

**Quest Investments Limited**

**Annual Report 2011**

# QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

## CONTENTS

COMPANY PARTICULARS	3
CHAIRMAN'S STATEMENT	4
CORPORATE GOVERNANCE STATEMENT	8
DIRECTORS' REPORT	11
REMUNERATION REPORT	15
AUDITOR'S INDEPENDENCE DECLARATION	22
STATEMENT OF COMPREHENSIVE INCOME	23
STATEMENT OF FINANCIAL POSITION	24
STATEMENT OF CHANGES IN EQUITY	25
STATEMENT OF CASH FLOWS	27
NOTES TO THE FINANCIAL STATEMENTS	28
DIRECTORS' DECLARATION	71
INDEPENDENT AUDIT REPORT	72
ADDITIONAL INFORMATION FOR LISTED COMPANIES	74

## **QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

### **COMPANY PARTICULARS**

#### **BOARD OF DIRECTORS**

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

Grant Anthony Robertson, B.Ec, LLB, CPA

Dr Kim Chan Koh, MBBS (Malaya), MRCP(G), MRACP, DIH Melbourne, VIC 3000,

Hung Ngok Wong, MA, FAIA

#### **AUDITOR**

Bentleys Melbourne Partnership (In Australia)

Level 7, 114 William Street,

Australia

#### **COMPANY SECRETARY**

Grant Anthony Robertson, B.Ec, LLB, CPA

NK Wong & Co (In Hong Kong)

Room 1206, Harbour Crystal Centre

100 Granville Road,

Tsim Sha Tsui,

Kowloon, Hong Kong

#### **REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS**

In Australia

Level 2, 11 Queens Road, Melbourne, Victoria 3004, Australia

Telephone : (03) 9867 7033

Fax : (03) 9867 7088

Principal place of business In Hong Kong

Room 202, 2<sup>nd</sup> Floor, Chinaweal Centre 414-424 Jaffe Road, Hong Kong

Telephone : (852) 2877 6828

Fax : (852) 2596 0451

#### **BANKERS**

Commonwealth Bank of Australia

367 Collins Street,

Melbourne, VIC 3000,

Australia

National Australia Bank Limited

271 Collins Street,

Melbourne, VIC 3000,

Australia

#### **SHARE REGISTRY**

BoardRoom Pty Limited

Level 7, 207 Kent Street,

Sydney, NSW 2000

Australia

Telephone : (02) 9290 9600

Fax : (02) 9279 0664

#### **STOCK EXCHANGE LISTING**

Quest Investments Limited is listed and its shares are quoted on the Australian Stock Exchange.

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

### CHAIRMAN'S STATEMENT

Dear Shareholders,

The 2010 - 11 Financial Year marked another good year for Quest Investments Limited ("QST"). We continued to progress and sustain the growth momentum from last year. During the year, world economies staged a temporary recovery on the back of various quantitative easing measures adopted by most governments in stabilizing the global financial systems with the result that global capital markets rallied on better economic fundamentals and on a much-improved investors' sentiment. Since the end of the year, significant uncertainty and volatility have re-emerged in global economies and capital markets.

Our company introduced a new brokerage platform for internet trading to augment the provision of traditional brokerage services to our clients. We expanded our investment and treasury activities in addition to the corporate finance and fund raising services we provide to our corporate clients.

For the marine resources business, we extended our capabilities in processing good quality aquatic products for exports to Europe, the USA and for domestic consumption in the People's Republic of China ("PRC"). New and additional food sources were secured and allowed us to be better prepared to access global processed food markets.

The audited accounts of the Company for the year ended 30 June 2010 did not include HK\$4,831 million of the Company's share of the net profits of our seafood associated company. This error has been corrected by restating each of the affected financial statement line items for the year ended 30 June 2010. This amount represents the difference between the profit reported by the Company and that announced to the Australian Securities Exchange on or about 31 August 2011. The Company's share of net profits of our seafood associated company for the two year period ended 30 June 2011 equal the aggregate amounts previously reported whilst the Statement of Financial Position as at 30 June 2011 has not changed.

We are presenting for the first time our financial accounts in Hong Kong Dollar ("HK") for the financial year ended 30 June 2011. This change will provide shareholders with a more accurate reflection of the Company's underlying performance given that in excess of 90% of the Company's revenue and the Group's banking facilities are denominated in HKDs.

I am glad, therefore, to report that QST and its controlled entities continued to register good results in a volatile and often challenging year. All the major operating businesses registered strong increase in revenue. Total revenues from ordinary activities increased 5-fold to HK\$264.75 million for the year ended 30 June 2011 as compared to the previous corresponding period ("pcp"). Net Profit in continuing operations was HK\$5.36 million.

The Company reported in its 2010 Annual Report an amount equivalent to HK\$1.718 million as its share of the Net Profit from its seafood associated company. The Appendix 4E lodged by the Company with the ASX on or about 31 August 2011 included an amount of HK\$4.831 million being the Company's share of the Net Profit from its seafood processing company for the year ended 30 June 2011.

An issue arose as to whether HK\$4.831 million of the Company's share of the Net Profit from the seafood processing company should be included in the 2010 financial year or the 2011 financial year. The Company took a conservative view of the matter and deferred the recognition of the same to the 2011 financial year. The Company and its auditors have determined that as a result of timing and income recognition matters that the Company's share of the Net Profit from its seafood associated company should be included in the 2010 financial year results and have consequently restated the same by increasing the share of the Net Profit from its seafood processing company by HK\$4.831 million to HK\$6.549 million with a resulting Net Profit of the Company for the year ended 30 June 2010 being HK\$8.571 million rather than the equivalent of HK\$3.74 million as stated in the 2010 annual report.

It is also important to note that there has been NO change to the Company's net asset or total equity for this 2011 financial year as a result of this restatement. Please refer to that part of Note 1 on Page 36 of this Report.

## **QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

### **CHAIRMAN'S STATEMENT (CONT'D)**

Our financial position continued to strengthen and remained healthy. Stronger cash flow resulting from net cash contribution from operating businesses was satisfactorily achieved in the year under review. Total Net Assets rose by 15.74% to HK\$69.986 million from HK\$64 million in the pcp. Our Total Liabilities continue to maintain a falling trend, declining by a further 5.26% to HK\$37.162 million from the previous year's HK\$39.224 million.

In line with our traditional emphasis of efficiently managing and containing our operating costs, I am satisfied that the increase in our operating costs was in support of revenue expansion with good productivity targets being achieved. Finance cost stood at a modest HK\$261,000 reflecting our low gearing position and prudent capital management.

#### **Stockbrokerage Business**

Our stockbrokerage business conducted through Quest Stockbrokers (HK) Limited ("QSB") continues to achieve good increases in both turnover and commission earned. Total value of transactions executed by QSB was HK\$3.38 billion. This represents a significant increase of 48% from the pcp. Commission income earned was HK\$7.396 million, an increase of 13% as compared to the pcp.

In line with our business plan to expand on the services QSB can provide to our corporate and institutional clients, QSB has placed greater emphasis on corporate fund raising activities to augment its traditional stock brokerage business. Total income from underwriting activities rose 450% to HK\$3.05m as compared to pcp. A total of HK\$385 million was raised for a number of corporate clients through placements and rights issues in the period under review.

Reflecting the enhanced level of activities, QSB registered a 85% increase in Net Profit to HK\$3.374m as compared to HK\$1.824m in the pcp.

QSB's internet brokerage system was launched in April 2011 to service our clients globally.

#### **Nominees Services**

Quest Nominees Limited ("QNL") continued to expand its traditional activities of providing secretarial and nominee services to its regional clients who have business exposure in Hong Kong. QNL is effectively debt free with a good portfolio of investment assets. Net profit rose 1850% to HK\$1,477,282 as compared to HK\$75,754 achieved in the pcp.

#### **Direct Investment**

##### **(A) Telecommunications**

Quest Telecom Limited ("QTL") recorded a profit of HK\$94,209 in a highly competitive market. This is in contrast to the loss of HK\$158,362 suffered in the pcp. Revenue from telecom and treasury activities rose to HK\$74.573m, an increase of 921% from the pcp. A more focused and active management of treasury and investment activities helped support the telecom business segment. QTL balance sheet is strong with modest liabilities.

##### **(B) Marine Resource**

We have been advised by Quest Marine Resources Limited ("QMR") and its wholly-owned subsidiary Dalian Jixiang Foods Limited ("DJFL") that each of them registered satisfactory performance. QMR's turnover from ordinary activities was HKD\$94.1 million and contribution to the Group's earnings was HK\$2.72 million. QMR and DJFL have witnessed a developing trend of switching by international food companies to countries with lower processing cost. With DJFL's available processing capacity and a lower cost base, it is able to benefit from this switch.

## **QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

### **CHAIRMAN'S STATEMENT (CONT'D)**

#### **Outlook**

At the start of 2011, growth appeared robust across the world. The US economy was steadily recovering with improving unemployment. Europe, lead by Germany, had seen a strong rebound in manufacturing. The Asia-Pacific economies also benefited from a strong PRC economy.

