



HALF YEAR REPORT

31 December 2017

THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH THE
30 JUNE [2017 ANNUAL REPORT](#) OF THE COMPANY
LODGED ON ASX ON 31 OCTOBER 2017



ASX Code: QUE

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

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CORPORATE DIRECTORY**BOARD**

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

COMPANY SECRETARY

Victor Ho

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APPENDIX 4D HALF YEAR REPORT

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

Current Reporting Period: 1 July 2017 to 31 December 2017
 Previous Corresponding Period: 1 July 2016 to 31 December 2016
 Balance Date: 31 December 2017
 Company: Queste Communications Ltd (**QUE** or the **Company**)
 Consolidated Entity: The Company and controlled entities, being ASX-listed Orion Equities Limited (A.C.N. 000 742 843) (**Orion** or **OEQ**) and controlled entities of Orion (**Queste**).

RESULTS FOR ANNOUNCEMENT TO THE MARKET

COMPANY	Dec 2017	Dec 2016	Change	Up/
	\$	\$	%	Down
Total revenues	285,020	9,782	2814%	Up
Share of Associate entity's profit/(loss)	11,614	(47,228)	125%	Profit Up
Other Expenses	(75,802)	(73,162)	4%	Up
Profit/(Loss) before tax	220,832	(110,608)	300%	Profit Up
Income tax expense	-	-		
Profit/(Loss) for the half year	220,832	(110,608)	300%	Profit Up

CONSOLIDATED ENTITY	Dec 2017	Dec 2016	Change	Up/
	\$	\$	%	Down
Total revenues	208,483	291,186	28%	Down
Share of Associate entity's profit/(loss)	194,888	(792,485)	125%	Profit Up
Other Expenses	(360,710)	(341,276)	6%	Down
Profit/(Loss) before tax	42,661	(842,575)	105%	Profit Up
Income tax expense	-	-		
Profit/(Loss) for the half year	42,661	(842,575)	105%	Profit Up
Net (profit)/loss attributable to non-controlling interest	(42,746)	430,143	110%	Down
Loss after tax attributable to owners of the Company	(85)	(412,432)	100%	Loss Down
Basic and diluted loss per share (cents)	(0.0003)	(1.53)	100%	Earnings Up

CONSOLIDATED ENTITY	Dec 2017	Jun 2017	Change	Up/
			%	Down
Diluted NTA backing per share (cents)	12.73	12.70	0.2%	Up

APPENDIX 4D HALF YEAR REPORT

BRIEF EXPLANATION OF RESULTS

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

The Consolidated Entity's net profits relate principally to Orion's investment portfolio performance including investments in Strike Resources Limited (ASX:[SRK](#)) and a share of Bentley Capital Limited's (ASX:[BEL](#)) net profit (being an Associate entity).

Please refer to the attached Directors' Report and Financial Report for further information on a review of the Queste's operations and the financial position and performance of the Queste for the financial half year ended 31 December 2017.

DIVIDENDS

The Directors have not declared a dividend in respect of the financial half year ended 31 December 2017.

Orion paid a fully-franked dividend during the financial half year, as follows:

Dividend Rate	Record Date	Payment Date	Franking
0.90 cent per share	22 September 2017	29 September 2017	100% franked

The Company's entitlement to the Orion dividend was \$84,309.

ASSOCIATE ENTITY

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

- (1) 26.946% interest (20,513,783 shares) in Bentley Capital Limited (ASX:[BEL](#)) (30 June 2017: 26.946%; 20,513,783 shares).

The Company also has a 1.708% (1,300,000 shares) direct interest in BEL as at Balance Date (30 June 2017: 1.708%; 1,300,000 shares).

Accordingly, the Consolidated Entity has equity accounted for a 28.65% total interest in BEL (30 June 2017: 28.65%).

CONTROLLED ENTITIES

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

For and on behalf of the Directors,



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

Date: 28 February 2018

Email: cosec@queste.com.au

DIRECTORS' REPORT

The Directors present their report on Queste Communications Ltd (**Company** or **QUE**) and its controlled entities (the **Consolidated Entity** or **Queste**) for the financial half year ended 31 December 2017 (**Balance Date**).

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

The Consolidated Entity's results incorporates the results of controlled entity, ASX listed investment company, Orion Equities Limited (**Orion** or **OEQ**). The Company has a 59.86% (9,367,653 shares) shareholding interest in Orion (30 June 2017: 59.86% (9,367,653 shares)).

FINANCIAL POSITION

COMPANY	Dec 2017	Jun 2017
	\$	\$
Cash and cash equivalents	154,021	27,774
Current investments - equities	3	3
Investments in Associate entity	154,615	57,487
Investment in subsidiary	1,592,501	1,405,148
Receivables	6,991	8,245
Deferred tax assets	523,632	523,632
Other assets	58,853	53,757
Total Assets	2,490,616	2,076,046
Tax liabilities (current and deferred)	-	-
Other payables and liabilities	(162,500)	(154,391)
Net Assets	2,328,116	1,921,655
Issued capital	6,256,503	6,149,888
Reserves	2,138,012	2,138,012
Accumulated losses	(6,066,399)	(6,366,245)
Total Equity	2,328,116	1,921,655

