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# HALF YEAR REPORT

## 31 December 2016

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THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH THE  
30 JUNE [2016 ANNUAL REPORT](#) OF THE COMPANY  
LODGED ON ASX ON 28 OCTOBER 2016



**ASX Code: QUE**

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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

**PRINCIPAL & REGISTERED OFFICE**

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**STOCK EXCHANGE**

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**ASX CODE**

QUE

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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 2016 to 31 December 2016  
 Previous Corresponding Period: 1 July 2015 to 31 December 2015  
 Balance Date: 31 December 2016  
 Company: Queste Communications Ltd (**QUE**)  
 Consolidated Entity: The Company and controlled entities, being ASX-listed Orion Equities Limited (A.C.N. 000 742 843) (**Orion** or **OEQ**) and controlled entities of Orion (**Queste**).

## RESULTS FOR ANNOUNCEMENT TO THE MARKET

<b>COMPANY</b>	<b>Dec 2016</b>	<b>Dec 2015</b>	<b>Change</b>	<b>Up/</b>
	<b>\$</b>	<b>\$</b>	<b>%</b>	<b>Down</b>
Total revenues	9,782	23,423	58%	Down
Share of Associate entity's profit/(loss)	(47,228)	58,467	181%	Down
Expenses:				
Personnel expenses	(42,066)	(97,228)	57%	Down
Corporate expenses	(21,212)	(20,203)	5%	Up
Other expenses	(9,884)	(74,483)	87%	Down
<b>Profit/(Loss) before tax</b>	<b>(110,608)</b>	<b>(110,024)</b>	<b>1%</b>	<b>Up</b>
Income tax expense	-	-		
<b>Profit/(Loss) for the half year</b>	<b>(110,608)</b>	<b>(110,024)</b>	<b>1%</b>	<b>Up</b>

Expenses were down 62% from the previous financial half year (excluding share of Associate entity's loss).

<b>CONSOLIDATED ENTITY</b>	<b>Dec 2016</b>	<b>Dec 2015</b>	<b>Change</b>	<b>Up/</b>
	<b>\$</b>	<b>\$</b>	<b>%</b>	<b>Down</b>
Total revenues	291,186	156,435	86%	Up
Share of Associate entity's profit/(loss)	(792,485)	747,514	206%	Down
Expenses:				
Personnel expenses	(226,465)	(339,430)	33%	Down
Corporate expenses	(43,075)	(42,375)	2%	Up
Other expenses	(71,736)	(182,416)	61%	Down
<b>Profit/(Loss) before tax</b>	<b>(842,575)</b>	<b>339,728</b>	<b>348%</b>	<b>Down</b>
Income tax expense	-	-		
<b>Profit/(Loss) for the half year</b>	<b>(842,575)</b>	<b>339,728</b>	<b>348%</b>	<b>Down</b>
Net loss attributable to non-controlling interest	430,143	(200,511)	315%	Down
<b>Profit/(Loss) after tax attributable to owners of the Company</b>	<b>(412,432)</b>	<b>139,217</b>	<b>396%</b>	<b>Down</b>
Basic and diluted earnings/(loss) per share (cents)	(1.53)	0.47	423%	Earnings Down

Expenses were down 28% from the previous financial half year (excluding share of Associate entity's loss).

<b>Consolidated Entity</b>	<b>Dec 2016</b>	<b>Jun 2016</b>	<b>Change</b>	<b>Up/</b>
			<b>%</b>	<b>Down</b>
Diluted NTA backing per share (cents)	16.0	17.7	10%	Down

# APPENDIX 4D HALF YEAR REPORT

## BRIEF EXPLANATION OF RESULTS

The Consolidated Entity's results incorporate the results of controlled entity, ASX-listed investment company, Orion Equities Limited (**OEQ**) and controlled entities of OEQ (**Orion**).

The Consolidated Entity's share of Associate entity's loss of \$0.792 million relates to the investment in [Bentley Capital Limited](#) (ASX:[BEL](#)) – Queste notes that the 31 December 2016 consolidated carrying value of the BEL investment (comprising 1,300,000 shares held by Queste and 20,513,783 shares held by Orion) was 12.1 cents per share (worth \$2.644 million), which compares with BEL's closing bid price of 14 cents (worth \$3.054 million) (as at 28 February 2017) and BEL's last published net tangible asset backing of 18.2 cents (\$3.97 million) (as at 31 January 2017).

Please refer to the attached Directors' Report and Financial Report for further information on a review of the Queste's operations and the financial position and performance of the Queste for the financial half year ended 31 December 2016.

## DIVIDENDS

The Directors have not declared a dividend in respect of the financial half year ended 31 December 2016.

## ASSOCIATE ENTITY

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

- (1) 27.07% interest (20,513,783 shares) in [Bentley Capital Limited](#) (ASX:[BEL](#)) (30 June 2016: 27.20%; 20,513,783 shares).

The Company also has a 1.72% (1,300,000 shares) direct interest in BEL (30 June 2016: 1.72%; 1,300,000 shares).

Accordingly, the Consolidated Entity has equity accounted for a 28.79% total interest in BEL (30 June 2016: 28.93%<sup>1</sup>).

## CONTROLLED ENTITIES

The Consolidated Entity did not gain or cease control of any entities during the Current Reporting Period.

For and on behalf of the Directors,



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

Date: 28 February 2017

Email: [cosec@queste.com.au](mailto:cosec@queste.com.au)

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1 Refer also Queste's ASX announcement dated [7 June 2016: Notice of Change of Substantial Holder](#)

# DIRECTORS' REPORT

The Directors present their report on Queste Communications Ltd (**Company** or **QUE**) and its controlled entities (the **Consolidated Entity** or **Questa**) for the financial half year ended 31 December 2016 (**Balance Date**).

Questa 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 (ASX Code: QUE).

The Consolidated Entity's results incorporates the results of controlled entity, ASX listed investment company, [Orion Equities Limited](#) (**Orion** or **OEQ**). The Company has a 59.86% (9,367,653 shares) shareholding interest in Orion (30 June 2016: 59.86% (9,367,653 shares)).

