



Queste Communications Limited

A.C.N 081 688 164

and Controlled Entities

DIRECTORS' REPORT

for

**Half Year Ended
31 December 2001**

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| | BOARD Farooq Khan (Executive Chairman) Brett M McKeon (Executive Director) Yaqoob Khan (Non-Executive Director) Malcolm S Watkins (Non-Executive Director) Bradley I McGougan (Non-Executive Director) Michael J van Rens (Non-Executive Director) Azhar Chaudhri (Non-Executive Director) |
| | COMPANY SECRETARY Victor Ho |
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DIRECTORS' REPORT

The Directors present their report on Queste Communications Limited ("Company") and its controlled entities (the "Consolidated Entity") for the half year ended 31 December 2001 ("Balance Date").

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the financial half year were the provision of technical services to Central Exchange Ltd in relation to the establishment and operation by Central Exchange Ltd of a telecommunication network in Australia utilising the Company's VoiceNet System Voice-over-Internet Protocol ("VoIP") technology, the pursuit of opportunities to commercially exploit the Company's VoiceNet System VoIP technology, and share investments.

OPERATING RESULTS

| | Consolidated Entity | |
|----------|---------------------|------------------|
| | December 2001 | December 2000 |
| | \$ | \$ |
| Net loss | (401,439) | (1,792,087) |

EARNINGS PER SHARE

| | Consolidated Entity | |
|---|---------------------|------------------|
| | December 2001 | December 2000 |
| Basic earnings per share (cents) | (1.35) | (6.20) |
| Weighted average number of ordinary shares outstanding during the half year used in the calculation of basic earnings per share | 29,707,745 | 28,891,479 |

The Company's 20,000,000 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. Diluted earnings per share is not materially different from basic earnings per share and therefore, has not been disclosed.

NET TANGIBLE ASSET BACKING

| | Consolidated Entity | |
|--|---------------------|------------------|
| | December 2001 | December 2000 |
| Net assets | \$5,719,518 | \$5,240,098 |
| Less intangible assets: | | |
| VoiceNet VoIP technology | (\$1,100,000) | (\$1,500,000) |
| Net tangible assets of the Consolidated Entity | \$4,619,518 | \$3,740,098 |
| Issued ordinary share capital base of the Company: | | |
| Fully paid ordinary shares | 28,847,363 | 28,847,363 |
| 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 | 29,847,363 | 29,847,363 |
| Net tangible asset backing per issued ordinary share as at balance date (cents) | 15.48 | 12.53 |

DIRECTORS' REPORT

REVIEW OF OPERATIONS

1. COMMERCIAL OPPORTUNITIES FOR VOIP TECHNOLOGY

Since late 1999, the Company has established itself as a supplier of Voice over Internet Protocol ("VoIP") products, solutions and services to Australian Stock Exchange ("ASX") listed and licenced carrier, Central Exchange Ltd ("Central Exchange") and is keen to pursue further commercial opportunities for its VoiceNet System VoIP technology in Australia and internationally.

The Company is currently actively pursuing alternate means of commercially exploiting its VoiceNet System VoIP technology, including an outright sale of the VoiceNet System VoIP technology to established or new entrants in the worldwide telecommunications industry seeking to establishing carrier grade VoIP networks or provide corporate Virtual Private Network ("VPN") Internet telephony solutions.

To this end, in September 2001, the Company engaged an Australian based company that specialises in world-wide marketing, management and capital raising activities for high technology organisations to consider all commercial opportunities for the VoiceNet System VoIP technology with local and overseas parties. The key personnel engaged to conduct the marketing of the Company's VoiceNet System VoIP technology has access to a network of contacts in the telecommunications and related industries in Australia, North America and to a lesser extent, Europe and East Asia.

The Company have been in discussions with several other parties with respect to providing a similar marketing role for the commercial exploitation of the VoiceNet System VoIP technology – no formal terms of engagement have been finalised at the date of this report.

The Company have been in discussions with a North American company who expressed an initial interest in the VoiceNet System VoIP technology. However, their interest has not advanced beyond a consideration of the various technical and commercial aspects of the technology.

