FULL YEAR REPORT:

ASX Appendix 4E Preliminary Final Report
Directors' Report
Auditors' Independence Declaration
Financial Report
Audit Report

30 June 2008

www.queste.com.au

ASX Code: QUE

QUESTE COMMUNICATIONS LTD

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CORPORATE DIRECTORY

BOARD

Farooq Khan (Chairman & Managing Director)
Simon Cato (Director)
Azhar Chaudhri (Director)
Yaqoob Khan (Director)

COMPANY SECRETARY

Victor Ho

PRINCIPAL & REGISTERED OFFICE

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STOCK EXCHANGE

Australian Securities Exchange
Perth, Western Australia

ASX CODE

QUE

AUDITORS

BDO Kendalls Audit & Assurance (WA) Pty Ltd
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ASX PRELIMINARY FINAL REPORT

This Preliminary Final Report is provided to the Australian Securities Exchange (**ASX**) under ASX Listing Rule 4.3A

Current Reporting Period:	Financial year ended year ended 30 June 2008
Previous Corresponding Period:	Financial year ended year ended 30 June 2007
Balance Date:	30 June 2008
Company:	Queste Communications Ltd (**Queste** or **QUE**)
Consolidated Entity:	Queste and controlled entities, being Orion Equities Limited (ACN 000 742 843) (**Orion** or **OEQ**) and controlled entities of Orion:

(1) Silver Sands Developments Pty Ltd (ACN 094 097 122), a wholly owned subsidiary;

(2) Central Exchange Mining Ltd (ACN 119 438 265), a wholly owned subsidiary;

(3) Koorian Olives Pty Ltd (ACN 120 616 891), a wholly owned subsidiary;

(4) Orion Indo Operations Pty Ltd (ACN 124 702 245), a wholly owned subsidiary; and

(5) PT Orion Indo Mining, 100% beneficially owned by Orion Indo Operations Pty Ltd.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Consolidated			Company		
	2008 $	**2007 $**	**% Change**	**2008 $**	**2007 $**	**% Change**
Total revenues	(208,542)	18,462,091	-101%	618,090	663,142	-7%
Total expenses	(2,957,306)	(2,063,286)	43%	(401,537)	(398,733)	1%
Profit/(Loss) before tax	**(3,165,848)**	**16,398,805**	**-119%**	**216,553**	**264,409**	**-18%**
Income tax benefit/(expense)	513,853	(4,631,654)	-111%	-	(12,626)	0%
Profit/(Loss) from continuing operations	**(2,651,995)**	**11,767,151**	**-123%**	**216,553**	**251,783**	**-14%**
Loss from discontinued operations	-	(1,852,990)	-100%	-	-	unchanged
Profit/(Loss) for the year	(2,651,995)	9,914,161	-127%	216,553	251,783	-14%
Net profit/(loss) attributable to minority interests	1,658,834	(4,374,403)	-138%	-	-	unchanged
Profit/(Loss) after tax attributable to members of the Company	**(993,161)**	**5,539,758**	**-118%**	**216,553**	**251,783**	**-14%**
Basic earnings/(loss) per share (cents)	(3.38)	18.84	-118%	0.74	0.86	-14%
Diluted earnings/(loss) per share (cents)	n/a	11.44	n/a	0.45	0.52	-14%
Undiluted NTA backing per share (cents)	63.84	69.05	-8%	32.70	41.49	-21%
Diluted NTA Backing per share (cents)	46.63	49.79	-6%	27.72	33.05	-16%

Note: In %Change columns:

"+" means "Up" from previous corresponding period or balance date (as the case may be)

"-"means "Down" from previous corresponding period or balance date (as the case may be)

ASX PRELIMINARY FINAL REPORT

BRIEF EXPLANATION OF RESULTS

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

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

At the Company level:

Total revenues of $618,090 include:
(1) $314,246 dividend income (2007: $391,976);
(2) $117,302 gain on sale of investments portfolio (2007: $345,938 (losses)); and
(3) $226,415 interest received (2007: $191,829).

Total expenses of $401,537 include:
(1) $285,120 personnel expenses (2007: $267,649).

On 11 August 2008, Orion disposed of its 70% interest in the Indonesian Berau Coal Project (via the sale of Orion Indo Operations Pty Ltd) and its 25% interest in the West Australian Paulsens East Iron Ore Project (via the sale of Central Exchange Mining Ltd) to its joint venture partner in these projects, ASX listed Strike Resources Limited (**Strike**). A total of 9.5 million Strike shares were issued to Orion as consideration for the sale. Orion realised a gain on sale of these subsidiaries of $17.5 million (based on Strike's closing bid price of $1.97 on the date of completion), which will be accounted for in the 2008/09 financial year. These shares have a current value of $13.78 million (based on the closing bid price of $1.45 per share on 27 August 2008).

DIVIDENDS

The Company will be paying a final dividend as follows:

Dividend Rate	Record Date	Expected Payment Date	Franking	Total Dividends Payable
0.25 cent per share	19 September 2008	26 September 2008	Fully Franked	$74,818

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

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

ASSOCIATE ENTITIES

The Company did not gain or lose an interest in an associate or joint venture entity during the financial year.

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

(1) 28.47% interest in ASX listed Scarborough Equities Limited (ACN 061 287 045) (**SCB**) (30 June 2007: 28.22%);

(2) 28.80% interest in ASX listed Bentley International Limited (ACN 008 108 218) (**BEL**) (30 June 2007: 28.38%); and

(3) 50% interest in AquaVerde Holdings Pty Ltd (ACN 128 938 090) (30 June 2007: Nil), which was incorporated in Western Australia on 17 December 2007 and is held by Orion Equities' wholly owned subsidiary, Silver Sands Developments Pty Ltd.

CONTROLLED ENTITIES

The Company did not gain or cease control of any entities during the year.

Orion Equities ceased control of the following entities after the financial year:

(1) Central Exchange Mining Ltd , formerly a wholly owned subsidiary, was disposed to Strike on 11 August 2008 in consideration for 1,750,000 Strike shares;

(2) Orion Indo Operations Pty Ltd, formerly a wholly owned subsidiary, was disposed to Strike on 11 August 2008 in consideration for 7,750,000 Strike shares; and

(3) PT Orion Indo Mining, 100% beneficially owned by Orion Indo Operations Pty Ltd.

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

(1) CXM Limited (ACN 132 294 645), which was incorporated on 18 July 2008 as a wholly owned subsidiary.

COMMENTARY ON RESULTS AND OTHER SIGNIFICANT INFORMATION

Please refer to the attached Directors' Report and Financial Report for further information on a review of the Consolidated Entity's operations and the financial position and performance of the Consolidated Entity and Company for the year ended 30 June 2008.

STATUS OF AUDIT

This Preliminary Final Report is based on:

X	Accounts that have been audited.

ANNUAL GENERAL MEETING

Details of the Company's Annual General Meeting (which is required to be held by no later than 30 November 2008) is still to be determined by the Board.

For and on behalf of the Directors,

Date: **29 August 2008**

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

DIRECTORS' REPORT

The Directors present their report on Queste Communications Ltd (**Company** or **Queste**) and its controlled entities (the **Consolidated Entity**) for the financial year ended 30 June 2008 (**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.

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

PRINCIPAL ACTIVITIES

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

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

OPERATING RESULTS

	Consolidated		**Company**	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Total revenues	(208,542)	18,462,091	618,090	663,142
Total expenses	(2,957,306)	(2,063,286)	(401,537)	(398,733)
Profit/(Loss) before tax	**(3,165,848)**	**16,398,805**	**216,553**	**264,409**
Income tax benefit/(expense)	513,853	(4,631,654)	-	(12,626)
Profit/(Loss) from continuing operations	(2,651,995)	11,767,151	216,553	251,783
Loss from discontinued operations	-	(1,852,990)	-	-
Profit/(Loss) for the year	**(2,651,995)**	**9,914,161**	**216,553**	**251,783**
Net profit**/(loss)** attributable to minority interests	1,658,834	(4,374,403)	-	-
Profit/(Loss) after tax attributable to members of the Company	**(993,161)**	**5,539,758**	**216,553**	**251,783**
Basic earnings/(loss) per share (cents)	(3.38)	18.84	0.74	0.86
Diluted earnings/(loss) per share (cents)	n/a	11.44	0.45	0.52

DIRECTORS' REPORT

At the Company level:

Total revenues of $618,090 include:

(1) $314,246 dividend income (2007: $391,976);

(2) $117,302 gain on sale of investments portfolio (2007: $345,938 (losses)); and

(3) $226,415 interest received (2007: $191,829).

Total expenses of $401,537 include:

(1) $285,120 personnel expenses (2007: $267,649).

On 11 August 2008, Orion Equities disposed of its 70% interest in the Indonesian Berau Coal Project (via the sale of Orion Indo Operations Pty Ltd) and its 25% interest in the West Australian Paulsens East Iron Ore Project (via the sale of Central Exchange Mining Ltd) to its joint venture partner in these projects, ASX listed Strike Resources Limited (**Strike**). A total of 9.5 million Strike shares were issued to Orion Equities as consideration for the sale. Orion Equities realised a gain on sale of these subsidiaries of $17.5 million (based on Strike's closing bid price of $1.97 on the date of completion), which will be accounted for in the 2008/09 financial year. These shares have a current value of $13.78 million (based on the closing bid price of $1.45 per share on 27 August 2008).

EARNINGS/(LOSS) PER SHARE

	Consolidated Entity		Company	
	2008	**2007**	**2008**	**2007**
Basic earnings/(loss) per share (cents)	(3.38)	18.84	0.74	0.86
Weighted average number of fully paid ordinary shares in the Company outstanding during the year used in the calculation of basic earnings per share	29,404,879	29,404,879	29,404,879	29,404,879
Diluted earnings/(loss) per share (cents)	-	11.44	0.45	0.52
Weighted average number of fully paid ordinary shares in the Company outstanding during the year used in the calculation of diluted earnings per share	48,404,879	48,404,879	48,404,879	48,404,879

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

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

DIRECTORS' REPORT

FINANCIAL POSITION

	Consolidated Entity		Company	
	2008	2007	2008	2007
Cash	3,839,432	4,774,405	3,321,651	3,154,207
Current investments - equities	18,179,917	21,088,044	188,802	152,390
Non-current investments - equities	-	-	7,702,314	11,596,262
Investments - listed Associate entities	9,207,515	11,639,534	-	-
Inventory	3,650,000	3,821,038	-	-
Receivables	243,312	196,921	4,301	62,542
Intangible assets	250,000	250,000	-	-
Other assets	4,818,200	3,122,114	18,846	22,032
Total Assets	**40,188,376**	**44,892,056**	**11,235,914**	**14,987,433**
Tax liabilities (current and deferred)	(4,108,606)	(5,208,215)	(1,468,391)	(2,636,575)
Other payables and liabilities	(649,766)	(1,807,112)	(151,517)	(152,130)
Net Assets	**35,430,004**	**37,876,729**	**9,616,006**	**12,198,728**
Contributed Equity	6,087,927	6,087,927	6,087,927	6,087,927
Reserves	2,427,593	2,138,012	5,534,795	8,260,558
Minority interest	16,658,490	17,574,033	-	-
Accumulated profit/(losses)	10,255,994	12,076,757	(2,006,716)	(2,149,757)
Total Equity	**35,430,004**	**37,876,729**	**9,616,006**	**12,198,728**

Subsequent to the Balance Date, Orion Equities disposed of its interests in Resource Projects in consideration for 9.5 million shares in Strike. These shares have a current value of $13.78 million (based on the closing bid price of $1.45 per share on 27 August 2008).

NET TANGIBLE ASSET BACKING

The effects of the Company's 20,000,000 partly paid ordinary shares (which were issued at a price of 20 cents each and have been partly paid to one cent each and have an outstanding amount payable of 19 cents per partly paid share (or $3,800,000 in total) as at Balance Date) on the net tangible asset (**NTA**) backing of the Company and Consolidated Entity have been considered below.

The Directors also note that:

- The Company's NTA at Balance Date includes a valuation of the Company's 8,558,127 shares in Orion Equities (representing a 48.04% interest) at Orion Equities' last bid price on ASX at Balance Date of $0.90 per share. This compares with OEQ's post tax NTA backing of $1.786 per share at Balance Date.
- The Consolidated Entity's NTA at Balance Date includes the effects of the NTA position of Orion Equities as a controlled entity rather than OEQ's market price on ASX.
- NTA backings at the Consolidated Entity level are reported net of minority interests.

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

Subsequent to the Balance Date (on 8 July 2008), a $104,500 call was made on the partly paid shares, equivalent to 1.5225 cents per partly paid share, with $3,695,500 being the total balance outstanding.

