



QUESTE
COMMUNICATIONS LTD

A.B.N 58 081 688 164

2016

ANNUAL REPORT

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Queste's 2016**Corporate Governance Statement**

can be found at the following URL on the Company's website:

<http://www.queste.com.au/corporate-governance>

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CORPORATE DIRECTORY**BOARD**

Farooq Khan (Chairman and Managing Director)
Victor Ho (Executive Director)
Yaqoob Khan (Non-Executive Director)

COMPANY SECRETARY

Victor Ho

PRINCIPAL & REGISTERED OFFICE

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Rothsay Auditing
Chartered Accountants
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Telephone: (08) 9486 7094
Website: www.rothsayresources.com.au

STOCK EXCHANGE

Australian Securities Exchange
Perth, Western Australia

ASX CODE

QUE

SHARE REGISTRY

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Advanced Share Registry Services
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Nedlands, Western Australia 6009
Telephone: (08) 9389 8033
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Email: admin@advancedshare.com.au
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COMPANY UPDATE

SMALL HOLDING (UNMARKETABLE PARCEL) SHARE SALE FACILITY

On 6 October 2016, the Company initiated a 'Small Holding (Unmarketable Parcel) Share Sale Facility'¹ in respect of small parcel shareholdings (also sometimes referred to as 'unmarketable parcels') valued at \$500 or less.

Based on the Company's then last sale share price on the ASX of 5.2 cents (as at the Record Date of 5 October 2016), a small holding under this facility constituted 9,615 or fewer shares. The Company's share register had 77 (out of 239) shareholders holding a small holding and these holders held, in aggregate, 276,065 shares or 1.04% of the Company's total issued share capital (of 26,578,358 shares).

The Company's [Constitution](#)² provides a mechanism by which the Board may, with the agreement of the relevant shareholder, aggregate small holdings and sell them on the shareholders' behalf thereby possibly achieving a higher price for the shares than would have been possible had they been sold as individual small parcels. This initiative allows for the full gross proceeds to be realised by shareholders of such small parcels without any associated brokerage or selling costs (which will be borne by the Company).

This initiative will benefit the Company in terms of savings in maintenance costs in relation to share registry fees and also printing, mail-out and postage costs. Furthermore, for some shareholders, the costs of selling their small holdings may result in a proportionally high transaction cost compared to the gross proceeds of sale.

Those small holding shareholders as at the Record Date (5 October 2016) have until 5:00pm Perth time on Wednesday, 23 November 2016 (the **Due Date**) to lodge a Share Retention Form to retain their shareholding in the Company.

The Company will aggregate the small holdings of affected shareholders who have not lodged a Share Retention Form by the Due Date and dispose of them as soon as practicable after that date, having regard to the liquidity of the Company's shares on ASX and market conditions.

The aggregated small holdings will be sold on-market with the Company bearing all brokerage and selling costs.

Once completed, affected small holders will receive a formal Sale Notice advising of the sale details along with a proceeds cheque for their respective pro-rata share of the gross proceeds of sale (with payment sent to a shareholder's last recorded address) after all small holdings have been sold. Any tax consequences from the sale will be the respective shareholder's responsibility.

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

28 October 2016

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

2 Clause 152 of the Company's [Constitution](#)

DIRECTORS' REPORT

The Directors present their report on Queste Communications Ltd ABN 58 081 688 164 (**Company** or **QUE**) and its controlled entities (**Queste** or the **Consolidated Entity**) for the financial year ended 30 June 2016 (**Balance Date**).

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

Queste's results incorporate the results of controlled entity, ASX-listed investment company, Orion Equities Limited ABN 77 000 742 843 (**Orion** or **OEQ**). The Company has a 59.86% (9,367,653 shares) shareholding interest in Orion (30 June 2015: 59.06% (9,367,653 shares)).

PRINCIPAL ACTIVITIES

The principal activity of the Company during the financial year was the management of its assets.

The principal activities of controlled entity, Orion, during the financial year were the management of its investments, including investments in listed and unlisted securities, real estate held for development and resale, and an olive grove operation.

OPERATING RESULTS

CONSOLIDATED ENTITY	2016	2015
	\$	\$
Total revenues	220,289	328,312
Total expenses	(1,117,019)	(1,473,724)
Loss before tax	(896,730)	(1,145,412)
Income tax benefit	-	89,501
Loss for the year	(896,730)	(1,055,911)
Net loss attributable to non-controlling interest	198,360	311,722
Loss after tax attributable to owners of the Company	(698,370)	(744,189)
Basic and diluted loss per share (cents)	(2.35)	(2.52)

LOSS PER SHARE

CONSOLIDATED ENTITY	2016	2015
Basic and diluted loss per share (cents)	(2.35)	(2.52)
Weighted average number of fully paid ordinary shares in the Company outstanding during the year used in the calculation of basic and diluted earnings per share	29,693,976	29,502,441

The Company's 5,770,000 (2015: 9,000,000) partly paid ordinary shares, to the extent that they have been paid (1.5225 cents per share) have been included in the determination of the basic loss per share.

DIVIDENDS

No dividends have been paid or declared during the financial year.

DIRECTORS' REPORT

FINANCIAL POSITION

CONSOLIDATED ENTITY	2016 \$	2015 \$
Cash	191,039	269,805
Current investments - equities	729,027	1,523,346
Investments in Associate entity	3,545,665	3,705,212
Property held for resale	1,350,000	1,350,000
Receivables	64,119	70,291
Deferred tax assets	116,782	216,374
Other assets	2,041,544	2,084,669
Total Assets	8,038,176	9,219,697
Tax liabilities (current and deferred)	(116,782)	(216,374)
Other payables and liabilities	(259,013)	(278,967)
Net Assets	7,662,381	8,724,356
Issued capital	6,149,888	6,268,445
Reserves	3,270,684	3,200,408
Non-controlling interest	3,011,476	3,298,709
Accumulated losses	(4,769,667)	(4,043,206)
Total Equity	7,662,381	8,724,356

CAPITAL MANAGEMENT

Securities on Issue

At the Balance Date, the Company has the following securities on issue:

- (a) 26,578,358 listed fully paid ordinary shares (2015: 28,817,316 fully paid ordinary shares); and
- (b) 5,770,000 unlisted partly paid ordinary shares³; each paid to 1.5225 cents with 18.4775 cents per partly paid ordinary share outstanding (representing the equivalent of 439,241 voting shares⁴) (2015: 9,000,000 unlisted partly paid ordinary shares representing the equivalent of 685,125 voting shares),

making a total of 27,017,599 voting shares on issue (2015: 29,502,441 voting shares).

Save for the conversion of partly paid shares (the subject of calls made by the Company as outlined below), there were no securities issued or granted by the Company during or since the financial year.

Call and Conversion of Partly Paid Shares⁵

On 3 December 2015, there was a conversion of 900,000 partly paid shares into fully paid shares upon payment of a call made by the Company in relation to 100% of the outstanding balance (being \$0.184775 each or \$166,298 in total) due and payable in respect of these 900,000 partly paid shares.⁶

3 The terms of issue of the partly paid shares are disclosed in the Prospectus for the initial public offering of shares in the Company dated 6 August 1998 and also more recently, in the Company's [Share Buy-Back Offer Booklet dated 24 March 2016](#) and released on ASX on 31 March 2016

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

5 The terms of issue of the partly paid shares are disclosed in the Prospectus for the initial public offering of shares in the Company dated 6 August 1998 and also more recently, in the Company's [Share Buy-Back Offer Booklet dated 24 March 2016](#) and released on ASX on 31 March 2016

6 Refer Queste's ASX announcement dated [11 December 2015: Appendix 3B – Application for Quotation of Additional Securities](#)

DIRECTORS' REPORT

On 30 June 2016, there was a conversion of 81,959 partly paid shares into fully paid shares upon payment of a call made by the Company in relation to 100% of the outstanding balance (being \$0.184775 each or \$15,143 in total) due and payable in respect of these 81,959 partly paid shares⁷ - this call and conversion was at the limit of the "3% creep in 6 months" exemption in Item 9 of [section 611](#) of the Corporations Act.

Off-Market Equal Access Share Buy-Back

At the Company's general meeting held on 17 March 2016, shareholders approved an equal access scheme share buy-back of up to 100% of each shareholder's shares in the Company (**Buy-Back**), subject to a maximum cost to the Company of \$300,000 (**Buy-Back Cap**).⁸

By way of background:

- Queste, as part of a capital management programme for the benefit of shareholders, initiated an on-market share buy-back in 2012/2013⁹. This initiative met with little success and no shares were bought-back, primarily due to the lack of liquidity in trading of Queste shares, based upon the application of ASX Listing Rule 7.29 - this rule prescribes that an on-market buy-back may occur only if transactions in a company's shares were recorded on ASX on at least 5 days in the previous 3 months.
- Queste reviewed the on-market share buy-back initiative and the liquidity issue and identified an equal access buy-back scheme as an alternative capital management initiative to allow shareholders an opportunity to realise their investment in the Company in an otherwise relatively illiquid market for Queste shares.
- At the Company's 2013 annual general meeting (**AGM**) held on 28 November 2013, shareholders approved an equal access scheme share buy-back of up to 100% of each shareholder's shares in the Company, subject to a maximum cost to the Company of \$330,000.¹⁰ On 17 December 2013, a Share Buy-Back Offer Booklet¹¹ was despatched to eligible shareholders.

Under this buy-back (which closed on 21 January 2014¹²):

- 587,563 fully paid shares were bought back for 10 cents per share, at a cost of \$58,757; and
- 10,000,000 partly paid shares were bought back for 0.5 of a cent per share, at a cost of \$50,000, with the total cost of the buy-back being \$108,757.

It was noted at this time that Queste may consider undertaking further/annual equal access scheme share buy-backs depending on the Company's financial position and the liquidity of trading in Queste Shares on ASX at the relevant time.

- There continues to be a lack of liquidity in trading of Queste shares and after a review of the Company's financial position, Queste determined to seek shareholder approval to conduct another equal access scheme off-market share buy-back (the Buy-Back referred to above).
- Queste believed that it was in the best interests of shareholders for the proposed Buy-Back to be put to shareholders for approval and that it was appropriate to allow shareholders an opportunity to realise their investment in the Company in an otherwise relatively illiquid market for Queste shares at a price (in respect of the fully paid ordinary shares) at a premium to the current and recent Queste share price on ASX. The proposed Buy-Back would also be a cost-effective mechanism for shareholders to dispose of their interests as there would be no brokerage costs associated with tendering acceptances into the Buy-Back.

7 Refer Queste's ASX announcement dated [5 July 2016: Appendix 3B – Application for Quotation of Additional Securities](#)

8 Refer Queste's [Information Memorandum](#) (including the Notice of General Meeting, Explanatory Statement and Independent Expert's Report) dated 27 January 2016 and released on ASX on 12 February 2016 and Queste's ASX announcement dated 17 March 2016: [Results of 2016 General Meeting](#)

9 Refer Queste's ASX announcements dated 17 April 2012: [Appendix 3C - Announcement of Buy-Back Notice](#) and dated 1 May 2013: [Appendix 3F Final Share Buy-Back Notice](#).

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

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

12 Refer Queste's ASX announcement dated [22 January 2014: Results of Equal Access Buy-Back and Appendix 3F – Final Share Buy-Back Notice](#)

DIRECTORS' REPORT

The record date for determining entitlements to participate in the Buy-Back was 24 March 2016 and on 31 March 2016, a [Share Buy-Back Offer Booklet](#) was despatched to eligible shareholders.