The Company remains committed to pursuing all viable opportunities in the commercial exploitation of its VoiceNet System VoIP technology.

2. CENTRAL EXCHANGE LTD

Central Exchange, a licenced telecommunications carrier, has been granted a 14 year non-exclusive Australian licence to the Company's VoiceNet System VoIP technology. Furthermore, the Company has been assisting Central Exchange in establishing an Australian telecommunications network utilising the VoiceNet System VoIP technology, pursuant to a technical services agreement.

The Company currently owns 22,148,755 ordinary shares in Central Exchange representing approximately 31.44% of its issued ordinary share capital.

3.1. Central Exchange Telecommunications Network

On 8 August 2001, Central Exchange Ltd, a licenced telecommunications carrier, announced the commercial launch of the Central Exchange telecommunications network, which is based upon the VoiceNet System VoIP technology licenced from the Company.

Full details about the Central Exchange telecommunication services offered are described on the Central Exchange website at www.centralexchange.com.au.

The Company also reached agreement with Central Exchange in June 2001 for Perth based shareholders of the Company to join Perth based Central Exchange shareholders as "founding" customers of the Central Exchange telecommunications network. Within a few days after the network launch on 8 August 2001, approximately 500 Queste Communications Ltd shareholders received personal invitations to use the Central Exchange network for free

DIRECTORS' REPORT

calls (up to a maximum credit value of five dollars) during a 30 day offer period and encouraged to register as continuing "founding" clients to receive additional special benefits.

The Board of Central Exchange Ltd has advised the Company of their general disappointment at the relatively low uptake from the above direct mail-out initiative to Perth based shareholders.

3.2. Technical Services Fees

During the financial half year, the Company derived \$362,500 technical service fee revenues from Central Exchange.

Such revenues were derived pursuant to a technical services agreement whereby Central Exchange is required to pay the Company \$1,000,000.00 per annum (indexed for inflation after the first 12 months) for the provision by the Company of 3,000 hours per annum of technical services to assist Central Exchange to establish a telecommunications network utilising the licenced VoiceNet System VoIP technology. The fee is payable by monthly instalments (the "Monthly Fee") and the first payment commenced in November 1999.

The Monthly Fee may, at Central Exchange's election, be paid in any month by the issue of fully paid ordinary shares in Central Exchange, the price of such shares to be calculated at 80% of the weighted average price for the 4 week trading period on the ASX immediately preceding the due date for payment of the Monthly Fee to which the issue of shares relates.

At the Central Exchange Annual General Meeting held on 13 December 2000, shareholders passed relevant resolutions permitting the Board of Central Exchange to exercise the election pursuant to the technical services agreement to issue shares to the Company, in lieu of the Monthly Fee otherwise payable by cash. Pursuant to the Corporations Act 2001, Central Exchange may only issue shares to the Company in the 15 month period after shareholder approval on 13 December 2000.

The Board of Central Exchange has subsequently exercised this election under the technical services agreement to issue 7,974,817 ordinary shares in Central Exchange to the Company in satisfaction of Monthly Fees totalling \$472,916.66 payable to the Company for services rendered from 1 October 2000 to 16 March 2001.

The Company reached agreement with Central Exchange to temporarily suspend the payment of Monthly Fees for the provision of technical services between 16 March 2001 to 30 June 2001. The Board notes (and which Central Exchange acknowledges in their June 2001 Quarterly Report dated 30 July 2001) that the Company has continued to supply limited technical services to Central Exchange during this period.

The Company resumed the provision of technical services to Central Exchange leading up to the commercial launch of the Central Exchange network on 8 August 2001. The Company reached an agreement with Central Exchange to receive a fixed \$100,000 for partial technical services rendered in July, August and September 2001. On 28 August 2001, Central Exchange issued 5,528,055 ordinary shares to the Company in satisfaction of such technical service fees.

The Company recognises the need for Central Exchange to preserve its cash reserves and acknowledges that the Central Exchange Board will base all decisions with respect to the exercise of an election to issue shares in lieu of cash Monthly Fees to the Company on, inter alia, the current and projected cash reserves of Central Exchange, Central Exchange's expected capital commitments and the price of Central Exchange shares, on a month to month basis.

