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Quest Investments Limited

Annual Report 2008

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*When you know what your values are,
making decisions becomes easier.*

For us at Quest, our core values are

- where....*
- . Quality of service*
 - . Integrity without compromise and*
 - . People are our most important asset*

QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

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QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

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COMPANY PARTICULARS

BOARD OF DIRECTORS

Wee Tiong Chiang, (Chairman) B.Sc (Hons), MBA

Grant Robertson, B.Ec, LLB, CPA

Dr Kim Chan Koh, MBBS (Malaya), MRCP(G), MRACP, DIH

COMPANY SECRETARY

Grant Robertson, B.Ec, LLB, CPA

PRINCIPAL REGISTERED OFFICE

In Australia

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Telephone : (852) 2877 6828

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SHARE REGISTRY

Computershare Investor Service Pty Limited

Yarra Falls

452 Johnson Street,

Abbotsford,

Victoria 3067, Australia

Telephone : (03) 9415 5000

Fax : (03) 9473 2500

AUDITOR

Bentleys Melbourne Partnership (In Australia)

114 William Street,

Melbourne, VIC 3000,

Australia

NK Wong & Co (In Hong Kong)

Room 1206,

Harbour Crystal Centre,

100 Granville Road, Tsim Sha Tsui East,

Kowloon, Hong Kong

BANKERS

Commonwealth Bank of Australia

367 Collins Street,

Melbourne, VIC 3000,

Australia

National Australia Bank Limited

271 Collins Street,

Melbourne, VIC 3000,

Australia

STOCK EXCHANGE LISTING

Quest Investments Limited's shares are listed on the Australian Stock Exchange.

QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

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CHAIRMAN'S STATEMENT

Dear Shareholders

I am delighted to report that Quest Investments Limited ("QST") and its controlled entities continued to register healthy growth amidst challenging times globally. Total revenues from ordinary activities increased 8% to \$7.003 million for the year ended 30 June 2008 as compared to the previous corresponding period ("pcp"). Net profit after accounting for minority interests rose 316% to \$1.089 Million as compared to \$262,112 in the pcp. Earnings per share ("EPS") stood at 2.85 cents, a modest price-earnings multiple ("P/E") of 3.5x. Even on a fully diluted basis, EPS was 1.98 cents on a P/E of 5.05x.

For our loyal shareholders, 2008 Financial Year can best be remembered for the purchase back of the 40% outside equity interest in our stock brokerage business. QST successfully negotiated and purchased back the 40% equity interest in MQ Holdings Limited ("MQH"), the immediate holding company of Quest Stockbrokers (HK) Limited ("QSB"), from the Trustees of Refco Group in March 2008 for a consideration of US\$150,000. Shareholders would recall that in 1998, Refco paid \$10.72 million for the 40% stake in MQH. With this purchase, QSB is now a wholly-owned subsidiary of the Group.

The successful conclusion of the purchase marked the end of an old linkage to the Asian financial crisis, and the beginning of our transformation plan for QST.

Our balance sheet continued to strengthen. Cash and cash equivalent held at year end was \$1.903 million, a rise of 60% from pcp. Our short-term borrowings rose to \$1.4 million, driven by expansion of businesses and further allocation of resources for the direct investment activities. The liquidity ratio, represented by a ratio between current assets over current liabilities, stood at a healthy 1.49% (2007FY: 1.81%). Finance cost fell to \$59,000, an improvement of 54% over the pcp.

The continued strong rise in Australian Dollar in the financial year under review impacted negatively our operating results on currency translation consideration. Our income was earned predominantly in Hong Kong and US Dollar. Hence, despite our strong actual underlying operating performance, the impact of this massive rise in our reporting currency actually distorted our earnings and cash flow performance.

In addressing the ramifications arising from the twin-effect of a sharp 'sell off' in world equity markets and a strong rise in the Australian Dollar in 2008FY, the Directors considered it prudent to set aside a provision of \$1.0 million against the marked-to market value of MCH's investment portfolio and a foreign currency provision of \$618,712. These two provisions moderated an otherwise stronger earnings performance.

A total of 8,741,638 options were converted into equity in the 2008 financial year. To date, the total number of the options converted into ordinary shares was 18,877,309, representing about 64.44% of the total QST 2009 options issued. We are pleased to note that the options holders who had converted have expressed their confidence in the long-term prospects of the Company.

Stockbrokerage Business

QSB had a strong first-half performance in all segments of the business. Turnover contracted markedly in the second-half of the financial year against the background of rapidly declining stock markets in Asia-Pacific region. The contrasting performance in many ways mirrored the extremely difficult market conditions that were caused by the continuing saga of crisis in both the financial and housing markets in the US.

Leading Hong Kong equities fell by more than 30% in the 2008FY. The correction in Chinese equities was even more drastic. The China Indices fell by more than 50% after a massive run-up in 2007. In Australia, correction of broadly similar magnitude was also evident. Credit exposure worries, tight monetary policy, rising oil and commodities prices, and collapse of a number of financial firms were contributing factors to an already unsettled market sentiment globally.

QSB's commission income fell slightly by 2.6% to HK\$5.369 million as compared to the pcp. Operating profits after providing for 'marked-to market' investment portfolio's carrying values was HK\$172,201.

Direct Investment

Our focus on direct investment continues to centre on the task of getting our two investments to scale up the size of their operations. We are also currently evaluating a number of investment opportunities as part of our continuing effort to broaden our revenue base.

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CHAIRMAN'S STATEMENT (CONT'D)

(A) Telecommunications

Quest Telecom Limited contributed HK\$2.37 million (A\$0.34 million) in revenue and a gross profit of HK\$494,434 (A\$70,501) after carrier-partners' costs. After accounting for administration and other incidental costs, a net profit of HK\$72,581 (A\$10,349) was recorded for 2008FY.

(B) Marine Resource

Oceanic Seafood Processing Pty Limited, a 45% associate company, continued to disappoint us in terms of its performance. Strong Australian Dollar contributed to the mismatch between sales (which are in US Dollar) and costs (which are in Australian Dollar). Our share of the loss amounted to \$70,000.

Our company has conducted a number of meetings with the management of Oceanic to assess how best we can assist them in their business operations. Oceanic's management has been asked to prepare a new business plan for our acceptance as part of our regular investment review. We will then decide whether we will continue to provide support for their operations.

Outlook

The first nine months of 2008 had seen difficult trading conditions globally as fall-out from the sub-prime and housing crises in the US continued to unsettle global capital and financial markets. Increased concern expressed by investors is focused on four unfolding phenomena : (1) the 'meltdown' in the US housing market; (2) a continuous fall in sentiment indices through EU countries and US; (3) a sharp decline in leading economic indices of OECD countries; and (4) a simultaneous fall in export leading indices in Asia. After more than a year of turmoil in the credit market, no end is in sight that can turn around investors' sentiment.

Initial results of the first three months of 2009FY indicate that the operating environment for our financial services business had deteriorated significantly. Much will depend on the turn around prospect of the Chinese equity market (after having fallen by more than 60% since last year) and the anticipated loosening of the tight monetary policy becoming reality. If the uncertainties continue and result in further fall in the Hong Kong market, our interim performance is likely to be affected.

QST is an Australian-China centric company. The health of these two economies has major impact on our future performance. Given that the US Dollar has been strengthening of late, the hot money inflow into China is fading. Exports are slowing down in China and this should go some way to reduce her large trade surpluses. Inflation should continue to trend downward. With this backdrop of good macro environment, the Chinese central bank would be encouraged to cut the reserve requirement ratio to Chinese banks. This could well set the stage for a loosening of monetary policy later in the year.

An indication of a start of a monetary easing cycle is the recent announcement in mid-September of the Chinese central bank's decision to cut both interest rates and the reserve requirement ratio for smaller banks. Protecting growth has become a more important priority for the Chinese central bank in the light of the recent unprecedented collapse and mergers of major financial institutions in the US.

More importantly, this recent easing is deemed to be a pre-emptive move designed to reduce the contagion effect of the worsening global credit market turmoil. It is not a forced and panicky response to rescue excessive weakness in the domestic PRC economic system.

Looking ahead, a moderation in growth for the rest of 2008 is inevitable, primarily because external demand will continue to weaken. We do not foresee the Chinese economy growth to fall below 9% this year and next, given the strengthening consumer spending and the continuing capital spending boom. We see a re-balancing taking place in the PRC economy as it shifts from an export-driven model to a more domestic consumption driven model. This is evidenced in the continued fall in net export contribution since 2004 which now accounts for only 2.6% of PRC's GDP growth. Domestic consumption contribution, on the other hand, had been rising since 2003. It now accounts for 4.6 percentage points.

In addition, the combination of US\$1.8 trillion in foreign reserve and a record large budgetary surplus would certainly buy a lot of growth, just when weakening growth and financial instability plagues the world.

A general consensus in the business community points to the belief that the Chinese government is contemplating an economic stimulus package of at least Rmb300-400 billion (1-1.5% of GDP) to address the need to stabilize domestic capital market and to encourage a healthier development of domestic housing market. This is on top of the estimated cost of rebuilding the Sichuan earthquake zone, which had been estimated to have a budget of RMB 500-600 billion. We believe that the bulk of spending needed for infrastructural build up is likely to start in 2009 and 2010.

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CHAIRMAN'S STATEMENT (CONT'D)

We believe the PRC will place greater emphasis on modernizing its agricultural and mining sectors and transforming them into contributing pillars to the Chinese economy. The need to address social problems associated with a widening income inequality between the rich coastal cities with that of the rural poor in the heartland has been the clarion call for more infrastructural spending is spent on inland provinces and cities. It has been estimated that more than 600 million people are still working on farms.

For Australia, we foresee a gradual moderation in the pace of global demand for resources. However, the demand curve is still very much on the uptrend. Even though there had been excesses in the lending markets in Australia in recent year, the fundamental health of the economy is still sound. The recent slowdown in property and commodities prices would provide rooms for the Reserve Bank of Australia to cut rates further. We see the fall in asset prices enabling values to emerge and an ideal opportunity to expand our business presence in Australia.

The US\$700 billion (\$840billion) rescue package aimed at restoring stability in the ailing US financial system had been voted down by the US Congress. This had generated further uncertainty to the already nervous global financial system and increased the prospect of a more severe recession in the US. We see this set back as a wake-up call to the US authorities to focus their attention at finding a solution to tackle the core of the problems of getting rid of the toxic assets from the financial system so that investors' confidence can gradually return. Our company had been through the Asian Financial Crisis of 1998 and believes that sensibility will ultimately replace fear, thereby setting the stage for a long haul recovery.

The Way Forward

We have successfully purchased back the 40% interest in MQH from the Trustees of Refco Group. Now that we have once again a 100% interest in our stock brokerage business, we intend to expand this business further with a view to establish some presence in the PRC as well as in Australia. We have begun the process of applying for an investment advisory license in Australia as we seek to increase the content of our Australian business.

We are encouraged by the granting of "Most favoured Nation" status by the PRC to Australia for in-bound investments for both the public as well as the private sectors from China. QST has over the years built up a strong and extensive network of relationships in both countries; we believe we can play an effective role in being the "Bridge" to link both countries in investment fields. Our strength lies in the deep appreciation and understanding of the two cultures, particularly in the corporate and public sectors, after having been investing in these two countries since 1991.

The new financial year marked the start of the execution of our transformation programme mapped out for QST. We intend to remain an Australian-China focused company. The transformation blueprint is focused on:

- (1) enlarging our presence mainly in the financial services business with presence in Australia, Singapore, and the PRC;
- (2) expanding our direct investment activities with emphasis on suitable businesses in the areas of environmental credits trading, protein-creation agro-marine resources, and eco-friendly ventures;
- (3) expanding our telecommunications businesses with cross-selling and marketing of our related technology company, Chongqing East Toptrend Domo Limited, particularly in the 3G accessory products market;
- (4) assuming incubation role for suitable young enterprises or technologies as part of the execution strategy for our parent company, Murchison Holdings Limited, as it executes the "five pillars growth" strategy moving forward.