DIRECTORS' REPORT

(1) UNDILUTED FOR PARTLY PAID SHARES

	Consolidated Entity 2008	2007	Company 2008	2007
NTA (pre tax)	$22,630,120	$25,260,911	$11,084,397	$14,835,303
NTA (post tax)	$18,771,514	$20,302,696	$9,616,006	$12,198,728
Share capital base of the Company:				
Fully paid ordinary shares	28,404,879	28,404,879	28,404,879	28,404,879
Portion of 20,000,000 partly paid ordinary shares (representing the extent to which such shares have been paid, being one cent per share with a balance of the call of 19 cents per share)	1,000,000	1,000,000	1,000,000	1,000,000
Adjusted undiluted total fully paid ordinary share capital	29,404,879	29,404,879	29,404,879	29,404,879
Undiluted pre-tax NTA backing per share	$0.77	$0.86	$0.38	$0.50
Undiluted post-tax NTA backing per share	**$0.64**	**$0.69**	**$0.33**	**$0.41**

(2) DILUTED FOR PARTLY PAID SHARES

	Consolidated Entity 2008	2007	Company 2008	2007
Proceeds on conversion of 20,000,000 partly paid ordinary shares into fully paid ordinary shares	$3,800,000	$3,800,000	$3,800,000	$3,800,000
Diluted NTA (pre tax)	$26,428,540	$29,060,911	$14,884,397	$18,635,303
Diluted NTA (post tax	$22,569,934	$24,102,696	$13,416,006	$15,998,728
Share capital base of the Company:				
Fully paid ordinary shares	28,404,879	28,404,879	28,404,879	28,404,879
Conversion of 20,000,000 partly paid ordinary shares into fully paid ordinary shares	20,000,000	20,000,000	20,000,000	20,000,000
Fully diluted total fully paid ordinary share capital of the Company	48,404,879	48,404,879	48,404,879	48,404,879
Diluted pre-tax NTA backing per share	$0.55	$0.60	$0.31	$0.38
Diluted post-tax NTA backing per share	**$0.47**	**$0.50**	**$0.28**	**$0.33**

DIRECTORS' REPORT

CONTROLLED AND ASSOCIATE ENTITIES

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

(1) Silver Sands Developments Pty Ltd (ACN 094 097 122), a wholly owned subsidiary;

(2) Koorian Olives Pty Ltd (ACN 120 616 891), a wholly owned subsidiary;

(3) Central Exchange Mining Ltd (ACN 119 438 265), a wholly owned subsidiary;

(4) Orion Indo Operations Pty Ltd (ACN 124 702 245), a wholly owned subsidiary; and

(5) PT Orion Indo Mining, 100% beneficially owned by Orion Indo Operations Pty Ltd.

Orion Equities has been treated as a controlled entity by virtue of the Company being a 48.04% substantial shareholder of Orion Equities as at Balance Date (30 June 2007: 48.04%).

Orion Equities ceased control of the following entities after the financial year:

(4) Central Exchange Mining Ltd , formerly a wholly owned subsidiary, was disposed to Strike on 11 August 2008 in consideration for 1,750,000 Strike shares;

(5) Orion Indo Operations Pty Ltd, formerly a wholly owned subsidiary, was disposed to Strike on 11 August 2008 in consideration for 7,750,000 Strike shares; and

(6) PT Orion Indo Mining, 100% beneficially owned by Orion Indo Operations Pty Ltd.

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

(1) CXM Limited (ACN 132 294 645), which was incorporated on 18 July 2008 as a wholly owned subsidiary.

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

(1) 28.47% interest in ASX listed Scarborough Equities Limited (ACN 061 287 045) (**SCB**) (30 June 2007: 28.22%);

(2) 28.80% interest in ASX listed Bentley International Limited (ACN 008 108 218) (**BEL**) (30 June 2007: 28.38%); and

(3) 50% interest in AquaVerde Holdings Pty Ltd (ACN 128 938 090) (30 June 2007: Nil), which was incorporated in Western Australia on 17 December 2007 and is held by wholly owned subsidiary, Silver Sands Developments Pty Ltd.

DIVIDENDS

The Company will be paying a final dividend as follows:

Dividend Rate	Record Date	Expected Payment Date	Franking	Total Dividends Payable
0.25 cent per share	19 September 2008	26 September 2008	Fully Franked	$74,818

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

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

DIRECTORS' REPORT

SECURITIES IN THE COMPANY

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

(i) 28,404,879 listed fully paid ordinary shares;

(ii) 20,000,000 unlisted partly paid ordinary shares, each paid to one cent with 19 cents per partly paid ordinary share outstanding (or $3,800,000 in total).

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

Subsequent to the Balance Date (on 8 July 2008), a $104,500 call was made on the partly paid shares, equivalent to 1.5225 cents per partly paid share, with $3,695,500 being the total balance outstanding.

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.

REVIEW OF OPERATIONS

1. Orion Equities Limited (OEQ)

1.1. Current Status of Investment in Orion Equities

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

The Company holds 8,558,127 shares in Orion Equities, being 48.04% of its issued ordinary share capital (30 June 2007: 8,558,127 shares or 48.04%). Orion Equities has been recognised as a controlled entity and included as part of the Consolidated Entity's results since 1 July 2002.

Queste shareholders are advised to refer to the 30 June 2008 Directors Report and financial statements and monthly NTA disclosures lodged by Orion Equities for further information about the status and affairs of such company.

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

Orion Equities' market announcements may also be viewed from the ASX website (www.asx.com.au) under ASX code "OEQ".

Sections 1.2 to 1.4 below contain information extracted from Orion Equities' public statements.

1.2. Orion Equities' Performance for year ended 30 June 2008

Orion Equities Limited Consolidated Entity	**2008 $**	**2007 $**
Total revenues	(527,097)	18,184,064
Total expenses	(2,555,769)	(1,663,789)
Profit/(Loss) before tax	**(3,082,866)**	**16,520,275**
Income tax benefit/(expense)	513,853	(4,619,027)
Profit/(Loss) from continuing operations	**(2,569,013)**	**11,901,248**
Loss from discontinued operations	-	(1,852,990)
Profit/(Loss) attributable to members of the Company	**(2,569,013)**	**10,048,258**
Basic and diluted earnings/(loss) per share	$(0.1442)	$0.5641
Pre-tax NTA backing per share	$2.016	$2.223
Post-tax NTA backing per share	$1.786	$1.931

DIRECTORS' REPORT

Total revenues of $(527,097) include:

(1) $532,912 net profit from Orion Equities' share trading portfolio (2007: $11,593,493), which comprises:

   (a) $1,836,528 unrealised losses on securities (2007: $8,583,740 unrealised gains);

   (b) $2,266,054 realised gains on securities (2007: $2,840,719);

   (c) $103,386 dividend income (2007: $169,034);

(2) $2,687,143 share of Associate entities' net losses (2007: $1,668,955 net profits), comprising:

   (a) $946,767 net losses attributable to Bentley International Limited (**BEL**) (2007: $159,646);

   (b) $1,740,376 net losses attributable to Scarborough Equities Limited (**SCB**) (2007: $1,509,309);

(3) $255,124 dividend income received from Associate entities (2007: $481,726), comprising:

   (a) $112,760 fully franked dividends attributable to BEL (2007: $222,509);

   (b) $142,364 fully franked dividends attributable to SCB (2007: $259,197);

(4) $1,322,307 income from olive grove operations (2007: $58,095), which includes:

   (a) $1,039,852 income from sale of oils or olives (2007: $8,500);

   (b) $281,500 revaluation of olive tress (2007: Nil).

Total expenses of $2,555,769 include:

(1) $1,192,240 olive grove operations (which does not include Inventory, depreciation, corporate and administration expenses) (2007: $418,647), which comprises:

   (c) $677,046 cost of goods sold (2007: $Nil) - this reflects the harvesting and processing costs from the 2007 season;

   (d) $515,194 other expenses (2007: $322,933);

(2) $597,502 personnel costs (including Directors' fees) (2007: $613,171);

(3) $132,253 professional fees (2007: $20,678).

On 11 August 2008, Orion Equities disposed of its 70% interest in the Indonesian Berau Coal Project (via the sale of Orion Indo Operations Pty Ltd) and its 25% interest in the West Australian Paulsens East Iron Ore Project (via the sale of Central Exchange Mining Ltd) to its joint venture partner in these projects, ASX listed Strike Resources Limited (**Strike**). A total of 9.5 million Strike shares were issued to Orion Equities as consideration for the sale. Orion Equities' realised a gain on sale of these subsidiaries of $17.5 million.

1.3. Orion Equities' Dividends

Orion Equities will be paying a final dividend (funded from retained earnings) as follows:

Dividend Rate	Record Date	Expected Payment Date	Franking	Total Dividends Payable
0.5 cent per share	19 September 2008	26 September 2008	Fully Franked	$89,072

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

Dividend Rate	Record Date	Payment Date	Franking	Total Dividends Paid
1.5 cents per share	19 March 2008	28 March 2008	Fully franked	$267,252

Orion Equities has retained earnings of $12,083,753 as at 30 June 2008 (2007: $15,276,306).

DIRECTORS' REPORT

1.4. Orion Equities' Portfolio Details as at 30 June 2008

Asset Weighting

	% of Net Assets
Australian equities	73%
International equities[1]	12%
Property held for development and resale	11%
Koorian Olives[2]	11%
Net tax liabilities (current year and deferred tax assets/liabilities)	-13%
Net cash/other assets and provisions	5%
TOTAL	**100%**

Top 10 Holdings in Securities Portfolio

	Equities	Fair Value $'million	% of Net Assets	ASX Code	Industry Sector Exposures
1.	Strike Resources Limited[3]	14.13	44.08%	**SRK**	Materials
2.	Scarborough Equities Limited[4]	5.41	16.89%	**SCB**	Diversified Financials
3.	Bentley International Limited[4]	3.79	11.83%	**BEL**	Diversified Financials
4.	Katana Capital Limited	1.13	3.52%	**KAT**	Diversified Financials
5.	Alara Uranium Limited	0.89	2.79%	**AUQ**	Energy
6.	BHP Billiton Limited	0.65	2.04%	**BHP**	Materials
7.	Woodside Petroleum Ltd	0.28	0.87%	**WPL**	Energy
8.	Oilex Ltd	0.27	0.85%	**OEX**	Energy
9.	Bell Financial Group Ltd	0.24	0.74%	**BFG**	Diversified Financials
10.	Chemrok Pty Ltd	0.16	0.48%	Unlisted	N/A
TOTAL		**26.96**	**84.08%**		

Note: The investment in Strike comprises the following securities:

	Fair Value $'million	% of Net Assets	ASX Code
(a) 3,490,802 shares	7.40	23.08%	SRK
(b) 1,833,333 unlisted $0.178 (9 Feb 2011) Options	3.59	11.20%	Unlisted
(c) 1,666,667 unlisted $0.278 (9 Feb 2011) Options	3.14	9.79%	
Sub-total	**14.13**	**44.07%**	

Fair value is based on a Black-Scholes options valuation model applying the following assumptions:

(i) SRK's share price being $2.12 (the last bid price as at 30 June 2008).

(ii) A risk free rate of return of 6.73% (based on the Commonwealth 3 year bond yield rate as at 30 June 2007).

(iii) An estimated future volatility of SRK's share price of 80%.

1 BEL is an ASX listed investment company with investments in securities listed on overseas markets. The Company's investment in BEL represents an indirect interest in international equities

2 Koorian Olives includes land, water licence, buildings, plant and equipment and inventory

3 SRK includes listed shares and unlisted options (as disclosed in the note following the Top 10 Holdings)

4 Associate entities, BEL and SCB, have been equity accounted and are not held at fair value

DIRECTORS' REPORT

Subsequent to the Balance Date, Orion Equities' disposed of its interests in the Berau and Paulsens East resource projects to Strike in consideration for 9.5 million shares in Strike. These shares have a current value of $13.78 million (based on the closing bid price of $1.45 per share on 27 August 2008).

In addition to the unlisted Strike options referred to above, Orion Equities currently holds a total of 13,090,802 shares in Strike, accounting for 10.07% of Strike's total issued share capital.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

FUTURE DEVELOPMENTS

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

Orion Equities have advised that:

- Its Board will consider opportunities to increase the company's investment portfolio size to raise the company's profile in the general investment community and generate economies of scale. The expansion of the capital base of the company may occur through a variety of methods including the issue of equity capital or mergers (through schemes or takeovers) with, or acquisitions of, other listed investment companies or managed funds.
- The company intends to continue its investment activities in future years. The results of these investment activities depend upon the performance of the underlying companies and securities in which the company invests. The investments' performance depends on many economic factors and also industry and company specific issues. In the opinion of the Orion Equities Directors, it is not possible or appropriate to make a prediction on the future course of markets, the performance of the company's investments or the forecast of the likely results of the company's activities.