## FINANCIAL POSITION

<b>COMPANY</b>	<b>31 Dec 2016</b>	<b>30 Jun 2016</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	35,081	112,251
Current investments - equities	2,238	6,582
Investments in Associate entity	39,345	93,073
Investment in subsidiary	1,405,148	1,498,824
Receivables	5,240	8,116
Deferred tax assets	523,632	495,529
Other assets	68,921	140,716
<b>Total Assets</b>	<b>2,079,605</b>	<b>2,355,091</b>
Tax liabilities (current and deferred)	-	-
Other payables and liabilities	(101,513)	(118,391)
<b>Net Assets</b>	<b>1,978,092</b>	<b>2,236,700</b>
Issued capital	6,149,888	6,149,888
Reserves	2,138,012	2,138,012
Accumulated losses	(6,309,808)	(6,051,200)
<b>Total Equity</b>	<b>1,978,092</b>	<b>2,236,700</b>

## OPERATING RESULTS

<b>COMPANY</b>	<b>Dec 2016</b>	<b>Dec 2015</b>
	<b>\$</b>	<b>\$</b>
Total revenues	9,782	23,423
Share of Associate entity's profit/(loss)	(47,228)	58,467
Expenses:		
Personnel expenses	(42,066)	(97,228)
Corporate expenses	(21,212)	(20,203)
Other expenses	(9,884)	(74,483)
<b>Profit/(Loss) before tax</b>	<b>(110,608)</b>	<b>(110,024)</b>
Income tax expense	-	-
<b>Profit/(Loss) for the half year</b>	<b>(110,608)</b>	<b>(110,024)</b>
Net loss attributable to non-controlling interest	-	-
<b>Profit/(Loss) after tax attributable to owners of the Company</b>	<b>(110,608)</b>	<b>(110,024)</b>

# DIRECTORS' REPORT

## EARNINGS/(LOSS) PER SHARE

CONSOLIDATED ENTITY	Dec 2016	Dec 2015
Basic and diluted earnings/(loss) per share (cents)	(1.53)	0.47
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.	27,017,599	29,722,550

The Company's 5,770,000 (2016: 5,770,000) partly paid ordinary shares, to the extent that they have been paid (1.5225 cents per share) have been included in the determination of the basic earnings/(loss) per share.

## DIVIDENDS

The Directors have not declared a dividend in respect of the financial half year ended 31 December 2016.

## CAPITAL MANAGEMENT

### (a) Securities in The Company

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

- (a) 26,578,358 listed fully paid ordinary shares (30 June 2016: 26,578,358 fully paid ordinary shares); and
- (b) 5,770,000 unlisted partly paid ordinary shares<sup>2</sup>; each paid to 1.5225 cents with 18.4775 cents per partly paid ordinary share outstanding (representing the equivalent of 439,241 voting shares<sup>3</sup>) (30 June 2016: 5,770,000 unlisted partly paid ordinary shares).

making a total of 27,017,599 voting shares on issue (30 June 2016: 27,017,599 voting shares)

### (b) Small Holding (Unmarketable Parcel) Share Sale Facility

On 6 October 2016, the Company initiated a 'Small Holding (Unmarketable Parcel) Share Sale Facility'<sup>4</sup> in respect of small parcel shareholdings (unmarketable parcels) valued at \$500 or less.

The Company refers to its ASX market announcement entitled "[Small Holding \(Unmarketable Parcel\) Share Sale Facility](#)" dated 6 October 2016 for further details in relation to this capital management initiative.

As at the date of this report, the Company has not yet completed the sale of the aggregated small parcel shareholdings. Once completed, affected small holders will receive a formal Sale Notice advising of the sale details along with a proceeds cheque.

<sup>2</sup> 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 24 March 2016](#) and released on ASX on 31 March 2016

<sup>3</sup> 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

<sup>4</sup> Refer Queste's ASX announcement dated [6 October 2016: Small Holding \(Unmarketable Parcel\) Share Sale Facility](#)

# DIRECTORS' REPORT

## REVIEW OF OPERATIONS

### 1. [Orion Equities Limited](#) (ASX:OEO)

#### 1.1. Current Status of Investment in Orion

Orion is a listed investment company.

The Company holds 9,367,653 shares in Orion, being 59.86% of its issued ordinary share capital (30 June 2016: 9,367,653 shares (59.86%)). 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 2016 Half Year Report, [2016 Annual Report](#) 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](http://www.orionequities.com.au)

Orion's market announcements may also be viewed from the ASX website ([www.asx.com.au](http://www.asx.com.au)) under ASX code "OEO".

Sections 1.2 to 1.4 below contain information extracted from Orion's public statements.

#### 1.2. Orion's Portfolio Details as at 31 December 2016

##### Asset Weighting

	% of Net Assets		
	Dec 2016	Jun 2016	Dec 2015
Australian equities	50%	55%	58%
Agribusiness <sup>5</sup>	30%	27%	24%
Property held for development and resale	20%	18%	16%
Net tax liabilities (current year and deferred tax assets/liabilities)	-	-	-
Net cash/other assets and provisions	-	-	2%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Equities	Fair Value \$'million	% of Net Assets	ASX Code	Industry Sector Exposures
Bentley Capital Limited	2.67	39.84%	<a href="#">BEL</a>	Diversified Financials
Strike Resources Limited	0.65	9.71%	<a href="#">SRK</a>	Materials
CBG Australian Equities Fund (Wholesale) (CBG Fund)	0.17	2.58%	N/A	Diversified
Other ASX listed securities	0.01	0.10%	Various	Various
<b>Total</b>	<b>3.50</b>	<b>52.23%</b>		

#### 1.3. Orion's 'Small Holding' Share Sale Facility

On 6 September 2016, the Company initiated a 'Small Holding Share Sale Facility'<sup>6</sup> in respect of small parcel shareholdings (also sometimes referred to as 'unmarketable parcels') valued at \$500 or less.

On 29 December 2016, the aggregated small parcel shareholdings totalling 147,153 shares were sold by the Orion on behalf of the 92 affected shareholders on-market at a price of \$0.16 per share under this facility. The proceeds of sale were distributed to Orion's shareholders on 31 December 2016.

The Company refers to its ASX market announcement entitled "[Small Holding Share Sale Facility](#)" dated 6 September 2016 for further details in relation to this capital management initiative.

