



Australian Stock Exchange Limited

Total No of Pages: 3

Friday, 4 July 2003

## **MARKET ANNOUNCEMENT**

### **COMPANY UPDATE**

#### **ASX Suspension**

Central Exchange has been suspended from the Australian Stock Exchange (ASX) since the eve of the Company's General Meeting on 30 July 2002, pending a change of activities through the acquisition of Juniper Resources Ltd (Juniper) and the successful capital raising through a prospectus. Neither the capital raising nor the acquisition of Juniper have eventuated and the Company subsequently requested reinstatement to ASX as a telecommunications carrier.

On 20 June 2003, the ASX advised the Company that it would not reinstate the Company to official quotation as they were of the view that the Company's level of operations is not sufficient to warrant the quotation of its securities as required by Listing Rule 12.1.

#### **Telecommunications Network**

The Company has previously advised shareholders of the disappointingly low revenues generated by the Central Exchange telecommunications network since its commercial launch in August 2001 and the limited prospects for future growth. Whilst the ongoing costs of maintaining the network have already been minimised, the Directors are mindful of the low level of cash reserves of the Company.

In the light of the above and the ASX decision not to reinstate the Company, the Directors of the Company can now see no commercial benefit in continuing to operate the telecommunications network and have decided to suspend such operations.

Shareholders should note however that the Company still retains the license to operate the VoiceNet System Voice-over-Internet Protocol technology which it acquired from Queste Communications Ltd in 1999. Should market conditions improve in the future, the Company could relatively easily redeploy its network infrastructure and recommence operations with relatively minimal start-up costs.

**[www.centralexchange.com.au](http://www.centralexchange.com.au)**

**Central Exchange Limited  
A.B.N. 77 000 742 843**

**Level 14, The Forrest Centre, 221 St Georges Terrace, Perth Western Australia 6000  
Tel: +61 8 9214 9797 Email: [info@centralexchange.com.au](mailto:info@centralexchange.com.au) Fax: +61 8 9322 1515**

## **Anaconda Nickel Settlement Deed**

On a more positive note, the Directors note that the London Metals Exchange Nickel price (LME Average Nickel Price) has recently been trading close to the indexed Trigger Price (currently approximately US\$4.08/lb) set under the terms of the Anaconda Nickel Settlement Deed (Settlement Deed). Shareholders will be aware that under the terms of the Settlement Deed, if the 12 month average LME Average Nickel Price exceeds the indexed Trigger, the Company is entitled under the Settlement Deed to a payment from Anaconda Nickel Ltd currently valued at approximately \$19 million.

## **Financial Position**

The Company's net assets comprise cash and listed share investments of \$470,000. With the removal of the costs associated with the suspended telecommunications operations, the Company will be operating with minimal cash burn.

The Company continues to operate out of shared office premises and all but essential corporate operating and administrative expenses have been reduced to preserve the cash position of the Company.

In a move to further conserve cash, the Directors have agreed to forgo their Directors' fees until further notice.

## **General Investment Strategies**

As evidenced by the proposal to acquire Juniper last year, the Board has sought 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 endeavours have re-commenced upon the termination of the Juniper acquisition transaction.

The Board will endeavour to pursue such selective investment and commercial opportunities with the objective(s) 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 Board 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.

The Board believes that a listed company requires a critical mass of capital sufficient to secure commercial opportunities and accordingly provide both an income stream and capital growth for its shareholders. The Board believes that a prudent capital base from which a listed company is able to secure such commercial objectives is between \$10 – 15 million.

This capital base of \$10 - \$15 million dollars has been determined as an appropriate base by the Board based upon a number of matters including but not limited to an analysis of the existing capital structure of the Company, its current cash reserves, the present state of the Australian capital markets, the likelihood of the Company attracting capital investment in the short to medium term at prices at least equal to

or in excess of its current cash backing and the level of internal investment capital the Board believes the Company requires to generate economic returns sufficient to attract investor support and accordingly the ability to raise further capital.

The Board does not believe that the Company will be readily able to achieve such objective on its own. The Board however believes that such objective can be achieved through an "aggregation" process whereby the assets of the Company and a number of other suitable listed companies are combined effectively into a single entity that holds the collective net tangible assets previously held in each separate company.

This "aggregation" process may be realised (subject to acceptable taxation advice and compliance with the Corporations Act and the ASX Listing Rules) through a number of avenues including participating companies subscribing to a new "master" company or via a scheme of arrangement. Alternatively, an existing participating company may be used as the "lead" vehicle in terms of the aggregation process.

The Board is currently in discussions with a number of Australian public listed companies with respect to this aggregation process and will advise shareholders on the outcome of these discussions.

### **Change of Directors**

The Company announces the resignation of Mr Farooq Khan as Chairman and Managing Director.

Mr Khan has been a Director since October 1999 and the Company would like to thank Mr Khan for his leadership and service during this time.

Mr William Johnson, General Manager of Central Exchange since February 2001 and Director since February 2003, will replace Mr Khan as a Chairman and Mr Victor Ho, Company Secretary of Central Exchange since June 2000, has been appointed as a new Director.

As described above, Messrs Johnson and Ho and current Director Mr Yaqoob Khan, have agreed to forgo their Directors' fees until further notice.

---

### **Further information:**

**Mr Victor Ho**  
**Director and**  
**Company Secretary**  
**Central Exchange Limited**

**Ph: (08) 9214 9797**  
**email: [vho@centralexchange.com.au](mailto:vho@centralexchange.com.au)**