



HALF YEAR REPORT

31 December 2012

THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH THE
30 JUNE 2012 ANNUAL REPORT OF THE COMPANY



ASX Code: QUE

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

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CONTENTS

ASX Appendix 4D Half Year Report	2
Directors' Report	4
Auditor's Independence Declaration	15
Consolidated Statement of Profit or Loss and other Comprehensive Income	16
Consolidated Statement of Financial Position	17
Consolidated Statement of Changes in Equity	18
Consolidated Statement of Cash Flows	19
Notes to the Consolidated Financial Statements	20
Directors' Declaration	25
Auditor's Independent Review Report	26
Securities Information	28

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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 2012 to 31 December 2012
 Previous Corresponding Period: 1 July 2011 to 31 December 2011
 Reporting Date: 31 December 2012
 Company: Queste Communications Ltd (**Queste** 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	Dec 2012	Dec 2011	Change	Up/Down
	\$	\$	%	
Total revenues	734,759	410,199	79%	Up
Total expenses	(1,011,744)	(4,529,972)	78%	Down
Loss before tax	(276,985)	(4,119,773)	93%	Loss Down
Income tax expense	-	-	N/A	N/A
Loss for the half year	(276,985)	(4,119,773)	93%	Loss Down
Net loss attributable to non controlling interest	(12,786)	(1,841,148)	99%	Loss Down
Loss after tax attributable to owners of the Company	(264,199)	(2,278,625)	88%	Loss Down
Basic and diluted loss per share (cents)	(0.88)	(7.61)	88%	Down

Consolidated	Dec 2012	Jun 2012	%	Up/Down
			Change	
Undiluted NTA backing per share (cents)	25	26	4%	Down
Diluted NTA backing per share (cents)	23	24	4%	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) \$477,470 net gain on financial assets held at fair value through profit or loss (December 2011: \$1,733,376 net loss);
- (2) \$172,630 income from olive grove operations (December 2011: \$336,831); and
- (3) \$63,809 interest income (December 2011: \$40,668).

Expenses include:

- (1) \$4,334 share of ASX listed Bentley Capital Limited's (**BEL**) (Associate entity) net loss (December 2011: \$1,071,812 net loss, net of dividends received from Associate of \$756,650);
- (2) \$460,469 personnel expenses (including Directors' fees) (December 2011: \$521,217); and
- (3) \$275,466 olive grove and oils operations (which does not include depreciation expenses) (December 2011: \$658,610).

APPENDIX 4D HALF YEAR REPORT

The principal components of the \$477,470 net gain on financial assets held at fair value through profit or loss are:

- (a) \$834,540 unrealised gain on Orion's share investment in ASX listed Strike Resources Limited (**SRK**) which increased in value from \$0.11 to \$0.16 per share during the half year;
- (b) \$98,717 realised gain on the sale of Orion's 6,332,744 shares in ASX listed Alara Resources Limited (**AUQ**) (from cost) at an average price of \$0.25 per share (excluding brokerage); the Company notes that historically, Orion has realised a total of \$2.64 million gross proceeds from the sale of 9,332,744 AUQ shares with a cash cost base of \$2.23 million; and
- (c) \$447,018 reversal of previous periods' unrealised gain on Orion's investment in AUQ on disposal of the same during the current period.

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 2012.

DIVIDENDS

The Directors have not declared a dividend in respect of the half year ended 31 December 2012.

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 Reporting 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 2012: 27.97%).

The Company has a direct 2.37% interest in BEL (30 June 2012: 2.37%).

Accordingly, the Consolidated Entity has equity accounted for a 30.34% total interest in BEL (30 June 2012: 30.34%).

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: 28 February 2013

Email: cosec@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 2012 (**Reporting 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 2012: 50.88%).

OPERATING RESULTS

CONSOLIDATED ENTITY	Dec 2012	Dec 2011
	\$	\$
Total revenues	734,759	410,199
Total expenses	(1,011,744)	(4,529,972)
Loss before tax	(276,985)	(4,119,773)
Income tax expense	-	-
Loss for the half year	(276,985)	(4,119,773)
Loss attributable to non controlling interest	(12,786)	(1,841,148)
Loss after tax attributable to members of the Company	(264,199)	(2,278,625)
Basic and diluted loss per share (cents)	(0.88)	(7.61)

At the Consolidated Entity level:

Revenues include:

- (1) \$477,470 net gain on financial assets held at fair value through profit or loss (December 2011: \$1,733,376 net loss);
- (2) \$172,630 income from olive grove operations (December 2011: \$336,831); and
- (3) \$63,809 interest income (December 2011: \$40,668).

Expenses include:

- (1) \$4,334 share of ASX listed Bentley Capital Limited's (**BEL**) (Associate entity) net loss (December 2011: \$1,071,812 net loss, net of dividends received from Associate of \$756,650);
- (2) \$460,469 personnel expenses (including Directors' fees) (December 2011: \$521,217); and
- (3) \$275,466 olive grove and oils operations (which does not include depreciation expenses) (December 2011: \$658,610).

