



FULL YEAR REPORT:

**Directors' Report
Auditors' Independence Declaration
Financial Report
Audit Report**

30 June 2007



www.queste.com.au

ASX Code: QUE

QUESTE COMMUNICATIONS LTD

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CORPORATE DIRECTORY

BOARD

Farooq Khan (Chairman & Managing Director)
Michael J van Rens (Director)
Azhar Chaudhri (Director)
Yaqoob Khan (Director)

COMPANY SECRETARY

Victor Ho

PRINCIPAL & REGISTERED OFFICE

Level 14, The Forrest Centre
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Perth Western Australia 6000

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Advanced Share Registry Services

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Nedlands Western Australia 6009

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STOCK EXCHANGE

Australian Securities Exchange

Perth, Western Australia

ASX CODE

QUE

AUDITORS

BDO Kendalls Audit & Assurance (WA)

128 Hay Street

Subiaco, Western Australia 6008

Telephone: (08) 9380 8400

Facsimile: (08) 9380 8499

Website: www.bdo.com.au

OVERVIEW OF PERFORMANCE

Queste Communication Ltd is listed on the Australian Securities Exchange (**ASX**) (under ASX Code: **OEO**). Queste has a controlling (48%) interest in Orion Equities Limited, an investment company (**LIC**) listed on ASX (ASX Code: **OEO**).

At 30 June 2007, QUE had a market capitalisation of \$10 million (at \$0.355 per share), net assets of \$12.1 million (at \$0.331 after tax NTA backing per share on a fully diluted basis), 28,404,879 fully paid ordinary shares on issue, and 354 shareholders on its share register (30 June 2006: \$6 million market capitalisation (at \$0.21 per share), net assets of \$8.5 million (at \$0.255 cents after tax NTA backing per share), 28,404,879 shares on issue, and 374 shareholders).¹

At 30 June 2007, OEO had a market capitalisation of \$24 million (at \$1.36 per share), net assets of \$34 million (at \$1.907 after tax NTA backing per share on a fully diluted basis), 17,814,389 fully paid ordinary shares on issue, and 790 shareholders on its share register (30 June 2006: \$13 million market capitalisation (at \$0.75 per share), net assets of \$24.5 million (at \$1.426 cents after tax NTA backing per share), 17,814,389 shares on issue, and 1,377 shareholders).

Summary of Results

	Consolidated			Company		
	2007	2006	Change	2007	2006	Change
	\$	\$	%	\$	\$	%
Total revenues	28,188,248	26,676,739	+6%	1,342,009	3,773,671	-64%
Total expenses	(11,789,443)	(20,709,580)	-43%	(1,077,600)	(3,293,463)	-67%
Profit before tax	16,398,805	5,967,159	+175%	264,409	480,208	-45%
Income tax expense	(4,631,654)	(1,369,682)	+238%	(12,626)	-	N/A
Profit from continuing operations	11,767,151	4,597,477	+156%	251,783	480,208	-48%
(Loss)/Profit from discontinued operations	(1,852,990)	2,049,410	-190%	-	-	N/A
Profit for the year	9,914,161	6,646,887	+49%	251,783	480,208	-48%
Net profit attributable to minority interests	(4,374,403)	(3,119,114)	+40%	-	-	N/A
Profit after tax attributable to members of the Company	5,539,758	3,527,773	+57%	251,783	480,208	-48%
Basic earnings/(loss) per share (cents)	18.8	12.0	+57%	0.9	1.6	-48%
Diluted earnings/(loss) per share (cents)	11.4	7.3	+57%	0.5	1.0	-48%
Undiluted NTA backing per share (cents)	68.2	52.6	+30%	41.5	29.0	+43%
Diluted NTA Backing per share (cents)	49.3	39.8	+24%	33.1	25.5	+30%

NTA backings at the Consolidated Entity level are reported net of minority interests.

The Consolidated Entity's results incorporates the results of controlled entity, OEO.

¹ Net assets and after tax NTA backing per share are reported at the Company level on a fully diluted basis; the Company also has 20,000,000 unlisted partly paid ordinary shares on issue, each paid to one cent with 19 cents per partly paid ordinary share outstanding; market capitalisation are reported on an undiluted basis (based on listed fully paid shares on issue)

OVERVIEW OF PERFORMANCE

At the Company level:

Total revenues include:

- (1) \$422,408 unrealised gains on share investments (2006: Nil);
- (2) \$391,976 dividend income (2006: \$256,744); and
- (3) \$332,929 gross proceeds from the sale of share investments (2006: \$3,392,544); and
- (4) \$191,829 interest received (2006: \$118,783).

Total expenses include:

- (1) \$678,867 costs of disposal of equity investments (2006: \$2,912,982); and
- (2) \$267,649 personnel expenses (2006: \$288,430).

DIVIDENDS

The Company paid a final dividend for the 2007 financial year:

Dividend Rate	Record Date	Payment Date	Franking	Total Dividends Paid
0.25 cent per share	17 September 2007	21 September 2007	Fully Franked	\$73,512

The Company also paid the following interim dividend during the financial year:

Dividend Rate	Record Date	Payment Date	Franking	Total Dividends Paid
0.5 cent per share	8 March 2007	15 March 2007	Fully Franked	\$147,024

ASSOCIATE ENTITIES

The Company does not have any interest in associate entities or in joint venture entities during the financial year.

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

- (1) 28.22% interest in ASX listed Scarborough Equities Limited (ACN 061 287 045) (**SCB**) (30 June 2006: 27.86%); and
- (2) 28.38% interest in ASX listed Bentley International Limited (ACN 008 108 218) (**BEL**) (30 June 2006: 27.93%).

CONTROLLED ENTITIES

The Company did not gain or lose control over entities during the financial year.

Orion Equities ceased control of the following entity during the financial year:

- (1) Hume Mining NL, formerly a wholly owned subsidiary, was sold to Alara Uranium Limited (**Alara** or **AUQ**) on 18 May 2007 in consideration for 6,250,000 Alara shares; Alara was admitted to the Official List of ASX and commenced trading on ASX on 24 May 2007.

Orion Equities gained control of the following entities during the financial year:

- (1) Koorian Olives Pty Ltd (formerly OEQO Pty Ltd) incorporated on 7 July 2006 as a wholly owned subsidiary, the owner of the Koorian Olive Grove operations;
- (2) Orion Indo Operations Pty Ltd incorporated on 30 March 2007 as a wholly owned subsidiary, the parent company of PT Orion Indo Mining; and
- (3) PT Orion Indo Mining, incorporated on 4 April 2007 in Indonesia and 100% beneficially owned by Orion Indo Operations Pty Ltd, currently engaged in the exploration, evaluation and development of resource projects in Indonesia.

DIRECTORS' REPORT

The Directors present their report on Queste Communications Ltd (**Company** or **Queste**) and its controlled entities (the **Consolidated Entity**) for the financial year ended 30 June 2007 (**Balance Date**).

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

Queste has prepared a consolidated financial report incorporating the entities that it controlled during the financial year. Controlled entities are ASX listed investment company, Orion Equities Limited ABN 77 000 742 843 (**Orion Equities** or **OEQ**) (controlled throughout the financial year) and controlled entities of Orion Equities:

- (1) Silver Sands Developments Pty Ltd (ACN 094 097 122), a wholly owned subsidiary of OEQ;
- (2) Central Exchange Mining Ltd (ACN 119 438 265), a wholly owned subsidiary of OEQ;
- (3) Koorian Olives Pty Ltd (ACN 120 616 891) (formerly OEQO Pty Ltd) incorporated in Western Australia on 7 July 2006, a wholly owned subsidiary of OEQ;
- (4) Orion Indo Operations Pty Ltd (ACN 124 702 245) incorporated in Western Australia on 30 March 2007, a wholly owned subsidiary of OEQ;
- (5) PT Orion Indo Mining, incorporated in Indonesia on 4 April 2007, 100% beneficially owned by Orion Indo Operations Pty Ltd; and
- (6) Hume Mining NL (ACN 064 994 945), a wholly owned subsidiary of OEQ sold to Alara Uranium Limited (**Alara** or **AUQ**) on 18 May 2007.

Orion Equities has been treated as a controlled entity by virtue of the Company being a 48.04% substantial shareholder of Orion Equities as at Balance Date (30 June 2006: 48.04%).

PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year were the pursuit of opportunities to commercially exploit the Company's VoiceNet System Voice-over-Internet Protocol (**VoIP**) technology and the management of its assets.

The principal activities of Orion Equities during the financial year were the management of its investments, including investments in listed securities, real estate, an olive grove operation and resource projects in Indonesia and Pakistan.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Consolidated Entity or the Company that occurred during the financial year not otherwise disclosed in this Directors' Report or the financial statements.

DIRECTORS' REPORT

OPERATING RESULTS

	Consolidated			Company		
	2007	2006	%	2007	2006	%
	\$	\$	Change	\$	\$	Change
Total revenues	28,188,248	26,676,739	+6%	1,342,009	3,773,671	-64%
Total expenses	(11,789,443)	(20,709,580)	-43%	(1,077,600)	(3,293,463)	-67%
Profit before tax	16,398,805	5,967,159	+175%	264,409	480,208	-45%
Income tax expense	(4,631,654)	(1,369,682)	+238%	(12,626)	-	N/A
Profit from continuing operations	11,767,151	4,597,477	+156%	251,783	480,208	-48%
(Loss)/Profit from discontinued operations	(1,852,990)	2,049,410	-190%			
Profit for the year	9,914,161	6,646,887	+49%	251,783	480,208	-48%
Net profit attributable to minority interests	(4,374,403)	(3,119,114)	+40%	-	-	N/A
Profit after tax attributable to members of the Company	5,539,758	3,527,773	+57%	251,783	480,208	-48%
Basic earnings/(loss) per share (cents)	18.8	12.0	+57%	0.9	1.6	-48%
Diluted earnings/(loss) per share (cents)	11.4	7.3	+57%	0.5	1.0	-48%

At the Company level:

Total revenues include:

- (1) \$422,408 unrealised gains on share investments (2006: Nil);
- (2) \$391,976 dividend income (2006: \$256,744); and
- (3) \$332,929 gross proceeds from the sale of share investments (2006: \$3,392,544); and
- (4) \$191,829 interest received (2006: \$118,783).

Total expenses include:

- (1) \$678,867 costs of disposal of equity investments (2006: \$2,912,982); and
- (2) \$267,649 personnel expenses (2006: \$288,430).

DIRECTORS' REPORT

EARNINGS PER SHARE

	Consolidated Entity		Company	
	2007	2006	2007	2006
Basic earnings/(loss) per share (cents)	18.84	12.00	0.86	1.63
Weighted average number of fully paid ordinary shares in the Company outstanding during the year used in the calculation of basic earnings per share	29,404,879	29,404,879	29,404,879	29,404,879
Diluted earnings/(loss) per share (cents)	11.44	7.29	0.52	0.99
Weighted average number of fully paid ordinary shares in the Company outstanding during the year used in the calculation of diluted earnings per share	48,404,879	48,404,879	48,404,879	48,404,879

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

The Company's partly paid shares are included in the determination of diluted earnings per share on the basis that each partly paid share have become fully paid.

FINANCIAL POSITION

	Consolidated Entity		Company	
	2007	2006	2007	2006
Cash	4,774,405	4,264,218	3,154,207	3,161,560
Current investments - equities	21,088,044	12,671,627	152,390	34,849
Non-current investments - equities	-	-	11,596,262	6,290,223
Investments - listed Associate entities	11,639,534	9,726,370	-	-
Inventory	3,821,038	3,821,038	-	-
Receivables	196,921	695,422	62,542	155,236
Intangible assets	250,000	-	-	-
Other assets	3,122,114	95,513	22,032	27,240
Total Assets	44,892,056	31,274,188	14,987,433	9,669,108
Tax liabilities (current and deferred)	(5,208,215)	(2,338,534)	(2,636,575)	(1,032,137)
Other payables and liabilities	(1,807,112)	(261,679)	(152,130)	(110,205)
Net Assets	37,876,729	28,673,975	12,198,728	8,526,766
Contributed Equity	6,087,927	6,087,927	6,087,927	6,087,927
Reserves	2,138,012	2,138,012	8,260,558	4,546,331
Minority interest	17,574,033	13,200,456	-	-
Accumulated profit/(losses)	12,076,757	7,247,580	(2,149,757)	(2,107,492)
Total Equity	37,876,729	28,673,975	12,198,728	8,526,766

DIRECTORS' REPORT

NET TANGIBLE ASSET BACKING

The effects of the Company's 20,000,000 partly paid ordinary shares (which were issued at a price of 20 cents each and have been partly paid to one cent each and have an outstanding amount payable of 19 cents per partly paid share) on the net tangible asset (**NTA**) backing of the Company and Consolidated Entity have been considered below.

The Directors also note that:

- The Company's NTA at Balance Date includes a valuation of the Company's 8,558,127 shares in Orion Equities (representing a 48.04% interest) at Orion Equities' last bid price on ASX at Balance Date of \$1.355 per share. This compares with OEQ's post tax NTA backing of \$1.93 per share at Balance Date.
- The Consolidated Entity's NTA at Balance Date includes the effects of the NTA position of Orion Equities as a controlled entity rather than OEQ's market price on ASX.
- NTA backings at the Consolidated Entity level are reported net of minority interests.

The undiluted (which includes a representation of the extent (1/20th) to which the partly paid shares have been paid) and diluted (which includes the full effects of all partly paid shares) NTA backing per share as at the Balance Date are as follows.