Our new transformation programme is aimed at creating long term values for our shareholders by timely identifying, developing, and harvesting the investments made over the next several years. It is our preferred route to list/IPO our investments individually when they reached critical revenue mass on a recognized stock exchange. It is our belief that spinning-off for eventual listing on a recognized stock exchange is one of a number of ways to unlock some of the inherent values of any investments we made, which have not been adequately reflected in QST's present market capitalization.

On the operations front, in addressing the challenges posed by a more volatile and uncertain operating climate, your management will continue in the short term to maintain vigilance over its risk-management function and adopt a more defensive investment posture for its trading portfolios. We had for some years now developed a strong and loyal clientele. In this difficult time in the financial markets, we are committed to continue offering them good value services in our research, information flow, and insights to various issues affecting the market. We will also continue to focus attention in managing an efficient cash cost base.

We have a relatively strong balance sheet with low gearing. It is our objective to enlarge our balance sheet to better position ourselves for executing an acquisition-driven growth strategy in the near future to enhance our earnings base.


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CHAIRMAN'S STATEMENT (CONT'D)

Appreciation

On behalf of the Board of Directors, let me conclude by expressing my sincere appreciation to all our employees, shareholders and clients for their continued support.



Chiang Wee Tiong

Chairman

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QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

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CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Quest Investments Limited ("Company") is committed to the implementation and maintenance of a comprehensive system of corporate governance over the Company and its controlled entities ("Group") consistent with the size and nature of the Company. The Board recognizes its responsibilities to stakeholders to maximize value whilst maintaining a strong corporate governance, risk management and control framework.

As a listed entity, the Company must comply with the Corporations Act 2001, the Australian Securities Exchange Listing Rules (ASX Listing Rules) and other laws.

ASX Listing Rule 4.10.3 requires ASX listed companies to report on the extent to which they have followed the Principles of Good Governance and Best Practice Recommendations ("Recommendations") released by the ASX Corporate Governance Council.

The Recommendations encourage the Board to carefully consider the development and adoption of appropriate corporate governance policies and practices founded on the Recommendations. However, in view of the Company's current size and extent and nature of its operations, full adoption is currently not beneficial, practical or cost effective for the Company. Consequently, the Board does not consider that full implementation of the Recommendations is presently justified or in the interests of shareholders. The Board will continue to work towards full adoption of the Recommendations in line with the growth and development of the Company in the years ahead.

The purpose of this Corporate Governance Statement ("Statement") is to outline the main corporate governance principles and practices of the Company as at 30 September 2008. The Statement identifies where the Company is in compliance with the Governance Principles. It also highlights and explains any departures of the Company's principles and practices from the Governance Principles.

The Company's charters, policies and codes in relation to corporate governance are available on the website of Murchison Holdings Limited (www.murchisongroup.com) – the parent company of Quest investments Limited.

ASX Principle 1

Lay solid foundations for management and oversight

Recommendations 1.1

Establish the functions reserved to the Board and those delegated to senior executives and disclose those functions

The Board's objectives is to increase shareholder value within an appropriate framework that ensures the Company's affairs are properly managed and controlled and sets strategic business directions to be followed.

The powers reserved to the Board include the following:

- formulating the strategic objectives of the Company and establishing goals designed to promoted the achievement of those strategic objectives;
- reviewing and approving corporate strategies, budgets, plans and policies developed by management and evaluating performance of the Group against those strategies and business plans in order to:
 - monitor the performance of functions delegated to senior management including the progress of major capital expenditure, capital management, acquisitions, divestments, and strategic alliances and commitments, and
 - assess the suitability of the Company's overall strategies, business plans and resource allocation;
- establishing and maintaining appropriate corporate governance, risk management and control system;
- ensuring that effective audit, risk management and regulatory compliance programmes are implemented to protect the Group's assets and shareholder value;
- reviewing and approving corporate governance policies;
- oversight of corporate governance matters pertaining to the Board;
- appointing and removing the Managing Director ("MD");
- ratifying the appointment of the Chief Financial Officer ("CFO") and the Company Secretary;
- reviewing Board and executive management succession planning;

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CORPORATE GOVERNANCE STATEMENT (CONT'D)

- monitoring financial performance and business results (including the audit process) to understand at all times the financial position of the Group;
- oversight of the Company's continuous disclosure obligations including approving the Group's statutory accounts and directors' reports and the declarations of any dividends;
- reporting to shareholders and other stakeholders;
- capital management including issues, calls on, forfeiture of shares, declaration of dividend and share buybacks;
- membership and role of Board sub-committees;
- reviewing the performance of the Board and board committees; and
- implementing a culture of compliance with legal and ethical standards with the aim of achieving industry best practice.

The Board has delegated to the MD and, under the MD's leadership, executive management, the powers and authority necessary to implement the strategies approved by the Board and to manage the day to day business affairs of the Company. The MD is required to consult the Board on matters that are sensitive, extraordinary, of a strategic nature or are otherwise outside the MD's delegated authority limits as specified by the Board from time to time.

At the time of their appointment, non executive directors receive a formal letter of appointment which sets out key terms and conditions of their appointment, including expectations of attendance and preparation for all board meetings, appointment to other boards, the procedure for dealing with conflicts of interest, and the availability of independent professional advice. The service agreements of the MD and CFO formally outline their roles and responsibilities.

Senior managers who are not Board Members have formal contracts with the Company which includes details of their role and job descriptions.

Recommendation 1.2

Disclose the process for evaluating the performance of senior managers.

All senior managers are subject to a performance appraisal and remuneration review annually. As noted in Recommendation 8.1, such reviews are undertaken by the MD in accordance with the Company's performance based remuneration policy, details of which are set out in the Remuneration Report in the Directors' Report.

Recommendation 1.3

Provide the information indicated in the Guide to reporting on Principle 1.

A performance evaluation for all senior managers took place during the reporting period.

ASX Principle 2:

Structure the Board to add value

Recommendation 2,1

A majority of the Board should be independent directors.

A Director is considered independent when he or she is independent of management (that is, non-executive), and free from any business or other relationship that could materially interfere with, or could be reasonably perceived to materially interfere with, the exercise of his or her unfettered and independent judgment.

Materiality is considered on a case by case basis by reference to the director's individual circumstances rather than general materiality thresholds.

The Board has made its own assessment to determine the independent of reach director on the Board.

The Board comprises an executive chairman, Mr Wee Tiong Chiang, an executive director Mr Grant Anthony Robertson and a non-executive director Kim Chan Koh.

The composition of the Board is based on the following factors:

- current size of the Company;
- nature and extent of operations;
- stage of its development;
- tenure of directors;
- interests associated with directors hold a majority of the Company's issued securities; and

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CORPORATE GOVERNANCE STATEMENT (CONT'D)

- interests associated with directors hold a majority of the Company's issued securities; and
- limited trading in the Company's securities.

Notwithstanding the nature of the Board's composition, the Board maintains protocols to ensure that any potential or actual conflicts of interest and duty are properly identified and managed, and to ensure directors act in accordance with their fiduciary responsibilities.

The criteria for Board membership and the selection of appropriate members of the Board are determined by the Board itself. Election and rotation of directors is governed by the Company's constitution. Shareholder approval is sought where appropriate. In determining the appointment and retirement of non-executive directors, a cross section of skills and experience is sought.

The Company's constitution specifies, amongst other things, that no director except a managing director shall retain office for a period in excess of 3 years without submitting himself for re-election.

Details of the directors who are considered independent appear under Recommendation 2.6. The Company has not adopted the recommendation for a majority of the Board to be independent directors given the nature and extent of the Company's operations and the fact that interests associated with directors hold a majority of the Company's issued securities and that full adoption is currently not beneficial, practical or cost effective for the Company. This recommendation is inappropriate to the company's particular circumstances.

Recommendation 2.2

The chairman should be an independent director.

The Company has not adopted the recommendation given the nature and extent of the Company's operations, the fact that interests associated with the Chairman hold a majority of the Company's issued securities and that full adoption is currently not beneficial, practical or cost effective for the Company. This recommendation is inappropriate to the Company's particular circumstances.

Recommendation 2.3

The roles of chairman and chief executive officer should not be exercised by the same individual.

The Company has not adopted the recommendation given the nature and extent of the Company's operations, the fact that interests associated with the Chairman hold a majority of the Company's issued securities and that full adoption is currently not beneficial, practical or cost effective for the Company. This recommendation is inappropriate to the Company's particular circumstances. The Board of Directors has taken the view that at the present stage of development, it is in the best interests of the Company and its shareholders that Mr. Wee Tiong Chiang serves in both capacities as Chairman and CEO. This view departs from Recommendations 2.2 and 2.3.

Recommendation 2.4

The Board should establish a nominations committee.

The Company has not adopted this recommendation as the practices relating to the selection and appointment of directors, detailed within this statement, are an efficient means of meeting the needs of the Company, having regard to the relative size of the Company which is reflected in the Board structure and composition.

The Board consists of 3 directors, one of whom is considered independent, and it is considered that the Company has the capacity to consider director nomination practices within the duly constituted meeting of the Board, and that the establishment of a formal committee structure would not add greater value to this process. The Company has not adopted this recommendation as it is inappropriate to its particular circumstances.

Recommendation 2.5

Disclose the process for evaluating the performance of the Board, its committees and individual directors.

The performance of the Board and individual directors is considered on an informal, as needs basis.

For the reasons set out herein there are no committees of the Board.

All directors have direct access to the entire senior management team, including the company secretary, and are provided with information on a timely basis.

Recommendation 2.6

Provide information indicated in the Guide to reporting on Principle 2.

Skills, experience and expertise of directors

Information relevant to the position of each director in office at the date of this report is set out in the Directors' Report.

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CORPORATE GOVERNANCE STATEMENT (CONT'D)

Independent directors

Kim Chan Koh is considered "independent" in terms of the Recommendations, holding a nominal number of shares as set out in the Directors' Report. The Board has not set a materiality threshold for determining "independence". The independent director has not undertaken any employment with, nor acted as a principal of a material professional adviser or material consultant of, nor is a material supplier or customer of; nor has a material contractual relationship with; a member of the Group other than as a director.

Independent professional advice

Directors are able to seek reasonable independent professional advice, as appropriate, in the furtherance of their duties. Any such advice may be at the company's expense, subject to prior approval of the Board.

Period of Office held by each director

Information in relation to the period of office held by each director can be found in the Directors' Report.

Process of selection and appointment of directors

Given the strength of service of directors, the Board does not consider it necessary to develop succession plans or procedures for the appointment and re-election of directors other than as set out in the Company's Constitution.

Performance evaluation

A performance evaluation of the Board, its committees and directors did not take place in the relevant period for the reasons given under Recommendation 2.5.

Departures from recommendations

Any departure from Recommendation 2.1 to 2.6 is explained under the relevant Recommendation.

ASX Principle 3:

Promote ethical and responsible decision-making

Recommendation 3.1

Establish a code of conduct and disclose the code or a summary of the code as to:

- the practices necessary to maintain confidence in the company's integrity;
- the practices necessary to take into account the company's legal obligations and the reasonable expectations of shareholders; and
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

As part of the Board's commitment to the high standards of conduct, the Company has established operational protocols to deal with various issues including:

- conflicts of interest;
- employment practices;
- fair trading;
- health and safety; and
- relations with client, customers and suppliers.

These are designed to:

- clarify the standards of ethical behavior required of the Board, senior managers and employees and encourage compliance with those standards;
- assist the company to comply with its legal obligations and have regard to the reasonable expectations of shareholders.

