



Annual Report 2000

FastScout 

ACN 008 488 724



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company particulars

Directors

Mr Farooq Khan
Mr Russell Grewe
Mr Azhar Chaudhri
Mr Yaqoob Khan

Company Secretary

Mr Victor Ho

Registered and Principal Office

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221 St Georges Terrace
Perth WA 6000
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Facsimile: +618 9322 1515

Share Registry

Advanced Share Registry Services
Level 7, 200 Adelaide Terrace
Perth WA 6000
Telephone: +618 9221 7288
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Auditors

Deloitte Touche Tohmatsu
Level 16, Central Park
152-158 St Georges Terrace
Perth WA 6000

Solicitors

Solomon Brothers
Level 40, Exchange Plaza
2 The Esplanade
Perth WA 6000

Bankers

National Australia Bank
1232 Hay Street
West Perth WA 6005

Stock Exchange

Australian Stock Exchange Ltd
Exchange Plaza
2 The Esplanade
Perth WA 6000

chairman's review

Dear Shareholder,

On behalf of the Board of Directors, I would like to thank and welcome all those shareholders who acquired shares in the Company on and since our listing on the Australian Stock Exchange on 7 March 2000. This completed a capital raising of \$7,000,000, which was \$1,000,000 more than originally sought after the Directors exercised their right to accept oversubscriptions for up to a further 5,000,000 ordinary shares in the face of strong demand under the Initial Public Offering.

The Directors were pleased at the 100% premium to its issue price of 20 cents per share on listing. However, since that date there has been significant downward market sentiment towards Internet related stocks, and this, coupled with the fact that the Company is currently undergoing a development cycle of its technology and systems prior to a commercial launch, have all contributed to a low share price over the last few months. Notwithstanding the share price of the Company, the Directors are still confident about the Fast Scout business model, but are aware that there is hard work ahead for the Company to exploit the commercial opportunity that arises from its business model. Furthermore, the implementation of Fast Scout's business model should see a re-appraisal of the share price of the Company.

Fast Scout's business model aims to address the issue of the lack of formal structure to the millions of web pages of the Internet, and the often encountered inability to find precise information amongst the clutter of a large number of unrelated web sites by offering an Internet web site that will act as a key entry point or portal for business users of the World Wide Web. Fast Scout proposes to create structure and order to the Internet through the creation of a sophisticated search and navigation engine, which will have manually qualified web sites indexed into Fast Scout's search and navigation engine database.

Fast Scout believes that the key revenue source from its business model will be its Virtual Web feature which is effectively a virtual private subset of the Internet which will allow companies to give Internet access to employees safe in the knowledge that employees will only be allowed to access business related web sites manually qualified by Fast Scout personnel.

To this end, software development and other works have commenced under strategic contracts with overseas related parties to create the Company's Internet search and navigation web site portal. This includes the development of the Portal Delivery System, which will be the Internet web interface and search and navigation engine, and works to catalogue, classify, index and update business related Internet web sites into the various business related categories of the Portal Delivery System.

The development of the Company's unique Portal Delivery System is being undertaken by Logic Development Inc. (a company associated with Mr Russell Grewe, a Director of the Company) at cost price without any profit component. This presents a significant benefit to the Company in the conservation of its cash resources.

The Portal Delivery System is expected to be completed by the end of January 2001. This time frame for completion was longer than expected as the Board has requested specification changes in order to create a number of value added features that it believes will enhance the functionality and hence, commercial attractiveness, of the system and result in a superior product being brought to market. Again, these changes are being completed by Logic Development Inc. at cost price

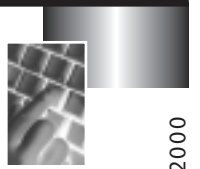
The classification of business related web sites into the Company's database has been contracted to Data Base Systems Ltd (a company associated with Mr Russell Grewe, Mr Azhar Chaudhri and Mr Farooq Khan, all being Directors of the Company). Data Base Systems has advised the Company that in anticipation of commencing works under its contract with Fast Scout it has assigned and allocated a range of highly qualified employees holding various postgraduate degrees to attend to the cataloguing, classification and indexing tasks required.

The Board believes that this commitment of expert personnel by Data Base Systems represents a valuable commercial advantage to the Company in completing its stated business objectives.

The Board also notes that the classification works undertaken by Data Base Systems Limited have been capitalised to a significant extent. As outlined by the Independent Expert's Report in the Company's Prospectus, Fast Scout has received a cash flow benefit of over \$12,500,000 pursuant to its classification contract with Data Base Systems Limited.

It was contemplated that the commencement of the classification works by Data Base Systems would commence on completion of the Portal Delivery System by Logic Development Inc and its delivery up to the Company. The Prospectus of the Company contemplated that the Fast Scout portal would be commissioned upon a minimum of 150,000 web sites being catalogued, classified and indexed by Data Base Systems. It was initially contemplated that such classification works would only commence upon receipt by Fast Scout of the completed Portal Delivery System from Logic Development Inc.

chairman's review



As a consequence of the specification alterations to the Portal Delivery System initiated by Fast Scout, it is now possible for Data Base Systems to commence classification works prior to completion of the Portal Delivery System. As the commencement of such classification works by Data Base Systems now allows for such works to proceed in parallel to the finalisation of the Portal Delivery System by Logic Development Inc, the Board expects the delays in the launch of the Fast Scout web portal to be less than those which would have otherwise occurred. Data Base Systems has advised that, subject to finalisation of the changes to the specifications of the Portal Delivery System, it is in a position to commence works within 30 days of finalisation of such specifications.