The principal components of the \$477,470 net gain on financial assets held at fair value through profit or loss are:

- (a) \$834,540 unrealised gain on Orion's share investment in ASX listed Strike Resources Limited (**SRK**) which increased in value from \$0.11 to \$0.16 per share during the half year;
- (b) \$98,717 realised gain on the sale of Orion's 6,332,744 shares in ASX listed Alara Resources Limited (**AUQ**) (from cost) at an average price of \$0.25 per share (excluding brokerage); the Company notes that historically, Orion has realised a total of \$2.64 million gross proceeds from the sale of 9,332,744 AUQ shares with a cash cost base of \$2.23 million; and
- (c) \$447,018 reversal of previous periods' unrealised gain on Orion's investment in AUQ on disposal of the same during the current period.

DIRECTORS' REPORT

LOSS PER SHARE

CONSOLIDATED ENTITY	Dec 2012		Dec 2011	
Basic and diluted loss per share (cents)	(a)	(0.88)	(b)	(7.61)
Weighted average number of fully paid ordinary shares in the Company outstanding during the half year used in the calculation of basic 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 loss per share.

DIVIDENDS

The Directors have not declared a dividend in respect of the half year ended 31 December 2012.

FINANCIAL POSITION

CONSOLIDATED ENTITY	31 Dec 2012	30 Jun 2012
	\$	\$
Cash	3,136,220	2,008,853
Current investments - equities	2,718,578	3,827,155
Investments in Associate entity	4,627,759	4,854,638
Inventory	1,840,951	1,917,595
Receivables	270,538	363,666
Intangibles	727,746	727,746
Deferred tax assets	164,983	358,251
Other assets	1,686,769	1,709,078
Total Assets	15,173,544	15,766,982
Tax liabilities (current and deferred)	(164,983)	(358,251)
Other payables and liabilities	(336,187)	(459,372)
Net Assets	14,672,374	14,949,359
Issued capital	6,192,427	6,192,427
Reserves	2,321,946	2,321,946
Non-controlling interest	6,428,962	6,441,748
Accumulated losses	(270,961)	(6,762)
Total Equity	14,672,374	14,949,359

DIRECTORS' REPORT

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.

On-Market Share Buy-Back

On 17 April 2012, the Company announced its intention to conduct an on-market share buy-back of up to 2,700,000 shares (**Buy-Back**)¹.

This represents ~9.1% of the pre Buy-Back and 10% of the post Buy-Back total voting shares of the Company (having regard to the amount paid up on the partly paid shares).

In accordance with ASX Listing Rule 7.33, the Company will not pay any more than 5% above the average of the market price for the Company's shares over the last 5 days on which sales in the shares were recorded prior to the Buy-Back occurring.

The Buy-Back will continue until the earlier of the acquisition of the 2.7 million Buy-Back shares and 30 April 2013, subject to the Company exercising its right to suspend or terminate the Buy-Back, or amend its terms, at any time.

The Company has not been able to buy back any shares to date.

REVIEW OF OPERATIONS

1. Orion Equities Limited (OEQ)

1.1. 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 2012: 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.

Queste shareholders are advised to refer to the 31 December 2012 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: www.orionequities.com.au

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

Sections 1.2 to 1.6 below contain information extracted from Orion's public statements.

¹ Refer [Appendix 3C - Announcement of Buy-Back dated 17 April 2012](#)

DIRECTORS' REPORT

1.2. Orion's Operating Results for half year ended 31 December 2012

ORION EQUITIES LIMITED	Dec 2012	Dec 2011
Consolidated Entity	\$	\$
Total revenues	701,604	375,049
Total expenses	<u>(727,633)</u>	<u>(4,123,314)</u>
Loss before tax	(26,029)	(3,748,265)
Income tax expense	<u>-</u>	<u>-</u>
Loss after tax	(26,029)	(3,748,265)
Loss attributable to members of the Orion	(26,029)	(3,748,265)
Basic and diluted loss per share	<u>(0.15)</u>	<u>(21.04)</u>

Orion's revenues include:

- (a) \$477,357 net gain on financial assets held at fair value through profit or loss (December 2011: \$1,731,769 net loss); and
- (b) \$172,630 income from olive grove operations (December 2011: \$336,831).

Orion's expenses include:

- (a) \$3,995 share of ASX listed Bentley Capital Limited's (BEL) (Associate entity) net loss (December 2011: \$987,980 net loss, net of dividends received from Associate of \$697,469);
- (b) \$293,973 personnel costs (including Directors' fees) (December 2011: \$327,756); and
- (c) \$275,466 olive grove and oil operations (which does not include depreciation expenses) (December 2011: \$658,610).

The principal components of the \$477,357 net gain on financial assets held at fair value through profit or loss are:

- (i) \$834,540 unrealised gain on Orion's share investment in ASX listed Strike Resources Limited (**SRK**) which increased in value from \$0.11 to \$0.16 per share during the half year;
- (ii) \$98,717 realised gain on the sale of Orion's 6,332,744 shares in ASX listed Alara Resources Limited (AUQ) (from cost) at an average price of \$0.25 per share (excluding brokerage); the Company notes that historically, Orion has realised a total of \$2.64 million gross proceeds from the sale of 9,332,744 AUQ shares with a cash cost base of \$2.23 million; and
- (iii) \$447,018 reversal of previous periods' unrealised gain on Orion's investment in AUQ on disposal of the same during the current period.

