



HALF YEAR REPORT

31 December 2013

THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH THE
30 JUNE 2013 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 and Managing Director)
Victor Ho (Executive Director)
Yaqoob Khan (Non-Executive Director)

COMPANY SECRETARY

Victor Ho

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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 2013 to 31 December 2013
 Previous Corresponding Period: 1 July 2012 to 31 December 2012
 Reporting Date: 31 December 2013
 Company: Queste Communications Ltd (**Quste** 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 2013	Dec 2012	Change	Up/Down
	\$	\$	%	
Total revenues	528,001	734,759	28.1%	Down
Total expenses	(816,037)	(1,011,744)	19.3%	Down
Loss before tax	(288,036)	(276,985)	4.0%	Up
Income tax expense	-	-	N/A	N/A
Loss for the half year	(288,036)	(276,985)	4.0%	Up
Net loss attributable to non-controlling interest	(24,271)	(12,786)	89.8%	Loss Up
Loss after tax attributable to owners of the Company	(263,765)	(264,199)	0.2%	Down
Basic and diluted loss per share (cents)	(0.88)	(0.88)	N/A	N/A

Consolidated	Dec 2013	Jun 2013	%	Up/Down
			Change	
Undiluted NTA backing per share (cents)	19.28	20.14	4.3%	Down
Diluted NTA backing per share (cents)	19.55	20.09	2.7%	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) \$299,292 share of ASX listed Bentley Capital Limited's (**BEL**) (Associate entity) net profit (December 2012: \$4,334 net loss);
- (2) \$65,966 net gain on financial assets held at fair value through profit or loss (December 2012: \$477,470 net gain); and
- (3) \$35,205 interest income (December 2012: \$63,809).

Expenses include \$377,515 personnel expenses (including Directors' fees) (December 2012: \$460,469).

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 financial half year ended 31 December 2013.

APPENDIX 4D HALF YEAR REPORT

DIVIDENDS

The Directors have not declared a dividend in respect of the financial half year ended 31 December 2013.

CONTROLLED ENTITIES and ASSOCIATE ENTITIES

The Consolidated Entity did not gain or cease control of any entities during the financial half year.

Orion has accounted for the following share investment at the 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 2013: 27.97%).

The Company also has a 2.37% direct interest in BEL (30 June 2013: 2.37%).

Accordingly, the Consolidated Entity has equity accounted for a 30.34% total interest in BEL (30 June 2013: 30.34%).

For and on behalf of the Directors,



Victor Ho
Executive Director and Company Secretary
Telephone: (08) 9214 9777

Date: 26 February 2014

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 financial half year ended 31 December 2013 (**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 holds 9,367,653 shares (55.18%) in Orion (30 June 2013: 9,367,653 shares (52.58%)).

OPERATING RESULTS

CONSOLIDATED ENTITY	Dec 2013	Dec 2012
	\$	\$
Total revenues	528,001	734,759
Total expenses	(816,037)	(1,011,744)
Loss before tax	(288,036)	(276,985)
Income tax expense	-	-
Loss for the half year	(288,036)	(276,985)
Loss attributable to non-controlling interest	(24,271)	(12,786)
Loss after tax attributable to members of the Company	(263,765)	(264,199)
Basic and diluted loss per share (cents)	(0.88)	(0.88)

At the Consolidated Entity level:

Revenues include:

- (1) \$299,292 share of ASX listed Bentley Capital Limited's (**BEL**) (Associate entity) net profit (December 2012: \$4,334 net loss);
- (2) \$65,966 net gain on financial assets held at fair value through profit or loss (December 2012: \$477,470 net gain); and
- (3) \$35,205 interest income (December 2012: \$63,809).

Expenses include \$377,515 personnel expenses (including Directors' fees) (December 2012: \$460,469).

LOSS PER SHARE

CONSOLIDATED ENTITY	Dec 2013	Dec 2012
Basic and diluted loss per share (cents)	(0.88)	(0.88)
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

As at the Reporting Date, the Company's 20,000,000 partly paid ordinary shares, to the extent that they have been paid (1.5225 cent per share), have been included in the determination of the basic loss per share.

DIRECTORS' REPORT

DIVIDENDS

The Directors have not declared a dividend in respect of the financial half year ended 31 December 2013.

FINANCIAL POSITION

CONSOLIDATED ENTITY	31 Dec 2013 \$	30 Jun 2013 \$
Cash	2,113,382	2,747,596
Current investments - equities	789,838	723,873
Investments in Associate entity	4,384,139	4,307,391
Inventory	1,580,177	1,630,622
Receivables	245,003	262,685
Intangibles	650,433	650,433
Deferred tax assets	90,189	95,009
Other assets	1,228,155	1,226,155
Total Assets	11,081,316	11,643,764
Tax liabilities (current and deferred)	(90,189)	(95,009)
Other payables and liabilities	(282,420)	(324,970)
Net Assets	10,708,707	11,223,785
Issued capital	6,192,427	6,192,427
Reserves	2,263,715	2,257,792
Non-controlling interest	4,289,471	4,546,707
Accumulated losses	(2,036,906)	(1,773,141)
Total Equity	10,708,707	11,223,785

SECURITIES IN THE COMPANY

As at the Reporting Date, the Company had 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 (representing the equivalent of 1,522,500 voting shares¹),

making a total of 29,927,379 voting shares on issue.

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

Please refer to the Off-Market Equal Access Share Buy-Back Section (below) for details of shares bought-back subsequent to the Reporting Date.

