



HALF YEAR REPORT

31 December 2011

THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH THE
30 JUNE 2011 ANNUAL REPORT OF THE COMPANY



ASX Code: QUE

Queste Communications Ltd
A.B.N. 58 081 688 164

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CORPORATE DIRECTORY**BOARD**

Farooq Khan (Chairman & Managing Director)
Simon Cato (Director)
Azhar Chaudhri (Director)
Yaqoob Khan (Director)

COMPANY SECRETARY

Victor Ho

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ASX CODE

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APPENDIX 4D HALF YEAR REPORT

This Half Year Report is provided to the Australian Securities Exchange (**ASX**) under ASX Listing Rule 4.2A.3.

Current Reporting Period: 1 July 2011 to 31 December 2011
 Previous Corresponding Period: 1 July 2010 to 31 December 2010
 Balance Date: 31 December 2011
 Company: Queste Communications Ltd (**Questa** or **QUE**)
 Consolidated Entity: Queste and controlled entities, being Orion Equities Limited (ACN 000 742 843) (**Orion** or **OEQ**) and controlled entities of Orion.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Consolidated	31 Dec 2011 \$	31 Dec 2010 \$	% Change	Up/Down
Total revenues	410,199	2,617,277	84%	Down
Total expenses	(4,529,972)	(1,499,733)	202%	Up
Profit/(Loss) before tax	(4,119,773)	1,117,544	469%	Profit down
Income tax expense	-	-		
Profit/(Loss) for the half year	(4,119,773)	1,117,544	469%	Profit down
Net (profit)/loss attributable to minority interests	1,841,148	(602,062)	406%	Profit down
Profit/(Loss) after tax attributable to members of the Company	(2,278,625)	515,482	542%	Profit down
Basic earnings/(loss) per share (cents)	(13.8)	3.7	472%	Earnings down

BRIEF EXPLANATION OF RESULTS

The Consolidated Entity's results incorporates the results of controlled entity, ASX listed investment company, Orion Equities Limited (**Orion** or **OEQ**).

At the Consolidated Entity level:

Revenues include:

- (1) \$336,831 income from sale of olive oils (31 December 2010: \$172,234); and
- (2) \$40,668 interest income (31 December 2010: \$42,441).

Expenses include:

- (1) \$1,733,376 net loss on financial assets held at fair value through profit or loss (31 December 2010: \$1,534,447 net gain);
- (2) \$1,071,812 share of Associate entity's loss (net of dividends received from Associate of \$756,650 (31 December 2010: \$851,912 net profit net of dividends received from Associate of \$222,544);
- (3) \$521,217 personnel expenses (31 December 2010: \$475,059);
- (4) \$658,610 costs in relation to olive grove and oils operations (which does not include depreciation expenses) (31 December 2010: \$367,612);
- (5) \$39,195 olive grove and oils operations' depreciation expenses (31 December 2010: \$50,719);
- (6) \$153,346 costs in relation to land operations (31 December 2010: \$292,681); and

APPENDIX 4D HALF YEAR REPORT

(7) \$96,458 Occupancy costs (31 December 2010: \$77,777).

The principal components of \$1,733,376 net loss on financial assets held at fair value through profit or loss are:

- (a) \$1.00 million unrealised loss on a share investment in ASX listed Strike Resources Limited (SRK) which declined in value from 24.5 to 18.5 cents per share during the half year; and
- (b) \$0.73 million unrealised loss on a share investment in ASX listed Alara Resources Limited (AUQ) which declined in value from 36.5 to 25 cents per share during the half year.

The Consolidated Entity notes that these investments have appreciated in value subsequent to the half year end Balance Date, as follows:

- (a) The SRK share price has appreciated to 21 cents as at 27 February 2012, generating an unrealised gain of \$0.417 million; and
- (b) The AUQ share price has appreciated to 34 cents as at 27 February 2012, generating an unrealised gain of \$0.57 million.

Please refer to the Directors' Report and Financial Report for further information on a review of the operations and the financial position and performance of Queste for the half year ended 31 December 2011.

DIVIDENDS

The Directors have not declared a dividend in respect of the half year ended 31 December 2011.

ASSOCIATE ENTITIES

The Company did not gain or lose an interest in an associate or joint venture entity during the half year.

Orion has accounted for the following share investment at Balance Date as investments in an Associate entity (on an equity accounting basis):

- (1) 27.97% interest in ASX listed Bentley Capital Limited (ACN 008 108 218) (**BEL**) (30 June 2011: 28.34%).

The Company has a direct 2.37% interest in BEL (30 June 2011: 2.398%).

Accordingly, the Consolidated Entity has equity accounted for a 30.34% total interest in BEL (30 June 2011: 30.65%).

CONTROLLED ENTITIES

The Company did not gain or cease control of any entities during the half year.

For and on behalf of the Directors,



Victor Ho
Company Secretary
Telephone: (08) 9214 9777

Date: 29 February 2012

Email: vho@queste.com.au

DIRECTORS' REPORT

The Directors present their report on Queste Communications Ltd (**Company** or **Queste**) and its controlled entities (the **Consolidated Entity**) for the half year ended 31 December 2011 (**Balance Date**).

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

The Consolidated Entity's results incorporates the results of controlled entity, ASX listed investment company, Orion Equities Limited (**Orion Equities** or **OEQ**). The Company has a 50.88% shareholding interest in Orion (30 June 2011: 50.88%).

OPERATING RESULTS

CONSOLIDATED ENTITY	31 Dec 2011 \$	31 Dec 2010 \$
Total revenues	410,199	2,617,277
Total expenses	(4,529,972)	(1,499,733)
Profit/(Loss) before tax	(4,119,773)	1,117,544
Income tax expense	-	-
Profit/(Loss) for the half year	(4,119,773)	1,117,544
Net (profit)/loss attributable to minority interests	1,841,148	(602,062)
Profit/(Loss) after tax attributable to members of the Company	(2,278,625)	515,482
Basic earnings/(loss) per share (cents)	(13.8)	3.7

At the Consolidated Entity level:

Revenues include:

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- (7) \$96,458 Occupancy costs (31 December 2010: \$77,777).

