthermore, the Prime Minister, Mr John Howard, officially opened the Murrin Murrin Nickel Cobalt Project on 29 July 1999. Therefore, in Central Exchange's opinion, one of the Review Dates is 7 May 2002.

Central Exchange has also considered whether a trigger event under Review Date (1) above has occurred and if so at what time, and alternatively, whether Anaconda has breached the settlement deed by virtue of it not entering into the type of financing arrangements contemplated in the Settlement Deed and whether that breach has resulted in the Agreed Amount having fallen due and payable.

Central Exchange notes that if the date of this trigger event can be established as having occurred prior to 31 January 2000 or that, had Anaconda not breached the Settlement Deed, the trigger event would have occurred prior to that date, with an associated Review Date being no later than 31 January 2001 - being the date on

COMMENTARY ON RESULTS AND OTHER SIGNIFICANT INFORMATION

which the 12 month moving average LME Nickel Price last exceeded the relevant indexed Trigger Price at the same time - Central Exchange would assert that the Agreed Amount will be due and payable by Anaconda.

Central Exchange has also considered whether the trigger event under Review Date (4) above may occur in circumstances where there is a change of ownership of Anaconda and accordingly, a change in the indirect ownership of the Murrin Murrin Project.

Central Exchange has advised that it had determined, after receipt of legal advice, not to pursue these 3 issues further through legal channels at the present time but it would reserve its rights to do so if further information came to light or circumstances changed in this matter.

Average Nickel Price

Central Exchange has noted that Anaconda had advised that the LME Average Nickel Price in the 12 months to 28 July 2003 was US$3.53 per pound and that this was below the indexed Trigger Price of US$4.07 per pound on the same date.

Central Exchange has noted that under the Settlement Deed, on the occurrence of a relevant Review Date, if the LME Average Nickel Price in the 12 months prior to the Review Date does not exceed the indexed Trigger Price, payment of the Agreed Amount would be deferred and reviewed on a monthly basis until such time as the LME Average Nickel Price were to exceed the indexed Trigger Price.

Central Exchange has further noted that there is no "sunset" clause in the Settlement Deed. That is, the comparison of the 12 month LME Average Nickel Price against the relevant Trigger Price would be performed on each monthly anniversary of the earliest relevant Review Date for an indefinite period until payment of the Agreed Amount is "triggered".

In this regard, Queste and Central Exchange notes that:

- The LME nickel price was US$4.43 (US$9,770 per tonne) as at 5 September 2003;
- The 12 month LME Average Nickel Price to 5 September 2003 was ~US$3.66 per pound;
- Accordingly, the present "gap" between the Trigger Price and 12 month LME Average Nickel Price is US$0.42 per pound;
- Such "gap" was US$0.94 per pound on 31 December 2002 and US$0.60 per pound on 30 June 2003 and has fallen by US$0.18 per pound since 1 July 2003 (please also refer to the following chart for an illustration of the Trigger Price versus the moving 12 month LME Average Nickel Price versus the LME nickel price);
- If the present levels of the LME nickel price is sustained, the Trigger Price may be reached in January 2004. If the actual LME nickel price increases above the present level, the Trigger Price is likely to be reached sooner and vice versa;
- A number of market forecasts for nickel for the next 12 months indicate a strong demand for nickel and consequently a positive outlook for nickel prices.

Whilst Queste and Central Exchange are pleased with the current direction of LME nickel prices, the perceived outlook for the future and the possibility of payment by Anaconda of the Agreed Amount (presently $18,937,738), the Boards of both companies caution against the market placing any certainty of payment for a number of reasons including but not limited to:

- There is no certainty that LME nickel prices will maintain or increase from their current levels;
- There is a significant possibility that LME nickel prices may decrease in the future;
- The requirement for nickel to maintain an average price for a 12 month period, by its nature, requires a long term position to be adopted compared with only relatively recent increases in the nickel price;
- The current Trigger Price of US$4.08 per pound is linked to US CPI and if US CPI increases, such Trigger Price will be revised upwards, potentially increasing the "gap" between the Trigger Price and the 12 month LME Average Nickel Price, notwithstanding that nickel prices may have also increased over the same period.