<sup>5</sup> Agribusiness net assets include olive grove land, olive trees, buildings, plant and equipment and inventory (bulk and packaged oils)

<sup>6</sup> Refer Orion's ASX announcement: [Small Holding Share Sale Facility](#) dated 6 September 2016

# DIRECTORS' REPORT

## 1.4 Orion's Assets

### (a) [Bentley Capital Limited \(ASX:BEL\)](#)

Bentley is a listed investment company.

Queste holds 1.72% (1,300,000 shares) of Bentley's issued ordinary share capital with Orion holding 27.07% (20,513,783 shares) of Bentley's issued ordinary share capital (30 June 2016: Queste held 1,300,000 shares (1.72%) and Orion held 20,513,783 shares (27.20%)).

Bentley's asset weighting as at 31 December 2016 was 85.6% Australian equities (30 June 2016: 89%), 2.0% intangible assets (30 June 2016: 3.7%) and 12.4% net cash/other assets (30 June 2016: 7.2%).

Bentley had net assets of \$14.50 million as at 31 December 2016 (30 June 2016: \$16.29 million) and generated an after tax net profit of \$1.826 million for the financial half year (31 December 2015: \$2.512 million after-tax net profit).

Bentley paid a 0.50 cent fully franked dividend distributed in September 2016 at a total cost of \$0.377 million (December 2016: 0.50 cent fully franked dividend totalling \$0.374 million).

Queste and Orion received a total of \$6,500 and \$102,569 respectively from this dividend during the financial half year (6 months to 30 June 2016: \$8,703 and \$102,569 dividends respectively).

Bentley has announced its intention to pay a further fully-franked dividend of 0.5 cent per share in March 2017. Queste and Orion's entitlement to such dividend would be \$6,500 and \$0.103 million respectively.

Bentley has a long distribution track record, as illustrated below<sup>7</sup>:

Rate per share	Nature	Queste's Entitlement	Orion's Entitlement	Payment Date
0.50 cent	Dividend	\$6,500	\$102,569	31 March 2017
0.50 cent	Dividend	\$6,500	\$102,569	29 September 2016
0.50 cent	Dividend	\$8,703	\$102,569	18 March 2016
0.50 cent	Dividend	\$8,703	\$102,569	25 September 2015
0.55 cent	Dividend	\$9,573	\$112,826	20 March 2015
0.95 cent	Dividend	\$16,535	\$194,881	26 September 2014
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
5.0 cents	Return of capital	\$87,031	\$1,025,689	14 October 2011
2.4 cents	Dividend (Special)	\$41,775	\$492,331	26 September 2011
One cent	Dividend	\$17,406	\$205,138	26 September 2011
One cent	Dividend	\$17,406	\$205,138	17 March 2011

Note: Bentley has paid a distribution to shareholders every year (save on 4 occasions in its 31 year history) since its admission to ASX in 1986. Refer to Bentley's website for full [distribution history](#)

Shareholders are advised to refer to the 31 December 2016 Half Year Report, [30 June 2016 Annual Report](#) and monthly NTA disclosures lodged by Bentley for further information about the status and affairs of the company.

Information concerning Bentley may be viewed from its website: [www.bel.com.au](http://www.bel.com.au)

Bentley's market announcements may also be viewed from the ASX website ([www.asx.com.au](http://www.asx.com.au)) under ASX code "[BEL](#)".

<sup>7</sup> Bentley has advised that it has paid a distribution to shareholders every year (save on 4 occasions) since its admission to ASX in 1986. Please also refer to Bentley's website for its full distribution history.



# DIRECTORS' REPORT

## (b) [Strike Resources Limited \(ASX:SRK\)](#)

Strike Resources Limited (**Strike**) owns the high grade [Apurimac Magnetite Iron Ore Project](#) and [Cusco Magnetite Iron Ore Project](#) in Peru and is currently developing a portfolio of [lithium](#) and [graphite](#) exploration projects in Australia and Chile - for further information, refer to Strike's 31 December 2016 Half Year Report and [2016 Annual Report](#)<sup>8</sup>. Strike retains cash reserves of ~\$6.33 million (as at 31 December 2016).

On 14 December 2016, Strike announced that it had entered into a [conditional sale agreement](#) with a subsidiary of Chinese industrial and financial group [Zhongrong Xinda Group](#) Co. Ltd. (Zhongrong Xinda) to sell its [Apurimac](#) and [Cusco](#) Iron Ore Projects in Peru for US\$10 million (~A\$13.8 million).

Orion holds 10,000,000 Strike shares (6.88%) (30 June 2016: 16,690,802 shares (6.88%)) while Bentley holds 52,553,493 Strike shares (36.16%). Therefore Orion has a deemed relevant interest in 62,553,493 Strike shares (43.041%<sup>9</sup>).

Information concerning Strike may be viewed from its website: [www.strikeresources.com.au](http://www.strikeresources.com.au)

Strike's market announcements may also be viewed from the ASX website ([www.asx.com.au](http://www.asx.com.au)) under ASX code "[SRK](#)".

## (c) **Other Assets**

Orion also owns:

- a 143 hectare commercial olive grove operation (with approximately 64,500, 18 year old olive tree plantings) located in Gingin, Western Australian; and
- a property held for redevelopment or sale but currently rented out located in Mandurah, Western Australia.

## 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 1,300,000 shares (or 1.72% of Bentley's issued ordinary share capital) (30 June 2016: 1,300,000 shares and 1.72%); and
- (b) other investments of \$2,238 (30 June 2016: \$6,852);

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](http://www.queste.com.au) or the ASX website ([www.asx.com.au](http://www.asx.com.au)) under ASX Code: "[QUE](#)".