DIRECTORS' REPORT

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LOSS PER SHARE

CONSOLIDATED ENTITY	31 Dec 2011	31 Dec 2010
Basic earnings/(loss) per share (cents)	(13.8)	3.7
Weighted average number of fully paid ordinary shares in the Company outstanding during the half year used in the calculation of basic earnings/(loss) per share	29,927,379	29,927,379

The Company's 20,000,000 partly paid ordinary shares, to the extent that they have been paid (1.5225 cents per share), have been included in the determination of the basic earnings per share.

DIVIDENDS

The Directors have not declared a dividend in respect of the half year ended 31 December 2011.

DIRECTORS' REPORT

FINANCIAL POSITION

CONSOLIDATED ENTITY	31 Dec 2011 \$	30 Jun 2011 \$
Cash	2,359,072	1,684,644
Current investments	4,742,480	6,475,856
Investments in Associate entity	4,630,456	7,571,638
Inventory	2,421,024	2,799,430
Receivables	227,209	94,025
Intangibles	782,058	782,058
Deferred tax assets	716,707	1,165,888
Other assets	1,776,674	1,811,166
Total Assets	17,655,680	22,384,705
Tax liabilities (current and deferred)	(716,707)	(1,165,888)
Other payables and liabilities	(659,645)	(819,716)
Net Assets	16,279,328	20,399,101
Issued capital	6,192,427	6,192,427
Reserves	2,351,465	2,351,465
Non-controlling interest	7,072,314	8,913,462
Retained earnings	663,122	2,941,747
Total Equity	16,279,328	20,399,101

SECURITIES IN THE COMPANY

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

- (i) 28,404,879 listed fully paid ordinary shares; and
- (ii) 20,000,000 unlisted partly paid ordinary shares, each paid to 1.5225 cent with 18.4775 cents per partly paid ordinary share outstanding (or \$3,695,000 in total).

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

The terms of issue of the partly paid shares are disclosed in the Prospectus for the initial public offering of shares in the Company dated 6 August 1998.

REVIEW OF OPERATIONS

1. Orion Equities Limited (OEQ)

Current Status of Investment in Orion

Orion Equities Limited is an ASX listed investment entity (ASX Code: OEQ).

The Company holds 9,063,153 shares in Orion, being 50.88% of its issued ordinary share capital (30 June 2011: 9,063,153 shares or 50.88%). Orion has been recognised as a controlled entity and included as part of the Queste Consolidated Entity's results since 1 July 2002.

DIRECTORS' REPORT

Queste shareholders are advised to refer to the 31 December 2011 Half Year Directors' Report and financial statements and monthly NTA disclosures lodged by Orion for further information about the status and affairs of such company.

Information concerning Orion may be viewed from its website: orionequities.com.au

Orion's market announcements may also be viewed from the ASX website (asx.com.au) under ASX code "OEQ".

Sections 1.2 to 1.5 below contain information extracted from Orion's public statements.

1.1. Orion's Operating Results for half year ended 31 December 2011

ORION EQUITIES LIMITED Consolidated Entity	31 Dec 2011 \$	31 Dec 2010 \$
Total revenues	375,049	2,485,829
Total expenses	(4,123,314)	(1,195,911)
Profit/(Loss) before tax	(3,748,265)	1,289,918
Income tax expense	-	-
Profit/(Loss) after tax	(3,748,265)	1,289,918
Profit/(Loss) attributable to members of the Company	(3,748,265)	1,289,918
Basic and diluted earnings/(loss) per share	(21.0)	7.2

ORION EQUITIES LIMITED Consolidated Entity	31 Dec 2011 \$	30 Jun 2011 \$
Net tangible assets (before tax)	13,615,976	17,364,240
Pre-Tax NTA Backing per share	0.764	0.975
Less deferred tax assets and tax liabilities	-	-
Net tangible assets (after tax)	13,615,976	17,364,240
Pre-Tax NTA Backing per share	0.764	0.975
Based on total issued share capital	17,814,389	17,814,389

Orion's revenues include:

- (1) \$336,831 income from olive grove operations (December 2010: \$172,234).

Orion's expenses include:

- (1) \$1,731,769 net loss on financial assets held at fair value through profit or loss (December 2010: \$1,520,804 net gain);
- (2) \$987,980 share of Associate entity's net loss (net of dividend received from Associate of \$697,469) (December 2010: \$785,400 net profit net of dividends received from Associate of \$205,138);
- (3) 658,610 olive grove and oil operations (which does not include depreciation expenses) (December 2010: \$367,612);
- (4) \$39,195 olive grove and oils operation's depreciation expenses (December 2010: \$50,719);

DIRECTORS' REPORT

- (5) \$327,755 personnel costs (including Directors' fees) (December 2010: \$318,472); and
 (6) \$153,346 land operations costs (December 2010: \$292,681).

The principal components of the \$1,731,769 net loss on financial assets held at fair value through profit or loss are:

- (a) \$1.00 million unrealised loss on the Company's share investment in ASX listed Strike Resources Limited (SRK) which declined in value from 24.5 to 18.5 cents per share during the half year; and
 (b) \$0.73 million unrealised loss on the Company's share investment in ASX listed Alara Resources Limited (AUQ) which declined in value from 36.5 to 25 cents per share during the half year.

Orion notes that these investments have appreciated in value subsequent to the half year end balance date, as follows:

- (a) The SRK share price has appreciated to 21 cents as at 27 February 2012, generating an unrealised gain of \$0.417 million; and
 (b) The AUQ share price has appreciated to 34 cents as at 27 February 2012, generating an unrealised gain of \$0.57 million.

1.2. Orion's Dividends

Orion has not declared a dividend in respect of the financial half year ended 31 December 2011.

1.3. Orion's Portfolio Details as at 31 December 2011

Asset Weighting

	% of Net Assets	
	31 Dec 2011	30 Jun 2011
Australian equities	63%	75%
Agribusiness ¹	16%	14%
Property held for development and resale	13%	10%
Net tax liabilities (current year and deferred tax assets/liabilities)	-	-
Net cash/other assets and provisions	8%	1%
TOTAL	100%	100%

Major Holdings in Securities Portfolio

Equities	Fair Value \$'million	% of Net Assets	ASX Code	Industry Sector Exposures
1. Bentley Capital Limited	3.28	22.80%	BEL	Diversified Financials
2. Strike Resources Limited	3.09	21.45%	SRK	Materials
3. Alara Resources Limited	1.58	11.00%	AUQ	Materials
TOTAL	7.95	55.25%		

¹ Agribusiness net assets include olive grove land, olive trees, water licence, buildings, plant and equipment and inventory (bulk and packaged oils)

DIRECTORS' REPORT

1.4. Orion's Assets

(a) Strike Resources Limited (ASX Code: SRK)

Strike Resources Limited (**Strike**) is a resources company with iron ore exploration and development projects in Peru. Orion Director, William Johnson, is on the board of Strike as a Non-Executive Director.

