



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

HALF YEAR REPORT

31 December 2006

THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH THE
30 JUNE 2006 ANNUAL REPORT OF THE COMPANY

www.queste.com.au



QUESTE COMMUNICATIONS LTD

A.B.N. 58 081 688 164

Level 14, 221 St Georges Terrace, Perth WA 6000
T | + 61 (8) 9214 9777 F | + 61 (8) 9322 1515

E | info@queste.com.au

CONTENTS

ASX Appendix 4D Results for Announcement to Market	1
Directors' Report (which includes Auditor's Independence Declaration)	5 13
Condensed Income Statement	14
Condensed Balance Sheet	15
Statement of Changes in Equity	16
Condensed Cash Flow Statement	17
Notes to Financial Statements	18
Directors' Declaration	26
Independent Audit Report	27
Information on Securities	29

www.queste.com.au

Visit our website for:

- Latest News
- Market Announcements
- Financial Reports

Register your email with us to
receive latest Company
announcements and releases

EMAIL US AT:

info@queste.com.au

CORPORATE DIRECTORY

BOARD

Farooq Khan	(Executive Chairman)
Azhar Chaudhri	(Non-Executive Director)
Yaqoob Khan	(Non-Executive Director)
Michael J van Rens	(Non-Executive Director)

COMPANY SECRETARY

Victor Ho

PRINCIPAL & REGISTERED OFFICE

Level 14, The Forrest Centre
221 St Georges Terrace
Perth Western Australia 6000

Telephone: (08) 9214 9777
Facsimile: (08) 9322 1515
Email: info@queste.com.au
Website: www.queste.com.au

SHARE REGISTRY

Advanced Share Registry Services
110 Stirling Highway
Nedlands Western Australia 6009

Telephone: (08) 9389 8033
Facsimile: (08) 9389 7871
Email: admin@advancedshare.com.au
Website: www.asrshareholders.com

SECURITIES EXCHANGE

Australian Securities Exchange
Perth, Western Australia

ASX CODE

QUE

AUDITORS

BDO, Chartered Accountants & Advisers
Level 8
256 St Georges Terrace
Perth Western Australia 6000
Telephone: (08) 9360 4200
Facsimile: (08) 9481 2524
Website: www.bdo.com.au

APPENDIX 4D HALF YEAR REPORT

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

Current Reporting Period:	1 July 2006 to 31 December 2006
Previous Corresponding Period:	1 July 2005 to 31 December 2005
Balance Date:	31 December 2006
Company:	Queste Communications Ltd (QUE)
Consolidated Entity:	OEQ and controlled entity: (1) Orion Equities Limited (OEQ) (an ASX listed investment company in which QUE is a 48% controlling shareholder)

Adoption of Australian International Financial Report Standards (AIFRS)

The Company's financial statements for the current reporting period has been prepared under AIFRS. Where necessary, comparative information (i.e. in relation to the previous corresponding period) has been adjusted for reporting under the applicable AIFRS.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Consolidated			Company		
	Dec 2006 \$	Dec 2005 \$	% Change	Dec 2006 \$	Dec 2005 \$	% Change
Total revenues	15,376,898	13,576,544	Up 13%	1,090,919	3,554,921	Down 69%
Total expenses	(6,570,673)	(11,591,551)	Down 43%	(885,804)	(3,164,677)	Down 72%
Profit before tax	8,806,225	1,984,993	Up 344%	205,115	390,244	Down 47%
Income tax expense	(3,285,883)	(597,119)	Up 450%	(7,922)	-	N/A
Profit after tax	5,520,342	1,387,874	Up 298%	197,193	390,244	Down 49%
Net profit attributable to minority interests	(2,621,992)	(505,965)	Up 418%	-	-	- unchanged
Profit after tax attributable to members	2,898,350	881,909	Up 229%	197,193	390,244	Down 49%
Basic earnings per share (cents)	9.86	3.00	Up 229%	0.67	1.33	Down 49%
Diluted earnings per share (cents)	5.99	1.82	Up 229%	0.41	0.81	Down 49%
Undiluted post tax NTA backing per share (cents)	61.03	52.62	Up 16%	38.64	29.00	Up 33%
Diluted post tax NTA Backing per share (cents)	44.93	39.82	Up 13%	31.32	25.47	Up 23%

APPENDIX 4D HALF YEAR REPORT

NTA backings at the Consolidated Entity level are reported net of Minority interests. Please also refer to the attached Directors' Report for further information on the NTA backing of the Company and Consolidated Entity (in particular, footnote 1 at page 7 of this December 2006 Half Year Report).

Brief Explanation of Results

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

At the Queste Communications Ltd Company level:

The Company decreased its post tax net profit by 49% during the current reporting period to \$197,193 compared with \$390,244 in the previous corresponding period.

Total Revenues include:

- (1) \$368,018 realised gain on fair value of investments (Dec 2005: nil);
- (2) \$332,929 gross proceeds from the sale of equity investments (Dec 2005: \$3,392,544);
- (3) \$256,744 dividend income (Dec 2005: \$128,372).

Total Expenses include:

- (1) \$678,867 costs of disposal of equity investments (Dec 2005: \$2,912,982);
- (2) \$127,400 personnel expenses (Dec 2005: \$171,618).

Please also refer to the balance of this December 2006 Half Year Report.

DIVIDENDS

The Directors are pleased to declare an interim dividend of:

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

This is the same rate of dividend paid in 29 September 2006 and 7 April 2006.