The Company is currently in discussions with Central Exchange regarding the Monthly Fees from October 2001 to date and also with respect to the balance of the term of the Technical Services Agreement (up to and including October 2002) with the view to a possible termination of the agreement prior to its natural effluxion.

DIRECTORS' REPORT

4. PROPOSED ACQUISITION OF 19.9% INTEREST IN ANZOIL NL

On 17 January 2002, the Company announced that it had entered into an agreement with IGM Group Ltd ("IGM") (an ASX listed mining company) to acquire from IGM 18,440,158 shares and from other parties 3,059,842 shares, being a total of 21,500,000 shares in the capital of Anzoil NL ("Anzoil") (the "Anzoil Transaction Agreement").

The acquisition of such shares comprises approximately 19.89% of the issued capital of Anzoil as at the date of execution of the Anzoil Transaction Agreement.

Anzoil is an ASX listed oil and gas exploration company which has as its principal assets; cash, 19,317,890 shares in ASX listed Cue Energy Resources NL ("Cue"), a receivable of US\$1,043,600 (as advised by Anzoil as at 17 January 2002) due from French resources company, Etablissements Maurel and Prom Societe en Commandite Par Actions ("Maurel and Prom") and minority holdings in an offshore Thai petroleum exploration permit and an Indonesian LPG project.

The purchase price for each share is equal to the net tangible assets backing per share of Anzoil, which amount is calculated by reference to the following formula:

$$\frac{0.3133 \times \text{Anzoil NTA}}{21,500,000}$$

Where "Anzoil NTA" equals, at date of settlement of the transaction:

- (i) the sum of cash at bank held by Anzoil;
 - (ii) the realisable value of the outstanding balance of debt receivable by Anzoil from Maurel and Prom;
 - (iii) the value of all shares in Cue held by Anzoil calculated in accordance with the weighted average share price of Cue as traded on the ASX over the period of 5 consecutive business days ending on the day prior to the date of settlement;
- LESS
- (i) the sum of the total of all current and non-current liabilities of Anzoil (and its controlled entities on a consolidated basis).

The acquisition of the Anzoil shares is conditional upon a number of matters including, inter alia:

1. The Company completing a due diligence investigation into the affairs of Anzoil and declaring in writing that in its absolute discretion it is satisfied with the results of such due diligence;
2. The Company or its nominee advancing an amount of up to \$500,000 ("Loan") to Anzoil by way of a one year convertible note ("Convertible Note") with the amount of such advance being secured by the Company against the whole of Anzoil's holding of shares in Cue ("Security"). The Loan bears interest at a rate of 8% per annum. The Company shall be capable of converting the Loan into ordinary fully paid shares in Anzoil at the lower of 2.5 cents per share or 80% of the weighted average share price of Anzoil as traded on the ASX over the period of 5 consecutive business days ending on the day prior to the advance of the Loan;
3. The approval, by a resolution(s) passed by the shareholders of Anzoil at a general meeting(s) the terms of which are to the satisfaction of the Company and which complies with section 611 item 7 of the Corporations Act 2001, for:
 - 3.1 the issue to the Company and/or its nominee of the Convertible Note; and
 - 3.2 the issue to the Company and/or its nominee of shares in Anzoil to the extent to which the Company and/or its nominee elects to convert the Loan and any accrued interest on the Loan under the Convertible Note to shares in Anzoil notwithstanding that such issue may cause the Company's relevant interest in Anzoil shares to increase at a rate greater than would be an exempt acquisition pursuant to section 611 Item 9 of the Corporations Act 2001;
4. The appointment of at least three persons nominated by the Company to the board of Anzoil and the resignation of all but one of the current directors of Anzoil;

DIRECTORS' REPORT

5. Contemporaneous settlement of the sale by the Company of its current share holding of 1,469,584 shares in ASX listed Suan Australia Ltd ("Suan") to third party advisors (and/or nominee/s) for a consideration of \$146,958.40 together with the repayment by such advisors of monies advanced by the Company to Suan currently totalling \$35,745 (the "Suan Transaction Agreement"); and
6. The payment of fees of \$275,000 to the same third party advisors with respect to the acquisition of the Anzoil shares by the Company and the issue by Anzoil to the Company of the Convertible Note.

