

Appendix 4E

Preliminary final report

Quest Investments Limited  
A.B.N. 59 004 749 044

**1. REPORTING PERIOD**

The financial information contained in this report is for the year ended 30 June 2010. Comparative amount, unless otherwise indicated, are for the year ended 30 June 2009.

The Preliminary Final Report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (“AIFRS”). Compliance with AIFRS ensures that the report, comprising the financial statements and note thereto, complies with International Financial Reporting Standards (“IFRS”).

**2. RESULTS FOR ANNOUNCEMENT TO THE MARKET**

				\$A'000
Revenues from ordinary activities	Up	35%	to	6,006
Profit for ordinary activities after tax attributable to members	Down	86%	to	545
Profit for the period attributable to members	Down	86%	to	545
Dividends (distributions)	It does not propose to pay a dividend.			

**Review of Operation**

Net Profit on continuing operations was \$545,251 with no gain like the “Excess of investor’s share of net value on acquisition” of \$3.56 million recorded in the previous financial year arising from the acquisition of the China-based food processing company.

**3. STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 30 JUNE 2010**

	<b>2010</b>	<b>2009</b>
	\$000	\$000
Revenue	6,006	4,449
Cost of Sales	(5,029)	(4,646)
Other income	515	2,525
Excess of the investor's share of the net value on acquisition	-	3,561
Gain on disposal of an associated company	-	71
Finance costs	(40)	(63)
Employee benefits expenses	(513)	(635)
Depreciation	(11)	(11)
Other operating expenses	(633)	(1,411)
Share of profits / (losses) of associated company	250	48
Profit before income tax expenses	545	3,888
<b>Income tax expenses</b>	-	-
<b>Profit for the year</b>	545	3,888
<b>Other comprehensive income</b>		
Foreign currency translation differences for foreign operation:	(244)	677
<b>Other comprehensive income / (loss) for the year, net income tax</b>	(244)	677
<b>Total comprehensive income / (loss) for the year</b>	301	4,565
<b>Total comprehensive income / (loss) attributable to :</b>		
Owners of the company	301	4,565
Non-controlling interest	-	-
<b>Total comprehensive income for the year</b>	301	4,565
Basic earnings per share (cents per share)	1.22	8.70
Diluted earnings per share (cents per share)	0.64	7.94

The accompanying notes form part of these financial statements.

**4. STATEMENT OF FINANCIAL POSITION****AS AT 30 JUNE 2010**

	<u>2010</u> <u>\$000</u>	<u>2009</u> <u>\$000</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	843	450
Trade and other receivables	5,789	5,761
Financial assets	303	307
Other current assets	13	10
	<u>6,948</u>	<u>6,528</u>
<b>NON-CURRENT ASSETS</b>		
Investments accounted for using the equity method	3,863	3,613
Financial assets	8	8
Plant and equipment	36	29
Trade and other receivables	4,058	6,477
Other non current assets	114	121
	<u>8,079</u>	<u>10,248</u>
<b>TOTAL ASSETS</b>	<u>15,027</u>	<u>16,776</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	5,234	7,714
Financial liabilities	679	237
	<u>5,913</u>	<u>7,951</u>
<b>NET ASSETS</b>	<u>9,114</u>	<u>8,825</u>
<b>EQUITY</b>		
Issued capital	16,951	16,942
Reserves	1,084	1,349
Accumulated losses	(8,921)	(9,466)
	<u>9,114</u>	<u>8,825</u>
<b>Parent Interest</b>	<u>9,114</u>	<u>8,825</u>
Minority equity interest	-	-
<b>TOTAL EQUITY</b>	<u>9,114</u>	<u>8,825</u>

The accompanying notes form part of these financial statements.