(1) UNDILUTED FOR PARTLY PAID SHARES

	Consolidated Entity		Company	
	2007	2006	2007	2006
NTA (pre tax)	25,260,911	17,812,053	14,835,303	9,558,903
NTA (post tax)	20,052,696	15,473,519	12,198,728	8,526,766
Share capital base of the Company:				
Fully paid ordinary shares	28,404,879	28,404,879	28,404,879	28,404,879
Portion of 20,000,000 partly paid ordinary shares (representing the extent to which such shares have been paid, being one cent per share with a balance of the call of 19 cents per share)	1,000,000	1,000,000	1,000,000	1,000,000
Adjusted undiluted total fully paid ordinary share capital	29,404,879	29,404,879	29,404,879	29,404,879
Undiluted pre-tax NTA backing per share	0.859	0.606	0.505	0.325
Undiluted post-tax NTA backing per share	0.682	0.526	0.415	0.290

DIRECTORS' REPORT

(2) DILUTED FOR PARTLY PAID SHARES

	Consolidated Entity		Company	
	2007	2006	2007	2006
Proceeds on conversion of 20,000,000 partly paid ordinary shares into fully paid ordinary shares	3,800,000	3,800,000	3,800,000	3,800,000
Diluted NTA (pre tax)	29,060,911	21,612,053	18,635,303	13,358,903
Diluted NTA (post tax)	23,852,696	19,273,519	15,998,728	12,326,766
Share capital base of the Company:				
Fully paid ordinary shares	28,404,879	28,404,879	28,404,879	28,404,879
Conversion of 20,000,000 partly paid ordinary shares into fully paid ordinary shares	20,000,000	20,000,000	20,000,000	20,000,000
Fully diluted total fully paid ordinary share capital of the Company	48,404,879	48,404,879	48,404,879	48,404,879
Diluted pre-tax NTA backing per share	0.600	0.446	0.385	0.276
Diluted post-tax NTA backing per share	0.493	0.398	0.331	0.255

DIVIDENDS

The Company has paid a final dividend as follows:

Dividend Rate	Record Date	Payment Date	Franking	Total Dividends Paid
0.25 cent per share	17 September 2007	21 September 2007	Fully Franked	\$73,512

The Company also paid the following interim dividend during the financial year:

Dividend Rate	Record Date	Payment Date	Franking	Total Dividends Paid
0.5 cent per share	31 March 2007	7 April 2007	Fully Franked	\$147,024

Dividend Policy

The Company's dividend policy is to pay dividends from the dividend, interest and other income it receives from its investments and the gains on its investments, to the extent permitted by law and subject to prudent business practices. Dividends will be franked to the extent that available franking credits permit.

SECURITIES IN THE COMPANY

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

- (i) 28,404,879 listed fully paid ordinary shares;
- (ii) 20,000,000 unlisted partly paid ordinary shares, each paid to one cent with 19 cents per partly paid ordinary share outstanding.

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

The terms of issue of the Company's 20,000,000 partly paid shares are disclosed in the Prospectus for the initial public offering of shares in the Company dated 6 August 1998.

DIRECTORS' REPORT

REVIEW OF OPERATIONS

1. Voicenet System VoIP Technology

The Company continues to seek opportunities for the commercial exploitation of its VoiceNet System VoIP telephony technology. The Company has not had any results from the commercial exploitation of its VoiceNet System VoIP technology during the financial year.

2. Orion Equities Limited (OEO)

2.1. Current Status of Investment in Orion Equities

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

The Company holds 8,558,127 shares in Orion Equities, being 48.04% of OEO's issued ordinary share capital (30 June 2006: 8,558,127 shares or 48.04%).

In light of such significant shareholding, Orion Equities has been recognised as a controlled entity and included as part of the Consolidated Entity since 1 July 2002.

Queste shareholders are advised to refer to the 30 June 2007 Directors Report and financial statements and monthly NTA disclosures lodged by Orion Equities 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 "OEO".

Sections 2.2 to 2.4 below contain information extracted from Orion Equities' public statements.

2.2. Orion Equities' Performance for year ended 30 June 2007

Orion Equities Limited Consolidated Entity	2007 \$	2006 \$	% Change
Total revenues	18,184,064	6,576,731	+176%
Total expenses	(1,663,789)	(718,791)	+131%
Profit before tax	16,520,275	5,857,940	+182%
Income tax expense	(4,619,027)	(1,369,682)	+237%
Profit from continuing operations	11,901,248	4,488,258	+165%
Loss/(Profit) from discontinued operations	(1,852,990)	2,049,410	-190%
Profit attributable to members of the Company	10,048,258	6,537,668	+54%
Basic and diluted earnings per share	0.56	0.37	+54%
Pre-tax NTA backing per share	2.223	1.557	+43%
Post-tax NTA backing per share	1.931	1.426	+35%

DIRECTORS' REPORT

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

- (1) 28.22% interest in ASX listed Scarborough Equities Limited (ACN 061 287 045) (**SCB**) (30 June 2006: 27.86%); and
- (2) 28.38% interest in ASX listed Bentley International Limited (ACN 008 108 218) (**BEL**) (30 June 2006: 27.93%).

Total revenues include:

- (1) \$11,593,494 net income from the Company's share trading portfolio including:
 - (a) \$8,583,740 unrealised gains on securities (2006: \$5,536,239);
 - (b) \$2,840,719 realised gains on sale of securities (2006: \$1,868,639);
 - (c) \$169,034 dividend income (2006: \$141,161);
- (2) \$49,200 net income from the Company's options portfolio (2006: \$126,579);
- (3) \$1,562,500 net profit from the sale of a subsidiary (2006: Nil);
- (4) \$1,668,955 share of Associate entities' net profits (2006: \$1,146,453) and \$481,726 dividend income received from Associate entities (2006: \$343,080);
- (5) \$481,726 dividend income received from Associate entities (2006: \$343,080);
- (6) \$58,095 income from olive grove operations (2006: Nil); and
- (7) \$127,595 interest and other income (2006: \$76,921).

Total expenses include:

- (1) \$613,171 personnel costs (including employee entitlements) (2006: \$269,693);
- (2) \$418,467 olive grove operations (2006: Nil);
- (3) \$66,515 brokerage costs (2006: \$88,184);
- (4) \$79,708 exploration and evaluation expenses (2006: \$62,065); and
- (5) \$20,678 legal and other professional fees (2006: \$105,060).

2.3. Orion Equities' Dividends

Orion Equities has paid a final dividend as follows:

Dividend Rate	Record Date	Payment Date	Franking	Total Dividends Paid
2.0 cents per share	17 September 2007	21 September 2007	Fully franked	\$356,288

Orion Equities also paid the following interim dividend during the financial year:

Dividend Rate	Record Date	Payment Date	Franking	Total Dividends Paid
1.5 cents per share	8 March 2007	15 March 2007	Fully franked	\$267,216

DIRECTORS' REPORT

2.4. Orion Equities' Portfolio Details as at 30 June 2007

Asset Weighting

	<u>% of Net Assets</u>
Australian equities	79%
International equities ²	13%
Property held for development and resale	11%
Koorian Olives ³	9%
Tax liabilities (current and deferred)	-15%
Net cash/other assets and provisions	3%
TOTAL	<u>100%</u>

Top 20 Holdings in Securities Portfolio

<u>Equities</u>	<u>Fair Value \$'million</u>	<u>% of Net Assets</u>	<u>ASX Code</u>	<u>Industry Sector Exposures</u>
1. Strike Resources Limited	13.04	38.5%	SRK	Materials
2. Scarborough Equities Limited ⁴	5.78	17.1%	SCB	Diversified Financials
3. Bentley International Limited ⁴	4.40	13.0%	BEL	Diversified Financials
4. Alara Uranium Limited	2.25	6.6%	AUQ	Energy
5. Oilex NL	1.43	4.2%	OEX	Energy
6. Katana Capital Limited	1.12	3.3%	KAT	Diversified Financials
7. Metcash Limited	0.72	2.1%	MTS	Retailing
8. BHP Billiton Limited	0.53	1.6%	BHP	Materials
9. Zinifex Limited	0.28	0.8%	ZFX	Materials
10. RuralAus Investments Limited	0.27	0.8%	RUR	Materials
11. Emeco Holdings Limited	0.24	0.7%	EHL	Capital Goods
12. Telstra Corporations Limited	0.23	0.7%	TLSCA	Telecommunications
13. Woodside Petroleum Ltd.	0.19	0.6%	WPL	Energy
14. Chemrok Pty Ltd	0.16	0.5%	Unlisted	Materials
15. OM Holdings Limited	0.13	0.4%	OMH	Materials
16. Malagasy Minerals Limited	0.08	0.2%	Unlisted	Materials
17. Magma Metals Limited	0.07	0.2%	MMB	Materials
18. Newsat Limited	0.05	0.1%	NWT	Software & Services
19. Elixir Petroleum	0.05	0.1%	EXR	Energy
20. Jutt Holdings Limited	0.04	0.1%	JUT	Materials
TOTAL	<u>31.06</u>	<u>91.6%</u>		

2 BEL is an ASX listed investment company with investments in securities listed on overseas markets. Orion Equities' investment in BEL represents an indirect interest in international equities

3 Includes land, water licence, buildings, plant and equipment and inventory

4 BEL and SCB have been accounted for as investments in Associate entities of Orion Equities

DIRECTORS' REPORT

The investment in Strike Resources Limited comprises the following securities:

	Fair Value \$'million	% of Net Assets	ASX Code	
(a) Listed shares	4.81	14.2%	SRK	
(b) Listed \$0.20 (30 June 2008) Options	1.82	5.4%	SRKO	
(c) Unlisted \$0.20 (9 Feb 2011) Options	3.42	10.1%	Unlisted	Fair value is based on a Black-Scholes options valuation model applying the following assumptions: (i) SRK's share price being \$2.02 (the last bid price as at 30 June 2007). (ii) A risk free rate of return of 6.41% (based on the Commonwealth 5 year bond yield rate as at 30 June 2007). (iii) An estimated future volatility of SRK's share price of 65%.
(d) Unlisted \$0.30 (9 Feb 2011) Options	2.99	8.8%		
Sub-total	13.04	38.5%		

FUTURE DEVELOPMENTS

In the opinion of the Directors, it may prejudice the interests of the Consolidated Entity to provide additional information (beyond that reported in this Directors' Report) in relation to future developments and the business strategies and operations of the Consolidated Entity and the expected results of those operations in subsequent financial years.

LEGAL PROCEEDINGS ON BEHALF OF CONSOLIDATED ENTITY

No person has applied for leave of a court to bring proceedings on behalf of the Consolidated Entity or intervene in any proceedings to which the Consolidated Entity is a party for the purpose of taking responsibility on behalf of the Consolidated Entity for all or any part of such proceedings. The Consolidated Entity was not a party to any such proceedings during and since the financial year.

ENVIRONMENTAL REGULATION AND PERFORMANCE

In the course of its mineral exploration and evaluation activities, the Consolidated Entity adheres to environmental regulations imposed upon it by various authorities. The Company has complied with all environment requirements during the year and up to the date of this report. No reportable environmental breaches occurred during the financial year and up to the date of this report.

DIRECTORS' REPORT

DIRECTORS

Information concerning Directors in office during or since the financial year are:

Farooq Khan	Executive Chairman and Managing Director
<i>Appointed</i>	10 March 1998
<i>Qualifications</i>	BJuris , LLB. (<i>Western Australia</i>)
<i>Experience</i>	Mr Khan is a qualified lawyer having previously practised principally in the field of corporate law. Mr Khan has extensive experience in the securities industry, capital markets and the executive management of ASX listed companies. In particular, Mr Khan has guided the establishment and growth of a number of public listed companies in the investment, mining and financial services sector. He has considerable experience in the fields of capital raisings, mergers and acquisitions and investments.
<i>Relevant interest in shares</i>	6,108,061 shares
<i>Special Responsibilities</i>	Chairman of the Board and Managing Director
<i>Other current directorships in listed entities</i>	Current Chairman of: (1) Bentley International Limited (since 2 December 2003). (2) Scarborough Equities Limited (since 29 November 2004) (3) Orion Equities Limited (since 6 October 2006) Current Executive Director of: (4) Strike Resources Limited (since 9 September 1999); (5) Alara Uranium Limited (since 14 May 2007)
<i>Former directorships in other listed entities in past 3 years</i>	(1) Altera Capital Limited (26 November 2001 to 18 October 2005) (2) Sofcom Limited (3 July 2002 to 18 October 2005)

Azhar Chaudhri	Non-Executive Director
<i>Appointed</i>	4 August 1998
<i>Qualifications</i>	Bachelor of Science degree in Maths and Physics and a Masters degree in Economics and postgraduate computer studies
<i>Experience</i>	Mr Chaudhri has considerable expertise in computer systems, analysis and design and advanced programming experience, particularly with respect to business and information technology systems and Data Base computing. In particular Mr Chaudhri has formed and led software development teams creating integrated database and management information systems for utilities, local government land tax departments, hospitals, libraries and oil terminals
<i>Relevant interest in shares</i>	3,693,500 shares 20,000,000 partly paid shares
<i>Special Responsibilities</i>	None
<i>Other current directorships in listed entities</i>	None
<i>Former directorships in other listed entities in past 3 years</i>	Strike Resources Limited (9 September 1999 to 26 September 2005)

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>	157,920 shares
<i>Special Responsibilities</i>	None
<i>Other current directorships in listed entities</i>	Orion Equities Limited (since 5 November 1999).
<i>Former directorships in other listed entities in past 3 years</i>	Strike Resources Limited (9 September 1999 to 26 September 2005)

Michael van Rens Non-Executive Director

<i>Appointed</i>	4 August 1998
<i>Qualifications and Experience</i>	Mr van Rens is a founding Director of the Company. He is also a director of Canadian listed company Exall Energy Limited, which holds natural gas interests in Canada, the USA and the UK (North Sea).
<i>Relevant interest in shares</i>	259,799 shares
<i>Special Responsibilities</i>	None
<i>Other current directorships in listed entities</i>	Exall Energy Limited (TSX, Canada)
<i>Former directorships in other listed entities in past 3 years</i>	(1) European Goldfields Limited(TSX, Canada) (2) Gold Eagle Mines Limited (formerly Exall Resources Limited) (TSX, Canada)

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

DIRECTORS' REPORT

COMPANY SECRETARY

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

Victor P. H. Ho **Company Secretary**

Appointed 30 August 2000

Qualifications BCom, LLB (*Western Australia*)

Experience Mr Ho has been in company secretarial/executive 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 and stock exchange compliance and shareholder relations.