On 7 March 2002, the Company received a notice from St Barnabus Investments Pty Ltd (signed on its behalf by Mr David K. W. Michael, representing one of the abovementioned third party advisors) and Guy T Le Page & Associates Pty Ltd (signed on its behalf by Mr Guy T. Le Page, representing the other abovementioned third party advisor) seeking to terminate the Anzoil and Suan Transaction Agreements. Messrs Michael and Le Page are parties to both agreements.

The Company is presently reviewing its position and seeking legal advice in the matter and will keep the market informed of developments in this regard.

5. GENERAL INVESTMENT OPPORTUNITIES

In addition to the commercial exploitation of the Company's investment in its VoiceNet System VoIP technology, the Board is actively seeking to add value to the asset base and underlying share price of the Company through the pursuit of selective investment and other commercial opportunities. Such selective investment and commercial opportunities will be pursued with the dual objectives of creating a secure income stream for the Company and/or the acquisition of assets that provide for capital growth. Assets will be acquired either on the basis that they are currently undervalued or present the opportunity for superior capital growth. The intention is to increase the asset base of the Company to a level which the directors considers is a prudent capital base from which it will be able to take advantage of further commercial investment activities. The Board will also consider the expansion of the capital base of the Company through the issue of equity capital and/or the formation of strategic alliances or mergers with other companies.

6. CORPORATE

6.1. Lapsing of 11.50 million Central Exchange Options

Under the VoiceNet System VoIP technology licence agreement between Central Exchange and the Company, Central Exchange, inter alia, issued 11,500,000 options (at one cent per option) to the Company (each to take up one ordinary share in Central Exchange at an exercise price of 20 cents per share, on or before 31 December 2000).

In late 2000, as the share price of Central Exchange at the relevant time was considerably less than the exercise price of 20 cents, the Company advised Central Exchange that it was unlikely to exercise the options by the exercise date of 31 December 2000 and proposed to Central Exchange that it issue the Company 11,500,000 new options, at an exercise price of 20 cents on or before one year from the issue date, for a total consideration of \$9,000 and the cancellation of the 31 December 2000 options, in order to secure an avenue for future funds to be invested in Central Exchange by the Company.

At the Central Exchange Annual General Meeting held on 13 December 2000, shareholders (with the Company abstaining from voting) passed relevant resolutions permitting the issue of such 11,500,000 options in Central Exchange to the Company (each to take up one ordinary share in Central Exchange at an exercise price of 20 cents per share, on or before 20 December 2001).

Such 11,500,000 options lapsed on 20 December 2001 without exercise by the Company as the exercise price was well above the trading price of Central Exchange on the ASX.

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6.2. Adoption of New Constitution

At the Company's 2001 Annual General Meeting on 23 November 2001, shareholder approved a special resolution adopting a new constitution. Such constitution is consistent with changes to the law introduced by the *Corporate Law Economic Reform Program Act 1999* (Cth), the *Corporations Act 2001* (Cth) and the ASX Listing Rules. A copy of the Company's new constitution may be viewed on the Company's website at www.queste.com.au.

6.3. Unmarketable Parcels

As disclosed in the Company's 2001 Annual Report, the share register contains a large number of shareholders holding less than a marketable parcel of shares in the Company.

Under the ASX business rules, an unmarketable parcel is considered to be a shareholding valued at \$500 or less (Unmarketable Parcel). Unmarketable Parcels represent additional maintenance costs to the Company in relation to share registry fees, annual report and other mail-out printing costs, and associated postage. Furthermore, for shareholders, the costs of selling their Unmarketable Parcel of shares may result in a proportionally high transaction cost compared to the gross proceeds of sale.