OPERATING RESULTS

COMPANY	Dec 2017	Dec 2016
	\$	\$
Total revenues	285,020	9,782
Share of Associate entity's profit/(loss)	11,614	(47,228)
Other Expenses	(75,802)	(73,162)
Profit/(Loss) before tax	220,832	(110,608)
Income tax expense	-	-
Profit/(Loss) for the half year	220,832	(110,608)

LOSS PER SHARE

CONSOLIDATED ENTITY	Dec 2017	Dec 2016
Basic and diluted loss per share (cents)	(0.0003)	(1.53)
Weighted average number of fully paid ordinary shares in the Company outstanding during the half year used in the calculation of basic loss per share.	27,286,327	27,017,599

The Company's 5,193,000 (30 June 2017: 5,770,000) partly paid ordinary shares, to the extent that they have been paid (1.5225 cents per share) have been included in the determination of the basic earnings/(loss) per share.

DIRECTORS' REPORT

DIVIDENDS

The Directors have not declared a dividend in respect of the financial half year ended 31 December 2017.

Orion paid a fully-franked dividend during the half year, as follows:

Dividend Rate	Record Date	Payment Date	Franking
0.90 cent per share	22 September 2017	29 September 2017	100% franked

The Company's entitlement to the Orion dividend was \$84,309.

CAPITAL MANAGEMENT

(a) Securities in The Company

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

- (a) 27,155,358 listed fully paid ordinary shares (30 June 2017: 26,578,358 fully paid ordinary shares); and
- (b) 5,193,000 unlisted partly paid ordinary shares¹; each paid to 1.5225 cents with 18.4775 cents per partly paid ordinary share outstanding (representing the equivalent of 439,241 voting shares²) (30 June 2017: 5,770,000 unlisted partly paid ordinary shares).

making a total of 27,550,675 voting shares on issue (30 June 2017: 27,017,599 voting shares).

The Company has 27,072,232 listed fully paid ordinary shares and no partly paid shares on issue after the completion of the Buy-Back on 5 January 2018 (refer below) and currently.

(b) Call and Conversion of Partly Paid Shares

On 10 October 2017, there was a conversion of 577,000 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 \$106,615 in total) due and payable in respect of these 577,000 partly paid shares.³

(c) Off-Market Equal Access Share Buy-Back

At the Company's annual general meeting held on 30 November 2017, 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**).⁴

The record date for determining entitlements to participate in the Buy-Back was 7 December 2017 and on 11 December 2017, 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.

1 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

2 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

3 Refer Queste's ASX announcement dated [19 October 2017: Appendix 3B – Application for Quotation of Additional Securities](#)

4 Refer Queste ASX releases dated [30 October 2017: Information Memorandum for Annual General Meeting](#) and [30 November 2017: Results of 2017 Annual General Meeting](#)

DIRECTORS' REPORT

Please refer to Queste's [Information Memorandum](#)⁵ and [Share Buy-Back Offer Booklet](#)⁶ for further details on the Buy-Back.

Under the Buy-Back (which closed on 5 January 2018)⁷:

- (a) 83,026 fully paid ordinary shares were bought back for 5 cents per share, at a cost of \$4,151.30; and
- (b) 5,193,000 partly-paid ordinary shares were bought back for 0.25 of a cent per share, at a cost of \$12,982.50.

The Buy-Back consideration was satisfied on 15 January 2018 as follows⁸:

- (a) **Cash Component:** One-third (by value) of an accepting shareholder's Buy-Back consideration was satisfied by Queste paying cash; and
- (b) **Scrip Component:** Two-thirds (by value) of an accepting shareholder's Buy-Back consideration was satisfied by Queste distributing shares in Bentley Capital Limited (ASX: [BEL](#)) (**Bentley** or **BEL**) based on a deemed value of 15.3846 cents per BEL share (rounded to the nearest whole share in BEL).

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 shares at the relevant time.

(d) Small Holding (Unmarketable Parcel) Share Sale Facility

On 6 October 2016, the Company initiated a 'Small Holding (Unmarketable Parcel) Share Sale Facility'⁹ in respect of small parcel shareholdings (unmarketable parcels) valued at \$500 or less.

A Notice of Intention to Sell and accompanying Share Retention Form was despatched to relevant shareholders (holding a 'small holding' of shares as at the 5 October 2016 Record Date) on 6 October 2016. The end of the requisite 6 week notice period for affected shareholders to return their Share Retention Form was 23 November 2016.

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.

The Company has not been able to sell the aggregated small parcel shareholdings in accordance with the terms of the facility and the Company's [Constitution](#)¹⁰ to date.

As such, on 5 December 2017¹¹, the Company announced that it had terminated the Small Holding Share Sale Facility after approximately 12 months.

The Company had not aggregate these small parcel shareholdings at the end of the requisite notice period and as such, all affected shareholders retained their shareholding and the termination of the Small Holding Share Sale Facility has no effect on their shareholdings.