Controlled Entities

The Company did not gain or lose control over entities during the current reporting period.

APPENDIX 4D HALF YEAR REPORT

Associates and Joint Venture Entities

The Consolidated Entity does not have any interest in associates or a material interest in joint venture entities during the current reporting period.

For and on behalf of the Directors,



Date: 28 February 2007

Victor Ho
Company Secretary
Telephone: (08) 9214 9777
Email: info@queste.com.au

DIRECTORS' REPORT

The Directors present their report on Queste Communications Ltd (**Company** or **Queste**) and its controlled entities (the **Consolidated Entity**) for the financial half-year ended 31 December 2006 (**Balance Date**).

Queste is a 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 half year. Controlled entities are ASX listed investment company, Orion Equities Limited ABN 77 000 742 843 (**Orion Equities** or **OEQ**) (controlled throughout the financial half year) and controlled entities of Orion Equities:

- (1) Silver Sands Developments Pty Ltd (formerly Central Exchange Operations Pty Ltd) ABN 16 094 097 122 (controlled throughout the financial half year);
- (2) Hume Mining NL ABN 52 063 994 945 (controlled throughout the financial half year);
- (3) Central Exchange Mining Ltd (controlled throughout the financial half year);
- (4) OEQO Pty Ltd (controlled since incorporation on 7 July 2006).

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%).

OPERATING RESULTS

	Consolidated		Company	
	Dec 2006	Dec 2005	Dec 2006	Dec 2005
	\$	\$	\$	\$
Total revenues	15,376,898	13,576,544	1,090,919	3,554,921
Total expenses	(6,570,673)	(11,591,551)	(885,804)	(3,164,677)
Profit before tax	8,806,225	1,984,993	205,115	390,244
Income tax expense	(3,285,883)	(597,119)	(7,922)	-
Profit after tax	5,520,342	1,387,874	197,193	390,244
Net profit attributable to minority interests	(2,621,992)	(505,965)	-	-
Profit after tax attributable to members	2,898,350	881,909	197,193	390,244

The Company decreased its post tax net profit by 49% during the current reporting period to \$197,193 compared with \$390,244 in the previous corresponding period.

Total Revenues include:

- (1) \$368,018 realised gain on fair value of investments (Dec 2005: nil);
- (2) \$332,929 gross proceeds from the sale of equity investments (Dec 2005: \$3,392,544);
- (3) \$256,744 dividend income (Dec 2005: \$128,372).

Total Expenses include:

- (1) \$678,867 costs of disposal of equity investments (Dec 2005: \$2,912,982);
- (2) \$127,400 personnel expenses (Dec 2005: \$171,618).

DIRECTORS' REPORT

EARNINGS PER SHARE

	Consolidated Entity		Company	
	Dec 2006	Dec 2005	Dec 2006	Dec 2005
Basic earnings per share (cents)	9.86	3.00	0.67	1.33
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 per share (cents)	5.99	1.82	0.41	0.81
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 has become fully paid.

FINANCIAL POSITION

	Consolidated Entity		Company	
	Dec 2006	Jun 2006	Dec 2006	Jun 2006
	\$	\$	\$	\$
Cash and cash equivalents	6,344,598	4,264,218	3,268,445	3,161,560
Financial assets at fair value	17,951,364	12,671,627	136,710	34,849
Available for sale financial assets	-	-	10,269,753	6,290,223
Investments in Associate entities	10,793,809	9,726,370	-	-
Inventory	3,861,635	3,821,038	-	-
Trade and other receivables	200,704	728,245	25,121	155,236
Other assets	64,642	62,690	23,693	27,240
	39,216,752	31,274,188	13,723,722	9,669,108
Tax liabilities	(772,180)	(538,860)	-	-
Deferred tax liabilities	(4,204,889)	(1,799,674)	(2,233,918) ¹	(1,032,137)
Other payables and provisions	(470,904)	(261,679)	(127,198)	(110,205)
Net assets	33,768,779	28,673,975	11,362,606	8,526,766
Issued capital	6,087,927	6,087,927	6,087,927	6,087,927
Reserves	2,138,012	2,138,012	7,332,002	4,546,331
Minority interest	15,821,622	13,200,456	-	-
Retained earnings / (accumulated losses)	9,721,218	7,247,580	(2,057,323)	(2,107,492)
Total Equity	33,768,779	28,673,975	11,362,606	8,526,766

¹ This relates to a provision for tax (at 30%) on unrealised gains on financial assets (i.e. listed securities, including the Company's investment in Orion Equities Limited)

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 \$1.205 per share. This compares with OEQ's post tax NTA backing of \$1.709 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) NTA BACKING - UNDILUTED FOR PARTLY PAID SHARES

	Consolidated Entity		Company	
	Dec 2006	Jun 2006	Dec 2006	Jun 2006
NTA (pre tax)	22,924,226	17,812,053	13,596,524	9,558,903
NTA (post tax)	17,947,157	15,473,519	11,362,606	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	0.78	0.61	0.46	0.33
Undiluted post-tax NTA backing per share	0.61	0.53	0.39	0.29

DIRECTORS' REPORT

(2) NTA BACKING - DILUTED FOR PARTLY PAID SHARES

	Consolidated Entity		Company	
	Dec 2006	Jun 2006	Dec 2006	Jun 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)	26,724,226	21,612,053	17,396,524	13,358,903
Diluted NTA (post tax)	21,747,157	19,273,519	15,162,606	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	0.55	0.45	0.36	0.28
Diluted post-tax NTA backing per share	0.45	0.40	0.31	0.25

DIVIDENDS

The Directors are pleased to declare an interim dividend of:

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

This is the same rate of dividend paid in 29 September 2006 and 7 April 2006.