Clause 31.1 of the Company's constitution provides a mechanism by which the Board may, with the agreement of the relevant shareholder, aggregate Unmarketable Parcels of shares and sell them on the shareholders' behalf thereby possibly achieving a higher price for the shares than would have been possible had they been sold as unmarketable parcels. Briefly, the sale of Unmarketable Parcels will operate as follows:

- (i) The Company must give relevant shareholders a notice, to which the shareholders must respond within the specified date of at least 6 weeks after the notice is given.
- (ii) Shareholders may respond by advising the Company that they do not wish their shares to be sold, in which case the shares will not be sold pursuant to that notice.
- (iii) If Shareholders do not respond, the Company, as agent, may sell shares held by such shareholders at a price and upon terms determined by the Board.
- (iv) If shares are sold on behalf of shareholders, the Company will forward the sale proceeds to each shareholder concerned in accordance with their written instructions. All costs in relation to the sale of the shares will be borne by the purchaser or the Company, but not the shareholders concerned.

To this end, on 4 January 2002, the Board gave notice to shareholders holding Unmarketable Parcels (being 9,090 or less shares based on the Company's then last sale share price on the ASX of \$0.055) of its intention to sell such shares. Affected shareholders had until 19 February 2002 to notify the Company of their intention to retain their Unmarketable Parcels.

The Company despatched notices to 398 shareholders holding an aggregate of 1,554,288 shares in the Company or 5.21% of its issued ordinary share capital.

At the expiry of the notice period on 19 February 2002, 173 shareholders had advised the Company of their intention to retain their Unmarketable Parcels. The Company, pursuant to Clause 31.1 of its constitution, is therefore authorised to sell, as agent, an aggregate of 723,254 shares on behalf of those shareholders who did not advise the Company of such intentions by 19 February 2002.

The sale of such Unmarketable Parcels of shares on-market will occur shortly.

DIRECTORS' REPORT

6.4. On-Market Buy-Back Of Shares

As foreshadowed in the Company's 2001 Annual Report and in a letter to shareholders of Unmarketable Parcels as discussed above, the Company may undertake an on market buy-back of up to **2,884,736** fully paid ordinary shares (being up to 10% of its lowest issue ordinary share capital in the previous 12 months). This 10% buy-back procedure is permitted under the Corporations Act 2001.

Accordingly, the sale of the Unmarketable Parcels and on-market buy-back by the Company may occur contemporaneously.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There was no significant change in the state of affairs of the Consolidated Entity during the financial half year end other than that referred to in this report or the attached financial report in the form of Appendix 4B of the ASX Listing Rules (as amended).

DIRECTORS

The names and particulars of all Directors in office during and since the financial half year are:

1. Farooq Khan

Chairman and Managing Director
Age 40

Mr Khan has successfully founded a number of companies in the Internet, pharmaceutical and cosmetics sectors, including a number of successful IPOs in Australia in the technology sector. Mr Khan holds a Bachelor of Jurisprudence and Bachelor of Law degree from the University of Western Australia. After practicing for a number of years, principally in the field of corporate law, Mr Khan left the legal profession to form the Company, and later, Fast Scout Ltd, an ASX listed Internet portal technology company. Mr Khan is also the Chairman and Managing Director of ASX listed Central Exchange Ltd and Bigshop.com.au Ltd and brings considerable experience in commercial law and corporate management and administration to the Company.

2. Brett McKeon

Executive Director
Age 38

Mr McKeon has practiced for the past 15 years in the financial services industry and is the Founder and Managing Director of the Australian Finance Group ("AFG"), a leading financial services organisation involved in the arrangement, provision, negotiation and settlement of finance facilities for clients throughout Australia in excess of several billion dollars per year. Mr McKeon is also a Director of ASX listed Central Exchange Ltd and Bigshop.com.au Ltd. Mr McKeon has extensive contacts both in Australia and internationally with large financial institutions and institutional investors and brings considerable experience in financial management and administration to the Company.

3. Malcolm Watkins

Non Executive Director
Age 37

Mr Watkins is also a Director of AFG. Mr Watkins is responsible for AFG's technology development programs, electronic delivery systems and national marketing operations. He has held senior management positions within industries ranging from horticulture through to computer equipment. Mr Watkins currently sits on 8 company boards and brings over 18 years experience in company product/quality control, consumer delivery systems and strategic marketing.