5 Refer Queste ASX release dated [30 October 2017: Information Memorandum for Annual General Meeting](#) and [30 November 2017: Results of 2017 Annual General Meeting](#)

6 Refer Queste ASX release dated 11 December 2017: [Share Buy-Back Offer Booklet](#)

7 Refer Queste's ASX announcements dated [9 January 2018: Results of Completion of Equal Access Share Buy-Back](#) and dated [9 January 2018: ASX Appendix 3F – Final Share Buy-Back Notice](#)

8 Refer Section 2.3.3 of the [Share Buy-Back Offer Booklet](#)

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

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

11 Refer Queste's ASX announcement dated [5 December 2017: Termination of Small Holding \(Unmarketable Parcel\) Share Sale Facility](#)

DIRECTORS' REPORT

REVIEW OF OPERATIONS

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

1.1. Current Status of Investment in Orion

Orion is a listed investment company.

The Company holds 9,367,653 shares in Orion, being 59.86% of its issued ordinary share capital (30 June 2017: 9,367,653 shares (59.86%)). Orion has been recognised as a controlled entity and included as part of the Queste Consolidated Entity's results since 1 July 2002.

Queste shareholders are advised to refer to the 31 December 2017 Half Year Report, 2017 Annual Report and monthly NTA disclosures lodged by Orion for further information about the status and affairs of such company.

Information concerning Orion may be viewed from its website: www.orionequities.com.au

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

Sections 1.2 to 1.3 below contain information extracted from Orion's public statements.

1.2. Orion's Portfolio Details as at 31 December 2017

Asset Weighting

	% of Net Assets		
	Dec 2017	Jun 2017	Dec 2016
Australian equities	53%	48%	50%
Agribusiness ¹²	30%	30%	30%
Property held for development and resale	24%	24%	20%
Net tax liabilities (current year and deferred tax assets/liabilities)	-	-	-
Net cash/other assets and provisions	(7)	(2)	-
Total	100%	100%	100%

Equities	Fair Value \$'million	% of Net Assets	ASX Code	Industry Sector Exposures
Bentley Capital Limited	2.26	43.66%	BEL	Diversified Financials
Strike Resources Limited	0.60	11.61%	SRK	Materials
CBG Australian Equities Fund (Wholesale) (CBG Fund)	0.05	0.92%	N/A	Diversified
Other ASX listed securities	-	-	Various	Various
Total	2.91	56.19%		

1.3. Orion's Assets

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

Bentley is a listed investment company.

Queste holds 1.71% (1,300,000 shares) of Bentley's issued ordinary share capital with Orion holding 26.95% (20,513,783 shares) of Bentley's issued ordinary share capital as at 31 December 2017 (30 June 2017: Queste held 1,300,000 shares (1.71%) and Orion held 20,513,783 shares (26.95%)).

¹² Agribusiness net assets include olive grove land, olive trees, buildings and plant and equipment.

DIRECTORS' REPORT

Queste distributed 74,248 Bentley shares as the Scrip Component under the Buy-Back on 15 January 2018 and currently holds 1,225,752 shares (1.61%).

Bentley's asset weighting as at 31 December 2017 was 86.9% Australian equities (30 June 2017: 93.5%), 3.1% intangible assets (30 June 2017: 1.7%) and 10% net cash/other assets (30 June 2017: 4.8%).

Bentley had net assets of \$12.46 million as at 31 December 2017 (30 June 2017: \$11.95 million) and generated an after tax net profit of \$0.893 million for the financial half year (31 December 2016: \$1.826 million after-tax net loss).

Bentley paid a 0.50 cent fully franked dividend distributed in August 2017.

Subsequent to 31 December 2017, Bentley paid a further fully-franked dividend of 0.5 cent per share.

Bentley has a long distribution track record, as illustrated below¹³:

Rate per share	Nature	Payment Date
0.50 cent	Dividend	25 January 2018
0.50 cent	Dividend	31 August 2017
0.50 cent	Dividend	31 March 2017
0.50 cent	Dividend	29 September 2016
0.50 cent	Dividend	18 March 2016
0.50 cent	Dividend	25 September 2015
0.55 cent	Dividend	20 March 2015
0.95 cent	Dividend	26 September 2014
One cent	Dividend	21 March 2014
One cent	Return of capital	12 December 2013
One cent	Return of capital	18 April 2013
One cent	Return of capital	30 November 2012
One cent	Return of capital	19 April 2012
5.0 cents	Return of capital	14 October 2011
2.4 cents	Dividend (Special)	26 September 2011
One cent	Dividend	26 September 2011
One cent	Dividend	17 March 2011

Further information about Bentley's net assets and investment affairs are contained in their ASX releases, including as follows:

- 28 February 2018: Half Year Report – 31 December 2017;
- 14 February 2018: Net Tangible Asset Backing – 31 January 2018; and
- 31 October 2017: 2017 Annual Report.

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](#)".

¹³ Bentley has advised that it has paid a distribution to shareholders every year (save on 4 occasions) since its admission to ASX in 1986. Please also refer to Bentley's website for its full [distribution history](#).

DIRECTORS' REPORT

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

Orion holds 10,000,000 Strike shares (6.88%) (30 June 2017: 10,000,000 shares (6.88%)) while Bentley holds 52,553,493 Strike shares (36.16%). Therefore, Orion has a deemed relevant interest in 62,553,493 Strike shares (43.041%¹⁴).