Orion holds 16,690,802 shares, being 11.71% of Strike's issued ordinary share capital (30 June 2011: 16,690,802 shares and 11.71%).

The value of Orion's holdings in Strike declined by \$1 million during the course of the half year, from \$4.09 million (at \$0.245 per share as at 30 June 2011) to \$3.09 million (at \$0.185 per share on 31 December 2011).

The Strike share price has appreciated to \$0.21 as at 27 February 2012, generating an unrealised gain of \$0.417 million subsequent to the 31 December 2011 balance date.

Historically, the shareholding in Strike has predominantly been earned through the sale of various mining assets to Strike. These assets were acquired and funded by Orion to the point of sale to Strike at a cost of approximately \$1.25 million. They were subsequently on sold to Strike in tranches for a total consideration of \$19 million comprising 11,166,667 Strike shares and 3.5 million unlisted Strike options (with exercise prices of \$0.178 and \$0.278 per option, which Orion converted into shares in February 2011 at a cost of \$0.79 million). Orion has also acquired 2,024,135 additional Strike shares on-market and via the conversion of listed options at \$0.20 each.

(b) Alara Resources Limited (ASX Code: AUQ)

Alara Resources Limited (**Alara**) is a minerals exploration and development company with precious and base metals projects in Saudi Arabia, Oman and Chile. Orion Directors, Farooq Khan and William Johnson, are both on the board of Alara as Non-Executive Directors.

Orion holds 6,332,744 shares, being 3% of Alara's issued ordinary share capital (30 June 2011: 6,332,744 shares and 3%), in Alara.

The value of Orion's holdings in Alara declined by \$0.728 million during the course of the half year, from \$2.31 million (at \$0.365 per share as at 30 June 2011) to \$1.58 million (at \$0.25 per share on 31 December 2011).

The Alara share price has appreciated to \$0.34 as at 24 February 2012, generating an unrealised gain of \$0.57 million subsequent to the 31 December 2011 balance date.

Historically, the shareholding in Alara occurred through the sale of Orion's 25% interest in various uranium tenements to Alara in conjunction with Strike Resources Limited (who held the balance of 75% interest in the same). These assets were acquired and funded by Orion to the point of sale to Strike previously at a cost of approximately \$0.05 million. Orion's residual 25% interest was free-carried by Strike thereafter. Orion's interests in these mining tenements were subsequently on-sold to Alara for vendor shares in the initial public offering (**IPO**) of Alara for a consideration of \$1,562,500 comprising 6,250,000 Alara shares. Orion also acquired 3,082,744 additional Alara shares via the Alara IPO, on-market purchases and via an in-specie distribution from Strike.

(c) Bentley Capital Limited (ASX Code: BEL)

Bentley is a listed investment company with a current exposure to Australian equities. Orion Directors, Farooq Khan and William Johnson, are on the board of Bentley as Chairman and Executive Director respectively.

Orion holds 27.97% (20,513,783 shares) of Bentley's issued ordinary share capital with Queste holding 2.37% (1,740,625 shares) of Bentley's issued ordinary share capital (30 June 2011: Orion held 20,513,783 shares (28.26%) and Queste held 1,740,625 shares (2.4%)).

DIRECTORS' REPORT

Bentley had net assets of \$19.3 million as at 31 December 2011 (30 June 2011: \$28.8 million) and incurred an after tax net loss of \$3.5 million for the financial half year (31 December 2010: \$2.8 million net profit).

Bentley's asset weighting as at 31 December 2010 was 60% Australian equities (30 June 2011: 99%) and 40% net cash/ other assets (30 June 2011: 1%).

Orion has been in receipt of significant dividend and return of capital payments from Bentley, with recent distributions as follows:

- (i) Bentley paid one cent fully franked interim and final dividends (being a total of 2 cents) during the 2011 calendar year (with Orion's share being \$410,276) (2010: 2 cents, with Orion's share being \$410,276), which represents a grossed up dividend yield of 17.23% (December 2010: 11.45%) based on Bentley's volume weighted average share price of 16.58 cents (December 2010: 24.96 cents) during the calendar year;
- (ii) Bentley paid a 2.4 cent fully franked special dividend in September 2011 (with Orion's share being \$492,331); and
- (iii) Bentley returned 5 cents per share to shareholders in October 2011 (with Orion's share being \$1,025,689) under a return of capital approved by Bentley shareholders on 4 October 2011.

(d) Agribusiness Assets

Orion owns the ultra premium "Dandaragan Estate" Extra Virgin Olive Oil business and a 143 hectare commercial olive grove operations located in Gingin, Western Australian (approximately 100 kilometres North of Perth) producing olive oil from approximately 64,500, 12 year old olive tree plantings.

The 2011 harvesting season (completed in May 2011) yielded ~1,200 tonnes of fruit from which ~200,000 litres of oils were extracted (2010: ~400 tonnes of fruit and ~81,000 litres of oils). The increase in tonnes processed reflects the biennial cycle of growth and production from olive trees whereby trees exhibit alternating years of high and low bearing fruit.

A summary of Orion's olive grove operations during the financial half year are as follows:

- (i) Olive grove operation expenses were \$658,610 (which does not include depreciation expenses) (31 December 2010: \$367,612);
- (ii) Olive grove depreciation expenses were \$39,195 (31 December 2010: \$50,719);
- (iii) Inventory – Bulk Oils of \$524,170 reflects the cost of harvesting and processing during the 2011 season incurred up to balance date (30 June 2011: \$890,093); and
- (iv) Inventory – Packaged Oils of \$96,854 (30 June 2011: \$103,875).

The carrying values of the olive grove property (\$1,028,470), trees (\$65,500) and water licence (\$682,062) are based on an independent valuation of the assets undertaken for the 30 June 2011 accounts.