LEGAL PROCEEDINGS ON BEHALF OF CONSOLIDATED ENTITY

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

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

DIRECTORS' REPORT

DIRECTORS

During the financial year:

- Michael van Rens resigned as a Non-Executive Director of the Company on 5 February 2008; and
- Simon Cato was appointed as a Non-Executive Director of the Company on 6 February 2008.

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

Farooq Khan	**Executive Chairman and Managing Director**
Appointed	10 March 1998
Qualifications	BJuris , LLB. (*Western Australia*)
Experience	Mr Khan is a qualified lawyer having previously practised principally in the field of corporate law. Mr Khan has extensive experience in the securities industry, capital markets and the executive management of ASX listed companies. In particular, Mr Khan has guided the establishment and growth of a number of public listed companies in the investment, mining and financial services sector. He has considerable experience in the fields of capital raisings, mergers and acquisitions and investments.
Relevant interest in shares	6,113,944 shares
Special Responsibilities	Chairman of the Board and Managing Director
Other current directorships in listed entities	Current Chairman of: (1) Bentley International Limited (since 2 December 2003) (2) Scarborough Equities Limited (since 29 November 2004) (3) Orion Equities Limited (since 6 October 2006) Current Executive Director of: (4) Strike Resources Limited (since 9 September 1999) (5) Alara Uranium Limited (since 14 May 2007) Current Non-Executive Director of: (6) Interstaff Recruitment Limited (since 27 April 2006)
Former directorships in other listed entities in past 3 years	(1) Altera Capital Limited (26 November 2001 to 18 October 2005) (2) Sofcom Limited (3 July 2002 to 18 October 2005)

Azhar Chaudhri	**Non-Executive Director**
Appointed	4 August 1998
Qualifications	Bachelor of Science degree in Maths and Physics and a Masters degree in Economics and postgraduate computer studies
Experience	Mr Chaudhri has considerable expertise in computer systems, analysis and design and advanced programming experience, particularly with respect to business and information technology systems and Data Base computing. In particular Mr Chaudhri has formed and led software development teams creating integrated database and management information systems for utilities, local government land tax departments, hospitals, libraries and oil terminals
Relevant interest in shares	4,337,780 shares 20,000,000 partly paid shares
Special Responsibilities	None
Other current directorships in listed entities	None
Former directorships in other listed entities in past 3 years	Strike Resources Limited (9 September 1999 to 26 September 2005)

DIRECTORS' REPORT

Yaqoob Khan	**Non-Executive Director**
Appointed	10 March 1998
Qualifications	BCom (*Western Australia*), Master of Science in Industrial Administration (*Carnegie Mellon*)
Experience	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
Relevant interest in shares	157,920 shares
Special Responsibilities	None
Other current directorships in listed entities	Orion Equities Limited (since 5 November 1999).
Former directorships in other listed entities in past 3 years	Strike Resources Limited (9 September 1999 to 26 September 2005)

Simon K. Cato	**Non-Executive Director**
Appointed	6 February 2008
Qualifications	B.A. (*USYD*)
Experience	Mr Simon Cato has had over 25 years capital markets experience in broking, regulatory roles and as director of listed companies. He initially was employed by the ASX in Sydney and in Perth. Over the last 17 years he has been an executive director and/or responsible executive of three stockbroking firms and in those roles he has been involved in many aspects of broking including management issues such as credit control and reporting to regulatory bodies in the securities industry. As a broker he has also been involved in the underwriting of a number of IPO's and has been through the process of IPO listing in the dual role of broker and director. Currently he holds a number of executive and non executive roles with listed companies in Australia.
Relevant interest in shares	193,000 shares
Special Responsibilities	None
Other current directorships in listed entities	Current Chairman of: (1) Convergent Minerals Limited (since 25 July 2006) (2) Advanced Share Registry Services Limited (since 22 August 2007) Current Director of: (3) Greenland Minerals and Energy Ltd (since 21 February 2006) (4) Bentley International Limited (since 5 February 2004) (5) Scarborough Equities Limited (since 24 November 2004)
Former directorships in other listed entities in past 3 years	(1) Altera Capital Limited (8 January 2004 to 8 August 2006) (2) Elemental Minerals Limited (19 February 2004 to 5 July 2006) (3) Medusa Mining Limited (5 February 2002 to 13 April 2006) (6) Sofcom Limited (8 January 2004 to 19 March 2008)

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

DIRECTORS' REPORT

COMPANY SECRETARY

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

Victor P. H. Ho	**Company Secretary**
Appointed	30 August 2000
Qualifications	BCom, LLB (*Western Australia*)
Experience	Mr Ho has been in company secretarial/executive roles with a number of public listed companies since early 2000. Previously, Mr Ho had 9 years experience in the taxation profession with the Australian Tax Office and in a specialist tax law firm. Mr Ho has been actively involved in the structuring and execution of a number of corporate transactions, capital raisings and capital management matters and has extensive experience in public company administration, corporations law and stock exchange compliance and shareholder relations.
Relevant interest in shares	17,500 shares
Other positions held in listed entities	Current Executive Director and Company Secretary of: (1) Strike Resources Limited (Secretary since 9 March 2000 and Director since 12 October 2000) (2) Orion Equities Limited (Secretary since 2 August 2000 and Director since 4 July 2003) (3) Sofcom Limited (Director since 3 July 2002 and Secretary since 23 July 2003) Current Company Secretary of: (4) Bentley International Limited (since 5 February 2004) (5) Scarborough Equities Limited (since 29 November 2004) (6) Alara Uranium Limited (since 4 April 2007)
Former positions in other listed entities in past 3 years	(1) Altera Capital Limited (Director between 9 November 2001 and 8 August 2006; Secretary between 26 November 2001 and 8 August 2006) (2) Sofcom Limited (SOF) (Director between 3 July 2002 and 19 March 2008; Secretary between 23 July 2003 and 19 March 2008)

DIRECTORS' MEETINGS

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

Name of Director	Meetings Attended	Maximum Possible Meetings
Farooq Khan	13	13
Simon Cato	4	4
Michael van Rens	7	8
Yaqoob Khan	13	13
Azhar Chaudhri	12	13

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

Board Committees

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

DIRECTORS' REPORT

REMUNERATION REPORT

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

The information provided under headings (1) to (3) below has been audited as required under section 308(3)(c) of the *Corporations Act 2001.*

(1) Remuneration Policy

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

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

The Board has determined current <u>Company</u> Key Management Personnel remuneration as follows:

(a) Mr Farooq Khan (Executive Chairman and Managing Director) – a base salary of $125,000 per annum plus employer superannuation contributions (currently 9%);

(b) Mr Azhar Chaudhri (Non-Executive Director) – a base fee of $15,000 per annum;

(c) Mr Simon Cato (Non-Executive Director) – a base fee of $15,000 per annum plus employer superannuation contributions (currently 9%);

(d) Mr Yaqoob Khan (Non-Executive Director) – a base fee of $15,000 per annum; and

(e) Mr Victor Ho (Company Secretary) – a base salary of $31,000 per annum plus employer superannuation contributions (currently 9%).

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

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

(a) Payment for the performance of extra services or the making of special exertions at the request of the Board and for the purposes of the Company.

(b) Payment for reimbursement of all reasonable expenses (including traveling and accommodation expenses) incurred by a Director for the purpose of attending meetings of the Company or the Board, on the business of the Company, or in carrying out duties as a Director.

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

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

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

DIRECTORS' REPORT

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

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

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

(2) Details of Remuneration of Key Management Personnel

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

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

Key Management Person	Performance related	Short-term Benefits		Post Employment Benefits	Other Long-term Benefits	Equity Based	
2008	**%**	**Cash, salary and commissions $**	**Non-cash benefit $**	**Superannuation $**	**Long service leave $**	**Shares & Options $**	**Total $**
Executive Director:							
Farooq Khan	-	125,000	-	11,250			136,250
Non-Executive Directors:							
Yaqoob Khan	-	15,000					15,000
Azhar Chaudri	-	15,000					15,000
Simon Cato	-	5,654		509			6,163
Michael van Rens	-	9,346		841			10,187
Company Secretary:							
Victor Ho	-	31,000	750	2,790			34,540

Key Management Person	Performance related	Short-term Benefits		Post Employment Benefits	Other Long-term Benefits	Equity Based	
2007	**%**	**Cash, salary and commissions $**	**Non-cash benefit $**	**Superannuation $**	**Long service leave $**	**Shares & Options $**	**Total $**
Executive Director:							
Farooq Khan	-	116,890		19,360			136,250
Non-Executive Directors:							
Yaqoob Khan	-	15,000					15,000
Azhar Chaudri	-	15,000					15,000
Michael van Rens	-	15,000		1,350			16,350
Company Secretary:							
Victor Ho	-	32,572		2,931			35,503

Notes:

- Michael van Rens resigned as a Non-Executive Director of the Company on 5 February 2008; and
- Simon Cato was appointed as a Non-Executive Director of the Company on 6 February 2008.

DIRECTORS' REPORT

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

2008		Short-term Benefits		Post Employment Benefits	Other Long-term Benefits	Equity Based	
Key Management Personnel	Performance related %	Cash, salary and commissions $	Non-cash benefit $	Superannuation $	Long service leave $	Shares & Options $	Total $
Executive Directors:							
Farooq Khan	-	250,000	-	22,500	-	-	272,500
William Johnson	-	150,000	-	13,500	-	-	163,500
Victor Ho	-	60,000	-	5,400	-	-	65,400
Non-Executive Director:							
Yaqoob Khan	-	25,000	-	-	-	-	25,000

2007		Short-term Benefits		Post Employment Benefits	Other Long-term Benefits	Equity Based	
Key Management Personnel	Performance related %	Cash, salary and commissions $	Non-cash benefit $	Superannuation $	Long service leave $	Shares & Options $	Total $
Executive Directors:							
Farooq Khan	-	168,269	-	15,144	-	-	183,413
William Johnson	-	147,534	-	13,278	-	-	160,812
Victor Ho	-	61,574	-	5,541	-	-	67,115
Non-Executive Director:							
Yaqoob Khan	-	25,000	-	-	-	-	25,000

(3) Other Benefits Provided to Key Management Personnel

No Key Management Personnel has during or since the end of the 30 June 2008 financial year, received or become entitled to receive a benefit, other than a remuneration benefit as disclosed above, by reason of a contract made by the Company or a related entity with the Director or with a firm of which he is a member, or with a Company in which he has a substantial interest.

This concludes the audited remuneration report.

DIRECTORS' AND OFFICERS' INSURANCE

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

DIRECTORS DEEDS

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

(i) The Company's obligation to indemnify an Officer for liabilities or legal costs incurred as an officer of the Company (to the extent permitted by the Corporations Act); and

DIRECTORS' REPORT

(ii) Subject to the terms of the deed and the Corporations Act, the Company may advance monies to the Officer to meet any costs or expenses of the Officer incurred in circumstances relating to the indemnities provided under the deed and prior to the outcome of any legal proceedings brought against the Officer.

Such deeds (in respect of Directors, Messrs Khan, van Rens and Chaudhri) were approved by shareholders at the 2005 AGM.

AUDITOR

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

Consolidated Entity			Company		
Audit & Review Fees	**Fees for Other Services**	**Total**	**Audit & Review Fees**	**Fees for Other Services**	**Total**
$	**$**	**$**	**$**	**$**	**$**
53,552	2,625	56,177	27,431	1,250	28,681

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

AUDITORS' INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 forms part of this Directors Report and is set out on page 21. This relates to the Audit Report, where the Auditors state that they have issued an independence declaration.

EVENTS SUBSEQUENT TO BALANCE DATE

The Directors are not aware of any matters or circumstances at the date of this Directors' Report, other than those referred to in this Directors' Report (in particular, in Review of Operations) or the financial statements or notes thereto (in particular Subsequent Events Note 27), that have significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Company in subsequent financial years.

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

Farooq Khan
Chairman and Managing Director

Simon Cato
Director

29 August 2008

BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd
128 Hay Street
SUBIACO WA 6008
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www.bdo.com.au

ABN 79 112 284 787

29 August 2008

The Directors
Queste Communications Limited
Level 14, The Forrest Centre
221 ST Georges Terrace
PERTH WA 6000

Dear Sirs

DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS OF QUESTE COMMUNICATIONS LIMITED

As lead auditor of Queste Communications Limited for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

- any applicable code of professional conduct in relation to the audit.