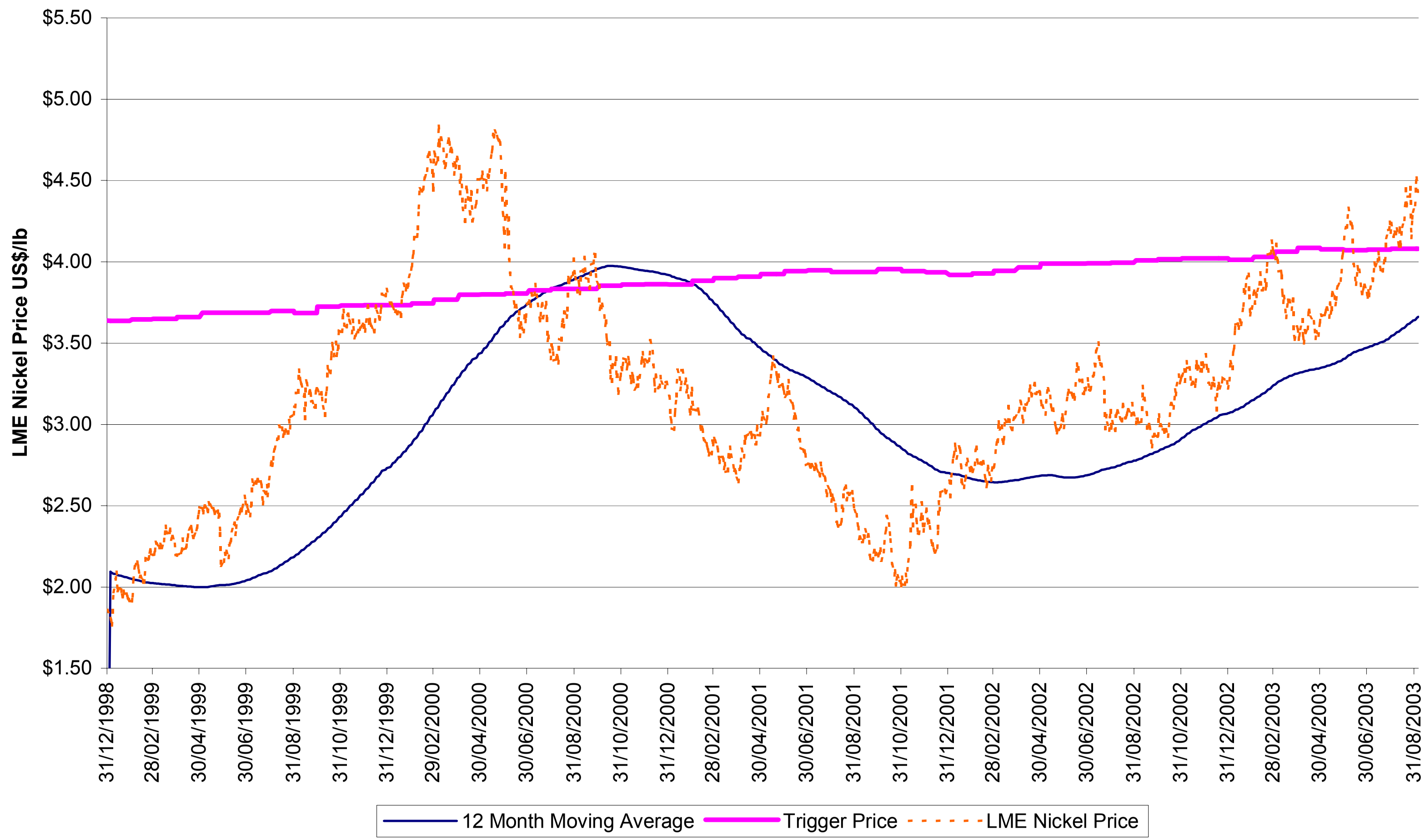
Accordingly, Central Exchange continues to treat the Agreed Amount as a contingent asset only with no current certainty of payment.