Strike owns the high grade Apurimac Magnetite Iron Ore Project and Cusco Magnetite Iron Ore Project in Peru and is currently developing its Burke Graphite Project in Queensland and lithium exploration tenements in Western Australia; Strike also retains relatively strong cash reserves and liquid investments totalling ~\$4.93 million (as at 31 December 2017)¹⁵.

During the half year, SRK shares traded on ASX within a range of 4.4 to 6.2 cents with a closing price of 6 cents as at 31 December 2017 and a current closing price of 6.5 cents (as at 26 February 2018).

Orion generated a \$0.18 million unrealised gain on investment in Strike during the financial half year.

Further information about Strike's current projects and activities are contained in their ASX releases, including as follows:

- 31 January 2018: December 2017 Quarterly Reports; and
- 17 October 2017: 2017 Annual Report.

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](#)".

(c) Other Assets

Orion also owns:

- a 143 hectare commercial olive grove operation (with approximately 64,500, 19 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 currently has a direct share investment in Associate entity, Bentley, being 1,225,752 shares (or 1.61% of Bentley's issued ordinary share capital) (31 December 2017 and 30 June 2017: 1,300,000 shares and 1.708%).

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](#)".

¹⁴ Refer Orion's [Change in Substantial Holding Notice](#) dated 4 September 2016

¹⁵ Refer SRK's ASX Announcement dated [31 January 2018: December 2017 Quarterly Report](#)

DIRECTORS' REPORT

DIRECTORS

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

Farooq Khan	Executive Chairman and Managing Director
<i>Appointed</i>	10 March 1998
<i>Qualifications</i>	BJuris, LLB (<i>Western Australia</i>)
<i>Experience</i>	Mr Khan is a qualified lawyer having previously practised principally in the field of corporate law. Mr Khan has extensive experience in the securities industry, capital markets and the executive management of ASX-listed companies. In particular, Mr Khan has guided the establishment and growth of a number of public listed companies in the investment, mining and financial services sectors. He has considerable experience in the fields of capital raisings, mergers and acquisitions and investments.
<i>Relevant interest in shares</i>	5,344,872 shares ¹⁶
<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
<hr/>	
Victor P. H. Ho	Executive Director and Company Secretary
<i>Appointed</i>	Executive Director since 3 April 2013; Company Secretary since 30 August 2000
<i>Qualifications</i>	BCom, LLB (<i>Western Australia</i>), CTA
<i>Experience</i>	Mr Ho has been in Executive roles with a number of ASX listed companies across the investments, resources and technology sectors over the past 18+ 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 investment management of listed investment companies (as an Executive Director and or a member of the Investment Committee), 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 ¹⁷
<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) (4) Company Secretary of Keybridge Capital Limited (ASX: KBC) (since 13 October 2016)
<i>Former directorships in other listed entities in past 3 years</i>	Company Secretary of Alara Resources Limited (ASX: AUQ) (4 April 2007 to 31 August 2015)

¹⁶ Refer Farooq Khan's [Change of Director's Interest Notice](#) dated 7 June 2016

¹⁷ Refer Victor Ho's [Initial Director's Interest Notice](#) dated 3 April 2013

DIRECTORS' REPORT

Yaqoob Khan	Non-Executive Director
<i>Appointed</i>	10 March 1998
<i>Qualifications</i>	BCom (<i>Western Australia</i>), Master of Science in Industrial Administration (<i>Carnegie Mellon</i>)
<i>Experience</i>	After working for several years in the Australian Taxation Office, Mr Khan completed his postgraduate Masters degree and commenced work as a senior executive responsible for product marketing, costing systems and production management. Mr Khan has been an integral member of the team responsible for the pre-IPO structuring and IPO promotion of a number of ASX floats and has been involved in the management of such companies. Mr Khan brings considerable international experience in key aspects of corporate finance and the strategic analysis of listed investments.
<i>Relevant interest in shares</i>	68,345 shares ¹⁸
<i>Other current directorships in listed entities</i>	Non-Executive Director of Orion Equities Limited (ASX: OEO) (since 5 November 1999).
<i>Former directorships in other listed entities in past 3 years</i>	None

AUDITORS' INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 forms part of this Directors Report and is set out on page 12. This relates to the Auditor's Independent Review Report, where the Auditors state that they have issued an independence declaration.

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



Farooq Khan
Chairman



Victor Ho
Executive Director

28 February 2018

¹⁸ Refer Yaqoob Khan's [Change of Director's Interest Notice](#) dated 6 September 2011



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

Dear Sirs

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

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit review of the 31 December 2017 interim financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Graham Swan FCA (Lead auditor)

Rothsay Auditing

Dated 28 February 2018



Chartered Accountants

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half year ended 31 December 2017