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4. **Michael Van Rens**
Non Executive Director
Age 47

Mr van Rens is a founding Director of the Integrated Financial Group in Western Australia, a leading financial services company and part owners of the national financial services dealer group, Australian Financial Securities Pty Ltd. Mr van Rens also holds board positions with Financial Resources Ltd, a leasing finance company, Pneumatic Systems Australia Pty Ltd, a group providing innovative technology for hose, tube and pipe maintenance industries, and European Goldfields Ltd, a Canadian listed gold exploration company. Mr van Rens brings an extensive marketing, sales and investment background to the Company, developed over the last 16 years in the financial services industry.

5. **Bradley McGougan**
Non Executive Director
Age 46

Mr McGougan has been involved in the Life and General Insurance industry for over 20 years having worked with the AMP Society and AGC (Insurances) Ltd. Mr McGougan is also a Director of AFG and is responsible for integrating and promoting AFG products and services to the Life Insurance, Financial Planning and Accounting professions.

6. **Yaqoob Khan**
Non-Executive Director
Age 37

Mr Khan holds a Bachelor of Commerce degree from the University of Western Australia and a Master of Industrial Administration degree from Carnegie Mellon University, Pittsburgh, Pennsylvania, USA. After working for several years in the Australian Taxation Office, Mr Khan completed his postgraduate Masters degree and commenced work with an overseas company as a senior executive responsible for product marketing, costing systems and production management. Mr Khan is also a Director of ASX listed Central Exchange Ltd and Fast Scout Ltd. Mr Khan brings considerable international experience in key aspects of corporate finance, production and marketing.

7. **Azhar Chaudhri**
Non Executive Director
Age 40

Mr Chaudhri holds a Bachelor of Science degree in Maths and Physics and a Masters degree in Economics. He has also undertaken postgraduate computer studies in the United Kingdom. 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. Mr Chaudhri is also an Executive Director of Fast Scout Ltd.

8. **Russell Grewe**
Ceased to be an Executive Director on 31 December 2001

Mr Grewe was responsible for leading the development team that created the Company's VoIP technology – the VoiceNet System. As the then Chief Technology Officer of the Company, Mr Grewe was responsible for all aspects of technical development and innovation of the Company's VoIP products and solutions.

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

DIRECTORS' REPORT

DIRECTORS' RELEVANT INTEREST

The relevant interest of each Director in the issued securities of the Company at the date of this report is as follows:

| Name of Director | Fully Paid Ordinary Shares | Partly Paid Ordinary Shares | 21 July 2003 Options |
|------------------|----------------------------|-----------------------------|----------------------|
| F Khan | 1,330,040 | - | 3,240,000 |
| Y Khan | 1,844,540 | - | 360,000 |
| B McKeon | 2,178,208 | 4,000,000 | 300,000 |
| M Watkins | 2,178,206 | 4,000,000 | 300,000 |
| B McGougan | 2,228,206 | 4,000,000 | 300,000 |
| M van Rens | 355,932 | - | 500,000 |
| A Chaudhri | 3,693,500 | 16,000,000 | - |

Notes:

- (i) Fast Scout Limited is the registered holder of 826,950 fully paid ordinary shares in the entity. Data Base Systems Limited is the registered holder of 50,301,800 fully paid ordinary shares in Fast Scout Limited (comprising 58.97% of issued ordinary share capital).

Farooq Khan is the Managing Director of Fast Scout Limited. He is also a director of Data Base Systems Limited and the registered holder of 50% of the issued ordinary share capital in Data Base Systems Limited as trustee for a beneficiary.

Azhar Chaudhri is an Executive Director of Fast Scout Limited. He is also a director of Data Base Systems Limited and the registered holder of 25% of the issued ordinary share capital in Data Base Systems Limited.