Please also refer to the 31 December 2006 Half Year Report of Orion Equities Limited for dividends recently declared/paid by Orion Equities Limited.

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.

DIRECTORS' REPORT

SECURITIES IN THE COMPANY

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

- (i) 28,404,879 listed fully paid ordinary shares;
- (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 half year.

The terms of issue of the Company's 20,000,000 partly paid shares were disclosed in the Prospectus for the initial public offering of shares in the Company dated 6 August 1998 and are attached to this 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 half year.

2. Orion Equities Limited (OEQ)

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

The Company holds 8,558,127 shares in Orion Equities, being 48.04% of OEQ'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 31 December 2006 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 Equities may be also viewed from its website: www.orionequities.com.au and Orion Equities' market announcements may be viewed from the ASX website (www.asx.com.au) under ASX code "OEQ".

DIRECTORS' REPORT

DIRECTORS

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

Farooq Khan	—	Executive Chairman and Managing Director
<i>Appointed</i>	—	10 March 1998
<i>Qualifications</i>	—	BJuris , LLB. (<i>Western Australia</i>)
<i>Experience</i>	—	Mr Khan is a qualified lawyer having previously practised principally in the field of corporate law. Mr Khan has extensive experience in the securities industry, capital markets and particularly capital raisings, mergers and acquisitions and investments. Mr Khan has also led the executive management of a number of ASX listed companies through their establishment and growth
<i>Relevant interest in shares</i>	—	6,108,061 shares
<i>Other current directorships in listed entities</i>	—	Current Chairman of: (1) Orion Equities Limited (since 23 October 2006) (2) Bentley International Limited (since 2 December 2003). (3) Scarborough Equities Limited (since 29 November 2004) Current Director of: (4) Strike Resources Limited (since 9 September 1999);

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 data base 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>Other current directorships in listed entities</i>	—	None

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 founding Executive Director of 2 ASX floats – Queste Communications Ltd in 1998 and Fast Scout Limited (now known as Strike Resources Limited) in 2000. He was an integral member of the team responsible for the pre-IPO structuring and IPO promotion and has been actively involved in the executive management of such companies since their floats. 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>Relevant interest in shares</i>	—	157,920 shares

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 listed company Exall Energy Corporation, which holds natural gas and oil interests in Alberta, British Columbia, Texas and the North Sea. Mr van Rens brings an extensive marketing, sales and investment background to the Company, developed over the past 22 years in the financial service industry.
<i>Relevant interest in shares</i>	—	259,799 shares
<i>Relevant interest in shares</i>	—	259,799 shares

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 forms part of this Directors Report and is set out on page 13. This relates to the Independent Review Report, where the Auditors state that they have issued an independence declaration.

DIRECTORS' REPORT

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



Farooq Khan
Chairman

Perth, Western Australia

28 February 2007



Chartered Accountants
& Advisers

Level 8, 256 St George's Terrace Perth WA 6000
PO Box 7426 Cloisters Square Perth WA 6850
Tel: (61-8) 9360 4200
Fax: (61-8) 9481 2524
Email: bdo@bdowa.com.au
www.bdo.com.au

28 February 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 TO THE DIRECTORS OF QUESTE COMMUNICATIONS LIMITED

To the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

BDO
Chartered Accountants

A handwritten signature in blue ink, appearing to read 'B. McVeigh'.

BG McVeigh
Partner

CONDENSED INCOME STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2006

	Note	Consolidated Entity		Company	
		31 Dec 06	31 Dec 05	31 Dec 06	31 Dec 05
		\$	\$	\$	\$
Revenue	2	323,624	175,245	256,744	128,372
Other income	2	15,053,274	13,401,299	834,175	3,426,549
Cost of investments sold	2	(5,581,137)	(10,927,431)	(680,357)	(2,912,982)
Olive grove operations	-	(268,357)	-	-	-
Unrealised net change in fair value	2	-	(55,992)	-	(55,992)
Occupancy expenses	2	(52,659)	(8,144)	(12,697)	8,277
Finance expenses	2	(2,967)	(2,589)	(1,073)	(727)
Borrowing costs	2	(46)	(471)	(46)	(15)
Corporate expenses	2	(56,705)	(81,527)	(35,954)	(11,007)
Administration expenses					
- personnel	2	(58,519)	(6,829)	(19,009)	-
- others	2	(550,283)	(508,568)	(136,668)	(192,231)
Profit before income tax expense		8,806,225	1,984,993	205,115	390,244
Income tax expense		(3,285,883)	(597,119)	(7,922)	-
Profit after income tax expense		5,520,342	1,387,874	197,193	390,244
Net profit attributable to minority interests		(2,621,992)	(505,965)	-	-
Net profit attributable to members of the company		2,898,350	881,909	197,193	390,244
Dividends per share	3	0.05	-	0.05	-
Earnings per share					
Basic earnings (cents per share)	4	9.86	3.00	0.67	1.33
Diluted earnings (cents per share)	4	5.99	1.82	0.41	0.81