The recommendation to establish and publish formal code has not been adopted in view of the nature and extent of the company operations, the long-standing tenure of directors and those close relationship with the senior management team.

Recommendation 3.2

Establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy

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CORPORATE GOVERNANCE STATEMENT (CONT'D)

The Board has an informal policy to restrict directors and senior managers from acting on material information to trade in the company's securities until such information has been released to the market and adequate time has passed for it is reflected in the price of those securities.

Material information means information concerning the Company's financial position, strategy or operations and any other information which a reasonable person might consider, if it were made public, would be likely to have a material impact on a decision to buy or sell the company's securities.

The recommendation to publish details of the trading policy has not been adopted in view of the limited dealings undertaken by directors and senior managers in the Company's securities and the fact that interests associated with the directors and senior managers hold a majority of the company's issued securities.

Recommendation 3.3:

Provide the information indicated in the Guide to reporting on Principle 3

Any departure from Recommendations 3.1 to 3.3 is explained under the relevant recommendations.

ASX Principle 4:

Safeguard integrity in financial reporting

Recommendation 4.1:

Establish an audit committee

The Board has not established an audit committee in view of the nature and extent of the Company's operations, the long-standing tenure of directors, the close relationship with the senior management team, interests associated with the directors hold a majority of the issued securities of the Company and that ultimate responsibility for the integrity of the Company's financial reporting rests with the full Board.

Recommendation 4.2:

The audit committee should be structured so that it:

- consists only of non-executive directors;
- consists of a majority of independent directors;
- is chaired by an independent chair, who is not chair of the board; and
- has at least three members.

For the reason set out in under Recommendation 4.1 the Board has not established an audit committee.

Recommendations 4.3:

The audit committee should have a formal charter.

The role and responsibilities of the Board include:

- oversee the existence and maintenance of internal controls and accounting systems;
- ensure the integrity of the financial reporting process;
- review the annual and half-yearly financial statements;
- oversee the independence of the external auditor; and
- ensure the existence of a process for identification and management of key business risks.

The Board has rights of access to management, rights to seek explanations and additional information, and access to external auditors without management being present.

The Board has not adopted the recommendations to establish a committee charter in view of the nature an extent of company operations, the experience of each member of the Board and close access to the executive team.

Recommendation 4.4:

Provide the information indicated in the guide to reporting on Principle 4

For the reasons set out in under Recommendation 4.1 to 4.3 the Board has not established an audit committee or a formal charter or information on procedures for the selection and appointment of the external auditor, and the rotation of external audit engagement partners as these matters are dealt with informally.

Any departure from Recommendation 4.1 to 4.4 is explained under the relevant Recommendation.

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CORPORATE GOVERNANCE STATEMENT (CONT'D)

ASX Principle 5:

Make timely and balanced disclosure

Recommendation 5.1:

Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance and disclose those policies or a summary of those policies.

The Managing Director has been nominated as the person responsible for communication with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirement in the ASX listing rules and overseeing and coordinating information disclosure to the ASX and the public.

The Managing Director and/or the Company Secretary jointly ensure that any proposed announcement is drafted in a timely manner, is factual, expressed in a clear and consistent manner and does not omit material information.

Except for standard secretarial and procedural matters, all material announcements to the ASX are authorized by the Board.

The Recommendation to establish and publish written policies regarding compliance with ASX Listing Rule disclosure requirements has not been adopted in view of the nature and extent of company operations.

Recommendation 5.2:

Provide the information indicated in the Guide to reporting on Principle 5.

Any departure from Recommendation 5.1 and 5.2 is explained under Recommendation 5.1 above.

ASX Principle 6:

Respect the rights of shareholders

Recommendation 6.1:

Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meeting and disclose the policy or a summary of that policy.

The Recommendation to publish a communications policy has not been adopted in view of the nature and extent of company operations.

Recommendation 6.2:

Provide information indicated in the Guide to reporting on Principle 6

The Company aims to keep shareholders informed of its performance and all major developments in an ongoing manner. Information disclosed to the ASX is available by a link on the Parent Company's website, referred to earlier.

Additionally, information is communicated to shareholders through:

- the annual report which is distributed to all shareholders and is available on the Company's website;
- the half annual report which is available on the Parent Company's website; and
- other correspondence regarding matters impacting on shareholders as required which is also available on the Parent Company's website.

Any departure from Recommendations 6.1 and 6.2 is explained under Recommendation 6.1 above.

ASX Principle 7:

Recognize and manage risk

Recommendation 7.1:

Establish policies for the oversight and management of material business risks and disclose a summary of those policies.

The Board oversees the establishment, implementation, and annual review of the Company's Risk Management System. The risk management system is established and implemented by the management of the Company. It consists of assessing, monitoring and managing operational, financial reporting and compliance risks for the Group. The MD and the CFO are required to declare, in writing to the Board, that the financial reporting, risk management and associated compliance and controls have been assessed and found to be operating efficiently and effectively. All risks assessments cover the entire financial year and the period up to the signing of the annual financial report for all material operations of the Group.

QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

CORPORATE GOVERNANCE STATEMENT (CONT'D)

The Group's risk management policies and procedures are aimed at ensuring risks are identified, assessed and appropriately managed. The Board reviews the status of the Group's risk profile annually. Each business unit is responsible and accountable for implementing and managing the standards required.

Major risks arise from such matters as project investment performance, interest rate and exchange rate movements, actions by competitors, counterparty risk, system risk, regulatory and policy changes by government, financial reporting and the purchase, development and application of information technology systems.

The Group strives to ensure that its services and products are of a high standard. The Board is responsible for the internal control framework, but recognizes that no cost-effective internal control system will preclude all human errors and irregularities. The Board's policy on internal control comprises the Company's internal compliance and control systems, including:

- operating unit controls – operating units confirm compliance with financial controls and procedures including information systems controls;
- functional specialty reporting- key areas subject to regular reporting to the Board include finance, operations and regulatory and compliance matters;
- Investment appraisal – guidelines for capital expenditure include annual budgets, detailed appraisal and review procedures, levels of authority, and due diligence requirements where businesses are being acquired or divested.

Comprehensive practices have been established to ensure:

- strict compliance with all financial services regulations;
- financial exposures are controlled. Further details of the Company's policies relating to interest rate management, foreign exchange rate management and credit risk management are included in the financial statements;
- business transactions are properly authorized and executed;
- the quality and integrity of personnel;
- financial reporting accuracy and compliance with financial regulatory framework; and
- environmental regulation compliance.

Given the size, nature and stage of business development of the Group, the Board does not consider it necessary to establish an internal audit function. The Group has a number of alternative policies in place in relation to independent oversight of compliance with financial services legislation, such as the annual reporting to the financial supervisory and regulatory authorities by its statutory auditors for its Hong Kong regulated financial services business.

Recommendation 7.2:

Require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. Disclose that management has reported to the board as to the effectiveness of the company's management of its material business risks

We refer to Recommendation 7.1 above.

Recommendation 7.3:

Disclose whether the board has received assurance from the chief executive (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Board has received the declaration in accordance with section 295A of the Corporation Act and has had an opportunity to question whether the declaration is founded on a system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Recommendation 7.4:

Provide the information included in the Guide to reporting on Principle 7

Any departure from Recommendations 7.1 to 7.4 is explained under the relevant Recommendation.

ASX Principle 8

Remunerate fairly and responsibly

Recommendation 8.1:

Establish a remuneration committee

The Board has not established a remuneration committee in view of the nature and extent of the Company's operations, the long-standing tenure of directors, the close relationship with the senior management team, interests associated with the directors hold a majority of the issued securities of the Company and that ultimate responsibility for the Company's remuneration policy rests with the full Board.

QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

CORPORATE GOVERNANCE STATEMENT (CONT'D)

The role and responsibilities of the Board includes the review and adoption (with or without amendment) of the Managing Director's recommendation concerning::

- appropriate remuneration policy for directors and senior managers;
- the performance reviews of senior managers; and
- the remuneration and employment terms of senior managers in accordance with the adopted remuneration policy.

Remuneration for non-executive directors is determined by the full Board and is subject to shareholder approval (where required).

The Board considers that the skills, experience and expertise of its members are entirely suited to the effective discharge of Recommendation 8.1.

For the reasons set out herein the Board does not have a remuneration committee and consequently does not have a committee charter.

Recommendation 8.2:

Clearly distinguish the structure of non-executive directors' remuneration from that of directors and senior managers
The Company's remuneration policy for senior managers and non-executive directors is set out in the Remuneration Report.

Recommendation 8.3

Provide the information indicated in the Guide to reporting on Principle 8

For the reasons set out herein the Board does not have a remuneration committee and consequently does not have a committee charter.

There is no scheme for retirement benefit for non-executive directors.

The Company has not published a summary of its policy on prohibiting entering into transactions in associated products which limit the economic risk of participating in invested entitlements under any equity-based remuneration scheme as the directors consider that such a policy is inappropriate to the Company's particular circumstances.

Any departure from Recommendation 8.1 to 8.3 is explained under the relevant Recommendations.

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QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

DIRECTORS' REPORT

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2008.

Directors

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

Mr. Wee Tiong Chiang

Mr. Grant Robertson

Mr. Kim Chan Koh

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

Company Secretary

The following person held the position of company secretary at the end of the financial year:

Mr. Grant Robertson holds the office of company secretary position since 1991. Qualification and experience of Mr. Grant Robertson is included under information on directors.

Principal Activities

The principal activities of the economic entity during the financial year were:

- Investments
 - Investments in marketable securities
- Stockbroking
 - Provision of share trading services to clients
- Venture capital investment
 - Mezzanine investments in companies suitable for eventual floatation on recognised stock exchanges.
- Telecom
 - Provision of communication services to clients.

There were no significant changes in the nature of the economic entity's principal activities during the financial year.

Operating Results

The consolidated profits of the economic entity after providing for income tax and eliminating outside minority interests amounted to \$1,089,338.

Dividends

No dividends paid or declared during the year.

Review of Operations

Quest Investments Limited and its controlled entities continued to earn their income from their activities in the sectors of investment, stockbroking and communication services. Our focus has continued to be the markets of South East Asia and Australia. The consolidated profits from ordinary activities after eliminating outside equity interest amount to \$1,089,338 (2007: \$262,112).

The stockbroking business operated in extremely poor market conditions for greater part of the financial year under review. The fall out from the US sub-prime market and the unfolding severe credit crunch in the banking system affected investors' sentiment. Rapidly rising oil price to beyond US\$140 per barrel and a falling US Dollar further exasperated the already poor market conditions. The massive correction in the PRC stock markets on the back of a determined austerity programme of People's Bank of China had a severe knock-on effect on most of Asia-Pacific stock markets. Although the brokerage division had a good first-half performance, most of the gains were eroded in the second half of the financial year.

Financial Position

There is no significant change in the company's net assets.

The directors believe the group is in a strong and stable financial position to expand and grow its current operations.

Significant Changes in State of Affairs

The Company purchased back the 40% effective equity interest of MQ Holdings Limited (the holding company for Quest Stockbrokers (HK) Limited) from the Trustees of Refco Group for a consideration of US\$150,000. This transaction resulted in Quest Stockbrokers (HK) Limited being a wholly owned subsidiary of the Group.

QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

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DIRECTORS' REPORT (CONT'D)

After Balance Date Events

No event after the balance sheet date has to be disclosed.

Future Developments, Prospects and Business Strategies

The purchase back of the 40% effective equity stake in our stockbrokerage subsidiary from our previous partner means that we can now be more effective in plotting our own future, especially after years of uncertainties associated with an inactive and non-contributing partner. The management is presently reviewing our present operation with a view to have a more definitive business strategy going forward.