	Note	31 Dec 17 \$	31 Dec 16 \$
Revenue	2	22,795	23,493
Other			
Share of Associate entity's profit		194,888	-
Net gain on financial assets at fair value through profit or loss		185,688	258,575
Other revenue		-	9,118
Total revenue		403,371	291,186
Expenses	3		
Share of Associate entity's loss		-	(792,485)
Olive grove operation expenses		(21,461)	(17,028)
Land operation expenses		(5,435)	(7,745)
Personnel expenses		(213,070)	(226,465)
Occupancy expenses		(16,733)	(17,639)
Corporate expenses		(40,465)	(43,075)
Finance expenses		(1,555)	(1,783)
Administration expenses		(61,991)	(27,541)
Profit/(Loss) before income tax		42,661	(842,575)
Income tax expense		-	-
Profit/(Loss) for the half year		42,661	(842,575)
Other comprehensive income			
Revaluation of assets, net of tax		-	-
Total comprehensive income for the half year		42,661	(842,575)
Income/(Loss) attributable to:			
Owners of Queste Communications Ltd		(85)	(412,433)
Non-controlling interest		42,746	(430,142)
		42,661	(842,575)
Total comprehensive income for the half year is attributable to:			
Owners of Queste Communications Ltd		(85)	(412,433)
Non-controlling interest		42,746	(430,142)
		42,661	(842,575)
Basic and diluted loss per share (cents) attributable to the ordinary equity holders of the Company	5	(0.00)	(1.53)

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2017

	Note	31 Dec 17	30 Jun 17
		\$	\$
Current assets			
Cash and cash equivalents		187,283	235,476
Financial assets at fair value through profit or loss	6	647,468	494,360
Receivables		39,775	41,216
Other current assets		19,586	6,573
Total current assets		894,112	777,625
Non current assets			
Receivables		22,010	22,010
Property held for development or resale		1,220,000	1,220,000
Investment in Associate entity	8	2,089,083	2,003,264
Property, plant and equipment		1,514,330	1,528,324
Olive trees		65,500	65,500
Deferred tax asset		61,206	61,206
Total non current assets		4,972,129	4,900,304
Total assets		5,866,241	5,677,929
Current liabilities			
Payables		440,028	343,714
Provisions		133,485	134,229
Total current liabilities		573,513	477,943
Non current liabilities			
Deferred tax liability		61,206	61,206
Total non current liabilities		61,206	61,206
Total liabilities		634,719	539,149
Net assets		5,231,522	5,138,780
Equity			
Issued capital		6,256,503	6,149,888
Reserves		6,170,732	3,182,215
Accumulated losses		(9,270,133)	(6,281,531)
Parent interest		3,157,102	3,050,572
Non-controlling interest		2,074,420	2,088,208
Total equity		5,231,522	5,138,780

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half year ended 31 December 2017

	Issued capital \$	Reserves \$	Accumulated losses \$	Non- controlling interest \$	Total \$
Balance at 1 July 2016	6,149,888	3,270,684	(4,769,667)	3,011,476	7,662,381
Loss for the half year	-	-	(412,433)	(430,142)	(842,575)
Profit reserve transfer	-	100,258	(100,258)	-	-
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the half year	-	100,258	(512,691)	(430,142)	(842,575)
Transactions with owners in their capacity as owners:					
Transactions with non-controlling interest	-	(105,822)	-	105,822	-
Balance at 31 December 2016	6,149,888	3,265,120	(5,282,358)	2,687,156	6,819,806
Balance at 1 July 2017	6,149,888	3,182,215	(6,281,531)	2,088,208	5,138,780
Profit/(Loss) for the half year	-	-	(85)	42,746	42,661
Profit reserve	-	2,988,517	(2,988,517)	-	-
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the half year	-	2,988,517	(2,988,602)	42,746	42,661
Transactions with owners in their capacity as owners:					
Transactions with non-controlling interest	-	-	-	(56,534)	(56,534)
Partly paid shares	106,615	-	-	-	106,615
Balance at 31 December 2017	6,256,503	6,170,732	(9,270,133)	2,074,420	5,231,522

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

for the half year ended 31 December 2017

	31 Dec 17 \$	31 Dec 16 \$
Cash flows from operating activities		
Receipts from customers	18,850	32,298
Dividends received	193,378	108,679
Interest received	803	703
Payments to suppliers and employees	(257,528)	(368,304)
Interest paid	(8)	(53)
Sale of financial assets at fair value through profit or loss	36,580	160,076
Purchase of financial assets at fair value through profit or loss	(4,000)	(3,570)
Net cash used in operating activities	(11,925)	(70,171)
Cash flows from investing activities		
Purchase of plant and equipment	(2,040)	(7,679)
Net cash used in investing activities	(2,040)	(7,679)
Cash flows from financing activities		
Proceeds from calls on partly paid shares	106,615	-
Orion dividends paid	(140,843)	-
Net cash used in financing activities	(34,228)	-
Net decrease in cash held	(48,193)	(77,850)
Cash and cash equivalents at beginning of financial year	235,476	191,039
Cash and cash equivalents at end of financial half year	187,283	113,189

The accompanying notes form part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2017

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The half year financial statements are a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 134 'Interim Financial Reporting'. These half year financial statements do not include notes of the type normally included in the annual financial statements and should be read in conjunction with the most recent annual financial statements and the Company's ASX announcements released from 1 July 2017 to the date of this report.

Basis of Preparation

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

The accounting policies and methods of computation adopted in the preparation of the half year financial statements are consistent with those adopted and disclosed in the Consolidated Entity's financial statements for the financial year ended 30 June 2017.