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

- (i) 27,817,316 listed fully paid ordinary shares; and
- (ii) 10,000,000 unlisted partly paid ordinary shares, each paid to 1.5225 cent with 18.4775 cents per partly paid ordinary share outstanding (representing the equivalent of 761,250 voting shares),

making a total of 28,578,566 voting shares on issue.

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 and also more recently, in the Company's [Share Buy-Back Offer Booklet](#) dated 11 December 2013.

¹ Each partly paid share is treated for voting purposes as being a proportion of a fully paid share, equal to the proportion to which it has been paid up - 1.5225 cents per share, representing 7.61% of the \$0.20 issue price

DIRECTORS' REPORT

OFF-MARKET EQUAL ACCESS SHARE BUY-BACK

At the Company's 2013 annual general meeting (AGM) held on 28 November 2013, shareholders approved an equal access scheme share buy-back of up to 100% of each shareholder's shares in the Company (Buy-Back), subject to a maximum cost to the Company of \$330,000 (Buy-Back Cap).²

By way of background:

- Queste, as part of a capital management programme for the benefit of shareholders, initiated an on-market share buy-back in 2012/2013³. This initiative met with little success and no shares were bought-back, primarily due to the lack of liquidity in trading of Queste shares, based upon the application of ASX Listing Rule 7.29. (This rule prescribes that an on-market buy-back may occur only if transactions in a company's shares were recorded on ASX on at least 5 days in the previous 3 months).
- Queste reviewed the on-market share buy-back initiative and the liquidity issue and identified an equal access buy-back scheme as an alternative; allowing shareholders an opportunity to realise their investment in the Company in an otherwise relatively illiquid market for Queste shares. It is also a cost-effective way for shareholders to dispose of their interests, as there are generally no brokerage costs associated with an off-market equal access buy-back scheme.
- Accordingly the Company determined, with shareholders' approval, to conduct an equal access scheme off-market share buy-back (the Buy-Back).
- The Buy-Back was open to all shareholders on an equal basis. Participation by shareholders was entirely voluntary, in whole or in part, in relation to their shareholding in the Company.
- As the Buy-Back Price was set below the net tangible asset (NTA) backing of Queste, the NTA backing of the Company has increased after completion of the Buy-Back. This benefits remaining shareholders or those shareholders that only accepted the Company's offer to buy back a portion of their shares.
- Please refer to the [Information Memorandum](#)² and [Share Buy-Back Offer Booklet](#)⁴ for further details on the Buy-Back.

The record date for determining entitlements to participate in the Buy-Back was 10 December 2013 and on 17 December 2013, a Share Buy-Back Offer Booklet⁴ was despatched to eligible shareholders.

Under the Buy-Back (which closed on 21 January 2014):

- 587,563 fully paid ordinary shares were bought back for 10 cents per share, at a cost of \$58,756; and
- 10,000,000 partly-paid ordinary shares were bought back for 0.5 of a cent per share, at a cost of \$50,000, with the total cost of the Buy-Back being \$108,756.

Please refer to the Securities in the Company Section (above) for details of the post Buy-Back shares on issue.

² Refer [Information Memorandum](#) (including the Notice of Annual General Meeting, Explanatory Statement and Independent Expert's Report) dated 23 October 2013 and released on ASX on 30 October 2013 and [Results of 2013 Annual General Meeting](#) market announcement released on ASX on 28 November 2013

³ Refer [Appendix 3C - Announcement of Buy-Back Notice](#) dated 17 April 2012 and [Appendix 3F Final Share Buy-Back Notice](#) dated 1 May 2013.

⁴ Refer [Share Buy-Back Offer Booklet](#) dated 11 December 2013 and released on ASX on 17 December 2013

DIRECTORS' REPORT

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 9,367,653 shares in Orion, being 55.18% of its issued ordinary share capital (30 June 2013: 9,367,653 shares (52.58%)). 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 2013 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 1.5 below contain information extracted from Orion's public statements.

1.2. Orion's On-Market Share Buy-Backs

During the financial half year, Orion bought back a total of 836,553 shares at a total cost of \$217,337 and at an average buy-back cost (including brokerage) of \$0.26 per share pursuant to an on-market share buy-back announced on 5 August 2013⁵.

Subsequent to the end of the Reporting Date and as at the date of this report, Orion has bought back a further 206,692 shares at a total cost of \$55,850 and at an average buy-back cost (including brokerage) of \$0.27 per share. Queste's current interest in Orion has increased to 55.86% (based on an unchanged shareholding of 9,367,653 shares as a consequence of the cancellation of shares bought-back by Orion).

At Orion's 2013 AGM on 28 November 2013, shareholders approved a further on-market buy back of up to 1,600,000 shares, to potentially commence after the completion of the abovementioned current on-market share buy-back capital management initiative (which was also for up to 1,600,000 shares).⁶

1.3. Orion's Operating Results for financial half year ended 31 December 2013

ORION EQUITIES LIMITED	Dec 2013	Dec 2012
Consolidated Entity	\$	\$
Total revenues	481,889	701,604
Total expenses	(557,928)	(727,633)
Loss before tax	(76,039)	(26,029)
Income tax expense	-	-
Loss after tax	(76,039)	(26,029)
Loss attributable to members of the Orion	(76,039)	(26,029)
Basic and diluted earnings per share	(0.43)	(0.15)

⁵ Refer Orion's ASX [Appendix 3C - Announcement of Buy-Back](#) dated 5 August 2013