Relevant interest in shares 17,500 shares

Other positions held in listed entities Current Executive Director and Company Secretary of:

- (1) Strike Resources Limited (Secretary since 9 March 2000 and Director since 12 October 2000);
- (2) Orion Equities Limited (Secretary since 2 August 2000 and Director since 4 July 2003);
- (3) Sofcom Limited (Director since 3 July 2002 and Secretary since 23 July 2003).

Current Company Secretary of:

- (4) Bentley International Limited (since 5 February 2004);
- (5) Scarborough Equities Limited (since 29 November 2004)
- (6) Alara Uranium Limited (since 4 April 2007).

Former directorships in other listed entities in past 3 years Altera Capital Limited (21 November 2001 to 8 August 2006)

DIRECTORS' MEETINGS

The following table sets out the numbers of meetings of the Company's Directors held during the financial year (including Directors' circulatory resolutions), and the numbers of meetings attended by each Director of the Company:

Name of Director	Meetings Attended	Maximum Possible Meetings
Farooq Khan	4	4
Michael van Rens	4	4
Yaqoob Khan	4	4
Azhar Chaudhri	4	4

There were no meetings of committees of the Board of the Company.

Board Committees

During the financial year and as at the date of this Directors' Report, the Company did not have separate designated Audit or Remuneration Committees. In the opinion of the Directors, in view of the size of the Board and nature and scale of the Consolidated Entity's activities, matters typically dealt with by an Audit or Remuneration Committee are dealt with by the full Board.

DIRECTORS' REPORT

REMUNERATION REPORT

This report details the nature and amount of remuneration for each Director and Company Executive of the Consolidated Entity.

The information provided under headings (1) to (4) below in this Remuneration Report includes remuneration disclosures that are required under Accounting Standard AASB 124 *Related Party Disclosures*. These disclosures have been transferred from the financial report and have been audited. The disclosures in (5) and (6) below in this Remuneration Report are additional disclosures required by the *Corporations Act 2001* and the *Corporations Regulations 2001* which have not been audited.

(1) Remuneration Policy

The Board determines the remuneration structure of all Directors and Company Executives (being a company secretary or senior manager) (**Key Management Personnel**) having regard to the Consolidated Entity's nature, scale and scope of operations and other relevant factors, including the frequency of Board meetings, length of service, particular experience and qualifications, market practice (including available data concerning remuneration paid by other listed companies in particular companies of comparable size and nature), the duties and accountability of Key Management Personnel and the objective of maintaining a balanced Board which has appropriate expertise and experience, at a reasonable cost to the Company.

Fixed Cash Short Term Employment Benefits: The Key Management Personnel of the Company are paid a fixed amount per annum plus applicable employer superannuation contributions. The Non-Executive Directors of the Company are paid a maximum aggregate base remuneration of \$55,000 per annum inclusive of minimum employer superannuation contributions where applicable, to be divided as the Board determines appropriate.

The Board has determined current Key Management Personnel remuneration as follows:

- (a) Mr Farooq Khan (Executive Chairman and Managing Director) – a base salary of \$125,000 per annum plus employer superannuation contributions (currently 9%);
- (b) Mr Azhar Chaudhri (Non-Executive Director) – a base fee of \$15,000 per annum;
- (c) Mr Michael van Rens (Non-Executive Director) – a base fee of \$15,000 per annum plus employer superannuation contributions (currently 9%);
- (d) Mr Yaqoob Khan (Non-Executive Director) – a base fee of \$15,000 per annum; and
- (e) Mr Victor Ho (Company Secretary) – a base salary of \$31,000 per annum plus employer superannuation contributions (currently 9%).

Key Management Personnel can also opt to “salary sacrifice” their cash fees/salary and have them paid wholly or partly as further employer superannuation contributions or benefits exempt from fringe benefits tax.

Special Exertions and Reimbursements: Pursuant to the Company's Constitution, each Director is entitled to receive:

- (a) Payment for the performance of extra services or the making of special exertions at the request of the Board and for the purposes of the Company.
- (b) Payment for reimbursement of all reasonable expenses (including traveling and accommodation expenses) incurred by a Director for the purpose of attending meetings of the Company or the Board, on the business of the Company, or in carrying out duties as a Director.

Long Term Benefits: Key Management Personnel have no right to termination payments save for payment of accrued annual leave and long service leave (other than Non-Executive Directors).

Equity Based Benefits: The Company does not presently have any equity (shares or options) based remuneration arrangements for any personnel pursuant to any executive or employee share or option plan or otherwise.

DIRECTORS' REPORT

Post Employment Benefits: The Company does not presently provide retirement benefits to Key Management Personnel.

Performance Related Benefits/Variable Remuneration: The Company does not presently provide short or long incentive/performance based benefits related to the Company's performance to Key Management Personnel, including payment of cash bonuses. The current remuneration of Key Management Personnel is fixed, is not dependent on the satisfaction of a performance condition and is unrelated to the Company's performance.

Service Agreements: The Company does not presently have formal service agreements or employment contracts with any Key Management Personnel.

Financial Performance of Company: There is no relationship between the Company's current remuneration policy and the Company's performance.

(2) Details of Remuneration of Key Management Personnel - Directors

Details of the nature and amount of each element of remuneration of each Director of the Company paid or payable by the Consolidated Entity during the financial year are as follows:

Paid by Queste to its Directors

Name of Director	Office Held	Short Term Employment Benefits		Post Employment Benefits	Long Term Benefits	Equity Based Benefits	Total	Performance Related	Percentage of Total Related to Equity Based Benefits
		Cash Fees	Cash Bonuses	Superannuation					
		\$	\$	\$	\$	\$	\$	%	%
Farooq Khan	Chairman & Managing Director	116,890	-	19,360	-	-	136,250	-	-
Azhar Chaudhri	Director	15,000	-	-	-	-	15,000	-	-
Michael van Rens	Director	15,000	-	1,350	-	-	16,350	-	-
Yaqoob Khan	Director	15,000	-	-	-	-	15,000	-	-

Paid by Orion Equities to its Directors

Name of Director	Office Held	Short Term Employment Benefits		Post Employment Benefits	Long Term Benefits	Equity Based Benefits	Total	Performance Related	Percentage of Total Related to Equity Based Benefits
		Cash Fees	Cash Bonuses	Superannuation					
		\$	\$	\$	\$	\$	\$	%	%
Farooq Khan	Executive Chairman (appointed 23 October 2006)	168,269	-	15,144	-	-	183,413	-	-
William Johnson	Executive Director	147,534	-	13,278	-	-	160,812	-	-
Victor Ho	Executive Director and Company Secretary	61,574	-	5,541	-	-	67,115	-	-
Yaqoob Khan	Non-Executive Director	25,000	-	-	-	-	25,000	-	-

DIRECTORS' REPORT

(3) Details of Remuneration of Key Management Personnel – Company Executive

The Company only had one Company Executive during the financial year. Details of the nature and amount of each element of remuneration of such Company Executive paid or payable by the Company during the financial year are as follows:

Paid by Queste to its Company Executive

Name of Executive Officer	Office Held	Short Term Employment Benefits		Post Employment Benefits	Long Term Benefits \$	Equity Based Benefits \$	Total \$	Performance Related %	Percentage of Total Related to Equity Based Benefits %
		Cash Salary \$	Cash Bonuses \$	Superannuation \$					
Victor Ho	Company Secretary	32,572	-	2,931	-	-	35,503	-	-

Orion Equities did not have any Company Executives (other than Executive Directors) during the financial year.

Payments made by Orion Equities to Mr Ho (who is a Company Executive of Queste) are detailed above under (2) Details of Remuneration of Key Management Personnel – Directors.

(4) Other Benefits Provided to Key Management Personnel

No Key Management Personnel has during or since the end of the 30 June 2007 financial year, received or become entitled to receive a benefit, other than a remuneration benefit as disclosed above, by reason of a contract made by the Company or a related entity with the Director or with a firm of which he is a member, or with a Company in which he has a substantial interest.

(5) Directors' and Officers' Insurance

The Company does not have any directors' and officers insurance policy. Orion Equities has a directors' and officers insurance policy; the nature of the liabilities covered or the amount of premiums paid in respect of this policy has not been disclosed as such disclosure is prohibited under the terms of the policy.

(6) Directors' Deeds

In addition to the rights of indemnity provided under the Company's Constitution (to the extent permitted by the Corporations Act), the Company has also entered into a deed with each of the Directors to regulate certain matters between the Company and each Director, both during the time the Director holds office and after the Director ceases to be an officer of the Company, including the following matters:

- (i) The Company's obligation to indemnify a Director for liabilities or legal costs incurred as an officer of the Company (to the extent permitted by the Corporations Act);
- (ii) Subject to the terms of the deed and the Corporations Act, the Company may advance monies to the Director to meet any costs or expenses of the Director incurred in circumstances relating to the indemnities provided under the deed and prior to the outcome of any legal proceedings brought against the Director; and

Shareholders have approved the entry into such deeds by the Company.

DIRECTORS' REPORT

AUDITOR

Details of the amounts paid or payable to the auditor (BDO Kendalls Audit & Assurance (WA), formerly BDO) for audit and non-audit services provided during the financial year are set out below:

Consolidated Entity			Company		
Audit & Review Fees	Fees for Other Services	Total	Audit & Review Fees	Fees for Other Services	Total
\$	\$	\$	\$	\$	\$
34,113	-	34,113	12,386	-	12,386

BDO Kendalls Audit & Assurance (WA) continues in office in accordance with section 327B of the *Corporations Act 2001*.

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 20. This relates to the Audit Report, where the Auditors state that they have issued an independence declaration.

EVENTS SUBSEQUENT TO BALANCE DATE

The Directors are not aware of any matters or circumstances at the date of this Directors' Report, other than those referred to in this Directors' Report (in particular, in Review of Operations) or the financial statements or notes thereto (in particular Subsequent Events Note 29), that have significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Company in subsequent financial years.

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



Farooq Khan
Chairman

28 September 2007



BDO Kendalls

BDO Kendalls Audit & Assurance (WA)
128 Hay Street
SUBIACO WA 6008
PO Box 700
WEST PERTH WA 6872
Phone 61 8 9380 8400
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www.bdo.com.au

ABN 90 360 101 594

28 September 2007

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

Dear Sirs

DECLARATION OF INDEPENDENCE BY BDO KENDALLS TO THE DIRECTORS OF QUESTE COMMUNICATIONS LIMITED

As lead auditor of Queste Communications Ltd for the year ended 30 June 2007, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

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

Yours faithfully

BDO Kendalls Audit & Assurance (WA) (formerly BDO)

BG McVeigh
Partner

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2007

	Note	Consolidated Entity		Company	
		2007	2006	2007	2006
		\$	\$	\$	\$
Revenue from continuing operations	2	657,621	484,241	391,976	256,744
Other income	2	25,861,672	25,046,045	950,033	3,516,927
Share of Associate entities' profits	2	1,668,955	1,146,453	-	-
Total revenue from continuing operations		28,188,248	26,676,739	1,342,009	3,773,671
Cost of investments sold	2	(9,792,672)	(19,564,407)	(678,867)	(2,912,982)
Cost of olive grove operations	2	(418,467)	-	-	-
Cost of resource projects sold	2	-	(19,840)	-	-
Unrealised net change in fair value	2	-	(21,143)	-	(21,143)
Occupancy expenses	2	(74,383)	(46,385)	(22,691)	(24,605)
Finance expenses	2	(6,535)	(6,042)	(2,299)	(2,029)
Borrowing costs	2	(56)	(1,462)	(56)	(35)
Corporate expenses	2	(129,154)	(161,227)	(75,955)	(22,946)
Administration expenses					
- personnel	2	(880,819)	(558,123)	(267,649)	(288,430)
- others	2	(487,357)	(330,951)	(30,083)	(21,293)
Profit before income tax expense		16,398,805	5,967,159	264,409	480,208
Income tax expense	3	(4,631,654)	(1,369,682)	(12,626)	-
Profit from continuing operations		11,767,151	4,597,477	251,783	480,208
Loss from discontinued operations	5	(1,852,990)	2,049,410	-	-
Profit for the year		9,914,161	6,646,887	251,783	480,208
Net profit attributable to minority interests		(4,374,403)	(3,119,114)	-	-
Net profit attributable to members of the company		5,539,758	3,527,773	251,783	480,208
Dividends per share	7	1.00	0.05	1.00	0.05
Earnings per share					
Basic earnings (cents per share)	8	18.84	12.00	0.86	1.63
Diluted earnings (cents per share)	8	11.44	7.29	0.52	0.99