However, the Board of Central Exchange has noted that should the current nickel price be sustained in the next 6 – 12 months and the Trigger Price reached, the Agreed Amount would become due and payable, which when ultimately received, would significantly increase the net assets of Central Exchange. In this regard, the Board of Central Exchange notes that the current Agreed Amount of $18,937,738 would be equivalent to $2.23 per each Central Exchange fully paid ordinary share (excluding the effects of taxation).

As Queste is a 48.817% shareholder of Central Exchange, the Board of Queste notes that any increase in the net assets of Central Exchange would increase the net assets of Queste. In this regard, the Board of Queste notes that 48.817% of the current Agreed Amount of $18,937,738 (being $9,244,836) would be an attributed equivalent of $0.33 cents per each Queste fully paid ordinary share (excluding the effects of taxation and Queste's partly paid shares).

COMMENTARY ON RESULTS
AND OTHER SIGNIFICANT INFORMATION

Comparison between Moving 12 Month Average LME Nickel Price and Indexed Trigger Price



STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2003

		Consolidated Entity		Company	
		2003	2002	2003	2002
	Note	$	$	$	$
Sale of VoIP servers	2	-	4,500	-	4,500
Rendering of sevices		9,557	550,000	-	550,000
Cost of sales	2	(54,288)	(13,705)	-	(13,705)
Gross Profit		(44,731)	540,795	-	540,795
Other revenue from ordinary activities	2	216,935	308,286	184,905	308,286
Non-operating revenue	2	458,675	52,153	441,620	52,153
Occupancy expenses	2	(78,791)	(51,551)	(44,882)	(51,551)
Finance expenses	2	(6,836)	(3,230)	(3,012)	(3,131)
Borrowing costs	2	(233)	(470)	(233)	(470)
Corporate expenses					
- writedown of intangibles	2	(69,000)	(831,000)	(69,000)	(831,000)
- write down of inventory	2	(18,273)		(18,273)	
- other development costs	2	(27,734)	(497,424)	(8,547)	(497,424)
- other corporate costs	2	(78,827)		9,126	
Administration expenses	2	-		-	
- personnel	2	(566,417)	(323,746)	(313,156)	(323,746)
- write down of investments	2	155,530	(245,683)	(203,390)	(358,703)
- cost of investment sold		(27,438)		(7,290)	
- cost of equipment sold		(169)		(84)	
- cost of property sold		(395,402)		(395,402)	
- others	2	(310,149)	(320,814)	(130,466)	(320,615)
Share of net losses of associates accounted for using the equity method	5	-	(426,859)	-	-
Loss from ordinary activities before income tax expense		(792,860)	(1,799,543)	(558,084)	(1,485,406)
Income tax benefit (expense) relating to ordinary activities		24,855	(2,233)	24,855	(2,322)
Loss from ordinary activities after income tax expense		(768,005)	(1,801,776)	(533,229)	(1,487,728)
Net loss attributable to outside equity interests		333,973	-	-	-
Net loss attributable to members of the company	10	(434,032)	(1,801,776)	(533,229)	(1,487,728)
Total changes in equity other than those resulting from transactions with owners as owners		(434,032)	(1,801,776)	(533,229)	(1,487,728)
Earnings per share					
Basic (cents per share)	11	(1.48)	(6.04)		
Diluted (cents per share)	11	(0.90)	(3.69)		