⁶ Refer Orion [Notice of AGM and Explanatory Statement](#) dated 23 October 2013

DIRECTORS' REPORT

1.3. Orion's Financial Position as at 31 December 2013

ORION EQUITIES LIMITED Consolidated Entity	Dec 2013 \$	Jun 2013 \$
Net tangible assets (before tax)	8,920,006	9,213,682
Pre-Tax NTA Backing per share	0.525	0.517
Less deferred tax assets and tax liabilities	-	-
Net tangible assets (after tax)	8,920,006	9,213,682
Pre-Tax NTA Backing per share	0.525	0.517
Based on total issued share capital	16,977,836	17,814,389

ORION EQUITIES LIMITED Consolidated Entity	Dec 2013 \$	Jun 2013 \$
Cash	1,313,154	1,695,628
Financial assets at fair value through profit and loss	785,658	720,085
Investments in listed Associate entity	4,150,555	4,079,810
Inventory	1,580,177	1,630,622
Receivables	60,188	73,414
Intangibles	650,433	650,433
Other assets	1,198,356	1,211,055
Deferred tax asset	94,688	94,688
Total Assets	9,833,209	10,155,735
Other payables and liabilities	(168,082)	(196,932)
Deferred tax liability	(94,688)	(94,688)
Net Assets	9,570,439	9,864,115
Issued capital	19,156,370	19,374,007
Reserves	227,806	227,806
Accumulated Losses	(9,813,737)	(9,737,698)
Total Equity	9,570,439	9,864,115

1.4. Orion's Portfolio Details as at 31 December 2013

Asset Weighting

	% of Net Assets		
	Dec 2013	Jun 2013	Dec 2012
Australian equities	52%	49%	54%
Agribusiness ⁷	13%	19%	19%
Property held for development and resale	16%	15%	13%
Net tax liabilities (current year and deferred tax assets/liabilities)	-	-	-
Net cash/other assets and provisions	20%	17%	14%
TOTAL	100%	100%	100%

⁷ Agribusiness net assets include olive grove land, olive trees, water licence, buildings, plant and equipment and inventory (bulk and packaged oils)

DIRECTORS' REPORT

Major Holdings in Securities Portfolio

Equities	Fair Value \$'million	% of Net Assets	ASX Code	Industry Sector Exposures
Bentley Capital Limited	2.87	43.40%	BEL	Diversified Financials
Strike Resources Limited	0.78	8.20%	SRK	Materials
TOTAL	3.65	51.60%		

1.5. Orion's Assets

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

Bentley Capital Limited (**Bentley**) is a listed investment company (**LIC**) with a current exposure to Australian equities. Orion Executive Chairman, Farooq Khan, is the Executive Chairman of Bentley and Chair of its Investment Committee. Orion Executive Director and Company Secretary, Victor Ho, is the Company Secretary of Bentley and member of its Investment Committee.

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 2013: 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 2013 was 94.47% Australian equities (30 June 2013: 71.50%), 1.96% intangible assets (30 June 2013: 1.72%) and 3.57% net cash/other assets (30 June 2013: 26.78%).

Bentley had net assets of \$18.52 million as at 31 December 2013 (30 June 2013: \$18.27 million) and generated an after tax net profit of \$0.99 million for the financial half year (31 December 2012: \$0.01 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 2013: \$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 2013: \$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.

On 25 February 2014, Bentley announced its intention to pay a fully-franked interim dividend of one cent per share. Orion's and Queste's entitlement to such interim dividend would be \$205,138 and \$17,406 respectively.

Bentley has a long distribution track record, as illustrated below:

Rate per share	Nature	Questa's Entitlement	Orion's Entitlement	Payment Date
One cent	Dividend	\$17,406	\$205,138	21 March 2014
One cent	Return of capital	\$17,406	\$205,138	12 December 2013
One cent	Return of capital	\$17,406	\$205,138	18 April 2013
One cent	Return of capital	\$17,406	\$205,138	30 November 2012
One cent	Return of capital	\$17,406	\$205,138	19 April 2012
Five cents	Return of capital	\$1,025,689	\$87,031	14 October 2011
2.4 cents	Dividend (Special)	\$492,331	\$264,319	26 September 2011
One cent	Dividend	\$17,406	\$205,138	26 September 2011
One cent	Dividend	\$17,406	\$205,138	17 March 2011
One cent	Dividend	\$17,406	\$205,138	30 September 2010
One cent	Dividend	\$17,406	\$205,138	15 March 2010
One cent	Dividend	\$17,406	\$205,138	30 October 2009

DIRECTORS' REPORT

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

Strike Resources Limited (**Strike**) is a resources company with iron ore exploration and development projects in Peru.

Former Orion Executive Director, William Johnson, was appointed Managing Director of Strike on 25 March 2013.

Orion Executive Director and Company Secretary, Victor Ho, was appointed Non-Executive Director of Strike on 24 January 2014. Mr Ho appointed Orion Executive Chairman, Farooq Khan, as his Alternate Director on the Strike Board.

Orion holds 16,690,802 shares, being 11.48% of Strike's issued ordinary share capital (30 June 2013: 16,690,802 shares and 11.48%).

(c) Other Assets

Orion also owns:

- the ultra-premium "Dandaragan Estate" extra virgin olive oil business and a 143 hectare commercial olive grove operation (with approximately 64,500, 14 year old olive tree plantings) located in Gingin, Western Australian; and
- a property located in Mandurah, Western Australia held for redevelopment or sale but currently rented out.

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 2013: 1,740,625 shares and 2.37%);
- (b) a cash holding of \$800,229 (30 June 2013: \$1,051,968); and
- (c) net trade receivables/creditors of \$149,967 (30 June 2013: \$146,418).

