QUOIN (INT) LIMITED AND CONTROLLED ENTITIES

(ARBN 062 708 141)

FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2008

Quoin (Int) Limited
ARBN 062 708 141

CONTENTS

Quoin (Int) Limited
ARBN 062 708 141

DIRECTORS' REPORT

The directors present their report on Quoin (Int) Limited ("The Parent Entity") and its controlled entities for the year ended 31 December 2008.

Directors

The names of directors in office at any time during or since the end of the year are:

Mr Moishe Gordon (Chairman)
Mr Gabriel Ehrenfeld (Executive Director, Appointed 1 February 2009)
Mr Daniel Ehrenfeld (Non-Executive Director, Appointed 1 February 2009)
Mr James Sinton Spence (Non-Executive Director, Company Secretary, Appointed 30 April 2009)
Mr Israel Herzog (Non-Executive Director, Resigned 1 February 2009)
Mr Minson Peni (Non-Executive Director, Resigned 1 February 2009)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The following personal held the position of company secretary after the financial year end:

Mr James Sinton Spence – Chartered

Information on Directors

Daniel Ehrenfeld

Mr Daniel Ehrenfeld has had over 20 years experience in the IT industry, with extensive experience in retail sales and marketing. Over the last 15 years, he has been actively involved in numerous aspects of the ISP industry including mergers, acquisitions, marketing and brand integrations.
He is also currently a Director of two privately owned property groups in Western Australia, focused on development, investment, sales and marketing. He is a member of the Real Estate Institute of Western Australia and is accredited by the Real Estate and Business Agents Supervisory Board as a licensed real estate and business agent.

James Sinton Spence

Mr Spence is a Chartered Accountant based in Port Moresby, Papua New Guinea, and the Principal of Sinton Spence Chartered Accountants, PNG's largest independent accounting firm. He has extensive experience in company practice in PNG and is an experienced company director.
In addition to being a Chartered Accountant, he also holds an honors degree in Administrative Services.

Information on Directors (continued)

James Sinton Spence (continued)

He is registered by the National Court of PNG as a Liquidator and Receiver for Court appointments, is a Commissioner for Oaths and an Honorary Auditor of a number of PNG Charities, Societies and nonprofit organizations.
In 2006, he was awarded an MBE by the Queen for services to Papua New Guinea commerce and the community.

Moishe Gordon

Mr Gordon is the chairman of the Gordon Group, a company based in Melbourne, Australia, that it has been operating for over 30 years. The Gordon Group has interests in Australia from the hotel industry, manufacturing, and Aviation.

Recently the Gordon Group, has just completed over $100 million dollars, in land sub-divisions, and has recently taken on board a land development opportunity in Jerusalem Israel.
In 2011, the Gordon Group, were appointed agents and distributors for Extra 500, a new innovative new class carbon fibre Rolls Royce powered plane that will revolutionize the light plane industry, The Gordon Group, are the agents, for Asia and Pacific Rim with Moishe being a qualified pilot, this is a passion close to his heart.

Mr Gordon is a director of Best Western Hotels (worldwide). He has also been involved in the home security business, and has been the Australian representative of Multi-Lock, Rav Bariach, in Australia for over 30 years.
Mr Gordon sits on the boards of various charities, and committees.

Gabriel Ehrenfeld

Mr Ehrenfeld is a merger, acquisition and recapitalisation specialist, with concentration on the financial, legal and commercial restructure of distressed businesses. He has over 25 year's industry experience including extensive participation in the Corporate & Finance, Manufacturing & Product Development, Mining, Property & Construction, and Technology & Telecommunications industries. His current focus is on the acquisition of substantial projects in the mining, real estate and construction sectors in the growing markets of mainland China.

He is currently:

- Director of Quoin (Int) Limited, a PNG foreign public company listed on the Australian Securities Exchange that owns the Australian master franchise rights for international real estate brand Coldwell Banker(ASX: QIL)
- Vice-Chairman and Director of Mazu Alliance Limited, a company in the Belief Industry for which he is currently organising a $500 million recapitalisation and relisting on the Australian Securities Exchange (ASX: MZU)
- Chairman and Director of Reeltime Media Limited, a company with digital media business assets that he is currently recapitalising that is listed on the Australian Securities Exchange (ASX: RMA)
- Director of Shandong Tianye Australia Limited, a company in the Gypsum Industry for which he facilitated a $73 million recapitalisation, listed on the Australian Securities Exchange (ASX: SDT)
- Trade Ambassador in Australia for People's Government Zhifu District Yantai, China
- Representative in Australia of the Club (China) of World Famous Chateaus
- Executive Chairman of Coldfever International Group
- Principal at Steinbruck Capital
- Director of a number of unlisted Public and Private Companies in Australia, Hong Kong and China.

Quoin (Int) Limited
ARBN 062 708 141

DIRECTORS' REPORT

Principal Activities

No activities were undertaken by Quoin (Int) Limited or its subsidiaries during the year.

The board of directors continue to actively pursue and negotiate investment options and potential merger arrangements to satisfy the capital raising requirements of the company and to ensure the re-instatement on the Australian Stock Exchange.

Operating Results

The consolidated entity recorded a net attributable profit of $3,905,599 (2007 loss kina 3,174,000), which mainly due to the debt forgiven. No business activities were undertaken by the parent entity or its subsidiaries during the year, the expenditure primarily relates to legal, filing and listing fees and interest expense on outstanding liabilities.

Review of Operations

On 19 August 2008, the Company entered in an agreement with the QIL Acquisition Trust for the recapitalisation of the Company.

On 29 August 2008, the Company announced that it will become a strategic investment company, investing in key stakes in other listed and unlisted companies.