The Buy-Back was open to all shareholders on an equal basis. Participation by shareholders was entirely voluntary, in whole or in part, in relation to their shareholding in the Company.

As the Buy-Back Price was set below the net tangible asset (**NTA**) backing of Queste, the NTA backing of the Company has increased after completion of the Buy-Back. This benefits remaining shareholders or those shareholders that only accepted the Company's offer to buy back a portion of their shares.

Please refer to Queste's [Information Memorandum](#)³ and [Share Buy-Back Offer Booklet](#)¹³ for further details on the Buy-Back.

Under the Buy-Back (which closed on 26 May 2016):

- (a) the Company received acceptances totalling in excess of the Buy-Back Cap of \$300,000 and a proportionate scale-back had to be applied by reference to the value of the Buy-Back consideration in respect of acceptances received (**Scale-Back**)¹⁴.
- (b) After the Scale-Back:
 - 3,220,914 fully paid ordinary shares have been bought back for 9 cents per share, at a cost of ~\$289,882; and
 - 2,248,044 partly-paid ordinary shares have been bought back for 0.45 of a cent per share, at a cost of ~\$10,116,
 with the total cost of the Buy-Back being ~\$299,998.¹⁵

Questa may consider undertaking further/annual equal access scheme share buy-backs depending on the Company's financial position and the liquidity of trading in Questa shares on ASX shares at the relevant time.

REVIEW OF OPERATIONS

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

1.1. Current Status of Investment in Orion

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

The Company holds 9,367,653 shares in Orion, being 59.86% of its issued ordinary share capital (2015: 9,367,653 shares and 58.90%). Orion has been recognised as a controlled entity and included as part of the Questa's results since 1 July 2002.

Questa shareholders are advised to refer to the 30 June [2016 Full Year Report](#) and [monthly NTA](#) disclosures lodged by Orion for further information about the status and affairs of the 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 1.2 to 1.4 below contain information extracted from Orion's public statements.

¹³ Refer Queste's [Share Buy-Back Offer Booklet dated 24 March 2016](#) and released on ASX on 31 March 2016

¹⁴ Refer Queste's ASX announcement dated [26 May 2016: Close of Equal Access Scheme Share Buy-Back Offer](#) and also refer Section 2.3.3 (on page 7) of the [Share Buy-Back Offer Booklet](#)

¹⁵ Refer Queste's ASX announcements dated [30 May 2016: Results of Completion of Equal Access Share Buy-Back](#) and dated [30 May 2016: ASX Appendix 3F – Final Share Buy-Back Notice](#)

DIRECTORS' REPORT

1.2. Orion's Portfolio Details as at 30 June 2016

Asset Weighting

	% of Net Assets	
	2016	2015
Australian equities	55%	58%
Agribusiness ¹⁶	27%	25%
Property held for development and resale	18%	17%
Net tax liabilities (current-year and deferred tax assets/liabilities)	-	-
Net cash/other assets and provisions	<1%	<1%
TOTAL	100%	100%

Major Holdings in Securities Portfolio

Equities	Fair Value \$'million	% of Net Assets	ASX Code	Industry Sector Exposures
Bentley Capital Limited	2.77	36.91%	BEL	Diversified Financials
Strike Resources Limited	0.40	5.33%	SRK	Materials
CBG Australian Equities Fund (Wholesale) (CBG Fund)	0.27	3.55%	N/A	Diversified
Other ASX listed securities	0.06	0.75%	Various	Various
TOTAL	3.50	46.54%		

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

During the financial year, Orion bought back 211,300 shares on-market at a total cost of \$46,686 and at an average buy-back cost (including brokerage) of \$0.221 per share, pursuant to an on-market share buy-back announced on 5 June 2015¹⁷.

1.4. Orion's Assets

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

Bentley Capital Limited (**Bentley**) is a listed investment company with a current exposure to Australian equities.

Orion holds 27.20% (20,513,783 shares) of Bentley's issued ordinary share capital with Queste holding 1.72% (1,300,000 shares) of Bentley's issued ordinary share capital (2015: Orion held 20,513,783 shares (27.42%) and Queste held 1,740,625 shares (2.33%)).

Bentley's asset weighting as at 30 June 2016 was 89% Australian equities (2015: 95.2%), 3.7% intangible assets (2015: 3.9%) and 7.3% net cash/other assets (2015: 0.9%).

Bentley had net assets of \$16.29 million as at 30 June 2016 (2015: \$16.43 million) and incurred an after-tax net profit of \$0.526 million for the financial year (2015: after-tax net loss of \$0.267 million).

Bentley paid two 0.50 cent fully franked dividends that were distributed in September 2015 and March 2016 at a total cost of \$0.749 million (2015 distributions: a 0.95 cent and a 0.50 cent fully franked dividends, totaling \$1.111 million).

Orion received \$205,138 distributions from Bentley during the financial year (2015: \$307,707).

Queste received \$17,406 distributions from Bentley during the financial year (2015: \$26,108).

¹⁶ Agribusiness net assets include olive grove land, olive trees, buildings and plant and equipment.

¹⁷ Refer Orion's ASX announcements dated [5 June 2015: Appendix 3C – Announcement of Buy-Back](#) and [31 May 2016: Appendix 3F - Final Share Buy-Back Notice](#)

DIRECTORS' REPORT

Subsequent to 30 June 2016, Bentley announced its intention to pay a fully-franked dividend of 0.50 cent per share. Orion's and Queste's entitlement from the fully franked dividend is expected to be \$102,569 and \$6,500 respectively.

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

Rate per share	Nature	Queste's Entitlement	Orion's Entitlement	Payment Date
0.50 cent	Dividend	\$6,500	\$102,569	29 September 2016
0.50 cent	Dividend	\$8,703	\$102,569	18 March 2016
0.50 cent	Dividend	\$8,703	\$102,569	25 September 2015
0.55 cent	Dividend	\$9,573	\$112,826	20 March 2015
0.95 cent	Dividend	\$16,535	\$194,881	26 September 2014
One cent	Dividend	\$17,406	\$205,138	21 March 2014
One cent	Return of capital	\$17,406	\$205,138	12 December 2013
One cent	Return of capital	\$17,406	\$205,138	18 April 2013
One cent	Return of capital	\$17,406	\$205,138	30 November 2012
One cent	Return of capital	\$17,406	\$205,138	19 April 2012
5.0 cents	Return of capital	\$87,031	\$1,025,689	14 October 2011
2.4 cents	Dividend (Special)	\$41,775	\$492,331	26 September 2011
One cent	Dividend	\$17,406	\$205,138	26 September 2011

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

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

Information concerning Bentley may be viewed from its website: www.bel.com.au.

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

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

Strike Resources Limited (**Strike**) owns the high grade [Apurimac Magnetite Iron Ore Project](#) and [Cusco Magnetite Iron Ore Project](#) in Peru and retains cash reserves of ~\$7 million (as at 30 June 2016). Strike has announced that it has examined a range of new strategies for the company in light of the on-going poor outlook for the iron ore sector – for further information, refer to Strike's [2016 Full Year Report](#).¹⁸

On 2 September 2015, Bentley successfully closed its off-market 5.5 cent per share cash takeover bid¹⁹ for Strike with acceptances received totaling 52,553,493 Strike shares (36.16%²⁰), making Bentley the largest shareholder.

Orion accepted into the Strike bid in respect of 6,690,802 Strike shares and received the bid consideration of \$367,994 on 14 September 2015.

Orion retains 10,000,000 Strike shares (6.88%) (30 June 2015: 16,690,802 shares (11.48%)). Inclusive of Bentley's relevant interest in Strike (above), Orion has a relevant interest in 62,553,493 Strike shares (43.041%²¹).

Information concerning Strike may be viewed from its website: www.strikeresources.com.au

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

18 Refer Strike's [2016 Full Year Report](#) released on ASX on 31 August 2016

19 Refer Bentley's ASX Announcement dated [31 July 2015: Despatch of Bidders Statement to Holders of Strike Resources Limited](#)

20 Refer Bentley's ASX announcement dated [31 August 2015: Notice of Change in Interests of Substantial Holder in Strike](#)

21 Refer Orion's [Change in Substantial Holding Notice](#) dated 4 September 2016

DIRECTORS' REPORT

(c) Other Assets

Orion also owns:

- a 143 hectare commercial olive grove operation (currently on care and maintenance) with approximately 64,500, 17 year old olive tree plantings located in Gingin, Western Australian; and
- a property held for redevelopment or sale but currently rented out located in Mandurah, Western Australia.

2. Queste's Other Assets

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

- (a) a direct share investment in Associate entity, Bentley, being 1,300,000 shares (or 1.72% of Bentley's issued ordinary share capital) (2015: 1,740,625 shares and 2.33%);
- (b) other investments of \$6,582 (2015: \$361,227); and
- (c) a cash holding of \$112,251 (2015: \$128,998).

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

FUTURE DEVELOPMENTS

The Consolidated Entity intends to continue its investment activities in future years. The results of these investment activities depend upon the performance of the underlying companies and securities in which the Consolidated Entity invests. The investments' performances depend on many economic factors and also industry and company specific issues. In the opinion of the Directors, it is not possible or appropriate to make a prediction on the future course of markets, the performance of the Consolidated Entity's investments or the forecast of the likely results of the Consolidated Entity's activities.

ENVIRONMENTAL REGULATION

The Consolidated Entity is not subject to any particular or significant environmental regulation under Australian Commonwealth or State legislation.

DIRECTORS' REPORT

DIRECTORS

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

Farooq Khan	Executive Chairman and Managing Director
<i>Appointed</i>	10 March 1998
<i>Qualifications</i>	BJuris, LLB (<i>Western Australia</i>)
<i>Experience</i>	Mr Khan is a qualified lawyer having previously practised principally in the field of corporate law. Mr Khan has extensive experience in the securities industry, capital markets and the executive management of ASX-listed companies. In particular, Mr Khan has guided the establishment and growth of a number of public listed companies in the investment, mining and financial services sectors. He has considerable experience in the fields of capital raisings, mergers and acquisitions and investments.
<i>Relevant interest in shares</i>	5,344,872 shares ²²
<i>Other current directorships in listed entities</i>	(1) Executive Chairman of Bentley Capital Limited (ASX: BEL) (since 2 December 2003) (2) Executive Chairman of Orion Equities Limited (ASX: OEO) (since 23 October 2006) (3) Chairman (appointed 18 December 2015) of Strike Resources Limited (ASX: SRK) (Director since 1 October 2015)
<i>Former directorships in other listed entities in past 3 years</i>	None

Victor P. H. Ho	Executive Director and Company Secretary
<i>Appointed</i>	Executive Director since 3 April 2013; Company Secretary since 30 August 2000
<i>Qualifications</i>	BCom, LLB (<i>Western Australia</i>), CTA
<i>Experience</i>	Mr Ho has been in Executive roles with a number of ASX listed companies across the investments, resources and technology sectors over the past 15+ years. Mr Ho is a Chartered Tax Adviser (CTA) and previously had 9 years' experience in the taxation profession with the Australian Tax Office (ATO) and in a specialist tax law firm. Mr Ho has been actively involved in the structuring and execution of a number of corporate, M&A and international joint venture (in South America, Indonesia and the Middle East) transactions, capital raisings and capital management initiatives and has extensive experience in public company administration, corporations' law and stock exchange compliance and investor/shareholder relations.
<i>Relevant interest in shares</i>	17,500 shares ²³
<i>Other current positions held in listed entities</i>	(1) Executive Director and Company Secretary of Orion Equities Limited (ASX: OEO) (Secretary since 2 August 2000 and Director since 4 July 2003) (2) Director and Company Secretary of Strike Resources Limited (ASX: SRK) (Director since 24 January 2014 and Company Secretary since 1 October 2015) (3) Company Secretary of Bentley Capital Limited (ASX: BEL) (since 5 February 2004)
<i>Former positions in other listed entities in past 3 years</i>	Company Secretary of Alara Resources Limited (ASX: AUQ) (4 April 2007 to 31 August 2015)

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

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

DIRECTORS' REPORT

Yaqoob Khan	Non-Executive Director
<i>Appointed</i>	10 March 1998
<i>Qualifications</i>	BCom (Western Australia), Master of Science in Industrial Administration (Carnegie Mellon)
<i>Experience</i>	After working for several years in the Australian Taxation Office, Mr Khan completed his postgraduate Masters degree and commenced work as a senior executive responsible for product marketing, costing systems and production management. Mr Khan has been an integral member of the team responsible for the pre-IPO structuring and IPO promotion of a number of ASX floats and has been involved in the management of such companies. Mr Khan brings considerable international experience in key aspects of corporate finance and the strategic analysis of listed investments.
<i>Relevant interest in shares</i>	68,345 shares ²⁴
<i>Other current directorships in listed entities</i>	Non-Executive Director of Orion Equities Limited (ASX:OEQ) (since 5 November 1999).
<i>Former directorships in other listed entities in past 3 years</i>	None

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

At the Company's 2015 AGM²⁵:

- Yaqoob Khan retired as a Director (by rotation) pursuant to the Company's Constitution and was re-elected a Director at that AGM.