The accompanying notes form part of these financial statements

CONDENSED BALANCE SHEET AS AT 31 DECEMBER 2006

	Note	Consolidated Entity		Company	
		31 Dec 06	30 Jun 06	31 Dec 06	30 Jun 06
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	5	6,344,598	4,264,218	3,268,445	3,161,560
Trade and other receivables		167,881	695,422	25,121	155,236
Financial assets at fair value	6	17,951,364	12,671,627	136,710	34,849
Other		-	2,112	-	1,029
TOTAL CURRENT ASSETS		24,463,843	17,633,379	3,430,276	3,352,674
NON CURRENT ASSETS					
Trade and other receivables		32,823	32,823	-	-
Available for sale asset	7	-	-	10,269,753	6,290,223
Investments in Associate entities (equity accounted)	8	10,793,809	9,726,370	-	-
Inventory		3,861,635	3,821,038	-	-
Property, plant and equipment		64,642	60,578	23,693	26,211
Intangibles		-	-	-	-
Tax assets		-	-	-	-
Other		-	-	-	-
TOTAL NON CURRENT ASSETS		14,752,909	13,640,809	10,293,446	6,316,434
TOTAL ASSETS		39,216,752	31,274,188	13,723,722	9,669,108
CURRENT LIABILITIES					
Trade and other payables		470,904	261,679	127,198	110,205
Current tax liabilities		772,180	538,860	-	-
TOTAL CURRENT LIABILITIES		1,243,084	800,539	127,198	110,205
NON CURRENT LIABILITIES					
Deferred tax liabilities		4,204,889	1,799,674	2,233,918	1,032,137
TOTAL NON CURRENT LIABILITIES		4,204,889	1,799,674	2,233,918	1,032,137
TOTAL LIABILITIES		5,447,973	2,600,213	2,361,116	1,142,342
NET ASSETS		33,768,779	28,673,975	11,362,606	8,526,766
EQUITY					
Issued capital		6,087,927	6,087,927	6,087,927	6,087,927
Reserves		2,138,012	2,138,012	7,332,002	4,546,331
Retained earnings /(Accumulated losses)		9,721,218	7,247,580	(2,057,323)	(2,107,492)
Parent interest		17,947,157	15,473,519	11,362,606	8,526,766
Minority interest		15,821,622	13,200,456	-	-
TOTAL EQUITY		33,768,779	28,673,975	11,362,606	8,526,766

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2006

Consolidated Entity	Issued Capital	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	-	-	881,909	-	881,909
Profit attributable to minority interest	-	-	-	505,965	505,965
Profit after income tax for the period	-	-	881,909	505,965	1,387,874
Dividend paid	-	-	(138,846)	-	(138,846)
Movement in minority interest	-	-	-	561,114	561,114
At 31 December 2005	6,087,927	2,138,012	4,887,844	10,588,049	23,701,832
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	-	-	2,898,350	-	2,898,350
Profit attributable to minority interest	-	-	-	2,621,992	2,621,992
Profit after income tax for the period	-	-	2,898,350	2,621,992	5,520,342
Dividend paid	-	-	(424,712)	-	(424,712)
Movement in minority interest	-	-	-	(826)	(826)
At 31 December 2006	6,087,927	2,138,012	9,721,218	15,821,622	33,768,779

Company	Issued Capital	Reserves	Accumulated Losses	Total
	\$	\$	\$	\$
At 1 July 2005	6,087,927	8,725,366	(2,440,676)	12,372,617
Adjustment on adoption of AASB 132 and 139	-	(5,341,727)	-	(5,341,727)
Changes in fair value of available for sale assets (net of tax)	-	533,671	-	533,671
Total income recognised directly in equity	-	533,671	-	533,671
Profit for the period	-	-	390,244	390,244
Total income and expense recognised for the period	-	-	390,244	923,915
At 31 December 2005	6,087,927	3,917,310	(2,050,432)	7,954,805
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)	-	2,785,671	-	2,785,671
Total income recognised directly in equity	-	2,785,671	-	2,785,671
Profit for the period	-	-	197,193	197,193
Total income and expense recognised for the period	-	-	197,193	2,982,864
Dividend paid	-	-	(147,024)	(147,024)
At 31 December 2006	6,087,927	7,332,002	(2,057,323)	11,362,606

The accompanying notes form part of these financial statements

CONDENSED CASH FLOW STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2006

	Note	Consolidated Entity		Company	
		31 Dec 06	31 Dec 05	31 Dec 06	31 Dec 05
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		55,860	28,794	1,700	8,000
Payments to suppliers and employees		(606,318)	(536,669)	(56,312)	(244,454)
Payments to exploration and evaluation		(79,988)	(15,849)	-	-
Sale proceeds from trading portfolio		7,102,496	9,028,638	-	-
Purchase payments for trading portfolio		(3,349,861)	(6,878,826)	-	-
Proceeds from writing options		40,400	75,831	-	-
Payments to settle written options		-	(11,000)	-	-
Dividend received		89,821	175,245	256,744	128,372
Income tax paid		(647,348)	-	-	-
Interest received		119,933	45,351	92,818	26,005
Interest paid		(46)	(471)	(46)	(15)
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES		2,724,949	1,911,044	294,904	(82,092)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment		(12,421)	(7,010)	(812)	-
Proceeds from sale of property, plant and equipment		889	-	889	-
Payments for inventory		(160,597)	(23,699)	-	-
Payments for intangibles		-	(31,362)	-	-
Payments for investment securities		(380,656)	(126,915)	(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		(219,856)	3,203,558	(40,994)	3,392,544
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid		(424,713)	(139,469)	(147,025)	-
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		(424,713)	(139,469)	(147,025)	-
NET DECREASE IN CASH ASSETS HELD		2,080,380	4,975,133	106,885	3,310,452
Add opening cash assets brought forward		4,264,218	125,106	3,161,560	56,014
CLOSING CASH ASSETS AT END OF PERIOD	5	6,344,598	5,100,239	3,268,445	3,366,466