(e) Other Property Assets

This relates to property located in Mandurah, Western Australia, which was originally acquired as a multi-unit development site. In 2009/2010 Orion sought development approval for the subdivision of the property into 4 survey-strata title lots. This application was rejected by the Western Australian Planning Commission. Subsequently Orion undertook a sale process of the property by way of public auction, with such auction failing to attract any bids.

Orion has renovated and rented out the property.

The carrying value of \$1,800,000 is based on an independent valuation of the property undertaken for the 30 June 2011 accounts.

DIRECTORS' REPORT

2. Queste's Other Assets

In addition to the investment in controlled entity, Orion, which is valued at \$1,857,946 (30 June 2011: \$2,718,946), Queste has:

- (i) a share investment in Associate entity, Bentley Capital Limited (**Bentley** or **BEL**), which is valued at \$278,501 (30 June 2011: \$382,938) (1,740,625 shares (2.37%) (June 2011: 1,740,625 shares (2.4%));
- (ii) a cash holding of \$1,569,397 (30 June 2011: \$1,395,504); and
- (iii) investments in other listed securities of \$4,247 (30 June 2011: \$5,854)

During the half year, Queste's investments in ASX listed securities have incurred:

- (i) \$19,013 net unrealised losses (31 December 2010: \$79,907).

Queste will continue to look at undertaking investments in listed securities where appropriate to endeavour to achieve a return on investments beyond that afforded by the interest rates applicable on term deposits.

DIRECTORS

Information concerning Directors in office during or since the half year are as follows:

Farooq Khan	Executive Chairman and Managing Director
<i>Appointed</i>	10 March 1998
<i>Qualifications</i>	BJuris , LLB. (<i>Western Australia</i>)
<i>Experience</i>	Mr Khan is a qualified lawyer having previously practised principally in the field of corporate law. Mr Khan has extensive experience in the securities industry, capital markets and the executive management of ASX listed companies. In particular, Mr Khan has guided the establishment and growth of a number of public listed companies in the investment, mining and financial services sector. He has considerable experience in the fields of capital raisings, mergers and acquisitions and investments.
<i>Relevant interest in shares</i>	6,129,944 shares
<i>Other current directorships in listed entities</i>	Executive Chairman of: <ul style="list-style-type: none"> (1) Bentley Capital Limited (since 2 December 2003) (2) Orion Equities Limited (since 23 October 2006) Non-Executive Director of: <ul style="list-style-type: none"> (3) Alara Resources Limited (director since 18 May 2007)
<i>Former directorships in other listed entities in past 3 years</i>	<ul style="list-style-type: none"> (1) ITS Capital Investments Ltd (now known as ITS Capital Investments Ltd) (27 April 2006 to 18 March 2011) (2) Strike Resources Limited (3 September 1999 to 3 February 2011) (3) Scarborough Equities Limited (merged with Bentley on 13 March 2009 and delisted)

DIRECTORS' REPORT

Azhar Chaudhri Non-Executive Director

<i>Appointed</i>	4 August 1998
<i>Qualifications</i>	Bachelor of Science degree in Maths and Physics and a Masters degree in Economics and postgraduate computer studies
<i>Experience</i>	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.
<i>Relevant interest in shares</i>	4,337,780 shares 20,000,000 partly paid shares
<i>Other current directorships in listed entities</i>	None
<i>Former directorships in other listed entities in past 3 years</i>	None

Yaqoob Khan Non-Executive Director

<i>Appointed</i>	10 March 1998
<i>Qualifications</i>	BCom (<i>Western Australia</i>), Master of Science in Industrial Administration (<i>Carnegie Mellon</i>)
<i>Experience</i>	After working for several years in the Australian Taxation Office, Mr Khan completed his postgraduate Masters degree and commenced work as a senior executive responsible for product marketing, costing systems and production management. Mr Khan has been an integral member of the team responsible for the pre-IPO structuring and IPO promotion of a number of ASX floats and has been involved in the management of such companies. Mr Khan brings considerable international experience in key aspects of corporate finance and the strategic analysis of listed investments.
<i>Relevant interest in shares</i>	68,345 shares
<i>Other current directorships in listed entities</i>	Non-Executive Directors of Orion Equities Limited (since 5 November 1999).
<i>Former directorships in other listed entities in past 3 years</i>	None

DIRECTORS' REPORT

Simon K. Cato Non-Executive Director

<i>Appointed</i>	6 February 2008
<i>Qualifications</i>	B.A. (USYD)
<i>Experience</i>	Mr Simon Cato has had over 25 years capital markets experience in broking, regulatory roles and as director of listed companies. He initially was employed by the ASX in Sydney and in Perth. Over the last 17 years he has been an executive director and/or responsible executive of three stockbroking firms and in those roles he has been involved in many aspects of broking including management issues such as credit control and reporting to regulatory bodies in the securities industry. As a broker he has also been involved in the underwriting of a number of IPO's and has been through the process of IPO listing in the dual role of broker and director. Currently he holds a number of executive and non executive roles with listed companies in Australia.
<i>Relevant interest in shares</i>	193,000 shares
<i>Other current directorships in listed entities</i>	Chairman of: (1) Convergent Minerals Limited (since 25 July 2006) (2) Advanced Share Registry Limited (since 22 August 2007) Non-Executive Director of: (3) Transactions Solutions International Limited (since 24 February 2010) (4) Greenland Minerals and Energy Ltd (since 21 February 2006)
<i>Former directorships in other listed entities in past 3 years</i>	(1) Bentley Capital Limited (5 February 2004 to 29 April 2010) (2) Scarborough Equities Limited (merged with Bentley on 13 March 2009 and delisted)

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

COMPANY SECRETARY

Information concerning the Company Secretary in office during or since the half year are as follows:

Victor P. H. Ho Company Secretary

<i>Appointed</i>	30 August 2000
<i>Qualifications</i>	BCom, LLB (Western Australia)
<i>Experience</i>	Mr Ho has been in executive and company secretarial roles with a number of public listed companies since early 2000. Previously, Mr Ho had 9 years experience in the taxation profession with the Australian Tax Office and in a specialist tax law firm. Mr Ho has been actively involved in the structuring and execution of a number of corporate transactions, capital raisings and capital management matters and has extensive experience in public company administration, corporations law, stock exchange compliance and shareholder relations.
<i>Relevant interest in shares</i>	17,500 shares
<i>Other current positions held in listed entities</i>	Executive Director and Company Secretary of: (1) Orion Equities Limited (Secretary since 2 August 2000 and Director since 4 July 2003) Company Secretary of: (2) Bentley Capital Limited (since 5 February 2004) (3) Alara Resources Limited (since 4 April 2007)
<i>Former positions in other listed entities in past 3 years</i>	(1) Strike Resources Limited (secretary between 9 March 2000 and 30 April 2010 and director between 12 October 2000 and 25 September 2009) (2) Scarborough Equities Limited (secretary between 29 November 2004 and 13 March 2009)

DIRECTORS' REPORT

AUDITORS' INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 forms part of this Directors Report and is set out on page 15. This relates to the Auditor's Independent Review Report, where the Auditors state that they have issued an independence declaration.

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



Farooq Khan
Chairman and Managing Director



Simon Cato
Non-Executive Director

29 February 2012

29 February 2012

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

Dear Sirs,

**DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS OF
QUESTE COMMUNICATIONS LIMITED**

As lead auditor for the review of Queste Communications Limited for the half-year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Queste Communications Limited and the entities it controlled during the period.



Chris Burton
Director

BDO Audit (WA) Pty Ltd
Perth, Western Australia

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the half year ended 31 December 2011

		31-Dec-11	31-Dec-10
	Note	\$	\$
Revenue from continuing operations	2 a	377,610	229,675
Other income			
- Net change in financial assets held at fair value through profit or loss		-	1,534,447
- Share of Associate entity's net profit		-	851,912
- Other		32,589	1,243
		<u>410,199</u>	<u>2,617,277</u>
Expenses			
Net change in financial assets held at fair value through profit or loss	2 c	(1,733,376)	-
Share of Associate entity's net loss	6	(1,071,812)	-
Costs of goods sold in relation to olive oils operations		(697,805)	(418,331)
Other costs in relation to land operations		(153,346)	(292,681)
Occupancy		(96,458)	(77,777)
Personnel		(521,217)	(475,059)
Financing		(2,156)	(3,666)
Borrowing cost		-	(1,366)
Corporate		(55,542)	(99,405)
Other administration expenses			
- depreciation		(3,540)	(3,327)
- other		(194,720)	(128,121)
		<u>(4,119,773)</u>	<u>1,117,544</u>
Profit/(Loss) before income tax		(4,119,773)	1,117,544
Income tax benefit/(expense)		-	-
		<u>(4,119,773)</u>	<u>1,117,544</u>
Other comprehensive income			
Changes in asset revaluation reserve, net of tax		-	17,359
Other comprehensive income/(loss), net of tax		<u>(4,119,773)</u>	<u>1,134,903</u>
Profit/(Loss) attributable to:			
Owners of Queste Communications Ltd		(2,278,625)	515,482
Non-controlling interest		(1,841,148)	602,062
		<u>(4,119,773)</u>	<u>1,117,544</u>
Total comprehensive income/(loss) for the half year attributable to			
Owners of Queste Communications Ltd		(2,278,625)	532,841
Non-controlling interest		(1,841,148)	602,062
		<u>(4,119,773)</u>	<u>1,134,903</u>
Basic earnings/(loss) per share	3	(13.8)	3.7
Diluted earnings/(loss) per share	3	(13.8)	2.3

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2011

	31-Dec-11	30-Jun-11	
Note	\$	\$	
CURRENT ASSETS			
Cash and cash equivalents	4	2,359,072	1,684,644
Financial assets held at fair value through profit and loss	5	4,742,480	6,475,856
Trade and other receivables		194,386	61,202
Inventories - Olive Oils		621,024	999,430
Other current assets		11,220	5,057
TOTAL CURRENT ASSETS		<u>7,928,182</u>	<u>9,226,189</u>
NON CURRENT ASSETS			
Trade and other receivables		32,823	32,823
Inventories - Land		1,800,000	1,800,000
Investments accounted for using the equity method	6	4,630,456	7,571,638
Property, plant and equipment		1,699,954	1,740,609
Olive trees		65,500	65,500
Intangible assets		782,058	782,058
Deferred tax assets		716,707	1,165,888
TOTAL NON CURRENT ASSETS		<u>9,727,498</u>	<u>13,158,516</u>
TOTAL ASSETS		<u>17,655,680</u>	<u>22,384,705</u>
CURRENT LIABILITIES			
Trade and other payables		415,462	622,237
TOTAL CURRENT LIABILITIES		<u>415,462</u>	<u>622,237</u>
NON CURRENT LIABILITIES			
Provisions		244,183	197,479
Deferred tax liabilities		716,707	1,165,888
TOTAL NON CURRENT LIABILITIES		<u>960,890</u>	<u>1,363,367</u>
TOTAL LIABILITIES		<u>1,376,352</u>	<u>1,985,604</u>
NET ASSETS		<u>16,279,328</u>	<u>20,399,101</u>
EQUITY			
Issued capital		6,192,427	6,192,427
Reserves		2,351,465	2,351,465
Retained earnings		663,122	2,941,747
Parent interest		9,207,014	11,485,639
Non-controlling interest		7,072,314	8,913,462
TOTAL EQUITY		<u>16,279,328</u>	<u>20,399,101</u>

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half year ended 31 December 2011