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	12	12
Yaqoob Khan	12	12
Victor Ho	12	12

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 Queste's activities, matters typically dealt with by an Audit or Remuneration Committee are dealt with by the full Board.

²⁴ Refer Yaqoob Khan's [Change of Director's Interest Notice](#) dated 6 September 2011

²⁵ Refer Queste's ASX announcement dated [12 November 2015: Results of 2015 Annual General Meeting](#)

REMUNERATION REPORT

This Remuneration Report details the nature and amount of remuneration for each Director and Company Executive (being a company secretary or senior manager) (**Key Management Personnel**) of Queste.

The information provided under headings (1) to (5) below has been audited for compliance with [section 300A](#) of the *Corporations Act 2001 (Cth)* as required under [section 308\(3C\)](#).

(1) Remuneration Policy

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

Corporate Governance Principles: The Company's Corporate Governance Statement (**CGS**) also addresses matters pertaining to the Board, Senior Management and Remuneration. The latest version of the CGS may be downloaded from the Company's website: <http://queste.com.au/corporate-governance>

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 \$75,000²⁴ per annum inclusive of minimum employer superannuation contributions where applicable, to be divided as the Board determines appropriate.

The Board has determined the following fixed cash remuneration for current Key Management Personnel during the year as follows:

- (1) Mr Farooq Khan (Executive Chairman and Managing Director) - a base salary of \$31,250 (previously voluntarily reduced from \$62,500 to \$31,250 (with effect on 1 April 2016) and from \$125,000 to \$62,500 (with effect on 1 April 2013) to assist the Company in reducing its corporate overheads) per annum plus employer superannuation contributions.
- (2) Mr Victor Ho (Executive Director and Company Secretary) - a base salary of \$22,500 (previously voluntarily reduced from \$45,000 to \$22,500 (with effect on 1 April 2016) to assist the Company in reducing its corporate overheads) per annum plus employer superannuation contributions. Mr Ho also agreed to join the Board as an Executive Director on 3 April 2013 at no further cost to the Company; and
- (3) Mr Yaqoob Khan (Non-Executive Director) - a base fee of \$15,000 per annum.

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 reimbursement of all travelling, hotel and other expenses reasonably incurred by a Director for the purpose of attending meetings of the Board or otherwise in and about the business of the Company; and
- (b) In respect of Non-Executive Directors, payment for the performance of extra services or the making of special exertions for the benefit of the Company (at the request of and with the concurrence of the Board).

Short-Term Benefits: The Company does not have any short-term incentive (**STI**) cash bonus schemes (or equivalent) in place for Key Management Personnel.

²⁴ As approved by shareholders at the Annual General Meeting held on 30 November 1999; refer Queste's ASX announcement dated [30 November 1999: Results of Annual General Meeting of Shareholders](#)

REMUNERATION REPORT

Long-Term Benefits: Other than early termination benefits disclosed in 'Employment Agreement' below, Key Management Personnel have no right to termination payments save for payment of accrued unused annual and long service leave (where applicable) (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.

Post-Employment Benefits: The Company does not presently provide retirement benefits to Key Management Personnel. The Company notes that shareholder approval is required where a Company proposes to make a "termination payment" (for example, a payment in lieu of notice, a payment for a post-employment restraint and payments made as a result of the automatic or accelerated vesting of share based payments) in excess of one year's "base salary" (defined as the average base salary over the previous 3 years) to a director or any person who holds a managerial or executive office.

Performance-Related Benefits and Financial Performance of Company: The Company does not presently provide short- or long-term 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.

The Board does not believe that it is appropriate at this time to implement an equity-based benefit scheme or a performance related/variable component to Key Management Personnel remuneration or remuneration generally linked to the Company's performance but reserves the right to implement these remuneration measures if appropriate in the future (subject to prior shareholder approval where applicable).

In considering the Company's performance and its effects on shareholder wealth, Directors have had regard to the data set out below for the latest financial year and the previous four financial years.

	2016	2015	2014	2013	2012
Loss Before Income Tax (\$)	(896,730)	(1,055,911)	(1,209,082)	(3,453,436)	(5,366,862)
Basic Earnings/(Loss) per Share (cents)	(2.35)	(2.52)	(5.24)	(6.73)	(9.85)
Dividends Paid (\$)	-	-	-	-	-
VWAP Share Price on ASX for financial year (\$)	0.07	0.00	0.14	0.09	0.11
Closing Bid Share Price at 30 June (\$)	0.05	0.06	0.14	0.09	0.10

(2) Employment Agreement

Details of the material terms of an employment agreement entered by the Company with a Key Management Personnel are as follows:

Key Management Personnel and Position(s) Held	Relevant Date(s)	Base Salary/Fees per annum	Other Material Terms
Victor Ho Company Secretary (since 30 August 2000) Executive Director (since 3 April 2013)	25 January 2000 (date of employment agreement) 2009/2010 (date of effect of current remuneration)	\$45,000 plus employer superannuation contributions (currently 9.5% of base salary)	<ul style="list-style-type: none"> The agreement has no fixed term or fixed rolling terms of service. Standard annual leave (20 days) and personal/sick leave (10 days paid) entitlements plus entitlement to long service leave of 60 days after 7 years of service with an additional 5 days after each year of service thereafter. One month's notice of termination by the Company or employee. Immediate termination without notice if employee commits any serious act of misconduct.

REMUNERATION REPORT

The Company does not presently have formal service agreements or employment agreements with any other Key Management Personnel.

(3) Details of Remuneration of Key Management Personnel

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

Paid by the Company (Queste) to its Key Management Personnel

2016	Performance related	Short-term Benefits		Post-Employment Benefits	Other Long-term Benefits	Equity Based	Total
		Cash, salary and commissions	Non-cash benefit	Superannuation	Long service leave	Shares & Options	
Executive Directors:							
Farooq Khan	-	51,562	-	5,149	2,644	-	59,355
Victor Ho	-	38,074	-	3,741	-	-	41,815
Non-Executive Director:							
Yaqoob Khan	-	15,000	-	-	-	-	15,000

2015	Performance related	Short-term Benefits		Post-Employment Benefits	Other Long-term Benefits	Equity Based	Total
		Cash, salary and commissions	Non-cash benefit	Superannuation	Long service leave	Shares & Options	
Executive Directors:							
Farooq Khan	-	60,577	-	5,800	481	-	66,858
Victor Ho	-	45,000	-	4,275	-	-	49,275
Non-Executive Director:							
Yaqoob Khan	-	15,000	-	-	-	-	15,000

Paid by Orion to Key Management Personnel (who are also KMP of Queste)

2016	Performance related	Short-term Benefits		Post-Employment Benefits	Other Long-term Benefits	Equity Based	Total
		Cash, salary and commissions	Non-cash benefit	Superannuation	Long service leave	Shares & Options	
Executive Directors:							
Farooq Khan	-	206,618	-	19,629	-	-	226,247
Victor Ho	-	78,562	-	7,481	-	-	86,043
Non-Executive Director:							
Yaqoob Khan	-	25,000	-	-	-	-	25,000

2015	Performance related	Short-term Benefits		Post-Employment Benefits	Other Long-term Benefits	Equity Based	Total
		Cash, salary and commissions	Non-cash benefit	Superannuation	Long service leave	Shares & Options	
Executive Directors:							
Farooq Khan	-	238,101	-	22,802	1,923	-	262,826
Victor Ho	-	68,750	-	13,375	-	-	82,125
Non-Executive Director:							
Yaqoob Khan	-	29,000*	-	-	-	-	29,000

* Includes fees received 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.

REMUNERATION REPORT

Victor Ho is also Company Secretary of Queste and Orion.

The tables above may be aggregated to arrive at the aggregate amount of each element of remuneration of each Key Management Personnel paid or payable by the Queste and Orion during the financial year.

(4) Other Benefits Provided to Key Management Personnel

No Key Management Personnel has during or since the end of the 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) Engagement of Remuneration Consultants

The Company has not engaged any remuneration consultants to provide remuneration recommendations in relation to Key Management Personnel during the year. The Board has established a policy for engaging external Key Management Personnel remuneration consultants which includes, inter alia, that the Non-Executive Directors on the Remuneration Committee be responsible for approving all engagements of and executing contracts to engage remuneration consultants and for receiving remuneration recommendations from remuneration consultants regarding Key Management Personnel. Furthermore, the Company has a policy that remuneration advice provided by remuneration consultants be quarantined from Management where applicable.

(6) Shares held by Key Management Personnel

The number of ordinary shares in the Company held by Key Management Personnel is set below:

Key Management Personnel	Balance at 30 June 2015	Additions	Received as part of remuneration	Disposals	Balance at 30 June 2016
Executive Directors:					
Farooq Khan	6,168,044	-	-	(555,072) ²⁵	5,612,972
Victor Ho	17,500	-	-	-	17,500
Non-Executive Director:					
Yaqoob Khan	68,345	-	-	-	68,345

Note: The disclosures of shareholdings above are in accordance with the accounting standards which require disclosure of shares held directly, indirectly or beneficially by each key management person, a close member of the family of that person, or an entity over which either of these persons have, directly or indirectly, control, joint control or significant influence (as defined under Accounting Standard [AASB 124](#) Related Party Disclosures).

(7) Voting and Comments on the Remuneration Report at the 2015 AGM

At the Company's most recent (2015) AGM, a resolution to adopt the prior year (2015) Remuneration Report was put to the vote and passed unanimously on a show of hands with the proxies received also indicating majority 86.15%) support in favour of adopting the Remuneration Report.²⁶ No comments were made on the Remuneration Report that was considered at the AGM.

This concludes the audited Remuneration Report.