1.3. Orion's Dividends

Orion has not declared a dividend in respect of the financial half year ended 31 December 2012.

DIRECTORS' REPORT

1.4. Orion's Financial Position as at 31 December 2012

ORION EQUITIES LIMITED Consolidated Entity	Dec 2012 \$	Jun 2012 \$
Net tangible assets (before tax)	12,356,474	12,382,503
Pre-Tax NTA Backing per share	0.694	0.695
Less deferred tax assets and tax liabilities	-	-
Net tangible assets (after tax)	12,356,474	12,382,503
Pre-Tax NTA Backing per share	0.694	0.695
Based on total issued share capital	17,814,389	17,814,389

ORION EQUITIES LIMITED Consolidated Entity	Dec 2012 \$	Jun 2012 \$
Cash	1,819,704	365,031
Financial assets at fair value through profit and loss	2,715,115	3,821,383
Investments in listed Associate entity	4,375,121	4,584,254
Inventory	1,840,951	1,917,595
Receivables	144,371	292,915
Intangibles	727,746	727,746
Other assets	1,664,586	1,686,035
Deferred tax asset	161,302	352,085
Total Assets	13,448,896	13,747,044
Other payables and liabilities	(203,374)	(284,710)
Deferred tax liability	(161,302)	(352,085)
Net Assets	13,084,220	13,110,249
Issued capital	19,374,007	19,374,007
Reserves	361,505	361,505
Accumulated Losses	(6,651,292)	(6,625,263)
Total Equity	13,084,220	13,110,249

1.5. Orion's Portfolio Details as at 31 December 2012

Asset Weighting

	% of Net Assets	
	Dec 2012	Jun 2012
Australian equities	54%	63%
Agribusiness ²	19%	16%
Property held for development and resale	13%	13%
Net tax liabilities (current year and deferred tax assets/liabilities)	-	-
Net cash/other assets and provisions	14%	8%
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	25.08%	BEL	Diversified Financials
2. Strike Resources Limited	2.67	20.41%	SRK	Materials
TOTAL	5.95	45.49%		

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

DIRECTORS' REPORT

1.6. Orion's Assets

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

Bentley Capital Limited (**Bentley**) is a listed investment company with a current exposure to Australian equities. Orion Directors, Farooq Khan (also Queste's Chairman and Managing Director) and William Johnson are on the Board of Bentley as Chairman and Executive Director respectively. Orion Director and Queste and Orion Company Secretary, Victor Ho, is also Company Secretary of Bentley.

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 2012: Orion held 20,513,783 shares (27.97%) and Queste held 1,740,625 shares (2.37%)).

Bentley's asset weighting as at 31 December 2012 was 63.8% Australian equities (30 June 2012: 75.6%) and 36.2% net cash/ other assets (30 June 2012: 24.4%).

Bentley had net assets of \$19.32 million as at 31 December 2012 (30 June 2012: \$20.07 million) and incurred an after tax net loss of \$0.01 million for the financial half year (31 December 2011: \$3.50 million net loss).

Bentley has also returned \$0.73 million (via a capital return of one cent per share) to its shareholders during the financial half year (6 months to 30 June 2012: \$0.73 million was returned to shareholders via a capital return of one cent per share).

Orion and Queste received a total of \$205,138 and \$17,406 respectively from this capital distribution during the financial half year (6 months to 30 June 2012: \$205,138 and \$17,406 respectively).

On 28 February 2013, Bentley announced its intention to seek shareholder approval to undertake a one cent per share return of capital. Subject to receipt of Bentley shareholder approval, Orion's and Queste's entitlement under the return of capital is expected to be \$205,138 and \$17,406 respectively.

The Company notes that these capital distributions from Bentley are not regarded as revenues/income; the carrying value of the Queste's and Orion's investment in Bentley is reduced by the value of the capital returned by Bentley.

(b) 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 a Director on the Board of Strike.

Orion holds 16,690,802 shares, being 11.48% of Strike's issued ordinary share capital (30 June 2012: 16,690,802 shares and 11.71%).

The value of Orion's holdings in Strike appreciated by \$0.835 million during the course of the half year, from \$1.84 million (at \$0.11 per share as at 30 June 2012) to \$2.67 million (at \$0.16 per share on 31 December 2012).

Historically, the shareholding in Strike has predominantly been earned through the sale of various mining assets to Strike. These assets were acquired and funded 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 were 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.

DIRECTORS' REPORT

(c) 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 and Oman. Orion Director, William Johnson is on the Board of Alara as a Non-Executive Director. Queste and Orion Chairman, Farooq Khan, resigned as an Alara Director on 31 August 2012. Orion Director and Queste and Orion Company Secretary, Victor Ho, is also Company Secretary of Alara.

In September 2012, Orion sold its 6,332,744 shares in Alara at an average price of \$0.25 per share (excluding brokerage), realising gross proceeds of \$1.58 million. Orion incurred a net loss on sale of \$0.348 million comprising:

- (i) \$98,717 realised gain (from cost); and
- (ii) \$447,018 reversal of previous periods' unrealised gain.