Note	Issued Capital \$	Option Premium Reserve \$	Asset Revaluation Reserve \$	Retained earnings/ (Accumulated Losses) \$	Non- controlling Interest \$	Total \$
At 1 July 2010	6,192,427	2,138,012	293,695	4,264,583	10,961,550	23,850,267
Profit for the half year	-	-	-	515,482	602,062	1,117,544
Changes in asset revaluation reserve	-	-	17,359	-	-	17,359
Total comprehensive income for the half year	-	-	17,359	515,482	602,062	1,134,903
Transactions with owners in their capacity as owners:						
Transactions with non-controlling interest	-	-	-	330,433	(567,480)	(237,047)
At 31 December 2010	<u>6,192,427</u>	<u>2,138,012</u>	<u>311,054</u>	<u>5,110,498</u>	<u>10,996,132</u>	<u>24,748,123</u>
At 1 July 2011	6,192,427	2,138,012	213,453	2,941,747	8,913,462	20,399,101
Loss for the half year	-	-	-	(2,278,625)	(1,841,148)	(4,119,773)
Changes in asset revaluation reserve	-	-	-	-	-	-
Total comprehensive loss for the half year	-	-	-	(2,278,625)	(1,841,148)	(4,119,773)
Transactions with owners in their capacity as owners:						
Transactions with non-controlling interest	-	-	-	-	-	-
At 31 December 2011	<u>6,192,427</u>	<u>2,138,012</u>	<u>213,453</u>	<u>663,122</u>	<u>7,072,314</u>	<u>16,279,328</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS

for the half year ended 31 December 2011

	Note	31-Dec-11	31-Dec-10
CASH FLOWS FROM OPERATING ACTIVITIES		\$	\$
Receipts from customers		334,827	173,477
Sale proceeds from trading portfolio		-	1,138,680
Payments for trading portfolio		-	(168,190)
Payments to suppliers and employees		(1,568,469)	(1,502,495)
Interest received		40,668	78,311
Interest paid		-	(1,366)
Dividends received		756,761	237,544
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		(436,213)	(44,039)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(2,079)	(15,634)
Return of capital		1,112,720	-
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		1,110,641	(15,634)
NET INCREASE/(DECREASE) IN CASH HELD		674,428	(59,673)
Cash and cash equivalents at beginning of the financial year		1,684,644	2,585,981
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL HALF YEAR	4	2,359,072	2,526,308

The above consolidated statement of cashflows should be read in conjunction with the accompanying notes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2011

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The half-year financial statements are a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. These half-year financial statements do not include notes of the type normally included in the annual financial statements and shall be read in conjunction with the most recent annual financial statements and the Company's ASX announcements released from 1 July 2011 to the date of this report.

Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial statements are consistent with those adopted and disclosed in the Company's financial statements for the year ended 30 June 2011.

2. CONSOLIDATED PROFIT/(LOSS) FOR THE HALF YEAR

Profit/(Loss) for the year includes the following items of revenue and expenses below.

	31-Dec-11	31-Dec-10
	\$	\$
(a) Revenue from continuing operations		
Income from sale of olive oils	336,831	172,234
Dividends received	111	15,000
Interest received - other	40,668	42,441
	<u>377,610</u>	<u>229,675</u>
(b) Other income		
Net change in financial assets held at fair value through profit or loss	-	1,534,447
Share of Associate entity's profit	-	851,912
Other income	32,589	1,243
	<u>32,589</u>	<u>2,387,602</u>
	<u>410,199</u>	<u>2,617,277</u>
(c) Expenses from continuing operations		
Net change in financial assets held at fair value through profit or loss	1,733,376	-
Share of Associate entity's loss	1,071,812	-
Costs in relation to olive oil operations		
- Cost of goods sold	648,527	349,723
- Depreciation expenses	39,195	50,719
- Other expenses	10,083	17,889
Costs in relation to land operations		
- Other expenses	153,346	292,681
Personnel - remuneration and other	445,940	468,342
- employee entitlements	75,277	6,717
Occupancy expenses	96,458	77,777
Corporate expenses - Consultancy	10,465	57,734
- Other corporate expenses	45,077	41,671
Finance expenses	2,156	3,666
Borrowing cost	-	1,366
Administration expenses		
- Professional fees	69,227	1,208
- Communications	39,650	27,811
- Realisation cost of share portfolio written back	(14,974)	13,402
- Brokerage fees	-	6,177
- Depreciation expenses - other assets	3,540	3,327
- Write off fixed assets	-	2,040
- Other expenses	100,817	77,483
	<u>4,529,972</u>	<u>1,499,733</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2011

3. EARNINGS/(LOSS) PER SHARE	31-Dec-11	31-Dec-10
Basic earnings/(loss) per share (cents)	(13.8)	3.7
Diluted earnings/(loss) per share (cents)	(13.8)	2.3
Profit/(loss) used to calculate earnings per share (\$)	<u>(4,119,773)</u>	<u>1,117,544</u>
(a) Basic earnings/(loss) per share		
The earnings/(loss) and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:		
Net Profit/(loss) (\$)	(4,119,773)	1,117,544
Weighted average number of ordinary shares (i)	29,927,379	29,927,379
(i) The Consolidated Entity's partly paid shares, to the extent that they have been paid (1.5225 cent per share), have been included in the determination of the basic earnings per share.		
The Consolidated Entity's partly paid shares, to the extent of the balance of the call (18.4775 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 partly paid share will become fully paid.		
(b) Diluted earnings/(loss) per share		
The earnings/(loss) and weighted average number of ordinary and potential ordinary shares used in the calculation of diluted earnings per share are as follows:		31-Dec-10
Net Profit/(loss) (\$)		1,117,544
Weighted average number of ordinary shares (i)		48,404,879
Weighted average number of shares used as the denominator		
The weighted average number of ordinary shares used as the denominator in calculating basic earnings) per share		29,927,379
Adjustments for calculation of diluted earnings per share		
Portion of partly-paid ordinary shares that remain unpaid		<u>18,477,500</u>
		<u>48,404,879</u>
Under AASB 133 "Earnings per share", potential ordinary shares such as options will only be treated as dilutive when their conversion to ordinary shares would increase loss from share from continuing operations.		
Diluted loss per share has not been calculated for 31 December 2011 as it does not increase the loss per share.		
4. CASH AND CASH EQUIVALENTS		
	31-Dec-11	30-Jun-11
	\$	\$
Cash at bank	189,072	1,652,555
Term deposit	2,170,000	32,089
	<u>2,359,072</u>	<u>1,684,644</u>
5. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT AND LOSS		
Current		
Listed securities at fair value	<u>4,742,480</u>	<u>6,475,856</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2011