The accompanying notes form part of these financial statements

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

It is also recommended that the half-year financial report be considered together with any public announcements made by Queste Communications Ltd during the half-year ended 31 December 2006 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

Basis of preparation

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2006 annual financial report for the financial year ended 30 June 2006, other than as detailed below:

2. PROFIT

	Consolidated Entity		Company	
	31 Dec 06	31 Dec 05	31 Dec 06	31 Dec 05
	\$	\$	\$	\$
The operating profit before income tax includes the following items of revenue and expense:				
(a) Revenue				
Dividend received	323,624	175,245	256,744	128,372
Other income				
Proceeds from sale of securities				
- investments portfolio	332,929	3,392,544	332,929	3,392,544
- trading portfolio	6,627,465	8,787,246	-	-
- options portfolio	40,400	75,831	-	-
Realised gain on fair value of investments	368,018	-	368,018	-
Net unrealised gains on fair value of investments	6,685,440	461,824	38,710	-
Share of Associate entities' profits	823,229	608,443	-	-
Interest received - other	119,933	45,351	92,818	26,005
Other	55,860	30,060	1,700	8,000
	<u>15,053,274</u>	<u>13,401,299</u>	<u>834,175</u>	<u>3,426,549</u>
Total revenue	<u>15,376,898</u>	<u>13,576,544</u>	<u>1,090,919</u>	<u>3,554,921</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

2. PROFIT (continued)

(b) Expenses	Consolidated Entity		Company	
	31 Dec 06	31 Dec 05	31 Dec 06	31 Dec 05
	\$	\$	\$	\$
Cost of sales				
Cost of securities sold				
- non-current investments portfolio	678,867	2,912,982	678,867	2,912,982
- trading portfolio	4,863,192	7,980,092	-	-
- options portfolio	-	11,000	-	-
- brokerage cost	39,078	23,357	1,490	-
Net unrealised loss on revaluation of investments	-	55,992	-	55,992
Olive grove operations	268,357	-	-	-
Operating expenses				
Occupancy expenses	52,659	8,144	12,697	(8,277)
Finance expenses	2,967	2,589	1,073	727
Borrowing costs - interest paid	46	471	46	15
Corporate expenses				
Consultancy	16,366	16,170	4,296	(5,967)
Professional fees	(13,789)	20,347	-	-
Other corporate expenses	54,128	45,010	31,658	16,974
Administration expenses				
Depreciation	7,468	5,521	2,441	2,437
Fixed assets write off	-	986	-	494
Personnel expenses	330,429	301,578	127,400	171,618
Employee entitlements	58,519	6,829	19,009	-
Investment costs	29,157	9,009	-	4,504
Other administrative expenses	102,476	66,908	6,827	13,178
(Gain)/ loss on dilution	-	(133,665)	-	-
Loss from decrease in control of subsidiary after share issue by subsidiary	765	248,653	-	-
Exploration and evaluation expenses	79,988	9,578	-	-
	<u>6,570,673</u>	<u>11,591,551</u>	<u>885,804</u>	<u>3,164,677</u>

(c) Sale of Assets

Sale of assets in the ordinary course of business have given rise to the following gains and losses:

	Consolidated Entity		Company	
	31 Dec 06	31 Dec 05	31 Dec 06	31 Dec 05
	\$	\$	\$	\$
Net Gain/ (Losses):				
- non-current investments portfolio	22,080	479,562	22,080	479,562
- trading portfolio	1,764,273	807,154	-	-
- options portfolio	40,400	64,831	-	-
	<u>1,826,753</u>	<u>1,351,547</u>	<u>22,080</u>	<u>479,562</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

3. DIVIDENDS

	Date paid	Consolidated Entity		Company	
		31 Dec 06	31 Dec 05	31 Dec 06	31 Dec 05
Declared and paid during the year		\$	\$	\$	\$
<u>Dividends on ordinary shares</u>					
by QUE - 0.5 cent per share fully franked	29-Sep-06	147,024	-	147,024	-
by OEQ - 1.5 cents per share fully franked	13-Oct-05	-	138,846	-	-
by OEQ - 3 cents per share fully franked	19-Oct-06	277,688	-	-	-
		<u>424,712</u>	<u>138,846</u>	<u>147,024</u>	<u>-</u>

On 27 February 2007, the directors of controlled entity, Orion Equities Limited (**OEQ**) declared payment of an interim dividend of 1.5 cents per share fully franked. The record date will be 8 March 2007 with payment to be effected on or about 15 March 2007.

On 27 February 2007, the directors of the Company (**QUE**) declared payment of an interim dividend of 0.5 cents per share fully franked. The record date will be 8 March 2007 with payment to be effected on or about 15 March 2007.