Historically, the shareholding in Alara occurred through the sale of Orion's 25% interest in various uranium tenements to Alara in conjunction with Strike (who held the balance of 75% interest in the same). These assets were acquired and funded 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.

(d) Agribusiness Assets

Orion owns the ultra premium 'Dandaragan Estate' Extra Virgin Olive Oil business and a 143 hectare commercial olive grove located in Gingin, Western Australian (approximately 100 kilometres North of Perth) producing olive oil from approximately 64,500, 13-14 year old olive tree plantings.

The 2012 harvesting season (completed in May 2012) yielded ~170 tonnes of fruit from which ~34,079 litres of oils were extracted (2011: ~1,200 tonnes of fruit and ~200,000 litres of oils). The decrease 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.

Furthermore, the 2012 harvest was intentionally significantly reduced to save costs. The oil harvested is sufficient for the ultra premium 'Dandaragan Estate' Extra Virgin Olive Oil business.

A summary of results for the olive grove operations during the financial half year are as follows:

- (i) Gross revenues were \$172,630 (31 December 2011: \$336,831);
- (ii) Olive grove operation expenses were \$275,466 (which does not include depreciation expenses) (31 December 2011: \$658,610);
- (iii) Olive grove depreciation expenses were \$32,417 (31 December 2011: \$39,195);
- (iv) Inventory – Bulk Oils of \$120,838 reflects the pro-rata cost of harvesting and processing the bulk litres of oil (30 June 2012: \$206,320); and
- (v) Inventory – Packaged Oils of \$11,475 reflects the pro-rata cost of harvesting and processing the packaged litres of oil plus the cost of packaging and bottles/tins held as inventory (30 June 2012: \$15,677).

The carrying values of the olive grove property (\$999,901) and water licence (\$627,750) are based on an independent valuation of the assets undertaken for the 30 June 2012 accounts. The carrying value of the olive trees (\$65,500 representing approximately one dollar per tree) is based on Directors' assessment of their value for the 30 June 2012 accounts.

A fresh independent valuation of these assets will be undertaken for the 30 June 2013 accounts.

DIRECTORS' REPORT

(e) Other Property Assets

This relates to a 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 since renovated and rented out the property.

The carrying value of \$1,640,000 is based on an independent valuation of the property undertaken for the 30 June 2012 accounts.

A fresh independent valuation of this asset will be undertaken for the 30 June 2013 accounts.

2. Queste's Other Assets

In addition to the investment in controlled entity, Orion, Queste has:

- (a) a direct share investment in Associate entity, Bentley, being 1,740,625 shares (or 2.37% of Bentley's issued ordinary share capital) (June 2012: 1,740,625 shares and 2.37%);
- (b) a cash holding of \$1,316,517 (30 June 2012: \$1,643,821); and
- (c) investments in other listed securities of \$3,463 (30 June 2012: \$5,772).

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

- (a) \$52,251 net unrealised gain (31 December 2011: \$19,013 loss).

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' REPORT

DIRECTORS

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

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>	5,954,944 shares ³
<i>Other current directorships in listed entities</i>	Executive Chairman of: <ol style="list-style-type: none"> (1) Bentley Capital Limited (BEL) (since 2 December 2003) (2) Orion Equities Limited (OEO) (since 23 October 2006)
<i>Former directorships in other listed entities in past 3 years</i>	<ol style="list-style-type: none"> (1) Alara Resources Limited (AUQ) (18 May 2007 to 31 August 2012) (2) Yellow Brick Road Holdings Limited (YBR) (27 April 2006 to 18 March 2011) (3) Strike Resources Limited (SRK) (3 September 1999 to 3 February 2011)

Simon K. Cato	Non-Executive Director
<i>Appointed</i>	6 February 2008
<i>Qualifications</i>	B.A. (<i>USYD</i>)
<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: <ol style="list-style-type: none"> (1) Advanced Share Registry Limited (ASW) (since 22 August 2007) Non-Executive Director of: <ol style="list-style-type: none"> (2) Transaction Solutions International Limited (TSN) (since 24 February 2010) (3) Greenland Minerals and Energy Ltd (GGG) (since 21 February 2006)
<i>Former directorships in other listed entities in past 3 years</i>	<ol style="list-style-type: none"> (1) Convergent Minerals Limited (CVG) (25 July 2006 to 19 December 2011) (2) Bentley Capital Limited (BEL) (5 February 2004 to 29 April 2010)

³ Refer also Farooq Khan's [Change of Director's Interest Notice dated 30 April 2012](#)

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>	5,235,230 shares ⁴ 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 Director of Orion Equities Limited (OEQ) (since 5 November 1999).
<i>Former directorships in other listed entities in past 3 years</i>	None

⁴ Refer also Azhar Chaudhri's [Change of Director's Interest Notice dated 30 April 2012](#)