<sup>8</sup> Refer Strike's [2016 Annual Report](#) released on ASX on 19 October 2016

<sup>9</sup> Refer Orion's [Change in Substantial Holding Notice](#) dated 4 September 2016

# 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>	5,344,872 shares <sup>10</sup>
<i>Other current directorships in listed entities</i>	<ol style="list-style-type: none"> <li>(1) Executive Chairman of <a href="#">Bentley Capital</a> Limited (ASX:<a href="#">BEL</a>) (since 2 December 2003)</li> <li>(2) Executive Chairman of <a href="#">Orion Equities</a> Limited (ASX:<a href="#">OEO</a>) (since 23 October 2006)</li> <li>(3) Chairman (appointed 18 December 2015) of <a href="#">Strike Resources</a> Limited (ASX:<a href="#">SRK</a>) (Director since 1 October 2015)</li> </ol>
<i>Former directorships in other listed entities in past 3 years</i>	None
<hr/>	
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> ), CTA
<i>Experience</i>	Mr Ho has been in Executive roles with a number of ASX listed companies across the investments, resources and technology sectors over the past 17+ years. Mr Ho is a Chartered Tax Adviser (CTA) and previously had 9 years' experience in the taxation profession with the Australian Tax Office (ATO) and in a specialist tax law firm. Mr Ho has been actively involved in the structuring and execution of a number of corporate, M&A and international joint venture (in South America, Indonesia and the Middle East) transactions, capital raisings and capital management initiatives and has extensive experience in public company administration, corporations' law and stock exchange compliance and investor/shareholder relations.
<i>Relevant interest in shares</i>	17,500 shares <sup>11</sup>
<i>Other current positions held in listed entities</i>	<ol style="list-style-type: none"> <li>(1) Executive Director and Company Secretary of <a href="#">Orion Equities</a> Limited (ASX:<a href="#">OEO</a>) (Secretary since 2 August 2000 and Director since 4 July 2003)</li> <li>(2) Director and Company Secretary of <a href="#">Strike Resources</a> Limited (ASX:<a href="#">SRK</a>) (Director since 24 January 2014 and Company Secretary since 1 October 2015)</li> <li>(3) Company Secretary of <a href="#">Bentley Capital</a> Limited (ASX:<a href="#">BEL</a>) (since 5 February 2004)</li> <li>(4) Company Secretary of <a href="#">Keybridge Capital Limited</a> (ASX:<a href="#">KBC</a>) (since 13 October 2016)</li> </ol>
<i>Former directorships in other listed entities in past 3 years</i>	Company Secretary of <a href="#">Alara Resources</a> Limited (ASX: <a href="#">AUQ</a> ) (4 April 2007 to 31 August 2015)

10 Refer Farooq Khan's [Change of Director's Interest Notice](#) dated 7 June 2016

11 Refer Victor Ho's [Initial Director's Interest Notice](#) dated 3 April 2013

# DIRECTORS' REPORT

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 <sup>12</sup>
<i>Other current directorships in listed entities</i>	Non-Executive Director of <a href="#">Orion Equities</a> Limited (ASX: <a href="#">OEO</a> ) (since 5 November 1999).
<i>Former directorships in other listed entities in past 3 years</i>	None

At the Balance 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 11. 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

28 February 2017

<sup>12</sup> Refer Yaqoob Khan's [Change of Director's Interest Notice](#) dated 6 September 2011

# ROTHSAY

Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005  
P.O. Box 8716, Perth Business Centre WA 6849  
Phone 9486 7094 [www.rothsayresources.com.au](http://www.rothsayresources.com.au)

The Directors  
Queste Communications Ltd  
Level 2 23 Ventnor Ave  
West Perth WA 6005

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit review of the 31 December 2016 interim financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Graham R Swan (Lead auditor)

Rothsay Auditing

Dated 28<sup>th</sup> February 2017



Chartered Accountants

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half year ended 31 December 2016

	Note	31 Dec 16 \$	31 Dec 15 \$
<b>Revenue</b>	2	23,493	28,065
<b>Other</b>			
Share of Associate entity's profit		-	747,514
Net gain on financial assets at fair value through profit or loss		258,575	128,237
Other revenue		9,118	133
<b>Total revenue</b>		<b>291,186</b>	<b>903,949</b>
<b>Expenses</b>	3		
Share of Associate entity's loss		(792,485)	-
Olive grove operation expenses		(17,028)	(30,048)
Land operation expenses		(7,745)	(8,437)
Personnel expenses		(226,465)	(339,430)
Occupancy expenses		(17,639)	(38,497)
Corporate expenses		(43,075)	(42,375)
Finance expenses		(1,783)	(2,240)
Administration expenses		(27,541)	(103,194)
<b>Profit/(Loss) before income tax</b>		<b>(842,575)</b>	<b>339,728</b>
Income tax expense		-	-
<b>Profit/(Loss) for the half year</b>		<b>(842,575)</b>	<b>339,728</b>
<b>Other comprehensive income</b>			
Revaluation of assets, net of tax		-	-
<b>Total comprehensive income/(loss) for the half year</b>		<b>(842,575)</b>	<b>339,728</b>
<b>Profit/(Loss) attributable to:</b>			
Owners of Queste Communications Ltd		(412,433)	139,217
Non-controlling interest		(430,142)	200,511
		<b>(842,575)</b>	<b>339,728</b>
<b>Total comprehensive income/(loss) for the half year is attributable to:</b>			
Owners of Queste Communications Ltd		(412,433)	139,217
Non-controlling interest		(430,142)	200,511
		<b>(842,575)</b>	<b>339,728</b>
<b>Basic and diluted earning/(loss) per share (cents) attributable to the ordinary equity holders of the Company</b>	5	<b>(1.53)</b>	<b>0.47</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## as at 31 December 2016

	Note	31 Dec 16 \$	30 Jun 16 \$
<b>Current assets</b>			
Cash and cash equivalents		113,189	191,039
Financial assets at fair value through profit or loss	6	831,096	729,027
Receivables		36,838	42,345
Other current assets		17,869	7,865
<b>Total current assets</b>		<b>998,992</b>	<b>970,276</b>
<b>Non current assets</b>			
Receivables		22,010	21,774
Property held for development or resale		1,350,000	1,350,000
Investment in Associate entity	9	2,644,111	3,545,665
Property, plant and equipment		1,955,413	1,968,179
Olive trees		65,500	65,500
Deferred tax asset		116,782	116,782
<b>Total non current assets</b>		<b>6,153,816</b>	<b>7,067,900</b>
<b>Total assets</b>		<b>7,152,808</b>	<b>8,038,176</b>
<b>Current liabilities</b>			
Payables		95,430	151,617
Provisions		120,790	107,396
<b>Total current liabilities</b>		<b>216,220</b>	<b>259,013</b>
<b>Non current liabilities</b>			
Deferred tax liability		116,782	116,782
<b>Total non current liabilities</b>		<b>116,782</b>	<b>116,782</b>
<b>Total liabilities</b>		<b>333,002</b>	<b>375,795</b>
<b>Net assets</b>		<b>6,819,806</b>	<b>7,662,381</b>
<b>Equity</b>			
Issued capital		6,149,888	6,149,888
Reserves	8	3,265,120	3,270,684
Accumulated losses		(5,282,358)	(4,769,667)
<b>Parent interest</b>		<b>4,132,650</b>	<b>4,650,905</b>
Non-controlling interest		2,687,156	3,011,476
<b>Total equity</b>		<b>6,819,806</b>	<b>7,662,381</b>