- (ii) Renmuir Holdings Limited is the registered holder of 2,633,500 fully paid ordinary shares in the entity. Farooq Khan is the beneficial owner of 100% of the issued ordinary share capital in Renmuir Holdings Limited. However, he holds such beneficial interest as trustee for another beneficiary. He is not a director of or a registered holder of securities in Renmuir Holdings Limited.

- (iii) Chi Tung Investments Limited is the registered holder of 1,050,000 fully paid ordinary shares and 16,000,000 partly paid ordinary shares (issued at 20 cents each and partly paid to one cent each) in the entity. Farooq Khan is the beneficial owner of 100% of the issued ordinary share capital in Chi Tung Investments Limited. However, he holds such beneficial interest as trustee for another beneficiary. He is not a director of or a registered holder of securities in Chi Tung Investments Limited.

SECURITIES IN THE COMPANY

At the date of this report, there are the following numbers of the Company's securities on issue:

- (i) 28,847,363 listed fully paid ordinary shares;
- (ii) 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, on or before 21 July 2003;
- (iii) 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 half year.

DIRECTORS' REPORT

EVENTS SUBSEQUENT TO BALANCE DATE

The Directors are not aware of any matters or circumstances at the date of the report, other than those referred to in this report or in the attached financial report of the Company in the form of Appendix 4B of the ASX Listing Rules (as amended), that have significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Consolidated Entity in subsequent periods.

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

Farooq Khan
Executive Chairman

Brett McKeon
Non-Executive Director

Perth, Western Australia

15 March 2002

DIRECTORS' DECLARATION

The Directors declare that:

- (i) The attached financial report of the Company in the form of Appendix 4B of the Australian Stock Exchange Listing Rules (as amended) comply with accounting standards;
- (ii) The financial report of the Company in the form of Appendix 4B of the Australian Stock Exchange Listing Rules (as amended) give a true and fair view of the financial position and performance of the Company and Consolidated Entity;
- (iii) In the Directors' opinion, the attached financial report of the Company in the form of Appendix 4B of the Australian Stock Exchange Listing Rules (as amended) are in accordance with the Corporation Act 2001 and
- (iv) 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.

Signed in accordance with a resolution of the Directors made pursuant to section 303(5) of the Corporations Act 2001.

Farooq Khan
Executive Chairman

Brett McKeon
Non-Executive Director

Perth, Western Australia

15 March 2002

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF QUESTE COMMUNICATIONS LTD

Scope

We have reviewed the attached financial report of [Queste Communications Limited](#) in the form of Appendix 4B of the Australian Stock Exchange (ASX) Listing Rules, including the directors' declaration, for the half-year ended 31 December 2001, but excluding the following sections:

- a) material factors affecting the revenues and expenses of the consolidated entity for the current period (page 14); and
- b) compliance statement (page 16).

The disclosing entity's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" issued in Australia and other mandatory professional reporting requirements, statutory requirements and ASX Listing Rules as they relate to Appendix 4B, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to meet its obligations to lodge the financial report with the Australian Securities and Investments Commission and the ASX.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of [Queste Communications Limited](#) is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2001 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements and ASX Listing Rules as they relate to Appendix 4B.

DELOITTE TOUCHE TOHMATSU

Peter J McIver
Partner
Chartered Accountants

Perth, 15 March 2002

STOCK EXCHANGE INFORMATION as at 13 March 2002

DISTRIBUTION OF LISTED ORDINARY FULLY PAID SHARES

| Spread | of | Holdings | Number of Holders | Number of Units | % of Total Issue Capital |
|--------------|----|----------|-------------------|-------------------|--------------------------|
| 1 | - | 1,000 | 11 | 8,025 | 0.027 |
| 1,001 | - | 5,000 | 113 | 373,111 | 1.293 |
| 5,001 | - | 10,000 | 179 | 1,619,032 | 5.612 |
| 10,001 | - | 100,000 | 342 | 9,644,258 | 33.432 |
| 100,001 | - | and over | 34 | 17,202,937 | 59.634 |
| Total | | | 679 | 28,847,363 | 100 |