The Board has also decided to defer the establishment of a branch office in San Francisco, USA. The Board believes that its interests will be fully and properly served through its current offices in Raleigh, North Carolina, USA, headed by the Company's resident US Director, Mr Russell Grewe. This decision is consistent with the Board's desire to preserve cash reserves.

The Board looks forward to the completion of its Portal Delivery System later in the 2000/2001 financial year and steady progress being achieved in relation to the cataloging, classification and indexing works being undertaken by Data Base Systems.

The Company's medium term objective is still to establish business operations in the United States and expand the number of users of its web site and the consequential potential revenue base of such operations to a level sufficient to meet the threshold criteria necessary to qualify for listing on the NASDAQ stock market of the United States. This should assist the Company in seeking further capital to fund Fast Scout's long term business plans, which include the creation of further web portals for other key Internet sectors.

Farooq Khan
Chairman

Perth, Western Australia

24 October 2000

directors' report

Your Directors submit their report made in accordance with a resolution of the Directors, together with the financial report for the financial period ended 30 June 2000 and the auditors report thereon.

DIRECTORS

The names and the details of the Directors of the Company in office during or since the end of the financial period are:

FAROOQ KHAN (39)

Chairman and Managing Director

Mr Khan holds a Bachelor of Jurisprudence and Bachelor of Law degree from the University of Western Australia and is currently admitted to practice in the Supreme Court of Western Australia and the High Court of Australia. After practicing for a number of years, principally in the area of corporate law, Mr Khan left the law to form Queste Communications Ltd, an ASX listed telecommunications company.

Mr Khan is the Chairman and Managing Director of Queste Communications Ltd and is also the Chairman and Managing Director of Central Exchange Ltd, an ASX listed mineral exploration and telecommunications company. Mr Khan brings considerable experience both in commercial law and in the management and administration of an operating company.

RUSSELL GREWE (39)

Executive Director

Mr Grewe holds Bachelor and Master of Science degrees in Computer Engineering and has over 15 years experience in the data-communications and networking industries specialising in software architecture design and programming. He has held positions ranging from project development engineering to senior corporate management. Over the course of his career, Mr Grewe has become adept at bringing together a number of computing disciplines in order to deliver timely products to new markets. Mr Grewe has completed assignments as the Group Manager of a subsidiary company of Dynatech Corporation of the United States and as Vice President of Engineering of Digital Technology Inc a network analysis and communications company.

Mr Grewe is currently a Director of Queste Communications Ltd.

AZHAR CHAUDHRI (39)

Executive Director

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 currently a Director of Queste Communications Ltd.

YAQOOB KHAN (36)

Executive Director

Mr Khan holds a Bachelor of Commerce Degree from the University of Western Australia and a Masters Degree in Industrial Administration from Carnegie Mellon University, Pittsburgh. 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 the areas of product marketing, costing systems and production management. Mr Khan brings considerable international experience in key aspects of corporate finance, production and marketing.

Mr Khan is currently a Director of Queste Communications Ltd and Central Exchange Ltd.

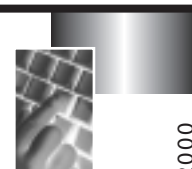
VICTOR HO (30)

Alternate Director for Mr Y Khan between 9 March 2000 and 12 May 2000

Mr Ho holds Bachelor of Commerce and Bachelor of Law degrees from the University of Western Australia and is the Company Secretary of the Company. Mr Ho has 8 years experience with the Australian Taxation Office and one year in a specialist taxation law firm.

Mr Ho is currently the Company Secretary of Queste Communications Ltd and Central Exchange Ltd and has also been an alternate Director of these 2 ASX listed companies.

directors' report



PRINCIPAL ACTIVITIES

The principal activity during the period of the Company was the development of an Internet search and navigation web-site portal for business users.

CHANGES IN STATE OF AFFAIRS

During the financial period there was no significant change in the state of affairs of the Company other than that referred to in the financial statements or notes thereto.

FINANCIAL RESULT

The net operating loss of the Company for the financial period amounted to \$88,575. The Company has no provisions for income tax expense.

REVIEW OF OPERATIONS

Corporate Milestones

- On 2 February 2000 the Company issued a Prospectus seeking to raise \$6,000,000 pursuant to an issue of 30,000,000 ordinary fully paid shares at a price of 20 cents each together with a right for the Directors to accept oversubscriptions for a further \$1,000,000 comprising 5,000,000 ordinary fully paid shares at a price of 20 cents each.
- The Company completed a capital raising of \$7,000,000 pursuant to the Prospectus Issue and was admitted to the Official List of the Australian Stock Exchange on 2 March 2000.
- Official quotation of the Company's 35,000,100 fully paid ordinary shares commenced on 7 March 2000.

Operational Milestones

The Company commenced software development and other works in relation to its Internet search and navigation web-site portal for business users pursuant to the following contracts:

- A Portal Delivery System Agreement with Logic Development Inc. and Mr Russell Grewe to develop the Portal Delivery System, which will comprise the following elements:
 - The Fast Scout web interface containing dynamic generated web-pages;
 - The Fast Scout Internet search and navigation engine containing Intellisearch, Virtual Web, Auto Track and My Index features;
 - A Banner Management System to administer banner advertising
- A Portal Classification Agreement with Database Systems Ltd to catalogue, classify, index and update business related Internet web-sites into the various business related categories of the Portal Delivery System.