The accompanying notes form part of these financial statements

BALANCE SHEET

AS AT 30 JUNE 2007

	Note	Consolidated Entity		Company	
		2007	2006	2007	2006
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	9	4,774,405	4,264,218	3,154,207	3,161,560
Trade and other receivables	10	196,921	695,422	62,542	155,236
Financial assets at fair value	11	21,088,044	12,671,627	152,390	34,849
Inventory	12	646,864	-	-	-
Other	13	-	2,112	-	1,029
TOTAL CURRENT ASSETS		26,706,234	17,633,379	3,369,139	3,352,674
NON CURRENT ASSETS					
Trade and other receivables	10	32,823	32,823	-	-
Inventory	12	3,821,038	3,821,038	-	-
Available for sale asset	14	-	-	11,596,262	6,290,223
Investments in Associate entities (equity accounted)	15	11,639,534	9,726,370	-	-
Property, plant and equipment	16	2,142,427	60,578	22,032	26,211
Olive trees	17	300,000	-	-	-
Resource projects	18	-	-	-	-
Intangibles	19	250,000	-	-	-
TOTAL NON CURRENT ASSETS		18,185,822	13,640,809	11,618,294	6,316,434
TOTAL ASSETS		44,892,056	31,274,188	14,987,433	9,669,108
CURRENT LIABILITIES					
Trade and other payables	20	1,807,112	261,679	152,130	110,205
Current tax liabilities	21	726,615	538,860	-	-
TOTAL CURRENT LIABILITIES		2,533,727	800,539	152,130	110,205
NON CURRENT LIABILITIES					
Deferred tax liabilities	21	4,481,600	1,799,674	2,636,575	1,032,137
TOTAL NON CURRENT LIABILITIES		4,481,600	1,799,674	2,636,575	1,032,137
TOTAL LIABILITIES		7,015,327	2,600,213	2,788,705	1,142,342
NET ASSETS		37,876,729	28,673,975	12,198,728	8,526,766
EQUITY					
Contributed equity	22	6,087,927	6,087,927	6,087,927	6,087,927
Reserves	23	2,138,012	2,138,012	8,260,558	4,546,331
Retained earnings /(Accumulated losses)		12,076,757	7,247,580	(2,149,757)	(2,107,492)
Parent interest		20,302,696	15,473,519	12,198,728	8,526,766
Minority interest		17,574,033	13,200,456	-	-
TOTAL EQUITY		37,876,729	28,673,975	12,198,728	8,526,766

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2007

<u>Consolidated Entity</u>	Contributed Equity \$	Reserves \$	Retained Earnings \$	Minority Interest \$	Total \$
At 1 July 2005	6,087,927	2,138,012	4,144,781	9,520,970	21,891,690
Profit attributable to members of the Company	-	-	3,527,773	-	3,527,773
Profit attributable to minority interest	-	-	-	3,119,114	3,119,114
Total income and expense recognised for the year	-	-	3,527,773	3,119,114	6,646,887
Dividend paid	-	-	(424,974)	-	(424,974)
Movement in minority interest	-	-	-	560,372	560,372
At 30 June 2006	6,087,927	2,138,012	7,247,580	13,200,456	28,673,975
At 1 July 2006	6,087,927	2,138,012	7,247,580	13,200,456	28,673,975
Profit attributable to members of the Company	-	-	5,539,758	-	5,539,758
Profit attributable to minority interest	-	-	-	4,374,403	4,374,403
Total income and expense recognised for the year	-	-	5,539,758	4,374,403	9,914,161
Dividend paid	-	-	(710,581)	-	(710,581)
Movement in minority interest	-	-	-	(826)	(826)
At 30 June 2007	6,087,927	2,138,012	12,076,757	17,574,033	37,876,729.00

<u>Company</u>	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$
At 1 July 2005	6,087,927	6,749,160	(2,440,676)	10,396,411
Adjustment on adoption of AASB 132 and 139	-	(3,365,521)	-	(3,365,521)
Changes in fair value of available for sale assets (net of tax)	-	1,162,692	-	1,162,692
Net income directly recognised in equity	-	1,162,692	-	1,162,692
Profit for the year	-	-	480,208	480,208
Total income and expense recognised for the year	-	1,162,692	480,208	1,642,900
Dividend paid	-	-	(147,024)	(147,024)
At 30 June 2006	6,087,927	4,546,331	(2,107,492)	8,526,766
At 1 July 2006	6,087,927	4,546,331	(2,107,492)	8,526,766
Changes in fair value of available for sale assets (net of tax)	-	3,714,227	-	3,714,227
Net income directly recognised in equity	-	3,714,227	-	3,714,227
Profit for the year	-	-	251,783	251,783
Total income and expense recognised for the year	-	3,714,227	251,783	3,966,010
Dividend paid	-	-	(294,048)	(294,048)
At 30 June 2007	6,087,927	8,260,558	(2,149,757)	12,198,728

The accompanying notes form part of these financial statements

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2007

	Note	Consolidated Entity		Company	
		2007	2006	2007	2006
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		60,354	27,660	2,867	5,600
Payments to suppliers and employees		(1,613,071)	(1,233,303)	(258,171)	(521,065)
Payments for exploration and evaluation		(79,708)	(46,443)	-	-
Sale proceeds from trading portfolio		12,328,482	18,187,241	-	-
Payments for trading portfolio		(6,483,983)	(15,337,708)	-	-
Proceeds from portfolio options		49,200	137,579	-	-
Payments for options portfolio		-	(18,333)	-	-
Dividends received		423,818	257,682	391,976	256,744
Income tax paid		(970,058)	(259,248)	-	-
Interest received		265,384	173,644	191,829	118,783
Interest paid		(56)	(1,462)	(56)	(35)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES					
	9 a	3,980,362	1,887,309	328,445	(139,973)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment		(2,711,041)	(10,750)	(1,567)	-
Proceeds from sale of plant and equipment		889	-	889	-
Payments for inventory		-	(24,486)	-	-
Payments for investment securities		(380,657)	(680,531)	(374,000)	-
Proceeds from sale of investment securities		332,929	3,392,544	332,929	3,392,544
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES					
		(2,757,880)	2,676,777	(41,749)	3,392,544
CASH FLOWS FROM FINANCING ACTIVITIES					
Payments for share buy back		(1,591)	-	-	-
Dividends paid		(710,704)	(424,974)	(294,049)	(147,025)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES					
		(712,295)	(424,974)	(294,049)	(147,025)
NET DECREASE IN CASH AND CASH EQUIVALENTS HELD					
		510,187	4,139,112	(7,353)	3,105,546
Add opening cash and cash equivalents brought forward		4,264,218	125,106	3,161,560	56,014
NET CASH AND CASH EQUIVALENTS AT END OF YEAR					
	9	4,774,405	4,264,218	3,154,207	3,161,560

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

1. SUMMARY OF ACCOUNTING POLICIES

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report (comprising the financial statements and notes thereto) is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report includes separate financial statements for Queste Communications Ltd as an individual parent entity (the “**Company**”) and the consolidated entity consisting of Queste Communications and its controlled entities. Queste Communications Ltd is a company limited by shares, incorporated in Western Australia, Australia.

Compliance with IFRS

The financial report complies with all Australian equivalents to International Financial Reporting Standards (**AIFRS**) in their entirety. Compliance with AIFRS ensures that the consolidated financial statements of Queste Communications Ltd comply with International Financial Reporting Standards (**IFRS**) save that the parent has elected to apply the relief provided in respect of certain disclosure requirements pursuant to *AASB 132 Financial Instruments: Disclosure and Presentation*.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

1.1. Principles of Consolidation

A controlled entity is any entity the Company has the power to control the financial and operating policies of so as to obtain benefits from its activities. A list of controlled entities is contained in note 14 to the financial statements. All controlled entities have a June financial year-end. All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the Company.

1.2. Investments in Associates

Investments in associates are accounted for in the consolidated financial statements using the equity method. Under this method, the consolidated entity's share of the post-acquisition profits or losses of associates is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in consolidated reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment. Associates are those entities over which the consolidated

entity exercises significant influence, but not control. A list of associates is contained in note 15 to the financial statements. All associate entities have a June financial year-end.

1.3. Mineral Exploration and Evaluation Expenditure

Exploration, evaluation and development expenditure incurred is accumulated (i.e. capitalised) in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence or otherwise of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

Under AASB 6 “Exploration for and Evaluation of Mineral Resources”, if facts and circumstances suggest that the carrying amount of any recognised exploration and evaluation assets may be impaired, the Company must perform impairment tests on those assets and measure any impairment in accordance with AASB 136 “Impairment of Assets”. Any impairment loss is to be recognised as an expense. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

1.4. Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments. The consolidated entity's segment reporting is contained in note 25 of the notes to the financial statements.

1.5. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the consolidated entity and the revenue can be reliably measured. All revenue is stated net of the amount of goods and services tax (“**GST**”). The following specific recognition criteria must also be met before revenue is recognised:

Sale of Goods and Disposal of Assets - Revenue from the sale of goods and disposal of other assets is recognised when the consolidated entity has passed control of the goods or other assets to the buyer.

Contributions of Assets - Revenue arising from the contribution of assets is recognised when the consolidated entity gains control of the asset or the right to receive the contribution.

Interest Revenue - Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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for the year ended 30 June 2007

Dividend Revenue - Dividend revenue is recognised when the right to receive a dividend has been established. The consolidated entity brings dividend revenue to account on the applicable ex-dividend entitlement date.

Other Revenues - Other revenues are recognised on a receipts basis.

1.6. Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the notional income tax rate for each taxing jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses (if applicable).

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each taxing jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The amount of deferred tax assets benefits brought to account or which may be realised in the future, is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

1.7. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

1.8. Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Employer superannuation contributions are made by the consolidated entity in accordance with statutory obligations and are charged as an expense when incurred.

1.9. Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts (if any) are shown within short-term borrowings in current liabilities on the balance sheet.

1.10. Receivables

Trade and other receivables are recorded at amounts due less any provision for doubtful debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when considered non-recoverable.

1.11. Investments and Other Financial Assets

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

- A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: *Recognition and Measurement of Financial Instruments*. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables - Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

Held-to-maturity investments - These investments have fixed maturities, and it is the consolidated entity's intention to hold these investments to maturity. Any held-to-maturity investments held by the consolidated entity are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets - Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities - Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

At each reporting date, the consolidated entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

1.12. Fair value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the consolidated entity is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques. The consolidated entity may use a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the consolidated entity for similar financial instruments.

1.13. Property held for Resale

Property held for development and sale is valued at lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development are expensed.

Profits are brought to account on the signing of an unconditional contract of sale.

1.14. Property, Plant and Equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present value in determining recoverable amount.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate	Depreciation Method
Plant and Equipment	15-33.3%	Diminishing Value
Furniture and Equipment	15-20%	Diminishing Value
Leasehold Improvements	15%	Diminishing Value

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

1.15. Impairment of Assets

At each reporting date, the consolidated entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

1.16. Payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

1.17. Issued Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

1.18. Earnings Per Share

Basic Earnings per share is determined by dividing the operating result after income tax by the weighted average number of ordinary shares on issue during the financial period.

Diluted Earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial period.

1.19. Research and Development Costs

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably. Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

1.20. Business Combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The

excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer to note 1(t)). If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

1.21. Inventories

(i) Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. They include the transfer from equity of any gains losses on qualifying cash flow hedges relating to purchases of raw material. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(ii) Land held for resale/capitalisation of borrowing costs

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

1.22. Non-current assets (or disposal groups) held for sale and discontinued operations

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the income statement.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

1.23. Biological Assets

Biological assets are initially, and subsequent to initial recognition, measured at their fair value less any estimated point-of-sale costs. Gains or losses arising on initial or subsequent recognition are accounted for via the profit or loss for the period in which the gain or loss arises. Agricultural produce harvested from the biological assets shall be measured at its fair value less estimated point-of-sale costs at the point of harvest.

1.24. New standards and interpretations not yet adopted

The Consolidated entity has elected to early adopt the following pronouncements. No adjustments to any of the financial statements were required.

AASB reference	Title and Affected Standard(s):	Applies to:	Application date:
AASB 101 (revised Oct 2006)	Presentation of Financial Statements	Removes Australian specific paragraphs (economic dependence and where functional currency is different to presentation currency) and example formats for balance sheet and income statement in appendix.	Periods commencing on or after 1 January 2007
AASB 2007-1 (issued Feb 2007)	Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]	Consequential amendments to AASB 2: Share-based Payment arising from AASB Interpretation 11: AASB 2 – Group and Treasury Share Transactions. Affects equity transactions with employees whether shares given by / issued by shareholders or apparent entity.	Periods commencing on or after 1 March 2007
AASB 2007-4 (issued Apr 2007)	Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments [AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038]	Implements the proposals in ED 151: Australian additions to, and Deletions from, IFRSs. Changes to 34 standards. Introduction of new accounting policy choices and removal of various Australian-specific disclosure requirements (internationalising specific Australian treatments). Allows choice of reporting in cash flow statement from direct only to now include indirect, proportionate consolidation now allowed for joint ventures, tax reconciliation can now be done on tax rate basis, and changes to accounting for government grants.	Periods commencing on or after 1 July 2007
AASB Interpretation 10 (issued Sept 2006)	Interim Financial Reporting and Impairment AASB 134: Interim Financial Reporting, AASB 136: Impairment of Assets, and AASB 139: Financial Instruments: Recognition and Measurement	Prevents the reversal of impairment losses between interim and final reporting periods in respect of goodwill, investments in equity instruments, and financial assets carried at cost because fair value cannot be reliably determined.	Periods commencing on or after 1 November 2006
AASB Interpretation 11 (issued Feb 2007)	AASB 2 – Group and Treasury Share Transactions	Addresses the classification of a share-based payment transaction (as equity or cash settled) under AASB 2: Share-based Payment. It clarifies that when an entity's employees are granted rights to the entity's equity instruments either by the entity or its shareholders, the transactions are accounted for as equity-settled transactions. It also specifies the accounting in a subsidiary's financial statements for share-based payment arrangements involving equity instruments of the parent.	Periods commencing on or after 1 March 2007

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

1.25. New Standards And Interpretations Released But Not Yet Adopted

These new standards and interpretations have no impact on the financial statements and the associated notes to the financial statements.