On 30 December 2008, the Company held a General Meeting of Shareholders of the Company. At that meeting, the members resolved to consolidate the capital on the basis of one (1) new fully paid ordinary share in the Company for each ten (10) existing shares in the Company.
At the same meeting, the Company also resolved various share issues in relation to the recapitalisation of the Company. All resolutions were passed with almost unanimous support of the shareholders.

Financial Position

The net liabilities of the Group at the end of the financial year was A$3,807,798 (2007: Kina 16,975,000) representing a reduction of A$2,651,488 in total liabilities. This reduction resulted from settlement with its creditors during the financial year.

Significant Changes in State of Affairs

The following significant changes in the state of affairs of the Company during the financial year:

- Consolidated 1 for 10 existing shares.

- In an attempt to get Quoin (Int) Ltd relisted , the Directors proposed to raise capital to enable it to finalise its outstanding accounts, pay creditors and provide working capital, the Director has appointed Ferrier Hodgson as administrator as part of the restructure process of the Group. A creditor meeting was convened on 29 August 2007. At that meeting, the creditors approved the compromised proposal to settle all liabilities of the Group for $675,000.

- Shareholders of the Group approved the Group's business activities changed from information technology to investment.

  During the year the Group has passed the following resolutions –

- a resolution passed to issue 200,000,000 ordinary shares at $0.001 each to raise up to $200,000 for working capital.

- a resolution passed to issue 3,000,000 ordinary shares at $0.001 each to Gordon Group Pty Ltd, Mr Moishe Gordon is a director of the company, for settlement of outstanding debt. Gordon Group Pty Ltd will release security on the property of Group.

- a resolution passed to issue 21,000,000 ordinary shares at $0.001 each to QIL Acquisition Trust for professional services provided.

Significant Changes in State of Affairs (continued)

- a resolution passed to issue 10,000,000 B class options, strike price $0.0001, option will be for 18 months from the issue date. The option is to be issued to QIL Acquisition Trust. QIL Acquisition Trust is a related party, where Gabriel Ehrenfeld is a trustee.

Dividends Paid or Recommended

No dividends were paid or recommended during or since the end of the year.

After Balance Date Events

On 20 January 2009, the company reorganised its share capital on the basis of one new share for each ten shares held, with fractional entitlements being rounded up to the nearest whole number. The number of Ordinary Shares removed from the register was 62,090,294 including rounding adjustment.

On 20 January 2009, the company issued 224,000,000 Ordinary Shares and 10,000,000 B Class Options. The Ordinary Shares were issued, 200,000,000 at $0.001 each and 24,000,000 at nil each. The B Class Options were issued at AUD 0.0001 each. The purpose of the issue was to raise working capital. Refer to ASX announcement for further details.

On 17 March 2009, the company issued 17,773,840 Ordinary Shares as consideration for the acquisition of 43,272,878 shares in Eftel Limited (ASX: EFT).

On 7 July 2009, the company issued 15,549,023 Ordinary Shares as consideration for the acquisition of 15,549,023 shares in Eftel Limited (ASX: EFT).

On 25 August 2009, the company issued 11,027,075 Ordinary Shares as consideration for the acquisition of 11,027,075 shares in Eftel Limited (ASX: EFT).

On 12 November 2012, the company issued 6,425,000 Ordinary Shares as consideration for the acquisition of the Australian residential franchising rights to the Coldwell Banker marks and systems for the whole of Australia, along with the commercial franchising rights for Western Australia, South Australia, Northern Territory, Queensland, Victoria and Tasmania. The ordinary shares were issued at $0.2.

On 25 February 2013, the company signed a Binding terms Sheet with the holder of the commercial franchising rights to the Coldwell Banker marks and systems for NSW and the ACT for the acquisition of those rights. With the acquisition of these rights the Company, through a wholly owned subsidiary, will control the residential and commercial rights to the Coldwell banker marks and systems for the whole of Australia.

On 9 May 2013, the company announced M2 Telecommunications Group Limited has made an offer to acquire all of the shares in Eftel Limited for either cash or shares in M2 Telecommunications Group Limited in an off market takeover.

Quoin (Int) Limited had a holding in Eftel Limited. The Company resolved to accept the offer by M2 Telecommunications Group Limited and has elected to receive shares in M2 Telecommunications Group Limited.

On 13 May 2013, the company disposed of its entire holding in M2 Telecommunications Group Limited, realising net proceeds of $905,230.

On 12 June 2013, the company issued 850,000 Ordinary Shares as part consideration for the acquisition of the commercial franchising rights to the Coldwell Banker marks and systems for New South Wales and the Australian Capital Territory. The ordinary shares were issued at $0.2.

Quoin (Int) Limited
ARBN 062 708 141

DIRECTORS' REPORT

Environmental Issues

The company's operations are not regulated by any significant environmental regulation under law of Commonwealth or of a state or territory.

Remuneration Reports

This report details the nature and amount of remuneration for each key management person of Quoin (Int) Ltd, and the executives receiving the highest remuneration.

Remuneration policy

The remuneration policy of Quoin (Int) Ltd has not been designed yet as the company is yet to complete the restructuring.

As announced on 2 December 2008 the company has agreed to the following:

Management contract with Steinbruck Management Services Pty Ltd (Mr Gabriel Ehrenfeld is a director of the trustee) for the provision of secretarial, administrative, regulatory and compliance services to the company. Monthly payment $12,500 + GST + disbursements for a period of 5 years commencing from the re-quotation of the company on ASX. As the re-quotation has not eventuated, there has been no financial effect yet.