By the start of the second quarter, economic data were indicating that the recovery had stalled. Supply chain disruption following the devastating tsunami in Japan and its subsequent bottlenecks affected the global car and electronics industries. This led to a marked slow down in production globally.

Added to these adverse developments was the re-emergence of the sovereign debt crisis affecting Greece and the potential contagion effect on other periphery countries. The rankle in the US Congress over the raising of the debt ceiling and the down-grading of the US credit rating severely undermined market confidence. It is therefore not a surprise to witness in the past several weeks unprecedented upheaval in the global financial systems. In a sense, this has been a "summer of discontent" for all concerned.

Notwithstanding the doubtful efficacy of the "Quantitative Easing" and the near-zero interest rates, the loose monetary situation helped push hot money into the still-growing emerging markets. It also drove up both soft commodity and metal prices. For countries that are highly dependent on exporting to the developed economies, there is a realization of a need to restructure the composition of their economies. From an over-reliance on exports, it has become necessary to increase domestic consumption as a percentage of GDP. For some countries, this adjustment may prove an immense challenge.

For the developed economies, such as the US, the need to cut rising government spending and debt while fostering incentives for growth has gained more urgency. The recent debacle over the raising of the US debt-ceiling has severely damaged its credibility politically. The persistently high unemployment levels coupled with a marked slow down in economic activities in the second quarter of 2011 have resulted in a downward re-rating by the financial markets. Unless the US and Europe embark on rapid fiscal tightening over the coming years, it is difficult to foresee financial markets stabilizing when the underlying structural problems of high debt and deficit levels are not being addressed.

China, being an important hinterland for Hong Kong, is presently facing a number of challenges despite being the beacon of hope in an increasingly bleak economic landscape globally. Intense international pressure is being applied to encourage the PRC to build up its domestic demand and consume more foreign products. It is also under intense pressure to address the imbalances in its massive foreign exchanges reserves of about US\$3.1 trillion and loosen the Renminbi's tight trading range.

Domestically, the PRC is taking a number of administrative measures to prevent 'bubbles' being formed in its property market. It raised interest rates and banking reserves on a number of occasions and implemented tough restrictions on property purchases to cool demand in the real estate market and to rein in the massive credit expansion in its domestic banking system. Official statistics suggest fixed-asset investment accounts for 70% of economic activity. Much of that comes from real estate investment.

Rising food prices is another potentially troublesome development especially in the context of social stability in China. The US Federal Reserves Bank's QE scheme, coupled with near-zero interest rates, are pushing hot money into quick-growing emerging markets and driving up both soft commodity and metal prices. With a large population and a severe drought affecting its wheat production, the continuing rises in food prices has become a major challenge facing the PRC in 2011/12.

#### **The Way Forward**

In the 2010/2011 financial year, our Company's emphasis was principally focused on consolidating and expanding our existing portfolio of businesses. We have met most of the targets set in our business plan as evidenced by the better financial results achieved.

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

### CHAIRMAN'S STATEMENT (CONT'D)

For the 2011/12 financial year, the Company intends to continue devoting more resources to further deepen and strengthen our present market position in both the financial services business as well as the marine resources business. Notwithstanding the anticipated stronger headwinds arising from a turbulent and volatile market condition, we believe that both of these businesses have the necessary capacities to handle further increases in the volume of trades without the risk of over-expansion. As we have repaid most of our external financial liabilities in the past year, we are therefore confronting the present global financial crisis on a better footing and with a healthier balance sheet.

Initial results of the first two months of 2011/12 financial year suggest that the operating environment has indeed become more challenging and difficult. The wide swings in investors' sentiment and market gyrations have become more frequent - a trend that is unprecedented in this increasingly globalised world.

A number of developments presently unfolding which can be rather unsettling have convinced us to be more vigilant in monitoring and executing our various plans.

Firstly, the continuing problems associated with imbalances in the global economy and the massive debt problems confronting the more developed countries will continue to weigh on the world markets; leading to wide swings and gyrations not seen since the 1929 depression. Secondly, fears of unchecked and rising inflation in most of the developing economies and in particular, the PRC economy, could precipitate a flight to safety by investors deserting the equity markets in Asia. Thirdly, the much-anticipated problem of bad debts affecting the PRC banking sector (following its massive credit expansion in the aftermath of the 2008 financial crisis), if materialized, will severely undermine the already fragile and tepid global recovery. Fourthly, the increasing likelihood of Greece defaulting on its massive debts is very troubling. The fear is over the contagion that this would spread to other EU countries given the huge exposure of major European banks to Greece and other debt-ridden countries in the EU. A Greek default and an exit from the EU is likely to set in train another global financial crisis on a far larger scale than the one experienced in 2008 following the Lehman collapse.

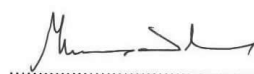
Therefore, we do not foresee in the medium term a major upturn in economic activity and market sentiment. A V-shape recovery is very unlikely at this stage of development globally. A double-dip recession cannot be ruled out. We are anticipating more headwinds ahead and will seek to remain vigilant in monitoring unfolding developments and to take appropriate counter-measures when necessary. Our traditional adherence to prudence will therefore be important in guiding us as we confront the rather bleak and frightful economic and market turbulence ahead. The work goes on, and the cause endures.

#### **In Gratitude**

On behalf of the Board of Directors, I would like to extend my sincere appreciation to every member of our staff for their continued passion, loyalty and commitment to our company.

I also wish to thank my fellow board members for their wise counsel and support to the course we have set for QST.

Finally, to our valued clients, business associates and shareholders, my heartfelt gratitude for their continued support and confidence.



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Chiang Wee Tiong  
Chairman

## **QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

### **CORPORATE GOVERNANCE STATEMENT**

Unless disclosed below, all the recommendations of the ASX Corporate Governance Council (including 2010 amendments) have been applied for the entire financial year ended 30 June 2011.

#### **Board Composition**

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term of office are detailed in the directors' report.

The name of independent directors of the company is:

Koh Kim Chan

When determining whether a non-executive director is independent the director must not fail any of the following materiality thresholds:

- less than 10% of company shares are held by the director and any entity or individual directly or indirectly associated with the director;
- no sales are made to or purchases made from any entity or individual directly or indirectly associated with the director; and
- none of the directors' income or the income of an individual or entity directly or indirectly associated with the director is derived from a contract with any member of the economic entity other than income derived as a director of the entity.

Independent directors have the right to seek independent professional advice in the furtherance of their duties as directors at the company's expense. Written approval must be obtained from the chair prior to incurring any expense on behalf of the company.

The Board of Directors perform the functions ordinarily carried out by a nomination committee.

#### **Ethical Standards**

The Board acknowledges and emphasises the importance of all directors and employees maintaining the highest standards of corporate governance practice and ethical conduct.

A code of conduct has been established requiring directors and employees to:

- act honestly and in good faith;
- exercise due care and diligence in fulfilling the functions of office;
- avoid conflicts and make full disclosure of any possible conflict of interest;
- comply with the law;
- encourage the reporting and investigating of unlawful and unethical behaviour; and
- comply with the share trading policy outlined in the Code of Conduct.

Directors are obliged to be independent in judgment and ensure all reasonable steps are taken to ensure due care is taken by the Board in making sound decisions.

#### **Trading Policy**

The company's policy regarding directors and employees trading in its securities is set by the management committee. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

#### **Audit Committee**

The Board of Directors perform the functions ordinarily carried out by an audit committee.

## **QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

### **CORPORATE GOVERNANCE STATEMENT (CONT'D)**

#### **Performance Evaluation**

An annual performance evaluation of the Board and all Board members was conducted by the Board for the financial year ended 30 June 2011. The Board developed a internal review system for all Board members and members of the senior management team to provide feedback on how they thought the Board had performed. The chairman also speaks to each director individually regarding their role as director. The results from the internal review system were collated and developed into a series of recommendations to improve performance. This was presented to the Board at which time an action plan was developed to implement the recommendations and set the performance criteria and goals for the next year.

#### **Board Roles and Responsibilities**

The Board is first and foremost accountable to provide value to its shareholders through delivery of timely and balanced disclosures.

The Board sought external guidance to assist the drafting of its 'Board Governance Document' which has been made publicly available on the company's website. This document details the adopted practices and processes in relation to matters reserved for the Board's consideration and decision-making and specifies the level of authorisation provided to other key management personnel. The Board is ultimately responsible for ensuring its actions are in accordance with key corporate governance principles.

#### **Shareholder Rights**

Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of directors, changes to the constitution and receipt of annual and interim financial statements. Shareholders are strongly encouraged to attend and participate in the Annual General Meetings of Quest Investments Limited, to lodge questions to be responded by the Board and are able to appoint proxies.

#### **Risk Management**

The Board considers identification and management of key risks associated with the business as vital to maximise shareholder wealth. A yearly assessment of the business's risk profile is undertaken and reviewed by the Board, covering all aspects of the business from the operational level through to strategic level risks. The Board has been delegated the task of implementing internal controls to identify and manage risks for which the Board provides oversight. The effectiveness of these controls is monitored and reviewed regularly. The worsening economic environment has emphasised the importance of managing and reassessing its key business risks.