FUTURE DEVELOPMENTS

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

BUSINESS AND INVESTMENT RISKS

(i) Development Risk

The Company has entered into key agreements with Logic Development Inc (for the creation and delivery of the Portal Delivery System) and with Data Base Systems Ltd (for cataloguing, classifying, indexing and updating business related Web Sites into the Fast Scout Portal Delivery System). The Company is highly dependent upon these companies meeting their contractual obligations under their respective agreements with the Company. The Company cannot guarantee that these companies will meet or comply with their respective contractual obligations.

(ii) Supplier Risk

The Company will rely on iWorld Services Inc for the provision of Portal maintenance, hosting and technical support for the Fast Scout operations in the United States. The Company cannot guarantee that iWorld Services Inc will meet or comply with its contractual obligations.

(iii) Exchange Rate Risk

The amounts payable under the terms of the Portal Delivery System Agreement and Portal Hosting, Maintenance and Technical Support Agreement are expressed in Australian dollars but are remitted based on an Australian dollar/United States dollar exchange rate of A\$1.00= US\$0.65. Accordingly, Australian dollar/United States dollar exchange rate fluctuations will affect the amount of the Company's expenditure commitments during the term of the above agreements.

DIVIDENDS

The Directors do not recommend the payment of a dividend and no dividends have been paid during the period.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Other than as detailed in Note 21 to the Financial Statements, since the end of the financial period the Directors are not aware of any matter or circumstances not otherwise dealt with in the financial report that has significantly or may significantly affect the operations of the Company, the results of those operations or state of affairs of the Company in subsequent financial years.

directors' report

DIRECTORS' INTERESTS

The relevant interest of each Director in the share capital of the Company, as notified by the Directors to the securities exchange in accordance with Section 235 (1) (a) of the Corporations Law at the date of this report is as follows:

Name of Director	Direct Holdings in Fully Paid Ordinary Shares	Relevant Interest in Restricted Shares
F Khan	20	50,301,700
A Chaudhri	20	50,301,700
R Grewe	20	50,301,700
Y Khan	20	-
V Ho (<i>alternate for Y Khan</i>)	-	-

The restricted shares are fully paid ordinary shares that may not be quoted on the ASX for the following escrow periods:

- 30,181,020 until 7 March 2002;
- 10,060,340 until 7 March 2003;
- 10,060,340 until 7 March 2004.

DIRECTORS' MEETINGS

During the financial period from incorporation (3 September 1999) 12 Directors' meetings (inclusive of Circulatory Resolutions of the Directors) were held and the following table sets out the number of meetings attended by each Director in person, by telephone conference or by circulatory resolution:

	Appointed	Attended	Meetings Held (whilst a Director)
Farooq Khan	3 September 1999	12	12
Azhar Chaudhri	3 September 1999	12	12
Russell Grewe	3 September 1999	12	12
Yaqoob Khan	3 September 1999	11	12
Victor Ho	9 March 2000 to		
(<i>alternate for Y Khan</i>)	12 May 2000	1	2

At the balance date, Messrs Farooq Khan, Yaqoob Khan and Victor Ho were all resident in Western Australia and Messrs Azhar Chaudhri and Russell Grewe were resident overseas. Mr Yaqoob Khan became resident overseas on 24 August 2000.

DIRECTOR AND EXECUTIVE OFFICER REMUNERATION

The Board reviews the remuneration packages of all Directors and Executive Officers on an annual basis. Remuneration packages are reviewed with due regard to performance and other relevant factors.

In order to retain and attract executives of sufficient calibre to facilitate the efficient and effective management of the Company's operations, where considered necessary, the Board has sought the advice of external advisers in connection with the structure of remuneration packages.

Details of the nature and amount of salaries, director fees, superannuation benefits and other fees received or receivable by each Director, Director-related entity and Executive Officer are as follows:

Name	Office	Salary \$	Directors Fees \$	Superannuation Benefits \$	Other Fees \$	Total \$
F Khan	Chairman and Managing Director	32,692	-	2,154	48,825	83,671
Y Khan	Executive Director	13,077	-	862	18,450	32,389
R Grewe	Executive Director	16,667	-	-	-	16,667
A Chaudhri	Executive Director	16,667	-	-	-	16,667
V Ho	Alternate Director to Mr Y Khan	-	-	-	-	-

The Other Fees paid or payable to Messrs F Khan and Y Khan are one-off payments for the provision of legal services and corporate secretarial, administrative and management services to the Company. Details of these transactions are also contained in Note 12 to the Financial Statements.

The Executive Officers of the Company during the financial year were the Executive Directors, being Messrs F Khan, A Chaudhri, R Grewe, Mr Y Khan and Mr V Ho (alternate for Mr Y Khan).

Mr V Ho was not remunerated as an alternate Director or an employee of the Company during the period of his appointment from 9 March 2000 to 12 May 2000.

directors' report



INDEMNIFYING DIRECTORS AND OFFICERS

During the financial period, the Company paid a premium in respect of a contract insuring the Directors of the Company (as named above), the Company Secretary, Mr Victor Ho, and of any related body corporate against a liability incurred as such a Director, Secretary or Executive Officer to the extent permitted by the Corporations Law.

CORPORATE GOVERNANCE

The Directors are responsible for the corporate governance practices of the Company. This statement sets out the main corporate governance practices that were in operation throughout the financial period, except where otherwise indicated.

The Board of Directors

The Board carries out its responsibilities according to the following mandate:

- The Board should comprise at least three Directors and a maximum of 10 Directors;
- The Directors should possess a broad range of skills, qualifications and experience;
- The Board should meet on a regular basis; and
- All available information in connection with items to be discussed at a meeting of the Board is provided to each Director prior to that meeting.

On the day on which the Directors' Report is made out, the Board consisted of four Executive Directors. Details of the Directors are set out in the Directors' Report.