Management contract with QIL Management Trust (Mr Daniel Ehrenfeld is a director of the trustee) for the provision of management services to the company. Monthly payment $12,500 + GST + disbursements for a period of 5 years commencing from the re-quotation of the company on ASX. As the re-quotation has not eventuated, there has been no financial effect yet.

Contract with QIL Acquisition Trust to pay the Trust a 4% placement fee together with a further 4% management fee on ALL capital raised by the company on:

- The exercise of A class options issued pursuant to Resolution 5
- The exercise of B class options (now expired) issued pursuant to Resolution 6
- Any further equity capital raised by the company for a period of 5 years after re-quotation of its securities on ASX.

As the re-quotation has not eventuated, there has been no financial effect yet.

Meetings of Directors

Attendances by each director during the period were as follows:

	Directors' Meetings	
	Number attended	Number eligible to attend
Mr Moishe Gordon	-	-
Mr Israel Herzog	-	-
Mr Minson Peni	-	-

Quoin (Int) Limited
ARBN 062 708 141

DIRECTORS' REPORT

Remuneration of Directors

No director received any remuneration during the year. However, at the Annual General Meeting (AGM) held in December 2008, it was resulted in 21 million shares issued to QIL Acquisition Trust of which Gabriel Ehrenfeld is a trustee. The total market value of the shares is $21,000. This transaction has not been recognised in the accounts in this financial year.

The relevant interests of each director as shown in the company's register as at the date of this report are:

Director	Ordinary Shares
Mr Israel Herzog	9,193,789
Mr Moishe Gordon	5,734,459
Mr Minson Peni	46,375

Other than what is set out in Notes 10, 11 and 17, no director had any material interest in any contract or arrangement with the company or any related entity during the year.

Indemnifying Officers or Auditor

The company is not required to indemnify the directors and other officers of Quoin (Int) Limited against any liabilities incurred by the directors and officers that may arise from their position as directors and officers of the company. No costs were incurred during the period pursuant to this indemnity.

Options

No options over issued shares or interests in the company were granted during or since the end of the period and there were no options outstanding at the date of this report.

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the period.

The financial statements were authorised for issue by the board of directors on 2 July 2013.

Signed in accordance with a resolution of the Board of Directors:

Mr Gabriel Ehrenfeld
Director
Dated: 2 July 2013

Mr Daniel Ehrenfeld
Director
Dated: 2 July 2013

Quoin (Int) Limited
ARBN 062 708 141

STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors of Quoin (Int) Limited has made a commitment to uphold the principles of the corporate governance practices that have been adopted as follows:

Board of Directors

The board currently comprises non-executive directors. The names and the details of the directors in office at the date of this statement are set out in the Director's Report.

The Quoin (Int) Limited Board reviews Board effectiveness and membership on an ongoing basis. If vacancies occur, or if the Board is to be increased, the Board is to identify the experience, expertise and other qualities that are required and to identify the appropriate candidates.

Provision of Professional Services

Directors' fees are payable to directors for preparation for and attendance at Board meetings. If a director, or an associate of a director, provides professional advice to the Company, fees for those services will be separately invoiced and paid by the Company and disclosed as required by the Corporations Law. No fees were paid during the year under review.

If an individual director requires independent advice in relation to the performance of his or her duties as a director, that director may obtain such advice at the expense of the company, but only after the Chairman of the board has approved of that director seeking the particular advice for which fees will be charged.

Audit / Remuneration Committee

Due to the size of the company, no audit or remuneration committee is in existence. All relevant functions are carried out by the board.

Ethical Standards

The board supports the need for directors and employees to observe the highest standards of behaviour and business ethics. All directors, managers and employees are expected to act with the upmost integrity when dealing with each other, shareholders, regulators and other interested parties and in particular must not use their position in the Company or Company information for their or their associates' advantage. This expectation is bought to the attention of all directors and employees.

Review

These corporate governance procedures are kept under review by the Board and will be updated so they conform to best corporate governance practice.

Quoin (Int) Limited
ARBN 062 708 141

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	Consolidated Year Ended		Parent Entity Year Ended	
		2008 AUD$	2007 K'000	2008 AUD$	2007 K'000
Revenue		-	-	-	-
Other income	3	4,341,440	-	4,341,440	-
Share in subsidiaries written off		-	-	(3,372)	-
Inter-company loan written off		-	-	(1,685,927)	-
Other expenses		(16,830)	(66)	(16,830)	(66)
Professional fees		(152,500)	-	(152,500)	-
Finance costs	3	(266,511)	(3,098)	-	(1,998)
Net foreign currency gain/(losses)		-	(10)	-	(10)
Profit/(loss) before tax		**3,905,599**	**(3,174)**	**2,482,811**	**(2,074)**
Income tax expense					
Profit/(loss) from continuing operations	3	**3,905,599**	**(3,174)**	**2,482,811**	**(2,074)**
Profit/(loss) for the year		**3,905,599**	**(3,174)**	**2,482,811**	**(2,074)**
Basic earnings per share (cents per share)	7	5.66	(4.56)		

The accompanying notes form part of these financial statements.