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

C Burton

CR Burton
Director

BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd
Perth, Western Australia

INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

		Consolidated Entity		Company	
		2008	2007	2008	2007
	Note	$	$	$	$
Revenue from continuing operations	2	373,222	657,621	314,246	391,976
Other income	2	2,105,379	16,135,515	303,844	271,166
Share of Associate entities' profits/(losses)	2	(2,687,143)	1,668,955	-	-
Total revenue from continuing operations		(208,542)	18,462,091	618,090	663,142
Cost of investments sold	2	(37,393)	(66,515)	(869)	-
Cost of olive grove operations	2	(1,192,240)	(418,467)	-	-
Revaluation of land	2	(147,339)	-	-	-
Occupancy expenses	2	(93,901)	(74,383)	(19,536)	(22,691)
Finance expenses	2	(6,329)	(6,535)	(1,745)	(2,299)
Borrowing costs	2	(13)	(56)	(7)	(56)
Corporate expenses	2	(185,450)	(129,154)	(34,382)	(75,955)
Administration expenses					
- personnel	2	(882,623)	(880,819)	(285,120)	(267,649)
- others	2	(412,018)	(487,357)	(59,878)	(30,083)
Profit/(Loss) before income tax expense		(3,165,848)	16,398,805	216,553	264,409
Income tax benefit/(expense)	3	513,853	(4,631,654)	-	(12,626)
Profit/(Loss) from continuing operations		(2,651,995)	11,767,151	216,553	251,783
Loss from discontinued operations	5	-	(1,852,990)	-	-
		(2,651,995)	9,914,161	216,553	251,783
Net profit/(loss) attributable to minority interests		1,658,834	(4,374,403)	-	-
Net profit/(loss) attributable to members of the company		(993,161)	5,539,758	216,553	251,783
Dividends per share (cents)	7	0.25	1.00	0.25	1.00
Earnings per share					
Basic earnings/(loss) (cents per share)	8	(3.38)	18.84	0.74	0.86
Diluted earnings (cents per share)	8	n/a	11.44	0.45	0.52

The accompanying notes form part of these financial statements

BALANCE SHEETS
AS AT 30 JUNE 2008

		Consolidated Entity		Company	
		2008	2007	2008	2007
	Note	$	$	$	$
CURRENT ASSETS					
Cash and cash equivalents	9	3,839,432	4,774,405	3,321,651	3,154,207
Trade and other receivables	10	243,312	196,921	4,301	62,542
Financial assets at fair value through profit and loss	11	18,179,917	21,088,044	188,802	152,390
Inventory	12	160,526	646,864	-	-
TOTAL CURRENT ASSETS		22,423,187	26,706,234	3,514,754	3,369,139
NON CURRENT ASSETS					
Trade and other receivables	10	32,823	32,823	-	-
Inventory	12	3,650,000	3,821,038	-	-
Available for sale asset	13	-	-	7,702,314	11,596,262
Investments in Associate entities (equity accounted)	14	9,207,515	11,639,534	-	-
Property, plant and equipment	15	2,629,500	2,142,427	18,846	22,032
Olive trees	16	581,580	300,000	-	-
Resource projects	17	1,413,771	-	-	-
Intangibles	18	250,000	250,000	-	-
TOTAL NON CURRENT ASSETS		17,765,189	18,185,822	7,721,160	11,618,294
TOTAL ASSETS		40,188,376	44,892,056	11,235,914	14,987,433
CURRENT LIABILITIES					
Trade and other payables	19	649,766	1,807,112	151,517	152,130
Current tax liabilities	20	58,116	726,615	-	-
TOTAL CURRENT LIABILITIES		707,882	2,533,727	151,517	152,130
NON CURRENT LIABILITIES					
Deferred tax liabilities	20	4,050,490	4,481,600	1,468,391	2,636,575
TOTAL NON CURRENT LIABILITIES		4,050,490	4,481,600	1,468,391	2,636,575
TOTAL LIABILITIES		4,758,372	7,015,327	1,619,908	2,788,705
NET ASSETS		35,430,004	37,876,729	9,616,006	12,198,728
EQUITY					
Issued capital	21	6,087,927	6,087,927	6,087,927	6,087,927
Reserves	22	2,427,593	2,138,012	5,534,795	8,260,558
Retained earnings /(Accumulated losses)		10,255,994	12,076,757	(2,006,716)	(2,149,757)
Parent interest		18,771,514	20,302,696	9,616,006	12,198,728
Minority interest		16,658,490	17,574,033	-	-
TOTAL EQUITY		35,430,004	37,876,729	9,616,006	12,198,728

The accompanying notes form part of these financial statements

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008

Consolidated Entity	Issued Capital $	Reserves $	Retained Earnings/ (Accumulated Losses) $	Minority Interest $	Total $
At 1 July 2006	6,087,927	2,138,012	7,247,580	13,200,456	28,673,975
Profit attributable to members of the Company	-	-	5,539,758	-	5,539,758
Profit attributable to minority interest	-	-	-	4,374,403	4,374,403
Total income and expense recognised for the year	-	-	5,539,758	4,374,403	9,914,161
Dividend paid		-	(710,581)	-	(710,581)
Movement in minority interest	-	-	-	(826)	(826)
At 30 June 2007	6,087,927	2,138,012	12,076,757	17,574,033	37,876,729
At 1 July 2007	6,087,927	2,138,012	12,076,757	17,574,033	37,876,729
Changes in revaluation of assets	-	289,581	-	-	289,581
Net income directly recognised in equity	-	289,581	-	-	289,581
Loss attributable to members of the Company	-	-	(993,161)	-	(993,161)
Loss attributable to minority interest	-	-	-	(1,658,834)	(1,658,834)
Total income and expense recognised for the year	-	-	(993,161)	(1,658,834)	(2,651,995)
Dividend paid		-	(397,517)	-	(397,517)
Movement in minority interest	-	-	(430,085)	743,291	313,206
At 30 June 2008	6,087,927	2,427,593	10,255,994	16,658,490	35,430,004

Company	Issued Capital $	Reserves $	Retained Earnings/ (Accumulated Losses) $	Minority Interest $	Total $
At 1 July 2006	6,087,927	4,546,331	(2,107,492)	-	8,526,766
Changes in fair value of available for sale assets (net of tax)	-	3,714,227	-	-	3,714,227
Net income directly recognised in equity	-	3,714,227	-	-	3,714,227
Profit for the year	-	-	251,783	-	251,783
Total income and expense recognised for the year	-	3,714,227	251,783	-	3,966,010
Dividend paid	-	-	(294,048)	-	(294,048)
At 30 June 2007	6,087,927	8,260,558	(2,149,757)	-	12,198,728
At 1 July 2007	6,087,927	8,260,558	(2,149,757)	-	12,198,728
Changes in fair value of available for sale assets (net of tax)	-	(2,725,763)	-	-	(2,725,763)
Net income directly recognised in equity	-	(2,725,763)	-	-	(2,725,763)
Profit for the year	-	-	216,553	-	216,553
Total income and expense recognised for the year	-	(2,725,763)	216,553	-	(2,509,210)
Dividend paid	-	-	(73,512)	-	(73,512)
At 30 June 2008	6,087,927	5,534,795	(2,006,716)	-	9,616,006

The accompanying notes form part of these financial statements

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated Entity 2008 $	Consolidated Entity 2007 $	Company 2008 $	Company 2007 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		1,042,060	60,354	1,333	2,867
Payments to suppliers and employees		(1,848,058)	(1,613,071)	(336,966)	(258,171)
Payments for exploration and evaluation		(1,438,796)	(79,708)	-	-
Sale proceeds from trading portfolio		5,759,493	12,328,482	-	-
Payments for trading portfolio		(3,802,450)	(6,483,983)	-	-
Proceeds from portfolio options		-	49,200	-	-
Dividends received		90,050	423,818	301,556	391,976
Income tax paid		(585,755)	(970,058)	-	-
Interest received		276,117	265,384	226,415	191,829
Interest paid		(13)	(56)	(7)	(56)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	9 a	(507,352)	3,980,362	192,331	328,445
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment		(80,078)	(2,711,041)	(1,349)	(1,567)
Proceeds from sale of plant and equipment		-	889	-	889
Loan to other entities		(17,000)	-	(17,000)	-
Repayment of loan from other entities		17,000	-	17,000	-
Payments for investment securities		(132,062)	(380,657)	(132,062)	(374,000)
Proceeds from sale of investment securities		182,036	332,929	182,036	332,929
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		(30,104)	(2,757,880)	48,625	(41,749)
CASH FLOWS FROM FINANCING ACTIVITIES					
Payments for share buy back		-	(1,591)	-	-
Dividends paid		(397,517)	(710,704)	(73,512)	(294,049)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		(397,517)	(712,295)	(73,512)	(294,049)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		(934,973)	510,187	167,444	(7,353)
Add opening cash and cash equivalents brought forward		4,774,405	4,264,218	3,154,207	3,161,560
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	9	3,839,432	4,774,405	3,321,651	3,154,207

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

1. SUMMARY OF ACCOUNTING POLICIES

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Compliance with IFRS

The financial report complies with all Australian equivalents to International Financial Reporting Standards (**AIFRS**) in their entirety. Compliance with AIFRS ensures that the consolidated financial statements of Queste Communications Ltd comply with International Financial Reporting Standards (**IFRS**).

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

Reporting Basis and Conventions

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

1.1. Principles of Consolidation

A controlled entity is any entity the Company has the power to control the financial and operating policies of so as to obtain benefits from its activities. A list of controlled entities is contained in note 13 to the financial statements. All controlled entities have a June financial year-end. All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the Company.

1.2. Investments in Associates

Investments in associates are accounted for in the consolidated financial statements using the equity method. Under this method, the consolidated entity's share of the post-acquisition profits or losses of associates is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in consolidated reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment. Associates are those entities over which the consolidated entity exercises significant influence, but not control. A list of associates is contained in note 14 to the financial statements. All associate entities have a June financial year-end.

1.3. Mineral Exploration and Evaluation Expenditure

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

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

1.4. Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments. The consolidated entity's segment reporting is contained in note 23 of the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

1.5. Revenue Recognition

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

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

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

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

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

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

1.6. Income Tax

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

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

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

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

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

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

1.7. Goods and Services Tax (GST)

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

1.8. Employee Benefits

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

1.9. Cash and Cash Equivalents

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

1.10. Receivables

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

1.11. Investments and Other Financial Assets

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

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

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

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

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

At each reporting date, the consolidated entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

1.12. Fair value Estimation

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

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

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

1.13. Property held for Resale

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

1.14. Property, Plant and Equipment

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

Freehold Land is not depreciated (except for property held for resale – refer to Note 1.13). It is shown at fair value, based on periodic valuations by external independent valuers. Any upward revaluation is recognised through equity.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

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

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

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

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

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

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

1.15. Impairment of Assets

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

1.16. Payables

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

1.17. Issued Equity

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

1.18. Earnings Per Share

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

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

1.19. Research and Development Costs

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

1.20. Business Combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair va6e and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

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

1.21. Inventories

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

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

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

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

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

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

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

1.23. Leases

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

1.24. Biological Assets

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

1.25. New standards and interpretations Released But Not Yet Adopted

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

AASB reference	Title and Affected Standard(s):	Applies to:	Application date:
AASB 123 (revised Jun 2007)	Borrowing Costs	To the extent that borrowing costs are directly attributable to the acquisition, construction or production of a qualifying asset, the option of recognising borrowing costs immediately as an expense has been removed. Consequently all borrowing costs for qualifying assets will have to be capitalised.	Periods commencing on or after 1 January 2009
AASB 3 (reissued March 2008)	Business Combinations	Released as part of long term international convergence project between IASB and FASB. The revised standard introduces more detailed guidance on accounting for step acquisitions, adjustments to contingent consideration, assets acquired that the purchaser does not intend to use, reacquired rights and share-based payments as part of purchase consideration. Also, all acquisition costs will have to be expensed instead of being recognised as part of goodwill.	Business combinations where the acquisition date is on or after the beginning of the first reporting period that commences 1 July 2009 or later
AASB 127 (reissued March 2008)	Consolidated and Separate Financial Statements	The revised standard clarifies that changes in ownership interest which result in control being retained are accounted for within equity as transactions with owners. Losses will be attributed to the non-controlling interest even if this results in a debit balance for the non-controlling interest. Investments retained where there has been a loss of control will be recognised at fair value at date of sale.	Periods commencing on or after 1 July 2009
AASB 2008-3 (issued March 2008)	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASB 1, AASB 2, AASB 4, AASB 5, AASB 7, AASB 101, AASB 107, AASB 112, AASB 114, AASB 116, AASB 121, AASB 128, AASB 131, AASB 132, AASB 133, AASB 134, AASB 136, AASB 137, AASB 138, AASB 139, Interpretation 9 and Interpretation 107]	Makes consequential amendments to 20 standards and 2 interpretations arising from the reissue of AASB 3 and AASB 127, including to AASB 128: Investments in Associates and AASB 131: Interests in Joint Ventures. When an investment ceases to be an associate or jointly controlled entity and is subsequently accounted for under AASB 139, the fair value of the investment at the date when it ceases to be an associate or jointly controlled entity is its fair value.	Periods commencing on or after 1 July 2009
AASB 2008-5 and AASB 2008-6 (issued July 2008)	Improvements to IFRSs	Accounting changes for presentation, recognition and measurement, as well as terminology and editorial changes.	Periods commencing on or after 1 July 2009