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

- (a) \$9,096 net unrealised gain (31 December 2012: \$52,251 unrealised gain).

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.

The Company notes that it lodges Monthly and Quarterly Cash Flow Reports on ASX, which may be viewed and downloaded from the Company's website: www.queste.com.au or the ASX website (www.asx.com.au) under ASX Code: QUE.

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 sectors. 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 ⁸	
<i>Other current directorships in listed entities</i>	(1)	Executive Chairman of Bentley Capital Limited (BEL) (since 2 December 2003)
	(2)	Executive Chairman of Orion Equities Limited (OEQ) (since 23 October 2006)
	(3)	Alternate Director to Victor Ho, who is Non-Executive Director of Strike Resources Limited (SRK) (since 20 January 2014)
<i>Former recent directorships in other listed entities</i>	(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)

Victor P. H. Ho	Executive Director and Company Secretary	
<i>Appointed</i>	Executive Director since 3 April 2013; Company Secretary since 30 August 2000	
<i>Qualifications</i>	BCom, LLB (<i>Western Australia</i>)	
<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>	(1)	Executive Director and Company Secretary of Orion Equities Limited (OEQ) (Secretary since 2 August 2000 and Director since 4 July 2003)
	(2)	Company Secretary of Bentley Capital Limited (BEL) (since 5 February 2004)
	(3)	Company Secretary of Alara Resources Limited (AUQ) (since 4 April 2007)
<i>Former recent positions in other listed entities</i>	None	

⁸ Refer Farooq Khan's [Change of Director's Interest Notice](#) dated 30 April 2012

DIRECTORS' REPORT

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

Yaqoob Khan	Non-Executive Director
<i>Appointed</i>	10 March 1998
<i>Qualifications</i>	BCom (Western Australia), Master of Science in Industrial Administration (Carnegie Mellon)
<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 recent directorships in other listed entities</i>	None

At the Reporting Date, Yaqoob Khan is a resident overseas.

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 13. 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



Victor Ho
Executive Director and Company Secretary

26 February 2014

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 2013, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. 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

Perth, 26 February 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half year ended 31 December 2013

	Note	31 Dec 13 \$	31 Dec 12 \$
Revenue	2	152,411	256,839
Other			
Net Gain on Financial Assets at Fair Value through Profit or Loss		65,966	477,470
Share of Net Profit of Associate		299,292	-
Other Revenue		10,332	450
TOTAL REVENUE		528,001	734,759
EXPENSES	2		
Share of Net Loss of Associate		-	(4,334)
Land Operation Expenses		(7,319)	-
Cost of Goods Sold in relation to Olive Oils Operations		(120,258)	(240,069)
Olive Oil Operation Expenses		(84,051)	-
Personnel Expenses		(377,515)	(471,622)
Occupancy Expenses		(49,630)	(61,988)
Corporate Expenses		(35,484)	(34,410)
Communication Expenses		(10,527)	(11,784)
Finance Expenses		(1,261)	(2,063)
Administration Expenses		(129,992)	(185,474)
LOSS BEFORE INCOME TAX		(288,036)	(276,985)
Income Tax Expense		-	-
LOSS FOR THE HALF YEAR		(288,036)	(276,985)
OTHER COMPREHENSIVE INCOME			
Revaluation of Assets, Net of Tax		-	-
TOTAL COMPREHENSIVE LOSS FOR THE HALF YEAR		(288,036)	(276,985)
LOSS ATTRIBUTABLE TO:			
Owners of Queste Communications Ltd		(263,765)	(264,199)
Non-Controlling Interest		(24,271)	(12,786)
		(288,036)	(276,985)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:			
Owners of Queste Communications Ltd		(263,765)	(264,199)
Non-Controlling Interest		(24,271)	(12,786)
		(288,036)	(276,985)
LOSS PER SHARE ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY:			
Basic and Diluted Loss per Share (cents)	3	(0.88)	(0.88)

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2013

	Note	31 Dec 13 \$	30 Jun 13 \$
CURRENT ASSETS			
Cash and Cash Equivalents	4	2,113,382	2,747,596
Financial Assets at Fair Value through Profit or Loss	5	789,838	723,873
Trade and Other Receivables		191,727	209,600
Inventories		90,177	140,622
Other Current Assets		18,556	5,854
TOTAL CURRENT ASSETS		3,203,680	3,827,545
NON CURRENT ASSETS			
Trade and Other Receivables		53,276	53,085
Property held for Development or Resale		1,490,000	1,490,000
Investment in Associate Entity	6	4,384,139	4,307,391
Property, Plant and Equipment		1,144,099	1,154,801
Olive Trees		65,500	65,500
Intangible Assets		650,433	650,433
Deferred Tax Asset		90,189	95,009
TOTAL NON CURRENT ASSETS		7,877,636	7,816,219
TOTAL ASSETS		11,081,316	11,643,764
CURRENT LIABILITIES			
Trade and Other Payables		130,961	149,981
Provisions		151,459	174,989
TOTAL CURRENT LIABILITIES		282,420	324,970
NON CURRENT LIABILITIES			
Deferred Tax Liability		90,189	95,009
TOTAL NON CURRENT LIABILITIES		90,189	95,009
TOTAL LIABILITIES		372,609	419,979
NET ASSETS		10,708,707	11,223,785
EQUITY			
Issued Capital	7	6,192,427	6,192,427
Reserves	8	2,263,715	2,257,792
Accumulated Losses		(2,036,906)	(1,773,141)
Parent Interest		6,419,236	6,677,078
Non-Controlling Interest		4,289,471	4,546,707
TOTAL EQUITY		10,708,707	11,223,785