**5. STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 30 JUNE 2010**

	<u>2010</u> <u>\$000</u>	<u>2009</u> <u>\$000</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	6,425	4,499
Interest received	8	44
Finance costs	(40)	(63)
Dividends received	3	11
Payments to suppliers and employees	(6,171)	( 4,904)
<b>NET CASH PROVIDED BY/ (USED) IN OPERATING ACTIVITIES</b>	<b>225</b>	<b>(413)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of plant and equipment	(18)	(13)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(18)</b>	<b>(13)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share	12	15
Share buy-back payment	(3)	(28)
(Repayment) / proceeds from related party loans	-	(520)
<b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES</b>	<b>9</b>	<b>(533)</b>
Net increase (decrease) in cash held	216	(959)
Cash at beginning of financial year	213	485
Effect of exchange rate changes on cash holdings in foreign currencies	(265)	687
<b>CASH AT END OF FINANCIAL YEAR</b>	<b>164</b>	<b>213</b>

The accompanying notes form part of these financial statements.

**6. DIVIDENDS**

The Company did not pay any dividends during the year ended 30 June 2010 and no dividends are presently proposed as being payable.

The Company does not operate a dividend re-investment plan.

**7. CONSOLIDATED ACCUMULATED LOSSES**

	2010	2009
	\$000	\$000
Accumulated losses at the beginning of the financial year	(9,466)	(13,354)
Net Profits attributable to the members of the parent entity	545	3,888
Accumulated losses at the end of the year	<u>(8,921)</u>	<u>(9,466)</u>

**8. NET TANGIBLE ASSETS PER SECURITY**

	2010	2009
Net tangible assets per security	20.4cents	19.8 cents

(The total number of ordinary shares used as the denominator in calculating Net Tangible Assets per share was 44,622,810)

**9. EARNINGS PER SHARE**

	2010	2009
	Cents	Cents
Basic earnings per share (a)	1.22	8.70
Diluted earnings per share (b)	0.64	7.94
(a) Basic earnings per share	\$000	\$000
Profits used to calculate earnings per share	545	3,888
Weighted average number of ordinary shares used as the denominator in calculating Basic earnings loss per share	44,512,822	44,686,597
(b) Diluted earnings per share		
Earnings used to calculate earnings per share	545	3,888
Weighted average number of ordinary shares used as the denominator in calculating Diluted earnings per share	85,503,747	48,969,227

**10. CHANGES IN CONTROL OVER GROUP ENTITIES**

During the financial year ended 30<sup>th</sup> June 2010, there is no changes in control over group entities.

**11. ASSOCIATES AND JOINT VENTURES**

Details of associates and joint ventures entities including the name of the associates or joint venture entity and details of the reporting entity's percentage holding in each of these entities and –where material to an understanding of the report – aggregate share of profits (losses) of these entities, details of contributions to net profits for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period.

Name of entity	% Holding	Aggregate Share of profit (losses)		Contribution to net profit	
		Current Period	Previous corresponding period	Current Period	Previous corresponding period
		\$	\$	\$	\$
Quest Securities Limited	49	Nil	Nil	Nil	Nil
Meredeen Investment Limited	39	Nil	Nil	Nil	Nil
Quest Marine Resources Limited	43	298,639	48,231	250,408	48,231

The consolidated entity has written off its entire investment in Quest Securities Limited and Meredeen Investments Limited accordingly no further losses have been recognised from these two associated companies.

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## 12. NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2010

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICES

The significant accounting policies are set out below.

#### Basis of preparation of the Financial Report

The general purpose financial report has been prepared in accordance with Australian Accounting Standard, including Australian Accounting Interpretations, other authoritative pronouncement of the Australian Accounting Standards Board and the Corporation Act 2001.

The financial report covers the consolidated entity of Quest Investments Limited and controlled entities (hereafter referred as "QST"). QST is a listed public company incorporated and domiciled in Australia.

The accounting policies adopted in the preparation of the preliminary final report have been applied consistently to all periods presented in this report and are consistent with those disclosed in the 2009 financial report except the followings:

#### AASB 101 Presentation of Financial Statements ('AASB 101')

The group has applied revised AASB 101 from 1 July 2009 and now presents a statement of comprehensive income, which incorporates the income statement and all non-owner changes in equity. As a result, the group now presents all owner changes in the statement of changes in equity. The balance sheet is now referred to as the statement of financial position. There is a requirement to present a third statement of financial position if there is restatement of comparatives through either a correction of error, change in accounting policy or a reclassification. The cash flow statement is now referred to as the statement of cash flows.