The accompanying notes form part of these consolidated financial statements

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## for the half year ended 31 December 2016

	Issued capital \$	Reserves \$	Accumulated losses \$	Non- controlling interest \$	Total \$
<b>Balance at 1 July 2015</b>	<b>6,268,445</b>	<b>3,200,408</b>	<b>(4,057,596)</b>	<b>3,313,099</b>	<b>8,724,356</b>
Profit for the half year	-	-	139,217	200,511	<b>339,728</b>
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the half year</b>	<b>-</b>	<b>-</b>	<b>139,217</b>	<b>200,511</b>	<b>339,728</b>
<b>Transactions with owners in their capacity as owners:</b>					
Partly paid shares	166,298	-	-	-	166,298
Transactions with non-controlling interest	-	56,575	-	(103,262)	(46,687)
<b>Balance at 31 December 2015</b>	<b>6,434,743</b>	<b>3,256,983</b>	<b>(3,918,379)</b>	<b>3,410,348</b>	<b>9,183,695</b>
<b>Balance at 1 July 2016</b>	<b>6,149,888</b>	<b>3,270,684</b>	<b>(4,769,667)</b>	<b>3,011,476</b>	<b>7,662,381</b>
Loss for the half year	-	-	(412,433)	(430,142)	<b>(842,575)</b>
Profit reserve	-	100,258	(100,258)	-	-
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive loss for the half year</b>	<b>-</b>	<b>100,258</b>	<b>(512,691)</b>	<b>(430,142)</b>	<b>(842,575)</b>
<b>Transactions with owners in their capacity as owners:</b>					
Transactions with non-controlling interest	-	(105,822)	-	105,822	-
<b>Balance at 31 December 2016</b>	<b>6,149,888</b>	<b>3,265,120</b>	<b>(5,282,358)</b>	<b>2,687,156</b>	<b>6,819,806</b>

The accompanying notes form part of these consolidated financial statements

# CONSOLIDATED STATEMENT OF CASH FLOWS

## for the half year ended 31 December 2016

	31 Dec 16 \$	31 Dec 15 \$
<b>Cash flows from operating activities</b>		
Receipts from customers	32,298	22,234
Dividends received	108,679	115,158
Interest received	703	2,079
Payments to suppliers and employees	(368,304)	(533,309)
Interest paid	(53)	(36)
Sale of financial assets at fair value through profit or loss	160,076	603,086
Purchase of financial assets at fair value through profit or loss	(3,570)	(119,286)
<b>Net cash provided by/(used in) operating activities</b>	<b>(70,171)</b>	<b>89,926</b>
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(7,679)	-
<b>Net cash used in investing activities</b>	<b>(7,679)</b>	<b>-</b>
<b>Cash flows from financing activities</b>		
Proceeds from calls on partly paid shares	-	166,298
Orion on-market share buy back	-	(46,686)
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>119,612</b>
<b>Net increase /(decrease) in cash held</b>	<b>(77,850)</b>	<b>209,538</b>
Cash and cash equivalents at beginning of financial year	191,039	269,805
<b>Cash and cash equivalents at end of financial half year</b>	<b>113,189</b>	<b>479,343</b>

The accompanying notes form part of these consolidated financial statements



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the half year ended 31 December 2016

### 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 2016 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 2016.

### 2. REVENUE

The Consolidated Entity's operating profit/(loss) before income tax includes the following items of revenue:

	31 Dec 16	31 Dec 15
	\$	\$
<b>Revenue</b>		
Rental revenue	22,100	22,100
Dividend revenue	690	3,886
Interest revenue	703	2,079
	<u>23,493</u>	<u>28,065</u>
<b>Other</b>		
Share of Associate entity's profit	-	747,514
Net gain on financial assets at fair value through profit or loss	258,575	128,237
Other revenue	9,118	133
	<u><u>291,186</u></u>	<u><u>903,949</u></u>

### 3. EXPENSES

The Consolidated Entity's operating profit/(loss) before income tax includes the following items of expenses:

Share of Associate entity's loss	792,485	-
Olive grove operations		
Depreciation of olive grove assets	16,431	20,535
Other expenses	597	9,513
Land operations	7,745	8,437
Salaries, fees and employee benefits	226,465	339,430
Occupancy expenses	17,639	38,497
Finance expenses	1,783	2,240
Corporate expenses		
ASX fees	33,305	32,546
Share registry	7,931	7,440
Other corporate expenses	1,839	2,389

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the half year ended 31 December 2016

### 3. EXPENSES (continued)

	31 Dec 16	31 Dec 15
Administration expenses	\$	\$
Professional fees	2,364	11,459
Audit fees	11,550	21,500
Legal fees	(20,503)	18,487
Depreciation	4,012	3,554
Other administration expenses	30,118	48,194
	<b>1,133,761</b>	<b>564,221</b>

### 4. SEGMENT INFORMATION

31 Dec 16	Investments	Olive grove	Corporate	Total
<b>Segment revenues</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue	23,493	-	-	23,493
Other	255,611	-	12,082	267,693
<b>Total segment revenues</b>	<b>279,104</b>	<b>-</b>	<b>12,082</b>	<b>291,186</b>
Personnel expenses	-	(10,915)	226,465	215,550
Finance expenses	-	130	2,400	2,530
Administration expenses	792,485	4,183	12,505	809,173
Depreciation expenses	-	16,431	4,013	20,444
Other expenses	7,974	7,199	70,891	86,064
<b>Total segment loss</b>	<b>(521,355)</b>	<b>(17,028)</b>	<b>(304,192)</b>	<b>(842,575)</b>
<b>Segment assets</b>				
Cash and cash equivalents	-	1,622	111,567	113,189
Financial assets	831,096	-	-	831,096
Property held for development or resale	1,350,000	-	-	1,350,000
Investment in associate	2,644,111	-	-	2,644,111
Property, plant and equipment	-	1,924,928	30,485	1,955,413
Other assets	-	67,745	191,254	258,999
<b>Total segment assets</b>	<b>4,825,207</b>	<b>1,994,295</b>	<b>333,306</b>	<b>7,152,808</b>
<b>31 Dec 15</b>				
<b>Segment revenues</b>				
Revenue	28,065	-	-	28,065
Other	875,751	-	133	875,884
<b>Total segment revenues</b>	<b>903,816</b>	<b>-</b>	<b>133</b>	<b>903,949</b>
Personnel expenses	-	-	339,430	339,430
Finance expenses	-	132	2,683	2,815
Administration expenses	-	(525)	79,642	79,117
Depreciation expenses	-	20,535	3,554	24,089
Other expenses	11,130	9,906	97,734	118,770
<b>Total segment profit/(loss)</b>	<b>892,686</b>	<b>(30,048)</b>	<b>(522,910)</b>	<b>339,728</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the half year ended 31 December 2016