The primary responsibilities of the Board include:

- The approval of the annual and half-year Financial Statements;
- The establishment of the long term goals of the Company and strategic plans to achieve those goals;
- The review and adoption of annual budgets for the financial performance of the Company and monitoring the results on a quarterly basis; and
- Ensuring that the Company has implemented adequate systems of internal controls together with appropriate monitoring of compliance activities in accordance with the Company's constitution and the Corporations Law.

The Board delegates to the Managing Director and the executive team all responsibility for the operation and administration of the Company.

Independent Professional Advice

Each Director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

Risk Management

The Board is responsible for the Company's system of internal controls. The Board constantly monitors the operational and financial aspects of the Company's activities and, the Board considers the recommendations and advice of external auditors and other external advisers on the operational and financial risks that face the Company.

The Board ensures that recommendations made by the external auditors and other external advisers are investigated and, where considered necessary, appropriate action is taken to ensure that the Company has an appropriate internal control environment in place to manage the key risks identified.

In addition, the Board investigates ways of enhancing existing risk management strategies, including appropriate segregation of duties; and the employment and training of suitably qualified and experienced personnel.

Committees

In view of the size of the Company, the Directors have considered that establishing committees for board nominations and remuneration levels would contribute little to its effective management and accordingly the nomination of new Directors and the setting, or review of remuneration levels of Directors and senior executives, are reviewed by the Board as a whole, then approved by resolution of the Board. Where Directors consider that particular expertise or information is required, which is not available from within their number, then appropriate external advice may be taken and reviewed prior to a final decision being made.

Signed in accordance with a resolution of the Directors made pursuant to s298(2) of the Corporations Law.

On behalf of the Directors,

Farooq Khan
Executive Chairman

Azhar Chaudhri
Executive Director

6 October 2000
Perth, Western Australia



profit & loss statement

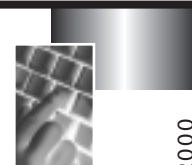
for the period from incorporation to 30 June 2000

	Note	2000 \$
Operating loss before income tax	2	88,575
Income tax attributable to operating loss	3	-
Operating loss after income tax		88,575
Retained earnings at the beginning of the financial period		-
Accumulated losses at the end of the Financial period		88,575

(The Profit and Loss Statement is to be read in conjunction with the notes to and forming part of the Financial Statements.)

balance sheet

as at 30 June 2000



	Note	2000 \$
CURRENT ASSETS		
Cash		6,110,056
Receivables	4	120,970
Other	5	<u>37,875</u>
Total current assets		<u>6,268,901</u>
NON-CURRENT ASSETS		
Property, plant and equipment	6	75,367
Portal Technology	7	<u>10,145,274</u>
Total non-current assets		<u>10,220,641</u>
Total assets		<u>16,489,542</u>
CURRENT LIABILITIES		
Accounts payable	8	99,499
Provisions	9	<u>585</u>
Total current liabilities		<u>100,084</u>
Total liabilities		<u>100,084</u>
Net assets		<u>16,389,458</u>
EQUITY		
Issued capital	10	16,478,033
Accumulated losses		<u>(88,575)</u>
Total equity		<u>16,389,458</u>

(The Balance Sheet is to be read in conjunction with the notes to and forming part of the Financial Statements.)

statement of cash flows

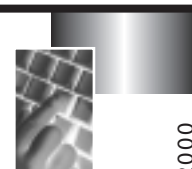
for the period from incorporation to 30 June 2000

	Note	2000 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees		(222,692)
Interest received		80,670
Interest paid		<u>(2,774)</u>
Net cash (used in) operating activities	11(c)	<u>(144,796)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for plant and equipment		(78,693)
Payment for Portal Technology		<u>(84,934)</u>
Net cash (used in) investing activities		<u>(163,627)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from applications for the issue of shares		14,233,174
Refund of application monies		(7,233,174)
Share issue costs		<u>(582,327)</u>
Net cash provided by financing activities		<u>6,417,673</u>
Net increase in cash held		6,109,250
Cash at the beginning of the financial period		-
Effects of exchange rate changes on the balance of cash held in foreign currencies		<u>806</u>
Cash at the end of the financial period	11(a)	<u>6,110,056</u>

(The Statement of Cash Flow is to be read in conjunction with the notes to and forming part of the Financial Statements.)

notes to the financial statements

for the period from incorporation to 30 June 2000



1. Statement of Significant Accounting Policies

The significant policies that have been adopted in the preparation of these financial statements are:

(A) BASIS OF PREPARATION

The financial statements are a general-purpose financial report and have been drawn up in accordance with applicable Accounting Standards, Urgent Issues Group Consensus Views, the Corporations Law and comply with other requirements of the law. They have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. The Company has consistently applied the applicable Accounting Standards.

(B) TAXATION

The Company adopts the liability method of tax effect accounting. Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the balance sheet as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits relating to tax losses are only brought to account when their realisation is virtually certain.

(C) NON-CURRENT ASSETS

The carrying amounts of all non-current assets are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount. In assessing recoverable amounts the relevant cash flows have not been discounted to their present value.

(D) RESEARCH AND DEVELOPMENT COSTS

Research development costs are charged against income as incurred, except to the extent that such costs, together with unamortised deferred costs in relation to that project, are expected, beyond any reasonable doubt, to be recoverable.

(E) INTELLECTUAL PROPERTY

The intellectual property will be amortised over the period in which the corresponding benefits are expected to arise, commencing with the commercial application of the technology. The unamortised balance is reviewed regularly and at each reporting date, to ensure carrying value is appropriate. Where the asset is no longer considered recoverable, it is charged to the profit and loss account for the financial year.