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

26 Refer Queste's ASX announcement dated [12 November 2015: Results of 2015 Annual General Meeting](#)

DIRECTORS' REPORT

DIRECTORS' AND OFFICERS' INSURANCE

The Company and Orion each insure Directors and Officers against liability they may incur in respect of any wrongful acts or omissions made by them in such capacity (to the extent permitted by the *Corporations Act 2001 (Cth)*) (**D&O Policy**). Details of the amount of the premium paid in respect of the insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

DIRECTORS DEEDS

In addition to the rights of indemnity provided under the Company's Constitution (to the extent permitted by the *Corporations Act 2001 (Cth)*), the Company has also entered into a deed with each of the Directors and the Company Secretary (**Officer**) to regulate certain matters between the Company and each Officer, both during the time the Officer holds office and after the Officer ceases to be an officer of the Company, including the following matters:

- (a) The Company's obligation to indemnify an Officer for liabilities or legal costs incurred as an officer of the Company (to the extent permitted by the *Corporations Act 2001 (Cth)*); and
- (b) Subject to the terms of the deed and the *Corporations Act 2001 (Cth)*, the Company may advance monies to the Officer to meet any costs or expenses of the Officer incurred in circumstances relating to the indemnities provided under the deed and prior to the outcome of any legal proceedings brought against the Officer.

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.

AUDITORS

The Company has changed its Auditors from [BDO](#) to [Rothsay Auditing](#) (a firm of Chartered Accountants with offices in [Perth](#) and [Sydney](#)), with effect on 12 February 2016.²⁷ The transition of Auditors occurred as part of a review of the Company's corporate administration costs – Rothsay was selected after considering proposals received from BDO and a number of other audit firms. Rothsay will hold office as Auditor until the next annual general meeting of the Company, at which time shareholder approval will be sought for their re-appointment and continuation as Auditor.

Details of the amounts paid or payable to the Auditors for audit and non-audit services (tax services) provided during the financial year are set out below:

Auditor	Consolidated Entity			Company		
	Audit & Review Fees	Non-Audit Services	Total	Audit & Review Fees	Non-Audit Services	Total
	\$	\$	\$	\$	\$	\$
Rothsay Auditing	36,000	-	36,000	14,000	-	14,000
BDO Audit (WA) Pty Ltd	-	3,451	3,451	-	-	-
BDO Corporate Finance (WA) Pty Ltd	-	12,565	12,565	-	12,565	12,565

²⁷ Refer Queste's ASX announcement dated [12 February 2016: Change of Auditors](#)

DIRECTORS' REPORT

The Board is satisfied that the provision of non-audit services by the auditor during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001 (Cth)*. The Board is satisfied that the nature of the non-audit services disclosed above did not compromise the general principles relating to auditor independence as set out in [APES 110 Code of Ethics for Professional Accountants: Professional Independence](#), including reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

Rothsay Auditing continues in office in accordance with [section 327B](#) of the *Corporations Act 2001 (Cth)*.

AUDITORS' INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under [section 307C](#) of the *Corporations Act 2001 (Cth)* forms part of this Directors Report and is set out on page 18. This relates to the Auditor's Independent Review Report, where the Auditors state that they have issued an independence declaration.

EVENTS SUBSEQUENT TO BALANCE DATE

The Directors are not aware of any other 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 Note 27, 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



Victor Ho
Company Secretary

31 August 2016

ROTHSAY

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

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

Dear Sirs

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

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 30 June 2016 financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the review.



Graham Swan FCA (Lead auditor)

Rothsay Auditing

Dated 31 August 2016



Chartered Accountants

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2016

	Note	2016 \$	2015 \$
Revenue	2	55,604	80,289
Other			
Share of net profit of Associate entity		163,526	-
Net gain on financial assets at fair value through profit or loss		-	142,374
Reversal of Impairment - olive grove assets		-	101,296
Other revenue		1,159	4,353
Total revenue		220,289	328,312
Expenses	3		
Net loss on financial assets at fair value through profit or loss		(78,076)	-
Share of net loss of Associate entity		-	(80,044)
Olive grove operation expenses		(60,763)	(71,808)
Land operation expenses		(15,156)	(147,217)
Personnel expenses		(655,039)	(792,986)
Occupancy expenses		(56,666)	(69,339)
Corporate expenses		(53,815)	(51,561)
Finance expenses		(4,180)	(4,381)
Administration expenses		(193,324)	(256,388)
Loss before income tax		(896,730)	(1,145,412)
Income tax expense	5	-	89,501
Loss for the year		(896,730)	(1,055,911)
Other comprehensive income			
Revaluation of assets, net of tax		-	208,836
Total comprehensive loss for the year		(896,730)	(847,075)
Loss attributable to:			
Owners of Queste Communications Ltd		(698,370)	(744,189)
Non-controlling interest		(198,360)	(311,722)
		(896,730)	(1,055,911)
Total comprehensive income for the year is attributable to:			
Owners of Queste Communications Ltd		(698,370)	(535,353)
Non-controlling interest		(198,360)	(311,722)
		(896,730)	(847,075)
Basic and diluted loss per share (cents) attributable to the ordinary equity holders of the Company	6	(2.35)	(2.52)

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2016

	Note	2016 \$	2015 \$
Current assets			
Cash and cash equivalents	7	191,039	269,805
Financial assets at fair value through profit or loss	8	729,027	1,523,346
Receivables	11	42,345	13,171
Other current assets		7,865	8,417
Total current assets		970,276	1,814,739
Non current assets			
Receivables	11	21,774	57,120
Property held for development or resale	12	1,350,000	1,350,000
Investment in Associate entity	22	3,545,665	3,705,212
Property, plant and equipment	13	1,968,179	2,010,752
Olive trees	14	65,500	65,500
Deferred tax asset	5	116,782	216,374
Total non current assets		7,067,900	7,404,958
Total assets		8,038,176	9,219,697
Current liabilities			
Payables	15	151,617	161,957
Provisions	16	107,396	117,010
Total current liabilities		259,013	278,967
Non current liabilities			
Deferred tax liability	5	116,782	216,374
Total non current liabilities		116,782	216,374
Total liabilities		375,795	495,341
Net assets		7,662,381	8,724,356
Equity			
Issued capital	17	6,149,888	6,268,445
Reserves	18	3,270,684	3,200,408
Accumulated losses		(4,769,667)	(4,057,596)
Parent interest		4,650,905	5,411,257
Non-controlling interest	19	3,011,476	3,313,099
Total equity		7,662,381	8,724,356

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2016

	Issued capital \$	Reserves \$	Accumulated losses \$	Non- controlling interest \$	Total \$
Balance at 1 July 2014	6,268,445	3,106,232	(3,313,407)	3,520,654	9,581,924
Loss for the year	-	-	(744,189)	(311,722)	(1,055,911)
Other comprehensive income	-	208,836	-	-	208,836
Total comprehensive loss for the year	-	208,836	(744,189)	(311,722)	(847,075)
Transactions with owners in their capacity as owners:					
Transactions with non-controlling interest	-	(114,660)	-	104,167	(10,493)
Balance at 30 June 2015	6,268,445	3,200,408	(4,057,596)	3,313,099	8,724,356
Balance at 1 July 2015	6,268,445	3,200,408	(4,057,596)	3,313,099	8,724,356
Loss for the year	-	-	(698,370)	(198,360)	(896,730)
Profit reserve transfer	-	13,701	(13,701)	-	-
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	13,701	(712,071)	(198,360)	(896,730)
Transactions with owners in their capacity as owners:					
Transactions with non-controlling interest	-	56,575	-	(103,263)	(46,688)
Share buy back	(299,998)	-	-	-	(299,998)
Partly paid shares	181,441	-	-	-	181,441
Balance at 30 June 2016	6,149,888	3,270,684	(4,769,667)	3,011,476	7,662,381

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2016

	Note	2016 \$	2015 \$
Cash flows from operating activities			
Receipts from customers		46,491	65,736
Dividends received		227,047	340,754
Interest received		5,769	11,968
Payments to suppliers and employees		(1,003,389)	(1,201,380)
Interest paid		(48)	(140)
Sale of financial assets at fair value through profit or loss		973,442	509,824
Purchase of financial assets at fair value through profit or loss		(156,671)	(718,376)
Net cash used in continuing operations		92,641	(991,614)
Net cash (used in)/provided by discontinued operations		-	9,369
Net cash used in operating activities		92,641	(982,245)
Cash flows from investing activities			
Proceeds from sale of olive oil operations		-	101,994
Purchase of plant and equipment		(6,164)	(9,068)
Net cash provided by/(used in) investing activities		(6,164)	92,926
Cash flows from financing activities			
Queste off-market share buy-back		(299,998)	-
Proceeds from calls on partly paid shares		181,441	-
Orion on-market share buy-back		(46,686)	(10,495)
Net cash used in financing activities		(165,243)	(10,495)
Net increase /(decrease) in cash held		(78,766)	(899,814)
Cash and cash equivalents at beginning of financial year		269,805	1,169,619
Cash and cash equivalents at end of financial year	7	191,039	269,805

The accompanying notes form part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

1. ABOUT THIS REPORT

1.1 Background

This financial report covers the consolidated financial statement of the consolidated entity consisting of Queste Communications Ltd, its subsidiary and investment in its associate (the **Consolidated Entity** or **Queste**). The financial report is presented in the Australian currency.

Queste Communications Ltd (the **Company**) is a company limited by shares, incorporated in Western Australia, Australia and whose shares are publicly traded on the Australian Securities Exchange (**ASX**).

These financial statements have been prepared on a streamlined basis where key information is grouped together for ease of understanding and readability. The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Consolidated Entity.

Information is considered material and relevant if, for example:

- (a) the amount in question is significant because of its size or nature;
- (b) it is important for understanding the results of the Consolidated Entity;
- (c) it helps to explain the impact of significant changes in the Consolidated Entity's business – for example, acquisitions; or
- (d) it relates to an aspect of the Consolidated Entity's operations that is important to its future performance.

The notes are organised into the following sections:

- (a) **Key Performance:** Provides a breakdown of the key individual line items in the statement of comprehensive income that the Directors consider most relevant to understanding performance and shareholder returns for the year:

Notes

2	Revenue
3	Expenses
4	Segment information
5	Income tax
6	Loss per share

- (b) **Financial Risk Management:** Provides information about the Consolidated Entity's exposure and management of various financial risks and explains how these affect the Consolidated Entity's financial position and performance:

Notes

7	Cash and cash equivalents
8	Financial assets at fair value through profit or loss
9	Financial risk management
10	Fair value measurement of financial instruments

- (c) **Other Assets and Liabilities:** Provides information on other balance sheet assets and liabilities that do not materially affect performance or give rise to material financial risk:

Notes

11	Receivables
12	Property held for resale
13	Property, plant and equipment
14	Olive trees
15	Payables
16	Provisions

- (d) **Capital Structure:** This section outlines how the Consolidated Entity manages its capital structure and related financing costs, as well as capital adequacy and reserves. It also provides details on the dividends paid by the Company:

Notes

17	Issued capital
18	Reserves
19	Non-controlling interest

- (e) **Consolidated Entity Structure:** Provides details and disclosures relating to the parent entity of the Consolidated Entity, controlled entities, investments in associates and any acquisitions and/or disposals of businesses in the year. Disclosure on related parties is also provided in the section:

Notes

20	Parent entity information
21	Investment in controlled entity
22	Investment in associate entity
23	Related party transactions

- (f) **Other:** Provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements however, are not considered significant in understanding the financial performance or position of the Consolidated Entity:

Notes

24	Auditors' remuneration
25	Commitments
26	Contingencies
27	Events occurring after the reporting period

Significant and other accounting policies that summarise the measurement basis used and presentation policies and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

1.2. Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australia Accounting Interpretations and the *Corporations Act 2001 (Cth)*, as appropriate for for-profit entities.