DISTRIBUTION OF UNLISTED OPTIONS EXERCISABLE AT 20 CENTS AND EXPIRING 21 JULY 2003

| Name | No. of Options |
|-----------------|------------------|
| Mr F Khan | 3,240,000 |
| Mr B McKeon | 300,000 |
| Mr M J van Rens | 500,000 |
| Mr M Watkins | 300,000 |
| Mr B McGougan | 300,000 |
| Mr Y Khan | 360,000 |
| Total | 5,000,000 |

DISTRIBUTION OF UNLISTED PARTLY PAID ORDINARY SHARES

| Name | No. of Options |
|-------------------------------|----------------|
| Chi Tung Investments Ltd | 16,000,000 |
| Grandstar Investments Pty Ltd | 4,000,000 |

These 20,000,000 ordinary shares were issued at a price of 20 cents per share and have been partly paid to one cent each and have an outstanding amount payable of 19 cents per share.

VOTING RIGHTS

- Ordinary fully paid shares have one vote per share.
- No voting rights are attached to the Company's options.
- The Company's partly paid shares have a proportional voting entitlement in accordance with the amount paid up for that share.

STOCK EXCHANGE INFORMATION as at 13 March 2002

TOP TWENTY ORDINARY FULLY PAID SHAREHOLDERS

| Rank | Shareholder | Total Units | % Issued Capital |
|------|---|-------------|------------------|
| 1 | RENMUIR HOLDINGS LTD | 2,633,500 | 9.129 |
| 2 | QUESTE AMERICA INC. | 2,500,000 | 8.666 |
| 3 | MAWSON GROUP WA PTY LTD | 2,157,020 | 7.477 |
| 4 | ISLAND AUSTRALIA PTY LTD | 1,275,020 | 4.419 |
| 5 | CHI TUNG INVESTMENTS LTD | 1,050,000 | 3.639 |
| | MANAR NOMINEES PTY LTD | 989,259 | 3.429 |
| 6 | FASTSCOUT LTD | 826,950 | 2.866 |
| | QUESTE COMMUNICATIONS LTD | | |
| 7 | <MINIMUM SHAREHOLDER PARCEL DISPERSAL A/C> | 723,254 | 2.507 |
| 8 | DR ABRAHAM LEON ZELWER (ABE ZELWER) | 679,366 | 2.355 |
| 9 | KYA CORPORATION PTY LTD | 514,500 | 1.783 |
| | MRS ELIZABETH MARGARET DE BURGH | | |
| 10 | <E C DE BURGH F/FUND A/C> | 395,119 | 1.369 |
| | MICHAEL VAN RENS FINANCIAL SERVICES PTY LTD | | |
| 11 | <SUPER FUND ACCOUNT> | 335,932 | 1.164 |
| | YOBAXS PTY LTD & YOBAXS PTY LTD | | |
| 12 | <SQUIRRELL SUPER FUND A/C> | 251,875 | 0.873 |
| | TASCOAST PTY LTD | | |
| 14 | <THE GULABOVSKI FAMILY A/C> | 246,300 | 0.853 |
| 15 | MRS CHERRYL DAWN BAGSHAW | 218,750 | 0.758 |
| 16 | MRS AFIA KHAN | 215,000 | 0.745 |
| 17 | MR AYUB KHAN | 215,000 | 0.745 |
| 18 | MRS AMBREEN CHAUDHRI | 215,000 | 0.745 |
| | HUNT CORPORATION'S PTY LTD | | |
| 19 | <HUNT INVESTMENT FUND A/C> | 179,785 | 0.623 |
| 20 | MR RICHARD NOEL MAYO | 175,000 | 0.606 |
| | Total | 15,796,630 | 54.751 |

SUBSTANTIAL SHAREHOLDERS

The following shareholders are holders of 5% or more of the Company's issued fully paid ordinary shares.

| Shareholder | Ordinary Shares | % Issued Capital |
|-------------------------|-----------------|------------------|
| RENMUIR HOLDINGS LTD | 2,633,500 | 9.129 |
| QUESTE AMERICA INC. | 2,500,000 | 8.666 |
| MAWSON GROUP WA PTY LTD | 2,157,020 | 7.477 |