AASB reference	Title and Affected Standard(s):	Applies to:	Application date:
AASB 7 (issued Aug 2005)	Financial Instruments: Disclosures	Significant new disclosures of financial instruments – replaces and expands parts of AASB 132. This new standard affects disclosure only and will have no impact on accounting policies.	Periods commencing on or after 1 January 2007
AASB 2005-10 (issued Sept 2005)	Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]	Changes to AASB 132 and 9 other standards arising from the issue of AASB 7 (see above). Amends AASB 101 to require the disclosure of the entity's objectives, policies and processes for managing capital (for reporting entities under Part 2M.3 of the Corps Act).	Periods commencing on or after 1 January 2007
AASB 2007-2 (issued Feb 2007)	Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]	Consequential amendments to 8 standards arising from AASB Interpretation 12: Service Concession Arrangements	Periods commencing on or after 1 January 2008
AASB 8 (issued Feb 2007)	Operating Segments	Disclosure of operating segments – replaces AASB 114: Segment Reporting. Applies to listed entities and similar only. Early adoption is permitted and likely to occur for many unlisted reporting entities to avoid segment reporting disclosures. Significantly changes the way segment information is given.	Periods commencing on or after 1 January 2009
AASB 2007-3 (issued Feb 2007)	Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]	Changes to 10 standards arising from the issue of AASB 8 (see above)	Periods commencing on or after 1 January 2009
AASB 2007-7 (issued Jun 2007)	Amendments to Australian Accounting Standards [AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 & AASB 128]	Makes editorial amendments to six Standards, removes the encouragement in AASB 107: Cash Flow Statements to adopt a particular format for the cash flow statement and deletes superseded implementation guidance accompanying AASB 4 Insurance Contracts.	Periods commencing on or after 1 July 2007
AASB Interpretation 12 (issued Feb 2007)	Service Concession Arrangements (recognition and measurement)	Addresses the accounting principles on recognising and measuring obligations and related rights for Service Concession Arrangements under which private sector entities participate in the development, financing, operation and maintenance of infrastructure for the provision of public services e.g. toll roads, airports	Periods commencing on or after 1 January 2008
AASB Int 129 (issued Feb 2007)	Service Concession Arrangements: Disclosures [revised]	Addresses the appropriate disclosures for Service Concession Arrangements e.g. toll roads, airports	Periods commencing on or after 1 January 2008
AASB Interpretation 4 (revised Feb 2007)	Determining whether an Arrangement contains a Lease [revised]	Determining whether an Arrangement contains a Lease. Treats lease-like arrangements as leases. The Interpretation's scope has been amended to exclude service concession arrangements because these are now covered by AASB Interpretation 12.	Periods commencing on or after 1 January 2008
AASB Interpretation 13	Customer Loyalty Programmes	The fair value of revenue is to be allocated between sales and reward credits resulting in a portion of revenue being deferred until reward credits redeemed.	Periods commencing on or after 1 January 2008

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

2. PROFIT FOR THE YEAR

Profit for the year includes the following items of revenue and expenses below. Included are the revenue and expenses of the discontinued operations of Hume Mining NL, formerly a subsidiary of Orion Equities Limited sold to Alara Uranium Limited on 18 May 2007 (refer to Note 5).

	Consolidated Entity		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
(a) Revenue from continuing operations				
Dividend received	657,621	484,241	391,976	256,744
Other income				
Proceeds from sale of resource projects	-	333,333	-	-
Proceeds from sale of subsidiary	1,562,500	-	-	-
Proceeds from sale of securities				
- investments portfolio	332,929	3,392,544	332,929	3,392,544
- trading portfolio	11,888,009	18,420,880	-	-
- options portfolio	49,200	137,579	-	-
Unrealised gains on fair value				
of investments through profit and loss	5	9,006,149	5,536,239	422,408
Income from sale of olives	58,095	-	-	-
Interest received - other	265,384	173,644	191,829	118,783
Other	56,906	27,660	2,867	5,600
	23,219,172	28,021,879	950,033	3,516,927
Share of Associate entities' profits	1,668,955	1,146,453	-	-
Total revenue	25,545,748	29,652,573	1,342,009	3,773,671
(b) Expenses				
Cost of resource projects sold	-	19,840	-	-
Cost of securities sold				
- non-current investments portfolio	678,867	2,912,982	678,867	2,912,982
- trading portfolio	9,047,290	16,552,241	-	-
- options portfolio	-	11,000	-	-
- brokerage cost	66,515	88,184	-	-
Unrealised loss on fair value of investments	-	21,143	-	21,143
Cost of olive grove operations	418,467	-	-	-
Operating expenses				
Occupancy expenses	74,383	46,385	22,691	24,605
Finance expenses	5	6,684	2,299	2,029
Borrowing costs - interest paid	56	1,462	56	35
Corporate expenses				
Consultancy	63,730	73,760	38,110	(6,140)
Professional fees	(4,941)	25,160	-	-
Other corporate expenses	5	71,365	63,372	37,845
Administration expenses				
Depreciation	78,303	12,300	4,857	5,183
Fixed assets write off	-	1,990	-	1,497
Personnel expenses - remuneration and other	803,234	535,233	238,570	272,953
Employee entitlements	77,585	22,890	29,079	15,477
Investment costs	29,245	26,482	-	4,504
Other administrative expenses	5	300,590	155,222	25,226
(Gain)/ loss on dilution	765	(134,406)	-	-
Loss from decrease in control of subsidiary				
after share issue by subsidiary	-	248,653	-	-
Exploration and evaluation expenses	5	79,708	62,065	-
	11,791,846	20,752,186	1,077,600	3,293,463

NOTES TO THE FINANCIAL STATEMENTS**for the year ended 30 June 2007****2. PROFIT (continued)**

(c) Sale of Assets	Note	Consolidated Entity		Company	
		2007	2006	2007	2006
Sale of assets in the ordinary course of business have given rise to the following net gains/(losses):		\$	\$	\$	\$
- resource projects		-	313,493	-	-
- subsidiary	5	1,562,500	-	-	-
- non-current investments portfolio		(345,938)	479,562	(345,938)	479,562
- trading portfolio		2,840,719	1,868,639	-	-
- options portfolio		49,200	126,579	-	-
		<u>4,106,481</u>	<u>2,788,273</u>	<u>(345,938)</u>	<u>479,562</u>

3. INCOME TAX EXPENSE

(a) The major components of income tax expense are:

Current income tax

Current income tax charge	1,895,081	(360,883)	-	-
(Over)/under provision in prior years	54,646	165,153	-	-

Deferred income tax

	2,681,926	1,565,412	12,626	-
	<u>4,631,653</u>	<u>1,369,682</u>	<u>12,626</u>	<u>-</u>

Income tax expense is attributable to:

Profit from continuing operations	5,423,566	485,864	-	-
(Loss)/Profit from discontinued operations	(791,913)	883,818	-	-
Aggregate income tax expense	<u>4,631,653</u>	<u>1,369,682</u>	<u>-</u>	<u>-</u>

(b) The prima facie income tax on profit is reconciled to the income tax provided in the accounts as follows:

Profit from continuing operations	16,398,805	5,967,159	264,409	480,208
(Loss)/Profit from discontinued operations	(2,644,903)	2,933,228	-	-
Profit for the year	<u>13,753,902</u>	<u>8,900,387</u>	<u>264,409</u>	<u>480,208</u>

Prima facie tax payable on profit before income tax of continuing operations at 30% (2006: 30%)

	4,919,642	1,790,148	79,323	144,062
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Permanent differences

Other assessable income	122,717	44,553	50,397	33,010
Other non-deductible items	9,617	18,699	163	1,161
Other deductible items	(5,181)			
Share of Associates' profits	(500,686)	(343,936)	-	-
(Gain)/Loss on dilution	229	(40,322)	-	-
Loss from decrease in control of subsidiary after share issue by subsidiary	-	74,596	-	-

Temporary differences

Other non-deductible items	232,497	5,616	36,093	2,202
Other deductible items	(41,973)	-	(24,164)	-
Net change in fair value adjustment	(2,701,845)	(1,654,529)	(126,723)	6,343

Recoupment of prior year tax losses brought to account

	(15,089)	(76,744)	(15,089)	(186,778)
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Income tax expense	2,019,928	(181,919)	-	-
Provision for deferred income tax	2,681,926	1,565,412	12,626	-
Under/(over) provision in prior years	54,646	165,153	-	-
Franking credits	(124,846)	(148,511)	-	-
Net income tax	<u>4,631,654</u>	<u>1,400,135</u>	<u>12,626</u>	<u>-</u>

The applicable weighted average effective tax rates are as follows:

	28%	23%	5%	1%
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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

3. INCOME TAX EXPENSE (continued)

	Consolidated Entity		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
(c) Deferred tax asset (at 30%) not brought to account				
On Income tax Account				
Other	106,975	25,269	36,093	25,269
Carry forward tax losses	238,912	211,937	254,001	211,937
On Capital Account				
Fair value loss adjustment	-	114,097	-	114,097
Carry forward tax losses	-	7,738	-	7,738

The Deferred Tax Asset not brought to account for the 2007 year will only be obtained if:

- (i) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realised;
- (ii) the Company continues to comply with the conditions for deductibility imposed by tax legislation; and
- (iii) the Company is able to meet the continuity of ownership and/or continuity of business tests.

4. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of key management personnel - directors

(consolidated and parent entity during the financial year)

Farooq Khan	Chairman & Managing Director
Michael van Rens	Non-Executive Director
Azhar Chaudhri	Non-Executive Director
Yaqoob Khan	Non-Executive Director

Details of other key management personnel (consolidated and company)

Victor Ho	Company Secretary
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	Consolidated Entity		Company	
	2007	2006	2007	2006
Number of employees (including key management personnel)	8	9	7	8

(b) Compensation of key management personnel

	Consolidated Entity		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Directors				
Short-term employee benefits - cash fees	355,159	195,398	161,890	170,000
Post-employment benefits - superannuation	35,854	12,600	20,710	12,600
Long-term benefits	-	-	-	-
Share-based payments	-	-	-	-
	391,013	207,998	182,600	182,600
Other key management personnel				
Short-term employee benefits - cash fees	94,146	91,000	32,572	31,000
Post-employment benefits - superannuation	8,472	8,190	2,931	2,790
Long-term benefits	-	-	-	-
Share-based payments	-	-	-	-
	102,618	99,190	35,503	33,790

The Company has taken advantage of the relief provided by Corporations Regulation 2M.6.04 and has transferred the detailed remuneration disclosures to the directors' report. The relevant information can be found in the remuneration report on pages 16 to 18.

(c) Shares, options and other equity instruments provided as compensation

There were no shares or options issued as compensation and no shares issued on the exercise of options or rights during the financial year. There were no other equity instruments issued as compensation and no other equity instruments issued on the exercise of options or rights during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

(d) Fully paid shareholdings of key management personnel

2007	Balance at 1 July 2006	Net Change Other	Balance at 30 June 2007
Directors			
Farooq Khan	11,014,081	276,175	11,290,256
Michael van Rens	279,799	-	279,799
Azhar Chaudhri	4,080,000	295,750	4,375,750
Yaqoob Khan	11,014,081	276,175	11,290,256
Other key management personnel			
Victor Ho	23,100	-	23,100
2006	Balance at 1 July 2005	Net Change Other	Balance at 30 June 2006
Directors			
Farooq Khan	11,841,031	(826,950)	11,014,081
Michael van Rens	323,549	(43,750)	279,799
Azhar Chaudhri	4,906,950	(826,950)	4,080,000
Yaqoob Khan	11,841,031	(826,950)	11,014,081
Other key management personnel			
Victor Ho	23,100	-	23,100

(e) Partly paid shareholdings of key management personnel

2007	Balance at 1 July 2006	Net Change Other	Balance at 30 June 2007
Directors			
Farooq Khan	20,000,000	-	20,000,000
Michael van Rens	-	-	-
Azhar Chaudhri	20,000,000	-	20,000,000
Yaqoob Khan	20,000,000	-	20,000,000
Other key management personnel			
Victor Ho	-	-	-
2006	Balance at 1 July 2005	Net Change Other	Balance at 30 June 2006
Directors			
Farooq Khan	20,000,000	-	20,000,000
Michael van Rens	-	-	-
Azhar Chaudhri	20,000,000	-	20,000,000
Yaqoob Khan	20,000,000	-	20,000,000
Other key management personnel			
Victor Ho	-	-	-

The disclosures of equity holdings above are in accordance with the accounting standards which requires a disclosure of direct and indirect holdings of spouses, relatives, spouses of relatives and entities under the control or significant influence of each of the same. here are instances of some overlap between disclosed holdings of Farooq Khan, Yaqoob Khan and Azhar Chaudhri.

In respect of equity instruments (other than options and rights), there were none granted during the reporting period as compensation or received during the reporting period on exercise of options or rights.

(f) Option holdings of key management personnel (consolidated and parent entity)

The Company does not have any options on issue.

(g) Loans to key management personnel

There were no loans to key management personnel (or their personally related entities) during the financial year.

(h) Other transactions with key management personnel

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

5. DISCONTINUED OPERATIONS

On 18 May 2007, controlled entity Orion Equities Limited (OEO) disposed of its uranium mining interests via the sale of its subsidiary, Hume Mining NL, thereby discontinuing its uranium exploration operations, in consideration for the issue of 6,250,000 ordinary shares in Alara, valued at \$1.56 million. Alara completed its initial public offering of \$10 million at \$0.25 per share and commenced trading (ASX Code: AUQ) on ASX on 24 May 2007. Financial information relating to the discontinued subsidiary from 1 July 2006 to the date of cessation is set out below.