DIRECTORS' REPORT

COMPANY SECRETARY

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

Victor P. H. Ho	Company Secretary
<i>Appointed</i>	30 August 2000
<i>Qualifications</i>	BCom, LLB (<i>Western Australia</i>); Chartered Tax Advisor (CTA)
<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: <ol style="list-style-type: none"> (1) Orion Equities Limited (OEO) (Secretary since 2 August 2000 and Director since 4 July 2003) Company Secretary of: <ol style="list-style-type: none"> (2) Bentley Capital Limited (BEL) (since 5 February 2004) (3) Alara Resources Limited (AUQ) (since 4 April 2007)
<i>Former positions in other listed entities in past 3 years</i>	Strike Resources Limited (SRK) (secretary between 9 March 2000 and 30 April 2010 and director between 12 October 2000 and 25 September 2009)

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

28 February 2013

28 February 2013

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

Dear Sirs,

**DECLARATION OF INDEPENDENCE BY BRAD MCVEIGH TO THE DIRECTORS OF
QUESTE COMMUNICATIONS LTD**

As lead auditor for the review of Queste Communications Ltd for the half-year ended 31 December 2012, 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 Ltd and the entities it controlled during the period.



Brad McVeigh
Director

BDO Audit (WA) Pty Ltd
Perth, Western Australia

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half year ended 31 December 2012

	Note	31 Dec 12 \$	31 Dec 11 \$
Revenue	2	256,839	377,610
Other			
Net Gain on Financial Assets at Fair Value through Profit or Loss		477,470	-
Other Income		450	32,589
TOTAL REVENUE		734,759	410,199
EXPENSES	2		
Net Loss on Financial Assets at Fair Value through Profit or Loss		-	(1,733,376)
Share of Net Loss of Associate		(4,334)	(1,071,812)
Cost of Goods Sold in relation to Olive Oils Operations		(240,069)	(648,527)
Personnel Expenses		(471,622)	(521,217)
Communication Expenses		(11,784)	(39,650)
Occupancy Expenses		(61,988)	(96,458)
Finance Expenses		(2,063)	(2,156)
Corporate Expenses		(34,410)	(45,077)
Administration Expenses		(185,474)	(371,699)
LOSS BEFORE INCOME TAX		(276,985)	(4,119,773)
Income Tax Expense		-	-
LOSS FOR THE HALF YEAR		(276,985)	(4,119,773)
OTHER COMPREHENSIVE INCOME			
Revaluation of Assets, Net of Tax		-	-
TOTAL COMPREHENSIVE LOSS FOR THE HALF YEAR		(276,985)	(4,119,773)
LOSS ATTRIBUTABLE TO:			
Owners of Queste Communications Ltd		(264,199)	(2,278,625)
Non-Controlling Interest		(12,786)	(1,841,148)
		(276,985)	(4,119,773)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:			
Owners of Queste Communications Ltd		(264,199)	(2,278,625)
Non-Controlling Interest		(12,786)	(1,841,148)
		(276,985)	(4,119,773)
Basic and Diluted Loss per Share (cents)	3	(0.88)	(7.61)

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2012

	Note	31 Dec 12 \$	30 Jun 12 \$
CURRENT ASSETS			
Cash and Cash Equivalents	4	3,136,220	2,008,853
Financial Assets at Fair Value through Profit or Loss	5	2,718,578	3,827,155
Trade and Other Receivables		217,715	330,843
Inventories		200,951	277,595
Other Current Assets		20,839	5,895
TOTAL CURRENT ASSETS		6,294,303	6,450,341
NON CURRENT ASSETS			
Trade and Other Receivables		52,823	32,823
Land held for Development or Resale		1,640,000	1,640,000
Investment in Associate Entity		4,627,759	4,854,638
Property, Plant and Equipment		1,600,430	1,637,683
Olive Trees		65,500	65,500
Intangible Assets		727,746	727,746
Deferred Tax Asset		164,983	358,251
TOTAL NON CURRENT ASSETS		8,879,241	9,316,641
TOTAL ASSETS		15,173,544	15,766,982
CURRENT LIABILITIES			
Trade and Other Payables		152,212	256,642
Provisions		183,975	202,730
TOTAL CURRENT LIABILITIES		336,187	459,372
NON CURRENT LIABILITIES			
Deferred Tax Liability		164,983	358,251
TOTAL NON CURRENT LIABILITIES		164,983	358,251
TOTAL LIABILITIES		501,170	817,623
NET ASSETS		14,672,374	14,949,359
EQUITY			
Issued Capital		6,192,427	6,192,427
Reserves		2,321,946	2,321,946
Accumulated Losses		(270,961)	(6,762)
Parent Interest		8,243,412	8,507,611
Non-Controlling Interest		6,428,962	6,441,748
TOTAL EQUITY		14,672,374	14,949,359

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half year ended 31 December 2012