6. INVESTMENTS IN ASSOCIATE ENTITY

Name of Associate	Principal Activity	Ownership Interest		Carrying Amount	
		31-Dec-11	30-Jun-11	31-Dec-11	30-Jun-11
				\$	\$
Bentley Capital Limited (BEL)	Investments	30.34%	30.65%	4,630,456	7,571,638
Movement in Investments in Associate					
Shares in listed Associate entity brought forward				7,571,638	7,835,522
Share of profit/(loss) before income tax expense				(1,071,812)	181,205
Dividend from Associate entity				(756,650)	(445,089)
Return of capital				(1,112,720)	-
Carrying amount at the end of the financial period				4,630,456	7,571,638
Fair value of listed investments in Associate				3,560,705	4,895,970
Net tangible asset value of listed investments in Associate				5,846,020	8,830,325
Share of Associate's profits/(losses)					
Profit/(loss) before income tax				(1,071,812)	181,205
Share of income tax expense				-	-
Profit/(loss) after income tax				(1,071,812)	181,205
Group share of:					
Summarised Financial Position of Associate					
Current assets				5,939,123	8,830,096
Non current assets				23,012	23,411
Total assets				5,962,135	8,853,507
Current liabilities				(89,675)	(18,028)
Non current liabilities				(6,761)	(5,154)
Total liabilities				(96,435)	(23,182)
Net assets				5,865,700	8,830,325
Revenues				48,781	573,751
Profit/(Loss) after income tax of Associate				(1,071,812)	181,205

Bentley Capital Limited - Lease Commitments

BEL and its subsidiary, Scarborough Equities Pty Ltd, have the same lease commitments as disclosed in Note 9.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2011

7. SEGMENT INFORMATION

The Consolidated Entity has considered the product and geographical perspective of the operating results and determined that the Consolidated Entity operates only in Australia with segments in Investments and Olive Oil production. Unallocated items comprise predominantly of corporate assets, office expenses and income tax assets and liabilities.

	Investments	Olive Oil	Unallocated	Total
	\$	\$	\$	\$
6 months to 31-Dec-11				
Total segment revenue	32,700	336,831	40,668	410,199
Adjusted EBITDA	(1,192,458)	(355,524)	(849,166)	(2,397,148)
Total segment asset	11,172,936	3,219,857	3,262,887	17,655,680
Total segment liabilities	-	(248,485)	(1,127,867)	(1,376,352)
6 months to 31-Dec-10				
Total segment revenue	2,401,359	172,234	43,684	2,617,277
Adjusted EBITDA	566,976	(214,141)	(737,659)	(384,824)
30-Jun-11				
Total segment asset	15,847,492	3,580,510	2,956,703	22,384,705
Total segment liabilities	-	(398,116)	(1,587,488)	(1,985,604)
(a) Other segment information			31-Dec-11	31-Dec-10
(i) Segment revenues			\$	\$
Any sales between segments are carried out at arm's length and are eliminated on consolidation.				
Total segment revenue			369,531	2,573,593
Unallocated:				
Interest received - other			40,668	42,441
Other income			-	1,243
Total revenue from continuing operations (Note 2)			<u>410,199</u>	<u>2,617,277</u>
(i) Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)				
The adjusted EBITDA excludes net change in fair value in investments and impairment of assets.				
Adjusted EBITDA			(2,397,148)	(384,824)
Interest revenue			40,668	42,441
Net change on financial assets held at fair value through profit or loss			(1,733,376)	1,534,447
Depreciation			(42,735)	(54,046)
Realisation cost of share portfolio written back			14,974	(13,402)
Finance cost			(2,156)	(5,032)
Fixed assets written off			-	(2,040)
Profit/(Loss) before income tax			<u>(4,119,773)</u>	<u>1,117,544</u>
			31-Dec-11	30-Jun-11
			\$	\$
(ii) Segment assets			14,392,793	19,428,002
Unallocated:				
Cash and cash equivalents			2,359,072	1,684,644
Trade and other receivables			146,474	21,018
Other current assets			11,220	5,057
Property, plant and equipment			29,414	80,096
Deferred tax asset			716,707	1,165,888
Total assets as per the Statement of Financial Position			<u>17,655,680</u>	<u>22,384,705</u>
(iii) Segment liabilities			(248,485)	(398,116)
Unallocated:				
Trade and other payables			(166,977)	(224,121)
Provisions			(244,183)	(197,479)
Deferred tax liability			(716,707)	(1,165,888)
Total liabilities as per the Statement of Financial Position			<u>(1,376,352)</u>	<u>(1,985,604)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2011

9. COMMITMENTS

	31-Dec-11	30-Jun-11
	\$	\$
Not longer than one year	77,628	104,929
Between 12 months and 5 years	39,761	110,176
	<u>117,389</u>	<u>215,105</u>

The non-cancellable operating lease commitment is the Consolidated Entity's share of the office premises at Level 14, The Forrest Centre, 221 St Georges Terrace, Perth, Western Australia, and includes all outgoing (exclusive of GST). The lease is for a 7 year term expiring 30 June 2013 and contains a rent review increase each year alternating between 5% and the greater of market rate or CPI + 1%.

10. RELATED PARTY DISCLOSURES

(a) Loan to controlled entity

During the half year, the controlled entity, Orion Equities Limited (OEO) repaid a loan from the Company, totalling \$650,000 plus interest of \$36,772. The loan was advanced pursuant to an unsecured facility expiring on 30 June 2012 (with an interest rate of 10% per annum).

(b) Transactions with related parties

The Company is deemed to control Orion Equities Limited (OEO). During the financial year, there were transactions between the Company, OEO and an Associate entity of OEO, Bentley Capital Limited (BEL), pursuant to shared office and administration expense arrangements. Interest is not charged on outstanding amounts as at balance date. The following transactions also occurred with related parties:

	31-Dec-11	31-Dec-10
	\$	\$
Dividends received from:		
Bentley Capital Limited	59,181	222,544
Administration expenses receivable/(payable)		
Bentley Capital Limited	102,544	-
Orion Equities Limited	92,556	-

(c) Other transactions with key management personnel

Director, Mr Simon Cato, is a director of Advanced Share Registry Limited, which provides share registry services to the Group, OEO and BEL.

	2011	2010
	\$	\$
Amounts recognised as expense		
Share registry fees	2,545	4,341

There were no other transactions with key management personnel (or their personally related entities) during the financial half year.

11. CONTINGENT ASSETS AND LIABILITIES

(a) Directors' Deeds

The Company and OEO have entered into deeds of indemnity with each of their Directors indemnifying them against liability incurred in discharging their duties as directors/officers of the Company. At the end of the financial period, no claims have been made under any such indemnities and accordingly, it is not possible to quantify the potential financial obligation of the Consolidated Entity under these indemnities.