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half year ended 31 December 2013

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Non- Controlling Interest \$	Total \$
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
BALANCE AT 1 JULY 2013	6,192,427	2,257,792	(1,773,141)	4,546,707	11,223,785
Loss for the Half Year	-	-	(263,765)	(24,271)	(288,036)
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Loss for the Half Year	-	-	(263,765)	(24,271)	(288,036)
Transactions with Owners in their capacity as Owners:					
Transactions with Non- Controlling Interest	-	5,923	-	(232,965)	(227,042)
BALANCE AT 31 DECEMBER 2013	6,192,427	2,263,715	(2,036,906)	4,289,471	10,708,707

CONSOLIDATED STATEMENT OF CASH FLOWS

for the half year ended 31 December 2013

	Note	31 Dec 13 \$	31 Dec 12 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers		150,846	279,482
Dividends Received		111	195
Interest Received		19,136	70,094
Payments to Suppliers and Employees		(777,000)	(1,032,532)
Interest Paid		(9)	-
Sale/Redemption of Financial Assets at Fair Value through Profit or Loss		-	1,583,626
NET CASH PROVIDED BY/(USED IN) OPERATING		(606,916)	900,865
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Plant and Equipment		(32,206)	(1,643)
Proceeds from Sale of Plant and Equipment		-	3,179
Return of Capital Received	6	222,544	222,545
Proceeds from Sale of Investment Securities		-	2,421
NET CASH PROVIDED BY INVESTING ACTIVITIES		190,338	226,502
CASH FLOWS FROM FINANCING ACTIVITIES			
Share Buy-Back	7	(217,636)	-
NET CASH USED IN FINANCING ACTIVITIES		(217,636)	-
NET INCREASE/(DECREASE) IN CASH HELD		(634,214)	1,127,367
Cash and Cash Equivalents at Beginning of Financial Half Year		2,747,596	2,008,853
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL HALF YEAR		2,113,382	3,136,220

The accompanying notes form part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2013

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 2013 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 2013 except for:

(a) AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 13: Fair Value Measurement, AASB 119: Employee Benefits

There is no impact on the financial statements from adoption of the above standards except for additional disclosures required under AASB 13 (refer to Note 11).

2. LOSS FOR THE HALF YEAR

The Consolidated Entity's Operating Profit/(Loss) before Income Tax includes the following items of revenue and expense:

	31 Dec 13	31 Dec 12
(a) Revenue	\$	\$
Revenue from Sale of Olive Oils	94,995	172,630
Rental Revenue	22,100	20,204
Dividend Revenue	111	196
Interest Revenue	35,205	63,809
	<u>152,411</u>	<u>256,839</u>
Other		
Share of Net Profit of Associate	299,292	-
Net Gain on Financial Assets at Fair Value through Profit or Loss	65,966	477,470
Other Revenue	10,332	450
	<u><u>528,001</u></u>	<u><u>734,759</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2013

2. LOSS FOR THE HALF YEAR (continued)	31 Dec 13	31 Dec 12
	\$	\$
(b) Expenses		
Share of Net Loss of Associate	-	4,334
Olive Oil Operations		
Cost of Goods Sold	120,258	240,069
Impairment and Depreciation of Olive Oil Assets	33,496	32,417
Other Expenses	50,555	35,397
Land Operations		
Other Expenses	7,319	13,311
Salaries, Fees and Employee Benefits	377,515	460,469
Occupancy Expenses	49,630	61,988
Finance Expenses	1,261	1,233
Corporate Expenses		
ASX Fees	27,587	26,681
Share Registry	6,874	5,519
Other Corporate Expenses	2,000	1,260
Administration Expenses		
Communications	10,266	11,564
Professional Fees	37,299	20,301
Audit Fees	31,770	33,449
Legal Fees	29,563	29,563
Realisation Cost of Investment Portfolio Written Back	-	(15,355)
Depreciation	3,504	3,151
Other Administration Expenses	27,140	46,393
	816,037	1,011,744

3. LOSS PER SHARE	31 Dec 13	31 Dec 12
	cents	cents
Basic and Diluted Loss per Share	(0.88)	(0.88)

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

	31 Dec 13	31 Dec 12
	\$	\$
Net Loss attributable to owners of Queste Communications Ltd	(263,765)	(264,199)
	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 13	30 Jun 13
	\$	\$
Cash at Bank and in Hand	2,113,382	647,596
Short-Term Deposits	-	2,100,000
	2,113,382	2,747,596

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2013

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	31 Dec 13	30 Jun 13
	\$	\$
Current		
Listed Investments at Fair Value	789,838	723,873
	789,838	723,873

6. INVESTMENT IN ASSOCIATE ENTITY

	Ownership Interest		Carrying Amount	
	31 Dec 13	30 Jun 13	31 Dec 13	30 Jun 13
	%	%	\$	\$
Bentley Capital Limited	30.34	30.34	4,384,139	4,307,391
Movement in Investment				
Opening Balance			4,307,391	4,854,638
Share of Net Loss after tax			299,292	(102,158)
Returns of Capital Received			(222,544)	(445,089)
Closing Balance			4,384,139	4,307,391
Fair Value of Listed Investment in Associate			3,115,617	3,226,889
Net Asset Value of Investment			5,619,258	5,542,510