Quoin (Int) Limited
ARBN 062 708 141

BALANCE SHEET
AS AT 31 DECEMBER 2008

	Note	Consolidated Year Ended 2008 AUD$	Consolidated Year Ended 2007 K'000	Parent Entity Year Ended 2008 AUD$	Parent Entity Year Ended 2007 K'000
CURRENT ASSETS					
Cash		-	-	-	-
Land	10	1,250,000	3,074	-	-
TOTAL CURRENT ASSETS		**1,250,000**	**3,074**	**-**	**-**
NON-CURRENT ASSETS					
Trade and other receivables	8	-	-	-	3,905
Investments	9	-	-	1	5
TOTAL NON-CURRENT ASSETS		**-**	**-**	**1**	**3,910**
TOTAL ASSETS		**1,250,000**	**3,074**	**1**	**3,910**
CURRENT LIABILITIES					
Trade and other payables	11	2,570,362	740	844,330	707
Financial liabilities	12	2,487,436	-	-	-
Provisions	13	-	104	-	104
TOTAL CURRENT LIABILITIES		**5,057,798**	**844**	**844,330**	**811**
NON-CURRENT LIABILITIES					
Trade and other payables	11	-	13,564	-	9,364
Financial liabilities	12	-	5,461	-	-
TOTAL NON-CUREENT LIABILITIES		**-**	**19,025**	**-**	**9,364**
TOTAL LIABILITIES		**5,057,798**	**19,869**	**844,330**	**10,175**
NET ASSETS		**(3,807,798)**	**(16,795)**	**(844,329)**	**(6,265)**
EQUITY					
Issued Capital	14	14,929,506	30,246	14,929,506	30,246
Reserves	15	(4,604,183)	(3,484)	(4,604,183)	(8,852)
Retained earnings		(14,133,121)	(43,557)	(11,166,652)	(27,659)
TOTAL EQUITY		**(3,807,798)**	**(16,795)**	**(844,329)**	**(6,265)**

The accompanying notes form part of these financial statements.

Quoin (Int) Limited
ARBN 062 708 141

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2008

Consolidated

	Share Capital K'000	Reserves K'000	Retained Earnings K'000	Total K'000
Balance as at 1 January 2007	**30,022**	**(3,144)**	**(40,414)**	**(13,536)**
Profit for the year	-	-	(3,143)	(3,143)
Exchange variation	224	(340)	-	(116)
Balance as at 31 December 2007	**30,246**	**(3,484)**	**(43,557)**	**(16,795)**

	Share Capital AUD$	Reserves AUD$	Retained Earnings AUD$	Total AUD$
Balance as at 1 January 2008	**14,929,506**	**(4,369,358)**	**(18,038,720)**	**(7,478,572)**
Profit for the year	-	-	3,905,599	3,905,599
Exchange variation		(234,825)		(234,825)
Balance as at 31 December 2008	**14,929,506**	**(4,604,183)**	**(14,133,121)**	**(3,807,798)**

Company

	Share Capital K'000	Reserves K'000	Retained Earnings K'000	Total K'000
Balance as at 1 January 2007	**30,022**	**(8,628)**	**(25,585)**	**(4,191)**
Profit for the year			(2,074)	(2,074)
Exchange variation	224	(224)		
Balance as at 31 December 2007	**30,246**	**(8,852)**	**(27,659)**	**(6,265)**

	Share Capital AUD$	Reserves AUD$	Retained Earnings AUD$	Total AUD$
Balance as at 1 January 2008	**14,929,506**	**(4,369,358)**	**(13,652,463)**	**(3,092,315)**
Profit for the year			2,482,811	2,482,811
Exchange variation		(234,825)		(234,825)
Balance as at 31 December 2008	**14,929,506**	**(4,604,183)**	**(11,169,652)**	**(844,329)**

The accompanying notes form part of these financial statements.

Quoin (Int) Limited
ARBN 062 708 141

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	Consolidated Year Ended		Parent Entity Year Ended	
		2008	2007	2008	2007
Cash flows from operating activities		AUD$	K'000	AUD$	K'000
Cash receipts in the course of operations		-	(97)	-	(97)
Net cash provided by operating activities	17	-	(97)	-	(97)
Cash flows from investing activities					
Net cash used in investing activities		-	-	-	-
Cash flows from financing activities					
Loans from related parties		-	97	-	97
Net cash provided by financing activities		-	97		97
Net increase/ (decrease) in cash held		-	-	-	-
Cash at the beginning of the financial year		-	-	-	-
Cash at the end of the financial year		-	-	-	-

The accompanying notes form part of these financial statements.

Quoin (Int) Limited
ARBN 062 708 141

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2008

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been adopted in the preparation of these financial statements are:

(a) Basis of Preparation

The financial statements have been drawn up in accordance with Applicable International Accounting Standards adopted in Papua New Guinea and the requirements of the Companies Act 1997 of Papua New Guinea. The financial statements have been prepared substantially in accordance with requirements of the Australian Corporation Law, and Australian Accounting Standards in the absence of applicable International Accounting Standards.

They have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets.

Accounting policies have been consistently applied by the entities and, except where there is a change in accounting policy, are consistent with those of the previous year.

(b) Principles of Consolidation

A controlled entity is any entity Quoin (Int) Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 16 to the financial statements. All controlled entities have a December financial year-end. Quoin (Int) limited and its subsidiaries together are referred to in this financial report as the Consolidated Entity

All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits and losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changes where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the consolidated group during the year, their operating results have been included/ excluded from the date control was obtained or until the date control ceased.

(c) Segment Reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

(d) Investments

Controlled Entities
Investments in controlled entities are carried in the Parent Entity's accounts at the lower of cost and recoverable amount. Dividends and distributions are brought to account in the profit and loss account when they are proposed by the controlled entities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2008

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars for the 2008 financial year which is the parent entity's functional currency. The consolidated financial statements comparative figures are presented in PNG Kina which was the parent entity's functional currency for the 2007 financial year.

(f) Land for Sale

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, foreign currency movements, borrowing costs and holding costs until the completion of the development. Finance costs, foreign currency movements and holding charges incurred after development are expensed. Profits are brought to account on the signing of an unconditional contract of sale.