#### **Remuneration Policies**

The remuneration policy, which sets the terms and conditions for the key management personnel, was developed by the management committee. All executives receive a base salary, superannuation, mandatory provident fund, fringe benefits and retirement benefits. The management committee reviews executive packages annually by reference to company performance, executive performance, comparable information from industry sectors and other listed companies and independent advice. The performance of executives is measured against criteria agreed half yearly which is based on the forecast growth of the company's profits and shareholders value. The policy is designed to attract the highest calibre executives and reward them for performance which results in long-term growth in shareholder value.

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

The amount of remuneration for all key management personnel for the company and the five highest paid executives, including all monetary and non-monetary components, are detailed in the directors report under the heading Key Management Personnel Compensation. All remuneration paid to executives is valued at the cost to the company and expensed. Options are valued using the Black-Scholes methodology.

The Board expects that the remuneration structure implemented will result in the company being able to attract and retain the best executives to run the consolidated group. It will also provide executives with the necessary incentives to work to grow long-term shareholder value.

## **QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

### **CORPORATE GOVERNANCE STATEMENT (CONT'D)**

The payment of options and other incentive payments are reviewed by the management committee annually as part of the review of executive remuneration and a recommendation is put to the Board for approval. All options and incentives must be linked to predetermined performance criteria. The Board can exercise its discretion in relation to approving incentives, bonuses and options and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria.

#### **Remuneration Committee**

The Group does not have remuneration committee. The management committee takes the roles of remuneration committee in determining the package for all senior executives.

There are no schemes for retirement benefits other than statutory superannuation or mandatory provident funds for non-executive directors.

#### **Other Information**

Further information relating to the company's corporate governance practices and policies has been made publicly available on the company's website at <[www.murchisongroup.com](http://www.murchisongroup.com)>.

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

### DIRECTORS' REPORT

Your directors present their report, together with the financial statements of the Group, being the company and its controlled entities, for the financial year ended 30 June 2011.

#### Principal Activities and Significant changes in Nature of Activities

The principal activities of the consolidated group 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.
- Sourcing and Distribution  
Provision of sourcing and distribution of consumer electronic products.

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

#### Operating Results

The consolidated profit of the consolidated group amounted to HK\$5,363,838 after providing for income tax and eliminating minority equity interests. This represented a 37% decrease in profits for the year. Further discussion on the Group's operations now follows.

#### Review of Operations

Quest Investments Limited's core performance improved in the financial year ended 30 June 2011.

The stockbrokerage business recorded a HK\$3.28 billion clients' turnover.

#### Financial Position

The net assets of the consolidated group did not significantly change during the year ended 30 June 2011. The directors believe the Group is in a healthy and stable position to develop and expand its current operations.

#### Significant Changes in State of Affairs

There was no significant change in the state of affairs of the parent entity during the financial year.

#### Dividends Paid or Recommended

No dividends were paid or declared during the year.

#### After Balance Date Events

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

#### Future Developments, Prospects and Business Strategies

In the current financial year, the group's emphasis was principally focused on consolidating and expanding group's existing portfolio of businesses. The Group met most of the targets set in the business plan as evidenced by the better financial results achieved.

For the 2011/12 financial year, the Group intends to continue devoting more resources to further deepen and strengthen the present market position in both the financial services business as well as the marine resources business. Notwithstanding the anticipated stronger headwinds arising from a turbulent and volatile market condition, the group believe that both of these businesses have the necessary capacities to handle further increases in the volume of trades without the risk of over-expansion. As the group repaid most of the external financial liabilities in the past year, therefore, confronting the present global financial crisis on a better footing and with a healthier statement of financial position.

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

### DIRECTORS' REPORT (CONT'D)

Initial results of the first two months of 2011/12 financial year suggest that the operating environment has indeed become more challenging and difficult. The wide swings in investors' sentiment and market gyrations have become more frequent - a trend that is unprecedented in this increasingly globalised world.

A number of developments presently unfolding which can be rather unsettling have convinced the group to be more vigilant in monitoring and executing various plans.

#### Environmental Issues

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

#### Information on Directors

- |  |  |
|--|--|
| <b>Wee Tiong Chiang</b>  | – Chairman (executive)   |
| Qualifications   | – B. Sc (Hons), MBA  |
| Experience   | – Appointed Chairman and Board member since 1991. Mr. Chiang has considerable experience in stock broking, investment, banking and asset management gained in Singapore, Hong Kong and PRC.  |
| Interest in Shares and Options   | – 4,677,340 Ordinary Shares and 1,000,000 options in Quest Investments Limited.  |
| 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 during the these years prior to the current year | – Current director and chairman of Murchison Holdings Limited since 1991.  |
| <b>Grant Anthony Robertson</b>   | – Director (Executive)   |
| Qualifications   | – B. Ec, LLB., CPA   |
| Interest in Shares and Options   | – 227,075 Ordinary Shares and 880,000 options of Quest Investments Limited.  |
| Experience   | – Board member since 1991. Mr. Robertson was a lawyer and general counsel of Dibbs Abbott Stillman, and has considerable experience in property development, corporate and taxation matters. |
| Directorships held in other listed entities during the these years prior to the current year | – Current director of Murchison Holdings Limited since 1991.   |
| <b>Kim Chan Koh</b>  | – 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   | – Nil Ordinary Shares and 110,000 options of Quest Investments Limited.  |
| Directorships held in other listed entities during the these years prior to the current year | – Current director of Murchison Holdings Limited since 2001.   |
| <b>Hung Ngok Wong</b>  | – Director (Executive)   |
| Qualifications   | – MA, FAIA   |
| Interest in Shares and Options   | – Nil Ordinary shares and 340,313 options of Quest Investments Limited.  |
| Experience   | – Appointed on 26 Oct 2010, Mr Wong has over 20 years working experience in banking, accounting and auditing.  |
| Directorships held in other listed entities during the these years prior to the current year | – Current director of Murchison Holdings Limited since 2010.   |

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

### DIRECTORS' REPORT (CONT'D)

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

#### Company Secretary

Grant Anthony Robertson - B. Ec, LLB., CPA, the director and company secretary of the Group. Details information for Mr Robertson can be referred to the information on the directors.

#### Meetings of Directors

During the financial year, 12 meetings 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	12	12
Grant Anthony Robertson	12	12
Kim Chan Koh	12	12
Hung Ngok Wong	5	5

#### 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 HKD118,355.

Wee Tiong Chiang

Grant Anthony Robertson

Kim Chan Koh

Hung Ngok Wong

#### Options

Option holders do not have any rights to participate in any issues of shares or other interests in the Company or any other entity.

There have been no unissued shares or interests under option of any controlled entity within the Group during or since reporting date.

For details of options issued to directors and executives as remuneration, refer to the Remuneration Report.

During the year ended 30 June 2011, no ordinary shares of Quest Investments Limited were issued on the exercise of options granted. No further shares have been issued since year end. No amounts are unpaid on any of the shares.

No person entitled to exercise an 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.

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

### DIRECTORS' REPORT (CONT'D)

#### Non-audit Services

The auditors of the Group and its controlled entities did not provide non-audit services during the year. This is not incompatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

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

<u>Grant Date</u>	<u>Date of Expiry</u>	<u>Exercise Price</u>	<u>Number under option</u>
26 November 2010	26 November 2015	AUD 0.075	4,192,626

#### Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2011 has been received and can be found on page 22 of the Annual Report.

#### ASIC Class Order 98/100 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.

#### Change in functional and presentation currency

An entity's functional currency is the currency of the primary economic environment in which the entity operates. Given that in excess of 90% of the Company's revenue and the Group's banking facilities are denominated in HK dollars, the Company announced on 28 February 2011 that the directors had determined that the functional currency of the Company and all its subsidiaries is HK dollars. The change in functional currency has been applied with effect from 1 July 2010 in accordance with the requirements of the Accounting Standards. Murchison Holdings Limited has elected to change its presentation currency from Australian dollars to HK dollars. The directors believe that changing the presentation currency to HK dollars will enhance comparability with its industry peer group, a majority of which report in HK dollars. The change in presentation currency represents a voluntary change in accounting policy, which has been applied retrospectively.

To give effect to the change in functional current, the assets and liabilities of entities with an Australian dollar functional currency at 30 June 2010 were converted into HK dollars at a fixed exchange rate on 1 July 2010 of AUD1:HKD6.634 and the contributed equity, reserves and retained earnings were converted at applicable historical rates. In order to derive HK dollar comparatives, the Australian dollar functional currency assets and liabilities at 30 June 2010 were converted at the spot rate of AUD1:HKD6.634 on the reporting date.

Earnings per share for 2010 has also been restated in HK dollars to reflect the change in the presentation currency.

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

### REMUNERATION REPORT

#### Remuneration Policy

The remuneration policy of Quest Investments Limited has been designed to align key management personnel 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 consolidated group'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 Consolidated Group is as follows:

- The remuneration policy is to be developed by the management committee and approved by the Board.
- All key management personnel receive a base salary (which is based on factors such as length of service and experience), superannuation, MPF, fringe benefits and options.
- No performance incentives are paid during the year.
- Incentives paid in the form of options or rights are intended to align the interests of the directors and company with those of the shareholders. In this regard, key management personnel are prohibited from limiting risk attached to those instruments by use of derivatives or other means.
- The management committee reviews key management personnel packages annually by reference to the consolidated group's performance, executive performance and comparable information from industry sectors.