Financial information relating to the discontinued operation, which has been incorporated into the Income Statement, is as follows:	Consolidated Entity		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Revenue	-	2,975,834	-	-
Expenses	(2,644,903)	(42,606)	-	-
Profit/(Loss) before income tax	(2,644,903)	2,933,228	-	-
Income tax expense	791,913	(883,818)	-	-
Profit/(Loss) after income tax	(1,852,990)	2,049,410	-	-
Gain on sale of subsidiary	1,562,500	-	-	-
Income tax expense	(468,750)	-	-	-
Gain on sale of subsidiary after tax	1,093,750	-	-	-

The carrying amounts of assets and liabilities of the operation at the date of cessation were:

Total assets	-	3,009,245	-	-
Total liabilities	(11)	(969,226)	-	-
Net asset	(11)	2,040,019	-	-

The net cash flows of the business, which have been incorporated into the Cash Flows Statement, are as follows:

Net cash outflow from operating activities	(25,634)	(94,664)	-	-
Net cash inflow from investing activities	27,896	91,415	-	-
Net increase/(decrease) in cash from businesses	2,262	(3,249)	-	-

6. AUDITORS REMUNERATION

Auditor of the parent entity

Auditing of the financial report	34,113	35,581	12,386	17,840
Other services	-	165	-	-
	34,113	35,746	12,386	17,840

7. DIVIDENDS

Declared and paid during the year

Dividends on ordinary shares

	Date paid				
by OEO - 1.5 cents per share fully franked	07-Apr-06	-	138,846	-	-
by OEO - 1.5 cents per share fully franked	13-Oct-05	-	138,846	-	-
by QUE - 0.5 cents per share fully franked	07-Apr-06	-	147,024	-	147,024
by OEO - 3 cents per share fully franked	19-Oct-06	277,688	-	-	-
by OEO - 1.5 cents per share fully franked	15-Mar-07	138,845	-	-	-
by QUE - 0.5 cent per share fully franked	29-Sep-06	147,024	-	147,024	-
by QUE - 0.5 cent per share fully franked	15-Mar-07	147,024	-	147,024	-
		710,581	424,716	294,048	147,024

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

Dividends declared post balance date		Consolidated Entity		Company	
<u>Dividends on ordinary shares</u>	Date paid	2007	2006	2007	2006
		\$	\$	\$	\$
by QUE - 0.5 cent per share fully franked	29-Sep-06	-	147,024	-	147,024
by OEQ - 3 cents per share fully franked	19-Oct-06	-	534,432	-	-
by QUE - 0.25 cent per share fully franked	21-Sep-07	73,512	-	73,512	-
by OEQ - 2.0 cents per share fully franked	21-Sep-07	356,288	-	-	-

Franking credit balance	1,812,007	1,186,057	159,248	159,343
Balance of franking account at year end adjusted for franking credits arising from:				
Payment of provision for income tax	1,116,710	452,190	-	-
Franking debits arising from payment of proposed dividends	(184,200)	(292,053)	(31,505)	(63,010)
	<u>2,744,517</u>	<u>1,346,194</u>	<u>127,743</u>	<u>96,333</u>

8. EARNINGS PER SHARE	Consolidated Entity		Company	
	2007	2006	2007	2006
Basic earnings per share (cents)	18.8	12.0	0.9	1.6
Diluted earnings per share (cents)	11.4	7.3	0.5	1.0

(a) Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Net Profit (\$)	5,539,758	3,527,773	251,783	480,208
Weighted average number of ordinary shares	29,404,879	29,404,879	29,404,879	29,404,879

- (i) The Company's partly paid shares, to the extent that they have been paid (one cent per share), have been included in the determination of the basic earnings per share.

The Company's partly paid shares, to the extent of the balance of the call (19 cents per share), have not been included in the determination of basic earnings per share. These securities are included in the determination of diluted earnings per share on the basis that each partly paid share will become fully paid.

(b) Diluted earnings per share

The earnings and weighted average number of ordinary and potential ordinary shares used in the calculation of diluted earnings per share are as follows:

	Consolidated Entity		Company	
	2007	2006	2007	2006
Net Profit (\$)	5,539,758	3,527,773	251,783	480,208
Weighted average number of ordinary shares (i)	48,404,879	48,404,879	48,404,879	48,404,879

- (i) The weighted average number of ordinary shares and potential ordinary shares used in calculation of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	2007	2006
	No.	No.
Weighted average number of ordinary shares used in the calculation of basic EPS	29,404,879	29,404,879
Portion of partly-paid ordinary shares that remain unpaid	19,000,000	19,000,000
Weighted average number of ordinary shares used in the calculation of diluted EPS	<u>48,404,879</u>	<u>48,404,879</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

9. CASH AND CASH EQUIVALENTS	Consolidated Entity		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Cash at bank	3,754,355	1,269,630	3,128,664	166,972
Term deposit	25,543	24,555	25,543	24,555
Bank Bills	994,507	2,970,033	-	2,970,033
	<u>4,774,405</u>	<u>4,264,218</u>	<u>3,154,207</u>	<u>3,161,560</u>

The effective interest rate on short term deposits and bank bills was 6.1% (2006: 5.7%); these deposits have an average maturity of a month.

(a) Reconciliation of Net Profit after Tax to Net Cash Flows from Operations

	Consolidated Entity		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Operating income after tax	9,914,161	6,646,887	251,783	480,208
Depreciation	78,303	12,300	4,857	5,183
Net unrealised loss/(gain) on revaluation of share investments	(9,006,149)	(5,515,096)	(422,408)	21,143
Fixed assets write off	-	1,990	-	1,497
Gain on sale of investment	345,938	(479,562)	345,938	(479,562)
(Gain)/ loss on dilution	765	-	-	-
Share of Associate Companies' profits	(1,668,955)	(1,146,453)	-	-
Increase/ (decrease) in income tax payable	187,755	428,839	12,626	-
Increase/ (decrease) in deferred tax asset	2,681,926	1,565,412	-	-
(Increase)/decrease in assets:				
Receivables	498,504	(380,890)	92,696	(160,010)
Investments	47,311	925,638	-	-
Inventory	(646,864)	-	-	-
Other assets	2,112	15,246	1,029	(136)
Increase/(decrease) in liabilities:				
Payables	1,467,970	(209,892)	12,845	(23,773)
Provision	77,585	22,890	29,079	15,477
Net cash flows provided by operating activities	<u>3,980,362</u>	<u>1,887,309</u>	<u>328,445</u>	<u>(139,973)</u>

(b) Disclosure of non-cash financing and investing activities

On 18 May 2007, controlled entity Orion Equities Limited completed the sale of its uranium tenement interests in the Northern Territory and Western Australia to Alara Uranium Limited (**Alara**) (ASX Code: AUQ) through the sale of its wholly owned subsidiary Hume Mining NL in consideration for 6.25 million Alara shares. After successfully completing a \$10 million Initial Public Offering (**IPO**) (at \$0.25 per share) in May 2007, Alara was admitted to the Official List of the ASX and AUQ shares commenced trading on ASX on 24 May 2007.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

10. TRADE AND OTHER RECEIVABLES

	Consolidated Entity		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Current Asset				
Amounts receivable from				
Deposits	935	935	935	935
Receivables on sale of investments	-	440,474	-	-
Amounts receivable from related parties (Note 24)	37,124	97,602	37,124	16,304
Other receivables	86,040	156,411	24,483	137,997
GST receivable	72,822	-	-	-
	<u>196,921</u>	<u>695,422</u>	<u>62,542</u>	<u>155,236</u>
Non Current Asset				
Tenancy bonds and deposits	32,823	32,823	-	-

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

Investments in listed companies comprise:

Listed investments at fair value	14,676,537	11,005,112	152,390	-
Listed investments (suspended from ASX) - at cost	12,304	415,171	12,304	415,171
Less: Directors' valuation	(12,304)	(380,322)	(12,304)	(380,322)
	<u>-</u>	<u>34,849</u>	<u>-</u>	<u>34,849</u>
Unlisted options in listed corporations at cost	10,000	10,000	-	-
Add: net change in fair value	6,401,507	1,621,666	-	-
	<u>6,411,507</u>	<u>1,631,666</u>	<u>-</u>	<u>-</u>
	<u>21,088,044</u>	<u>12,671,627</u>	<u>152,390</u>	<u>34,849</u>

Changes in fair value of financial assets at fair value through the profit and loss are recorded in income (Note 2(a))

12. INVENTORIES

	Consolidated Entity		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Current				
Olive oil - work in progress - at cost	646,864	-	-	-
Non Current				
Property held for development and resale	3,821,038	3,821,038	-	-

13. OTHER CURRENT ASSET

Prepayments	-	2,112	-	1,029
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14. AVAILABLE FOR SALE ASSET

Shares in controlled entities - at cost	-	-	2,849,766	2,849,766
Net change in fair value	-	-	8,746,496	3,440,457
	<u>-</u>	<u>-</u>	<u>11,596,262</u>	<u>6,290,223</u>
Market value of listed securities	-	-	11,596,262	4,484,042

(a) Investment in Controlled Entities

	Ownership Interest	
	2007	2006
Orion Equities Limited (A.C.N. 000 742 843) (OEQ)	48.04%	48.04%

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name of Associate	Principal Activity	Ownership Interest		Carrying Amount	
		2007	2006	2007	2006
				\$	\$
Bentley International Limited (BEL)	Investments	28.38%	27.93%	4,626,964	4,357,549
Scarborough Equities Limited (SCB)	Investments	28.22%	27.86%	7,012,570	5,368,821
				<u>11,639,534</u>	<u>9,726,370</u>

On 5 July 2006, OEQ purchased 7,335 shares in SCB for \$6,656. On 31 August 2006, OEQ received 299,098 shares in BEL for \$109,769 and 151,223 shares in SCB for \$127,784 when it participated in the respective BEL and SCB Dividend Reinvestment Plans.

	2007	2006
	\$	\$
Movement in Investments in Associates		
Shares in listed Associate entities brought forward	9,726,370	7,085,260
Share of profit before income tax expense	2,577,652	1,869,980
Share of income tax expense	(426,992)	(380,427)
Dividends received	(481,705)	(343,100)
Acquisition of shares	244,209	1,494,657
Carrying amount at the end of the financial year	<u>11,639,534</u>	<u>9,726,370</u>

Fair value of listed investments in associates

Bentley International Limited	4,397,645	4,226,113
Scarborough Equities Limited	5,776,706	5,316,972
	<u>10,174,351</u>	<u>9,543,085</u>

Net tangible asset value of listed investments in associates

Bentley International Limited	5,705,009	5,413,926
Scarborough Equities Limited	6,923,972	5,273,306
	<u>12,628,981</u>	<u>10,687,232</u>

Share of Associates' profits

Profit before income tax	2,577,652	1,869,980
Income tax expense	(426,992)	(380,427)
Profit after income tax	<u>2,150,660</u>	<u>1,489,553</u>

Summarised Financial Position of Associates

	Group share of:			
	Bentley International Limited		Scarborough Equities Limited	
	2007	2006	2007	2006
	\$	\$	\$	\$
Current assets	5,835,090	5,461,429	2,130,829	1,025,519
Non current assets	1,749	2,527	5,504,145	4,716,645
Total assets	<u>5,836,839</u>	<u>5,463,955</u>	<u>7,634,974</u>	<u>5,742,164</u>
Current liabilities	(131,830)	(50,030)	(42,064)	(22,170)
Non current liabilities	-	-	(668,938)	(446,688)
Total liabilities	<u>(131,830)</u>	<u>(50,030)</u>	<u>(711,002)</u>	<u>(468,858)</u>
Net assets	<u>5,705,009</u>	<u>5,413,926</u>	<u>6,923,972</u>	<u>5,273,306</u>
Revenues	995,411	791,176	2,745,757	1,920,920
Profit after income tax of associates	<u>382,154</u>	<u>538,998</u>	<u>1,768,506</u>	<u>950,555</u>

Scarborough Equities Limited and Bentley International Limited - Lease Commitments

SCB and BEL have the same lease commitments disclosed in note 27(a)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

16. PROPERTY, PLANT AND EQUIPMENT

<u>CONSOLIDATED ENTITY</u>	Freehold Land	Buildings on Freehold Land	Plant and Equipment	Leasehold Improve- ments	Total
2007	\$	\$	\$	\$	\$
Carrying amount at beginning	-	-	44,944	15,634	60,578
Additions	861,214	110,000	1,189,099	728	2,161,041
Depreciation expense	-	(2,758)	(73,155)	(2,390)	(78,303)
Assets disposed of	-	-	(889)	-	(889)
Carrying amount at balance date	861,214	107,242	1,159,999	13,972	2,142,427
At 1 July 2006					
Cost	-	-	134,199	43,575	177,774
Accumulated depreciation and impairment	-	-	(89,255)	(27,941)	(117,196)
Net carrying amount	-	-	44,944	15,634	60,578
At 30 June 2007					
Cost	861,214	110,000	1,320,894	44,305	2,336,413
Accumulated depreciation and impairment	-	(2,758)	(160,895)	(30,333)	(193,986)
Net carrying amount	861,214	107,242	1,159,999	13,972	2,142,427
2006					
Carrying amount at beginning			35,206	18,393	53,599
Additions			21,269	-	21,269
Depreciation expense			(9,541)	(2,759)	(12,300)
Assets disposed of			(1,990)	-	(1,990)
Carrying amount at balance date			44,944	15,634	60,578
At 1 July 2005					
Cost			263,773	43,575	307,348
Accumulated depreciation and impairment			(228,567)	(25,182)	(253,749)
Net carrying amount			35,206	18,393	53,599
At 30 June 2006					
Cost			134,199	43,575	177,774
Accumulated depreciation and impairment			(89,255)	(27,941)	(117,196)
Net carrying amount			44,944	15,634	60,578
The consolidated entity holds a property held for redevelopment and resale described in Note 12 (Inventories)					
<u>COMPANY</u>					
2007					
Carrying amount at beginning			18,394	7,817	26,211
Additions			1,220	347	1,567
Depreciation expense			(3,663)	(1,194)	(4,857)
Assets disposed of			(889)	-	(889)
Carrying amount at balance date			15,062	6,970	22,032
At 1 July 2006					
Cost			64,022	21,787	85,809
Accumulated depreciation and impairment			(45,628)	(13,970)	(59,598)
Net carrying amount			18,394	7,817	26,211

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

16. PROPERTY, PLANT AND EQUIPMENT (continued)

	Plant and Equipment	Leasehold Improve- ments	Total
	\$	\$	\$
At 30 June 2007			
Cost	64,353	22,135	86,488
Accumulated depreciation and impairment	(49,291)	(15,165)	(64,456)
Net carrying amount	15,062	6,970	22,032
2006			
Carrying amount at beginning	17,867	9,197	27,064
Additions	5,827	-	5,827
Depreciation expense	(3,803)	(1,380)	(5,183)
Obsolete assets disposed and written off	(1,497)	-	(1,497)
Carrying amount at balance date	18,394	7,817	26,211
At 1 July 2005			
Cost	80,077	21,787	101,864
Accumulated depreciation and impairment	(62,210)	(12,590)	(74,800)
Net carrying amount	17,867	9,197	27,064
At 30 June 2006			
Cost	64,022	21,787	85,809
Accumulated depreciation and impairment	(45,628)	(13,970)	(59,598)
Net carrying amount	18,394	7,817	26,211

	Consolidated Entity		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
17. OLIVE TREES				
Olive trees - at cost	300,000	-	-	-

Nature of asset

On 21 February 2007, Koorian Olives Pty Ltd (formerly OEQO Pty Ltd (a wholly owned subsidiary of Orion Equities Limited incorporated on 7 July 2006)) settled on the acquisition of a 143 hectare property in Gingin, Western Australia (approximately 100 kilometres north of Perth) comprising the Koorian Olive Grove (which has approximately 64,500, 8 year old olive tree plantings), certain grove related equipment/infrastructure and an approximately one gigalitre water licence and related bore assets, in consideration of payment of approximately \$2.6 million. The portion of the consideration ascribed to the olive trees was \$300,000.