Dividends declared post balance date

	Date paid				
<u>Dividends on ordinary shares</u>					
by QUE - 0.5 cent per share fully franked	07-Apr-06	-	147,024	-	147,024
by OEQ - 1.5 cents per share fully franked	07-Apr-06	-	138,846	-	-
by QUE - 0.5 cent per share fully franked	15-Mar-07	147,024	-	147,024	-
by OEQ - 1.5 cents per share fully franked	15-Mar-07	267,216	-	-	-
		<u>414,240</u>	<u>285,870</u>	<u>147,024</u>	<u>147,024</u>

4. EARNINGS PER SHARE

	Consolidated Entity		Company	
	31 Dec 06	31 Dec 05	31 Dec 06	31 Dec 05
Basic earnings per share (cents)	9.86	3.00	0.67	1.33
Diluted earnings per share (cents)	<u>5.99</u>	<u>1.82</u>	<u>0.41</u>	<u>0.81</u>

(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 (\$)	2,898,350	881,909	197,193	390,244
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 options and 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 option will convert to one ordinary share and each partly paid share will become fully paid.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

(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	
	31 Dec 06	31 Dec 05	31 Dec 06	31 Dec 05
Net Profit (\$)	2,898,350	881,909	197,193	390,244
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:

	31 Dec 06	31 Dec 05
	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>

5. CASH AND CASH EQUIVALENTS

	Consolidated Entity				Company	
	31 Dec 06	30 Jun 06	31 Dec 05	31 Dec 06	30 Jun 06	31 Dec 05
	\$	\$	\$	\$	\$	\$
Cash at bank	3,336,680	1,269,630	1,892,590	260,527	166,972	158,817
Term deposit	25,070	24,555	23,338	25,070	24,555	23,338
Bank Bills	2,982,848	2,970,033	3,184,311	2,982,848	2,970,033	3,184,311
	<u>6,344,598</u>	<u>4,264,218</u>	<u>5,100,239</u>	<u>3,268,445</u>	<u>3,161,560</u>	<u>3,366,466</u>

The effective interest rate on short term deposits and bank bills was 6.2% (2006: 5.7%); these deposits have an average maturity of a month.

6. FINANCIAL ASSETS AT FAIR VALUE

	Consolidated Entity		Company	
	31 Dec 06	30 Jun 06	31 Dec 06	30 Jun 06
	\$	\$	\$	\$
Investments in listed companies comprise:				
Listed investments, at fair value	12,379,697	11,005,112	136,710	-
Listed investments (suspended) - at cost	-	415,171	12,304	415,171
Directors' valuation	-	(380,322)	(12,304)	(380,322)
	-	<u>34,849</u>	-	<u>34,849</u>
Unlisted options in listed corporations - at cost	10,000	10,000	-	-
Net change in fair value	5,561,667	1,621,666	-	-
	<u>5,571,667</u>	<u>1,631,666</u>	-	-
	<u>17,951,364</u>	<u>12,671,627</u>	<u>136,710</u>	<u>34,849</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

7. AVAILABLE FOR SALE ASSET

	Consolidated Entity		Company	
	31 Dec 06	30 Jun 06	31 Dec 06	30 Jun 06
	\$	\$	\$	\$
Shares in controlled entities - at cost	-	-	2,849,766	2,849,766
Net change in fair value	-	-	7,419,987	3,440,457
	-	-	10,269,753	6,290,223
Market value of listed securities	-	-	10,269,753	6,290,223

Investment in Controlled Entities

	Ownership Interest	
	31 Dec 06	30 Jun 06
	Orion Equities Limited (OEO) (A.C.N. 000 742 843)	48.04%

8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The following interests in listed Associate entities are held by Orion Equities Limited (OEO), a controlled entity of the Company.

Name of Associate	Principal Activity	Consolidated Carrying Amount			
		Ownership Interest		31 Dec 06	30 Jun 06
		31 Dec 06	30 Jun 06		
Bentley International Limited (BEL)	Investments	28.38%	27.93%	4,690,913	4,189,865
Scarborough Equities Limited (SCB)	Investments	28.35%	27.86%	6,102,896	5,536,505
				10,793,809	9,726,370

On 5 July 2006, the Company purchased 7,335 shares in SCB for \$6,656. On 31 August 2006, the Company received 299,098 shares in BEL for \$109,769 and 151,223 shares in SCB for \$134,440 when the Company participated in the respective BEL and SCB Dividend Reinvestment Plans.

	31 Dec 06	30 Jun 06
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	1,388,729	1,869,980
Share of income tax expense	(327,946)	(380,427)
Dividends received	(237,553)	(343,100)
Acquisition of shares	244,209	1,494,657
Carrying amount at the end of the financial year	10,793,809	9,726,370

Fair value of listed investments in associates

Bentley International Limited	4,848,686	4,226,113
Scarborough Equities Limited	5,557,684	5,316,972
	10,406,370	9,543,085

Net tangible asset backing value of listed investments in associates

Bentley International Limited	5,388,807	5,414,913
Scarborough Equities Limited	6,023,106	5,272,310
	11,411,913	10,687,223

Share of Associates' profits

Profit before income tax	1,388,729	1,869,980
Income tax expense	(327,946)	(380,427)
Profit after income tax	1,060,783	1,489,553