The performance of key management personnel is measured against criteria agreed bi-annually with each executive and is based predominantly on the forecast growth of the consolidated group's profits and shareholders' value. Incentives must be linked to predetermined performance criteria. 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 results leading to long-term growth in shareholder wealth.

Key management personnel receive a superannuation guarantee contribution and Mandatory provident funds (MPF) which is currently 10% and 5% respectively and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation and MPF.

Upon retirement, key management personnel are paid employee benefit entitlements accrued to the date of retirement. Any options not exercised before or on the date of termination will lapse.

All remuneration paid to key management personnel is valued at the cost to the company and expensed.

The Board's policy is to remunerate non-executive directors at market rates 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.

Key management personnel are also entitled and encouraged to participate in the employee option arrangements to align directors' interests with shareholders' interests.

Options granted under the arrangement do not carry dividend or voting rights. Each option is entitled to be converted into one ordinary share and is valued using the Black-Scholes methodology.

Key management personnel who are subject to the arrangement are subject to a policy governing the use of external hedging arrangements. Such personnel are prohibited from entering into hedge arrangements, ie put options, on unvested shares and options which form part of their remuneration package

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

### REMUNERATION REPORT

#### Performance-based Remuneration

The key performance indicators (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 area each individual 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 management 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; however, where the KPI involves comparison of the Group, or a division within the Group, to the market, independent reports will be obtained from organisations.

#### Relationship between Remuneration Policy and Company Performance

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. The options method has issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The company believes this policy was effective in increasing shareholder wealth over the past 5 years.

The following table shows the gross revenue, profits and dividends for the last five years for the listed entity, as well as the share prices at the end of the respective financial years.

	2007	2008	2009	2010	2011
	HKD000	HKD000	HKD000	HKD000	HKD000
Revenue	53,328	74,183	66,212	41,200	264,748
Net Profit / (loss)	1,739	8,089	24,436	8,571	5,364
Dividend	-	-	-	-	-
Share price	AUD 0.12	AUD 0.15	AUD 0.10	AUD 0.08	AUD 0.10

During the year there was on-market share buy-back. The directors felt this was appropriate as it enabled the company to tidy up odd lot shares. The buy-back took effect from 19 August 2010 and expired 18 August 2011.

During the year, the share price traded between a low of AUD 0.07 and a high of AUD 0.10. The Board has decided to improve investor awareness of the company with the aim of ensuring that the company's share price is in tandem with a consistent and stable financial position of the Company.

#### Performance Conditions Linked to Remuneration

The Group seeks to emphasise reward incentives for results and continued commitment to the Group through the provision of share option schemes. Incentive payments provide management with a performance target which focuses upon organic sales growth utilising existing group resources.

The performance – related proportions of remuneration based on these targets are included in the following table. The objective of the reward schemes is to bath reinforce the short and long term goals of the group and provide a common interest between management and shareholder.

The satisfaction of the performance conditions are based on a review of the audited financial statements of the Group, as such figures reduce any risk of contention relating to payment eligibility. The Board does not believe that performance conditions should include a comparison with factors external to the Group at this time.

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

### REMUNERATION REPORT

#### Employment Details of Members of Key Management Personnel and Other Executives

The following table provides employment details of persons who were, during the financial year, members of key management personnel of the consolidated group, and to the extent different, among the key Group executives or company executives receiving the highest remuneration. The table also illustrates the proportion of remuneration that was performance and non-performance based and the proportion of remuneration received in the form of options.

	Position held as at 30 June 2011 and any change during the year	Contract details (duration & termination)	Proportions of elements of remuneration related to performance			Proportions of elements of remuneration not related to performance	
			Non-salary cash-based incentives	Shares/Units	Options/Rights	Fixed Salary/Fees	Total
			%	%	%	%	%
<b>Group Key Management Personnel</b>							
Wee Tiong Chiang	Director	No-fixed term	34	-	6	60	100
Grant Anthony Robertson	Director	No-fixed term	-	-	7	93	100
Kim Chan Koh	Director	No-fixed term	-	-	6	94	100
Hung Ngok Wong	Director	3 months notice period	-	-	8	92	100
<b>Other Executives</b>							
Jason Chiu	Dealing Director	3 months notice period	-	-	8	92	100
Sharon Tan	Senior Manager	3 month notice period	-	-	13	87	100
Wendy Cheung	Administration manager	3 month notice period	-	-	10	90	100
Anna Tsui	Accountant	3 months notice period	-	-	11	89	100
Carol Rudico	Settlement Supervisor	3 months notice period	-	-	9	91	100

The employment terms and conditions of key management personnel and Group executives are formalised in contracts of employment.

Terms of employment require that the relevant Group entity provide an executive contracted person with a minimum of 1-3 months notice prior to termination of contract. Termination payments equal to the required notice of termination are generally payable. A contracted person deemed who is employed on a permanent basis may terminate their employment by providing at least one month notice. No termination payments is payable on resignation.

Non-executive directors do not have a definite employment term. No termination payments will be paid upon termination.

#### Changes in Directors and Executives

On 26 Oct 2010, Mr Hung Ngok Wong commenced as director.

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

**REMUNERATION REPORT****Remuneration Details for the Year Ended 30 June 2011**

The following table of benefits and payments details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the consolidated group and, to the extent different, the key Group executives receiving the highest remuneration:

**Table of Benefits and Payments for the Year Ended 30 June 2011**

Group Key Management Personnel		Short-term Benefits				Total
		Salary and Fees	Superannuation Contribution	Non-cash Benefits	Options	
		HKD\$	HKD\$	HKD\$	HKD\$	HKD\$
<b>Directors</b>						
Wee Tiong Chiang	2011	1,218,825	61,740	714,449	124,500	2,119,514
	2010	1,089,850	60,480	671,508	-	1,821,838
Grant Anthony Robertson	2011	1,278,614	115,824	-	109,560	1,503,998
	2010	1,125,138	116,630	-	-	1,241,768
Kim Chan Koh	2011	193,897	18,716	-	13,695	226,308
	2010	171,515	34,303	-	-	205,818
Hung Ngok Wong	2011	445,300	20,265	-	42,369	507,934
	2010	440,000	20,000	-	-	460,000
<b>Executives</b>						
Jason Chiu	2011	329,000	21,630	-	31,387	382,017
	2010	447,784	21,000	-	-	468,784
Sharon Tan	2011	274,062	18,484	-	42,369	334,915
	2010	277,022	18,692	-	-	295,714
Wendy Cheung	2011	326,500	22,155	-	38,729	387,384
	2010	322,000	21,840	-	-	343,840
Anna Tsui	2011	226,500	15,855	-	29,827	272,182
	2010	222,000	15,540	-	-	237,540
Carol Rudico	2011	226,500	15,855	-	24,627	266,982
	2010	222,000	15,540	-	-	237,540

**Securities Received that are not Performance Related**

No members of the key management personnel are entitled to receive securities which are not performance-based as part of their remuneration package.

**Cash Bonuses, Performance-related Bonuses and Share-based Payments**

The terms and conditions relating to options and bonuses granted as remuneration during the year to key management personnel and other executives during the year are as follows:

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

**REMUNERATION REPORT**

	Remuneration Type	Grant Date	Reason for Grant (Note 1)	Percentage Vested/Paid during Year % (Note 2)	Percentage Forfeited during Year %	Percentage Remaining as Unvested %	Expiry Date for Vesting or Payment	Range of Possible Values Relating to Future Payment
<b>Group Key Management Personnel</b>								
<b>Directors</b>								
WeeTiong Chiang	Option	26 Nov 2010	As part of remuneration	100	0	0	-	-
Grant Anthony Robertson	Option	26 Nov 2010	As part of remuneration	100	0	0	-	-
Kim Chan Koh	Option	26 Nov 2010	As part of remuneration	100	0	0	-	-
Hung Ngok Wong	Option	26 Nov 2010	As part of remuneration	100	0	0	-	-
			As part of remuneration	100	0	0	-	-
<b>Executives</b>								
Jason Chiu	Option	26 Nov 2010	As part of remuneration	100	0	0	-	-
Sharon Tan	Option	26 Nov 2010	As part of remuneration	100	0	0	-	-
Wendy Cheung	Option	26 Nov 2010	As part of remuneration	100	0	0	-	-
Anna Tsui	Option	26 Nov 2010	As part of remuneration	100	0	0	-	-
Carol Rudico	Option	26 Nov 2010	As part of remuneration	100	0	0	-	-

Note 1 The options have been granted subject to the completion of one year continued employment with Quest Investments Limited and subject to the individual meeting predetermined performance criteria. The options vest evenly at the anniversary of the grant date for 5 years.

Note 2 The dollar value of the percentage vested/paid during the period has been reflected in the Table of Benefits and Payments.

All options were issued by Quest Investments Limited and entitle the holder to one ordinary share in Quest Investments Limited for each option exercised.

There have not been any alterations to the terms or conditions of any grants since grant date.