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2003

		Consolidated Entity		Company	
		2003	2002	2003	2002
	Note	$	$	$	$
CURRENT ASSETS					
Cash		3,453,811	2,845,351	3,039,655	2,844,688
Receivables		8,089	483,758	7,521	483,758
Inventory		-	18,273	-	18,273
Other		6,328	26,445	1,024	26,445
TOTAL CURRENT ASSETS		3,468,228	3,373,827	3,048,200	3,373,164
NON CURRENT ASSETS					-
Receivables		27,872	13,766	13,766	15,617
Other financial assets	4	646,263	307,275	821,061	639,606
Investments accounted for using equity method	5	-	224,857	-	-
Property, plant and equipment	6	76,239	454,869	38,560	454,869
Intangibles		-	69,000	-	69,000
Deferred tax assets		-	4,968	-	4,968
TOTAL NON CURRENT ASSETS		750,374	1,074,735	873,387	1,184,060
TOTAL ASSETS		4,218,602	4,448,562	3,921,587	4,557,224
CURRENT LIABILITIES					
Payables	7	90,461	106,051	27,210	106,051
NON CURRENT LIABILITIES					
Provisions		16,079	8,468	16,079	8,468
Deferred tax liabilities		-	30,754	-	31,179
TOTAL LIABILITIES		106,540	145,273	43,289	145,698
NET ASSETS		4,112,062	4,303,289	3,878,298	4,411,526
EQUITY					
Contributed equity	8	8,225,939	8,225,938	8,225,939	8,225,938
Outside equity interest	9	242,804	-	-	-
Accumulated losses	10	(4,356,681)	(3,922,649)	(4,347,641)	(3,814,412)
TOTAL EQUITY		4,112,062	4,303,289	3,878,298	4,411,526

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2003

	Note	Consolidated Entity 2003 $	Consolidated Entity 2002 $	Company 2003 $	Company 2002 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		92,650	85,786	202,413	85,786
Payments to suppliers and employees		(1,051,117)	(659,853)	(509,476)	(659,554)
Income tax paid		(4,906)	-	(4,906)	-
Income tax refunded		19,309	50,000	19,309	50,000
Interest received		176,895	169,663	145,217	169,663
Interest paid		(233)	(470)	(233)	(470)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	17(a)	(767,402)	(354,874)	(147,676)	(354,575)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment		(4,539)	(2,175)	(1,257)	(2,175)
Payments for other non-current assets		-	(704)	-	(704)
Payments for investment securities		(92,235)	(465,913)	(92,235)	(465,913)
Proceeds from sale of investment securities		23,502	52,153	6,490	52,153
Proceeds from sale of property, plant and equipment		435,173	-	435,130	-
Net cash inflow from acquisition of subsidiary		1,019,446	-	-	-
Loan repaid by subsidiary		-	-	-	5,000
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		1,381,347	(416,639)	348,128	(411,639)
CASH FLOWS FROM FINANCING ACTIVITIES					
Payment in relation to share buy back		-	(15,487)	-	(15,487)
Payments to former unmarketable parcels' shareholders		(22,845)	-	(22,845)	-
Net proceeds from sale of share buy back		17,360	-	17,360	-
NET CASH INFLOW FROM FINANCING ACTIVITIES		(5,485)	(15,487)	(5,485)	(15,487)
NET INCREASE/(DECREASE) IN CASH ASSETS HELD		608,460	(787,000)	194,967	(781,701)
Add opening cash assets brought forward		2,845,351	3,632,351	2,844,688	3,626,389
CLOSING CASH ASSETS AT END OF YEAR	17(b)	3,453,811	2,845,351	3,039,655	2,844,688

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

1. BASIS OF PREPARATION

This Preliminary Final Report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

The accounting policies adopted in the preparation of this Preliminary Final Report are consistent with those adopted and disclosed in the financial statements for the year ended 30 June 2002.