	Consolidated Entity		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
18. RESOURCE PROJECTS				
Deferred Exploration Expenditure				
Balance at beginning of the year	-	15,622	-	-
Direct expenditure	79,708	4,217	-	-
Direct expenditure written off	(79,708)	-	-	-
Sale of tenements	-	(19,839)	-	-
Balance at end of the year	-	-	-	-

19. INTANGIBLES

	2007	2006	2007	2006
	\$	\$	\$	\$
VoiceNet System VoIP Technology - at cost	2,000,000	2,000,000	2,000,000	2,000,000
Less: Provision for impairment	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
	-	-	-	-
Water licence (Koorian Olives -one gigalitre) - at cost	250,000	-	-	-
	250,000	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

20. TRADE AND OTHER CREDITORS	Consolidated Entity		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Trade creditors	657,586	35,330	5,526	749
Payables on purchase of investments	715,943	-	-	-
Other creditors and accruals	397,483	189,610	138,884	101,219
Dividend payable	28,380	28,502	-	-
GST payable	7,720	8,237	7,720	8,237
	<u>1,807,112</u>	<u>261,679</u>	<u>152,130</u>	<u>110,205</u>

21. TAX**Current tax liabilities**

Provision for income tax	726,615	538,860	-	-
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Non Current tax liabilities

Deferred tax on fair value gain adjustments	4,481,600	1,799,674	2,636,575	1,032,137
	<u>5,208,215</u>	<u>2,338,534</u>	<u>2,636,575</u>	<u>1,032,137</u>

ReconciliationsGross movement

The overall movement in the deferred tax account is as follows:

Opening balance	1,799,674	234,262	1,032,137	1,976,206
Charged to income statement	2,681,926	1,565,412	12,626	-
Charged directly to equity	-	-	1,591,812	(944,069)
Closing balance	<u>4,481,600</u>	<u>1,799,674</u>	<u>2,636,575</u>	<u>1,032,137</u>

Deferred tax asset - fair value adjustments

The movement in deferred tax asset for each temporary difference during the year are as follows:

Opening balance	-	227,053	-	-
Charged to income statement	-	(227,053)	-	-
Closing balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Deferred tax liability - fair value adjustments

The movement in deferred tax liability for each temporary difference during the year are as follows:

Opening balance	1,799,674	7,209	1,032,137	1,976,206
Charged to income statement	2,681,926	1,792,465	12,626	-
Charged directly to equity	-	-	1,591,812	(944,069)
Closing balance	<u>4,481,600</u>	<u>1,799,674</u>	<u>2,636,575</u>	<u>1,032,137</u>

22. CONTRIBUTED EQUITY**Issued and Paid-Up Capital**

28,404,879 (2006: 28,404,879) fully paid ordinary shares	5,887,927	5,887,927	5,887,927	5,887,927
20,000,000 (2006: 20,000,000) partly paid ordinary shares	200,000	200,000	200,000	200,000
	<u>6,087,927</u>	<u>6,087,927</u>	<u>6,087,927</u>	<u>6,087,927</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

22. CONTRIBUTED EQUITY (continued)

(a) Movement in Issued Ordinary Share Capital	Number of shares	Company	
		2007	2006
(i) Fully paid ordinary shares			
At 1 July	28,404,879	5,887,926	5,887,926
	-	-	-
At 30 June	28,404,879	5,887,926	5,887,926

There were no movements during the period for fully paid ordinary shares.

(ii) Partly paid ordinary shares

There were no movements during the year for partly paid ordinary shares.

The Company's 20,000,000 unlisted partly paid ordinary shares are each paid to one cent with 19 cents per share outstanding.

At any meeting, each shareholder present in person or by proxy, attorney or representative has one vote for each ordinary fully paid share held either upon a show of hands or by a poll. Holders of partly paid 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 which the amount actually paid (not credited) for that share is of the total amounts paid and payable (excluding amounts credited) for that share. Amounts paid in advance of a call are ignored when calculating proportions. The holder of a partly paid share is not entitled to vote at a meeting in respect of those shares on which calls are outstanding. No voting rights are attached to the Company's options on issue.

The profits of the Company, which the Directors may from time to time determine to distribute to shareholders by way of a dividend, will be divisible amongst the shareholders in proportion to the amounts paid on the shares held by them. 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 entitlement to dividends for such share.

23. RESERVES	Consolidated Entity		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Option Premium Reserve	2,138,012	2,138,012	2,138,012	2,138,012
Available for sale investment reserve				
Balance at beginning of the year	-	-	2,408,319	-
Adjustment on adoption of AASB 132 and 139	-	-	-	1,779,467
Deferred tax liability movement	-	-	(1,591,812)	(533,840)
Available for sale reserve brought to account	-	-	816,507	1,245,627
Net change in OEQ's fair value	-	-	5,306,039	1,162,692
Balance at end of financial period	-	-	6,122,546	2,408,319
	2,138,012	2,138,012	8,260,558	4,546,331

The Option Premium Reserve comprised consideration received on the issue of options in prior years which have lapsed.

The Available for Sale Investment Reserve relates to a revaluation of the Company's investment in OEQ based on AASB 139: Financial Instruments: Recognition and Measurement to a carrying value of \$11,596,262 at Balance Date.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

24. RELATED PARTY DISCLOSURES

The following provides the total amount of transactions that were entered into with related parties for the relevant financial year.

(a) Transactions with related parties	Note	Consolidated Entity		Company	
		2007	2006	2007	2006
<i>Dividends revenue</i>		\$	\$	\$	\$
Orion Equities Limited (OEQ)		385,116	256,744	385,166	256,744
(b) Outstanding balances					
<i>Subsidiary</i>					
Orion Equities Limited (OEQ)	10	-	-	-	16,304
<i>Associates of Orion Equities Limited</i>					
Bentley International Limited (BEL)	10	-	60,425	-	-
Scarborough Equities Limited (SCB)	10	37,124	37,177	37,124	-

The Company owns 48% of the ordinary shares in the OEQ. BEL and SCB are associate entities of OEQ. During the financial year, there were transactions between the Company, OEQ, BEL and SCB, pursuant to shared office and administration expense arrangements on a cost recovery basis. Interest is not charged on such outstanding amounts.

25. CONSOLIDATED SEGMENT REPORTING

The Consolidated Entity operates predominantly within Australia in the investment and resource sectors and in olive grove operations. The Consolidated Entity has resource project interests in Indonesia and Pakistan.

BUSINESS SEGMENT

Segment Revenues & Results	Segment revenue		Segment result	
	2007	2006	2007	2006
	\$	\$	\$	\$
Investments	21,987,948	27,993,543	12,165,266	9,413,717
Resources	1,562,500	333,333	1,482,792	251,428
Olive grove operations	58,095	-	(360,372)	-
Share of associates' profit	1,668,955	1,146,453	1,668,955	-
Unallocated	268,250	179,244	(1,202,739)	(764,758)
Total segment revenue (Note 2)	<u>25,545,748</u>	<u>29,652,573</u>		
Profit before income tax			13,753,902	8,900,387
Income tax expense (Note 3)			(4,631,654)	(2,253,500)
Profit after income tax			<u>9,122,248</u>	<u>6,646,887</u>

Segment Assets & Liabilities	Segment Assets		Segment liabilities	
	2007	2006	2007	2006
	\$	\$	\$	\$
Investments	36,548,616	26,659,509	(5,197,542)	(1,799,674)
Resources	-	-	-	-
Olive grove operations	3,666,848	-	(651,549)	-
Unallocated	4,676,592	4,614,679	(1,166,236)	(800,539)
	<u>44,892,056</u>	<u>31,274,188</u>	<u>(7,015,327)</u>	<u>(2,600,213)</u>

Other	Investments		Resources		Olive grove operations	
	2007	2006	2007	2006	2007	2006
	\$	\$	\$	\$	\$	\$
Acquisition of segment assets	5,935,246	11,624,134	-	-	2,707,989	-
Other non-cash expenses						
- Unrealised gains on securities	9,006,149	5,557,382	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

GEOGRAPHICAL SEGMENT	Acquisitions of				
	segment assets	Segment revenue	Segment results	Segment Assets	Segment Liabilities
	2007	2007	2007	2007	2007
	\$	\$	\$	\$	
Australia	8,643,235	25,545,748	13,830,503	44,892,056	(7,015,327)
Pakistan	-	-	(71,874)	-	-
Indonesia	-	-	(4,727)	-	-
	<u>8,643,235</u>	<u>25,545,748</u>	<u>13,753,902</u>	<u>44,892,056</u>	<u>(7,015,327)</u>

26. FINANCIAL INSTRUMENTS

The consolidated entity's financial instruments mainly consist of investments in listed and unlisted securities, deposits with banks, accounts receivable and payable and loans to related parties. The main risks arising from the consolidated entity's financial instruments are interest rate risk, credit risk, exchange rate risk, market price risk and liquidity risk.

(a) Interest Rate Risk Exposure

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The consolidated entity's exposure to market risk for changes in interest rates relate primarily to investments held in interest bearing instruments. The consolidated entity has no borrowings. The effective weighted average interest rates on classes of financial assets and financial liabilities, are as follows:

	Average Interest Rate	Variable Interest Rate	Fixed Interest Rate (less than 1 year)	Non-Interest Bearing	Total
		\$	\$	\$	\$
2007					
Financial assets					
Cash	6.07%	3,754,355	1,020,050	-	4,774,405
Receivables		-	-	229,744	229,744
Investments		-	-	21,088,044	21,088,044
		<u>3,754,355</u>	<u>1,020,050</u>	<u>21,317,788</u>	<u>26,092,193</u>
Financial liabilities					
Payables		-	-	(1,807,112)	(1,807,112)
Net financial assets		<u>-</u>	<u>-</u>	<u>(1,807,112)</u>	<u>(1,807,112)</u>
Net financial assets		<u>3,754,355</u>	<u>1,020,050</u>	<u>19,510,676</u>	<u>24,285,081</u>
2006					
Financial assets					
Cash	5.70%	1,269,630	2,994,588	-	4,264,218
Receivables	7.00%	-	19,012	709,233	728,245
Investments		-	-	12,671,627	12,671,627
		<u>1,269,630</u>	<u>3,013,600</u>	<u>13,380,860</u>	<u>17,664,090</u>
Financial liabilities					
Payables		-	-	(261,679)	(261,679)
		<u>-</u>	<u>-</u>	<u>(261,679)</u>	<u>(261,679)</u>
Net financial assets		<u>1,269,630</u>	<u>3,013,600</u>	<u>13,119,181</u>	<u>17,402,411</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

Reconciliation of net financial assets to net assets	Consolidated Entity	
	2007	2006
Net financial assets as above	24,285,081	17,402,411
Non-financial assets and liabilities		
Investments in Associate companies	11,639,534	9,726,370
Inventory	4,467,902	3,821,038
Property, plant and equipment	2,142,427	60,578
Olive trees	300,000	-
Intangibles	250,000	-
Other assets	-	2,112
Net tax liabilities	(5,208,215)	(2,338,534)
Net Assets per Balance Sheet	<u>37,876,729</u>	<u>28,673,975</u>

(b) Credit Risk Exposure

Credit risk refers to the risk that a counterparty under a financial instrument will default (in whole or in part) on its contractual obligations resulting in financial loss to the consolidated entity. Concentrations of credit risk are minimised primarily by undertaking appropriate due diligence on potential investments, carrying out all market transactions through approved brokers, settling non-market transactions with the involvement of suitably qualified legal and accounting personnel (both internal and external), and obtaining sufficient collateral or other security (where appropriate) as a means of mitigating the risk of financial loss from defaults.

Market prices of listed financial instruments generally incorporate credit assessments into valuations and risk of loss is implicitly provided or in the carrying value of such assets in the financial statements as they are marked to market at balance date. The consolidated entity measures credit risk on a fair value basis. The carrying amount of financial assets recorded in the financial statements, net of any provision for losses, represents the consolidated entity's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained (if any).