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

**REMUNERATION REPORT**

**Options and Rights Granted**

	Grant Details		For the Financial Year Ended 30 June 2011				Overall			
	Date	No.	Value HKD (Note 1)	Exercised No. (Note 2)	Exercised HKD (Note 3)	Lapsed No. (Note 4)	Lapsed HKD (Note 4)	Vested %	Unvested %	Lapsed %
<b>Group Key Management Personnel</b>										
<b>Directors</b>										
WeeTiong Chiang	26 Nov 2010	1,000,000	124,500	-	-	-	-	-	-	-
Grant Anthony Robertson	26 Nov 2010	880,000	109,560	-	-	-	-	-	-	-
Kim Chan Koh	26 Nov 2010	110,000	13,695	-	-	-	-	-	-	-
Hung Ngok Wong	26 Nov 2010	340,313	42,369	-	-	-	-	-	-	-
<b>Executives</b>										
Jason Chiu	26 Nov 2010	252,108	31,387	-	-	-	-	-	-	-
Sharon Tan	26 Nov 2010	340,314	42,369	-	-	-	-	-	-	-
Wendy Cheung	26 Nov 2010	311,080	38,729	-	-	-	-	-	-	-
Anna Tsui	26 Nov 2010	239,576	29,827	-	-	-	-	-	-	-
Carol Rudico	26 Nov 2010	197,804	24,627	-	-	-	-	-	-	-
<b>Total</b>		<b>3,671,195</b>	<b>457,063</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Note 1 The value of options granted as remuneration and as shown in the above table has been determined in accordance with applicable Australian Accounting Standards.

Note 2 All options exercised resulted in the issue of ordinary shares in Quest Investments Limited on a 1:1 basis. All persons exercising options paid the relevant exercise price in its entirety.

Note 3 The value of options that have been exercised during the year as shown in the above table was determined as at the time of their exercise.

Note 4 The value of options that have lapsed during the year due to vesting conditions not being satisfied has been determined at the time of their lapsing as if vesting conditions had been satisfied.

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

**REMUNERATION REPORT**

**Description of Options/Rights Issued as Remuneration**

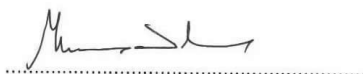
Details of the options granted as remuneration to those key management personnel and executives listed in the previous table are as follows:

<b>Grant Date</b>	<b>Issuer</b>	<b>Entitlement on Exercise</b>	<b>Dates Exercisable</b>	<b>Exercise Price AUD</b>	<b>Value per Option at Grant Date</b>	<b>Amount Paid/ Payable by Recipient AUD</b>
26 Nov 2010	Quest Investments Ltd	-	-	0.075	0.015	-

Option values at grant date were determined using the Black-Scholes method.

Details relating to service and performance criteria required for vesting have been provided in the previous table.

This director's report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.



Wee Tiong Chiang, Director

Dated : 04<sup>th</sup> October, 2011

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011 there have been:

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



**BENTLEYS MELBOURNE PARTNERSHIP  
CHARTERED ACCOUNTANTS**



**GORDON ROBERTSON  
PARTNER**

Dated in Melbourne on this 4<sup>th</sup> day of October 2011

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED  
30 JUNE 2011**

		<b>Consolidated group</b>	
	<b>Note</b>	<b>2011 HK\$000</b>	<b>2010 HK\$000</b>
Revenue	3	264,748	41,200
Cost of Sales		(258,944)	(34,501)
Gross profits		5,804	6,699
Other income	3	13,321	3,533
Finance costs		(261)	(274)
Employee benefits expense		(4,809)	(3,519)
Depreciation and amortisation expense		(96)	(75)
Other operating expenses		(11,319)	(4,342)
Share of net profits of an associated company		2,724	6,549
<b>Profit before income tax</b>	4	5,364	8,571
Income tax expense	5	-	-
<b>Profit for the year</b>	4	5,364	8,571
<b>Profit for the year</b>		5,364	8,571
<b>Other comprehensive income</b>			
Exchange differences on translating foreign entities		386	1,201
<b>Other comprehensive income for the year, net income tax</b>		5,750	9,772
<b>Total comprehensive income for the year</b>		5,750	9,772
<b>Profit attributable to:</b>			
Members of the parent entity		5,364	8,571
Non-controlling interest		-	-
<b>Profit for the year</b>		5,364	8,571
<b>Total comprehensive income attributable to :</b>			
Members of the parent entity		5,750	9,772
Non-controlling interest		-	-
		5,750	9,772
<b>Earnings per share</b>			
From continuing and discontinued operations:	<b>Note</b>		
Basic earnings per share (cents)	8	11.99	19.21
Diluted earnings per share (cents)	8	11.36	10.01
From continuing operations:			
Basic earnings per share (cents)	8	11.99	19.21
Diluted earnings per share (cents)	8	11.36	10.01

The accompanying notes form part of these financial statements.

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011**

		Consolidated group	
	Note	2011 HK\$000	2010 HK\$000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	9	6,559	5,589
Trade and other receivables	10	18,144	24,854
Financial assets	13	11,887	2,008
Other current assets	16	30	86
<b>TOTAL CURRENT ASSETS</b>		<b>36,620</b>	<b>32,537</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	10	37,614	40,469
Investments accounted for using the equity method	11	31,890	29,166
Other financial assets	13	53	53
Plant and equipment	15	211	239
Other non-current assets	16	760	760
<b>TOTAL NON-CURRENT ASSETS</b>		<b>70,528</b>	<b>70,687</b>
<b>TOTAL ASSETS</b>		<b>107,148</b>	<b>103,224</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17	34,118	34,721
Borrowings	18	3,044	4,503
<b>TOTAL CURRENT LIABILITIES</b>		<b>37,162</b>	<b>39,224</b>
<b>TOTAL LIABILITIES</b>		<b>37,162</b>	<b>39,224</b>
<b>NET ASSETS</b>		<b>69,986</b>	<b>64,000</b>
<b>EQUITY</b>			
Issued capital	19	94,826	94,696
Reserves	28	22,653	22,161
Accumulated losses		(47,493)	(52,857)
Parent interest		69,986	64,000
Non-controlling interest		-	-
<b>TOTAL EQUITY</b>		<b>69,986</b>	<b>64,000</b>

The accompanying notes form part of these financial statements.

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2011**

**Consolidated Group**

	Note	Reserves				Retained Earnings / (Accumulated Losses)	Minority Equity interests	Total
		Ordinary share	Capital Profits	Share Options	Foreign Currency Translation			
		HK\$000	HK\$000	HK\$000	HK\$000	HK\$000	HK\$000	HK\$000
<b>Balance at 1 July 2009</b>		94,635	7,099	1,015	12,846	(61,428)	-	54,167
<b>Comprehensive income</b>								
Profit and loss		-	-	-	-	8,571	-	8,571
<b>Other Comprehensive income for the year</b>								
Foreign currency translation difference		-	-	-	1,201	-	-	1,201
Total comprehensive income for the year		-	-	-	1,201	8,571	-	9,772
<b>Transactions with owners, in their capacity as owners, &amp; other transfers</b>								
Share issued during the year		78	-	-	-	-	-	78
Shares bought back during the year		(17)	-	-	-	-	-	(17)
<b>Total transactions with owners and other transfers</b>		61	-	-	-	-	-	61
<b>Balance at 30 June 2010</b>		94,696	7,099	1,015	14,047	(52,857)	-	64,000

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2011**

**Consolidated Group**

	Note	Reserves				Retained Earnings / (Accumulated Losses)	Minority Equity interests	Total
		Ordinary share	Capital Profits	Share Options	Foreign Currency Translation			
		HK\$000	HK\$000	HK\$000	HK\$000	HK\$000	HK\$000	
<b>Balance at 1 July 2010</b>		94,696	7,099	1,015	14,047	(52,857)	-	64,000
<b>Comprehensive income</b>								
Profit and loss		-	-	-	-	5,364	-	5,364
<b>Other Comprehensive income for the year</b>								
Foreign currency translation difference		-	-	-	386	-	-	386
Total comprehensive income for the year		-	-	-	386	5,364	-	5,750
<b>Transactions with owners, in their capacity as owners, &amp; other transfers</b>								
Shares issued during the year		143	-	-	-	-	-	143
Shares bought back during the year		(13)	-	-	-	-	-	(13)
Share options expense		-	-	106	-	-	-	106
<b>Total transactions with owners and other transfers</b>		130	-	106	-	-	-	236
<b>Balance at 30 June 2011</b>		94,826	7,099	1,121	14,433	(47,493)	-	69,986

The accompanying notes form part of these financial statements.

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2011**

		<b>Consolidated group</b>	
	<b>Note</b>	<b>2011</b>	<b>2010</b>
		<b>HK\$000</b>	<b>HK\$000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		286,943	42,412
Payments to suppliers and employees		(284,951)	(42,404)
Dividends received		55	21
Interest received		89	56
Finance costs		(261)	(274)
Net cash provided by (used in) operating activities	23	<u>1,875</u>	<u>(189)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investment / plant and equipment		<u>(68)</u>	<u>(125)</u>
Net cash used in investing activities		<u>(68)</u>	<u>(125)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		143	78
Repayment of / advancement from related party loans		492	-
Payment for share buy back		<u>(13)</u>	<u>(17)</u>
Net cash provided by financing activities		<u>622</u>	<u>61</u>
Net increase / (decrease) in cash held		2,429	(253)
Cash and cash equivalents at beginning of financial year		1,086	1,339
Cash at end of financial year	9	<u><u>3,515</u></u>	<u><u>1,086</u></u>

The accompanying notes form part of these financial statements.