(F) PLANT AND EQUIPMENT

Items of plant and equipment are recorded at cost and depreciated from the date of acquisition on a reducing balance method over their estimated useful lives. The following estimated useful lives are used in the calculation of depreciation:

Leasehold improvements	7	years
Plant and equipment	3-10	years

(G) SUPERANNUATION FUND

The Company contributes to compulsory superannuation funds in accordance with statutory obligations on behalf of the Directors' in respect of directors' fees paid and employees in respect of salaries and wages paid. Contributions are charged against income as they are made.

(H) FOREIGN CURRENCY

All foreign currency transactions during the financial period have been brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at balance date are translated at the exchange rate existing at that date.

All exchange differences are brought to account in the profit and loss accounts of the financial period in which they arise.

notes to the financial statements

for the period from incorporation to 30 June 2000

1. Statement of Significant Accounting Policies (cont.)

(I) DATE OF INCORPORATION

The Company was incorporated on 3 September 1999 and accordingly only current period figures covering the period from incorporation to balance date are shown.

(J) RECEIVABLES

Trade receivables and other receivables are recorded at amounts due less any provision for doubtful debts.

(K) ACCOUNTS PAYABLE

Trade payables and other accounts payable are recognised when the economic entity becomes obliged to make future payments resulting from the purchase of goods and services.

(L) DEBT AND EQUITY INSTRUMENTS ISSUED BY THE COMPANY

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

(M) REVENUE RECOGNITION

Sales of Goods and Disposal of Assets

Revenue from the sale of goods and disposal of other assets is recognised when the Company has passed control of the goods or other assets to the buyer.

Rendering of Services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

(N) CARRYING VALUE OF PORTAL TECHNOLOGY

The Company has entered into a Portal Classification Agreement with Database Systems Ltd to catalogue, classify, index and update business related Internet web-sites into the various business related categories of the Portal Delivery System. The Company has prepaid a portion of the development costs to Data Base Systems Ltd by the issue of 50,301,800 fully paid ordinary shares at an issue price of \$0.20 per share. The ongoing costs associated with the development and delivery of the Portal Delivery System of \$84,935 have been capitalised. The ultimate recoverability of both these assets is dependent upon the future economic benefits from the portal(s). The Directors are not able to determine the impact (if any) that the above factors may have on the carrying values of the capitalised expenditure.

2. Operating Loss

2000
\$

Operating loss has been arrived at after including:

OPERATING REVENUE

Interest revenue from:

Other persons	165,383
Foreign exchange gain	806
	<u>166,189</u>

OPERATING EXPENSES

Interest paid:

Other persons	2,774
Depreciation – property, plant and equipment	3,326
Provisions – employee entitlements	<u>585</u>

notes to the financial statements

for the period from incorporation to 30 June 2000



3. Taxation	2000
	\$
The prima facie income tax expense/(benefit) on Operating (loss) reconciles to the income tax expense in the Financial Statements as follows:	
Prima facie income tax (benefit) calculated at 36% of operating (loss)	(31,887)
Tax effect of permanent differences:	
Other	74
Tax benefit of losses not brought to account	<u>31,813</u>
Total income tax expense	<u>-</u>

The future benefit of tax losses and other timing differences have not been brought to account because there is no virtual certainty as to their recovery. They are estimated to be:

	2000
	\$
Tax losses – revenue	31,813
Tax – timing differences	<u>13,635</u>

The future income tax benefit of tax losses and timing differences not brought to account will only be obtained if:

- the Company derives future assessable income of a nature and amount sufficient to enable the benefit from the losses to be realised;
- the Company continues to comply with the conditions for deductibility imposed by the law; and
- no changes in taxation legislation adversely affect the Company in realising the benefit from the losses.

4. Receivables	2000
	\$
CURRENT	
Sundry debtors	84,713
Amounts due from Directors and Director related entities	3,125
Other debtors	<u>33,132</u>
	<u>120,970</u>

5. Other Assets	
CURRENT	
Prepayments	<u>37,875</u>

6. Property, Plant and Equipment	
Leasehold improvements – at cost	21,788
Less: Accumulated depreciation	<u>(1,061)</u>
	<u>20,727</u>
Plant and equipment – at cost	56,905
Less: Accumulated depreciation	<u>(2,265)</u>
	<u>54,640</u>
	<u>75,367</u>

All depreciation incurred for the financial period has been charged directly to the Profit and Loss Statement– refer Note 2.

notes to the financial statements

for the period from incorporation to 30 June 2000

7. Portal Technology	2000
	\$
Prepaid Portal classification, cataloguing and indexing works*	10,060,340
Portal Delivery System	84,934
	<u>10,145,274</u>

Refer to Note 1(N) for details of carrying value of portal technology

8. Accounts Payable

CURRENT

Trade creditors	21,564
Other creditors and accruals	14,692
Amounts due to Directors and Director related entities	63,243
	<u>99,499</u>

9 Provisions

Employee entitlements	<u>585</u>
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10. Issued Capital

ISSUED CAPITAL

85,301,800 fully paid ordinary shares	<u>16,478,033</u>
---------------------------------------	--------------------------

The movement in share capital is reconciled as follows:

Date	Description	\$
3 September 1999	Issue of 100 fully paid ordinary shares upon incorporation issued at 20 cents each	20
25 February 2000	Issue of 50,301,700 fully paid ordinary shares issued at 20 cents each as part payment for works to be carried out under the terms of the Portal Classification Agreement to Data Base Systems Ltd	10,060,340
2 March 2000	Issue of 35,000,000 fully paid ordinary shares at 20 cents each as part of initial public offering	7,000,000
	Share issue costs	(582,327)
		<u>16,478,033</u>

OPTIONS

Details of options on issue are as follows:

Number	Terms & Conditions
5,000,000	Expiring on 31 January 2001 with an exercise price of \$0.20 per share. These options are unlisted.