#### 4. SEGMENT INFORMATION (continued)

30 Jun 16	Investments	Olive grove	Corporate	Total
Segment assets	\$	\$	\$	\$
Cash and cash equivalents	-	3,117	187,922	191,039
Financial assets	729,027	-	-	729,027
Property held for development or resale	1,350,000	-	-	1,350,000
Investment in associate	3,545,665	-	-	3,545,665
Property, plant and equipment	-	1,941,359	26,820	1,968,179
Other assets	-	66,139	188,127	254,266
<b>Total segment assets</b>	<b>5,624,692</b>	<b>2,010,615</b>	<b>402,869</b>	<b>8,038,176</b>

#### Description of segments

- (a) Investments comprise equity investments in companies listed on the Australian Securities Exchange (ASX) unlisted managed funds and liquid financial assets;
- (b) Olive grove is in relation to the olive grove farm in Gingin; and
- (c) Corporate items comprise corporate assets and operations.

#### Liabilities

Liabilities are not reported to the Board of Directors by segment. All liabilities are assessed at a consolidated entity level.

#### 5. EARNING/(LOSS) PER SHARE

	31 Dec 16	31 Dec 15
Basic and diluted earnings/(loss) per share (cents)	<u>(1.53)</u>	<u>0.47</u>

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

Profit/(Loss) after income tax attributable to Owners of Queste Communications Ltd (\$)	(412,433)	139,217
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	Number of shares	
Weighted average number of ordinary shares	27,017,599	29,722,550

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 earnings/(loss) per share. Diluted earnings/(loss) per share is not calculated as it does not increase the earnings/(loss) per share.

#### 6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 Dec 16	30 Jun 16
	\$	\$
Listed securities at fair value	658,689	462,777
Unlisted managed fund at fair value	172,407	266,250
	<u>831,096</u>	<u>729,027</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the half year ended 31 December 2016

### 7. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

#### Fair value hierarchy

AASB 13 (Fair Value Measurement) 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
	\$	\$	\$	\$
<b>31 Dec 16</b>				
Financial assets at fair value through profit or loss:				
Listed securities at fair value	658,689	-	-	658,689
Unlisted managed fund at fair value		172,407	-	172,407
Land at independent valuation	-	-	1,741,664	1,741,664
Olive trees	-	-	65,500	65,500
<b>Total</b>	<b>658,689</b>	<b>172,407</b>	<b>1,807,164</b>	<b>2,638,260</b>

#### 30 Jun 16

Financial assets at fair value through profit or loss:

Listed securities at fair value	462,777	-	-	462,777
Unlisted managed fund at fair value		266,250	-	266,250
Land at independent valuation	-	-	1,741,664	1,741,664
Olive trees	-	-	65,500	65,500
<b>Total</b>	<b>462,777</b>	<b>266,250</b>	<b>1,807,164</b>	<b>2,536,191</b>

There have been no transfers between the levels of the fair value hierarchy during the financial half year.

#### (a) Valuation techniques

The fair value of the listed securities traded in active markets is based on closing bid prices at the end of the reporting period. These investments are included in Level 1.

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 included in Level 3.

The fair value of the unlisted managed fund investment is valued at the audited unit price published by the investment manager and as such this financial instrument is included in Level 2.

At Level 3, the land and intangible assets (water licence) were last valued by an independent qualified valuer (a Certified Practising Valuer and Associate Member of the Australian Property Institute) as at 30 June 2015. These assets have been valued based on similar assets, location and market conditions or Direct Comparison or Comparative Sales Approach. The land value per hectare based on rural land sold in the general location provided a rate which included ground water licence. A 4% change would increase or decrease the land's fair value by approximately \$69,500. There has been no unusual circumstances that may affect the value of the trees.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the half year ended 31 December 2016

### 7. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

#### (a) Valuation techniques (continued)

At Level 3 the olive trees' value was assessed as at 30 June 2016 by the Directors. The fair value of the trees is at the Orion Directors' valuation having regard to, amongst other matters, replacement cost and the trees commercial production qualities. The significant unobservable input is the replacement cost of 18 year old fruiting trees. There are no age limits to the commercial viability of an olive grove. A 1% change in the replacement cost would result in an increase or decrease by \$3,500. There has been no unusual circumstances that may affect the value of the property.

#### (b) Fair values of other financial assets and liabilities

	31 Dec 16	30 Jun 16
	\$	\$
Cash and cash equivalents	113,189	191,039
Receivables	36,838	42,345
	<b>150,027</b>	<b>233,384</b>
Payables	(95,430)	(151,617)
	<b>54,597</b>	<b>81,767</b>

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

### 8. RESERVES

	31 Dec 16	30 Jun 16
	\$	\$
<b>Option premium reserve</b>	<b>2,138,012</b>	<b>2,138,012</b>
<b>Asset revaluation reserve</b>		
Revaluations of freehold land	623,775	623,775
Deferred tax on revaluations	(187,132)	(187,132)
Non-controlling interest	(175,267)	(175,267)
	<b>261,376</b>	<b>261,376</b>
<b>Other reserve</b>		
Dilution movement	1,071,663	1,071,663
Non-controlling Interest	(319,890)	(214,068)
	<b>751,773</b>	<b>857,595</b>
<b>Profit Reserve</b>	<b>113,959</b>	<b>13,701</b>
	<b>3,265,120</b>	<b>3,270,684</b>

The Asset Revaluation Reserve relates to the revaluation of Orion's Olive Grove Land, as assessed by an independent qualified valuer (a Certified Practising Valuer and Associate Member of the Australian Property Institute) as at 30 June 2015.