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

This consolidated financial statements and notes of Quest Investments Limited and controlled entities ('Consolidated Group' or 'Group'). The separate financial statements of the parent entity, Quest Investments Limited have not been presented within this financial reports as permitted by the Corporation Act 2001.

#### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Basis of Preparation

The financial statements are a general purpose financial statements that have 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 financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of the financial report are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are 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

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Quest Investments Limited at the end of the reporting period. A controlled entity is any entity over which Quest Investments Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 14 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the Equity section of the consolidated Statement of Financial Position and Statement of Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

##### **Business Combinations**

Business combinations occur where an acquirer obtains control over one or more.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognizing any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

#### (b) **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are 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 unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognized outside profit or loss.

Except for business combinations, no deferred income tax is recognized from the initial recognition of an asset or liability 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 assets is the liability is settled and 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) a legally enforceable right of set-off exists; and (b) 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**

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

##### **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 statement of comprehensive income during the financial period in which they are incurred.

##### **Depreciation**

The depreciable amount of all fixed assets including capitalised lease assets 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.

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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

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

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Plant and equipment	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

#### (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.

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 recognised 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 lease term.

#### (e) **Financial Instruments**

##### **Recognition and initial measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to statement of comprehensive income immediately.

##### **Classification and Subsequent Measurement**

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* is determined based on current bid prices for all quoted investments. Valuation techniques are adopted to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit and loss.

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are 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. Such assets are subsequently measured at fair value with changes in carrying value being included in statement of comprehensive income.

##### 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.

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

##### 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.

Held-to-maturity investments are included in non-current assets, where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as current assets.

##### iv. *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, where they are expected to be sold mature within 12 months after the end of the reporting period. (All other financial assets are classified as current assets.)

##### v. *Financial Liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

#### **Impairment**

At the end of each reporting period, 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 statement of comprehensive income.

Also, any cumulative decline in fair value previously recognized in other comprehensive income is reclassified to statement of comprehensive income at this point.

#### **Financial Guarantees**

Where material, financial guarantees issued, that 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.

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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

- 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.

#### **De-recognition**

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 and loss.

#### (f) **Impairment of Assets**

At each the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in statement of comprehensive income unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

#### (g) **Investments in Associates**

Associates are companies in which the Group has significant influence through holding, directly or indirectly, 20% or more of the voting power of the group. Investments in associates are accounted for in the financial statements by applying the equity method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate company. In addition the Group's share of the profit or loss of the associate company is included in the Group's statement of comprehensive income.

The carrying amount of the investment includes goodwill relating to the associate. Any discount on acquisition whereby the Group's share of the net fair value of the associate exceeds the cost of the investment is recognised in statement of comprehensive income in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the relation to the Group's investment in the associate.

When the reporting dates of the Group and the associate are different, the associate prepares, for the Group's use, financial statements as of the same date as the financial statements of the Group with adjustments being made for the effects of significant transactions or events that occur between that date and the date of the investor's financial statements.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Group will resume the recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

Details of the Group's investments in associates are provided in Note 12.

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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

(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 statement of comprehensive income, 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 other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income, otherwise the exchange difference is recognised in statement of comprehensive income.

**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 the end of the reporting period;
- 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 with functional currencies other than Hong Kong dollars are recognized in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in statement of comprehensive income in the period in which the operation is disposed.

(j) **Employee Benefits**

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting. 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. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

(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.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(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 statement of financial position.

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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

(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.

(n) **Trade and Other Payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

(o) **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction 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.

(p) **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 Taxation 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 statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cashflows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(q) **Comparative Figures**

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

When the Group has applied retrospectively, applied an accounting policy made a retrospective restatement of items in the financial statements, or reclassified items in its financial statements an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(r) **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 statements and directors' report have been rounded off to the nearest \$1,000.

(s) **Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the financial statements 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.

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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

##### Key Estimates

(i) *Impairment*

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

No impairment has been recognised in respect of in respect of property, plant, equipment and trade and others receivable for the year ended 30 June 2011.

##### Key Judgement

(i) Recoverability of receivables from associate entities

Included in non-current term receivables at the end of the reporting period are amounts owing to the Group from associated companies of HK\$23,817,615 (2010: HK\$26,923,090).

A director of these companies has pledged to provide continued financial support to enable them to meet their debts as and when they fall due. As such the directors believe the full amount of the receivables are recoverable and therefore no provision for impairment has been made.

(t) **Correction of error in prior period and revision of preliminary report**

It was disclosed that the group's share of prior year net profits of an associated company was understated.

This error has been corrected by restating each of the affected financial statement line items for the prior period as follows:

	30 June 2010	Increase/(Decrease)	30 June 2010
	HKD\$000	HKD\$000	(Restated)
			HKD\$000
<b>Statement of Financial Position</b>			
<b>(Extract)</b>			
Investments accounted for using the equity method	24,335	4,831	29,166
Net Assets	59,169	4,831	64,000
Accumulated losses	(57,688)	4,831	(52,837)
<b>Statement of Comprehensive Income</b>			
<b>(Extract)</b>			
Share of net profits of an associated company	1,718	4,831	6,549
Profit for the year	3,740	4,831	8,571
Total comprehensive income for the year	3,740	4,831	8,571

Basic and diluted earnings per share have also been restated.

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

### Variance from preliminary report

In accordance with ASX listing rule 4.5A, set out below are certain differences between information contained in the Appendix 4E lodged with the ASX and this financial report.

A correction of prior period error relating to the share of net profits of an associated entity resulted in the following differences:

- (1) Share of net profits of an associated company has decrease from HKD\$7,555,486 to HKD\$2,724,295.

There has been no change to net asset or total equity.

#### (u) **Change in functional and presentation currency**

An entity's functional currency is the currency of the primary economic environment in which the entity operates. Given that in excess of 90% of the Company's revenue and the Group's banking facilities are denominated in HK dollars, the Company announced on 28 February 2011 that the directors had determined that the functional currency of the Company and all its subsidiaries is HK dollars. The change in functional currency has been applied with effect from 1 July 2010 in accordance with the requirements of the Accounting Standards. Quest Investments Limited has elected to change its presentation currency from Australian dollars to HK dollars. The directors believe that changing the presentation currency to HK dollars will enhance comparability with its industry peer group, a majority of which report in HK dollars. The change in presentation currency represents a voluntary change in accounting policy, which has been applied retrospectively.

To give effect to the change in functional current, the assets and liabilities of entities with an Australian dollar functional currency at 30 June 2010 were converted into HK dollars at a fixed exchange rate on 1 July 2010 of AUD1:HKD6.634 and the contributed equity, reserves and retained earnings were converted at applicable historical rates. In order to derive HK dollar comparatives, the Australian dollar functional currency assets and liabilities at 30 June 2010 were converted at the spot rate of AUD1:HKD6.634 on the reporting date.

Earnings per share for 2010 has also been restated in HK dollars to reflect the change in the presentation currency.

#### (v) **New Accounting Standards for Application in Future Periods**

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Group has decided not to early adopt. A discussion of those future requirements and their impact on the Group is as follows:

- AASB 9: Financial Instruments (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Group has not yet determined any potential impact on the financial statements.

The key changes made to accounting requirements include:

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

#### Note 1: Summary of Significant Accounting Policies (CONT'D)

- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on:
  - a. the objective of the entity's business model for managing the financial assets; and
  - b. the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.
- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a "related party" to remove inconsistencies and simplify the structure of the Standard. No changes are expected to materially affect the Group.

AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

The following entities are required to apply Tier 1 reporting requirements (ie full IFRS):

- for-profit private sector entities that have public accountability; and
- The Australian Government and state, territory and local governments.

Since the Group is a for-profit private sector entity that has public accountability, it does not qualify for the reduced disclosure requirement for Tier 2 entities.

AASB 2010-2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific "RDR" disclosures.

Since the Group is a for-profit private sector entity that has public accountability, it does not qualify for the reduced disclosure requirement for Tier 2 entities.

AASB 2010-2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific "RDR" disclosures.

- AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

#### Note 1: Summary of Significant Accounting Policies (CONT'D)

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The Standard also amends

AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the Group.

- AASB 2009-14: Amendments to Australian Interpretation — Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard is not expected to impact the Group.

- AASB 2010-4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101& AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. Key changes include:

- clarifying the application of AASB 108 prior to an entity's first Australian-Accounting- Standards financial statements;

- adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;

- amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognized in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;

- adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and

- making sundry editorial amendments to various Standards and Interpretations.

This Standard is not expected to impact the Group.

- AASB 2010-5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 07, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011).

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

- AASB 2010-6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [ AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011).

This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets.

This Standard is not expected to impact the Group.

- AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132,136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013).