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

Summarised Financial Position of Associates	Bentley International Limited		Scarborough Equities Limited	
	31 Dec 06	30 Jun 06	31 Dec 06	30 Jun 06
	\$	\$	\$	\$
Current assets	5,805,625	5,461,429	1,160,157	1,025,519
Non current assets	2,020	2,527	5,511,799	4,716,645
Total assets	<u>5,807,645</u>	<u>5,463,956</u>	<u>6,671,956</u>	<u>5,742,164</u>
Current liabilities	(39,245)	(50,030)	(81,411)	(22,170)
Non current liabilities	-	(573,148)	(573,148)	(446,688)
Total liabilities	<u>(39,245)</u>	<u>(623,178)</u>	<u>(654,559)</u>	<u>(468,858)</u>
Net assets	<u>5,768,400</u>	<u>4,840,778</u>	<u>6,017,397</u>	<u>5,273,306</u>
Revenues	438,293	791,176	1,397,774	1,920,920
Profit after income tax of associates	<u>334,675</u>	<u>538,998</u>	<u>726,976</u>	<u>950,555</u>

Contingent Liabilities

Scarborough Equities Limited and Bentley International Limited - Lease Commitments

SCB and BEL has the same lease commitments disclosed in note 10.

9. CONSOLIDATED SEGMENT REPORTING

The Consolidated Entity operates predominantly within Australia and in one industry segment, being investments.

Segment Revenues & Results	External Revenue		Operating results	
	31 Dec 06	31 Dec 05	31 Dec 06	31 Dec 05
	\$	\$	\$	\$
Investments	15,253,445	13,523,193	9,642,386	2,406,195
Resources	-	-	(79,988)	-
Olive grove operations	-	-	(268,357)	-
Unallocated	123,453	53,351	(487,816)	(421,202)
	<u>15,376,898</u>	<u>13,576,544</u>		
Profit before income tax			8,806,225	1,984,993
Income tax expense			(3,285,883)	(597,119)
Loss after income tax			<u>5,520,342</u>	<u>1,387,874</u>
Segment Assets & Liabilities	Assets		Liabilities	
	31 Dec 06	30 Jun 06	31 Dec 06	30 Jun 06
	\$	\$	\$	\$
Investments	32,566,211	26,659,509	4,283,924	(1,799,674)
Resources	-	-	15,353	-
Olive grove operations	189,349	-	100,494	-
Unallocated	6,461,192	4,614,679	1,048,202	(800,539)
	<u>39,216,752</u>	<u>31,274,188</u>	<u>5,447,973</u>	<u>(2,600,213)</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

10. COMMITMENTS

	Consolidated Entity		Company	
	31 Dec 06	30 Jun 06	31 Dec 06	30 Jun 06
(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 Consolidated Entity's and the Company's share of the office premises at Level 14, The Forrest Centre, 221 St Georges Terrace, Perth, Western Australia, and includes all outgoing (exclusive of GST). The lease is for a 7 year term expiring 30 June 2013 and contains a rent review increase each year alternating between 5% and the greater of market rate or CPI + 1%.

(b) Exploration Tenement Leases - Commitments for Expenditure

- (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 has also committed to spend A\$250,000 on exploration and evaluation over a 12 month period (from date of grant on 21 March 2006) in respect of a reconnaissance licence over a 5,000 square kilometre area in the Chitral Region, North-West Frontier Province, Pakistan, prospective for gold and copper.

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.

11. CONTINGENT LIABILITIES AND ASSETS

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

Orion Equities Limited

(a) **Royalty under Hume Mining NL (Hume) and Strike Resources Limited (SRK) Agreement** - By an agreement dated 15 September 2005 (as amended), Hume (a wholly owned subsidiary of Orion) disposed of an interest in various tenements located in the Northern Territory and in Western Australia to SRK. Under the agreement, Hume 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. On 9 February 2007, Hume assigned the benefit of this royalty to the parent entity, Orion Equities Limited.

(b) **Native Title** - the consolidated entity's mining 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.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

12. EVENTS AFTER BALANCE SHEET DATE

- (a) On 16 February 2007, Orion announced that it and Strike Resources Limited (**Strike** or **SRK**) had finalised terms regarding spinning off their uranium interests into a new company called "Alara Uranium Limited" (**Alara**), which intends to conduct an Initial Public Offering (**IPO**) and seek a listing on the Australian Securities Exchange (**ASX**) in April 2007.

Alara has agreed to acquire:

- (a) Strike's interest in a portfolio of Australian (Northern Territory and Western Australia) and Peruvian uranium tenements in consideration of the issue of 28.75 million Alara shares; and
- (b) Orion's retained 25% interest in certain of Strike's Australian uranium tenements in consideration of the issue of 6.25 million Alara shares.

Orion's retained 25% interest in certain of Strike's Australian uranium tenements are held through its wholly owned subsidiary, Hume Mining NL. The sale of such uranium interests will be effected through a sale by Orion of such subsidiary to Alara. Orion will retain a 2% production royalty right over certain uranium tenements sold by Strike to Alara.

Alara will be undertaking a capital raising of \$6 million (with a minimum subscription of \$4 million) together with a right to accept oversubscriptions of a further \$4 million, at an issue price of 25 cents per share

Orion will receive a priority entitlement to subscribe for up to 2 million shares (\$0.5 million) in the Alara IPO. Orion's present intention is to take up this entitlement on its own account but reserves the right to decline to participate and or to pass this entitlement on to its shareholders on a pro rata basis.