2. REVENUE

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

	31 Dec 17	31 Dec 16
	\$	\$
Revenue		
Rental revenue	21,992	22,100
Dividend revenue	-	690
Interest revenue	803	703
	<u>22,795</u>	<u>23,493</u>
Other		
Share of Associate entity's profit	194,888	-
Net gain on financial assets at fair value through profit or loss	185,688	258,575
Other revenue	-	9,118
	<u><u>403,371</u></u>	<u><u>291,186</u></u>

3. EXPENSES

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

	31 Dec 17	31 Dec 16
	\$	\$
Share of Associate entity's loss	-	792,485
Olive grove operations		
Depreciation of olive grove assets	13,220	16,431
Other expenses	8,241	597
Land operations		
Other expenses	5,435	7,745
Salaries, fees and employee benefits	213,070	226,465
Occupancy expenses	16,733	17,639
Finance expenses	1,555	1,783
Corporate expenses		
ASX fees	33,835	33,305
Share registry	6,117	7,931
Other corporate expenses	513	1,839

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2017

3. EXPENSES (continued)

	31 Dec 17	31 Dec 16
Administration expenses	\$	\$
Professional fees	16,785	2,364
Audit fees	14,150	11,550
Legal fees	959	(20,503)
Depreciation	2,813	4,012
Other administration expenses	27,284	30,118
	360,710	1,133,761

4. SEGMENT INFORMATION

31 Dec 17	Investments	Olive grove	Corporate	Total
Segment revenues	\$	\$	\$	\$
Revenue	22,795	-	-	22,795
Other	380,576	-	-	380,576
Total segment revenues	403,371	-	-	403,371

Personnel expenses	-	-	213,070	213,070
Finance expenses	65	61	1,555	1,681
Administration expenses	-	1,017	27,178	28,195
Depreciation expenses	-	13,220	2,813	16,033
Other expenses	7,323	7,163	87,245	101,731
Total segment profit/(loss)	395,983	(21,461)	(331,861)	42,661

Segment assets

Cash and cash equivalents	-	883	186,400	187,283
Financial assets	647,468	-	-	647,468
Property held for development or resale	1,220,000	-	-	1,220,000
Investment in associate	2,089,083	-	-	2,089,083
Property, plant and equipment	-	1,494,067	20,263	1,514,330
Other assets	-	65,814	142,263	208,077
Total segment assets	3,956,551	1,560,764	348,926	5,866,241

31 Dec 16

Segment revenues

Revenue	23,493	-	-	23,493
Other	255,611	-	12,082	267,693
Total segment revenues	279,104	-	12,082	291,186

Personnel expenses	-	(10,915)	226,465	215,550
Finance expenses	-	130	2,400	2,530
Administration expenses	792,485	4,183	12,505	809,173
Depreciation expenses	-	16,431	4,013	20,444
Other expenses	7,974	7,199	70,891	86,064
Total segment loss	(521,355)	(17,028)	(304,192)	(842,575)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2017

4. SEGMENT INFORMATION (continued)

30 Jun 17	Investments	Olive grove	Corporate	Total
Segment assets	\$	\$	\$	\$
Cash and cash equivalents	-	3,392	232,085	235,477
Financial assets	494,360	-	-	494,360
Property held for development or resale	1,220,000	-	-	1,220,000
Investment in associate	2,003,266	-	-	2,003,266
Property, plant and equipment	-	1,507,288	21,036	1,528,324
Other assets	-	65,458	131,044	196,502
Total segment assets	3,717,626	1,576,138	384,165	5,677,929

Description of segments

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

Liabilities

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

5. LOSS PER SHARE

	31 Dec 17	31 Dec 16
Basic and diluted loss per share (cents)	<u>(0.00)</u>	<u>(1.53)</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 (\$)	(85)	(412,433)
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	Number of shares	
Weighted average number of ordinary shares	27,286,327	27,017,599

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

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 Dec 17	30 Jun 17
	\$	\$
Listed securities at fair value	600,004	420,004
Unlisted managed fund at fair value	47,464	74,356
	<u>647,468</u>	<u>494,360</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2017

7. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value hierarchy

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

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

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
31 Dec 17				
Financial assets at fair value through profit or loss:				
Listed securities at fair value	600,004	-	-	600,004
Unlisted managed fund at fair value	-	47,464	-	47,464
Land at independent valuation	-	-	1,340,455	1,340,455
Olive trees	-	-	65,500	65,500
Total	600,004	47,464	1,405,955	2,053,423

30 Jun 17

Financial assets at fair value through profit or loss:				
Listed securities at fair value	420,004	-	-	420,004
Unlisted managed fund at fair value	-	74,356	-	74,356
Land at independent valuation	-	-	1,340,455	1,340,455
Olive trees	-	-	65,500	65,500
Total	420,004	74,356	1,405,955	1,900,315

There have been no transfers between the levels of the fair value hierarchy during the financial half 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 7).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2017

7. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

(a) Valuation techniques

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

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

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

At Level 3, the land was valued by an independent qualified valuer (a Certified Practising Valuer and Associate Member of the Australian Property Institute) as at 15 June 2017. 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 \$54,000. 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 2017 by the Directors. The fair value of the trees is at the Orion Directors' valuation having regard to, amongst other matters, replacement cost and the trees commercial production qualities. The significant unobservable input is the replacement cost of 18 year old fruiting trees. There are no age limits to the commercial viability of an olive grove. A 1% change in the replacement cost would result in an increase or decrease by \$3,500. There has been no unusual circumstances that may affect the value of the property.