This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

## **QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

As noted above, the Group has not yet determined any potential impact on the financial statements from adopting AASB 9.

AASB 2010-8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

This Standard makes amendments to AASB 112: Income Taxes.

The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112.

The amendments are not expected to impact the Group.

AASB 2010-9: Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1] (applies to periods beginning on or after 1 July 2011).

This Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards.

The amendments brought in by this Standard provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.

Furthermore, the amendments brought in by this Standard also provide guidance for entities emerging from severe hyperinflation either to resume presenting Australian-Accounting-Standards financial statements or to present Australian-Accounting-Standards financial statements for the first time.

This Standard is not expected to impact the Group.

AASB 2010-10: Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009-11 & AASB 2010-7] (applies to periods beginning on or after 1 January 2013).

This Standard makes amendments to AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9, and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

The amendments brought in by this Standard ultimately affect AASB 1: First-time Adoption of Australian Accounting Standards and provide relief for first-time adopters from having to reconstruct transactions that occurred before their transition date.

[The amendments to AASB 2009-11 will only affect early adopters of AASB 2009-11 (and AASB 9: Financial Instruments that was issued in December 2009) as it has been superseded by AASB 2010-7.]

This Standard is not expected to impact the Group.

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011****Note 2: Parent Information**

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Accounting Standards.

	<b>2011</b> <b>HKD\$000</b>	<b>2010</b> <b>HKD\$000</b>
<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>ASSETS</b>		
Current assets	4,603	5,666
Non-current assets	35,329	29,684
<b>TOTAL ASSETS</b>	<b>39,932</b>	<b>35,350</b>
<b>LIABILITIES</b>		
Current liabilities	4,797	2,973
<b>TOTAL LIABILITIES</b>	<b>4,797</b>	<b>2,973</b>
<b>NET ASSETS</b>	<b>35,135</b>	<b>32,377</b>
<b>EQUITY</b>		
Issued capital	94,826	94,696
Accumulated losses	(109,104)	(105,470)
Reserve	49,413	43,151
<b>TOTAL EQUITY</b>	<b>35,135</b>	<b>32,377</b>
<b>STATEMENT OF COMPREHENSIVE INCOME</b>		
Total losses	(3,633)	(9)
<b>Total comprehensive income</b>	<b>(3,633)</b>	<b>(9)</b>

**Guarantees**

Quest Investments Limited has not entered into any guarantees in the current or previous financial year, in relation to the debts of its subsidiaries.

**Contingent Liabilities**

At 30 June 2011 Quest Investments Limited had no contingent liabilities.

**Contractual Commitments**

At 30 June 2011 Quest Investments Limited has not entered into any contractual commitments.

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011****Note 3: Revenue and Other Income**

	Note	Consolidated Group	
		2011 HKD\$000	2010 HKD\$000
<b>a. Revenue from continuing operations</b>			
Sales revenue:			
– Proceeds from sales of quoted securities		257,352	34,658
– Commission		7,396	6,542
		264,748	41,200
Other revenue:			
– Dividends received:			
– other persons		55	21
Interest received			
– other persons		1	343
– Placement		3,116	668
– Unrealized gain on stock		5,144	291
– Exchange gain		1,057	264
– Other revenue		3,948	1,946
		13,321	3,533
Total Revenue		278,069	44,733
<b>b. Total revenue and other income from continuing operations</b>			
– Attributable to member of the parent entity		278,069	44,733
– Attributable to non-controlling interests		-	-
		278,069	44,733

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011****Note 4: Profit for the year****Note****Consolidated Group****2011  
HKD\$000****2010  
HKD\$000**

Profit before income tax from continuing operations includes the following specific expenses

**a. Expenses**

Cost of sales	258,944	34,501
Interest expense on financial liabilities not at fair value through profit or loss		
– other person	261	274
Rental expense on operating leases		
– rental expenses	824	703
Depreciation and amortisation	96	75
Foreign currency translation loss	1,860	588

**Note 5: Income Tax Expense****a. The components of tax expenses companies**

Current tax	1,609	2,571
Deferred tax	(506)	(2,398)
Recoupment of prior year tax losses	(1,103)	(173)
	-	-

**b. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:**

Prima facie tax payable on profit from ordinary activities before income tax at 30% (2010: 30%)

– consolidated group	1,609	2,571
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Add : Tax effect of :

– Adjustment for foreign tax rate	(1,103)	(173)
-----------------------------------	---------	-------

Less : Tax effect of

– Share of net profits of an associate entity	(817)	(1,964)
---	-------	---------

	(311)	434
--	-------	-----

Recoupment of prior year tax losses not previously brought to account

	311	(434)
--	-----	-------

Income tax attributable to entity

	-	-
--	---	---

Deferred income tax assets not brought to account

	74,170	73,537
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**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011****Note 6: Interests of Key Management Personnel (KMP)**

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2011.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	2011 HKD\$000	2010 HKD\$000
Short-term employee benefits	5,544	5,313
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	487	-
	6,031	5,313

**KMP Options and Rights Holdings**

The number of options over ordinary shares held by each KMP of the Group during the financial year is as follows:

30 June 2011	Balance at beginning of year	Granted as remuner- ation during the year	Exercised /lapsed during the year	Other changes during the year	Balance at end of year	Vested during the year	Vested and exer- ciseable	Vested and unexercisable
<b>Directors</b>								
WeeTiong Chiang	-	1,000,000	-	-	1,000,000	-	-	-
Grant Anthony Robertson	-	880,000	-	-	880,000	-	-	-
Kim Chan Koh	-	110,000	-	-	110,000	-	-	-
Hung Ngok Wong	-	340,313	-	-	340,313	-	-	-
<b>Executives</b>								
Jason Chiu	-	252,108	-	-	252,108	-	-	-
Sharon Tan	-	340,314	-	-	340,314	-	-	-
Wendy Cheung	-	311,080	-	-	311,080	-	-	-
Anna Tsui	-	239,576	-	-	239,576	-	-	-
Carol Rudico	-	197,804	-	-	197,804	-	-	-
Total	-	3,617,195	-	-	3,617,195	-	-	-

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**Note 6: Interests of Key Management Personnel (KMP) (CONT'D)**

<b>30 June 2010</b>	<b>Balance at beginning of year</b>	<b>Granted as remuneration during the year</b>	<b>Exercised /lapsed during the year</b>	<b>Other changes during the year</b>	<b>Balance at end of year</b>	<b>Vested during the year</b>	<b>Vested and exercisable</b>	<b>Vested and unexercisable</b>
<b>Directors</b>								
WeeTiong Chiang	824,000	-	(824,000)	-	-	-	-	-
Grant Anthony Robertson	900,000	-	(900,000)	-	-	-	-	-
Kim Chan Koh	200,000	-	(200,000)	-	-	-	-	-
Hung Ngok Wong	-	-	-	-	-	-	-	-
<b>Executives</b>								
Jason Chiu	100,590	-	(100,590)	-	-	-	-	-
Sharon Tan	150,958	-	(150,958)	-	-	-	-	-
Wendy Cheung	161,409	-	(161,409)	-	-	-	-	-
Anna Tsui	-	-	-	-	-	-	-	-
Carol Rudico	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2,336,957</b>	<b>-</b>	<b>(2,336,957)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**KMP Shareholdings**

The number of ordinary shares in Quest Investments Limited held by each KMP of the Group during the financial year is as follows:

<b>30 June 2011</b>	<b>Balance at beginning of year</b>	<b>Granted as remuneration during the year</b>	<b>Issued on exercise of options during the year</b>	<b>Other changes during the year</b>	<b>Balance at end of year</b>
<b>Directors</b>					
WeeTiong Chiang (1)	1,915,978	-	-	-	1,915,978
	405,366	-	-	-	405,366
	170,000	-	-	-	170,000
	2,185,996	-	-	-	2,185,996
Grant Anthony Robertson (2)	6,000	-	-	-	6,000
Grant Anthony Robertson (3)	163,075	-	-	-	163,075
	58,000	-	-	-	58,000
Kim Chan Koh	-	-	-	-	-
<b>Executives</b>					
Sharon Tan (2)	24,100	-	-	-	24,100
	6,000	-	-	-	6,000
<b>Total</b>	<b>4,934,515</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,934,515</b>

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**Note 6: Interests of Key Management Personnel (KMP) (CONT'D)**

30 June 2010	Balance at beginning of year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year
<b>Directors</b>					
WeeTiong Chiang (1)	1,915,978	-	-	-	1,915,978
	405,366	-	-	-	405,366
	170,000	-	-	-	170,000
	2,185,996	-	-	-	2,185,996
Grant Anthony Robertson (2)	6,000	-	-	-	6,000
Grant Anthony Robertson (3)	163,075	-	-	-	163,075
	58,000	-	-	-	58,000
Kim Chan Koh	-	-	-	-	-
<b>Executives</b>					
Sharon Tan (2)	24,100	-	-	-	24,100
	6,000	-	-	-	6,000
	4,934,515	-	-	-	4,934,515

**Note**

- (1) 1,915,978 ordinary shares are relevant interest in own name.  
 405,366 ordinary shares are relevant interest as director of Toptrend Group Limited  
 170,000 ordinary shares are relevant interest as director of Samfield Investments Limited  
 2,185,366 ordinary shares are relevant interest as director of Even More Profits Limited
- (2) 6,000 ordinary shares are relevant interest as a director of Jondara Pty Limited
- (3) 163,075 ordinary shares are relevant interest as a director of Serenar Nominees Pty Ltd.  
 58,000 ordinary shares are relevant interest as a beneficiary of the Robertson Investment Trust

**Other KMP Transactions**

There have been no other transactions involving equity instruments other than those described in the tables above.