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Non- Controlling Interest \$	Total \$
BALANCE AT 1 JULY 2011	6,192,427	2,351,465	2,941,747	8,913,462	20,399,101
Loss for the Half Year	-	-	(2,278,625)	(1,841,148)	(4,119,773)
Other Comprehensive Income	-	-	-	-	-
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	-	-	-	-	-
BALANCE AT 31 DECEMBER 2011	6,192,427	2,351,465	663,122	7,072,314	16,279,328
BALANCE AT 1 JULY 2012	6,192,427	2,321,946	(6,762)	6,441,748	14,949,359
Loss for the Half Year	-	-	(264,199)	(12,786)	(276,985)
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Loss for the Half Year	-	-	(264,199)	(12,786)	(276,985)
Transactions with Owners in their capacity as Owners:					
Transactions with Non-Controlling Interest	-	-	-	-	-
BALANCE AT 31 DECEMBER 2012	6,192,427	2,321,946	(270,961)	6,428,962	14,672,374

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

for the half year ended 31 December 2012

	Note	31 Dec 12 \$	31 Dec 11 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers		279,482	334,827
Dividends Received		195	756,761
Interest Received		70,094	40,668
Payments to Suppliers and Employees		(1,032,532)	(1,568,469)
Sale/Redemption of Financial Assets at Fair Value through Profit or Loss		1,583,626	-
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES		900,865	(436,213)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Plant and Equipment		(1,643)	(2,079)
Proceeds from Sale of Plant and Equipment		3,179	-
Return of Capital Received	6	222,545	1,112,720
Proceeds from Sale of Investment Securities		2,421	-
NET CASH PROVIDED BY INVESTING ACTIVITIES		226,502	1,110,641
NET INCREASE IN CASH HELD		1,127,367	674,428
Cash and Cash Equivalents at Beginning of Half Year		2,008,853	1,684,644
CASH AND CASH EQUIVALENTS AT END OF HALF YEAR	4	3,136,220	2,359,072

The accompanying notes form part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2012

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 134 'Interim Financial Reporting'. These half year financial statements do not include notes of the type normally included in the annual financial statements and should be read in conjunction with the most recent annual financial statements and the Company's ASX announcements released from 1 July 2012 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 Consolidated Entity's financial statements for the financial year ended 30 June 2012 except for:

(a) AASB 2011-9: Amendments to Australian Accounting Standards-Presentation of Items of Other Comprehensive Income

Comparative figures have been reclassified as required to be consistent with the presentation of current year figures as required by the above AASB Amendment. The reclassification does not have an impact on the results presented.

2. LOSS FOR THE HALF YEAR

	31 Dec 12	31 Dec 11
	\$	\$
The Consolidated Entity's Operating Loss before Income Tax includes the following items of expense:		
(a) Revenue		
Income from Sale of Olive Oils	172,630	336,831
Rental Income	20,204	32,589
Dividend Income	196	111
Interest Income	63,809	40,668
	<u>256,839</u>	<u>410,199</u>
Other		
Net Gain on Financial Assets at Fair Value through Profit or Loss	477,470	-
Other Income	450	-
	<u><u>734,759</u></u>	<u><u>410,199</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2012

2. LOSS FOR THE HALF YEAR (continued)	31 Dec 12	31 Dec 11
	\$	\$
(b) Expenses		
Net Loss on Financial Assets at Fair Value through Profit or Loss	-	1,733,376
Share of Net Loss of Associate	4,334	1,071,812
Olive Oil Operations		
Cost of Goods Sold	240,069	648,527
Impairment and Depreciation of Olive Oil Assets	32,417	39,195
Other Expenses	35,397	10,083
Land Operations		
Other Expenses	13,311	153,346
Salaries, Fees and Employee Benefits	460,469	521,217
Occupancy Expenses	61,988	96,458
Finance Expenses	1,233	2,156
Corporate Expenses		
ASX Fees	26,681	32,611
Share Registry	5,519	6,249
Other Corporate Expenses	1,260	6,217
Administration Expenses		
Communications	11,564	39,650
Professional Fees	20,301	10,465
Realisation Cost of Investment Portfolio Written Back	(15,355)	(14,974)
Depreciation	3,151	3,540
Other Administration Expenses	109,405	170,044
	<u>1,011,744</u>	<u>4,529,972</u>

3. LOSS PER SHARE	31 Dec 12	31 Dec 11
	cents	cents
Basic and Diluted Loss per Share	(0.88)	(7.61)

The following represents the loss and weighted average number of shares used in the loss per share calculations:

	31 Dec 12	31 Dec 11
	\$	\$
Net Loss attributable to owners of Queste Communications Ltd	(264,199)	(2,278,625)
	Number of	Number of
Weighted Average Number of Ordinary Shares	29,927,379	29,927,379

Under AASB 133 Earnings per Share, potential ordinary shares such as partly paid shares will only be treated as dilutive when their conversion to ordinary shares would increase the loss per share. Diluted Loss per Share is not calculated as it does not increase the loss per share.