On the basis that Alara raises \$6 million under the IPO and accepts oversubscriptions of \$4 million (being a total raising of \$10 million), and assuming Orion does not take up its priority entitlement, Orion will hold approximately 7.76% of the issued capital of Alara post IPO. If Orion takes up its priority entitlement (at a cost of \$0.5 million), Orion will hold approximately 10.25% of the issued capital of Alara.

- (b) On 21 February 2007, OEEO Pty Ltd (a wholly owned subsidiary 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, 7 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. OEEO has also entered into an option deed (expiring on 30 December 2008) to acquire (at its election) an additional 200 hectares of land from an adjacent property owner.
- (c) On 27 February 2006, the Orion Directors declared payment of an interim dividend of 1.5 cents per share fully franked. The record date will be 8 March with payment to be effected on or about 15 March 2007.
- (d) On 27 February 2006, the Queste Directors declared payment of an interim dividend of 0.5 cents per share fully franked. The record date will be 8 March with payment to be effected on or about 15 March 2007.

DIRECTORS' DECLARATION

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

In the opinion of the directors:

- (a) The financial statements and notes of the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2006 and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standards AASB 134 "Interim Financial Reporting" and *Corporations Regulations 2001*; and
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



Farooq Khan
Chairman

Perth, Western Australia

28 February 2007



Chartered Accountants
& Advisers

Level 8, 256 St George's Terrace Perth WA 6000
PO Box 7426 Cloisters Square Perth WA 6850
Tel: (61-8) 9360 4200
Fax: (61-8) 9481 2524
Email: bdo@bdowa.com.au
www.bdo.com.au

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Queste Communications Ltd, which comprises the condensed balance sheet as at 31 December 2006, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year end or from time to time during the half-year (in order for the disclosing entity to lodge the half-year financial report with the Australian Securities and Investments Commission).

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Queste Communications Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Queste Communications Ltd on 28 February 2007 would be in the same terms if provided to the directors as at the date of this auditor's review report.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001.

BDO

Chartered Accountants



BG McVeigh

Partner

Perth, Western Australia

Dated this 28th day of February 2007

INFORMATION ON SECURITIES

as at 23 February 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	0.03%
1,001	-	5,000	77	248,196	0.87%
5,001	-	10,000	93	869,000	3.06%
10,001	-	100,000	148	4,068,878	14.32%
100,001	-	and over	26	23,210,054	81.71%
Total			357	28,404,879	100.00%

DISTRIBUTION OF UNLISTED PARTLY PAID ORDINARY SHARES

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

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

VOTING RIGHTS

Subject to any rights or restrictions for the time being attached to any class or classes of shares (at present there are none), at meetings of shareholders of the Company:

- (1) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (2) on a show of hands, every person present who is a shareholder or a proxy, attorney or corporate representative of a shareholder has one vote;
- (3) on a poll, every person present who is a shareholder or a proxy, attorney or corporate representative of a shareholder shall, in respect of each fully paid share held by such person, or in respect of which such person is appointed a proxy, attorney or corporate representative, have one vote for that share;
- (4) The Company's partly paid shares have a proportional voting entitlement in accordance with the amount paid up for that share.

INFORMATION ON SECURITIES

as at 23 February 2007

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		
		<u>Sub-total</u>	6,108,061	21.503
2	* BELL IXL INVESTMENTS LIMITED	3,174,549		
	CELLANTE SECURITIES PTY LIMITED	1,838,782		
	CLEOD PTY LTD <CELLANTE SUPER FUND A/C>	867,644		
		<u>Sub-total</u>	5,880,975	20.704
3	* AZHAR CHAUDHRI	10,000		
	CHI TUNG INVESTMENTS LTD	1,050,000		
	RENMUIR HOLDINGS LTD	2,763,500		
		<u>Sub-total</u>	3,823,500	13.46
4	* ABE ZELWER	180,500		
	MANAR NOMINEES PTY LTD	1,725,663		
	MANAR NOMINEES PTY LTD <C/- DR A ZELWER>	140,000		
		<u>Sub-total</u>	2,046,163	7.203
5	ANDREW GRAEME MOFFAT & ELIZABETH ANN MOFFAT		1,050,000	3.696
6	DONALD GORDON MACKENZIE & GWENNETH EDNA MACKENZIE		849,360	2.99
7	STRIKE RESOURCES LIMITED		826,950	2.911
8	EDWARD JAMES STEPHEN DALLY & SELINA DALLY <LEKDAL FAMILY A/C>		519,852	1.83
9	AMBREEN CHAUDHRI		386,500	1.36
10	ROSANNA DE CAMPO		268,100	0.943
11	MICHAEL JOHN VAN RENS	20,000		
	MR JEFFREY VAN RENS	10,000		
	ALSTER PTY LTD	164,799		
	INTEGRATED INSURANCE PLANNING PTY LTD	75,000		
		<u>Sub-total</u>	269,799	0.949
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	SIMON KENNETH CATO <S K CATO SUPER FUND A/C>		118,000	0.415
17	YAQOOB KHAN	15,020		
	KYA CORPORATION PTY LTD	102,900		
		<u>Sub-total</u>	117,920	0.415
18	EUGENE RODRIGUEZ		110,000	0.387
19	NICHOLAS PASTERNAISKY		103,750	0.365
20	MR DAVID CHARLES ARDEN BROWN <DAVID BROWN SUPER FUND A/C>		100,000	0.352
Total			23,343,949	82.174

* Substantial shareholders of the Company