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

1.24 New Standards and Interpretations Released But Not Yet Adopted (continued)

AASB 8 (Issued Feb 2007)	Operating Segments	Replaces the disclosure requirements of AASB 114: *Segment Reporting.* The adoption of this standard will result in changes to the nature and extent of segment reporting for the entity. The full impact has not yet been quantified.	Periods commencing on or after 1 January 2009
AASB 101 (Revised Sep 2007)	Presentation of Financial Statements	Amendments to presentation and naming of the financial statements.	Annual reporting periods commencing on or after 1 January 2009
AASB Interpretation 4 (revised Feb 2007)	Determining whether an Arrangement contains a Lease [revised]	Scope has been amended to exclude service concession arrangements because these are now covered by AASB Interpretation 12.	Periods commencing on or after 1 January 2008
AASB 2007-2 (issued Feb 2007)	Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]	Mainly editorial changes	Periods commencing on or after 1 January 2008
AASB 2007-3 (issued Feb 2007)	Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]	Mainly editorial changes	Periods commencing on or after 1 January 2009
AASB 2007-6 (issued Jun 2007)	Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	Mainly editorial changes.	Periods commencing on or after 1 January 2009
AASB 2007-8 (issued Sep 2007)	Amendments to Australian Accounting Standards arising from AASB 101	Mainly editorial changes.	Periods commencing on or after 1 January 2009
AASB 2007-10 (issued Dec 2007)	Further Amendments to Australian Accounting Standards Arising from AASB 101	Replaces the term 'financial report' with the term used in the corresponding IFRS	Periods commencing on or after 1 January 2009

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

2. PROFIT/(LOSS) FOR THE YEAR

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

		Consolidated Entity		Company	
		2008	**2007**	**2008**	**2007**
(a) Revenue from continuing operations	**Note**	**$**	**$**	**$**	**$**
Dividend received		373,222	657,621	314,246	391,976
Other income					
Gain on sale of subsidiary		-	1,562,500	-	-
Gain/(Loss) on sale of investments portfolio		117,302	(345,938)	117,302	(345,938)
Gain on sale of trading portfolio		2,266,054	2,840,719	-	-
Gain on sale of options portfolio		-	49,200	-	-
Unrealised gain/(impairment loss) on fair value of investments through profit and loss	**11,5**	(1,877,734)	9,006,149	(41,206)	422,408
Net gain/(loss) on financial assets at fair value through profit or loss		505,622	11,550,130	76,096	76,470
Income from sale of oils or olives and harvesting		1,040,727	58,095	-	-
Revaluation of trees		281,580	-	-	-
Interest received - other		276,117	265,384	226,415	191,829
Other		1,333	56,906	1,333	2,867
		1,599,757	380,385	227,748	194,696
Share of Associate entities' profits/(losses)		(2,687,143)	1,668,955	-	-
Total revenue		(208,542)	15,819,591	618,090	663,142
(b) Expenses					
Cost of olive grove operations		515,194	418,467	-	-
- cost of goods sold		677,046	-	-	-
Revaluation of land		147,339	-	-	-
Cost of investments sold - brokerage cost		37,393	66,515	869	-
Operating expenses					
Occupancy expenses		93,901	74,383	19,536	22,691
Finance expenses	**5**	6,329	6,684	1,745	2,299
Borrowing costs - interest paid		13	56	7	56
Corporate expenses					
Consultancy		106,681	63,730	4,831	38,110
Professional fees		30,403	(4,941)	-	-
Other corporate expenses	**5**	48,366	71,365	29,551	37,845
Administration expenses					
Depreciation		194,907	78,303	4,275	4,857
Fixed assets write off		882	-	259	-
Personnel expenses - other		855,425	803,234	274,416	238,570
Employee entitlements		27,198	77,585	10,704	29,079
Investment costs		-	29,245	-	-
Other administrative expenses	**5**	191,204	300,588	55,344	25,226
Loss on dilution		-	765	-	
Exploration and evaluation expenses	**5**	25,025	79,708	-	-
		2,957,306	2,065,687	401,537	398,733

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

3. INCOME TAX EXPENSE

	Consolidated Entity		Company	
	2008	**2007**	**2008**	**2007**
(a) The major components of income tax (benefit)/expense are:	**$**	**$**	**$**	**$**
Current income tax				
Current income tax charge	520,055	1,895,081	-	-
(Over)/under provision in prior years	(602,798)	54,646	-	-
Deferred income tax	(431,110)	2,681,926	-	12,626
	(513,853)	4,631,653	-	12,626
Income tax (benefit)/expense is attributable to:				
Profit/(Loss) from continuing operations	(513,853)	5,423,566	-	-
Profit/(Loss) from discontinued operations	-	(791,913)	-	-
Aggregate income tax expense	(513,853)	4,631,653	-	-

(b) The prima facie income tax on profit/(loss) from ordinary activities is reconciled to the income tax provided in the accounts as follows:				
Profit/(Loss) from continuing operations	(3,165,848)	16,398,805	216,553	264,409
Profit/(Loss) from discontinued operations	-	(2,644,903)	-	-
Profit for the year	(3,165,848)	13,753,902	216,553	264,409
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2005:30%)	(949,754)	4,919,642	64,966	79,323
Permanent differences				
Other assessable income	86,461	122,717	40,403	50,397
Other non-deductible items	430	9,617	49	163
Other deductible items	-	(5,181)	-	-
Share of Associates' profits	806,143	(500,686)	-	-
(Gain)/Loss on dilution	-	229	-	-
Temporary differences				
Other non-deductible items	614,788	232,497	39,088	36,093
Other deductible items	(304,947)	(41,973)	(35,431)	(24,164)
Net change in fair value adjustment	523,048	(2,701,845)	12,362	(126,723)
Recoupment of prior year tax losses brought to account	(121,437)	(15,089)	(121,437)	(15,089)
Income tax expense	654,732	2,019,928	-	-
Provision for deferred income tax	(431,110)	2,681,926	-	12,626
Under/(over) provision of income tax payable	(602,798)	54,646	-	-
Franking credits	(134,677)	(124,846)	-	-
Net income tax (benefit)/ expense	(513,853)	4,631,654	-	12,626
The applicable weighted average effective tax rates are as follows:	16%	28%	0%	1%

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

3. INCOME TAX EXPENSE (continued)

	Consolidated Entity		Company	
(c) Deferred tax asset (at 30%) not brought to account	**2008**	**2007**	**2008**	**2007**
On Income tax Account	**$**	**$**	**$**	**$**
Other	159,101	106,975	-	36,093
Carry forward tax losses	299,047	238,912	299,047	254,001

The Deferred Tax Asset not brought to account for the 2008 year will only be obtained if:

(i) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realised;

(ii) the Company continues to comply with the conditions for deductibility imposed by tax legislation; and

(iii) the Company is able to meet the continuity of ownership and/or continuity of business tests.

4. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of key management personnel - directors
(consolidated and parent entity during the financial year)

Farooq Khan	Chairman & Managing Director
Simon Cato	Non-Executive Director (Appointed on 6 February 2008)
Michael van Rens	Non-Executive Director (Resigned on 5 February 2008)
Azhar Chaudhri	Non-Executive Director
Yaqoob Khan	Non-Executive Director

Details of other key management personnel (consolidated and company)

Victor Ho	Company Secretary

	Consolidated Entity		Company	
	2008	**2007**	**2008**	**2007**
Number of employees (including key management personnel)	7	8	6	7

(b) Compensation of key management personnel

	Consolidated Entity		Company	
	2008	**2007**	**2008**	**2007**
Directors	**$**	**$**	**$**	**$**
Short-term employee benefits - cash fees	436,890	355,159	161,890	161,890
Post-employment benefits - superannuation	43,210	35,854	20,710	20,710
	480,100	391,013	182,600	182,600
Other key management personnel				
Short-term employee benefits - cash fees	92,572	94,146	32,572	32,572
Post-employment benefits - superannuation	8,331	8,472	2,931	2,931
	100,903	102,618	35,503	35,503

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

(c) Options provided as remuneration and shares issued on exercise of such options

There were no options provided as remuneration to key management personnel and shares issued on the exercise of such options during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

(d) Fully paid shareholdings of key management personnel

2008 **Directors**	**Balance at 1 July 2007**	**Balance at appointment/ resignation**	**Net Change Other**	**Balance at 30 June 2008**
Farooq Khan	11,290,256		308,530	11,598,786
Simon Cato		193,000	-	193,000
Michael van Rens	279,799	184,799	(95,000)	
Azhar Chaudhri	4,375,750		348,530	4,724,280
Yaqoob Khan	11,290,256		308,530	11,598,786
Other key management personnel				
Victor Ho	23,100		-	23,100

2007 **Directors**	**Balance at 1 July 2006**	**Balance at appointment/ resignation**	**Net Change Other**	**Balance at 30 June 2007**
Farooq Khan	11,014,081		276,175	11,290,256
Michael van Rens	279,799		-	279,799
Azhar Chaudhri	4,080,000		295,750	4,375,750
Yaqoob Khan	11,014,081		276,175	11,290,256
Other key management personnel				
Victor Ho	23,100		-	23,100

(e) Partly paid shareholdings of key management personnel

2008 **Directors**	**Balance at 1 July 2007**	**Balance at appointment/ resignation**	**Net Change Other**	**Balance at 30 June 2008**
Farooq Khan	20,000,000		-	20,000,000
Simon Cato		-	-	-
Michael van Rens	-	-	-	
Azhar Chaudhri	20,000,000		-	20,000,000
Yaqoob Khan	20,000,000		-	20,000,000
Other key management personnel				
Victor Ho	-		-	-

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

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

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

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

The Company does not have any options on issue.

(g) Loans to key management personnel

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

(h) Other transactions with key management personnel

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

5. DISCONTINUED OPERATIONS

On 18 May 2007, controlled entity Orion Equities Limited (OEQ) disposed of its uranium mining interests via the sale of its subsidiary, Hume Mining NL to Alara Uranium Limited (Alara) in consideration for the issue of 6,250,000 ordinary shares in Alara. Alara completed its $10 million initial public offering in May 2007. Financial information relating to the discontinued subsidiary from 1 July 2006 to the date of cessation is set out below.