2. LOSS FROM ORDINARY ACTIVITIES

The operating loss from ordinary activities before income tax includes the following items of revenue and expense:	Consolidated Entity 2003 $	Consolidated Entity 2002 $	Company 2003 $	Company 2002 $
(a) Operating revenue				
Sales revenue				
Sale of goods	-	4,500	-	4,500
Rendering of services	9,557	550,000	-	550,000
Other revenue				
Corporate advisory fee	-	81,818	-	81,818
Underwriting fee	-	14,000	-	14,000
Rental income	52,414	59,487	52,413	59,487
Interest received - other	164,170	152,981	132,492	152,981
Mining royalties	351	-	-	-
	226,492	862,786	184,905	862,786
(b) Non-operating revenue				
Proceeds from sale of assets				
Equipment	173	-	130	-
Property	435,000		435,000	
Share investments	23,502	52,153	6,490	52,153
Total revenue	685,167	914,939	626,525	914,939
(c) Expenses				
Cost of sales and services	54,288	13,705	-	13,705
Operating expenses				
Occupancy expenses	78,791	51,551	44,882	51,551
Finance expenses	6,836	3,230	3,012	3,131
Borrowing costs - interest paid	233	470	233	470
Corporate expenses				
Software development costs	-	7,907	-	7,907
Write down of intangibles	69,000	831,000	69,000	831,000
Write down of inventory	18,273		18,273	-
Amortisation of intangibles	-	400,000	-	400,000
Other development costs	27,734	89,517	8,547	89,517
Other corporate expenses	78,827	-	(9,126)	-
Administration expenses				
Depreciation	30,287	47,353	21,879	47,353
Amortisation of website	-	15,377	-	15,377
Personnel expenses	566,417	323,746	313,156	323,746
Other provisions - Employee entitlements	17,247	(8,090)	17,247	(8,090)
Investment related costs	44,651	-	-	-
Write off of assets	2,525	24,390	200	24,390

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

2. LOSS FROM ORDINARY ACTIVITIES

(c) Expenses

Operating expenses (cont)	Consolidated Entity 2003 $	Consolidated Entity 2002 $	Company 2003 $	Company 2002 $
Write off receivables	4	-	-	-
Diminution of investments	(155,530)	245,683	203,390	358,703
Doubtful debts provision	1,486	-	2,806	-
Share issue cost	78,563	-	-	-
Other administrative expenses	135,386	159,966	88,334	159,767
Cost of investment sold	27,438	81,818	7,290	81,818
Cost of equipment sold	169	-	84	-
Cost of property sold	395,402	-	395,402	-
Equity share of Associate's losses	-	426,859	-	-
	1,478,027	2,714,482	1,184,609	2,400,345

3. SALE OF ASSETS

Sale of assets in the ordinary course of business have given rise to the following gains and losses:

		Consolidated Entity 2003 $	Consolidated Entity 2002 $	Company 2003 $	Company 2002 $
(a) Net Gain/ (Losses):	Equipment	4	-	46	-
	Property	39,598	-	39,598	-
	Share investments	(3,936)	(29,665)	(800)	(29,665)

4. OTHER NON-CURRENT FINANCIAL ASSETS

	Consolidated Entity 2003 $	Consolidated Entity 2002 $	Company 2003 $	Company 2002 $
Shares and options in listed corporations - at cost	6,071,318	552,957	637,902	552,957
Shares in controlled entities - at cost	2,067,344	-	2,699,575	100
Shares in associates - at cost	-	-	-	2,399,575
Less: provision for recoverable writedown	(7,492,399)	(245,682)	(2,516,416)	(2,313,026)
	646,263	307,275	821,061	639,606
Market value of listed investments - refer (i)	826,222	307,275	826,222	639,506

(i) The market value of the Company's investment in controlled entity, Central Exchange Ltd ("CXL"), is based on the company's net tangible asset ("NTA") backing of 5.58 cents per share as at 30 June 2003. CXL was suspended from ASX on 30 July 2002. CXL's last traded price on ASX was 1.50 cents per share (pre CXL's 1:10 share consolidation on 8 August 2002) or adjusted to 15 cents per share (post 1:10 share consolidation). The Directors believe that CXL's NTA is more reflective of an appropriate market value for CXL given the nature of the assets of CXL (cash and investments in listed securities).