Plans are in place to take advantage of a shake out in the Australian stockbroking industry by initiating an entry into the Australian market. The recently announced policy of placing Australia as the desired market for Chinese investors investing overseas and the continued trend of Chinese enterprises buying into Australian resource and other assets are important contributing factors to our decision. Our Company has been at the forefront of being the "bridge" between international companies and their Chinese counterparts on investments in China and Austra-Asia. We believe this established network of relationships will complement the Australian operations.

Our legal advisors are preparing our application for a license to set up a brokerage office in both Melbourne and Sydney. We see this move as positive as it will meet our declared objective of having a more active presence in Australia. We have been having discussions with a number of stock broking professionals and are confident that once the relevant licenses are obtained, we can execute our next phase of expansion.

For our traditional stockbrokerage business in Hong Kong, we are witnessing the onset of a severe bear market. Confidence over the future direction of the economy, the international banking system, stagflation, credit markets etc will continue to undermine investor's sentiment. Whilst it is a general consensus that the Chinese economy is still able to register growth, concerns over the inflationary pressure on basic food and energy prices are sufficiently serious as to possibly precipitate social unrest. This admittedly is an extreme prediction. We do not anticipate a rapid turn-around in market performance in the foreseeable future. We are adopting a more defensive strategy going forward.

Our telecom business is growing from a modest starting base. Quest Telecom has been receiving expressions of interest from various Cambodian, Turkish and UK parties to co-operate in expanding our services to these countries and also for some of the mobile telecommunications handsets we are marketing on behalf of our associated company CETD.

Plans are also in place to seek separate listing for our telecom subsidiary, as its growth will necessitate a separate funding source.

Over the longer term, the various initiatives undertaken by our parent company MCH in the PRC and Europe will provide cross-selling potential for our technology services and products as well as for our investment banking expertise.

Environmental Issues

The economic entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or State or Territory.

Information on Directors

Wee Tiong Chiang	– Chairman (executive)
Qualifications	– B. Sc (Hons), MBA
Experience	– Appointed Chairman and Board member since 1991. Mr. Chiang has considerable experience in investment, banking and asset management gained in Singapore and Hong Kong.
Interest in Shares and Options	– 1,547,448 Ordinary Shares in Quest Investments Limited and options to acquire a further 824,000 ordinary shares
Special Responsibilities	– Mr Chiang is also the Senior Economic advisor to The People's Government of Nan'an District, Chongqing City, PRC.
Directorships held in other listed entities	– Current director and chairman of Murchison Holdings Limited since 1991.
Grant Robertson	– Director (Non-executive)
Qualifications	– B. Ec, LLB., CPA
Experience	– Board member since 1991. Mr. Robertson is a solicitor and general counsel of Dibbs Abbott Stillman, and has considerable experience in property development, corporate and taxation matters.

QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

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DIRECTORS' REPORT (CONT'D)

- Interest in Shares and Options – 4,000 Ordinary Shares of Quest Investments Limited and options to acquire a further 900,000 ordinary shares in Quest Investments Limited.
- Directorships held in other listed entities – Current director of Murchison Holdings Limited since 1991.
- Kim Chan Koh** – Director (Non-executive)
- Qualifications – MBBS, MRCP, MRACP, DIH
- Experience – Board member since 2001. Dr Koh is a retired medical practitioner specialising in aviation medicine.
- Interest in Shares and Options – 5,400 Ordinary Shares of Quest Investments Limited and 205,400 ordinary shares in Quest Investments Limited.
- Directorships held in other listed entities – Current director of Murchison Holdings Limited since 2001

REMUNERATION REPORT

This report details the nature and amount of remuneration for each director of Quest Investments Limited, and for the executives receiving the highest remuneration.

Remuneration Policy

The remuneration policy of Quest Investments Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the economic entity's financial results. The board of Quest Investments Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the economic entity, as well as create goal congruence between directors, executives and shareholders.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the economic entity is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the management committee and approved by the board.
- All executives receive a base salary (which is based on factors such as length of service and experience), superannuation and fringe benefits.
- The management committee reviews executive packages annually by reference to the economic entity's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The performance of executives is measured against criteria agreed biannually with each executive and is based predominantly on the forecast growth of the economic entity's profits and shareholders' value. The board may, however, exercise its discretion in relation to approving incentives and options, and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

The executive directors and executives receive a Mandatory provident funds (MPF) contribution required by the government, which is currently 5%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards (MPF).

All remuneration paid to directors and executives is valued at the cost to the company and expensed. Options given to directors and executives are valued as the difference between the market price of those options and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The management committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the economic entity. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in the employee option plan.

QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

DIRECTORS' REPORT (CONT'D)

Performance-based Remuneration

As part of each number of the key management personnel's remuneration package there is a performance-based component, consisting of key performance indicators (KPIs). The intention of this program is to facilitate goal congruence between key management personnel with that of the business and shareholders. The KPIs are set annually, with a certain level of consultation with key management personnel to ensure buy-in. The measures are specifically tailored to the areas each key management personnel is involved in and has a level of control over. The KPIs target areas the board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short- and long-term goals. The level set for each KPI is based on budgeted figures for the group and respective industry standards.

Performance in relation to the KPIs is assessed annually. Following the assessment, the KPIs are reviewed by the remuneration committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the group's goals and shareholder wealth, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved, Quest Investments Limited bases the assessment on audited figures.

Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. Share options have been applied in achieving this aim. The issue of options to the directors to encourage the alignment of personal and shareholder interests. The company believes this policy to have been effective in increasing shareholder wealth over the past two years.

The following table shows the gross revenue and profits for the last five years for the listed entity at the end of the respective financial years. Analysis of the actual figures shows the improvement of operating results since 2006. The improvement in the company's performance over the last two years has been reflected in the company's increase in the net assets. The board is of the opinion that these results can be attributed in part to the previously described remuneration policy and is satisfied that this continued improvement has led to increased shareholder wealth over the past five years.

	2004	2005	2006	2007	2008
	\$000	\$000	\$000	\$000	\$000
Revenue	6,863	3,329	5,070	8,033	9,887
Net Profit / (loss)	(1,099)	(1,906)	(145)	262	1,089

The directors felt the share price was stable during the year. The board has decided to increase promotional activity amongst analysts so as to increase investor awareness of the company.

Key Management Personnel Remuneration Policy

The board's policy for determining the nature and amount of remuneration of key management for the group is as follows:

The remuneration structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company. The contracts for service between the company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Any options not exercised before or on the date of termination lapse.

The remuneration committee determines the proportion of fixed and variable compensation for each key management personnel. Refer below.

Key Management Personnel Remuneration

2008

Key Management Personnel

	Short-term Benefits				Total
	Salary and Fees	Superannuation Contribution	Non-cash Benefits	Options	
Directors	\$000	\$000	\$000	\$000	\$000
Wee Tiong Chiang	236	8	-	24	268
Grant Robertson	25	-	-	14	39
Kim Chan Koh	25	-	-	4	29
	286	8	-	42	336

QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

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DIRECTORS' REPORT (CONT'D)

Key Management Personnel

Short-term Benefits

	Salary and Fees	Superannuation Contribution	Non-cash Benefits	Options	Total
	\$000	\$000	\$000	\$000	\$000
Executives					
Jason Chiu	72	3	-	-	75
Edward Ho	35	1	-	-	36
Sharon Tan	34	2	-	-	36
Wendy Cheung	44	2	-	-	46
Anna Tsui	31	2	-	-	33
Carol Rudico	31	2	-	-	33
	247	12	-	-	259

Options Issued as Part of Remuneration for the Year Ended 30 June 2008

Options are issued to directors and executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to the majority of directors and executives of Quest Investments Limited and its subsidiaries to increase goal congruence between executives, directors and shareholders.

Options Granted as Remuneration

	Vested No	Granted No.	Grant Date	Value per Option at Grant Date	Exercise Price	First Exercise Date	Last Exercise Date
				\$	\$		
Key Management Personnel							
Directors							
Wee Tiong Chiang	500,000	500,000	30/11/2007	0.047	0.12	1/12/2007	NA
Grant Robertson	300,000	300,000	30/11/2007	0.047	0.12	1/12/2007	NA
Kim Chan Koh	100,000	100,000	30/11/2007	0.047	0.12	1/12/2007	NA
	900,000	900,000	-	-	-	-	-
Executives							
Jason Chiu	-	-	-	-	-	-	-
Edward Ho	-	-	-	-	-	-	-
Sharon Tan	-	-	-	-	-	-	-
Wendy Cheung	-	-	-	-	-	-	-
Anna Tsui	-	-	-	-	-	-	-
Carol Rudico	-	-	-	-	-	-	-

All options vest within 4 years of grant date and expire within 4 years. Options are granted to key management personnel with more than one year full-time service.

Exercise price equals the market price at date of the grant.

The service and performance criteria set to determine remuneration are included in this remunerated report. All options were granted for nil consideration.

QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

DIRECTORS' REPORT (CONT'D)

	No. of ordinary shares issued	Amount paid per share	Amount unpaid per share
Key Management Personnel			
Directors			
Wee Tiong Chiang	182,000	0.12	-
Grant Robertson	-	-	-
Kim Chan Koh	100,000	0.12	-
Executives			
Jason Chiu	-	-	-
Edward Ho	-	-	-
Sharon Tan	-	-	-
Wendy Cheung	-	-	-
Anna Tsui	-	-	-
Carol Rudico	-	-	-

Shares Issued on Exercised of Compensation Options

Directors	Options Granted as Part of Remuneration \$	Total Remuneration Represented by Options %	Options Exercised \$	Options Lapsed \$	Total \$
Wee Tiong Chiang	24	9%	-	-	24
Grant Robertson	14	36%	-	-	14
Kim Chan Koh	4	14%	-	-	4
Executives					
Jason Chiu	-	-	-	-	-
Edward Ho	-	-	-	-	-
Sharon Tan	-	-	-	-	-
Wendy Cheung	-	-	-	-	-
Anna Tsui	-	-	-	-	-
Carol Rudico	-	-	-	-	-
	42	16%	-	-	42

Meetings of Directors

During the financial year, 8 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number Attended
Wee Tiong Chiang	8	8
Grant Robertson	8	8
Kim Chan Koh	8	6

Indemnifying Officers or Auditor

During or since the end of the financial year the company has agreed to pay insurance premiums as follows:

The company has paid premiums to insure each of the following directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premium was \$1,692

- Wee Tiong Chiang
- Grant Robertson
- Kim Chan Koh

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QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

DIRECTORS' REPORT (CONT'D)

Options

At the date of this report, the unissued ordinary shares of Quest Investments Limited under Employee Option Plan are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
1/12/2004	30/11/2008	\$0.15	1,129,072

During the year ended 30 June 2008, the following ordinary shares of Quest Investments Limited were issued on the exercise of options granted under the Quest Investments Limited's Employee Option Plan. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

Grant Date	Exercise Price	Number of Shares Issued
1/12/2004	-	-

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Proceedings on Behalf of Company

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

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

Non-audit Services

There is no non-audit service provided by the auditors during the financial year.

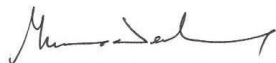
Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2008 has been received and can be found on page 24 of the directors' report.

Rounding of Amounts

The company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars.