Summarised Position of Associate	Assets	Liabilities	Revenues	Net
				Profit/(Loss)
	\$	\$	\$	\$
31 Dec 13				
Bentley Capital Limited	5,736,472	117,214	504,923	299,292
30 Jun 13				
Bentley Capital Limited	5,639,089	96,579	285,866	(102,158)

7. ISSUED CAPITAL	31 Dec 13	30 Jun 13	31 Dec 13	30 Jun 13
	Number	Number	\$	\$
Fully paid ordinary shares	28,404,879	28,404,879	5,887,927	5,887,927
Partly paid ordinary shares	20,000,000	20,000,000	304,500	304,500
			6,192,427	6,192,427

(a) Ordinary Shares

At any meeting, each shareholder present in person or by proxy, attorney, or representative has one vote for each fully paid ordinary share held either upon a show of hands or by a poll. Holders of partly paid ordinary shares have a fraction of a vote for each partly paid share held, with the fractional vote of each share being equivalent to the proportion of the total amount paid and payable (excluding amounts credited) that has actually been paid (not credited) for each share. Amounts paid in advance of a call are ignored when calculating proportions. The holder of a partly paid ordinary share is not entitled to vote at a meeting in respect of those shares on which calls are outstanding.

The profits of the Consolidated Entity, which the Directors may from time to time determine to distribute to shareholders by way of dividends, will be divisible amongst the shareholders in proportion to the amounts paid on the shares. An amount paid in advance of a call is not to be included as an amount paid on a share for the purposes of calculating an entitlement to dividends.

There were no movements in fully paid and partly paid ordinary shares during the half year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2013

7. ISSUED CAPITAL (continued)

(b) Capital Risk Management

The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a capital structure balancing the interests of all shareholders.

The Board will consider capital management initiatives as is appropriate and in the best interests of the Company and shareholders from time to time, including undertaking capital raisings, share Buy-backs, capital reductions and the payment of dividends.

8. RESERVES

	31 Dec 13	30 Jun 13
	\$	\$
Option Premium Reserve	<u>2,138,012</u>	<u>2,138,012</u>
Asset Revaluation Reserve		
Revaluations of Freehold Land	-	-
Revaluations of Intangible Assets	325,437	325,437
Less: Deferred Tax on Revaluations	(97,631)	(97,631)
Less: Non-Controlling Interest	<u>(102,103)</u>	<u>(108,026)</u>
	<u>125,703</u>	<u>119,780</u>
	<u>2,263,715</u>	<u>2,257,792</u>

9. RELATED PARTY DISCLOSURES

The Company has control of Orion Equities Limited (Orion) as it holds 55.18% (9,367,653 shares) of Orion's issued capital (30 June 2013: 52.58% and 9,367,653 shares). During the half year there were transactions between the Company, Orion 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 13	31 Dec 12
	\$	\$
Bentley Capital Limited		
Return of Capital Received	222,544	222,545

On 1 June 2013, Queste and Orion Director, Farooq Khan, entered into a standard form fixed term residential tenancy agreement with Orion subsidiary, Silver Sands Developments Pty Ltd (SSD), to rent the Property Held for Development or Resale. The lease is for a term of 12 months with the monthly rental being \$3,683.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2013

10. 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. Corporate items are mainly comprised of corporate assets, office expenses and income tax assets and liabilities.

	Olive Oil	Investments	Corporate	Total
	\$	\$	\$	\$
31 Dec 13				
Segment Revenues				
Revenue	94,995	22,100	35,316	152,411
Other	-	365,257	10,333	375,590
Total Segment Revenues	94,995	387,357	45,649	528,001
Personnel Expenses	2,747	-	377,515	380,262
Finance Expenses	518	-	1,398	1,916
Administration Expenses	166,547	6,937	126,757	300,241
Depreciation Expense	33,496	-	3,504	37,000
Other Expenses	1,001	-	95,617	96,618
Total Segment Profit/(Loss)	(109,314)	380,420	(559,142)	(288,036)
Segment Assets				
Cash	-	-	2,113,382	2,113,382
Financial Assets	-	789,838	-	789,838
Property held for Development or Resale	-	1,490,000	-	1,490,000
Investment in Associate	-	4,384,139	-	4,384,139
Property, Plant and Equipment	1,109,635	-	34,464	1,144,099
Intangible Assets	650,433	-	-	650,433
Other Assets	183,358	90,189	235,878	509,425
Total Segment Assets	1,943,426	6,754,166	2,383,724	11,081,316
Segment Liabilities	119,934	24,587	228,088	372,609

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2013

10. SEGMENT INFORMATION (continued)

	Olive Oil	Investments	Corporate	Total
	\$	\$	\$	\$
31 Dec 12				
Segment Revenues				
Revenue	172,630	20,399	63,810	256,839
Other	-	477,470	450	477,920
Total Segment Revenues	172,630	497,869	64,260	734,759
Personnel Expenses	11,153	-	460,469	471,622
Finance Expenses	696	-	1,366	2,062
Administration Expenses	262,677	66	131,567	394,310
Depreciation Expense	32,417	-	3,151	35,568
Other Expenses	940	-	107,242	108,182
Total Segment Profit/(Loss)	(135,253)	497,803	(639,535)	(276,985)
30 Jun 13				
Segment Assets				
Cash	-	1,900,000	847,596	2,747,596
Financial Assets	-	723,873	-	723,873
Property held for Development or Resale	-	1,490,000	-	1,490,000
Investment in Associate	-	4,307,391	-	4,307,391
Property, Plant and Equipment	1,127,366	-	27,435	1,154,801
Intangible Assets	650,433	-	-	650,433
Other Assets	230,456	95,009	244,205	569,670
Total Segment Assets	2,008,255	8,516,273	1,119,236	11,643,764
Segment Liabilities	121,504	24,587	273,888	419,979

11. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Fair Value Hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- (iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
31 Dec 13				
Financial Assets at Fair Value through Profit or Loss:				
Listed Investments at Fair Value	789,838	-	-	789,838
Property Held for Development or Resale	-	1,490,000	-	1,490,000
Land at Independent Valuation	-	766,593	-	766,593
Intangible Assets	-	575,437	74,996	650,433
Olive Trees	-	-	65,500	65,500
Total	789,838	2,832,030	140,496	3,762,364

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2013

11. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Fair Value Hierarchy (continued)

30 Jun 13	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial Assets at Fair Value through Profit or Loss:				
Listed Investments at Fair Value	723,873	-	-	723,873
Property Held for Development or Resale	-	1,490,000	-	1,490,000
Land at Independent Valuation	-	766,593	-	766,593
Intangible Assets	-	575,437	74,996	650,433
Olive Trees	-	-	65,500	65,500
Total	723,873	2,832,030	140,496	3,696,399

There have been no transfers between the levels of the fair value hierarchy during the six months to 31 December 2013.

(b) Valuation Techniques

The fair value of any assets that are not traded in an active market are determined using certain valuation techniques. The valuation techniques maximise the use of observable market data where it is available, or independent valuation and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is

At level 2, the land and intangible assets (water licence) and property held for development or resale were valued by an independent qualified valuer (an Associate Member of the Australian Property Institute) on 30 June 2013. There has been no unusual circumstances that may affect the value of the property.

(c) Level 3 Fair Value Measurements

At level 3 the intangible asset (ultra premium Dandaragan Estate Olive Oil brand name) and olive trees' value was assessed as at 30 June 2013 by the Directors. There has been no unusual circumstances that may affect the value of the property.

The fair value of the brand name is assessed based on commercial viability and brand presence. The fair value of the trees is at the Directors' valuation having regard to, amongst other matters, replacement cost and the trees commercial production qualities.

There has been no change in the value of Level 3 assets during the half year.

Changing inputs to the Level 3 valuations to reasonably possible alternative assumptions would not change significantly amounts recognised in Profit or Loss, Total Assets, Total Liabilities or Total Equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2013

11. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

(d) Fair Values of Other Financial Instruments

	31 Dec 13	30 Jun 13
Financial Assets	\$	\$
Cash and Cash Equivalents	2,113,382	2,747,596
Trade and Other Receivables	191,727	209,600
	<u>2,305,109</u>	<u>2,957,196</u>
Financial Liabilities		
Trade and Other Payables	(130,961)	(149,981)
	<u>(130,961)</u>	<u>(149,981)</u>

Due to their short-term nature, the carrying amounts of cash, current receivables and current payables is assumed to approximate their fair value.

12. COMMITMENTS

	31 Dec 13	30 Jun 13
	\$	\$
Not longer than one year	48,582	97,163
Longer than one year but not longer than five years	-	-
	<u>48,582</u>	<u>97,163</u>

The non-cancellable operating lease commitment is the Consolidated Entity's share of the office premises at Suite 1, 346 Barker Road, Subiaco, Western Australia, and includes all outgoings (exclusive of GST). The lease is for a one year term expiring on 30 June 2014, with options to renew for 2 consecutive 12 month terms.

13. 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.

(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 Paulsens East (Iron Ore) Project tenements (EL47/1328 and PL47/1170) in Western Australia currently held by Strike Resources Limited (ASX : SRK).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2013

14. EVENTS OCCURRING AFTER THE REPORTING PERIOD

- (a) On 21 January 2014, the Company's Off-Market Equal Access Share Buy-Back (approved by shareholders at the AGM held on 28 November 2013) (**Buy-Back**) closed with the following shares being bought-back and cancelled:
- (i) 587,563 fully paid ordinary shares were bought back for 10 cents per share at a cost of \$58,756;
 - (ii) 10,000,000 partly paid ordinary shares were bought back for 0.5 cent per share at a total cost of \$50,000,
- with the total cost of the Buy-Back being \$108,756.

The Company's share capital after completion of the Buy-Back comprises:

- (i) 27,817,316 listed fully paid ordinary shares; and
 - (ii) 10,000,000 unlisted partly paid ordinary shares, each paid to 1.5225 cent with 18.4775 cents per partly paid ordinary share outstanding (representing the equivalent of 761,250 voting shares), making a total of 28,578,566 voting shares on issue.
- (b) Subsequent to the Reporting Date and as at the date of this report, Orion Equities Limited (Orion) has bought back a further 206,692 shares under an on-market share buy-back (announced on 5 August 2013) at a total cost of \$55,850. As at the date of this report, Orion has 16,771,144 shares on issue. Queste's shareholding (9,367,653) in Orion has increased to 55.86% (31 December 2013: 55.18%).
- (c) On 25 February 2014, associate entity Bentley Capital Limited (ASX : BEL) announced its intention to pay a fully-franked interim dividend of one cent per share in March 2014. Orion's and Queste's entitlement to such interim dividend would be \$205,138 and \$17,406 respectively.

No other matter or circumstance has arisen since the end of the financial 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 2013 and of its performance for the financial 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



Victor Ho
Executive Director and Company Secretary

26 February 2014

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 2013, 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 accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company 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 company 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 2013 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 2013 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. The word 'BDO' is written in a simple, blocky font. Below it, the name 'BRAD MCVEIGH' is written in a cursive, handwritten style.