(a) Investment in Controlled Entities

	Ownership Interest 2003	Ownership Interest 2002
Central Exchange Ltd (A.C.N. 000 742 843) (Refer Note 5 (i))	48.82%	33.74%
Queste Operations Pty Ltd (A.C.N. 094 097 097) Deregistered on 6 May 2003.	0%	100%
Queste Communications (USA), Inc. Incorporated in Delaware, USA on 15 February 2000 This company is not currently engaged in any activities.	100%	100%

Consolidation of the accounts of Queste Communications (USA) Inc. has not been performed because it has not engaged in any activities since incorporation and has no material assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

5. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name of Entity	Principal Activity	Ownership Interest		Consolidated Carrying Amount	
		2003	2002	2003	2002
				$	$
Central Exchange Ltd	Telecommunications	48.82%	33.74%	-	224,857

(i) On 12 August 2002, Central Exchange Ltd ("CXL") issued 1,934,236 ordinary shares to the Company in satisfaction of $300,000 fees owed to the Company for technical services rendered pursuant to the termination and settlement of a technical services agreement between the two companies (as approved by shareholders of both companies). The Company's shareholding in CXL increased to 48.82% thereafter.

In light of such significant shareholding, CXL has been consolidated into the Company accounts for the current financial year.

	Consolidated	
	2003	2002
Movement in Investments in Associates	$	$
Equity accounted amount of investment at the beginning of the financial year	-	512,532
Share of losses from ordinary activities before income tax expense	-	(426,859)
Acquisition of additional interests in associates	-	139,184
Equity accounted amount of investment at the end of the financial year	-	224,857
Summarised Financial Position of Associates		
Current assets		
Cash	-	1,169,446
Receivables	-	121,658
Others	-	20,560
Non-current assets		
Investments	-	118,661
Property, plant and equipment	-	45,214
Other	-	14,106
Current liabilities		
Payables	-	(676,188)
Non-current liabilities		
Provisions	-	(4,636)
Net assets	-	808,821
Net losses	-	(1,368,497)
Share of Reserves Attributable to Associates		
Retained losses		
at the beginning of the financial year	-	(1,747,860)
at the end of the financial year	-	(2,174,719)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

6. PROPERTY, PLANT AND EQUIPMENT

CONSOLIDATED ENTITY:	Building	Plant and Equipment	Leasehold Improve-ments	Total
Gross Carrying Amount	$	$	$	$
Balance at 30 June 2002	443,416	258,467	43,575	745,458
Additions	-	4,539	-	4,539
Disposals	(443,416)	(2,103)	-	(445,519)
Balance at 30 June 2003	-	260,903	43,575	304,478
Accumulated Depreciation				
Balance at 30 June 2002	(39,634)	(192,115)	(13,626)	(245,375)
Depreciation expense	(8,380)	(17,415)	(4,492)	(30,287)
Write offs	-	(2,525)	-	(2,525)
Disposals	48,014	1,934	-	49,948
Balance at 30 June 2003	-	(210,121)	(18,118)	(228,239)
Net Book Value				
As at 30 June 2002	403,782	66,352	29,949	500,083
As at 30 June 2003	-	50,782	25,457	76,239

7. CURRENT PAYABLES

Trade creditors	3,350	25,155	3,093	25,155
Other creditors and accruals	87,111	80,896	24,117	80,896
	90,461	106,051	27,210	106,051

8. CONTRIBUTED EQUITY

Issued and Paid-Up Capital

28,404,879 (2002: 28,404,879) fully paid ordinary shares	5,887,927	5,887,926	5,887,927	5,887,926
20,000,000 (2001: 20,000,000) partly paid ordinary shares	200,000	200,000	200,000	200,000
Option premium	2,138,012	2,138,012	2,138,012	2,138,012
	8,225,939	8,225,938	8,225,939	8,225,938

(a) Movement in Issued Ordinary Share Capital

(i) Fully paid ordinary shares

Balance at beginning of financial year	5,887,926	5,903,568	5,887,926	5,903,568
Share buy back	-	(15,642)	-	(15,642)
Balance at end of the year	5,887,926	5,887,926	5,887,926	5,887,926

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

8. CONTRIBUTED EQUITY

(a) Movement in Issued Ordinary Share Capital (cont)

(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. No voting rights are attached to the Company's options on issue.