#### AASB 7 Financial Instruments: Disclosure ('AASB 7')

This amended standard is applicable from 1 July 2009 and requires additional disclosure about fair value measurement of financial instruments, using a three level fair value hierarchy. The amendments also clarify the disclosure requirements about liquidity risks for derivative transactions and assets used for liquidity management.

#### AASB 8 Operating Segments ('AASB 8')

The group has applied AASB 8, which replaces AASB 114 'Segment Reporting', from 1 July 2009. AASB 8 requires a management approach to segment reporting based on the information reported internally.

## **12. NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

### **2. STATEMENT OF OPERATIONS BY SEGMENTS**

#### **Business segments**

The consolidated entity is organised on a global basis into the following divisions by service type.

#### **Investments**

Investments in marketable securities

#### **Stockbroking**

Provision of share trading services to clients

#### **Telecom**

Provision of communication equipment and services to clients.

#### **Geographical Segments**

Although the consolidated entity divisions are managed on a global basis they operate in two main geographical areas:

#### **Australia**

The home country of the parent entity which is also the main operating entity. The areas of operation are in sectors of investments, stockbroking and communication services

#### **Hong Kong**

The major operations are carried out in Hong Kong.

**12. NOTES TO THE FINANCIAL STATEMENTS (Cont'd)****2. STATEMENT OF OPERATIONS BY SEGMENTS (Cont'd)****Primary Reporting — Business Segments**

	Investment		Stockbroking		Telecom		Economic Entity	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000	2010 \$000	2009 \$000	2010 \$000	2009 \$000
<b>REVENUE</b>								
External Sale	3,988	3,005	954	502	1,064	942	6,006	4,449
Other revenue	344	1,894	171	631	-	-	515	2,525
Total revenue from ordinary activities	4,332	4,899	1,125	1,133	1,064	942	6,521	6,974
Segment result	77	(411)	241	628	(23)	(9)	295	208
Unallocated Revenues	-	-	-	-	-	-	-	-
Gain on acquisition	-	-	-	-	-	-	-	-
Excess of the investor's share of the net value on acquisition	-	3,561	-	-	-	-	-	3,561
Gain on disposal of an associated company	-	71	-	-	-	-	-	71
Share of net profits /(losses) of equity accounted associates and joint venture entities	250	48	-	-	-	-	250	48
Profit /(loss) for the year	327	3,269	241	628	(23)	(9)	545	3,888
<b>ASSETS</b>								
Segment assets	10,259	8,922	4,734	7,749	34	105	15,027	16,776
<b>LIABILITIES</b>								
Segment liabilities	(4,247)	(5,731)	(1,621)	(2,128)	(45)	(92)	(5,913)	(7,951)

**12. NOTES TO THE FINANCIAL STATEMENTS (Cont'd)****2. STATEMENT OF OPERATIONS BY SEGMENTS (Cont'd)****Secondary Reporting — Geographical Segments**

	Segment Revenues for External Customers		Carrying Amount of Segment Assets		Acquisitions of Non-current Segment	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000	2010 \$000	2009 \$000
Geographical location:						
<b>Australia</b>	1,342	944	8,947	7,561	-	-
<b>Hong Kong</b>	5,179	6,030	6,080	9,215	-	-
	<u>6,521</u>	<u>6,974</u>	<u>15,027</u>	<u>16,776</u>	<u>-</u>	<u>-</u>

**13. STATUS OF AUDIT**

The information contained in this Appendix 4E is based upon accounts that are in the final process of being audited by the Company's auditors. There is not expected to be a dispute or qualification to the financial accounts.

For and on behalf of the Board

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Wee Tiong CHIANG  
Director  
Date :