The 5,000,000 fully paid options are restricted securities that may not be quoted on the ASX for an escrow period until 7 March 2002.

* The Company prepaid \$10,060,340 by the issue of 50,301,700 shares to Data Base Systems Ltd for portal classification, cataloguing and indexing works. Further monies are payable by the Company to Data Base Systems Ltd for such works.

notes to the financial statements

for the period from incorporation to 30 June 2000



11. Notes to the Statement of Cash Flows

2000

\$

a) RECONCILIATION OF CASH

For the purpose of the Statement of Cash Flows, cash includes cash on hand and at bank and deposits. Cash as at the end of the financial period as shown in the Statement of Cash Flows is reconciled to the related item in the balance sheets as follows:

Cash	<u>6,110,056</u>
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b) NON-CASH FINANCING AND INVESTING ACTIVITIES

During the financial period the Company issued 50,301,700 fully paid ordinary shares to Data Base Systems Ltd as payment for the provision of Portal classification, cataloguing and indexing works to be performed pursuant to a Portal Classification Agreement. These shares are valued at \$10,060,340 in total based on the issue price of 20 cents per share.

c) RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES

Operating loss before income tax	(88,575)
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Add/(less) non-cash items:

Provisions	585
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Depreciation	3,326
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Foreign exchange rate (gain)	<u>(806)</u>
------------------------------	--------------

Net cash (used in) operating activities before changes in assets and liabilities	<u>(85,470)</u>
--	-----------------

Changes in assets and liabilities during the year:

Increase in trade creditors & accruals	99,499
--	--------

(Increase) in receivables	(120,970)
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(Increase) in other assets	<u>(37,855)</u>
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Net cash (used in) operating activities	<u>(144,796)</u>
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12. Related Parties

The names of each person holding the position of Director of Fast Scout Limited during the financial period are Messrs F Khan, Y Khan, R Grewe, and A Chaudhri

DIRECTORS

(a) Remuneration

Details of Directors' remuneration are set out in Note 14.

During the financial period, the following Directors were overpaid remuneration. The following amounts remain outstanding at the balance date by the Directors. Interest is not charged on these outstanding amounts.

Directors	Amount Outstanding \$
Mr F Khan	646
Mr Y Khan	<u>2,459</u>

(b) Direct Equity Holdings

Directors' direct equity holdings in the Company:

	Issued on Incorporation (3 September) 1999	Purchased or Issued	Sold or Exercised	Held at 30 June 2000
Fully Paid Ordinary Shares	80	25,000	-	<u>25,080</u>

notes to the financial statements

for the period from incorporation to 30 June 2000

12. Related Parties (cont)

(c) Transactions

(i) Services

During the financial period, a Director provided legal services to the Company:

	Services Provided \$	Amount Outstanding \$
Directors		
Mr F Khan	48,825	-

(ii) Creditors

During the financial period, Directors incurred operating expenses on behalf of the Company. The Company has not reimbursed the following amounts at the balance date. Interest is not charged on these outstanding amounts.

	Amount Outstanding \$
Directors	
Mr F Khan	1,101
Mr Y Khan	16,553

DIRECTOR RELATED ENTITIES

(a) Equity Holdings

Director-Related Entities' equity holdings in the Company :-

	Issued on Incorporation (3 September) 1999	Purchased or Issued	Sold or Exercised	Held at 30 June 2000
Fully Paid Ordinary Shares	-	50,301,700	-	50,301,700

(b) Transactions

(i) Services

During the financial period, the following Director-related entities provided corporate secretarial, administrative and management services to the Company prior to listing on the Australian Stock Exchange. Interest is not charged on outstanding amounts.

	Services Provided \$	Amount Outstanding \$
Director Related Entity		
KYA Corporation Pty Ltd	18,450	18,450

KYA Corporation Pty Ltd is a company associated with Mr Y Khan.

(ii) Contractual Payments

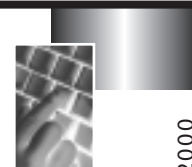
During the financial period, the following contractual payments were made to Director-related entities:

	Payments \$	Amount Outstanding \$
Director Related Entity		
Logic Development, Inc.	84,909	-

Mr R Grewe is a Director and shareholder of Logic Development Inc., which has entered into a contract with the Company to develop the Company's Portal Delivery System.

notes to the financial statements

for the period from incorporation to 30 June 2000



12. Related Parties (cont)

(b) Transactions (cont.)

(iii) Other Creditors

The Company shares an office premise and various administration and other office expenses with Director-related entities being Queste Communications Ltd and Central Exchange Ltd.

During the financial period, the following Director-related entities provided services to Company and incurred operating expenses on behalf of the Company. The following amounts have not been paid or reimbursed at the balance date by the Company. Interest is not charged on these outstanding amounts.

Director Related Entity	Amount Outstanding \$
Queste Communications Ltd	21,182
Central Exchange Ltd	6,957

13. Auditors' Remuneration

2000
\$

Amounts received or due and receivable by auditors of the Company for:

Audit services	6,000
Other services	2,000
	<u>8,000</u>

14. Directors' Remuneration

Aggregate of income paid or payable, or otherwise made available, in respect of the financial period, to all Directors of the Company, directly or indirectly, by the Company or by any related party.