(g) Taxation

Income tax
The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited to the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. The benefits relating to tax losses are only brought to account only when realisation is virtually certain.

(h) Receivables

Other receivables are recognised at original amount receivable less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Property, Plant and Equipment

Items of property (other than investment properties), plant and equipment are stated at original cost or deemed cost or at valuation less accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the profit and loss accounts on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Fixed assets are first depreciated in the year of acquisition. Land is not depreciated.

The straight line method of depreciation is used and the rates of depreciation are:

• Buildings	2.5%
• Office equipment and furniture & fittings	7.5- 20%
• Motor Vehicles	20%

(j) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting adopted for financial assets that are delivered within time frames established by marketplace convention.

Financial instrument are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or losses are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cashflows expires or the asset is transferred to another party whereby the Group is no longer has any significant continuing involvement in the risks and benefits associated with the assets.

Financial liabilities are derecognised where related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

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

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

Financial liabilities
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

The directors of the Group have based on the " Deed of company compromise" approved by creditor's meeting held on August 2007 conducted that all debts owing by the entities in the group are to be written down to $675,000, excluding the secured bank loan owing to Bank of South Pacific for the amount of A$2,487,436.

(l) New accounting standards and interpretations

The following Australian Accounting Standards have been issued or amended and are applicable to the company but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

	Accounting Standards		
AASB No.	**Title**	**Issue Date**	**Operative Date** (Annual reporting periods beginning on or after)
8	Operating Segments	Feb 2007	1 Jan 2009
101	Presentation of Financial Statements (Amended)	Sept 2007	1 Jan 2009
123	Borrowing Costs (Amended)	June 2007	1 Jan 2009
3	Business combinations(Amended)	Mar 2008	1 Jul 2009
127	Consolidated and Separate Financial Statements(Amended)	Mar 2008	1 Jul 2009
2008-1	Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations	Mar 2008	1 Jan 2009
2008-2	Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation	Mar 2008	1 Jul 2009
2008-5	Amendments to Australian Accounting Standards arising from the Annual Improvements Project	Jul 2008	1 Jan 2009
2008-6	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	Jul 2008	1 Jul 2009
2008-7	Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	Jul 2008	1 Jan 2009

(l) New accounting standards and interpretations (continued)

Australian Interpretations

Int No.	Title	Issue Date	Operative Date (Annual reporting periods beginning on or after)
4	Determining whether an Arrangement contains a Lease [revised]	Feb 2007	1 Jan 2008
12	Service Concession Arrangements	Feb 2007	1 Jan 2008
13	Customer Loyalty Programmes	Aug 2007	1 Jul 2008
129	Service Concession Arrangements: Disclosures [revised]	Feb 2007	1 Jan 2008
IFRIC 15	Agreements for the Construction of Real Estate	Jul 2008	1 Jan 2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	Jul 2008	1 Oct 2008

2. GOING CONCERN

The financial statements have been prepared on a going concern basis which assumes continuity of normal business activities, the realisation of assets and the settlement of liabilities in the normal course of business. Should the economic entity not continue as a going concern it may be required to realise its assets and extinguish its liabilities in the normal course of business and at amounts different from those stated in the financial statements.

Not withstanding that, as at 31 December 2008 consolidated liabilities exceed consolidated assets by $3,807,800 ($6,459,288; 2007). As part of the Group restructure and recapitalisation, the Board appointed Ferrier Hodgson as the administrator to negotiate with its creditors. On 29 August 2007, the administrator convened a meeting of creditors of the Group under Part XV of the Companies Act of the Independent State of Papua New Guinea. At that meeting, the creditors approved the proposal to settle all liabilities of the Group for $675,000. On 19 February 2009, the sale of the properties at Hollywood Drive, Lansvale, owned by the Company's wholly owned subsidiary, IHL Australia Pty Ltd, was completed. As a result of this transaction, the claims of the Bank of South Pacific against that company and Quoin (Int) Limited were satisfied, and the bank released Quoin (Int) Ltd and IHL Australia Pty Ltd from all claims that the Bank may have arising out of the mortgage over the land, charges given by Quoin (Int) Ltd to the Bank and the transactions underlying the mortgage and charges.

The directors are confident that the agreement will be settled and are of the opinion that the adoption of the going concern basis is appropriate in the preparation of 31 December 2008 financial statements.

Furthermore, the board of the company is actively pursuing investment options to satisfy creditors pursuant to the deed of company compromise and capital raising requirements, to ensure that the company is re-instated on the Australian Stock Exchange.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2008

	Note	Consolidated Year Ended 2008 AUD$	2007 K'000	Parent Entity Year Ended 2008 AUD$	2007 K'000
3. PROFIT FOR THE YEAR					
Operating gain/(loss) before tax has been arrived at after crediting (charging) the following specific items:					
Operating Revenue					
Other Revenue					
Loans - from Directors write off		121,288		121,288	
Loan- Advance Publicity write off		152,228	-	152,228	-
Gordon Group Pty Ltd write off	11(a)	3,668,001	-	3,668,001	-
Creditor's write off		399,923		399,923	
Total revenue		4,341,440	-	4,341,440	-
Operating & Finance Expenses					
Interest paid or due and payable to other persons	10(a)	266,511	3,098	-	1,998
		266,511	3,098	-	1,998

4. KEY MANAGEMENT PERSONNEL COMPENSATION

No key management personnel received any remuneration during the year. However, at the Annual General Meeting (AGM) held in December 2008, it was resulted in 21 million shares issued to QIL Acquisition Trust of which Gabriel Ehrenfeld is a trustee. The total market value of the shares is $21,000. This transaction has not been recognised in the accounts in this financial year but has been recognised in the following financial year when the share were issued.