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.

(b) Details of options on issue are as follows:

Number	Terms and Conditions
5,000,000	Expired on 21 July 2003 with an exercise price of $0.20 per share without being exercised.

9. OUTSIDE EQUITY INTERESTS

	Consolidated Entity	
	2003	2002
Outside equity interests in controlled entity comprises:	$	$
Contributed equity	14,729,915	-
Accumulated losses	(15,574,174)	-
Reserves	1,087,063	-
	242,804	-

10. ACCUMULATED LOSSES

	Consolidated Entity		Company	
	2003	2002	2003	2002
	$	$	$	$
Balance at beginning of the year	(3,922,649)	(2,120,873)	(3,814,412)	(2,326,684)
Net loss	(434,032)	(1,801,776)	(533,229)	(1,487,728)
Balance at end of financial year	(4,356,681)	(3,922,649)	(4,347,641)	(3,814,412)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

11. EARNINGS PER SHARE

	Consolidated Entity	
	2003	2002
	$	$
Basic loss per share (cents)	(1.48)	(6.04)
Diluted loss per share (cents)	(0.90)	(3.69)

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

Net Loss ($)	(434,032)	(1,801,776)
Weighted average number of ordinary shares	29,404,879	29,843,726

(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 loss 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:

Net Loss ($)	(434,032)	(1,801,776)
Weighted average number of ordinary shares - refer (i) and (ii)	48,404,879	48,843,726

(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:

	2003 No.	2002 No.
Weighted average number of ordinary shares used in the calculation of basic EPS	29,404,879	29,843,726
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	48,843,726

(ii) The following potential ordinary shares are not dilutive because the options are out of the money and are therefore excluded from the weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share:

Options exercisable at 20 cents on or before 21 July 2003	5,000,000	5,000,000

12. LEASE COMMITMENTS

	Consolidated Entity		Company	
	2003	2002	2003	2002
	$	$	$	$
Non-cancellable operating lease commitments:				
Not longer than one year	108,800	116,647	108,800	116,647

The lease is in relation to the office premises of the Company and includes all outgoings. Such expenditure is shared with other companies, including controlled entity, Central Exchange Ltd, pursuant to shared office and administration expense arrangements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

13. SEGMENT REPORTING

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

	External Revenue		Operating results	
Segment Revenues & Results	**2003**	**2002**	**2003**	**2002**
	$	**$**	**$**	**$**
VoIP Technology	9,557	554,500	(162,263)	(829,696)
Investments	23,853	147,971	28,731	(179,530)
	33,410	702,471	(133,532)	(1,009,226)
Unallocated	651,757	212,468	(659,328)	(790,317)
	685,167	914,939		
Profit from ordinary activities before income tax			(792,860)	(1,799,543)
Income tax expense relating to ordinary activities			24,855	(2,233)
Loss from ordinary activities after income tax			(768,005)	(1,801,776)

	Assets		Liabilities	
Segment Assets & Liabilities	**2003**	**2002**	**2003**	**2002**
	$	**$**	**$**	**$**
VoIP Technology	-	539,158	-	
Investments	646,263	532,132	-	-
	646,263	1,071,290	-	-
Unallocated	3,572,339	3,377,272	(106,540)	(145,273)
	4,218,602	4,448,562	(106,540)	(145,273)