(b) Royalty on Tenements

The Consolidated Entity is entitled to receive a royalty of 2% of gross revenues (exclusive of GST) from any commercial exploitation of any minerals from various Australian tenements - EL 47/1328 and PL 47/1170 (the Paulsens East Project tenements currently held by Strike Resources Limited), EL 24879, 24928 and 24929 and ELA 24927 (the Bigryli South Project tenements in the Northern Territory, currently held by Alara Resources Limited (Alara)) and EL 46/629 and a right to earn and acquire a 85% interest in ELA 46/585 (excluding all manganese mineral rights) (the Canning Well Project tenements in Western Australia, currently held by Alara).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2011

12. EVENTS AFTER BALANCE DATE

- (a) On 28 February 2012, Associate entity, Bentley Capital Limited, announced its intention to seek shareholder approval to undertake a one cent per share return of capital (Return of Capital). The Return of Capital is to be effected by the Company seeking shareholder approval for a reduction in the share capital of the Company by returning one cent per share to shareholders – this equates to an aggregate reduction of share capital by approximately \$0.733 million based upon the Company's 73,350,541 shares currently on issue. No shares will be cancelled as a result of the Return of Capital. Accordingly, the number of shares held by each shareholder will not change as a consequence of the Return of Capital. The Return of Capital will have no effect on the number of shares on issue. The Return of Capital is subject to shareholder approval which will be sought at a general meeting of shareholders anticipated to be held in mid-April 2012. If all conditions are met for payment, including shareholder approval, Queste's and Orion's share of the Return of Capital will be ~\$17,400 and ~\$205,138 respectively.

No other matter or circumstance has arisen since the end of the financial period that significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial periods.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Queste Communications Ltd made pursuant to sub-section 303(5) of the *Corporations Act 2001*, we state that:

In the opinion of the directors:

- (a) The financial statements and notes of the Consolidated Entity and Company are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Consolidated Entity's and Company's financial position as at 31 December 2011 and of their performance for the half year ended on that date; and
 - (ii) complying with Accounting Standards AASB 134 "Interim Financial Reporting" and *Corporations Regulations 2001*; and
- (b) There are reasonable grounds to believe that the Consolidated Entity and Company will be able to pay their debts as and when they become due and payable.



Farooq Khan
Chairman and Managing Director



Simon Cato
Non-Executive Director

29 February 2012

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF QUESTE COMMUNICATIONS LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Queste Communications Limited, which comprises the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Queste Communications Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Queste Communications Limited, would be in the same terms if given to the directors as at the time of this auditor's report.



Conclusion

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 the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

BDO


Chris Burton
Director

Perth, Western Australia
Dated this 29th day of February 2012

SECURITIES INFORMATION

as at 31 December 2011

DISTRIBUTION OF LISTED ORDINARY FULLY PAID SHARES

Spread	of	Holdings	Number of Holders	Number of Units	% of Total Issue Capital
1	-	1,000	12	8,251	0.029%
1,001	-	5,000	62	183,548	0.646%
5,001	-	10,000	75	705,165	2.483%
10,001	-	100,000	117	3,233,792	11.385%
100,001	-	and over	27	24,274,123	85.458%
Total			293	28,404,879	100.00%

DISTRIBUTION OF UNLISTED PARTLY PAID ORDINARY SHARES

Name	No. of Partly Paid Shares
Chi Tung Investments Ltd	20,000,000

These 20,000,000 ordinary shares were issued at a price of 20 cents per share and have been partly paid to 1.5225 cent each and have an outstanding amount payable of 18.4775 cents per share.

TOP TWENTY ORDINARY FULLY PAID SHAREHOLDERS

Rank	Shareholder	Shares Held	Total Shares	% Issued Capital
1	* CLEOD PTY LTD <CELLANTE SUPER FUND A/C> BELL IXL INVESTMENTS LIMITED CELLANTE SECURITIES PTY LIMITED	867,644 3,799,747 2,053,282		
		Sub-total	6,720,673	23.660
2	* FAROOQ KHAN ISLAND AUSTRALIA PTY LTD MR FAROOQ KHAN	2,439,484 3,668,577 21,883		
		Sub-total	6,129,944	21.581
3	* MR AZHAR CHAUDHRI CHI TUNG INVESTMENTS LTD RENMUIR HOLDINGS LTD	10,000 1,050,000 3,277,780		
		Sub-total	4,337,780	15.271
4	* MANAR NOMINEES PTY LTD MANAR NOMINEES PTY LTD <ZELWER SUP BENEFIT FUND A/C>	1,725,663 180,500		
		Sub-total	1,906,163	6.711
5	MRS AMBREEN CHAUDHRI DATABASE SYSTEMS LTD	386,500 826,950		
		Sub-Total	1,213,450	4.272
6	MR ANDREW GRAEME MOFFAT & ELIZABETH ANN MOFFAT <COWOSO SUPER FUND A/C>		1,150,000	4.049
7	DONALD GORDON MACKENZIE & GWENNETH EDNA MACKENZIE		761,260	2.680
8	MS ROSANNA DE CAMPO		268,100	0.944
9	MR AYUB KHAN		215,000	0.757
10	MRS AFIA KHAN		215,000	0.757
11	GIBSON KILLER PTY LTD		200,000	0.704
12	ROSEMONT ASSET PTY LTD MR SIMON KENNETH CATO <S K CATO SUPER FUND A/C>	75,000 118,000		
		Sub-total	193,000	0.679
13	TOMATO 2 PTY LTD		185,019	0.651
14	SANDY NOMINEES PTY LTD		150,000	0.528
15	GLENVIEW SERVICES PTY LTD		145,000	0.510
16	MR JOHN CHENG-HSIANG YANG & MS PEGA PING PING MOK		136,125	0.479
17	MR ANTHONY NEALE KILLER & MRS SANDRA MARIE KILLER <THE KILLER SUPER A/C>		130,000	0.458
18	MR GREGORY JOHN MATHESON		110,742	0.390
19	MR EUGENE RODRIGUEZ		110,000	0.387
20	NICHOLAS PASTERNAISKY		103,750	0.365
Total			24,381,006	85.833

* A substantial shareholder of the Company