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



Wee Tiong Chiang

Director

30th September 2008

QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044



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**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF QUEST INVESTMENTS LTD**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2008, there have been:

- a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

**BENTLEYS MELBOURNE PARTNERSHIP
CHARTERED ACCOUNTANTS**

**MARTIN FENSOME
PARTNER**

Dated in Melbourne on this 29th day of September 2008



Chartered Accountants and Business Advisors

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QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

INCOME STATEMENT FOR YEAR ENDED 30 JUNE 2008

	Note	Economic Entity		Parent Entity	
		2008 \$000	2007 \$000	2008 \$000	2007 \$000
Revenue		7,003	6,480	1,578	609
Other Income		999	1,553	1	-
Gain on Acquisition of Subsidiary		1,985	-	-	-
	2	9,987	8,033	1,579	609
Cost of Sales	3	(5,981)	(5,466)	(1,500)	(566)
Finance costs	3	(59)	(129)	(6)	-
Employee benefits expense		(695)	(801)	(47)	-
Depreciation		(10)	(3)	-	-
Other operating expenses		(2,010)	(983)	(1,304)	(170)
Share of net losses of associates		(70)	(134)	-	-
Profit / (loss) before income tax expenses		1,162	517	(1,278)	(127)
Income tax expenses	4	-	-	-	-
Profit / (loss) for the year		1,162	517	(1,278)	(127)
Profit /(loss) attributable to minority equity interest		(73)	(255)	-	-
Net profit / (loss) attributable to members of the parent entity		1,089	262	(1,278)	(127)
Overall Operations					
Basic earnings per share (cents per share)	8	2.85	0.77	-	-
Diluted earnings per share (cents per share)	8	1.98	0.48	-	-

The accompanying notes form part of these financial statements.

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QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

BALANCE SHEET AS AT 30 JUNE 2008

	Note	Economic Entity		Parent Entity	
		2008 \$000	2007 \$000	2008 \$000	2007 \$000
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	9	1,903	1,187	58	9
Trade and other receivables	10	9,200	8,382	3,838	2,096
Financial assets	12	777	574	232	163
Other current assets	15	8	7	-	-
TOTAL CURRENT ASSETS		11,888	10,150	4,128	2,268
NON-CURRENT ASSETS					
Investments accounted for using the equity method	11	229	299	-	-
Financial assets	12	8	8	4,782	4,619
Plant and equipment	14	27	12	1	2
Other non-current assets	15	102	113	-	-
TOTAL NON-CURRENT ASSETS		366	432	4,783	4,621
TOTAL ASSETS		12,254	10,582	8,911	6,889
CURRENT LIABILITIES					
Trade and other payables	16	6,573	5,462	4,018	2,075
Financial Liabilities	17	1,418	152	-	-
TOTAL CURRENT LIABILITIES		7,991	5,614	4,018	2,075
TOTAL LIABILITIES		7,991	5,614	4,018	2,075
NET ASSETS		4,263	4,968	4,893	4,814
EQUITY					
Issued capital	18	16,955	15,587	16,955	15,587
Reserves	19	662	1,085	1,280	1,291
Accumulated losses		(13,354)	(14,443)	(13,342)	(12,064)
Parent interest		4,263	2,229	4,893	4,814
Minority equity interest		-	2,739	-	-
TOTAL EQUITY		4,263	4,968	4,893	4,814

The accompanying notes form part of these financial statements.

QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2008

Economic Entity

Note	Ordinary share	Reserves			Minority Equity interests	Retained earnings/ (Accumulated Losses)
		Capital Profits	Share Options	Foreign Currency Translation		
	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 July 2006	15,342	1,129	162	91	2,866	(14,705)
Profit attributable to members of parent entity	-	-	-	-	-	517
Profit attributable to minority shareholders	-	-	-	-	255	(255)
Share issued during the year	245	-	-	-	-	-
Net exchange difference on translation of foreign controlled entities	-	-	-	(297)	(382)	-
Balance at 30 June 2007	15,587	1,129	162	(206)	2,739	(14,443)
Profit attributable to members of parent entity	-	-	-	-	(2,812)	1,162
Profit attributable to minority shareholders	-	-	-	-	73	(73)
Shares issued during the year	1,368	-	-	-	-	-
Transfer to and from reserve	-	-	(11)	-	-	-
Net exchange differences on translation of foreign controlled entities	-	-	-	(412)	-	-
Balance at 30 June 2008	16,955	1,129	151	(618)	-	(13,354)

The accompanying notes form part of these financial statements.

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QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2008

Parent Entity

	Note	Ordinary share	Reserves		Retained earnings/ (Accumulated Losses)
			Capital Profits	Share Options	
		\$000	\$000	\$000	\$000
Balance at 1 July 2006		15,342	1,129	162	(11,937)
Profit attributable to members of parent entity		-	-	-	(127)
Share issued during the year		245	-	-	-
Transfer to and from share capital		-	-	-	-
Transfer to and from reserve		-	-	-	-
Share options issued		-	-	-	-
Balance at 30 June 2007		15,587	1,129	162	(12,064)
Profit attributable to members of parent entity		-	-	-	(1,278)
Shares issued during the year		1,368	-	-	-
Transfer to and from share capital		-	-	(11)	-
Share options issued		-	-	-	-
Transfer to and from reserves		-	-	-	-
Balance at 30 June 2008		16,955	1,129	151	(13,342)

The accompanying notes form part of these financial statements.

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QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

CASH FLOW STATEMENT FOR YEAR ENDED 30 JUNE 2008

	Note	Economic Entity		Parent Entity	
		2008 \$000	2007 \$000	2008 \$000	2007 \$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		6,110	9,179	1,390	2,409
Payments to suppliers and employees		(7,648)	(8,439)	(2,947)	(2,649)
Dividends received		12	-	-	-
Interest received		43	-	-	-
Finance costs		(59)	(129)	(6)	-
Net cash provided by (used in) operating activities	22	(1,542)	611	(1,563)	(240)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		(25)	(13)	244	(2)
Purchase of Investment		(293)	-	-	-
Net cash used in investing activities		(318)	(13)	244	(2)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		1,368	245	1,368	245
Repayment of related party receivables		365	556	-	-
Net cash provided by (used in) financing activities		1,733	801	1,368	245
Net increase / (decrease) in cash held		(127)	1,399	49	3
Cash at beginning of financial year		1,035	(106)	9	6
Effect of exchange rates on cash holdings in foreign currencies		(423)	(258)	-	-
Cash at end of financial year	9	485	1,035	58	9

The accompanying notes form part of these financial statements.

For personal use only

QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of Quest Investments Limited and controlled entities ('Consolidated Group' or 'Group'), and the separate financial statements and notes of Quest Investments Limited as an individual parent entity ('Parent Entity').

Basis of Preparation

The financial report 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*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Principles of Consolidation

A controlled entity is any entity over which Quest Investments Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 13 to the financial statements.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the consolidated group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

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

Minority interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the group, are shown separately within the Equity section of the consolidated Balance Sheet and in the consolidated Income Statement.

Business Combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method. The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in profit or loss.

(b) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(c) **Plant and equipment**

Plant and equipment are measured on the cost basis.

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

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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 group 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.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Plant and equipment	20%

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.

(d) **Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the consolidated group, are classified as finance leases.

QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(e) **Financial Instruments**

Recognition and Initial Measurement

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

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

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

i. *Financial assets at fair value through profit or loss*

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

ii. *Loans and receivables*

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

iii. *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the group's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

iv. *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

v. *Financial Liabilities*

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

QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

Quest Investments Limited and Controlled Entities designates certain derivatives as either:

- i. hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- ii. hedges of highly probable forecast transactions (cash flow hedges).

At the inception of the transaction the relationship between hedging instruments and hedged items, as well as the group's risk management objective and strategy for undertaking various hedge transactions is documented.

Assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items, are also documented.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of hedged assets or liabilities that are attributable to the hedged risk.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred to a hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in the hedge reserve in equity are transferred to the income statement in the periods when the hedged item will affect profit or loss.

Fair value

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.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

Financial Guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

(f) Impairment of Assets

At each reporting date, the group 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.

QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(g) **Investments in Associates**

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognised the group's share of post-acquisition reserves of its associates.

(h) **Intangibles**

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(i) **Foreign Currency Transactions and Balances**

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

(j) **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. 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. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Equity-settled compensation

The group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(k) **Provisions**

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(l) **Cash and Cash Equivalents**

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

(m) **Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Dividends received from associates are accounted for in accordance with the equity method of accounting.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

(n) **Borrowing Costs**

Borrowing costs directly attributable to the acquisition or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(o) **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.

(p) **Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(q) **Rounding of Amounts**

The parent entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars

QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Critical Accounting Estimates and Judgments

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

Key Estimates — Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates

No impairment has been recognised in respect of property, plant and equipment for the year ended 30 June, 2008.

The financial report was authorised for issue on 30 September, 2008 by the board of directors.

	Note	Economic Entity		Parent Entity	
		2008 \$000	2007 \$000	2008 \$000	2007 \$000
Note 2: Revenue					
Operating Activities					
-		6,237	5,588	1,578	609
-	2(a)	12	7	-	-
-	2(b)	43	31	1	-
-		766	893	-	-
-		944	1,514		
-		1,985	-	-	-
Total Revenue		9,987	8,033	1,579	609
a. Interest revenue from:					
- other persons		43	31	-	-
Note 3: Profit for the year					
a. Expenses					
Cost of sales		5,981	5,466	1,500	566
- Depreciation and amortisation		10	3	-	-
Finance costs – external		59	129	6	-
Rental expenses		90	107	-	-
b. Significant Revenue and Expenses					
The following significant revenue and expense items are relevant in explaining the financial performance:					
Consideration on acquisition of a subsidiary		162	-	-	-
Carrying amount of net assets sold		1,823	-	-	-
Net gain on the acquisition of a subsidiary		1,985	-	-	-

QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	Note	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		\$000	\$000	\$000	\$000
Note 4: Income Tax Expense					
a.	The prima facie tax (credit) on profit (loss) from ordinary activities before income tax is reconciled to the income tax (credit) as follows:				
	Prima facie tax payable (credit provided) on profit (loss) from ordinary activities before income tax at 30% (2007: 30%)				
-	Consolidated entity	367	155	-	-
-	Parent entity	-	-	(384)	(38)
		367	155	(384)	(38)
	Add :				
	Tax effect of :				
-	non- deductible income and expenses	-	10	-	-
	Adjustment for foreign tax rate	(18)	(126)	-	-
		349	39	(384)	(38)
	Tax losses not brought to account	-	-	384	38
	Recoupment prior year tax losses not previously brought to account	(349)	(39)	-	-
		-	-	-	-
	Deferred income tax assets not brought to account.	636	985	470	86

Note 5: Key Management Personnel Compensation

(a) **Names and positions held of economic and parent entity key management personnel in office at any time during the financial year are:**

Directors

Wee Tiong Chiang	Chairman (Executive)
Grant Robertson	Director (Non-executive)
Kim Chan Koh	Director (Non-executive)

Executives

Jason Chiu	Dealing Director
Edward Ho	Dealing Director
Sharon Tan	Senior Manager
Wendy Cheung	Administration Manager
Anna Tsui	Accountant
Carol Rudico	Settlement supervisor

QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

Note 5: Key Management Personnel Compensation

(b) Compensation Options

Options Granted as Remuneration

Key Management Personnel

	Vested No.	Granted No.	Grant Date	Value per Option at Grant Date	Terms & Conditions for Each Grant		
					Exercise Price	First Exercise Date	Last Exercise Date
					\$		
Directors							
Wee Tiong Chiang	500,000	500,000	30/11/2007	0.047	0.12	1/12/2007	N/A
Grant Robertson	300,000	300,000	30/11/2007	0.047	0.12	1/12/2007	N/A
Kim Chan Koh	100,000	100,000	30/11/2007	0.047	0.12	1/12/2007	N/A
Executives							
Jason Chiu	-	-	-	-	-	1/2/2008	31/1/2012
Edward Ho	-	-	-	-	-	1/2/2008	31/1/2012
Sharon Tan	-	-	-	-	-	1/2/2008	31/1/2012
Wendy Cheung	-	-	-	-	-	1/2/2008	31/1/2012
Anna Tsui	-	-	-	-	-	1/2/2008	31/1/2012
Carol Rudico	-	-	-	-	-	1/2/2008	31/1/2012
	900,000	900,000					

All options vest within 4 year of grant date and expire within 4 years. Options are granted to key management personnel with more than one year full-time service.