	Consolidated Entity		Company	
	2008	**2007**	**2008**	**2007**
Financial information relating to the discontinued operation, which has been incorporated into the Income Statement, is as follows:	**$**	**$**	**$**	**$**
Revenue	-	-	-	-
Expenses	-	(2,644,903)	-	-
Loss before income tax	-	(2,644,903)	-	-
Income tax expense	-	791,913	-	-
Loss after income tax	-	(1,852,990)	-	-
Gain on sale of subsidiary	-	1,562,500	-	-
Income tax expense	-	(468,750)	-	-
Gain on sale of subsidiary after tax	-	1,093,750	-	-
The carrying amounts of assets and liabilities of the operation at the date of cessation were:				
Total assets	-	-	-	-
Total liabilities	-	(11)	-	-
Net asset	-	(11)	-	-
The net cash flows of the business, which have been incorporated into the Cash Flows Statement, are as follows:				
Net cash outflow from operating activities	-	(25,634)	-	-
Net cash inflow from investing activities	-	27,896	-	-
Net increase/(decrease) in cash from businesses	-	2,262	-	-

6. AUDITORS REMUNERATION

Amounts received or due and receivable by:				
Auditors of the Consolidated Entity (BDO Kendalls (WA) Audit and Assurance Pty Ltd)				
Auditing of the financial report	53,552	34,113	27,431	12,386
Non-audit services (BDO Kendalls (WA) Audit and Assurance Pty Ltd)				
Taxation services	2,625	-	1,250	-
	56,177	34,113	28,681	12,386

7. DIVIDENDS

Declared and paid during the year	**Date paid**				
Dividends on ordinary shares					
by OEQ - 3 cents per share fully franked	19-Oct-06	-	277,688	-	-
by OEQ - 1.5 cents per share fully franked	15-Mar-07	-	138,845	-	-
by QUE - 0.5 cent per share fully franked	29-Sep-06	-	147,024	-	147,024
by QUE - 0.5 cent per share fully franked	15-Mar-07	-	147,024	-	147,024
by OEQ - 2.0 cents per share fully franked	21-Sep-07	185,125	-	-	-
by OEQ - 1.5 cents per share fully franked	29-Mar-08	138,880	-	-	-
by QUE - 0.25 cent per share fully franked	21-Sep-07	73,512	-	73,512	-
		397,517	710,581	73,512	294,048

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

7. DIVIDENDS (continued)

Dividends declared post balance date		**Consolidated Entity**		**Company**	
Dividends on ordinary shares	**Date paid**	**2008**	**2007**	**2008**	**2007**
		$	**$**	**$**	**$**
by QUE - 0.25 cent per share fully franked	21-Sep-07	-	73,512	-	73,512
by OEQ - 2.0 cents per share fully franked	21-Sep-07	-	356,288	-	-
by QUE - 0.25 cent per share fully franked	26-Sep-08	74,818	-	74,818	-
by OEQ - 0.5 cent per share fully franked	26-Sep-08	89,072	-	-	-
Franking credit balance		**2,189,121**	**1,812,007**	**217,375**	**159,248**
Balance of franking account at year end adjusted for franking credits arising from:					
Payment of provision for income tax		55,788	1,116,710	-	-
Franking debits arising from payment of proposed dividends		(70,239)	(184,200)	(32,065)	(31,505)
		2,174,670	2,744,517	185,310	127,743

8. EARNINGS/(LOSS) PER SHARE

	Consolidated Entity 2008	**Consolidated Entity 2007**	**Company 2008**	**Company 2007**
Basic earnings/(loss) per share (cents)	(3.4)	18.8	0.7	0.9
Diluted earnings per share (cents)	n/a	11.4	0.4	0.5

(a) Basic earnings/(loss) per share

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

	Consolidated Entity 2008	**Consolidated Entity 2007**	**Company 2008**	**Company 2007**
Net Profit/(Loss) ($)	(993,161)	5,539,758	216,553	251,783
Weighted average number of ordinary shares	29,404,879	29,404,879	29,404,879	29,404,879

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

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

(b) Diluted earnings/(loss) per share

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

	Consolidated Entity 2008	**Consolidated Entity 2007**	**Company 2008**	**Company 2007**
Net Profit/(Loss) ($)	(993,161)	5,539,758	216,553	251,783
Weighted average number of ordinary shares (i)	48,404,879	48,404,879	48,404,879	48,404,879

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

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

9. CASH AND CASH EQUIVALENTS

	Consolidated Entity		Company	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Cash at bank	712,268	3,754,355	194,487	3,128,664
Term deposit	3,127,164	25,543	3,127,164	25,543
Bank Bills	-	994,507	-	-
	3,839,432	4,774,405	3,321,651	3,154,207

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

	Consolidated Entity		Company	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Operating profit/(loss) after tax	(2,651,995)	9,914,161	216,553	251,783
Depreciation	194,907	78,303	4,275	4,857
Net unrealised loss/(gain) on revaluation of share investments	1,877,734	(9,006,149)	41,206	(422,408)
Fixed assets write off	882	-	259	-
Gain on sale of investment	(117,302)	345,938	(117,302)	345,938
Revaluation of land and trees	(134,241)	-	-	-
(Gain)/ loss on dilution	-	765	-	-
Share of Associate Companies' (profits)/losses	2,687,143	(1,668,955)	-	-
(Increase)/decrease in assets:				
Receivables	(46,391)	498,504	58,242	92,696
Investments	842,597	47,311	-	-
Inventory	510,037	(646,864)	-	-
Other assets	(1,413,770)	2,112	(10,290)	1,029
Increase/(decrease) in liabilities:				
Payables	(1,157,344)	1,467,970	(612)	12,845
Provision	-	77,585	-	29,079
Income tax payable	(668,499)	187,755	-	12,626
Deferred tax asset	(431,110)	2,681,926	-	-
Net cash flows from/(used in) operating activities	(507,352)	3,980,362	192,331	328,445

10. TRADE AND OTHER RECEIVABLES

	Consolidated Entity 2008	Consolidated Entity 2007	Company 2008	Company 2007
Current Asset				
Amounts receivable from				
Deposits	935	935	935	935
Amounts receivable from related parties	-	37,124	-	37,124
Other receivables	209,168	86,040	3,366	24,483
GST receivable	33,209	72,822	-	-
	243,312	196,921	4,301	62,542
Non Current Asset				
Bonds and guarantees	32,823	32,823	-	-

Refer to Note 24 for the Consolidated Entity and Company's exposure to credit risk, foreign exchange risk and interest rate risk.

Impaired receivables and receivables

None of the non-current receivables are impaired or past due but not impaired.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	Consolidated Entity		Company	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Investments in listed companies comprise:				
Listed investments at fair value	11,447,515	14,676,537	188,802	152,390
Listed investments (suspended from ASX) - at cost	-	12,304	-	12,304
Add: Directors' valuation	-	(12,304)	-	(12,304)
	-	-	-	-
Unlisted options in listed corporations at cost	10,000	10,000	-	-
Add: net change in fair value	6,722,402	6,401,507	-	-
	6,732,402	6,411,507	-	-
	18,179,917	21,088,044	188,802	152,390

Changes in fair value of financial assets at fair value through profit and loss are recorded as Income. (Note 2(a)).

Net gains on financial assets at fair value through profit or loss	505,622	11,550,130	76,096	76,470

Risk Exposure

Information about the Consolidated Entity's exposure to market and price risk is provided in Note 24(d).

12. INVENTORIES

	Consolidated Entity		Company	
	2008	**2007**	**2008**	**2007**
Current	**$**	**$**	**$**	**$**
Olive trees - at cost	160,526	646,864	-	-
Non Current				
Property held for development and resale	3,797,339	3,821,038	-	-
Revaluation of property	(147,339)	-	-	-
	3,650,000	3,821,038	-	-

Property held for development and resale relates to a beachfront property located in Mandurah, Western Australia held by OEQ subsidiary, Silver Sands Developments Pty Ltd. The property was recently assessed by an independent qualified valuer and the downwards revaluation has been recognised as an expense through profit or loss.

13. AVAILABLE FOR SALE ASSET

	Consolidated Entity		Company	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Shares in controlled entities - at cost	-	-	2,849,766	2,849,766
Net change in fair value (note 22)	-	-	4,852,548	8,746,496
	-	-	7,702,314	11,596,262
Market value of listed securities	-	-	7,702,314	11,596,262

(a) Investment in Controlled Entities

	Ownership Interest	
	2008	**2007**
Orion Equities Limited (A.C.N. 000 742 843) (OEQ)	48.04%	48.04%

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name of Associate	Principal Activity	Ownership Interest		Carrying Amount	
				2008	2007
		2008	2007	$	$
Bentley International Limited (BEL)	Investments	28.80%	28.38%	3,792,957	4,626,964
Scarborough Equities Limited (SCB)	Investments	28.47%	28.22%	5,414,558	7,012,570
				9,207,515	11,639,534

On 28 September 2007, the Company received 311,094 shares in BEL for $122,760 and 144,094 shares in SCB for $142,364 pursuant to the Company's participation under the respective BEL and SCB Dividend Reinvestment Plans.

The carrying value of the investment in BEL and SCB is in excess of their fair value (which is based on their closing bid price on ASX) and both the carrying and fair values are below their net tangible asset (NTA) backing values. The Directors support the carrying value positions as the Company has control over OEQ who has significant influence over the Associate companies' operations and would have reasonable prospects of realising the investments at at least their carrying values, which are below their NTA backings.

	Carrying Amount	
	2008	2007
Movement in Investments in Associates	$	$
Shares in listed Associate entities brought forward	11,639,535	9,726,370
Share of profit/(loss) before income tax expense	(3,086,050)	2,577,652
Share of income tax expense	654,030	(426,992)
Dividends received	(255,124)	(481,705)
Acquisition of shares	255,124	244,210
Carrying amount at the end of the financial year	9,207,515	11,639,535
Fair value of listed investments in associates		
Bentley International Limited	2,954,924	4,397,645
Scarborough Equities Limited	3,399,885	5,776,706
	6,354,809	10,174,351
Net tangible asset value of listed investments in associates		
Bentley International Limited	4,632,858	5,705,009
Scarborough Equities Limited	5,344,282	6,923,972
	9,977,140	12,628,981
Share of Associates' profit/(loss)		
Profit/(loss) before income tax	(3,086,050)	2,577,652
Income tax expense	654,030	(426,992)
Profit/(loss) after income tax	(2,432,020)	2,150,660

Summarised Financial Position of Associates	Group share of:			
	Bentley International Limited		Scarborough Equities Limited	
	2008	2007	2008	2007
	$	$	$	$
Current assets	4,672,284	5,835,090	682,335	2,130,829
Non current assets	264,237	1,749	4,771,547	5,504,145
Total assets	4,936,521	5,836,839	5,453,882	7,634,974
Current liabilities	(40,651)	(131,830)	(81,154)	(42,064)
Non current liabilities	(262,953)	-	(30,498)	(668,938)
Total liabilities	(303,604)	(131,830)	(111,652)	(711,002)
Net assets	4,632,917	5,705,009	5,342,230	6,923,972
Revenues	130,700	995,411	1,108,696	2,745,757
Profit/(loss) after income tax of associates	(1,093,611)	382,154	(1,598,012)	1,768,506

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

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

Scarborough Equities Limited and Bentley International Limited - Lease Commitments

SCB and BEL has the same lease commitments disclosed in note 25(a)

15. PROPERTY, PLANT AND EQUIPMENT

CONSOLIDATED ENTITY	**Freehold Land**	**Buildings on Freehold Land**	**Plant and Equipment**	**Leasehold Improve-ments**	**Total**
2008	**$**	**$**	**$**	**$**	**$**
Carrying amount at beginning	861,214	107,242	1,159,999	13,972	2,142,427
Additions	-	2,432	77,644	-	80,076
Revaluation (Note 22)	602,786	-	-	-	602,786
Depreciation expense	-	(8,181)	(184,682)	(2,044)	(194,907)
Assets disposed off	-	-	(882)	-	(882)
Carrying amount at balance date	1,464,000	101,493	1,052,079	11,928	2,629,500
At 1 July 2007					
Cost	-	-	1,320,894	44,305	1,365,199
Accumulated depreciation and impairment	-	-	(160,895)	(30,333)	(191,228)
Net carrying amount	-	-	1,159,999	13,972	1,173,971
At 30 June 2008					
Cost	861,214	112,432	1,357,377	44,305	2,375,328
Accumulated depreciation and impairment	602,786	(10,939)	(305,298)	(32,377)	254,172
Net carrying amount	1,464,000	101,493	1,052,079	11,928	2,629,500
2007					
Carrying amount at beginning	-	-	44,944	15,634	60,578
Additions	861,214	110,000	1,189,099	728	2,161,041
Depreciation expense	-	(2,758)	(73,155)	(2,390)	(78,303)
Assets disposed off	-	-	(889)	-	(889)
Carrying amount at balance date	861,214	107,242	1,159,999	13,972	2,142,427
At 1 July 2006					
Cost	-	-	134,199	43,575	177,774
Accumulated depreciation and impairment	-	-	(89,255)	(27,941)	(117,196)
Net carrying amount	-	-	44,944	15,634	60,578
At 30 June 2007					
Cost	861,214	110,000	1,320,894	44,305	2,336,413
Accumulated depreciation and impairment	-	(2,758)	(160,895)	(30,333)	(193,986)
Net carrying amount	861,214	107,242	1,159,999	13,972	2,142,427

The consolidated entity holds a property held for redevelopment and resale described in Note 12 (Inventories)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

15. PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY

2008	**Plant and Equipment**	**Leasehold Improve-ments**	**Total**
Carrying amount at beginning	15,062	6,970	22,032
Additions	1,348	-	1,348
Depreciation expense	(3,254)	(1,021)	(4,275)
Assets disposed off	(259)	-	(259)
Carrying amount at balance date	12,897	5,949	18,846
At 1 July 2007			
Cost	64,353	22,135	86,488
Accumulated depreciation and impairment	(49,291)	(15,165)	(64,456)
Net carrying amount	15,062	6,970	22,032
At 30 June 2008			
Cost	42,212	22,135	64,347
Accumulated depreciation and impairment	(29,315)	(16,186)	(45,501)
Net carrying amount	12,897	5,949	18,846
2007			
Carrying amount at beginning	18,394	7,817	26,211
Additions	1,220	347	1,567
Depreciation expense	(3,663)	(1,194)	(4,857)
Obsolete assets disposed and written off	(889)	-	(889)
Carrying amount at balance date	15,062	6,970	22,032
At 1 July 2006			
Cost	64,022	21,787	85,809
Accumulated depreciation and impairment	(45,628)	(13,970)	(59,598)
Net carrying amount	18,394	7,817	26,211
At 30 June 2007			
Cost	64,353	22,135	86,488
Accumulated depreciation and impairment	(49,291)	(15,165)	(64,456)
Net carrying amount	15,062	6,970	22,032

Freehold land relates to OEQ's Koorian Olive Grove property of approximately 143 hectares located in Gingin, Western Australia. An independent qualified valuer has recently revalued the land upwards by $602,786.