Other Reserve relates the differences which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

Profits Reserve increase will arise when the Company or its subsidiaries generates a net profit (after tax) for a relevant financial period (i.e. half year or full year) which the Board determines to credit to the company's Profits Reserve. Dividends may be paid out of (and debited from) the company's Profits Reserve, from time to time.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the half year ended 31 December 2016

### 9. INVESTMENT IN ASSOCIATE ENTITY

	Ownership Interest		Carrying Amount	
	31 Dec 16	30 Jun 16	31 Dec 16	30 Jun 16
<b>Bentley Capital Limited (ASX:BEL)</b>	28.79%	28.93%	<b>2,644,111</b>	<b>3,545,665</b>
<b>Movements in carrying amounts</b>				
Opening balance			3,545,665	3,705,212
Sale of BEL shares			-	(100,529)
Share of net loss after tax			(792,485)	163,526
Dividends received			(109,069)	(222,544)
Closing balance			<b>2,644,111</b>	<b>3,545,665</b>
<b>Fair value (at market price on ASX) of investment in Associate entity</b>			<b>2,944,861</b>	<b>2,944,861</b>
<b>Net asset backing value of investment in Associate entity</b>			<b>4,175,102</b>	<b>4,712,038</b>
<b>Summarised statement of profit or loss and other comprehensive income</b>				
Revenue			56,412	3,258,497
Expenses			(1,882,302)	(2,732,417)
<b>Profit/(Loss) before income tax</b>			<b>(1,825,890)</b>	<b>526,080</b>
Income tax expense			-	-
<b>Profit/(Loss) after income tax</b>			<b>(1,825,890)</b>	<b>526,080</b>
Other comprehensive income			367,874	-
<b>Total comprehensive income</b>			<b>(1,458,016)</b>	<b>526,080</b>
<b>Summarised statement of financial position</b>				
Current assets			14,402,743	13,159,280
Non-current assets			485,700	3,430,002
<b>Total assets</b>			<b>14,888,443</b>	<b>16,589,282</b>
Current liabilities			218,186	291,726
Non-current liabilities			167,495	9,835
<b>Total liabilities</b>			<b>385,681</b>	<b>301,561</b>
<b>Net assets</b>			<b>14,502,762</b>	<b>16,287,721</b>

### 10. RELATED PARTY TRANSACTIONS

The Company has control of Orion Equities Limited (ASX:OEQ) as it holds 59.86% (9,367,653 shares) of Orion's issued capital (2016: 59.86% and 9,367,653 shares). During the year there were transactions between the Company, Orion and Associate Entity, Bentley Capital Limited (ASX:BEL), pursuant to shared office and administration expense arrangements. There were no outstanding amounts at the reporting date.

	31 Dec 16	31 Dec 15
<b>Bentley Capital Limited</b>	<b>\$</b>	<b>\$</b>
Dividends Received	<b>109,069</b>	<b>111,272</b>

During the financial half year, the Consolidated Entity received \$22,100 rental income from a 'close family member' (as defined under AASB 124 "Related Party Disclosures") of a KMP (the KMP being Director, Farooq Khan), pursuant to a standard form residential tenancy agreement in respect of the Property Held for Resale (31 Dec 2015: \$22,100). The rental is in respect of a fixed term of 12 months (to 31 May) with the monthly rental being \$3,683.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the half year ended 31 December 2016

### 11. 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 tenement (currently a Retention Licence RL 47/7) in Western Australia currently held by Strike Resources Limited (ASX:SRK).

### 12. EVENTS OCCURRING AFTER THE REPORTING PERIOD

- (a) Associate entity, Bentley Capital Limited (ASX:BEL), has announced its intention to pay a fully-franked dividend of 0.5 cent per share in March 2017. The Company's entitlement to such dividend would be \$6,500. Orion's entitlement to such dividend would be \$102,569.

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:

- (1) The financial statements and notes of the Consolidated Entity are 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 2016 and of its performance for the financial half year ended on that date; and
  - (b) complying with Accounting Standards [AASB 134](#) "Interim Financial Reporting", *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (2) 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

28 February 2017





Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005  
P.O. Box 8716, Perth Business Centre WA 6849  
Phone 9486 7094 www.rothsayresources.com.au

### **Independent Review Report to the Members of Queste Communications Ltd**

#### **The financial report and directors' responsibility**

The interim consolidated financial report comprises the statement of financial position, statement of comprehensive income, statement of changes in equity, cashflow statement, accompanying notes to the financial statements, and the directors' declaration for Queste Communications Ltd for the half-year ended 31 December 2016.

The Company's directors are responsible for the preparation and fair presentation of the consolidated financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### **Review approach**

We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim 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 interim consolidated financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated financial position as at 31 December 2016 and the performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As 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 an interim 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*.

#### **Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim consolidated financial report of Queste Communications Ltd is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the consolidated financial position as at 31 December 2016 and of the performance for the half-year ended on that date; and
- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Rothsay Auditing

Graham R Swan  
Partner

Dated 28<sup>th</sup> February 2017



Chartered Accountants

# SECURITIES INFORMATION

## as at 31 December 2016

### DISTRIBUTION OF LISTED ORDINARY FULLY PAID SHARES

Spread	of	Holdings	Number of Holders	Number of Units	% of Total Issue Capital
1	-	1,000	10	7,224	0.027 %
1,001	-	5,000	48	133,162	0.501 %
5,001	-	10,000	61	555,408	2.090 %
10,001	-	100,000	94	2,589,888	9.744 %
100,001	-	and over	25	23,292,676	87.638 %
<b>Total</b>			<b>238</b>	<b>26,578,358</b>	<b>100 %</b>

### UNMARKETABLE PARCELS

Spread	of	Holdings	Number of Holders	Number of Shares	% of Total Issued Capital
1	-	7,692	72	233,770	0.880 %
7,692	-	over	166	26,344,588	99.120 %
<b>TOTAL</b>			<b>238</b>	<b>26,578,358</b>	<b>100 %</b>

An unmarketable parcel is considered, for the purposes of the above table, to be a shareholding of 7,692 shares or less, being a value of \$500 or less in total, based upon the Company's last sale price on ASX as at 31 December 2016 of \$0.052 per share.