	Note	Consolidated Year Ended 2008 AUD$	2007 K'000	Parent Entity Year Ended 2008 AUD$	2007 K'000
5. AUDITOR'S REMUNERATION					
Remuneration of the auditor of the parent entity for:					
Auditing or reviewing the financial report		4,000	18	4,000	18
		4,000	18	4,000	18

Quoin (Int) Limited
ARBN 062 708 141

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2008

6. GEOGRAPHICAL SEGEMENTS

	Papua New Guinea		Solomon Islands		Australia		Total	
	2008 AUD$	2007 K'000	2008 AUD$	2007 K'000	2008 AUD$	2007 K'000	2008 AUD$	2007 K'000
Segment operating profit/(loss)	(266,511)	(2,074)	-	1,685,928	(2,486,182)	(1,069)	(3,905,599)	(3,143)
Segment assets Unallocated assets	-	-	-	-	1,250,000	3,074	1,250,000	3,074
Total Assets	-	-	-	-	1,250,000	3,074	1,250,000	3,074

	Note	Consolidated Year Ended 2008 AUD$	2007 K'000
7. EARNINGS PER SHARE			
Operating gain/(loss) after income tax		3,905,599	(3,174)
Basic earnings per share - (cents per share)		5.66	(4.56)
Weighted average number of ordinary shares outstanding during the year used in the calculation of the basic earnings per share		68,984,185	68,984,185

	Note	Consolidated Year Ended 2008 AUD$	2007 K'000	Parent Entity Year Ended 2008 AUD$	2007 K'000
8. TRADE AND OTHER RECEIVABLES					
Non-Current					
Loans to controlled entities		-	-	-	3,905
		-	-	-	3,905
9. INVESTMENTS					
Non-Current					
Shares - Controlled entities	16	-	-	1	5
		-	-	1	5

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2008

	Note	Consolidated Year Ended		Parent Entity Year Ended	
		2008	2007	2008	2007
		AUD$	K'000	AUD$	K'000
10. Land					
Freehold and Leasehold Land					
At Cost	(a)	1,250,000	3,074	-	-
Total Land		1,250,000	3,074	-	-

(a) Bank loans

IHL Australia Pty Ltd has a loan from Bank of South Pacific Limited of $2,487,436 (at balance date) with interest accruing at approximately 12% pa. The loan is secured by first registered mortgage over lots 7 & 8 Hollywood Drive, Landsvale, NSW, Australia.

On 19 February 2009, the sale of the properties at Hollywood Drive, Lansvale, owned by the Company's wholly owned subsidiary, IHL Australia Pty Ltd, was completed. As a result of this transaction, the claims of the Bank of South Pacific against that company and Quoin (Int) Limited were satisfied, and the bank released Quoin (Int) Ltd and IHL Australia Pty Ltd from all claims that the Bank may have arising out of the mortgage over the land, charges given by Quoin (Int) Ltd to the Bank and the transactions underlying the mortgage and charges.

	Note	Consolidated Year Ended		Parent Entity Year Ended	
		2008	2007	2008	2007
		AUD$	K'000	AUD$	K'000
11. TRADE AND OTHER PAYABLES					
Current:					
Trade payable		4,000	732	4,000	699
Sundry payable		13,478	8		8
Amounts payable to:					
key management personnel related parties	(a)	2,552,884	-	840,330	-
		2,570,362	740	844,330	707
Non-current:					
wholly-owned subsidiaries		-	-	-	12
Loans from other parties		-	13,564	-	9,352
		-	13,564	-	9,364

(a) Loans from related parties

Quoin (Int) Limited and IHL Australia Pty Ltd have received advances of $4,343,001(at balance date) from Gordon Nominees Pty Ltd, a related party, with interest accruing at approximately 15% pa. The company has executed a fixed and floating charge by way of security in favour of Gordon Nominees Pty Ltd.

As part of the Group restructure and recapitalisation, the Board appointed Ferrier Hodgson as the administrator to negotiate with its creditors. On 29 August 2007, the administrator convened a meeting of creditors of the Group under Part XV of the Companies Act of the Independent State of Papua New Guinea. At that meeting, the creditors approved the proposal to settle all liabilities of the Group for $675,000,which is made up of, the Loan from Gordon Nominees Pty Ltd written down to $600,000 and other payables at the time written down to $75,000.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2008

11. TRADE AND OTHER PAYABLES (CONTINUED)

As part of the Group restructure and recapitalisation, the Board appointed Ferrier Hodgson as the administrator to negotiate with its creditors. On 29 August 2007, the administrator convened a meeting of creditors of the Group under Part XV of the Companies Act of the Independent State of Papua New Guinea. At that meeting, the creditors approved the proposal to settle all liabilities of the Group for $675,000

	Note	Consolidated Year Ended 2008 AUD$	Consolidated Year Ended 2007 K'000	Parent Entity Year Ended 2008 AUD$	Parent Entity Year Ended 2007 K'000
12. FINANCIAL LIAIBITLIES					
Current:					
Bank loans	(10.a)	2,487,436	-	-	-
Non-current:				-	-
Bank loans		-	5,461	-	-
13. PROVISIONS					
Accountancy		-	104	-	104
		-	104	-	104