4. CASH AND CASH EQUIVALENTS	31 Dec 12	30 Jun 12
	\$	\$
Cash at Bank and in hand	336,220	888,853
Short-Term Deposits	2,800,000	1,120,000
	<u>3,136,220</u>	<u>2,008,853</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2012

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	31 Dec 12	30 Jun 12
	\$	\$
Current		
Listed Investments at Fair Value	2,678,072	3,781,585
Unlisted Investments at Fair Value	40,506	45,570
	2,718,578	3,827,155

6. INVESTMENT IN ASSOCIATE ENTITY

	Ownership Interest		Carrying Amount	
	31 Dec 12	30 Jun 12	31 Dec 12	30 Jun 12
	%	%	\$	\$
Bentley Capital Limited	30.34	30.34	4,627,759	4,854,638
Movement in Investment				
Opening Balance			4,854,638	7,571,638
Share of Net Loss after tax			(4,334)	(625,086)
Dividend Received			-	(756,649)
Returns of Capital Received			(222,545)	(1,335,265)
Closing Balance			4,627,759	4,854,638
Fair Value of Listed Investment in Associate			3,560,705	3,077,067
Net Asset Value of Investment			5,862,878	6,089,773

Summarised Position of Associate	Assets	Liabilities	Revenues	Net
	\$	\$	\$	\$
31 Dec 12				
Bentley Capital Limited	5,956,130	93,252	194,569	(4,334)
30 Jun 12				
Bentley Capital Limited	6,197,893	108,120	173,959	(625,086)

7. RELATED PARTY DISCLOSURES

The Company is deemed to control Orion Equities Limited (OEQ). During the half year there were transactions between the Company, OEQ and Associate Entity, Bentley Capital Limited (ASX Code: BEL), pursuant to share office and administration expense arrangements. There were no outstanding amounts at the reporting date. The following transactions also occurred during the financial year:

	31 Dec 12	31 Dec 11
	\$	\$
Bentley Capital Limited		
Dividends Received	-	756,649
Return of Capital Received	222,545	1,112,720

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2012

8. SEGMENT INFORMATION

The operating segments are reported in a manner consistent with the internal reporting provided to the "Chief Operating Decision Maker". The "Chief Operating Decision Maker", who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

The Board has considered the business and geographical perspectives of the operating results and determined that the Consolidated Entity operates only within Australia, with the main segments being Investments and Olive Oil Production. Unallocated items are mainly comprised of corporate assets, office expenses and income tax assets and liabilities.

	Investments	Olive Oil	Unallocated	Total
	\$	\$	\$	\$
31 Dec 12				
Segment Revenues	497,869	172,630	64,260	734,759
Segment Loss before tax	493,469	(135,253)	(635,201)	(276,985)
Segment Assets	9,147,040	2,675,285	3,340,193	15,162,518
Segment Liabilities	(192,037)	(20,378)	(277,729)	(490,144)
31 Dec 11				
Segment Revenues	32,700	336,831	40,668	410,199
Segment Loss before tax	(2,895,887)	(350,505)	(873,381)	(4,119,773)
30 Jun 12				
Segment Assets	10,650,611	2,934,315	2,182,056	15,766,982
Segment Liabilities	(86,366)	(185,698)	(545,559)	(817,623)

9. COMMITMENTS

	2012	2011
	\$	\$
Not longer than one year	39,315	78,630
Later than one year but not later than five years	-	-
	<u>39,315</u>	<u>78,630</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 outgoings (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. CONTINGENCIES

(a) Directors' Deeds

The Company has entered into Deeds of Indemnity with each of its Directors indemnifying them against liability incurred in discharging their duties as Directors/Officers of the Consolidated Entity. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2012

10. CONTINGENCIES (continued)

(b) Tenement Royalties

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 the following Australian tenements:

- (i) the Paulsens East Project tenements in Western Australia currently held by Strike Resources Limited (Strike) - EL47/1328 and PL47/1170; and
- (ii) the Bigryli South Project tenements in the Northern Territory currently held by Alara Resources Limited (Alara) - EL 24879, 24928 and 24929 and 24927.

11. EVENTS OCCURRING AFTER THE REPORTING PERIOD

- (a) On 28 February 2013, 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 Bentley 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 \$0.734 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 is subject to Bentley shareholder approval at a general meeting to be convened in April 2013. If Bentley shareholders approve this Return of Capital, the Company's entitlement under the Return of Capital is expected to be \$17,406 and Orion's entitlement under the same is expected to be \$205,138.

No other matter or circumstance has arisen since the end of the financial half year 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 years.

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 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2012 and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standards AASB 134 "Interim Financial Reporting", *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) There are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



Farooq Khan
Chairman and Managing Director



Simon Cato
Non-Executive Director

28 February 2013

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Queste Communications Ltd, which comprises the consolidated statement of financial position as at 31 December 2012, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement 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 2012 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 Ltd, 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 Ltd, would be in the same terms if given to the directors as at the time of this auditor's review 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 Ltd 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 2012 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

A handwritten signature in black ink, consisting of the letters 'BDO' above a stylized signature that appears to be 'BMV' followed by a flourish.

Brad McVeigh
Director

Perth, Western Australia
Dated this 28th day of February 2013

SECURITIES INFORMATION

as at 31 December 2012

DISTRIBUTION OF LISTED ORDINARY FULLY PAID SHARES

Spread of Holdings			Number of Holders	Number of Units	% of Total Issue Capital
1	-	1,000	14	8,255	0.029%
1,001	-	5,000	60	174,148	0.613%
5,001	-	10,000	74	695,165	2.447%
10,001	-	100,000	112	3,073,342	10.820%
100,001	-	and over	26	24,453,969	86.091%
Total			286	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. These shares carry voting rights proportional to the amount paid up per share. This is equivalent to 1,522,500 total voting shares.