Compliance with IFRS

The consolidated financial statements of the Consolidated Entity also comply with International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**).

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.

1.3. Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of the subsidiary of Queste Communications Ltd as at 30 June 2016 and the results of its subsidiary for the year then ended. Queste Communications Ltd and its subsidiary are referred to in this financial statement as the Consolidated Entity.

The controlled entity has 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.

1.4. Comparative Figures

Certain comparative figures have been adjusted to conform to changes in presentation for the current financial year.

1.5. 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 Statement of Financial Position are shown inclusive of GST. Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

1.6. 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 profit or loss. 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 CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

1.7. Summary of Accounting Standards Issued but not yet Effective

The following new Accounting Standards and Interpretations (which have been released but not yet adopted) have no material impact on the Consolidated Entity's financial statements or the associated notes therein.

AASB reference	Title and Affected Standard(s)	Nature of Change	Application date
AASB 9	Financial Instruments	<p>Classification and measurement</p> <p>AASB 9 amends the classification and measurement of financial assets:</p> <ul style="list-style-type: none"> Financial assets will either be measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL). Financial assets are measured at amortised cost or FVTOCI if certain restrictive conditions are met. All other financial assets are measured at FVTPL. All investments in equity instruments will be measured at fair value. For those investments in equity instruments that are not held for trading, there is an irrevocable election to present gains and losses in OCI. Dividends will be recognised in profit or loss <p>The following requirements have generally been carried forward unchanged from AASB 139 Financial Instruments: Recognition and Measurement into AASB 9:</p> <ul style="list-style-type: none"> Classification and measurement of financial liabilities, and Derecognition requirements for financial assets and liabilities. <p>However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.</p> <p>Impairment</p> <p>The new impairment model in AASB 9 is now based on an 'expected loss' model rather than an 'incurred loss' model.</p> <p>A complex three stage model applies to debt instruments at amortised cost or at fair value through other comprehensive income for recognising impairment losses.</p> <p>A simplified impairment model applies to trade receivables and lease receivables with maturities that are less than 12 months. For trade receivables and lease receivables with maturity longer than 12 months, entities have a choice of applying the complex three stage model or the simplified model.</p>	Annual reporting periods beginning on or after 1 January 2018
AASB 2015-1	Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle	Non-urgent but necessary changes to standards	Annual periods beginning on or after 1 January 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

1.7. Summary of Accounting Standards Issued but not yet Effective (continued)

AASB reference	Title and Affected Standard(s)	Nature of Change	Application date
AASB 2014-9	Amendments to Australian Accounting Standards - Equity Method in Separate Financial Statements	Currently, investments in subsidiaries, associates and joint ventures are accounted for in separate financial statements at cost or at fair value under AASB 139/AASB 9. These amendments provide an additional option to account for these investments using the equity method as described in AASB 128 Investments in Associates and Joint Ventures.	Annual periods beginning on or after 1 January 2016
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	<p>AASB 2014-10 amends AASB 10 Consolidated Financial Statements and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require:</p> <ul style="list-style-type: none"> A full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not) <p>A partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.</p>	Annual periods beginning on or after 1 January 2018
IFRS 15	Revenue from contracts with customers	An entity will recognise revenue to depict the transfer of promised good or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue.	Annual reporting periods beginning on or after 1 January 2018
AASB 16	Leases	<p>The key features of AASB 16 are as follows:</p> <p>Lessee accounting</p> <ul style="list-style-type: none"> Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. <p>AASB 16 contains disclosure requirements for lessees.</p>	Annual reporting periods beginning on or after 1 January 2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

2. REVENUE

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

	2016	2015
	\$	\$
Revenue		
Rental revenue	44,200	44,200
Dividend revenue	5,635	24,121
Interest revenue	5,769	11,968
	<u>55,604</u>	<u>80,289</u>
Other		
Share of net profit of Associate entity	163,526	-
Net gain on financial assets at fair value through profit or loss	-	142,374
Reversal of impairment - olive grove assets	-	101,296
Other revenue	1,159	4,353
	<u><u>220,289</u></u>	<u><u>328,312</u></u>

Accounting policy

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**) except where the amount of GST incurred is not recoverable from the Australian Tax Office. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of financial assets, goods and other assets

Revenue from the sale of financial assets, goods or other assets is recognised when the Consolidated Entity has passed control of the financial assets, goods or other assets to the buyer.

(b) Interest revenue

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

(c) 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

(d) Other revenues

Other revenues are recognised on a receipts basis.

3. EXPENSES

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

	2016	2015
	\$	\$
Net loss on financial assets at fair value through profit or loss	78,076	-
Share of net loss of Associate entity	-	80,044
Olive grove operations		
Depreciation of olive grove assets	41,071	51,602
Other expenses	19,692	20,206
Land operations		
Impairment loss on property held for development or resale	-	140,000
Other expenses	15,156	7,217
Salaries, fees and employee benefits	655,039	792,986
Occupancy expenses	56,666	69,339
Finance expenses	4,180	4,381
Corporate expenses		
ASX fees	34,166	34,308
Share registry	13,423	12,673
Other corporate expenses	6,226	4,580

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

3. EXPENSES (continued)	2016	2015
	\$	\$
Administration expenses		
Professional fees	35,532	51,561
Audit fees	34,800	68,823
Legal fees	24,954	42,747
Depreciation	7,666	9,785
Other administration expenses	90,372	83,472
	1,117,019	1,473,724

4. SEGMENT INFORMATION

2016	Investments	Olive grove	Corporate	Total
Segment revenues	\$	\$	\$	\$
Revenue	55,604	-	-	55,604
Other	163,526	-	1,159	164,685
Total segment revenues	219,130	-	1,159	220,289
Personnel expenses	-	-	655,039	655,039
Finance expenses	-	(86)	4,897	4,811
Administration expenses	-	8,075	130,347	138,422
Depreciation expenses	-	41,071	7,667	48,738
Other expenses	94,375	11,703	163,931	270,009
Total segment profit/(loss)	124,755	(60,763)	(960,722)	(896,730)
Segment assets				
Cash and cash equivalents	-	3,117	187,922	191,039
Financial assets	729,027	-	-	729,027
Property held for development or resale	1,350,000	-	-	1,350,000
Investment in associate	3,545,665	-	-	3,545,665
Property, plant and equipment	-	1,941,359	26,820	1,968,179
Other assets	-	66,139	188,127	254,266
Total segment assets	5,624,692	2,010,615	402,869	8,038,176
2015				
Segment revenues				
Revenue	80,289	-	4,353	84,642
Other	142,374	101,296	-	243,670
Total segment revenues	222,663	101,296	4,353	328,312
Personnel expenses	-	2,811	792,986	795,797
Finance expenses	-	313	4,572	4,885
Administration expenses	-	3,508	186,057	189,565
Depreciation expenses	-	51,602	13,431	65,033
Other expenses	236,999	13,574	167,871	418,444
Total segment profit/(loss)	(14,336)	29,488	(1,160,564)	(1,145,412)
Segment assets				
Cash and cash equivalents	-	5,632	264,173	269,805
Financial assets	1,523,346	-	-	1,523,346
Property held for development or resale	1,350,000	-	-	1,350,000
Investment in associate	3,705,212	-	-	3,705,212
Property, plant and equipment	-	1,982,430	28,321	2,010,751
Other assets	-	67,785	292,798	360,583
Total segment assets	6,578,558	2,055,847	585,292	9,219,697

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

4. SEGMENT INFORMATION (continued)

Accounting policy

The operating segments are reported in a manner consistent with the internal reporting provided to the "Chief Operating Decision Maker" (**CODM**). The Consolidated Entity's CODM is the Board of Directors who are responsible for allocating resources and assessing performance of the operating segments.

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

Description of segments

- (a) Investments comprise of equity investments of companies listed on the Australian Securities Exchange (**ASX**) and liquid financial assets;
- (b) Olive grove is in relation to the olive grove farm in Gingin;
- (c) Corporate items are mainly comprised of corporate assets, office expenses and income tax assets and liabilities.

Liabilities

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

5. INCOME TAX

The components of tax expense comprise:

	2016	2015
	\$	\$
Current tax	-	-
Deferred tax	-	(89,501)
	<u>-</u>	<u>(89,501)</u>

(a) The prima facie tax on operating loss before income tax is reconciled to the income tax as follows:

Prima facie tax payable on operating loss before income tax at 28.5% (2015: 30%)	(255,568)	(343,624)
Adjust tax effect of:		
Other assessable income	92,699	143,876
Non-deductible expenses	11,432	13,300
Share of net (profit)/loss of Associate entity	(46,605)	24,013
Current year tax losses not brought to account	198,042	72,934
Income tax attributable to entity	<u>-</u>	<u>(89,501)</u>

(b) Deferred tax assets

Employee benefits & accruals	43,515	53,890
Fair value losses	73,267	162,484
	<u>116,782</u>	<u>216,374</u>

Deferred tax liabilities

Fair value gains	116,782	216,374
Other	-	-
	<u>116,782</u>	<u>216,374</u>

(i) Movements - deferred tax assets

	Employee benefits	Fair value losses	Total
	\$	\$	\$
At 1 July 2014	60,452	38,205	98,657
Credited/(charged) to the profit and loss	(6,562)	124,279	117,717
At 30 June 2015	<u>53,890</u>	<u>162,484</u>	<u>216,374</u>
At 1 July 2015	53,890	162,484	216,374
Credited/(charged) to the profit and loss	(10,375)	(89,217)	(99,592)
At 30 June 2016	<u>43,515</u>	<u>73,267</u>	<u>116,782</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

5. INCOME TAX EXPENSE (continued)

(ii) Movements - deferred tax liabilities	Fair value gains \$	Other \$	Total \$
At 1 July 2014	97,631	1,026	98,657
Charged/(Credited) to the profit and loss	29,242	(1,026)	28,216
Charged to equity	89,501	-	89,501
At 30 June 2015	216,374	-	216,374
At 1 July 2015	216,374	-	216,374
Charged/(Credited) to the profit and loss	(99,592)	-	(99,592)
At 30 June 2016	116,782	-	116,782
(iii) Deferred tax recognised directly in Other Comprehensive Income			
Revaluations of land & intangible assets		-	(89,501)
Unrecognised deferred tax balances			
Unrecognised deferred tax asset - revenue losses		3,888,490	3,580,204
Unrecognised deferred tax asset - capital losses		35,241	35,241
Unrecognised deferred tax asset - timing differences		1,399,976	1,249,845
		5,323,707	4,865,290

Critical accounting judgement and estimate

The above deferred tax assets have not been recognised in respect of the above items because it is not probable that future taxable profit will be available against which the Consolidated Entity can utilise the benefits. Revenue and capital tax losses are subject to relevant statutory tests.

Accounting policy

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 Company 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

5. INCOME TAX EXPENSE (continued)

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 other comprehensive income or equity are also recognised directly in other comprehensive income or equity.