(b) Level 3 assets

	Land \$	Olive trees \$	Total \$
At 1 Jul 2016	1,741,664	65,500	1,807,164
Revaluation	(401,209)	-	(401,209)
At 30 Jun 2017	1,340,455	65,500	1,405,955
Revaluation	-	-	-
At 31 Dec 2017	1,340,455	65,500	1,405,955

(c) Fair values of other financial assets and liabilities

	31 Dec 17 \$	30 Jun 17 \$
Cash and cash equivalents	187,283	235,476
Receivables	39,775	41,216
	227,058	276,692
Payables	(440,028)	(343,714)
	(212,970)	(67,022)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2017

8. INVESTMENT IN ASSOCIATE ENTITY

	Ownership Interest		Carrying Amount	
	31 Dec 17	30 Jun 17	31 Dec 17	30 Jun 17
			\$	\$
Bentley Capital Limited (ASX:BEL)	28.65%	28.66%	<u>2,089,083</u>	<u>2,003,264</u>
Movements in carrying amounts				
Opening balance			2,003,264	3,545,665
Share of net profit/(loss) after tax			194,888	(1,324,263)
Dividends received			(109,069)	(218,138)
Closing balance			<u>2,089,083</u>	<u>2,003,264</u>
Fair value (at market price on ASX) of investment in Associate entity			<u>2,399,516</u>	<u>2,399,516</u>
Net asset backing value of investment in Associate entity			<u>3,571,698</u>	<u>3,425,714</u>
Summarised statement of profit or loss and other comprehensive income				
Revenue			1,781,610	190,401
Expenses			(888,167)	(3,868,917)
Profit/(Loss) before income tax			<u>893,443</u>	<u>(3,678,516)</u>
Income tax expense			-	-
Profit/(Loss) after income tax			<u>893,443</u>	<u>(3,678,516)</u>
Other comprehensive income			-	-
Total comprehensive income			<u>893,443</u>	<u>(3,678,516)</u>
Summarised statement of financial position				
Current assets			8,504,269	8,107,288
Non-current assets			4,255,851	4,063,419
Total assets			<u>12,760,120</u>	<u>12,170,707</u>
Current liabilities			295,253	209,628
Non-current liabilities			-	9,015
Total liabilities			<u>295,253</u>	<u>218,643</u>
Net assets			<u>12,464,867</u>	<u>11,952,064</u>

9. RELATED PARTY TRANSACTIONS

The Company has control of Orion Equities Limited (**Orion**) as it holds 59.86% (9,367,653 shares) of Orion's issued capital (30 Jun 2017: 59.86% and 9,367,653 shares). During the half year there were transactions between the Company, Orion and Associate Entity, Bentley Capital Limited (ASX:BEL), pursuant to shared office and administration expense arrangements. There were no outstanding amounts at the reporting date.

	31 Dec 17	31 Dec 16
Bentley Capital Limited	\$	\$
Dividends Received	<u>109,069</u>	<u>109,069</u>

During the half year, the Consolidated Entity generated \$21,992 rental income from a KMP/close family member of KMP (the KMP being Queste and Orion Director, Farooq Khan), pursuant to a standard form residential tenancy agreement in respect of Property Held for Resale (held by Orion subsidiary, Silver Sands Developments Pty Ltd) (31 Dec 2016: \$22,100).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2017

10. 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).

11. EVENTS OCCURRING AFTER THE REPORTING PERIOD

- (a) Associate entity, Bentley Capital Limited (ASX:BEL), paid a fully-franked dividend of 0.5 cent per share on 25 January 2018. The Company and Orion received a dividend payment of \$6,500 and \$102,569 respectively.
- (b) On 5 January 2018, the Company's Off-Market Equal Access Share Buy-Back (**Buy-Back**) closed with the following shares being bought-back and cancelled:
 - (i) 83,026 fully paid ordinary shares were bought back for 5 cents per share at a total cost of \$4,151; and
 - (ii) 5,193,000 partly paid ordinary shares were bought back for 0.25 cent per share at a total cost of \$12,983, with the total cost of the Buy-Back being \$17,134.

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

DIRECTORS' DECLARATION

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

In the opinion of the Directors:

- (1) The financial statements and notes of the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:
 - (a) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2017 and of its performance for the financial half year ended on that date; and
 - (b) complying with Accounting Standards AASB 134 "Interim Financial Reporting", *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (2) There are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



Farooq Khan
Chairman



Victor Ho
Executive Director

28 February 2018



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Independent Review Report to the Members of Queste Communications Ltd

The financial report and directors' responsibility

The interim consolidated financial report comprises the statement of financial position, statement of comprehensive income, statement of changes in equity, cashflow statement, accompanying notes to the financial statements, and the directors' declaration for Queste Communications Ltd for the half-year ended 31 December 2017.