Exercise price equals the market price at date of the grant.

The service and performance criteria set to determine remuneration are included in this remunerated report.

All options were granted for nil consideration.

(c) Options and Rights Holdings

Number of Options Held by Key Management Personnel

	Balance 1.7.07	Granted as Compensation	Options Exercised	Balance 30.6.08	Total Exercisable	Total Unexercisable 30.6.08
Directors						
Wee Tiong Chiang	506,000	500,000	(182,000)	824,000	824,000	-
Grant Robertson	600,000	300,000	-	900,000	900,000	-
Kim Chan Koh	200,000	100,000	(100,000)	200,000	200,000	-
Executives						
Jason Chiu	100,590	-	-	100,590	100,590	-
Edward Ho	-	-	-	-	-	-
Sharon Tan	150,958	-	-	150,958	150,958	-
Wendy Cheung	161,409	-	-	161,409	161,409	-
Anna Tsui	107,122	-	-	107,122	107,122	-
Carol Rudico	77,511	-	-	77,511	77,511	-
Total	1,903,590	900,000	(282,000)	2,521,590	2,521,590	-

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QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**Note 5: Key Management Personnel Compensation (CONT'D)****(d) Shareholdings****Number of Shares Held by Key Management Personnel**

	Balance 1.7.07	Options Exercised	Net Change Other *	Balance 30.6.08
Director				
Wee Tiong Chiang	1,365,448	-	176,000	1,541,448
Grant Robertson	4,000	-	-	4,000
Kim Chan Koh	5,400	100,000	(100,000)	5,400
Executives				
Jason Chiu	-	-	-	-
Edward Ho	-	-	-	-
Sharon Tan	12,000	-	-	12,000
Wendy Cheung	-	-	-	-
Anna Tsui	-	-	-	-
Carol Rudico	-	-	-	-
	1,386,848	-	-	1,562,848

* Net change other refers to share purchased or sold during the financial year.

(e) Remuneration Practices

The company's policy for determining the nature and amount of emoluments of board members and senior executives of the company is as follows:

The remuneration structure for executive officers, including executive directors, is based on a number of factors, including length of service, particular experience of the individual concerned and overall performance of the company. The contracts for service between the company and specified directors and executives are on a continuing basis the terms of which are not expected to change in the immediate future. Upon retirement specified directors and executives are paid employee benefit entitlements accrued to the date of their retirement. The company may terminate the respective contracts without cause by providing one to three months written notice or making payment in lieu of notice based on the individual's monthly salary. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the company can terminate employment at any time. Any options not exercised before or on the date of termination will lapse.

Note 6: Auditors' Remuneration

	Economic Entity		Parent Entity	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Remuneration of the auditor of the parent entity for:				
– auditing or reviewing the financial report	50	48	50	48
Remuneration of other auditors of subsidiaries for:				
– auditing or reviewing the financial report of subsidiaries	38	30	-	-
–	88	78	50	48

Note 7: Dividends

No dividend was proposed and paid during the year.

QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

Note 8 : Earnings per Share

	Economic Entity	
	2008	2007
	\$000	\$000
a. Reconciliation of Earnings to Profit and Loss		
Profit for the year	1,162	517
Profit attributable to minority equity interest	(73)	(255)
Earnings used to calculate basic EPS and dilutive EPS	1,089	262
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	-	-
Weighted average number of ordinary shares outstanding	38,210,433	34,106,183
Weighted average number of options outstanding	16,819,940	20,751,009
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	55,030,373	54,857,192

Note 9: Cash and Cash Equivalents

	Note	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		\$000	\$000	\$000	\$000
Cash at bank and in hand		1,903	1,187	58	9
		1,903	1,187	58	9

- a. Cash at bank includes \$1,840,780 pledged as security for overdraft facilities.
- b. The effective interest rate on short-term bank deposits was 1% (2007: 3%); these deposits have an average maturity of one to seven day.

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the balance sheet as follows:

Cash and cash equivalents		1,903	1,187	58	9
Bank overdrafts	17	(1,418)	(152)	-	-
		485	1,035	58	9

Note 10: Trade and Other Receivables

		Economic Entity		Parent Entity	
		2008	2007	2008	2007
		\$000	\$000	\$000	\$000
CURRENT					
Amounts due from customers		3,243	3,815	173	229
Amounts receivable from related parties					
— wholly-owned subsidiaries		-	-	1,941	1,855
— associated companies		5,957	4,567	1,724	12
		9,200	8,382	3,838	2,096

- (a) The loans to wholly-owned subsidiaries are interest free and repayable on demand
- (b) The loans to associated companies are non interest bearing.

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QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	Note	Economic Entity		Parent Entity			
		2008 \$000	2007 \$000	2008 \$000	2007 \$000		
Note 11: Investments Accounted for Using the Equity Method							
Associated companies	11(a)	229	299	-	-		
		229	299	-	-		
Interests are held in the following associated companies							
Name	Principal Activities	Country of Incorporation	Shares	Ownership Interest	Carry amount of investment		
				2008 %	2007 %	2008 \$000	2007 \$000
Unlisted:							
Oceanic Processors Pty Ltd	Seafood Product	Australia	Ord	45%	45%	229	299
a. Movements During the Year in Equity Accounted Investment in Associated Companies							
Balance at beginning of the financial year				299	433	450	450
Add: share of associated company's losses from ordinary activities			11(b)	(70)	(134)	-	-
Balance at end of the financial year				229	299	450	450
b. Equity accounted associate profits / (losses) are as follows:							
Share of associate's loss from ordinary activities before income tax expense				(70)	(134)	-	-
Share of associate's income tax expenses				-	-	-	-
Share of associate's loss after income tax expenses				(70)	(134)	-	-
c. Summarised Presentation of Aggregate Assets, Liabilities and Performance of Associates							
Current Assets				596	512	-	-
Non-current Assets				24	32	-	-
Total Assets				620	544	-	-
Current Liabilities				(1,333)	(1,142)	-	-
Total Liabilities				(1,333)	(1,142)	-	-
Net Liabilities				(713)	(598)	-	-
Revenues				444	3,794	-	-
Profit / (Loss) after income tax of associates				(137)	(298)	-	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

Note 12: Financial Assets	Note	Economic Entity		Parent Entity	
		2008 \$000	2007 \$000	2008 \$000	2007 \$000
Available for sale financial assets	12(a)	785	582	5,014	4,782
Less : Non-current portion		(8)	(8)	(4,782)	(4,619)
Current portion		777	574	232	163
(a) Available-for-sale Financial Assets Comprise:					
Listed investments, at fair value					
– shares in listed corporations		777	574	232	163
Listed investments, at recoverable amount					
– shares in listed corporations, at cost		476	476	476	476
Less : Impairment provision		(468)	(468)	(468)	(468)
		8	8	8	8
Unlisted investments, at cost					
– shares in controlled entities		-	-	4,324	4,161
– shares in associates		-	-	2,085	2,085
Less: Impairment Provision		-	-	(1,635)	(1,635)
		-	-	4,774	4,611

Available-for-sale financial assets comprise investments in the ordinary share capital of various entities. There are no fixed returns or fixed maturity date attached to these investments.

The directors regularly review the cost of investment with the fair value and marked fair value when the cost of investment falls below or above the fair value.

Note 13: Controlled Entities

(a) Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)*	
		2008	2007
Parent Entity:			
Quest Investments Limited	Australia	-	-
Ultimate Parent Entity			
Murchison Holdings Limited	Australia	-	-
Subsidiaries of Quest Investments Limited			
Quest Securities (Australia) Limited	Australia	100	100
Genequest Pty Ltd.	Australia	100	100
Techgene Pty Ltd.	Australia	100	100
Tivuna Pty Limited	Australia	100	100
MQ Holdings Limited	British Virgin Islands	100	60
Quest Stockbrokers (HK) Limited	Hong Kong	100	60
Quest Nominees Limited	Hong Kong	100	100
Quest Investments Limited	Hong Kong	100	100
Quest Telecom Ltd.	Hong Kong	100	100

* Percentage of voting power is in proportion to ownership

QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

Note 13: Controlled Entities (CONT'D)

(b) Acquisition of Controlled Entities

On 03 March, 2008 the parent entity acquired 40% of Murchison Holdings Limited, with Quest Investments Limited entitled to all profits earned from 03 March, 2008 for a purchase consideration of \$162,332.

Note 14: Plant and Equipment

	Economic Entity		Parent Entity	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Plant and Equipment				
At cost	61	34	2	3
Accumulated depreciation	(34)	(22)	(1)	(1)
Carrying amount at the end of year	27	12	1	2

a. Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Plant and Equipment \$000	Total \$000
Economic Entity:		
Balance at the beginning of year	12	12
Additions	25	25
Depreciation Expenses	(10)	(10)
Carrying amount at the end of year	27	27
Parent Entity:		
Balance at the beginning of year	2	2
Depreciation	(1)	(1)
Carrying amount at the end of year	1	1

Note 15: Other Assets

	Note	Economic Entity		Parent Entity	
		2008 \$000	2007 \$000	2008 \$000	2007 \$000
CURRENT					
Prepayments		8	7	-	-
NON-CURRENT					
Funds reserves	15(a)	49	60	-	-
HKCC Membership		53	53	-	-
		102	113	-	-

(a) Funds reserves represents deposits with and refundable admission fee paid to Hong Kong Securities Clearing Company Limited and deposits with the Stock Exchange of Hong Kong Limited.

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QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

Note 16: Trade and other payables

	Note	Economic Entity		Parent Entity	
		2008 \$000	2007 \$000	2008 \$000	2007 \$000
CURRENT					
Trade payables		1,023	1,667	176	273
Amounts payable to:					
- wholly- owned subsidiaries		-	-	56	59
- Subsidiaries of ultimate parent		67	1,068	-	1,019
- ultimate parent entity	16(a)	4,467	923	2,770	674
- associated companies		1,016	1,804	1,016	50
		<u>6,573</u>	<u>5,462</u>	<u>4,018</u>	<u>2,075</u>

(a) Payables to parent entity is secured by a fixed and floating charges against the company's assets

Note	Economic Entity		Parent Entity		
	2008 \$000	2007 \$000	2008 \$000	2007 \$000	
Note 17: Financial Liabilities					
CURRENT					
Bank overdrafts	17(a)	1,418	152	-	-

a. The bank overdrafts of the parent entity and subsidiaries are secured by a fixed deposit pledged with the bank

Note 18: Issued Capital

	Economic Entity		Parent Entity	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
44,716,458 (2007: 35,698,820) fully paid ordinary shares	15,587	15,342	15,587	15,342
Share issued	1,368	245	1,368	245
	<u>16,955</u>	<u>15,587</u>	<u>16,955</u>	<u>15,587</u>

The company has issued capital amounting to 44,716,458 ordinary share of no par value

(a) Ordinary Shares	No.	No.	No.	No.
At the beginning of reporting period	35,698,820	35,698,820	35,698,820	35,698,820
Shares issued during the year				
03 March 2008	4,814,638	-	4,814,638	-
12 March 2008	176,000	-	176,000	-
17 March 2008	1,800,000	-	1,800,000	-
08 April 2008	2,215,000	-	2,215,000	-
09 May 2008	12,000	-	12,000	-
At reporting date	<u>44,716,458</u>	<u>35,698,820</u>	<u>44,716,458</u>	<u>35,698,820</u>

(b) During the year 9,017,638 option holders exercised their options at a price of \$0.15 to one ordinary share, 9,017,638 ordinary shares were issued during the year.

QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

Note 18: Issued Capital (CONT'D)

(c) Options

For information relating to the employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year end refer to note 23 share based payments.

For information relating to the share options issued to key management personnel during the financial year refer to note 23 share based payments.

(d) Capital Management

Management controls the capital of the group in order to maintain an appropriate debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

The group's debt and capital includes ordinary share capital, redeemable preference shares, convertible preference shares and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the group since the prior year. This strategy is to ensure that the group's gearing ratio remains below 30%. The gearing ratio's for the year ended 30 June 2008 and 30 June 2007 are as follows:

	Note	Consolidated Group		Parent Entity	
		2008	2007	2008	2007
		\$000	\$000	\$000	\$000
Total borrowings		1,418	152	-	-
Less cash and cash equivalents		(1,903)	(1,187)	(58)	(9)
Net debt		(485)	(1,035)	58	9
Total equity		4,263	4,968	4,893	4,814
Total capital		3,778	3,933	4,951	4,823
Gearing ratio		13%	26%	N/A	N/A

Note 19: Reserves

a. Capital Profits Reserve

The capital profits reserve records non-taxable profits on sale of investments

b. Asset Revaluation Reserve

The asset revaluation reserve records revaluation of non-current assets. Under certain circumstances dividends can be declared from this reserve.

c. Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary

d. Option Reserve

The option reserve records items recognised as expenses on valuation of employee share options

QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

Note	Economic Entity		Parent Entity	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Note 20: Capital and Leasing Commitments				
Operating Lease Commitments				
Non-cancelable operating leases contracted for but not capitalised in the financial statements				
Payable — minimum lease payments				
– not later than 12 months	63	100	-	-
– between 12 months and 5 years	-	-	-	-
– greater than 5 years	-	-	-	-
	<u>63</u>	<u>100</u>	<u>-</u>	<u>-</u>

- (a) The property lease is a non-cancellable lease with a two-year term and will be expired on 14 March 2009, with rent payable monthly in advance.
- (b) No capital commitments are incurred during the financial year.

Note 21: Segment Reporting

Primary Reporting — Business Segments

	Investment		Stockbroking		Telecom		Economic Entity	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000
REVENUE								
External Sale	5,900	4,599	765	893	338	988	7,003	6,480
Other revenue	86	1,304	249	241	-	8	335	1,553
Total revenue from ordinary activities	<u>5,986</u>	<u>5,903</u>	<u>1,014</u>	<u>1,134</u>	<u>338</u>	<u>996</u>	<u>7,338</u>	<u>8,033</u>
Segment profit and loss	1,588	1,203	161	(552)	10	-	(1,417)	651
Unallocated Revenues	2,649	-	-	-	-	-	2,649	-
Share of net losses of equity accounted associates and joint venture entities	(70)	(134)	-	-	-	-	(70)	(134)

Primary Reporting — Business Segments

	Investment		Stockbroking		Telecom		Economic Entity	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Profit (loss) for the year	<u>991</u>	<u>1,069</u>	<u>161</u>	<u>(552)</u>	<u>10</u>	<u>-</u>	<u>1,162</u>	<u>517</u>
ASSETS								
Segment assets	<u>4,727</u>	<u>3,030</u>	<u>7,431</u>	<u>7,476</u>	<u>46</u>	<u>76</u>	<u>12,254</u>	<u>10,582</u>
LIABILITIES								
Segment liabilities	<u>(5,883)</u>	<u>(4,021)</u>	<u>(2,012)</u>	<u>(1,512)</u>	<u>(96)</u>	<u>(81)</u>	<u>(7,991)</u>	<u>(5,614)</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

Note 21: Segment Reporting (CONT'D)

Primary Reporting — Business Segments

	Investment		Stockbroking		Telecom		Economic Entity	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Investment accounted for using equity method	229	299	-	-	-	-	229	299
Acquisitions of non-current segment assets	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	10	3	-	-	10	3
Other non-cash segment expenses	-	-	-	-	-	-	-	-

Secondary Reporting — Geographical Segments

Geographical location:	Segment Revenues for External Customers		Carrying Amount of Segment Assets		Acquisitions of Non-current Segment	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Australia	4,228	679	4,372	2,549	-	-
Hong Kong	5,759	7,354	7,882	8,033	-	-
	9,987	8,033	12,254	10,582	-	-

Accounting Policies

Segment revenues and expenses are those directly attributable to the segments. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

Intersegment Transfers

Segment revenues, expenses and results include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the economic entity at an arm's length. These transfers are eliminated on consolidation.

Business and Geographical Segments

Business segments

- Investments are invested in marketable securities.
- Stockbroking is provision of share trading services to clients.

Geographical segments

The economic entity's business segments are located in Australia with the Investments & Stockbroking division also having operations in the Australia and Hong Kong.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

Note 22: Cash Flow Information

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
a. Reconciliation of Cash Flow from Operations with (Loss) /Profit after Income Tax				
(Loss) /Profit after income tax	1,162	517	(1,278)	(127)
Depreciation of plant and equipment	10	3	-	-
Employee share option	-	-	-	-
Exchange gain	-	-	-	-
Changes in operating assets and liabilities:				
Increase in trade and others receivables	573	1,487	54	1,850
Increase /(Decrease) in trade and others payables	(598)	(1,462)	(107)	(1,913)
Decrease (increase) in other assets	395	66	(232)	(50)
Decrease in marketable securities	-	-	-	-
Net cash (outflows) from operating activities	1,542	611	(1,563)	(240)
b. Acquisition of Controlled Entities				
During the year 40% of the controlled entity MQ Holdings Limited was acquired. Details of this transaction are:				
Purchase consideration	162	-	-	-
Assets and liabilities held at acquisition date:				
Receivables	2,855	-	-	-
Inventories	-	-	-	-
Property, plant and equipment	-	-	-	-
Payables	(708)	-	-	-
	2,147	-	-	-
Discount in acquisition on consolidation	1,985	-	-	-
Minority equity interests in acquisitions	2,780	-	-	-
	4,765	-	-	-

The goodwill is attributable to the high profitability of the acquired business and the significant synergies expected to arise after the group's acquisition of MQ Holdings Limited.

The assets and liabilities arising from the acquisition are recognised at fair value which is equal to its carrying value.

Profit of MQ Holdings Limited included in consolidated profit of the group since the acquisition date on 3 March 2008 amounted to \$162,332. The results relating to MQ Holdings Limited been consolidated from 3 March 2008, consolidated revenue would have been \$177,757 and consolidated profit \$1,985,000 for the year ended 30 June 2008.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

Note 23: Share Based Payments

There are no employee options granted for the year ended 30 June 2008. As there is no conversion of employee options in the year ended 30 June 2008, the balance of employee options outstanding as at 30 June 2008 is 1,129,073. (2007: 1,129,073)

	Consolidated Group				Parent Entity			
	2008		2007		2008		2007	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
		\$		\$		\$		\$
Outstanding at the beginning of the year	1,306,000	0.15	1,306,000	0.15	1,306,000	0.15	1,306,000	0.15
Granted	900,000	0.15	-	-	900,000	0.15	-	-
Forfeited	(176,000)	0.15	-	-	(176,000)	0.15	-	-
Exercised	(106,000)	0.15	-	-	(106,000)	0.15	-	-
Expired	-	-	-	-	-	-	-	-
Outstanding at year-end	1,924,000	0.15	1,306,000	0.15	1,924,000	0.15	1,306,000	0.15
Exercisable at year-end	1,924,000	0.15	1,306,000	0.15	1,924,000	0.15	1,306,000	0.15

There were 282,000 options exercised during the year ended 30 Jun 2008.

176,000 options were exercised at a price of \$0.12 per share 106,000 options were exercised at a price of \$0.15 per share.

The options outstanding at 30 June 2008 had an exercise price ranging from 0.12 to 0.15 remaining contractual life of 3 years.

The fair value of the options granted during the year was \$42,300.

This price was calculated by using a Black-Scholes option pricing model applying the following inputs:

Exercise price	\$0.12
Life of the option	3 years
Underlying share price	\$0.15
Expected share price volatility	15%
Risk free interest rate	4%

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future tender, which may not eventuate.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

Included under employee benefits expense in the income statement is \$10,624 (2007: NIL), and relates, in full, to equity-settled share-based payment transactions.

Note 24: Events subsequent to balance sheet

No event after the balance sheet date has to be disclosed.

Note 25: Contingent Liabilities and Contingent Assets

There were no significant contingent liabilities and contingent assets at the year ended and subsequent to the financial year-end.

QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

Note 26: Related Party Transactions

During the year, Quest Stockbroker (HK) Limited charged total commission of \$106,874 to following companies associated for executing various trades:

	Consolidated Group		Parent Entity	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
(a) Transactions with subsidiary :				
Meredeen Investments Limited	52	-	-	-
Quest Securities Limited	55	-	-	-
	<u>107</u>	<u>-</u>	<u>-</u>	<u>-</u>
(b) Outstanding balances in relation to transactions with related parties:				
Current receivables from:				
Quest Securities Limited	2,838	3,131	-	12
Meredeen Investments Limited	1,274	1,436	-	-
Murchison International Limited	1,845	-	1,724	-
Quest Investments Limited	-	-	116	94
MQ Holdings Limited	-	-	1,762	1,762
	<u>5,957</u>	<u>4,567</u>	<u>3,602</u>	<u>1,868</u>
Current payables to :				
Quest Securities Limited	-	1,753	-	-
Meredeen Investments Limited	-	50	-	50
MQ Services Pty Limited	1,016	1,019	1,016	1,019
Murchison Holdings Limited	<u>4,469</u>	<u>923</u>	<u>2,770</u>	<u>674</u>
Murchison International Limited	<u>67</u>	<u>-</u>	<u>-</u>	<u>-</u>
Quest Securities (Australia) Limited	<u>-</u>	<u>-</u>	<u>52</u>	<u>54</u>
	<u>5,552</u>	<u>3,745</u>	<u>3,838</u>	<u>1,797</u>

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Other than those above, there was no other related party transaction during the year.

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Note 27: Financial Risk Management

a. Financial Risk Management Policies

The group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, bills, leases, preference shares, and derivatives.

The main purpose of non-derivative financial instruments is to raise finance for group operations.

Derivatives are used by the group for hedging purposes. Such instruments include forward exchange and currency option contracts and interest rate swap agreements. The group does not speculate in the trading of derivative instruments.

i. Treasury Risk Management

A finance committee consisting of senior executives of the group meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The committee's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

The finance committee operates under policies approved by the board of directors. Risk management policies are approved and reviewed by the Board on a regular basis. These include the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

ii. Financial Risk Exposures and Management

The main risks the group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk, credit risk and price risk.

Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate debt. At 30 June 2008 approximately 90% of group debt is fixed. It is the policy of the group to keep between 3% and 5% of debt on fixed interest rates. For further details on interest rate risk refer to Note 27(b)(i) & (ii).

Foreign currency risk

The group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the group's measurement currency. Refer to Note 27(b)(i) for further details.

Liquidity risk

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

Collateral has been given in the form of a guarantee from Quest Stockbrokers (HK) Limited, a subsidiary of Quest Investment Limited to a bank.

There are no other material amounts of collateral held as security at 30 June 2008.

Credit risk is managed on a group basis and reviewed regularly by the finance committee. It arises from exposures to customers as well as through certain derivative financial instruments and deposits with financial institutions.

The finance committee monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- only banks and financial institutions with an 'A' rating are utilised;
- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing; and

QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

Note 27: Financial Risk Management (CONT'D)

a. Financial Risk Management Policies

— customers that do not meet the group's strict credit policies may only purchase in cash or using recognised credit cards.