	Note	Consolidated Year Ended 2008 AUD$	Consolidated Year Ended 2007 K'000	Parent Entity Year Ended 2008 AUD$	Parent Entity Year Ended 2007 K'000
14. ISSUED CAPITAL					
68,989,185 (2007: 68,984,185)		14,929,506	30,246	14,929,506	30,246
Opening balance		11,197,129	30,246	11,197,129	30,246
Exchange variations		3,732,377	-	3,732,377	-
Fully paid ordinary shares		14,929,506	30,246	14,929,506	30,246
Ordinary shares		No.	No.	No.	No.
At the beginning of reporting period		68,989,185	68,989,185	68,989,185	68,989,185
Shares issued during the year		-	-	-	-
At reporting date		68,989,185	68,989,185	68,989,185	68,989,185

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2008

	Note	Consolidated Year Ended 2008 $	2007 K'000	Parent Entity Year Ended 2008 $	2007 K'000
15. RESERVES					
Asset revaluation					
Foreign currency translation		(4,604,183)	(3,144)	(4,604,183)	(8,628)
Financial statements		-	(340)	-	(224)
Balance at the end		(4,604,183)	(3,484)	(4,604,183)	(8,852)

16. CONTROLLED ENTITIES

Name	Percentage of Ordinary Shares Owned 2008 %	2007 %	Amount of Investment 2008 $	2007 K'000	Net Tangible Assets at Date of Acquisition 2008 $	2007 K'000	Contribution to Consolidated Profit/ (loss) 2008 $	2007 K'000
Quoin (Int) Limited (QIL)								
							-	(2,074)
Controlled Entities								
IHL Australia Pty Limited (IHLA)	100	100	-	-	-	-	-	(1,069)
			-	-	-	-	-	(3,143)

During the financial year, as part of restructuring the Group, the Board recommended the write-offs of Hilbiscus Hotel Limited (HHL) and Gizo Hotels Limited (GHL). It was then approved.

At the date of the write off the balance sheet has no balance on all items while the two entities have the following income statement for the period until the write offs.

	King Solomon Hotels	Gizo Hotels
Intercompany loan borrowing written off	$1,690,814	$103,979
Intercompany loan receivable written off	($103,979)	($4,886)
Profit	$1,586,835	$99,093

17. CASH FLOWS

(i) Reconciliation of cash

For the purpose of the statement of cash flows, cash includes cash on hand and the bank overdraft is net of cash at bank and short-term deposits at call. Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the related items on the balance sheet as follows:

	Note	Consolidated Year Ended 2008 AUD$	Consolidated Year Ended 2007 K'000	Parent Entity Year Ended 2008 AUD$	Parent Entity Year Ended 2007 K'000
Cash		-	-	-	-
		-	-	-	-
(ii) Reconciliation of operating profit after income tax to net cash provided by operating activities					
Operating (loss) profit after income tax		-	(3,143)	-	(2,074)
Add items classified as investing/ financing activities:					
Provision increase/(decrease)		-	18	-	18
Accrued Interest		-	3,067	-	1,998
Net cash provided by operating activities before change in assets and liabilities		-	(58	-	(58)
Change in assets and liabilities adjusted for effects of purchase and disposal of controlled entities during the financial year:					
(Decrease)/ increase in sundry creditors		-	45	-	45
(Decrease)/ increase in provisions		-	(84)	-	(84)
Net cash provided by operating activities		-	(97)	-	(97)

18. RELATED PARTY TRANSACTIONS

The Group's main related parties are as follows:

Key management personnel:
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

Entities subject to significant influence by the Group:
An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

Other related parties:
Other related parties include entities over which key management personnel have joint control.

18. RELATED PARTY TRANSACTIONS (continued)

Transactions with related parties:

The following transactions occurred with related parties:

During the financial year, the Group approved the following management contracts –

a. QIL Management Trust (Mr Daniel Ehrenfeld is the trustee) for the provision of management services:

- Monthly payment $12,500 GST exclusive together with disbursements
- The contract is 5 years commencing from the re-quotation of the company on Australian Stock Exchange (ASX).

b. Steinbruck Management Services Pty Ltd (Mr Gabriel Ehrenfeld is the trustee) for the provision of secretarial, administrative, regulatory and compliance services:

- Monthly payment $12,500 GST exclusive together with disbursements
- The contract is 5 years commencing from the re-quotation of the company on Australian Stock Exchange (ASX).
- QIL Management Trust (Mr Daniel Ehrenfeld is a director of the trustee) for the provision success fee in relation to placement and management on all capital raised by the Group:
- The Group will pay QIL Management Trust 4% on placement together with a further 4% management fee on capital raised in relation to the success of the allotment and issue of A Class Options and allotment and issue of B Class Options.
- Any further capital raised by the Group for the period of 5 years commencing from the re-quotation of the company on Australian Stock Exchange (ASX).

c. On 29 August 2007, Ferrier Hodgson in Melbourne convened a meeting of creditors of the Company under Part XV of the Companies Act of the Independent State of Papua New Guinea. At that meeting, the creditors approved the Compromise Proposal to settle all liabilities of the Company. As a result of this proposal, the following related party loans/ creditors have been written down/off.

d.

Loans - from Directors		$121,288
Loan- Advance Publicity		$152,228
Gordon Group Pty Ltd	i)	$3,668,001
Creditor's write off		$399,923

i) Loan owing to Gordon Group Ltd Pty has been written down from over $4Milliom dollar to $600,000. The loan was a secured loan and Moishe Gordon is a director of QIL and of Gordon Group Pty Ltd.

19 COMMITMENTS

Capital expenditure commitments

As at period-end, there were no material capital expenditure commitments that were not shown on the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2008

20 EVENTS SUBSEQUENT TO BALANCE DATE

On 20 January 2009, the company reorganised its share capital on the basis of one new share for each ten shares held, with fractional entitlements being rounded up to the nearest whole number. The number of Ordinary Shares removed from the register was 62,090,294 including rounding adjustment.