### DISTRIBUTION OF UNLISTED PARTLY PAID ORDINARY SHARES

Name	No. of Partly Paid Shares	% Voting Power
Chi Tung Investments Ltd	5,770,000	1.626%

These 5,770,000 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 439,241 total voting shares.

# SECURITIES INFORMATION

## as at 31 December 2016

### SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders	Registered Shareholder	Registered Fully Paid Shareholding	Registered Partly Paid Shareholding	Voting Shares	Total Voting Shares	%Voting Power <sup>6</sup>
Azhar Chaudhri, Renmuir Holdings Limited and Chi Tung Investments Ltd <sup>1</sup>	RENUIR HOLDINGS LTD	3,277,750	-	3,277,750	8,184,948	30.295
	CHI TUNG INVESTMENTS LTD	3,031,956	-	3,031,956		
	MR AZHAR CHAUDHRI	1,436,001	-	1,436,001		
	CHI TUNG INVESTMENTS LTD		5,770,000	439,241 <sup>2</sup>		
Bell IXL Investments Limited and associates <sup>3</sup>	CLEOD PTY LTD	1,985,684	-	1,985,684	5,347,329	19.792%
	BELL IXL INVESTMENTS LIMITED	1,878,223	-	1,878,223		
	CELLANTE SECURITIES PTY LIMITED	1,483,422	-	1,483,422		
Farooq Khan and associates <sup>4</sup>	ISLAND AUSTRALIA PTY LTD	3,668,577	-	3,668,577	5,344,872	19.783%
	FAROOQ KHAN	1,676,295	-	1,676,295		
Manar Nominees Pty Ltd and Zelwar Superannuation Pty Ltd <sup>5</sup>	MANAR NOMINEES PTY LTD	1,617,910	-	1,617,910	1,748,315	6.471%
	ZELWER SUPERANNUATION PTY LTD	130,405	-	130,405		

#### Notes:

- (1) Based on the substantial shareholding notice filed by Azhar Chaudhri and associates dated [30 June 2016](#)
- (2) Voting shares attributable to 5,770,000 partly paid ordinary shares (issued at a price of 20 cents per share) which have been partly paid to 1.5225 cents each
- (3) Based on the substantial shareholding notice filed by Bell IXL Investments Limited dated [28 January 2014](#) (updated to reflect current registered shareholdings and percentage voting power)
- (4) Based on the Change of Interests of Substantial Holder notice filed by Farooq Khan and associates dated [20 November 2014](#) (updated to reflect current registered shareholdings and percentage voting power)
- (5) Based on the substantial shareholding notice filed by Manar Nominees Pty Ltd dated [29 December 2003](#) (updated to reflect current registered shareholdings and percentage voting power)
- (6) Total Voting Power is equivalent to the total number of fully paid ordinary shares on issue (26,578,358) plus the equivalent voting shares associated with the partly paid shares on issue based on the amount paid up per partly paid share (439,241), being a total of 27,017,599 voting shares.
- (7) Movements of less than 1% in voting power are not required to be disclosed to ASX via an updated substantial shareholding notice and accordingly, there may be variances between the shareholdings recorded in the table above and the most recent substantial shareholding notices lodged on ASX. Current registered shareholdings have been disclosed (where applicable).

# SECURITIES INFORMATION

## as at 31 December 2016

### TOP 20 ORDINARY FULLY PAID SHAREHOLDERS

Rank	Shareholder	Shares Held	Total Shares	% Issued Capital	% Voting Power*
1	RENMUIR HOLDINGS LTD	3,277,780			
	CHI TUNG INVESTMENTS LTD	3,031,956			
	MR AZHAR CHAUDHRI	1,436,001			
	Sub-total		7,745,737	29.143%	28.669%
2	CLEOD PTY LTD	1,985,684			
	BELL IXL INVESTMENTS LIMITED	1,878,223			
	CELLANTE SECURITIES PTY LIMITED	1,483,422			
	Sub-total		5,347,329	20.119%	19.792%
3	ISLAND AUSTRALIA PTY LTD	3,668,577			
	FAROOQ KHAN	1,676,295			
	Sub-total		5,344,872	20.110%	19.783%
4	MANAR NOMINEES	1,617,910			
	ZELWER SUPERANNUATION PTY LTD	130,405			
	Sub-total		1,748,315	6.578%	6.471%
5	COWOSO CAPITAL PTY LTD		830,834	3.126%	3.075%
6	J P MORGAN NOMINEES AUSTRALIA LIMITED		341,075	1.283%	1.262%
7	MS ROSANNA DE CAMPO		268,100	1.009%	0.992%
8	GLENVIEW SERVICES PTY LTD		250,000	0.941%	0.925%
9	GIBSON KILLER PTY LTD		220,000	0.828%	0.814%
10	MR AYUB KHAN		215,000	0.809%	0.796%
11	MRS AFIA KHAN		215,000	0.809%	0.796%
12	MR SIMON KENNETH CATO	118,000			
	ROSEMONT ASSET PTY LTD	75,000			
	Sub-total		193,000	0.726%	0.714%
13	GM & AM LEAVER INVESTMENTS PTY LTD		191,400	0.720%	0.708%
14	TOMATO 2 PTY LTD		185,019	0.696%	0.685%
15	MR JOHN CHENG-HSIANG YANG & MS PING MOK		136,125	0.512%	0.504%
16	MR ANTHONY NEALE KILLER & MRS SANDRA MARIE KILLER		130,000	0.489%	0.481%
17	MR EUGENE RODRIGUEZ		110,000	0.414%	0.407%
18	MRS MARY THERESE CAMILLERI		100,000	0.376%	0.370%
19	MRS LINDA ANN OATES		100,000	0.376%	0.370%
20	DR SIEW AM UN		87,500	0.329%	0.324%
<b>Total</b>			<b>23,759,306</b>	<b>89.393%</b>	<b>87.938%</b>

\* Total Voting Power is equivalent to the total number of fully paid ordinary shares on issue (26,578,358) plus the equivalent voting shares associated with the partly paid shares on issue based on the amount paid up per partly paid share (439,241), being a total of 27,017,599 voting shares