82,118

The number of Directors of the Company whose total income falls within each successive \$10,000 band of income (commencing at \$0) is as follows:

	2000
\$ 0 - \$ 9,999	1
\$ 10,000 - \$ 19,999	2
\$ 20,000 - \$ 29,999	-
\$ 30,000 - \$ 39,999	1
\$ 40,000 - \$ 49,999	-
\$ 50,000 - \$ 59,999	-
\$ 60,000 - \$ 69,999	-
\$ 70,000 - \$ 79,999	-
\$ 80,000 - \$ 89,999	1

15. Superannuation

The Company contributes to compulsory superannuation funds in accordance with statutory obligations on behalf of the Directors' in respect of directors' fees paid and employees in respect of salaries and wages paid. Contributions are charged against income as they are made.

notes to the financial statements

for the period from incorporation to 30 June 2000

16. Earnings Per Share

2000

Basic earnings per share (cents)	0.306
Weighted average number of ordinary shares used in the calculation of the basic earnings per share	28,871,354

The 5,000,000 31 January 2001 options 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.

Diluted earnings per share is not materially different from basic earnings per share and therefore is not disclosed in the Financial Statements

17. Financial Instruments

INTEREST RATE RISKS

The following table details the Company's exposure to interest rate risk as at the reporting date:

	Ave Int Rate %	Variable Interest Rate \$	Fixed Interest Rate \$	Non Interest Bearing \$	Total \$
FINANCIAL ASSETS					
Cash	5.89	14,115	6,050,000	45,941	6,110,056
Receivables		-	-	120,970	120,970
		14,115	6,050,000	166,911	6,231,026
FINANCIAL LIABILITIES					
Accounts payables		-	-	99,499	99,499
		-	-	99,499	99,499

CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with credit-worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company measures credit risk on a fair value basis.

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 represents the Company's maximum exposure to credit risk without taking account of the value of collateral or other security obtained.

NET FAIR VALUE

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.

18. Segment Reporting

The Company operates in the geographical region of Australia within the Internet portal technologies industry.

notes to the financial statements

for the period from incorporation to 30 June 2000



19. Executive's Remuneration

There are no Executive Officers employed by the Company at the balance date whose aggregate remuneration exceeded \$100,000 for the financial period.

The number of Executive Officers of the Company whose total income falls within each successive \$10,000 band of income (commencing at \$0) is as follows:

			2000
\$ 0	-	\$ 9,999	1
\$ 10,000	-	\$19,999	2
\$ 20,000	-	\$29,999	-
\$ 30,000	-	\$39,999	1
\$ 40,000	-	\$49,999	-
\$ 50,000	-	\$59,999	-
\$ 60,000	-	\$69,999	-
\$ 70,000	-	\$79,999	-
\$ 80,000	-	\$89,999	1

20. Expenditure Commitments

CONTRACTUAL COMMITMENTS	\$
Not longer than one year	736,994
Longer than one year and not longer than 2 years	1,016,704
Longer than 2 years and not longer than 5 years	1,714,787
Longer than 5 years	<u>266,933</u>
	<u>3,735,418</u>

The above contractual commitments relate to the following agreements entered into by the Company:

- Portal Classification Agreement with Data Base Systems Ltd;
- Portal Hosting, Maintenance and Technical Support Agreement with iWorld Services Inc;
- Portal Delivery System Agreement with Logic Development Inc and Mr Russell Grewe.

The Expenditure Commitments outlined above were determined based on the exchange rate at balance date being one US dollar to approximately 0.598 Australian dollars.

The amounts payable under the terms of the Portal Delivery System Agreement and Portal Hosting, Maintenance and Technical Support Agreement are expressed in Australian dollars but are remitted based on an Australian dollar/United States dollar exchange rate of A\$1.00= US\$0.65. Accordingly, Australian dollar/United States dollar exchange rate fluctuations will affect the amount of the Company's expenditure commitments during the term of the above agreements.

21. Subsequent Events

- Between 3 August 2000 and 8 August 2000, the Company acquired 826,950 fully paid ordinary shares in Quest Communications Ltd at an average price of 34.50 cents per share on-market. The Directors of the Company are also Directors of Queste Communications Ltd. The Directors and Director-related entities also have equity holdings in Queste Communications Ltd.
- As a result of specification alterations initiated by the Company, there has been a delay in the achievement of certain milestones contemplated under the Portal Delivery System Agreement with Logic Development Inc. and Mr Russell Grewe to develop the Company's Portal Delivery System. The delays are not expected to affect the overall achievement of the balance of the development works, which are expected to be completed in the current financial year ending 30 June 2001.

notes to the financial statements

for the period from incorporation to 30 June 2000

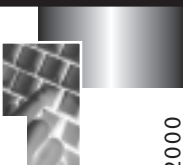
21. Subsequent Events (cont.)

(iii) As a result of the recent depreciation of the Australian dollar against the United States dollar, the Company's expenditure commitments as outlined in Note 20 have altered materially.

If the Company adopts the current exchange rate of one US dollar to approximately 0.55 Australian dollars, the effects on the Expenditure Commitments are as outlined below:

	US\$1=A\$0.598	US\$1=A\$0.55	
	At 30 June	At 18 September	
	2000	2000	Difference
Contractual Commitments	\$	\$	\$
Not longer than one year	736,994	773,278	36,284
Longer than one year and not longer than 2 years	1,016,704	1,070,491	53,787
Longer than 2 years and not longer than 5 years	1,714,787	1,759,609	44,822
Longer than 5 years	266,933	266,933	-
	3,735,418	3,870,311	134,893

The Directors will continue to monitor the Company's foreign exchange exposure to endeavour to minimise the effects of such exchange rate fluctuations.



directors' declaration

The Directors declare that:

- a) The attached Financial Statements and notes thereto comply with accounting standards;
- b) The attached Financial Statements and notes thereto give a true and fair view of the financial position and performance of the Company;
- c) In the Directors' opinion, the attached Financial Statements and notes thereto are in accordance with the Corporation Law; and
- d) 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 s.295(5) of the Corporations Law.