On 20 January 2009, the company issued 224,000,000 Ordinary Shares and 10,000,000 B Class Options. The Ordinary Shares were issued, 200,000,000 at $0.001 each and 24,000,000 at nil each. The B Class Options were issued at AUD 0.0001 each. The purpose of the issue was to raise working capital.

On 19 February 2009, the company completed the sale of the properties at Hollywood Drive, Lansvale, owned by the Company's wholly owned subsidiary, IHL Australia Pty Ltd. As a result of this transaction, the claims of the Bank of South Pacific against that company and Quoin (Int) Limited were satisfied, and the bank released Quoin (Int) Ltd and IHL Australia Pty Ltd from all claims that the Bank may have arising out of the mortgage over the land, charges given by Quoin (Int) Ltd to the Bank and the transactions underlying the mortgage and charges.

On 17 March 2009, the company issued 17,773,840 Ordinary Shares as consideration for the acquisition of 43,272,878 shares in Eftel Limited (ASX: EFT).

On 7 July 2009, the company issued 15,549,023 Ordinary Shares as consideration for the acquisition of 15,549,023 shares in Eftel Limited (ASX: EFT).

On 25 August 2009, the company issued 11,027,075 Ordinary Shares as consideration for the acquisition of 11,027,075 shares in Eftel Limited (ASX: EFT).

On 12 November 2012, the company issued 6,425,000 Ordinary Shares as consideration for the acquisition of the Australian residential franchising rights to the Coldwell Banker marks and systems for the whole of Australia, along with the commercial franchising rights for Western Australia, South Australia, Northern Territory, Queensland, Victoria and Tasmania. The ordinary shares were issued at $0.2.

On 25 February 2013, the company signed a Binding terms Sheet with the holder of the commercial franchising rights to the Coldwell Banker marks and systems for NSW and the ACT for the acquisition of those rights. With the acquisition of these rights the Company, through a wholly owned subsidiary, will control the residential and commercial rights to the Coldwell banker marks and systems for the whole of Australia.

On 9 May 2013, the company announced M2 Telecommunications Group Limited has made an offer to acquire all of the shares in Eftel Limited for either cash or shares in M2 Telecommunications Group Limited in an off market takeover.

Quoin (Int) Limited had a holding in Eftel Limited. The Company resolved to accept the offer by M2 Telecommunications Group Limited and has elected to receive shares in M2 Telecommunications Group Limited.

On 12 June 2013, the company issued 850,000 Ordinary Shares as part consideration for the acquisition of the commercial franchising rights to the Coldwell Banker marks and systems for New South Wales and the Australian Capital Territory. The ordinary shares were issued at $0.2.

Note 20: Company Details

DIRECTORS
Moishe Gordon
Gabriel Ehrenfeld
Daniel Ehrenfeld
James Sinton Spence

COMPANY SECRETARY
James Sinton Spence

REGISTERED OFFICE

Level 23, Tower 1
520 Oxford Street
Bondi Junction, NSW, 2022
Australia

PAPUA NEW GUINEA ADDRESS
C/- Sinton Spence Chartered Accountants
Level 2, Brian Bell Plaza
Turumu Street
Boroko, National Capital District 111
Papua New Guinea

AUDITORS
DFK Hill Mayberry Chartered Accountants
Level 5, Defense Haus
Cnr Champion Parade & Hunter St
Port Moresby
Papua New Guinea

INCORPORATION
Quoin (Int) Limited was incorporated on 22 August 1988 in Papua New Guinea.

Quoin (Int) Limited
ARBN 062 708 141

DIRECTOR'S DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 14 to 27 are in accordance with the *Companies Act 1997 of Papua New Guinea* and:
    a. comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
    b. give a true and fair view of the financial position as at 31 December 2008 and of the performance for the period ended on that date of the Company
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.

This declaration is made in accordance with a resolution of the Board of Directors.

Director ______________________

Gabriel Ehrenfeld (Director)

Dated this 2 day of July 2013

Director ______________________

Daniel Ehrenfeld (Director)

Dated this 2 day of July 2013

Rabaul: PO Box 1595, Kokopo, ENBP, Papua New Guinea. Ph: (675) 982-9112 Fax: (675) 982-9113
Australia: PO Box 104, Sydney, NSW 2001, Australia. Ph: (612) 9200-4500 Fax: (612) 9221-5935

Richard L.S. Hill
B. Com, FCA, FCPA PNG
Email: rhill@rhillassoc.com.au

Michael Mayberry
M. Com, FCA, FCPA PNG
Email: mjmca@global.net.pg
dfkpng@global.net.pg

Telephone: (675) 321-2466
(675) 320-1988
Facsimile: (675) 321-7548
(675) 320-1989

5th Flr, Defens Haus,
Cnr Champion Pde & Hunter St,
Port Moresby, NCD

PO Box 1829, Port Moresby
PAPUA NEW GUINEA

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUOIN (INT) LIMITED AND CONTROLLED ENTITIES ARBN 062 708 141

Report on the Financial Report

We have audited the accompanying financial report of Quoin (Int) Limited, which comprises the consolidated balance sheet as at 31 December 2008, the consolidated income statement, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end of from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of financial report that gives a true and fair view in accordance with International Accounting Standards and for such internal controls as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error;

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 International Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

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

Auditor's Opinion

In our opinion

a) the financial report of Quoin (Int) Limited is in accordance with the *Companies Act 1997 of Papua New Guinea so as to* giving a true and fair view of the company's financial position as at 31 December 2008 and of its performance for the year ended on that date; and

b) the financial report also complies with International Financial Reporting.

DKF - HILL MAYBERRY

Richard Hill
Partner
Sydney 2 July 2013