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders	Registered Shareholder	Shares/Voting Shares Held	Voting Power
Bell IXL Investments Limited and associates	BELL IXL INVESTMENTS LIMITED	2,799,747	} 24.732% ¹
	CELLANTE SECURITIES PTY LIMITED	2,053,282	
	CLEOD PTY LTD <CELLANTE SUPER FUND A/C>	2,548,490	
Azhar Chaudhri, Renmuir Holdings Limited and Chi Tung Investments Ltd	MR AZHAR CHAUDHRI	907,450	} 22.58% ²
	CHI TUNG INVESTMENTS LTD	1,050,000	
	RENMUIR HOLDINGS LTD	3,277,780	
	CHI TUNG INVESTMENTS LTD	1,522,500 ³	
Farooq Khan and associates	FAROOQ KHAN	2,286,367	} 19.89% ⁴
	ISLAND AUSTRALIA PTY LTD	3,668,577	
Manar Nominees Pty Ltd and Zelwar Superannuation Pty Ltd	MANAR NOMINEES PTY LTD	1,725,663	} 6.34% ⁵
	ZELWER SUPERANNUATION PTY LTD	180,500	

Notes:

- (1) Based on the substantial shareholding notice filed by Bell IXL Investments Limited dated 19 September 2012 (updated to reflect current shareholdings)
- (2) Based on the substantial shareholding notice filed by Azhar Chaudhri and associates dated 1 May 2012
- (3) Voting shares attributable to 20,000,000 partly paid ordinary shares (issued at a price of 20 cents per share) which have been partly paid to 1.5225 cent each
- (4) Based on the substantial shareholding notice filed by Farooq Khan and associate dated 30 April 2012
- (5) Based on the substantial shareholding notice filed by Manar Nominees Pty Ltd dated 29 December 2003

SECURITIES INFORMATION

as at 31 December 2012

TOP TWENTY ORDINARY FULLY PAID SHAREHOLDERS

Rank	Shareholder	Shares Held	Total Shares	% Issued Capital	% Voting Power*
1	CLEOD PTY LTD <CELLANTE SUPER FUND A/C>	2,548,490			
	BELL IXL INVESTMENTS LIMITED	3,799,747			
	CELLANTE SECURITIES PTY LIMITED	<u>2,053,282</u>			
	Sub-total		7,401,519	26.057%	24.732%
2	FAROOQ KHAN	2,264,484			
	ISLAND AUSTRALIA PTY LTD	3,668,577			
	MR FAROOQ KHAN	<u>21,883</u>			
	Sub-total		5,954,944	20.965%	19.898%
3	MR AZHAR CHAUDHRI	907,450			
	CHI TUNG INVESTMENTS LTD	1,050,000			
	RENMUIR HOLDINGS LTD	<u>3,277,780</u>			
	Sub-total		5,235,230	18.431%	17.493%
4	MANAR NOMINEES PTY LTD	1,825,663			
	MANAR NOMINEES PTY LTD <ZELWER SUP BENEFIT FUND A/C>	<u>180,500</u>			
	Sub-total		2,006,163	7.063%	6.703%
5	COWOSO CAPITAL PTY LTD		<u>1,150,000</u>	4.049%	3.843%
6	DONALD GORDON MACKENZIE & GWENNETH EDNA MACKENZIE		676,260	2.381%	2.260%
7	MS ROSANNA DE CAMPO		268,100	0.944%	0.896%
8	GIBSON KILLER PTY LTD		220,000	0.775%	0.735%
9	MR AYUB KHAN		215,000	0.757%	0.718%
10	MRS AFIA KHAN		215,000	0.757%	0.718%
11	GLENVIEW SERVICES PTY LTD		200,000	0.704%	0.668%
12	ROSEMONT ASSET PTY LTD	75,000			
	MR SIMON KENNETH CATO <S K CATO SUPER FUND A/C>	<u>118,000</u>			
	Sub-total		193,000	0.679%	0.645%
13	TOMATO 2 PTY LTD		185,019	0.651%	0.618%
14	VANTEL (AUSTRALIA) PTY LTD		150,000	0.528%	0.501%
15	MR JOHN CHENG-HSIANG YANG & MS PEGA PING PING MOK		136,125	0.479%	0.455%
16	MR ANTHONY NEALE KILLER & MRS SANDRA MARIE KILLER <THE KILLER SUPER A/C>		130,000	0.458%	0.434%
17	MR GREGORY JOHN MATHESON		110,742	0.390%	0.370%
18	MR EUGENE RODRIGUEZ		110,000	0.387%	0.368%
19	NICHOLAS PASTERNAISKY		103,750	0.365%	0.347%
20	MR KEITH FRANCIS OATES & MRS LINDA ANN OATES		100,000	0.352%	0.334%
Total			24,760,852	87.172%	82.736%

* Total Voting Power is equivalent to the total number of fully paid ordinary shares on issue (28,404,879) plus the equivalent voting shares associated with the partly paid shares on issue based on the amount paid up per partly paid share (1,522,500).