16. OLIVE TREES

	Consolidated Entity		**Company**	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Olive trees - at cost	300,000	300,000	-	-
Revaluation of trees	281,580	-	-	-
	581,580	300,000	-	-

Nature of asset

The olive trees relate to OEQ's Koorian Olive Grove (approximately 64,500, 9 year old trees planted over 143 hectares). An independent qualified valuer has recently revalued the trees upwards by $281,580.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

17. RESOURCE PROJECTS

	Consolidated Entity		Company	
	2008	2007	2008	2007
	$	$	$	$
Deferred Exploration Expenditure				
Balance at beginning of the year	-	-	-	-
Direct expenditure	1,438,796	79,708	-	-
Direct expenditure written off	(25,025)	(79,708)	-	-
Balance at end of the year	1,413,771	-	-	-

The ultimate recoverability of Deferred Exploration Expenditure is dependant on its successful development or sale. On 11 August 2008, OEQ disposed of its 70% interest in the Indonesian Berau Coal Project (via the sale of Orion Indo Operations Pty Ltd) and its 25% interest in the West Australian Paulsens East Iron Ore Project (via the sale of Central Exchange Mining Ltd) to its joint venture partner in these projects, ASX listed Strike Resources Limited (Strike or SRK). A total of 9.5 million Strike shares were issued to OEQ as consideration for the sale. OEQ realised a gain on sale of these subsidiaries of $17.5 million.

18. INTANGIBLES

	Consolidated Entity		Company	
	2008	2007	2008	2007
	$	$	$	$
VoiceNet System VoIP Technology - at cost	2,000,000	2,000,000	2,000,000	2,000,000
Less: Accumulated amortisation	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)
Less: Write-down of VoiceNet Technology	(900,000)	(900,000)	(900,000)	(900,000)
	-	-	-	-
Water licence (Koorian Olives - one gigalitre) - at cost	250,000	250,000	-	-
Total intangibles	250,000	250,000	-	-

19. TRADE AND OTHER CREDITORS

Trade creditors	225,286	657,586	1,676	5,526
Payables on purchase of investments	-	715,943	-	-
Other creditors and accruals	387,107	397,483	140,835	138,884
Dividend payable	28,367	28,380	-	-
GST payable	9,006	7,720	9,006	7,720
	649,766	1,807,112	151,517	152,130

Details of the Consolidated Entity's exposure to risks arising from current payables are set out in Note 24.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

20. TAX	Consolidated Entity		Company	
	2008	2007	2008	2007
	$	$	$	$
Current tax liabilities				
Provision for income tax	58,116	726,615	-	-
Non Current tax liabilities				
Deferred tax on fair value gain adjustments	4,050,490	4,481,600	1,468,391	2,636,575
	4,108,606	5,208,215	1,468,391	2,636,575

Reconciliations

Gross movement

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

Opening balance	4,481,600	1,799,674	2,636,575	1,032,137
Charged to income statement	(431,110)	2,681,926	-	12,626
Charged directly to equity	-	-	(1,168,184)	1,591,812
Closing balance	4,050,490	4,481,600	1,468,391	2,636,575

Deferred tax asset - fair value adjustments

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

Opening balance	-	-	-	-
Charged to income statement	-	-	-	-
Closing balance	-	-	-	-

Deferred tax liability - fair value adjustments

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

Opening balance	4,481,600	1,799,674	2,636,575	1,032,137
Charged to income statement	(431,110)	2,681,926	-	12,626
Charged directly to equity	-	-	(1,168,184)	1,591,812
Closing balance	4,050,490	4,481,600	1,468,391	2,636,575

21. ISSUED CAPITAL	Consolidated Entity		Company	
	2008	2007	2008	2007
	$	$	$	$
Issued and Paid-Up Capital				
28,404,879 (2007: 28,404,879) fully paid ordinary shares	5,887,927	5,887,927	5,887,927	5,887,927
20,000,000 (2007: 20,000,000) partly paid ordinary shares	200,000	200,000	200,000	200,000
	6,087,927	6,087,927	6,087,927	6,087,927

(a) Movement in Issued Ordinary Share Capital	Number	Company	
(i) Fully paid ordinary shares	of shares	2008	2007
		$	$
At 1 July	28,404,879	5,887,926	5,887,926
	-	-	-
At 30 June	28,404,879	5,887,926	5,887,926

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

21. ISSUED CAPITAL (continued)

(ii) Partly paid ordinary shares

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

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

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

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

22. RESERVES	**Consolidated Entity**		**Company**	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Option Premium Reserve	2,138,012	2,138,012	2,138,012	2,138,012
Available for sale investment reserve				
Balance at beginning of the year	-	-	6,122,546	2,408,319
Deferred tax liability movement	-	-	1,168,184	(1,591,812)
Available for sale reserve brought to account	-	-	7,290,730	816,507
Net change in OEQ's fair value	-	-	(3,893,947)	5,306,039
Balance at end of financial period	-	-	3,396,783	6,122,546
Asset revaluation reserve	289,581	-	-	-
	2,427,593	2,138,012	5,534,795	8,260,558

The Option Premium Reserve has been transferred to Accumulated Losses. The Option Premium Reserve comprised consideration received on the issue of options in prior years which have lapsed.

The Available for Sale Investment Reserve relates to a revaluation of the Company's investment in OEQ based on AASB 139: Financial Instruments: Recognition and Measurement to a carrying value of $4,852,548 (Note 13) at Balance Date.

The Asset Revaluation Reserve relates to the revaluation of OEQ's Koorian Olive Grove land from cost of $861,214 to $1,464,000, as recently assessed by an independent qualified valuer.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

23. CONSOLIDATED SEGMENT REPORTING

The Consolidated entity operates predominantly within Australia in the investments, olive grove operations and resources sectors. The Consolidated entity has resource project interests in Indonesia and Pakistan.

BUSINESS SEGMENT

Segment Revenues & Results	**Segment revenue 2008**	**Segment revenue 2007**	**Segment result 2008**	**Segment result 2007**
	$	**$**	**$**	**$**
Investments	880,177	21,987,948	842,784	12,165,266
Resources	-	1,562,500	(25,025)	1,482,792
Olive grove operations	1,322,307	58,095	(60,566)	(360,372)
Share of Associate entities' profits/(losses)	(2,687,143)	1,668,955	(2,687,143)	1,668,955
Unallocated	276,117	268,250	(1,235,898)	(1,202,739)
Total segment revenue (Note 2)	(208,542)	25,545,748		
Profit before income tax			(3,165,848)	13,753,902
Income tax expense (Note 3)			513,853	(4,631,654)
Profit after income tax			(2,651,995)	9,122,248

Segment Assets & Liabilities	**Segment Assets 2008**	**Segment Assets 2007**	**Segment liabilities 2008**	**Segment liabilities 2007**
	$	**$**	**$**	**$**
Investments	31,287,432	36,548,616	(2,582,100)	(5,197,542)
Resources	1,613,664	-	-	-
Olive grove operations	3,601,621	3,666,848	(211,133)	(651,549)
Unallocated	3,685,659	4,676,592	(1,965,139)	(1,166,236)
	40,188,376	44,892,056	(4,758,372)	(7,015,327)

Other	**Investments 2008**	**Investments 2007**	**Resources 2008**	**Resources 2007**	**Olive grove operations 2008**	**Olive grove operations 2007**
	$	**$**	**$**	**$**	**$**	**$**
Acquisition of segment assets	3,218,569	5,935,246	-	-	74,845	2,707,989
Other non-cash expenses						
- Unrealised gain/(impairment loss) on fair value of investments through profit an	(1,877,734)	9,006,149	-	-	-	-
- Revaluation of trees	-	-	-	-	(281,580)	-

GEOGRAPHICAL SEGMENT	**Acquisitions of segment assets 2008**	**Segment revenue 2008**	**Segment results 2008**	**Segment Assets 2008**	**Segment Liabilities 2008**
	$	**$**	**$**	**$**	
Australia	3,293,414	(208,542)	(2,463,557)	39,070,884	(4,758,372)
Indonesia	-	-	(688,987)	1,117,492	-
Pakistan	-	-	(13,304)	-	-
	3,293,414	(208,542)	(3,165,848)	40,188,376	(4,758,372)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

24. FINANCIAL RISK MANAGEMENT

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

Risk management is carried out by the Investment Committee with the approval of the Board of Directors. The committee evaluates, monitors and manages the consolidated entity's financial risk in close co-operation with iis operating units.

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

	Variable Interest Rate		Fixed Interest Rate (less than 1 year)		Non-Interest Bearing		Total	
Consolidated Entity	2008	2007	2008	2007	2008	2007	2008	2007
Financial assets	$	$	$	$	$	$	$	$
Cash and cash equivalents	712,268	3,754,355	3,127,164	1,020,050	-	-	3,839,432	4,774,405
Receivables	-	-	-	-	276,135	229,744	276,135	229,744
Investments	-	-	-	-	18,179,917	21,088,044	18,179,917	21,088,044
	712,268	3,754,355	3,127,164	1,020,050	18,456,052	21,317,788	22,295,484	26,092,193
Financial liabilities								
Payables	-	-	-	-	(649,766)	(1,807,112)	(649,766)	(1,807,112)
Net financial assets	712,268	3,754,355	3,127,164	1,020,050	17,806,286	19,510,676	21,645,718	24,285,081

	Variable Interest Rate		Fixed Interest Rate (less than 1 year)		Non-Interest Bearing		Total	
Company	2008	2007	2008	2007	2008	2007	2008	2007
Financial assets	$	$	$	$	$	$	$	$
Cash and cash equivalents	194,487	3,128,664	3,127,164	25,543	-	-	3,321,651	3,154,207
Receivables	-	-	-	-	4,301	62,542	4,301	62,542
Investments					188,802	152,390	188,802	152,390
	194,487	3,128,664	3,127,164	25,543	193,103	214,932	3,514,754	3,369,139
Financial liabilities								
Payables	-	-	-	-	(151,517)	(152,130)	(151,517)	(152,130)
Net financial assets	194,487	3,128,664	3,127,164	25,543	41,586	62,802	3,363,237	3,217,009

The average interest rate for the cash and cash equivalents was 6.99% (2007: 6.07%)

(a) Interest Rate Risk Exposure

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The consolidated entity's exposure to market risk for changes in interest rates relate primarily to investments held in interest bearing instruments. The consolidated entity has no borrowings. The average interest rate for the cash and cash equivalents was 6.99% (2007: 6.07%)

	Consolidated Entity		**Company**	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Cash at bank	712,268	3,754,355	194,487	3,128,664
Term deposit	3,127,164	25,543	3,127,164	25,543
Bank bills	-	994,507	-	-
	3,839,432	4,774,405	3,321,651	3,154,207

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

24. FINANCIAL RISK MANAGEMENT (continued)

(b) Liquidity Risk Exposure

Liquidity risk is the risk that the consolidated entity will encounter difficulty in meeting obligations associated with financial liabilities. The consolidated entity has no borrowings.

The financial liabilities disclosed in the above table have a maturity obligation of within 30 days.

(c) Credit Risk Exposure

Credit risk refers to the risk that a counterparty under a financial instrument will default (in whole or in part) on its contractual obligations resulting in financial loss to the consolidated entity. Concentrations of credit risk are minimised primarily by undertaking appropriate due diligence on potential investments, carrying out all market transactions through approved brokers, settling non-market transactions with the involvement of suitably qualified legal and accounting personnel (both internal and external), and obtaining sufficient collateral or other security (where appropriate) as a means of mitigating the risk of financial loss from defaults. This financial year there was no necessity to obtain collateral.