6. LOSS PER SHARE	2016	2015
Basic and diluted loss per share (cents)	<u>(2.35)</u>	<u>(2.52)</u>

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

Loss after income tax attributable to Owners of Queste Communications Ltd (\$)	(698,370)	(744,189)
	Number of shares	
Weighted average number of ordinary shares	29,693,976	29,502,441

Accounting policy

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

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

7. CASH AND CASH EQUIVALENTS

	2016	2015
Cash at bank	<u>\$ 191,039</u>	<u>\$ 269,805</u>

Accounting policy

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 Statement of Financial Position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

7. CASH AND CASH EQUIVALENTS (continued)

	2016	2015
	\$	\$
Reconciliation of operating loss after income tax to net cash used in operating activities		
Loss after income tax	(896,730)	(1,055,911)
Add non-cash items:		
Depreciation	48,737	61,388
Write off of plant and equipment	-	3,645
Net loss/(gain) on financial assets at fair value through profit or loss	78,076	(120,761)
Loss on land held for development or resale	-	140,000
Reversal of Impairment - olive grove assets	-	(101,296)
Share of net (profit)/loss of Associate entity	(163,526)	80,044
Changes in assets and liabilities:		
Financial assets at fair value through profit or loss	716,242	(230,165)
Receivables	6,172	2,940
Other current assets	552	(2,293)
Investment in Associate entity	323,073	333,815
Payables	(10,340)	(3,804)
Provisions	(9,615)	(346)
Deferred tax	-	(89,501)
	92,641	(982,245)

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Listed securities at fair value	462,777	1,001,185
Unlisted managed fund at fair value	266,250	522,161
	729,027	1,523,346

Accounting policy

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, financial assets at fair value through profit and loss 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) will recognise its realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

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 which is the current bid price. The fair value of the unlisted managed fund is determined from unit price information provided by investment manager. The Consolidated Entity's investment portfolio is accounted for as a "financial assets at fair value through profit and loss" and is carried at fair value.

9. FINANCIAL RISK MANAGEMENT

The Consolidated Entity's financial instruments consist of deposits with banks, accounts receivable and payable, investments in listed securities, and other unlisted securities. The principal activity of the Consolidated Entity is the management of these investments - "financial assets at fair value" (refer Note 8). The Consolidated Entity's investments are subject to market (which includes interest rate and price risk), credit and liquidity risks.

The Board of Directors is responsible for the overall internal control framework (which includes risk management) but no cost-effective internal control system will preclude all errors and irregularities. The system is based, in part, on the appointment of suitably qualified management personnel. The effectiveness of the system is continually reviewed by management and at least annually by the Board.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

9. FINANCIAL RISK MANAGEMENT (continued)

The financial receivables and payables of the Consolidated Entity in the table below are due or payable within 30 days. The financial investments are held for trading and are realised at the discretion of the Board of Directors.

The Consolidated Entity holds the following financial assets and liabilities:

	Note	2016 \$	2015 \$
Cash and cash equivalents	7	191,039	269,805
Financial assets at fair value through profit or loss	8	729,027	1,523,346
Receivables	11	42,345	13,171
		962,411	1,806,322
Payables	15	(151,617)	(161,957)
Net financial assets		810,794	1,644,365

(a) Market risk

Market risk is the risk that the fair value and/or future cash flows from a financial instrument will fluctuate as a result of changes in market factors. Market risk comprises of price risk from fluctuations in the fair value of equities and interest rate risk from fluctuations in market interest rates.

(i) Price risk

The Consolidated Entity is exposed to equity securities price risk. This arises from investments held by the Consolidated Entity and classified in the Statement of Financial Position at fair value through profit or loss. The Consolidated Entity is not exposed to commodity price risk, save where this has an indirect impact via market risk and equity securities price risk.

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. By its nature as an investment company, the Consolidated Entity 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. The Consolidated Entity does not manage this risk through entering into derivative contracts, futures, options or swaps.

Equity price risk is minimised through ensuring that investment activities are undertaken in accordance with Board established mandate limits and investment strategies.

The Consolidated Entity has performed a sensitivity analysis on its exposure to market price risk at balance date. The analysis demonstrates the effect on the current year results and equity which could result from a change in these risks. The ASX All Ordinaries Accumulation Index was utilised as the benchmark for the unlisted and listed share investments which are financial assets available-for-sale or at fair value through profit or loss.

ASX All Ordinaries Accumulation Index	Impact on post-tax profit		Impact on other components components of equity	
	2016 \$	2015 \$	2016 \$	2015 \$
Increase 15%	29,562	154,669	29,562	154,669
Decrease 15%	(29,562)	(154,669)	(29,562)	(154,669)

(ii) Interest rate risk

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 average interest rate for the year for the table below is 1.35% (2015: 1.85%). The revenue exposure is immaterial in terms of the possible impact on profit or loss or total equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

9. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)	2016	2015
(ii) Interest rate risk (continued)	\$	\$
Cash at bank and in hand	191,039	269,805

(b) Credit risk

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. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, including outstanding receivables and committed transactions. 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. The Consolidated Entity's business activities do not necessitate the requirement for collateral as a means of mitigating the risk of financial loss from defaults.

The credit quality of the financial assets are neither past due nor impaired and can be assessed by reference to external credit ratings (if available with Standard & Poor's) or to historical information about counterparty default rates. The maximum exposure to credit risk at reporting date is the carrying amount of the financial assets as summarised below:

	2016	2015
Cash and cash equivalents	\$	\$
AA-	150,287	265,536
A-	38,857	4,269
	189,144	269,805

Receivables (due within 30 days)

No external credit rating available	42,345	13,171
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The Consolidated Entity measures credit risk on a fair value basis. The carrying amount of financial assets recorded in the financial statements, net any provision for losses, represents the Consolidated Entity's maximum exposure to credit risk.

(c) Liquidity risk

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 trade and other payables arising in the normal course of business. The financial liabilities disclosed in the above table have a maturity obligation of not more than 30 days.

10. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value hierarchy

AASB 13 (Fair Value Measurement) requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

10. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
2016				
Financial assets at fair value through profit or loss:				
Listed securities at fair value	462,777	-	-	462,777
Unlisted managed fund at fair value	-	266,250	-	266,250
Land at independent valuation	-	-	1,741,664	1,741,664
Olive trees	-	-	65,500	65,500
Total	462,777	266,250	1,807,164	2,536,191
2015				
Financial assets at fair value through profit or loss:				
Listed securities at fair value	1,001,185	-	-	1,001,185
Unlisted managed fund at fair value	-	522,161	-	522,161
Land at independent valuation	-	-	1,741,664	1,741,664
Olive trees	-	-	65,500	65,500
Total	1,001,185	522,161	1,807,164	3,330,510

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

Accounting policy

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 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, including but not limited to recent arm's length transactions, reference to similar instruments and option pricing models. 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 other 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.

The Consolidated Entity's investment portfolio (comprising listed and unlisted securities) is accounted for as "financial assets at fair value through profit and loss" and is carried at fair value based on the quoted last bid prices at the reporting date (refer Note 8).

(a) Valuation techniques

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

The fair value of any assets that are not traded in an active market are determined using certain valuation techniques. The valuation techniques maximise the use of observable market data where it is available, or independent valuation and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

10. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

(a) Valuation techniques (continued)

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

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

At Level 3 the olive trees' value was assessed as at 30 June 2016 by the Directors. The fair value of the trees is at the Orion Directors' valuation having regard to, amongst other matters, replacement cost and the trees commercial production qualities. The significant unobservable input is the replacement cost of 17 year old fruiting trees. There are no age limits to the commercial viability of an olive grove. A 1% change in the replacement cost would result in an increase or decrease by \$3,500. There has been no unusual circumstances that may affect the value of the property.

(b) Level 3 assets	Land	Olive trees	Total
	\$	\$	\$
At 1 July 2014	1,342,030	65,500	1,407,530
Addition/(Disposal)	399,634	-	399,634
At 30 June 2015	1,741,664	65,500	1,807,164
Revaluation	-	-	-
At 30 June 2016	1,741,664	65,500	1,807,164

(c) Fair values of other financial assets and liabilities	2016	2015
	\$	\$
Cash and cash equivalents	191,039	269,805
Receivables	42,345	13,171
	233,384	282,976
Payables	(151,617)	(161,957)
	81,767	121,019

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

11. RECEIVABLES

	2016	2015
	\$	\$
Current		
Deposit	27,500	-
GST receivable	8,647	6,303
Other receivables	4,207	4,495
Receivable from related parties	1,991	2,373
	42,345	13,171
Non current		
Bonds and guarantees	21,774	57,120

Accounting policy

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

11. RECEIVABLES (continued)

Risk exposure

The Consolidated Entity's exposure to credit and interest rate risks is discussed in Note 9.

Impaired trade receivables

None of the Consolidated Entity's receivables are impaired or past due.

12. PROPERTY HELD FOR RESALE

	2016	2015
	\$	\$
Property held for development or resale	3,797,339	3,797,339
Revaluation of property	(2,447,339)	(2,447,339)
	1,350,000	1,350,000

Critical accounting judgement and estimate

Property held for development or resale was last valued by an independent qualified valuer (a Certified Practising Valuer and Associate Member of the Australian Property Institute) as at 30 June 2015. The Orion Directors have maintained this carrying value as at 30 June 2016 and are of the view that the property is not impaired.

Accounting policy

Property held for resale is valued at the 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.

13. PROPERTY, PLANT AND EQUIPMENT

	Cost	Revaluation	Accumulated Depreciation	Total
	\$	\$	\$	\$
2016				
Freehold land	1,117,889	623,775	-	1,741,664
Buildings	124,867	-	(60,988)	63,879
Plant and equipment	1,386,810	-	(1,224,174)	162,636
	2,629,566	623,775	(1,285,162)	1,968,179
2015				
Freehold land	1,117,889	623,775	-	1,741,664
Buildings	124,867	-	(55,808)	69,059
Plant and equipment	1,380,646	-	(1,180,617)	200,029
	2,623,402	623,775	(1,236,425)	2,010,752

	Freehold land	Buildings	Plant and equipment	Leasehold improvement	Total
	\$	\$	\$	\$	\$
Movements in carrying amounts:					
At 1 July 2014	1,342,030	67,667	253,393	3,993	1,667,083
Revaluation	399,634	-	-	-	399,634
Additions	-	6,992	2,076	-	9,068
Disposal/ Write-offs	-	-	(221)	(3,424)	(3,645)
Depreciation expense	-	(5,600)	(55,219)	(569)	(61,388)
At 30 June 2015	1,741,664	69,059	200,029	-	2,010,752
At 1 July 2015	1,741,664	69,059	200,029	-	2,010,752
Additions	-	-	6,164	-	6,164
Disposal/ Write-offs	-	-	-	-	-
Depreciation expense	-	(5,180)	(43,557)	-	(48,737)
At 30 June 2016	1,741,664	63,879	162,636	-	1,968,179

Critical accounting judgement and estimate

Land was valued by an independent qualified valuer (a Certified Practising Valuer and Associate Member of the Australian Property Institute) as at 30 June 2015. The Orion Directors have maintained this carrying value as at 30 June 2016 and are of the view that the Land is not impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Accounting policy

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

Freehold land is not depreciated. Increases in the carrying amounts arising on revaluation of land are recognised, net of tax, in other comprehensive income and accumulated in reserves in equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. It is shown at fair value, based on periodic valuations by external, independent valuers.

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 asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present value in determining the 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 Statement of Profit or Loss and Other Comprehensive Income during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Balance 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 profit or loss. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

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

Class of Fixed Asset	Rate	Method
Buildings	7.50%	Diminishing Value
Plant and Equipment	5-75%	Diminishing Value

14. OLIVE TREES

	2016	2015
	\$	\$
Olive trees - at cost	300,000	300,000
Revaluation	(234,500)	(234,500)
	<u>65,500</u>	<u>65,500</u>

Critical accounting judgement and estimate

There are approximately 64,500 17 year old olive trees on Orion's 143 hectare Olive Grove located in Gingin, Western Australia. The fair value of the trees is at Orion Directors' valuation having regard to, amongst other matters, replacement cost and the trees commercial production qualities.