On behalf of the Directors

Farooq Khan
Executive Chairman

6 October 2000
Perth, Western Australia

Azhar Chaudhri
Executive Director

independent auditor's report
to the Members of Fast Scout Limited

Scope

We have audited the financial report of Fast Scout Limited for the financial year ended 30 June 2000 as set out on pages 8 to 21. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards issued in Australia and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Fast Scout Limited is in accordance with:

- (a) the Corporations Law, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2000 and of its performance for the period ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.

Inherent Uncertainty Regarding the Recoverability of Assets

Without qualification to the opinion expressed above, attention is drawn to the following matter. As described in Note 1(N) to the financial statements, there is an inherent uncertainty as to the recoverability of the prepaid portal technology recorded at a cost of \$10,145,274.



Deloitte Touche Tohmatsu



KF Jones
Partner
Chartered Accountants
Perth, 6 October 2000

stock exchange information

as at 18 September 2000



The following additional information is required by the Australian Stock Exchange Listing Rules.

DISTRIBUTION OF ORDINARY FULLY PAID SHARES AS AT 18 SEPTEMBER 2000.

Spread of Holdings	Number of Holders	Number of Units	% of Total Issue Capital
1-1,000	20	10,520	0.012 %
1,001-5,000	413	1,438,862	1.686 %
5,001-10,000	637	5,890,226	6.905 %
10,001-100,000	696	20,580,274	24.126 %
100,001-and over	38	57,381,918	67.271 %
Total	1,084	85,301,800	100%

Of the 85,301,800 Ordinary Fully Paid Shares on issue, 50,301,700 were issued to Data Base Systems Ltd. These shares are subject to the Australian Stock Exchange escrow provisions and may not be quoted on the ASX for the following escrow periods:

- 30,181,020 shares until 7 March 2002;
- 10,060,340 shares until 7 March 2003;
- 10,060,340 shares until 7 March 2004.

MARKETABLE PARCEL

Spread of Holdings	Number of Holders	Number of Units	% of Total Issue Capital
1 - 6,250	497	1,820,410	2.134 %
6,251 - over	1,307	83,481,390	97.866 %
Total	1,804	85,301,800	100%

DISTRIBUTION OF OPTIONS (UNQUOTED) EXERCISABLE AT 50 CENTS EXPIRING 31 DECEMBER 2001

Spread of Holdings	Number of Holders	Number of Units	% of Total Issue Capital
1-1,000	-	-	- %
1,001-5,000	-	-	- %
5,001-10,000	2	20,000	0.40 %
10,001-100,000	28	1,835,000	36.70 %
100,001-and over	11	3,145,000	62.90 %
Total	41	5,000,000	100%

All of these 5,000,000 31 December 2001 Options are subject to the Australian Stock Exchange escrow provisions and may not be quoted on the ASX until 7 March 2002.

There are no option-holders who hold more than 20% of the options in this unquoted class.

VOTING RIGHTS

All issued ordinary fully paid shares carry one vote per share. No voting rights are attached to the options.

stock exchange information

as at 18 September 2000

TOP TWENTY ORDINARY FULLY PAID SHAREHOLDERS AS AT 18 SEPTEMBER 2000

RANK	SHAREHOLDER	Total Units	% Issued Capital
1	DATABASE SYSTEMS LIMITED	50,301,700	58.969
2	DR JOHN LEO GOODMAN	1,000,000	1.172
3	PEE- JAY (TAM) PTY LTD & JARRAH (TAM) PTY LTD	419,558	0.491
4	MR KIM PHIN CHONG	305,000	0.357
5	MANAR NOMINEES PTY LTD	300,000	0.351
6	AYAZ KHAN	250,020	0.293
7	AFIA KHAN	250,000	0.293
8	AYUB KHAN	250,000	0.293
9	MR DANIEL TROYAK	244,105	0.286
10	PEE-JAY (TAM) PTY LTD	200,000	0.234
11	ANZ NOMINEES LIMITED	200,000	0.234
12	MR SIMON PATRICK FINUCANE	194,000	0.227
13	MR IANAKI SEMERDZIEV	180,000	0.211
14	MS PATRICIA BETH BAUDINET	180,000	0.211
15	FRED PARRISH INSURANCES PTY LTD	174,000	0.203
16	MR ROSS THOMAS COULTER	173,000	0.202
17	ZEREZ PTY LTD	160,000	0.187
18	GULLIMAN PTY LTD	150,000	0.175
19	COIN TRENDS PTY LTD	150,000	0.175
20	MR TRENT PHILLIP MCCLURE	147,500	0.172
TOTAL		55,228,883	64.736

SUBSTANTIAL SHAREHOLDERS AS AT 18 SEPTEMBER 2000

The register of substantial shareholders at 18 September 2000 indicates that only one shareholder held 5% or more of the Company's issued capital, being Data Base Systems Limited which held 50,301,700 fully paid ordinary shares (58.969% of total on issue).

APPLICATION OF CASH CONSISTENT WITH BUSINESS OBJECTIVES

In accordance with ASX Listing Rule 4.10.19, the Directors report that the Company has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives during the period from the admission date of 2 March 2000 to the end of the financial period.



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