The credit quality of the financial assets are neither past due nor impaired. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised below:

	Consolidated Entity		Company	
	2008	2007	2008	2007
	$	$	$	$
Cash and cash equivalents	3,839,432	4,774,405	3,321,651	3,154,207
Receivables	276,135	229,744	4,301	62,542
Investments	18,179,917	21,088,044	188,802	152,390
	22,295,484	26,092,193	3,514,754	3,369,139

The consolidated entity measures credit risk on a fair value basis. The carrying amount of financial assets recorded in the financial statements, net of any provision for losses, represents the consolidated entity's maximum exposure to credit risk.

All receivables noted above are due within 30 days. None of the above receivables are past due.

(d) Equity Price Risk Exposure

Equity price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments in the market. Price risk is minimised through ensuring that investment activities are undertaken in accordance with Board established mandate limits and investment strategies.

Equity securities price risk arises on the financial assets at fair value through profit or loss.

At the investment portfolio level, the consolidated entity is not overly exposed to one company or one particular industry sector of the market.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

24. FINANCIAL RISK MANAGEMENT (continued)

(e) Foreign Currency Risk

The consolidated entity is exposed to foreign currency risk on cash held by the Company and a controlled foreign entity, foreign resource project investment commitments and exploration and evaluation expenditure on foreign resource projects. The currency risk giving rise to this risk is primarily Indonesia rupiahs. The consolidated entity has not entered into any forward exchange contracts as at balance date and is currently fully exposed to foreign exchange risk. The Consolidated Entity's exposure to foreign currency risk at reporting date was as follows:

	Consolidated Entity		Company	
	2008	2007	2008	2007
	IDR	IDR	IDR	IDR
Cash	196,148,658	-	-	-
Receivables	1,730,320,600	-	-	-
Payables	(110,461,923)	-	-	-

(f) Net Fair Value of Financial Assets and Liabilities

The carrying amount of financial instruments recorded in the financial statements represent their fair value determined in accordance with the accounting policies disclosed in note 1. The aggregate fair value and carrying amount of financial assets at balance date are set out in Note 11 and financial liabilities at balance date are set out in Note 19.

(g) Sensitivity Analysis

The Consolidated Entity has no borrowings, therefore no liability exposure to interest rate risk. The revenue exposure is immaterial in terms of the possible impact on profit or loss or total equity. It has therefore not been included in the sensitivity analysis.

The Consolidated Entity's exposure to the Indonesian rupiahs is immaterial in terms of the possible impact on profit or loss or total equity. It has therefore not been included in the sensitivity analysis.

The Consolidated Entity has performed a sensitivity analysis on its exposure to market price risk at balance date. The analysis demonstrates the effect on the current year results and equity which could result from a change in these risks. The All Ordinaries index was utilised as the benchmark for the listed share investments which are available for sale assets or at fair value through profit or loss. The Strike Resources Limited (SRK) unlisted options will be based upon the sensitivity of SRK share price. The Company had not performed a sensitivity analysis on its investment portfolio exposure as it is immaterial in terms of the possible impact on profit or loss or total equity.

(i) Equity Price risk - listed investments	**Consolidated Entity**		**Company**	
	2008	**2007**	**2008**	**2007**
Change in profit	**$**	**$**	**$**	**$**
Increase by 15%	785,567	913,921	28,320	22,858
Decrease by 15%	(785,567)	(913,921)	(28,320)	(22,858)
Change in equity				
Increase by 15%	785,567	913,921	28,320	22,858
Decrease by 15%	(785,567)	(913,921)	(28,320)	(22,858)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

24. FINANCIAL RISK MANAGEMENT (continued)

(g) Sensitivity Analysis (continued)

(ii) Equity Price risk - unlisted investments	**Consolidated Entity**		**Company**	
	2008	**2007**	**2008**	**2007**
Change in profit	**$**	**$**	**$**	**$**
Increase by 15%	1,105,744	1,054,672	-	-
Decrease by 15%	(1,105,744)	(1,054,672)	-	-
Change in equity				
Increase by 15%	1,105,744	1,054,672	-	-
Decrease by 15%	(1,105,744)	(1,054,672)	-	-

25. COMMITMENTS

(a) Lease Commitments

Non-cancellable operating lease commitments:				
Not longer than one year	52,124	49,920	26,062	24,960
Between 12 months and 5 years	262,218	199,680	131,109	99,840
Greater than 5 years	-	49,920	-	24,960
	314,342	299,520	157,171	149,760

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

26. CONTINGENT LIABILITIES AND ASSETS

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

Under the terms of a cooperation agreement, Orion Indo Operations Pty Ltd (OIO) and its Indonesian subsidiary PT Orion Indo Mining (PTOIM) has the following future payment and royalty obligations to PT Kaltim Jaya Bara as at balance date:

(i) Two remaining staged cash payments totalling US$0.30 million over a 12 month period; and

(ii) Royalties of between US$1.00 to $4.00 per dry metric tonne of coal mined and sold from the concession area, depending on the calorific value of the coal (ranging from 5,000 to 6,000 KCal and above) and the waste to ore ratio incurred in mining operations.

On 11 August 2008, the Company sold Orion Indo Operations Pty Ltd to Strike in consideration for 7.75 million Strike shares.

(b) Royalty on Tenements

OEQ is entitled to receive a royalty of 2% of gross revenues (exclusive of GST) from any commercial exploitation of any minerals from various Australian tenements - EL 47/1328 and PL 47/1170 (the Paulsens East Project tenements currently held by Strike), EL 24879, 24928, 24928 and 24729 and ELA 24927 (the Bigryli South Project tenements in the Northern Territory, currently held by Alara Uranium Limited (Alara)), EL 09/1253 (a Mt James Project tenement in Western Australia, currently held by Alara) and EL 46/629 and a right to earn and acquire a 85% interest in ELA 46/585 (excluding all manganese mineral rights) (the Canning Well Project tenements in Western Australia, currently held by Alara).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

26. CONTINGENT LIABILITIES AND ASSETS (continued)

(c) Native Title

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

(d) Directors' Deeds

The Company has entered into deeds of indemnity with each of its Officers indemnifying them against liability incurred in discharging their duties as 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.

27. RELATED PARTY DISCLOSURES	**Consolidated Entity**		**Company**	
	2008	**2007**	**2008**	**2007**
Transactions with subsidiaries	**$**	**$**	**$**	**$**
Dividends received				
Orion Equities Limited	299,534	385,116	299,534	385,116

The Company is deemed to control Orions Equities Limited (OEQ). During the last financial year, there were transactions between the Company and OEQ, pursuant to shared office and administration expense arrangements on a cost recovery basis. Interest is not charged on such outstanding amounts and amounts were fully received /(paid) by balance date.

28. EVENTS AFTER BALANCE SHEET DATE

<u>The Company</u>

(a) On 8 July 2008, a $104,500 call was made on the Company's partly paid shares, equivalent to 1.5225 cents per partly paid share, with $3,695,500 being the total balance outstanding on the 20,000,000 partly paid shares on issue.

(a) The Company has declared a final dividend of 0.25 cent per share (100% franked). The record date will be 19 September 2008 with payment to be effected on 26 September 2008.

<u>Orion Equities Limited</u>

(a) Orion has declared a final dividend of 0.5 cent per share (100% franked) which is funded from retained earnings of $12,083,753 as at 30 June 2008. The record date will be 19 September 2008 with payment to be effected on 26 September 2008.

(b) On 11 August 2008, Orion disposed its 70% interest in the Indonesian Berau Coal Project (via the sale of Orion Indo Operations Pty Ltd) and its 25% interest in the West Australian Paulsens East Iron Ore Project (via the sale of Central Exchange Mining Ltd) to its joint venture partner in these projects, ASX listed Strike Resources Limited (Strike). A total of 9.5 million Strike shares were issued to Orion as consideration for the sale. Orion realised a gain on sale of these subsidiaries of $17.5 million (based on Strike's closing bid price of $1.97 on the date of completion), which will be accounted for in the 2008/09 financial year. These Strike shares have a current value of $13.78 million (based on Strike's closing bid price of $1.45 per share on 27 August 2008).

No other matter or circumstance has arisen since the end of the financial period 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 periods.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and accompanying notes as set out on pages 22 to 52 are in accordance with the *Corporations Act 2001* and:
   (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting; and
   (b) give a true and fair view of the Company's financial position as at 30 June 2008 and of its performance for the year ended on that date;
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. The remuneration disclosures set out in the Directors' Report on page 17 to 19 (as the audited Remuneration Report) comply with section 300A of the Corporate Act 2001; and
4. The Directors have been given the declarations required by section 295A of the Corporations Act 2001 by the Executive Chairman and Managing Director (the person who performs the chief executive function) and the Company Secretary (the person who, in the opinion of the Directors, performs the chief financial officer function).

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

Farooq Khan
Chairman and Managing Director

Simon Cato
Director

29 August 2008

BDO Kendalls

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUESTE COMMUNICATIONS LIMITED

We have audited the accompanying financial report of Queste Communications Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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 judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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.

Independence

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

BDO Kendalls

Auditor's Opinion

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

(a) the financial report of Queste Communications Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included within the Directors' Report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Queste Communications Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001.*

BDO Kendalls Audit and Assurance (WA) Pty Ltd

BDO Kendalls

C Burton

CR Burton
Director

Dated this 29th day of August 2008
Perth, Western Australia

SECURITIES INFORMATION
as at 30 June 2008

DISTRIBUTION OF LISTED ORDINARY FULLY PAID SHARES

Spread	of	Holdings	Number of Holders	Number of Units	% of Total Issue Capital
1	-	1,000	12	8,251	0.029
1,001	-	5,000	72	220,974	0.778
5,001	-	10,000	85	795,567	2.801
10,001	-	100,000	135	3,755,002	13.220
100,001	-	and over	25	23,625,085	83.173
Total			**329**	**28,404,879**	**100%**

DISTRIBUTION OF UNLISTED PARTLY PAID ORDINARY SHARES

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

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

TOP TWENTY ORDINARY FULLY PAID SHAREHOLDERS

Rank		Shareholder	Shares Held	Total Shares	% Issued Capital
1	*	BELL IXL INVESTMENTS LIMITED	3,572,109		
		CELLANTE SECURITIES	2,048,782		
		CLEOD PTY LTD <CELLANTE SUPER FUND A/C>	867,644		
			Sub-total	6,488,535	22.843
2	*	FAROOQ KHAN	2,421,367		
		ISLAND AUSTRALIA PTY LTD	3,668,577		
		SKIN-PLEX LABORATORIES PTY	20,000		
	*	THE ESSENTIAL EARTH PTY LTD	20,000		
			Sub-total	6,129,944	21.58
3		MR ASHAR CHAUDHRI	10,000		
		CHI TUNG INVESTMENTS LTD	1,050,000		
		RENMUIR HOLDINGS LTD	2,763,500		
		RENMUIR HOLDINGS	514,280		
			Sub-total	4,337,780	15.271
4	*	MANAR NOMINEES PTY LTD	16,000		
		MANAR NOMINEES PTY LTD <C/- DR A ZELWER>	1,725,663		
		DR ABE ZELWER <ZELWER SUPER FUND ACCOUNT>	180,500		
			Sub-total	1,922,163	6.767
5		ANDREW GRAEME MOFFAT & ELIZABETH ANN MOFFAT		1,050,000	3.697
6		DONALD GORDON MACKENZIE & GWENNETH EDNA MACKENZIE		849,360	2.990
7		STRIKE RESOURCES LIMITED		826,950	2.911
8		AMBREEN CHAUDHRI		386,500	1.361
9		ROSANNA DE CAMPO		268,100	0.944
10		MR AYUB KHAN		215,000	0.757
11		MRS AFIA KHAN		215,000	0.757
12		TOMATO 2 PTY LTD		185,019	0.651
13		SAMDY NOMINEES PTY LTD		150,000	0.528
14		MR JOHN CHENG-HSAING & MS PEGA PING PING MOK		136,125	0.479
15		MR SIMON KENNETH CATO		118,000	0.415
16		MR GREGORY JOHN MATHESON		110,742	0.390
17		MR ANTHONY NEALE KILLER & MS SANDRA MARIE KILLER		110,000	0.387
18		MR EUGENE RODRIGUEZ		110,000	0.387
19		MR NICHOLAS PASTERNATSKY		103,750	0.365
20		MR RODNEY MALCOLM JONES & MRS CAROL ROBIN JONES		100,000	0.352
Total				**23,796,968**	**83.832**

* A substantial shareholder of the Company