Accounting policy

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 is measured at its fair value less estimated point-of-sale costs at the point of harvest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

15. PAYABLES

	2016	2015
Current	\$	\$
Trade payables	67,787	26,427
Dividend payable	-	28,302
GST payable	10,880	17,100
Other payables and accrued expenses	72,950	90,128
	<u>151,617</u>	<u>161,957</u>

Accounting policy

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

Risk exposure

The Consolidated Entity's exposure to risks arising from current payables is set out in Note 10.

16. PROVISIONS

	2016	2015
Current	\$	\$
Employee benefits - annual leave	12,752	19,316
Employee benefits - long service leave	94,644	97,694
	<u>107,396</u>	<u>117,010</u>

Accounting policy

Short-term obligations

Provision is made for the Consolidated Entity's liability for employee benefits arising from services rendered by employees to the 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 from the Balance Date 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.

Other long-term employee benefit obligations

The liability for long-service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

(a) Amounts not expected to be settled within 12 months

The provision for annual leave and long service leave is presented as current since the Consolidated Entity does not have an unconditional right to defer settlement for any of these employee benefits. Long service leave covers all unconditional entitlements where employees have completed the required period of service and also where employees are entitled to pro-rata payments in certain circumstances.

Based on past experience, the employees have never taken the full amount of long service leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months:

	2016	2015
	\$	\$
Leave obligations expected to be settled after 12 months	<u>94,644</u>	<u>97,694</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

17. ISSUED CAPITAL

	2016 Number	2015 Number	2016 \$	2015 \$
Fully paid ordinary shares	26,578,358	28,817,316	5,935,679	6,029,170
Partly paid ordinary shares	5,770,000	9,000,000	214,209	239,275
			6,149,888	6,268,445

Accounting policy

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

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

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 for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

	Date of issue	Number of shares	Issue price \$	\$
Movement in fully paid ordinary shares				
At 1 July 2014		28,817,316		6,029,170
At 30 June 2015		<u>28,817,316</u>		<u>6,029,170</u>
At 1 July 2015		28,817,316		6,029,170
Issue of shares	11-Dec-15	900,000	0.20	180,000
Equal access share buy-back - refer (a)	27-May-16	(3,220,914)	0.09	(289,882)
Issue of shares	30-Jun-16	81,956	0.20	16,391
At 30 June 2016		<u>26,578,358</u>		<u>5,935,679</u>
Movement in partly paid ordinary shares				
At 1 July 2014		9,000,000		239,275
At 30 June 2015		<u>9,000,000</u>		<u>239,275</u>
At 1 July 2015		9,000,000		239,275
Call on partly paid shares - refer (b)		-		166,298
Partly paid shares converted (b)	11-Dec-15	(900,000)	0.20	(180,000)
Equal access share buy-back - refer (a)	27-May-16	(2,248,044)		(10,116)
Call on partly paid shares - refer (b)		-		15,143
Partly paid shares converted (b)	30-Jun-16	(81,956)	0.20	(16,391)
At 30 June 2016		<u>5,770,000</u>		<u>214,209</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

17. ISSUED CAPITAL (continued)

(a) Equal access share buy-back

On 26 May 2016, the Company's Off-Market Equal Access Share Buy-Back (approved by shareholders at the General Meeting held on 17 March 2016) (**Buy-Back**) closed with the following shares being bought-back and cancelled:

- (i) 3,220,914 fully paid ordinary shares were bought back for 9 cents per share at a cost of \$289,882;
- (ii) 2,248,044 partly paid ordinary shares were bought back for 0.45 cent per share at a total cost of \$10,116,

with the total cost of the Buy-Back being \$299,998.

(b) Call on partly paid ordinary shares

The Company made a call on partly paid shares in relation to 100% of the outstanding balance, which has been converted to fully paid shares upon payment as follows:

- (i) On 3 December 2015, there was a call for balance of payment of 900,000 partly paid shares amounting to \$166,298.
- (ii) On 16 June 2016, there was a call for balance of payment of 81,956 partly paid shares amounting to \$15,143.

(d) Capital risk management

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

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

The Consolidated Entity has no external borrowings. The Consolidated Entity's non-cash investments can be realised to meet accounts payable arising in the normal course of business.

18. RESERVES

	2016	2015
	\$	\$
Option premium reserve	2,138,012	2,138,012
Asset revaluation reserve		
Revaluations of freehold land	623,775	623,775
Deferred tax on revaluations	(187,132)	(187,132)
Non-controlling interest	(175,267)	(178,749)
	261,376	257,894
Other reserve		
Dilution movement	1,071,663	949,247
Non-controlling Interest	(214,068)	(144,745)
	857,595	804,502
Profits reserve	13,701	-
	3,270,684	3,200,408

The Asset Revaluation Reserve relates to the revaluation of Orion's Olive Grove Land (Note 13), as assessed by an independent qualified valuer (a Certified Practising Valuer and Associate Member of the Australian Property Institute) as at 30 June 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

18. RESERVES (continued)

Other Reserve relates to the gain the Company generated from increasing its shareholding interest in Orion by 0.76% (30 June 2015: 6.48%) as a consequence of Orion cancelling a total of 211,300 (2015: 1,953,861) shares bought-back pursuant to an on-market share buy-back at a cost of \$46,686 (2015: \$519,293). This reserve is also used to record the differences which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

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

19. NON-CONTROLLING INTEREST

	2016	2015
	\$	\$
Issued capital	7,549,512	7,718,615
Asset revaluation reserve	175,267	178,749
Other reserve	214,068	144,745
Accumulated losses	(4,927,371)	(4,729,010)
	3,011,476	3,313,099

The non-controlling interest is a 40.14% (2015: 40.94%) equity holding in Orion Equities Limited (not held by the Company).

Accounting policy

The Consolidated Entity treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Consolidated Entity. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve (refer Note 18) within equity attributable to owners of Queste Communications Ltd.

20. PARENT ENTITY INFORMATION

The following information provided relates to the Company, Queste Communications Ltd, as at 30 June 2016.

	2016	2015
	\$	\$
Statement of profit or loss and other comprehensive income		
Loss for the year	(334,732)	(1,502,709)
Other comprehensive income	-	-
Total comprehensive loss for the year	(334,732)	(1,502,709)
Statement of financial position		
Current assets	130,030	500,663
Non current assets	2,225,061	2,312,344
Total assets	2,355,091	2,813,007
Current liabilities	118,391	123,017
Total liabilities	118,391	123,017
Net assets	2,236,700	2,689,990
Issued capital	6,149,888	6,268,445
Option premium reserve	2,138,012	2,138,012
Accumulated losses	(6,051,200)	(5,716,467)
Equity	2,236,700	2,689,990

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

21. INVESTMENT IN CONTROLLED ENTITY

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary with non-controlling interest:

Ownership Interest	Incorporated	Parent		Non-Controlling Interest	
		2016	2015	2016	2015
Orion Equities Limited (ASX:OEQ)	Australia	59.86%	59.06%	40.14%	40.94%

The Company's interest in Orion increased during the financial year as a consequence of Orion cancelling 211,300 shares bought-back pursuant to on-market share buy-backs.

Summarised financial information of the subsidiary with non-controlling interests that are material to the consolidated entity are set out below:

Summarised statement of profit or loss and other comprehensive income	2016	2015
	\$	\$
Revenue	198,781	303,057
Expenses	(742,734)	(1,062,948)
Loss before income tax expense	(543,953)	(759,891)
Income tax expense	-	89,501
Loss for the year from continuing operations	(543,953)	(670,390)
Loss for the year from discontinuing operations	-	-
Loss after income tax expense	(543,953)	(670,390)
Other comprehensive income	-	208,837
Total comprehensive loss for the year	(543,953)	(461,553)

Summarised Statement of Financial Position

Current assets	826,409	1,313,988
Non-current assets	6,933,370	7,114,399
Total Assets	7,759,779	8,428,387
Current liabilities	140,535	155,862
Non-current liabilities	116,782	179,424
Total Liabilities	257,317	335,286
Net Assets	7,502,462	8,093,101

Statement of cash flows

Net cash from operating activities	(14,226)	(544,856)
Net cash used in investing activities	(1,107)	94,468
Net cash used in financing activities	(46,686)	(1,045)
Net increase/(decrease) in cash and cash equivalents	(62,019)	(451,433)

Other financial information

Profit/(Loss) attributable to non-controlling interest	(198,360)	(311,722)
Accumulated non-controlling interest at the end of the year	3,011,476	3,313,099

Lease commitments

	Note	2016	2015
Not longer than one year	25	32,083	56,035
Longer than one year but not longer than five years		-	32,083
		32,083	88,118

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

21. INVESTMENT IN CONTROLLED ENTITY (continued)

Accounting policy

Subsidiaries are all entities (including structured entities) over which the Consolidated Entity has control. The Consolidated Entity controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases. The controlled entity has 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.

Changes in Ownership Interests

When the Consolidated Entity ceases to have control, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. The fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Consolidated Entity has directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

22. INVESTMENT IN ASSOCIATE ENTITY

	Ownership Interest		Carrying Amount	
	2016	2015	2016	2015
Bentley Capital Limited (ASX:BEL)	28.93%	29.75%	\$ 3,545,665	\$ 3,705,212

Accounting policy

Associates are all entities over which the Consolidated Entity has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates in the consolidated financial statements are accounted for using the equity method of accounting. On initial recognition investment in associates are recognised at cost, for investments which were classified as fair value through profit or loss, any gains or losses previously recognised are reversed through profit or loss. Under this method, the Consolidated Entity's share of the post-acquisition profits or losses of associates are recognised in the consolidated Statement of Profit or Loss and Other Comprehensive Income, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Dividends receivable from associates are recognised in the Company's Statement of Profit or Loss and Other Comprehensive Income, while in the consolidated financial statements they reduce the carrying amount of the investment. When the Consolidated Entity's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Consolidated Entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Consolidated Entity and its associates are eliminated to the extent of the Consolidated Entity's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity. The associated entity has a June financial year-end.

Changes in ownership interests

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

22. INVESTMENT IN ASSOCIATE ENTITY (continued)

	2016	2015
Movements in carrying amounts	\$	\$
Opening balance	3,705,212	4,119,071
Sale of BEL shares	(100,529)	-
Share of net profit/(loss) after tax	163,526	(80,044)
Dividends received	(222,544)	(333,815)
Closing balance	<u><u>3,545,665</u></u>	<u><u>3,705,212</u></u>
Fair value of listed investment in Associate	<u><u>2,944,861</u></u>	<u><u>2,893,073</u></u>
Net asset value of investment	<u><u>4,712,038</u></u>	<u><u>4,887,071</u></u>
Summarised statement of profit or loss and other comprehensive income		
Revenue	3,258,497	2,398,085
Expenses	(2,732,417)	(2,665,385)
Profit/(Loss) before income tax	<u>526,080</u>	<u>(267,300)</u>
Income tax expense	-	-
Profit/(Loss) after income tax	<u>526,080</u>	<u>(267,300)</u>
Other comprehensive income	-	-
Total comprehensive income	<u><u>526,080</u></u>	<u><u>(267,300)</u></u>
Summarised statement of financial position		
Current assets	13,159,280	6,565,383
Non-current assets	3,430,001	10,524,117
Total assets	<u><u>16,589,281</u></u>	<u><u>17,089,500</u></u>
Current liabilities	291,725	304,394
Non-current liabilities	9,835	358,969
Total liabilities	<u><u>301,560</u></u>	<u><u>663,363</u></u>
Net assets	<u><u>16,287,721</u></u>	<u><u>16,426,137</u></u>
Lease commitments		
Not longer than one year	32,083	56,035
Longer than one year but not longer than five years	-	32,083
	<u><u>32,083</u></u>	<u><u>88,118</u></u>

23. RELATED PARTY TRANSACTIONS

(a) Transactions with Related Parties

The Company has control of Orion Equities Limited (**Orion**) as it holds 59.86% (9,367,653 shares) of Orion's issued capital (2015: 59.06% and 9,367,653 shares). During the year there were transactions between the Company, Orion and Associate Entity, Bentley Capital Limited (ASX:BEL), pursuant to shared office and administration expense arrangements. There were no outstanding amounts at the reporting date.