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

Review approach

We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim consolidated financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated financial position as at 31 December 2017 and the performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Queste Communications Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

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

- giving a true and fair view of the consolidated financial position as at 31 December 2017 and of the performance for the half-year ended on that date; and
- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Rothsay Auditing

Graham Swan FCA
Partner

Dated 28 February 2018



Chartered Accountants

SECURITIES INFORMATION

as at 23 February 2018

DISTRIBUTION OF LISTED ORDINARY FULLY PAID SHARES

Spread	of	Holdings	Number of Holders	Number of Units	% of Total Issue Capital
1	-	1,000	13	7,871	0.029%
1,001	-	5,000	46	128,465	0.475%
5,001	-	10,000	59	534,149	1.973%
10,001	-	100,000	88	2,413,603	8.915%
100,001	-	and over	21	23,988,244	88.608%
Total			227	27,072,332	100%

UNMARKETABLE PARCELS

Spread	of	Holdings	Number of Holders	Number of Shares	% of Total Issued Capital
1	-	6,944	66	178,661	0.660%
6,945	-	over	161	26,893,671	99.340%
TOTAL			227	27,072,332	100 %

An unmarketable parcel is considered, for the purposes of the above table, to be a shareholding of 6,944 shares or less, being a value of \$500 or less in total, based upon the Company's last sale price on ASX as at 23 February 2018 of \$0.072 per share.

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders	Registered Shareholder	Shareholding	Total Shares	% Voting Power ⁵
Azhar Chaudhri, Chi Tung Investments Limited and Renmuir Holdings Limited ¹	Chi Tung Investments Ltd	3,608,956	8,322,737	30.743%
	Renmuir Holdings Ltd	3,277,780		
	Mr Azhar Chaudhri	1,436,001		
Farooq Khan and Associate ²	Mr Farooq Khan + Ms Rosanna De Campo <KDC Superannuation Fund A/C>	3,671,295	5,344,872	19.743%
	Island Australia Pty Ltd	1,673,577		
Geoff Wilson and Associates ³	Dynasty Peak Pty Ltd <The Avoca Super Fund A/C>	3,963,337	3,963,337	14.640%
Fred Woollard and Samuel Terry Asset Management Pty Ltd ATF Samuel Terry Absolute Return Fund ⁴	Frederick Raymond Woollard	19,512	3,737,332	13.80%
	J P Morgan Nominees Australia Limited	3,717,820		

Notes:

- (1) Based on the substantial shareholding notice filed by Azhar Chaudhri and associates dated [23 October 2017](#) (updated to reflect current registered shareholdings and percentage voting power)
- (2) 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) and the Change of Director's Interest Notice filed by Farooq Khan dated [8 January 2018](#)
- (3) Based on the Change of Interests of Substantial Holder Notice filed by Geoff Wilson and associates dated [14 February 2018](#)
- (4) Based on the Notice of Initial Substantial Holder notice filed by Samuel Terry Asset Management Pty Ltd dated [5 February 2018](#) (updated to reflect current registered shareholdings and percentage voting power)
- (5) Movements of less than 1% in voting power are not required to be disclosed to ASX via an updated substantial shareholding notice and accordingly, there may be variances between the shareholdings recorded in the table above and the most recent substantial shareholding notices lodged on ASX. Current registered shareholdings have been disclosed (where applicable).

SECURITIES INFORMATION

as at 23 February 2018

TOP 20 ORDINARY FULLY PAID SHAREHOLDERS

Rank	Shareholder	Shares Held	Total Shares	% Issued Capital
1	CHI TUNG INVESTMENTS LTD RENMUJIR HOLDINGS LTD MR AZHAR CHAUDHRI	3,608,956 3,277,780 1,436,001		
		Sub-total	8,322,737	30.743%
2	MR FAROOQ KHAN + MS ROSANNA DE CAMPO <KDC SUPERANNUATION FUND A/C> ISLAND AUSTRALIA PTY LTD	3,671,295 1,673,577		
		Sub-total	5,344,872	19.743%
3	DYNASTY PEAK PTY LTD <THE AVOCA SUPER FUND A/C>		3,963,337	14.640%
4	J P MORGAN NOMINEES AUSTRALIA LIMITED		3,717,820	13.733%
5	COWOSO CAPITAL PTY LTD		610,834	2.256%
6	MS ROSANNA DE CAMPO		268,100	0.990%
7	GLENVIEW SERVICES PTY LTD		250,000	0.923%
8	GIBSON KILLER PTY LTD		220,000	0.813%
9	MR AYUB KHAN		215,000	0.794%
10	MRS AFIA KHAN		215,000	0.794%
11	MR SIMON KENNETH CATO & MRS KAYE LOUISE HOPKINS ROSEMONT ASSET PTY LTD	118,000 75,000		
		Sub-total	193,000	0.713%
12	GM & AM LEAVER INVESTMENTS PTY LTD		191,400	0.707%
13	TOMATO 2 PTY LTD		185,019	0.683%
14	MR JOHN CHENG-HSIANG YANG & MS PING MOK		136,125	0.503%
15	MR ANTHONY NEALE KILLER & MRS SANDRA MARIE KILLER		130,000	0.480 %
16	MR EUGENE RODRIGUEZ		110,000	0.406 %
17	MRS MARY THERESE CAMILLERI		100,000	0.369%
18	MRS LINDA ANN OATES		100,000	0.369%
19	DR SIEW NAM UN		87,500	0.323%
20	MRS WENDY MARGARET BELL		75,000	0.277%
Total			24,435,744	90.26%