	VoIP Technology		Investments	
Other Segment Information	**2003**	**2002**	**2003**	**2002**
	$	**$**	**$**	**$**
Carrying value of investments accounted for using the equity method	-	-	-	- 224,857
Share of net losses of associate company accounted for under the equity method	-	-	-	426,859
Acquisition of segment assets	-	-	392,235	647,731
Depreciation and amortisation of segment assets	-	433,054	-	-
Other non-cash expenses				
Write off of segment assets	2,525	24,390	-	-
Write down of segment assets	69,000	831,000	-	-
Diminution of segment assets	-	-	(155,530)	245,683

14. ASSOCIATES AND JOINT VENTURES

The Consolidated Entity did not undertake any investments in associated entities or joint ventures during the financial year save as disclosed in Note 5 (Investments Accounted For Using The Equity Method).

15. DISCONTINUING OPERATIONS

There were no operations discontinued by the Consolidated Entity during the financial year.

16. GAIN/LOSS OF CONTROL OF ENTITIES

There were no entities over which control had been gained or lost by the Consolidated Entity during the financial year, save as disclosed below:

(a) Investment in Controlled Entities	Ownership Interest		Carrying amount of Investment	
	2003	**2002**	**2003**	**2002**
			$	**$**
Queste Operations Pty Ltd (A.C.N. 094 097 097) Deregistered on 6 May 2003.	0%	100%	-	100

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

17. STATEMENT TO CASH FLOWS

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

	Consolidated Entity		Company	
	2003	2002	2003	2002
	$	$	$	$
Operating loss after tax	(768,005)	(1,801,776)	(533,229)	(1,487,728)
Share of Associate's losses	-	426,859	-	-
Depreciation	30,287	47,353	21,879	47,353
Doubtful debts provision	1,486	-	2,806	-
Write down of VoiceNet Technology	69,000	831,000	69,000	831,000
Write down of inventory	18,273	-	18,273	-
Amortisation of VoiceNet Technology	-	400,000	-	400,000
Amortisation of website	-	15,377	-	15,377
Diminution of investments	(155,530)	245,683	203,390	358,703
Amounts written off assets	2,525	24,390	200	24,390
Gain on sale of assets	(39,602)	-	(39,644)	-
Loss on sale of investment	3,936	29,665	800	29,665
(Decrease)/increase in income tax payable	(24,855)	-	(10,452)	-
Disposal of investment in subsidiary	-	-	100	-
Shares received in lieu of technical service fees	-	(100,000)	-	(100,000)
Shares received as contribution toward legal costs	- -	(5,840)	-	(5,840)
Shares received in lieu of corporate advisory fees	-	(81,818)	-	(81,818)
(Increase)/decrease in assets:				
Current receivables	121,295	(374,393)	157,922	(374,394)
Inventories	-	13,704	-	13,704
Other current assets	40,677	(21,503)	25,421	(21,503)
Increase/(decrease) in liabilities:				
Current trade payables	(69,865)	2,330	(71,754)	2,330
Provision for annual leave	2,976	(5,905)	7,612	(5,814)
Net cash flows from operating activities	(767,402)	(354,874)	(147,676)	(354,575)

(b) Reconciliation of Cash

For the purposes of the statement 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:

Cash at bank	985,357	155,140	571,201	154,477
Term deposit	28,299	655,271	28,299	655,271
Bank bills	2,440,155	2,034,940	2,440,155	2,034,940
	3,453,811	2,845,351	3,039,655	2,844,688

(c) Non-Cash Financing and Investing Activities

The Company received from Central Exchange Ltd in part satisfaction of the settlement and termination of a technical services agreement, 1,934,236 shares Central Exchange Ltd at a deemed consideration of $300,000.

STATUS OF AUDIT

This Preliminary Final Report is based on accounts to which one of the following applies:

	The accounts have been audited.
X	The accounts are in the process of being audited or subject to review.
	The accounts have been subject to review.
	The accounts have not been audited or reviewed.

Description of likely dispute or qualification if the accounts have not yet been audited or subject to review or are in the process of being audited or subjected to review

None noted