	2016	2015
Bentley Capital Limited	\$	\$
Dividends Received	17,406	26,108

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

23. RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with key management personnel (KMP)

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Consolidated Entity's KMP for the year ended 30 June 2016. The total remuneration paid to KMP of the Consolidated Entity during the year is as follows:

	2016	2015
	\$	\$
Directors		
Short-term employment benefits	417,460	502,680
Post-employment benefits	36,000	2,404
	453,460	505,084

During the year, the Consolidated Entity received \$44,200 rental income from a KMP/close family member of a KMP (the KMP being Orion and Queste Director, Farooq Khan), pursuant to a standard form residential tenancy agreement in respect of Orion's Property Held for Resale (2015: \$44,200). The rental is in respect of a fixed term of 12 months (to 31 May) with the monthly rental being \$3,683.

24. AUDITORS' REMUNERATION

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and other non-related audit firms:

	2016	2015
	\$	\$
Rothsay Auditing		
Audit and Review of Financial Statements	36,000	-
BDO Audit (WA) Pty Ltd		
Audit and review of financial statements	550	59,612
Taxation services	2,901	6,569
BDO Corporate Finance (WA) Pty Ltd		
Other services	12,565	-
	52,016	66,181

The Company changed its Auditors from BDO Audit (WA) Pty Ltd to Rothsay Auditing with effect on 12 February 2016.

25. COMMITMENTS

	2016	2015
	\$	\$
Not longer than one year	61,250	106,976
Longer than one year but not longer than five years	-	61,250
	61,250	168,226

On or about 19 May 2015, the Consolidated Entity renewed its non-cancellable operating lease agreement for shared office accommodation. The lease commitment is the Consolidated Entity's share of the lease costs and includes all outgoings (inclusive of GST). The lease is for a further 18 month term expiring on or about 30 January 2017.

Accounting policy

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

26. CONTINGENCIES

(a) Directors' Deeds

The Company has entered into Deeds of Indemnity with each of its Directors indemnifying them against liability incurred in discharging their duties as Directors/Officers of the Consolidated Entity. At the end of the financial period, no claims have been made under any such indemnities and accordingly, it is not possible to quantify the potential financial obligation of the Consolidated Entity under these indemnities.

(b) Tenement Royalties

The Consolidated Entity is entitled to receive a royalty of 2% of gross revenues (exclusive of GST) from any commercial exploitation of any minerals from the Paulsens East (Iron Ore) Project tenement (currently a Retention Licence RL 47/7) in Western Australia currently held by Strike Resources Limited (ASX:SRK).

27. EVENTS OCCURRING AFTER THE REPORTING PERIOD

- (a) Associate entity, Bentley Capital Limited (ASX:BEL), has announced its intention to pay a fully-franked dividend of 0.50 cent per share in September 2016. The Company's entitlement to such dividend would be \$6,500. Orion's entitlement to such dividend would be \$102,569.

No other matter or circumstance has arisen since the end of the financial year that significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

- (1) The financial statements, Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity, and accompanying notes as set out on pages 19 to 47 are in accordance with the *Corporations Act 2001 (Cth)* and:
 - (a) comply with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting; and
 - (b) give a true and fair view of the Consolidated Entity's financial position as at 30 June 2016 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 Directors have been given the declarations required by [section 295A](#) of the *Corporations Act 2001 (Cth)* by the Executive Chairman/Managing Director (the person who, in the opinion of the Directors, performs the Chief Executive Officer function) and Company Secretary (the person who, in the opinion of the Directors, performs the Chief Financial Officer function); and
- (4) The Company has included in the notes to the Financial Statements an explicit and unreserved statement of compliance with the International Financial Reporting Standards.

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



Farooq Khan
Chairman



Victor Ho
Company Secretary

31 August 2016



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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF QUESTE COMMUNICATIONS LTD

Report on the financial report

We have audited the accompanying financial report of Queste Communications Ltd (“the Company”) which comprises the balance sheet as at 30 June 2016 and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 year.

Directors’ Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The Directors 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 as to whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity’s preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal controls. 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.

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



Chartered Accountants



Independence

We are independent of the Company, and have met the independence requirements of Australian professional ethical requirements and the *Corporations Act 2001*.

Audit opinion

In our opinion the financial report of Queste Communications Ltd is in accordance with the *Corporations Act 2001*, including:

- a) (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of their 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 report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2016. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Audit opinion

In our opinion the remuneration report of Queste Communications Ltd for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

Rothsay Auditing

Graham Swan FCA
Partner

Dated 31 August 2016



Chartered Accountants

ADDITIONAL ASX INFORMATION

as at 26 October 2016

CORPORATE GOVERNANCE STATEMENT

The Company has adopted the [Corporate Governance Principles and Recommendations](#) (3rd Edition, March 2014) issued by the ASX Corporate Governance Council in respect of the financial year ended 30 June 2016.

Pursuant to [ASX Listing Rule 4.10.3](#), the Company's 2016 Corporate Governance Statement (dated on or about 28 October 2016) and ASX Appendix 4G (Key to Disclosures of Corporate Governance Principles and Recommendations) can be found at the following URL on the Company's Internet website: <http://queste.com.au/corporate-governance>

DISTRIBUTION OF LISTED ORDINARY FULLY PAID SHARES

Spread	of	Holdings	Number of Holders	Number of Units	% of Total Issue Capital
1	-	1,000	10	7,224	0.027%
1,001	-	5,000	48	133,162	0.501%
5,001	-	10,000	61	555,408	2.090%
10,001	-	100,000	95	2,680,988	10.087%
100,001	-	and over	25	23,201,576	87.295%
Total			239	26,578,358	100.00%

UNMARKETABLE PARCELS

Spread	of	Holdings	Number of Holders	Number of Shares	% of Total Issued Capital
1	-	9,615	77	276,065	1.039%
9,615	-	over	162	26,302,293	98.961%
TOTAL			239	26,578,358	100.00%

An unmarketable parcel is considered, for the purposes of the above table, to be a shareholding of 9,615 shares or less, being a value of \$500 or less in total, based upon the Company's last sale price on ASX as at 26 October of \$0.052 per share.

DISTRIBUTION OF UNLISTED PARTLY PAID ORDINARY SHARES

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

These 5,770,000 ordinary shares were issued at a price of 20 cents per share and have been partly paid to 1.5225 cent each and have an outstanding amount payable of 18.4775 cents per share. These shares carry voting rights proportional to the amount paid up per share. This is equivalent to 439,241 total voting shares.

ADDITIONAL ASX INFORMATION

as at 26 October 2016

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders	Registered Shareholder	Registered Fully Paid Shareholding	Registered Partly Paid Shareholding	Voting Shares	Total Voting Shares	%Voting Power ⁶
Azhar Chaudhri, Renmuir Holdings Limited and Chi Tung Investments Ltd ¹	RENMUIR HOLDINGS LTD	3,277,780	-	3,277,780	8,184,978	30.295%
	CHI TUNG INVESTMENTS LTD	3,031,956	-	3,031,956		
	MR AZHAR CHAUDHRI	1,436,001	-	1,436,001		
	CHI TUNG INVESTMENTS LTD		5,770,000	439,241 ²		
Bell IXL Investments Limited and associates ³	CLEOD PTY LTD	1,985,684	-	1,985,684	5,347,329	19.792%
	BELL IXL INVESTMENTS LIMITED	1,878,223	-	1,878,223		
	CELLANTE SECURITIES PTY LIMITED	1,483,422	-	1,483,422		
Farooq Khan and associates ⁴	ISLAND AUSTRALIA PTY LTD	3,668,577	-	3,668,577	5,344,872	19.783%
	FAROOQ KHAN	1,676,295	-	1,676,295		
Manar Nominees Pty Ltd and Zelwar Superannuation Pty Ltd ⁵	MANAR NOMINEES PTY LTD	1,617,910	-	1,617,910	1,748,315	6.471%
	ZELWER SUPERANNUATION PTY LTD	130,405	-	130,405		

Notes:

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

ADDITIONAL ASX INFORMATION

as at 26 October 2016

TOP 20 ORDINARY FULLY PAID SHAREHOLDERS

Rank	Shareholder	Shares Held	Total Shares	% Issued Capital	% Voting Power*
1	RENMUIR HOLDINGS LTD	3,277,780			
	CHI TUNG INVESTMENTS LTD	3,031,956			
	MR AZHAR CHAUDHRI	<u>1,436,001</u>			
	Sub-total		7,745,737	29.143%	28.669%
2	CLEOD PTY LTD	1,985,684			
	BELL IXL INVESTMENTS LIMITED	1,878,223			
	CELLANTE SECURITIES PTY LIMITED	<u>1,483,422</u>			
	Sub-total		5,347,329	20.119%	19.792%
3	ISLAND AUSTRALIA PTY LTD	3,668,577			
	FAROOQ KHAN	<u>1,676,295</u>			
	Sub-total		5,344,872	20.110%	19.783%
4	MANAR NOMINEES	1,617,910			
	ZELWER SUPERANNUATION PTY LTD	<u>130,405</u>			
	Sub-total		1,748,315	6.578%	6.471%
5	COWOSO CAPITAL PTY LTD		830,834	3.126%	3.075%
6	MS ROSANNA DE CAMPO		268,100	1.009%	0.992%
7	GLENVIEW SERVICES PTY LTD		250,000	0.941%	0.925%
8	MR DONALD GORDON MACKENZIE & MRS GWENNETH EDNA MACKENZIE		249,975	0.941%	0.925%
9	GIBSON KILLER PTY LTD		220,000	0.828%	0.814%
10	MR AYUB KHAN		215,000	0.809%	0.796%
11	MRS AFIA KHAN		215,000	0.809%	0.796%
12	MR SIMON KENNETH CATO	118,000			
	ROSEMONT ASSET PTY LTD	<u>75,000</u>			
	Sub-total		193,000	0.726%	0.714%
13	GM & AM LEAVER INVESTMENTS PTY LTD		191,400	0.720%	0.708%
14	TOMATO 2 PTY LTD		185,019	0.696%	0.685%
15	MR JOHN CHENG-HSIANG YANG & MS PING MOK		136,125	0.512%	0.504%
16	MR ANTHONY NEALE KILLER & MRS SANDRA MARIE KILLER		130,000	0.489%	0.481%
17	MR EUGENE RODRIGUEZ		110,000	0.414%	0.407%
18	MRS MARY THERESE CAMILLERI		100,000	0.376%	0.370%
19	MRS LINDA ANN OATES		100,000	0.376%	0.370%
20	RIALC PTY LIMITED		93,148	0.350%	0.345%
Total			23,673,854	89.072%	87.622%

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



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