BRAD MCVEIGH
Director

Perth, 26 February 2014

SECURITIES INFORMATION

as at 31 January 2014

DISTRIBUTION OF LISTED ORDINARY FULLY PAID SHARES

Spread of Holdings			Number of Holders	Number of Units	% of Total Issue Capital
1	-	1,000	11	7,227	0.026%
1,001	-	5,000	49	139,553	0.502%
5,001	-	10,000	62	576,365	2.072%
10,001	-	100,000	104	2,969,694	10.676%
100,001	-	and over	23	24,124,477	86.725%
Total			249	27,817,316	100.00%

DISTRIBUTION OF UNLISTED PARTLY PAID ORDINARY SHARES

Name	No. of Partly Paid Shares
Chi Tung Investments Ltd	10,000,000

These 10,000,000 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 761,250 total voting shares.

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders	Registered Shareholder	Shares/Voting Shares Held as at 31 Jan 2014	% Voting Power ⁶
Bell IXL Investments Limited and associates	BELL IXL INVESTMENTS LIMITED	2,599,747	} 25.90% ¹
	CELLANTE SECURITIES PTY LIMITED	2,053,282	
	CLEOD PTY LTD	2,748,490	
Azhar Chaudhri, Renmuir Holdings Limited and Chi Tung Investments Ltd	MR AZHAR CHAUDHRI	907,450	} 20.98% ²
	CHI TUNG INVESTMENTS LTD	1,050,000	
	RENMUIR HOLDINGS LTD	3,277,780	
	CHI TUNG INVESTMENTS LTD	761,250 ³	
Farooq Khan and associates	FAROOQ KHAN	2,286,367	} 20.84% ⁴
	ISLAND AUSTRALIA PTY LTD	3,668,577	
Manar Nominees Pty Ltd and Zelwar Superannuation Pty Ltd	MANAR NOMINEES PTY LTD	1,825,663	} 7.02% ⁵
	ZELWER SUPERANNUATION PTY LTD	180,500	

Notes:

- (1) Based on the substantial shareholding notice filed by Bell IXL Investments Limited dated 28 January 2014
- (2) Based on the substantial shareholding notice filed by Azhar Chaudhri and associates dated [22 January 2014](#)
- (3) Voting shares attributable to 10,000,000 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 [23 January 2014](#)
- (5) Based on the substantial shareholding notice filed by Manar Nominees Pty Ltd dated 29 December 2003 (updated to reflect current percentage voting power)

SECURITIES INFORMATION

as at 31 January 2014

TOP TWENTY ORDINARY FULLY PAID SHAREHOLDERS

Rank	Shareholder	Shares Held	Total Shares	% Issued Capital	% Voting Power*
1	CLEOD PTY LTD	2,748,490			
	BELL IXL INVESTMENTS LIMITED	2,599,747			
	CELLANTE SECURITIES PTY LIMITED	2,053,282			
	Sub-total		7,401,519	26.61%	25.90%
2	FAROOQ KHAN	2,264,484			
	ISLAND AUSTRALIA PTY LTD	3,668,577			
	MR FAROOQ KHAN	21,883			
	Sub-total		5,954,944	21.41%	20.84%
3	MR AZHAR CHAUDHRI	907,450			
	CHI TUNG INVESTMENTS LTD	1,050,000			
	RENMUIR HOLDINGS LTD	3,277,780			
	Sub-total		5,235,230	18.82%	18.32%
4	MANAR NOMINEES PTY LTD	1,825,663			
	ZELWER SUPERANNUATION PTY LTD	180,500			
	Sub-total		2,006,163	7.21%	7.02%
5	COWOSO CAPITAL PTY LTD		1,150,000	4.13%	4.02%
6	DONALD GORDON MACKENZIE & GWENNETH EDNA MACKENZIE		676,260	2.43%	2.37%
7	MS ROSANNA DE CAMPO		268,100	0.96%	0.94%
8	GLENVIEW SERVICES PTY LTD		235,000	0.84%	0.82%
9	GIBSON KILLER PTY LTD		220,000	0.79%	0.77%
10	MR AYUB KHAN		215,000	0.77%	0.75%
11	MRS AFIA KHAN		215,000	0.77%	0.75%
12	MR SIMON KENNETH CATO	118,000			
	ROSEMONT ASSET PTY LTD	75,000			
	Sub-total		193,000	0.69%	0.68%
13	TOMATO 2 PTY LTD		185,019	0.67%	0.65%
14	MR JOHN CHENG-HSIANG YANG & MS PEGA PING PING MOK		136,125	0.49%	0.48%
15	MR ANTHONY NEALE KILLER & MRS SANDRA MARIE KILLER		130,000	0.47%	0.45%
16	MR EUGENE RODRIGUEZ		110,000	0.40%	0.38%
17	MR KEITH FRANCIS OATES & MRS LINDA ANN OATES		100,000	0.36%	0.35%
18	MRS MARY THERESE CAMILLERI		100,000	0.36%	0.35%
19	DR SIEW NAM UN		87,500	0.31%	0.31%
20	CITICORP NOMINEES PTY LIMITED		85,200	0.31%	0.30%
Total			24,704,060	88.81%	86.44%

* Total Voting Power is equivalent to the total number of fully paid ordinary shares on issue (27,817,316) plus the equivalent voting shares associated with the 10,000,000 partly paid shares on issue based on the amount paid up per partly paid share (761,250).