(c) Market Price Risk Exposure

Market price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments in the market. Market risk is minimised through ensuring that investment activities are undertaken in accordance with Board established mandate limits and investment strategies. The Company is subject to market price. Similarly, by its nature as a listed investment company, controlled entity, Orion Equities Limited, will always be subject to market risk as it invests its capital in securities that are not risk free - the market price of these securities can and will fluctuate. Orion Equities Limited does not manage this risk through entering into derivative contracts, futures, options or swaps.

(d) Foreign Currency Risk

The consolidated entity is exposed to foreign currency risk on cash held by the Company and a controlled foreign entity, foreign resource project investment commitments and exploration and evaluation expenditure on foreign resource projects. The currency risk giving rise to this risk is primarily US dollars. The consolidated entity has not entered into any forward exchange contracts as at balance date and is currently fully exposed to foreign exchange risk.

(e) Liquidity Risk Exposure

Liquidity risk is the risk that the consolidated entity will encounter difficulty in meeting obligations associated with financial liabilities. The consolidated entity has no borrowings. The consolidated entity's non-cash investments can be realised to meet accounts payable arising in the normal course of business.

Net Fair Value of Financial Assets and Liabilities

The net fair value of the financial assets and financial liabilities approximates their carrying value except for investments in securities and available for sale asset, details of which are set out in Note 11 and Note 14 respectively.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

27. COMMITMENTS

	Consolidated Entity		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
(a) Lease Commitments				
Non-cancellable operating lease commitments:				
Not longer than one year	49,920	49,920	24,960	24,960
Between 12 months and 5 years	199,680	199,680	99,840	99,840
Greater than 5 years	49,920	99,840	24,960	49,920
	<u>299,520</u>	<u>349,440</u>	<u>149,760</u>	<u>174,720</u>

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

(b) Exploration Tenement Leases - Commitments for Expenditure

Orion Equities Limited and controlled entities

(i) In order to maintain current rights of tenure to its Australian exploration tenements, the consolidated entity is required to outlay lease rentals and meet minimum expenditure commitments. Based on tenements which have been granted as at the date of this report, the consolidated entity has a 12 month commitment of \$45,154.

(ii) The consolidated entity also has exploration and evaluation commitments in relation to mineral licences held or applied for (upon grant) in Pakistan. The consolidated entity previously held a reconnaissance licence (RL) over a 5,000 square kilometre area in the Chitral Region, North-West Frontier Province, Pakistan, prospective for gold and copper. There was a US\$250,000 expenditure commitment under the terms of such licence within the first 12 months; A\$71,874 was actually incurred on the RL during the financial year; however, an application for an exploration licence over 493 square kilometres in this RL area was filed in March 2007 prior to the expiry of this RL. The consolidated entity has also recently applied for another RL in the province of 3,000 square kilometres and a similar US\$250,000 expenditure commitment is expected to apply to this RL upon its grant. As at the date of this report, the EL and new RL applications have not been granted.

The consolidated entity's financial commitments for subsequent periods are contingent upon future exploration and evaluation results and cannot be estimated. These obligations are subject to renegotiation upon expiry of the tenement lease or when application for a mining lease is made and have not been provided for in the accounts.

28. CONTINGENT LIABILITIES AND ASSETS

(a) Directors' Deeds

The Company and Orion Equities Limited have entered into deeds of indemnity with each of their Directors indemnifying them against liability incurred in discharging their duties as directors/officers. At the end of the financial year, 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.

The Company does not have any other material contingent assets or liabilities at Balance Date.

Orion Equities Limited and controlled entities

(b) Cooperation Agreement - Berau Coal Project (East Kalimantan, Indonesia)

On 27 June 2007, Orion Indo Operations Pty Ltd (**OIO**) and its Indonesian subsidiary PT Orion Indo Mining (**PTOIM**) reached agreement with Strike Operations Pty Ltd (**SOPL**) and its Indonesian subsidiary PT Indo Batubara (**PTIB**) for PTIB to assign a 70% interest in the Berau Coal Project to PTOIM; PTOIM has agreed to assume the obligations (effective from 19 June 2007) under an original cooperation agreement with the vendor, PT Kaltim Jaya Bara (**KJB**); PTIB's 30% interest is free-carried until a decision to mine is made by PTOIM.

By the original cooperation agreement dated 12 April 2007 between SOPL, PTIB and KJB, PTIB had acquired the right to exclusively conduct general survey activities, explore for, exploit, mine and sell coal and methane gas and other minerals in the concession area of 5,000 hectares located approximately 40 kilometres south-west of Tanjungredeb (Berau) and approximately 350 kilometres north of Balikpapan (the capital city of Kalimantan).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

Orion Equities Limited and controlled entities (continued)

(b) Cooperation Agreement - Berau Coal Project (East Kalimantan, Indonesia) (continued)

Under the terms of the original cooperation agreement, PTOIM has the following future payment and royalty obligations to KJB:

- (i) Three staged cash payments totalling US\$0.50 million over a 12 month period; and
- (ii) Royalties of between US\$1.00 to \$4.00 per dry metric tonne of coal mined and sold from the concession area, depending on the calorific value of the coal (ranging from 5,000 to 6,000 KCal and above) and the waste to ore ratio incurred in mining operations.

If PTIB elects not to contribute to expenditure after a decision to mine is made by PTOIM, its interest in the project shall be diluted on a pro-rata basis. If PTIB's interest is diluted to below 10%, PTIB's interest shall be transferred to PTOIM in consideration for a royalty to PTIB of 7.5% of net profits derived from coal resources produced and sold.

PTOIM (as assignee) is entitled to terminate the original cooperation agreement with KJB at any time and is only liable for the staged payments due and payable as at the date of termination.

(c) Royalty Owed To Central Exchange Mining Ltd

By an agreement entered into between Hume Mining NL (**Hume**), Strike Resources Limited (**Strike**), Alara Operations Pty Ltd (then known as Strike Uranium Pty Ltd) and Central Exchange Mining Ltd (**CXML**) (a wholly owned subsidiary of Orion Equities Limited) dated 9 February 2007 for the assignment by Hume of a 2% royalty entitlement (owed to Hume by Strike under a tenement acquisition agreement between Hume and Strike dated 15 September 2005 (as amended)) to CXML. Under the above agreements, CXML is entitled to receive a royalty of 2% of gross revenues (exclusive of GST) arising from any commercial exploitation of any minerals from the tenements the subject of the abovementioned 15 September 2005 Agreement from Alara Uranium Limited (**Alara**) (the parent of Alara Operations Pty Ltd, the present owner of the tenements).

(d) Native Title

The Consolidated Entity's tenements in Australia may be subject to native title applications in the future. At this stage it is not possible to quantify the impact (if any) that native title may have on the operations of the Consolidated Entity.

29. EVENTS AFTER BALANCE SHEET DATE

The Company

- (a) The Company has paid a final dividend of 0.25 cents per share (100% franked) in respect of net profits derived for the year ended 30 June 2007. The record date was 17 September 2007 with payment effected on 21 September 2007.

Orion Equities Limited

- (b) OEQ has paid a final dividend of 2 cents per share (100% franked) in respect of net profits derived for the year ended 30 June 2007. The record date was 17 September 2007 with payment effected on 21 September 2007.
- (c) On 24 August 2007, Koorian Olives Pty Ltd reached agreement with a local supplier for the sale of ~200,000 litres of extra virgin olive oil (**EVOO**) harvested from the Koorian Oliver Grove during the 2007 harvest season completed in May 2007 for \$1.02 million payable in 4 tranches between August and November 2007; this EVOO is recorded as Inventory to the value of \$646,864 as at balance date.

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

The Directors of the Company declare that:

1. The financial statements, comprising the Income Statement, Balance Sheet, Statement of Changes in Equity and Cash Flow Statement, and accompanying notes as set out on pages 21 to 48, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the Company's financial position as at 30 June 2007 and of its performance for the year ended on that date;
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. The audited remuneration disclosures set out in the Directors' Report on pages 16 to 18 comply with Accounting Standards AASB 124 Related Party Disclosures and the Corporations Regulations 2001; and
4. The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* by the Executive Chairman and Managing Director, the person who performs the chief executive function, and by the Company Secretary, the person who performs the chief financial officer function, for the purposes of section 295A, who have each declared that:
 - (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - (b) the financial statements are in accordance with the *Corporations Act 2001*, comply with Accounting Standards and the Corporations Regulations 2001 and give a true and fair view of the Company's financial position as at 30 June 2007 and of its performance for the year ended on that date; and
 - (c) the financial statements are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board. The Company's risk management and internal compliance and control systems are operating efficiently and effectively in all material respects.

This declaration is made in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001*.



Farooq Khan
Chairman

Perth, Western Australia

28 September 2007



INDEPENDENT AUDIT REPORT TO THE MEMBERS OF QUESTE COMMUNICATIONS LIMITED

We have audited the accompanying financial report of Queste Communications Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

We have also audited the remuneration disclosures contained in the directors' report. As permitted by the *Corporations Regulations 2001*, the consolidated entity has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), required by Accounting Standard AASB 124 *Related Party Disclosures*, under the heading "Remuneration Report" in pages 16 to 18 of the directors' report and not in the financial report.

Directors' Responsibility for the Financial Report and the AASB 124 Remuneration Disclosures Contained in the Directors' Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the consolidated financial statements and notes, complies with International Financial Reporting Standards.

The directors of the company are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibility is to also express an opinion on the remuneration disclosures contained in the directors' report based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and the remuneration disclosures contained in the directors' report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report and the remuneration disclosures contained in the directors' report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report and the remuneration disclosures contained in the directors' report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures contained in the directors' report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

Auditor's Opinion on the Financial Report

In our opinion:

- (a) the financial report of Queste Communications Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements and notes also complies with International Financial Reporting Standards as disclosed in Note 1.

Auditor's Opinion on the AASB 124 Remuneration Disclosures Contained in the Directors' Report

In our opinion the remuneration disclosures that are contained in pages 16 to 18 of the directors' report comply with Accounting Standard AASB 124.

BDO Kendall's Audit & Assurance (WA) (formerly BDO)



BG McVeigh
Partner

Perth, Western Australia
Dated this 28th day of September 2007

SECURITIES INFORMATION

as at 30 June 2007

DISTRIBUTION OF LISTED ORDINARY FULLY PAID SHARES

Spread	of	Holdings	Number of Holders	Number of Units	% of Total Issue Capital
1	-	1,000	13	8,751	0.031
1,001	-	5,000	75	241,304	0.850
5,001	-	10,000	92	861,255	3.032
10,001	-	100,000	148	4,150,665	14.613
100,001	-	and over	26	23,142,904	81.475
Total			354	28,404,879	100%

DISTRIBUTION OF UNLISTED PARTLY PAID ORDINARY SHARES

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

These 20,000,000 ordinary shares were issued at a price of 20 cents per share and have been partly paid to one cent each and have an outstanding amount payable of 19 cents per share.

TOP TWENTY ORDINARY FULLY PAID SHAREHOLDERS

Rank	Shareholder	Shares Held	Total Shares	% Issued Capital
1	* FAROOQ KHAN	2,399,484		
	ISLAND AUSTRALIA PTY LTD	3,668,577		
	SKIN-PLEX LABORATORIES PTY	20,000		
	THE ESSENTIAL EARTH PTY LTD	20,000		
	Sub-total		6,108,061	21.504
2	* BELL IXL INVESTMENTS LIMITED	3,174,549		
	CELLANTE SECURITIES	1,838,782		
	CLEOD PTY LTD <CELLANTE SUPER FUND A/C>	867,644		
	Sub-total		5,880,975	20.704
3	* AZHAR CHAUDHRI	10,000		
	CHI TUNG INVESTMENTS LTD	1,050,000		
	RENMUIR HOLDINGS LTD	2,929,250		
	Sub-total		3,989,250	14.044
4	* MANAR NOMINEES PTY LTD	1,725,663		
	MANAR NOMINEES PTY LTD <C/- DR A ZELWER>	140,000		
	DR ABE ZELWER <ZELWER SUPER FUND ACCOUNT>	180,500		
	Sub-total		2,046,163	7.203
5	ANDREW GRAEME MOFFAT & ELIZABETH ANN MOFFAT		1,050,000	3.697
6	DONALD GORDON MACKENZIE & GWENNETH EDNA MACKENZIE		849,360	2.990
7	STRIKE RESOURCES LIMITED		826,950	2.911
8	EDWARD JAMES STEPHEN DALLY & SELINA DALLY <LEKDAL FAMILY A/C>		398,852	1.372
9	AMBREEN CHAUDHRI		386,500	1.361
10	ROSANNA DE CAMPO		268,100	0.943
11	MICHAEL JOHN VAN RENS	20,000		
	ALSTER PTY LTD	164,799		
	INTEGRATED INSURANCE PLANNING PTY LTD	75,000		
	Sub-total		259,799	0.844
12	AFIA KHAN		215,000	0.756
13	AYUB KHAN		215,000	0.756
14	TOMATO 2 PTY LTD		185,019	0.651
15	SAMDY NOMINEES PTY LTD		150,000	0.528
16	MR JOHN CHENG-HSIANG YANG & MS PEGA PING PING MOK		136,125	0.479
17	SIMON KENNETH CATO <S K CATO SUPER FUND A/C>		118,000	0.415
18	YAQOOB KHAN	15,020		
	KYA CORPORATION PTY LTD	93,325		
	Sub-total		108,345	0.381
19	NICHOLAS PASTERNAISKY		103,750	0.365
20	HARPER ALLEN ENTERPRISE PTY LTD		100,000	0.365
Total			23,395,249	82.269

* A substantial shareholder of the Company