The group only invests in listed available-for-sale financial assets that have a minimum 'A' credit rating. Unlisted available-for-sale financial assets are not rated by external credit agencies. These are reviewed regularly by the group to ensure that credit exposure is minimised.

The credit risk for counterparties included in trade and other receivables at 30 June 2008 is detailed below:

	Consolidated Group		Parent Entity	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Trade and other receivables				
AA rated counterparties	-	-	-	-
B rated counterparties	-	-	-	-
Counterparties not rated	9,200	8,382	3,838	2,096
Total	9,200	8,382	3,838	2,096

During the year, the group does not expose to forward exchange contracts and interest rate swaps.

The consolidated group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the consolidated group.

Price risk

The group is not exposed to commodity price risk.

b. Financial Instruments

i. Financial Instrument Composition and Maturity Analysis

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

	Fixed Interest Rate Maturing													
	Weighted Average Effective Interest Rate		Floating Interest Rate		Within year		1 to 5 Years		Over 5 years		Non-interest bearing		Total	
	2008 %	2007 %	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Financial Assets:														
Cash	1	3	1,903	1,187	-	-	-	-	-	-	-	-	1,903	1,187
Receivables	-	-	-	-	-	-	-	-	-	-	9,200	8,382	9,200	8,382
Total Financial Assets			1,903	1,187	-	-	-	-	-	-	9,200	8,382	11,103	9,569
Financial Liabilities														
Bank loans and overdrafts	8	11	1,418	152	-	-	-	-	-	-	-	-	1,418	152
Trade and other payables	-	-	-	-	-	-	-	-	-	-	6,573	5,462	6,573	5,462
Total Financial Liabilities			1,418	152	-	-	-	-	-	-	6,573	5,462	7,991	5,614

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QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

Note 27: Financial Risk Management (CONT'D)

Trade and sundry payables are expected to be paid as followed:

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Less than 6 months	-	-	-	-
6 months to 1 year	6,573	5,462	4,018	2,075
1 - 5 years	-	-	-	-
Over 5 years	-	-	-	-
	<u>6,573</u>	<u>5,462</u>	<u>4,018</u>	<u>2,075</u>

c. Net Fair Values

The net fair values of:

- Term receivables, trade and sundry payables are expected to be paid as follow: government and fixed interest securities and bonds are determined by discounting the cash flows, at the market interest rates of similar securities, to their present value.
- Listed investments have been valued at the quoted market bid price at balance date, adjusted for transaction costs expected to be incurred. For unlisted investments where there is no organised financial market, the net fair value has been based on a reasonable estimation of the underlying net assets or discounted cash flows of the investment.
- Debentures, bills of exchange and promissory notes which are traded on organised financial markets, are based on the quoted market offer price at balance date adjusted for transaction costs expected to be incurred.
- Other loans and amounts due are determined by discounting the cash flows, at market interest rates of similar borrowings, to their present value.
- Forward exchange contracts are the recognised unrealised gain or loss at balance date determined from the current forward exchange rates for contracts with similar maturities.
- Interest rate swaps are the present value of the future net interest cash flows.
- Other assets and other liabilities approximate their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments, forward exchange contracts and interest rate swaps.

Financial assets where the carrying amount exceeds net fair values have not been written down as the consolidated group intends to hold these assets to maturity.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date.

	2008		2007	
	Carrying Amount \$000	Net Fair Value \$000	Carrying Amount \$000	Net Fair Value \$000
Financial assets				
Available for sale financial assets at fair value	785	785	582	582
Loans and receivables	9,200	9,200	8,382	8,382
	<u>9,985</u>	<u>9,985</u>	<u>8,964</u>	<u>8,964</u>
Financial liabilities				
Short term borrowing	1,418	1,418	152	152
Other loans and amounts due	6,573	6,573	5,462	5,462
Other liabilities	-	-	-	-
	<u>7,991</u>	<u>7,991</u>	<u>5,614</u>	<u>5,614</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

Note 27: Financial Risk Management (CONT'D)

iii. Sensitivity Analysis

Interest Rate Risk, Foreign Currency Risk and Price Risk

The group has performed sensitivity analysis relating to its exposure to interest rate risk, foreign currency risk and price risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

At 30 June 2008, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Consolidated Group		Parent Entity	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Change in profit				
— Increase in interest rate by 1 %	48	47	1	-
— Decrease in interest rate by 1 %	10	24	-	-
Change in Equity				
— Increase in interest rate by 1 %	5	16	-	-
— Decrease in interest rate by 1 %	(33)	(7)	-	-

Foreign currency Risk Price Risk

At 30 June 2008, the effect on profit and equity as a result of changes in the value of the Australian Dollar to the US Dollar, with all other variables remaining constant is as follows:

	Consolidated Group		Parent Entity	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Change in profit				
— Improvement in HKD to AUD by 1%	107	199	-	-
— Decline in HKD to AUD by 1%	21	99	-	-
Change in Equity				
— Improvement in HKD to AUD BY 1%	519	496	-	-
— Decline in HKD to AUD by 1%	433	396	-	-

Price Risk Sensitivity Analysis

The group does not subject to material price risk.

The above interest rate, foreign exchange rate and price risk sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

Note 28: Change in Accounting Policy

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

AASB Amendment	Standards Affected	Outline of Amendment	Application Date of Standard	Application Date for Group
AASB 2007-3 Amendments to Australian Accounting Standards	AASB 5 Non-current Assets Held for Sale and Discontinued Operations AASB 6 Exploration for and Evaluation of Mineral AASB 102 Inventories AASB 107 Cash Flow Statements AASB 119 Employee Benefits AASB 127 Consolidated and Separate Financial Statements AASB 134 Interim Financial Reporting AASB 136 Impairment of Assets AASB 1023 General Insurance Contracts AASB 1038 Life Insurance Contracts	The disclosure requirements of AASB 114: Segment Reporting have been replaced due to the issuing of AASB 8: Operating Segments in February 2007. These amendments will involve changes to segment reporting disclosures within the financial report. However, it is anticipated there will be no direct impact on recognition and measurement criteria amounts included in the financial report	1.1.2009	1.7.2009
AASB 8 Operating Segments	AASB 114 Segment Reporting	As above	1.1.2009	1.7.2009
AASB 2007-6 Amendments to Australian Accounting Standards	AASB 1 First time adoption of AIFRS AASB 101 Presentation of Financial Statements AASB 107 Cash Flow Statements AASB 111 Construction Contracts AASB 116 Property, Plant and Equipment AASB 138 Intangible Assets	The revised AASB 123: Borrowing Costs issued in June 2007 has removed the option to expense all borrowing costs. This amendment will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. However, there will be no direct impact to the amounts included in the financial group as they already capitalise borrowing costs related to qualifying assets.	1.1.2009	1.7.2009
AASB 123 Borrowing Costs	AASB 123 Borrowing Costs	As above	1.1.2009	1.7.2009

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

Note 28: Change in Accounting Policy (CONT'D)

AASB 2007-8 Amendments to Australian Accounting Standards	AASB 101 Presentation of Financial Statements	The revised AASB 101: Presentation of Financial Statements issued in September 2007 requires the presentation of a statement of comprehensive income.	1.1.2009	1.7.2009
AASB 101	AASB 101 Presentation of Financial Statements	As above	1.1.2009	1.7.2009

NOTE 29: COMPANY DETAILS

The registered office of the company is:

Quest Investments Limited

Level 2, 11 Queens Road, Melbourne, VIC3004, Australia

The principal places of business are:

Quest Investments Limited

Room 201, 2nd Floor, Chinaweal Centre, 414-424 Jaffe Road, Wanchai, Hong Kong

Quest Stockbrokers (HK) Ltd.

Room 201, 2nd Floor, Chinaweal Centre, 414-424 Jaffe Road, Wanchai, Hong Kong

QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

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DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, and remuneration disclosures that are detailed within the Remuneration Report in the Director's Report, are in accordance with the Corporations Act 2001 and:
 - a. comply with Accounting Standards and the Corporations Regulations 2001; and
 - b. give a true and fair view of the financial position as at 30 June 2007 and of the performance for the year ended on that date of the company and economic entity;
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
 - a. the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. The financial statements and notes for the financial year give a true and fair view.
3. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director



.....
Wee Tiong Chiang

Dated this 30th September 2008

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QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUEST INVESTMENTS LIMITED

We have audited the accompanying financial report of Quest Investment 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 and 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 control 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 (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

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 judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 and the remuneration disclosures in the directors' report.

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



Chartered Accountants and Business Advisors

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QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUEST INVESTMENTS LIMITED (Continued)

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Quest Investment Limited on 29 September 2008, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion:


- (a) the financial report of Quest Investments 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.

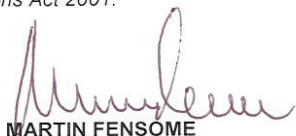
Report on the Remuneration Report

We have audited the Remuneration Report included in pages 19 to 22 of 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 Quest Investments Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.


BENTLEYS MELBOURNE PARTNERSHIP
CHARTERED ACCOUNTANTS


MARTIN FENSOME
PARTNER

Dated in Melbourne on this 30 day of September 2008



QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

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STOCK EXCHANGE REQUIREMENTS

Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in this report is as follows:

A. Shareholder information

The shareholder information set out below was applicable as at 30 June 2008.

a. Distribution of equity securities

Analysis of numbers of shareholders by size of holding

Substantial Shareholders	Number	Percentage
Murchison Holdings Limited	15,529,922	43.50
Quest Stockbrokers (HK) Limited	8,623,210	24.16
ANZ Nominees Limited	6,364,023	17.83
Cheng Tuan Donald Teo	1,000,000	2.80
	<hr/>	
	31,517,155	88.29

			No. of shareholders
Distribution	1 -	1000	885
	1,001 -	5,000	143
	5,001 -	10,000	40
	10,001 -	100,000	28
	100,001 -	and over	14
Total			<hr/>
			1,110

b. Holding less than a marketable parcel

1,016

c. The percentage of the total holding of the twenty largest holders over total issued share capital

97.49

d. The voting rights by or on behalf of members at a company meeting shall on a show of hands be one vote and upon a poll the exercise of one vote of each ordinary share held

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STOCK EXCHANGE REQUIREMENTS

B. 20 Largest Shareholders

The names of the twenty largest holders of ordinary shares are listed below:

	Ordinary shares fully paid	% of issued shares *
Murchison Holdings Ltd	19,594,802	43.82
Quest Stockbrokers (HK) Limited <Client A/C>	9,888,541	22.32
Quest Stockbrokers (HK) Ltd <Clients A/C>	4,582,556	10.25
ANZ Nominees Limited <Cash Income A/C>	2,610,982	5.68
Quest Stockbrokers(HK)Limited <Client A/C>	1,301,397	2.91
Fortis Clearing Nominees P/L <Settlement A/C>	1,006,596	2.25
Mr. Cheng Tuan Donald Teo	1,000,000	2.24
Mr. Wee Tiong Chiang	588,000	1.31
Mrs. Cheow Moi Chua	500,000	1.12
M Q Services Pty Ltd	455,696	1.02
Bronte Industries Pty Ltd <No 2 Account>	320,000	0.72
Paulon Assets Limited	260,300	0.58
Wellbuild International Limited	231,500	0.52
HSBC Custody Nominees (Australia) Limited	210,000	0.47
National Nominees Limited	200,000	0.45
Rev David John Griffiths	125,000	0.28
Meuter Andre	100,000	0.22
DMG & PARTNERS Securities Pte Ltd <Clients A/C>	91,000	0.20
Boom Securities (HK) Ltd <Clients Account>	60,000	0.13
Optex Exchange Pty Limited <David Sutton Super Fund A/C>	60,000	0.13
	<hr/>	
	43,176,370	96.62

* Expressed as a percentage of 44,716,458 total issued ordinary shares fully paid