For details of other transactions with KMP, refer to Note 26: Related Party Transaction.

No loans to KMP have been made during the year.

**Note 7: Auditors' Remuneration**

	Consolidated Group	
	2011 HKD\$000	2010 HKD\$000
Remuneration of the auditor of the parent entity for:		
– auditing or reviewing the financial statements	852	359
Remuneration of other auditors of subsidiaries for:		
– auditing or reviewing the financial statements of subsidiaries	247	268
	1,099	627

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**Note 8: Earnings per Share**

	<b>Consolidated Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>HKD\$000</b>	<b>HKD\$000</b>
a. Reconciliation of Earnings to Profit and Loss		
Profit	5,364	8,571
Profit attributable to non-controlling equity interest	-	-
Earnings used to calculate basic EPS	5,364	8,571
b. Reconciliation of earnings to profit or loss from continuing operations		
Profit from continuing operations	5,364	8,571
Profit attributable to non-controlling equity interest in respect of continuing operations	-	-
Earnings used in the calculation of basic and dilutive EPS from continuing operations	5,364	8,571
	<b>No.</b>	<b>No.</b>
c. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS		
Weighted average number of ordinary shares outstanding	44,738,919	44,512,822
Weighted average number of options outstanding	2,492,602	40,990,925
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	47,231,521	85,503,747

**Note 9: Cash and Cash Equivalents**

	<b>Note</b>	<b>Consolidated Group</b>	
		<b>2011</b>	<b>2010</b>
		<b>HKD\$000</b>	<b>HKD\$000</b>
Cash at bank and in hand		6,559	5,589
	<b>27</b>	6,559	5,589

Cash at bank includes HKD\$6,559,283 (2010: HKD\$5,589,226) pledged as security for overdraft facilities. The effective interest rate on short-term bank deposits was less than 1% (2010: less than 1%); these deposits have an average maturity of seven to thirty days.

**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 statement of financial position as follows:

Cash and cash equivalents		6,559	5,589
Bank overdrafts	<b>18</b>	(3,044)	(4,503)
		3,515	1,086

A floating charge over cash and cash equivalents has been provided to Wing Hang Bank in Hong Kong to secure the finance facilities of the Group. (Refer to note 18b)

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

Note	Consolidated Group	
	2011 HKD\$000	2010 HKD\$000
<b>Note 10: Trade and Other Receivables</b>		
CURRENT		
Trade receivables	18,144	24,854
Provision for impairment	-	-
Total current trade and other receivables	<b>27</b>	<b>24,854</b>
NON-CURRENT		
Term receivables	<b>10(a)</b>	40,469
Provision for impairment	-	-
	<b>27</b>	<b>40,469</b>
a. Amounts receivable from :		
- Ultimate parent entity	13,796	13,546
- Associated companies	23,818	26,923
Total non-current trade and other receivables	<b>37,614</b>	<b>40,469</b>

Current trade and term receivables are non-interest bearing loans and generally on 30-120 day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairments is recognised when there is an objective evidence that an individual trade or term receivable is impaired. These amounts have been included in the other expenses item. No provision of impairment has been provided in the accounts during the year.

**Credit Risk – Trade and Other Receivables**

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 10. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the Group.

On a geographical basis, the Group has significant credit risk exposures in Hong Kong given its substantial operations in this region. The Group's exposure to credit risk for receivables at the end of the reporting period in this region is as follows:

	Consolidated Group	
	2011 HKD\$000	2010 HKD\$000
Hong Kong	41,962	51,777
Australia	13,796	13,546
	<b>55,758</b>	<b>65,323</b>

The following table details the Group's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, with the terms and conditions agreed between the Group and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**Note 10: Trade and Other Receivables (CONT'D)**

	Gross amount HKD\$000	Past due and impaired HKD\$000	Past due but not impaired (days overdue)				Within initial trade terms HKD\$000
			< 30 HKD\$000	31-60 HKD\$000	61-90 HKD\$000	> 90 HKD\$000	
<b>Consolidated Group</b>							
<b>2011</b>							
Trade and term receivables	18,144	-	-	-	-	-	18,144
Other receivables	-	-	-	-	-	-	-
<b>Total</b>	<b>18,144</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,144</b>
<b>2010</b>							
Trade and term receivables	24,854	-	-	-	-	-	24,854
Other receivables	-	-	-	-	-	-	-
<b>Total</b>	<b>24,854</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,854</b>

Neither the Group nor parent entity holds any financial assets with terms that have been renegotiated, which would otherwise be past due or impaired.

**b. Collateral held as security**

No collateral is held as security.

**c. Collateral pledged**

No charge over trade receivables has been provided for during the year. Refer to the note 17b for further details.

Note	Consolidated Group	
	2011 HKD\$000	2010 HKD\$000
<b>Note 11: Investments Accounted for Using the Equity Method</b>		
Associated companies	29,166	22,617
Share of profits	2,724	6,549
<b>12a</b>	<b>31,890</b>	<b>29,166</b>

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**Note 12: Associated Companies**

Interests are held in the following associated companies

Name	Principal Activities	Country of Incorporation	Shares	Ownership Interest		Carrying amount of investment	
				2011 %	2010 %	2011 HKD\$000	2010 HKD\$000
Unlisted:							
Quest Marine Resources Ltd	Seafood Product	Australia	Ord	43.37%	43.37%	31,890	29,166
Quest Securities Limited	Investment	Hong Kong	Ord	49%	49%	-	-
Meredeen Investment Limited	Investment	Hong Kong	Ord	39%	39%	-	-

(i) On 1 April 2009, Quest Marine Resources Ltd acquired 100% ownership in Dalian Jixiang Food Co., Ltd in exchange for shares amounting to \$9,421,842. Hence, Quest Marine Resources Ltd became an associate of Quest Investments Ltd with 43.37% ownership.

a. <b>Movements During the Year in Equity Accounted Investment in Associated Companies</b>	Note	Consolidated Group	
		2011 HKD\$000	2010 HKD\$000
Balance at beginning of the financial year		29,166	22,617
Share of associated company's profit after income tax	12(b)	2,724	6,549
Balance at end of the financial year		31,890	29,166
<b>b. Equity accounted profits of associates are broken down as follows:</b>			
Share of associate's profit before income tax expense		3,632	8,732
Share of associate's income tax expenses		(908)	(2,183)
Share of associate's profit after income tax		2,724	6,549
<b>c. Summarised Presentation of Aggregate Assets, Liabilities and Performance of Associates</b>			
Current Assets		126,096	43,710
Non-current Assets		50,220	87,675
Total Assets		176,316	131,385
Current Liabilities		(50,151)	(25,030)
Non Current Liabilities		(97,343)	(125,451)
Total Liabilities		(147,494)	(150,481)
Net Assets / (Liabilities)		28,822	(19,096)
Revenues		193,915	82,616
Profit / (Loss) after income tax of associates		4,623	13,820

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	Note	Consolidated Group	
Note 13: Financial Assets		2011 HKD\$000	2010 HKD\$000
Current			
Financial assets at fair value through profit or loss	(a)	11,887	2,008
Non-Current			
Available-for-sale financial assets	(b)	53	53
Total Non-current Assets		53	53
<b>(a) Financial assets at fair value through profit or loss</b>			
Held-for-trading listed shares	27	11,887	2,008
Shares held for trading are traded for the purpose short-term profit taking. Changes in fair value are included in the statement of comprehensive income.			
<b>(b) Available-for-sale financial assets comprise:</b>			
Listed investments, at cost			
– Shares in listed corporations		53	53
Total available-for-sale financial assets	27	53	53

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011****Note 14: Controlled Entities****(a) Controlled Entities Consolidated**

	Country of Incorporation	Percentage Owned (%)*	
		2011	2010
<b>Parent Entity:</b>			
Quest Investments Limited	Australia	-	-
<b>Ultimate Parent Entity</b>			
Murchison Holdings Limited	Australia	-	-
<b>Subsidiaries of Quest Investments Limited</b>			
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	100
Quest Stockbrokers (HK) Limited	Hong Kong	100	100
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

**(b) Acquisition of Controlled Entities**

There were no acquisitions of subsidiaries during the year.

**(c) Disposal of Controlled Entities**

There were no disposals of subsidiaries during the year.

**(d) Controlled Entities with Ownership interest of 50% or Less**

The group does not control any entity with equity interest of 50% or less.

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**Note 15: Plant and Equipment**

	Note	Consolidated Group	
		2011 HKD\$000	2010 HKD\$000
At cost		660	586
Accumulated depreciation		(449)	(347)
		<u>211</u>	<u>239</u>

**a. Movements in Carrying Amounts**

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

	Plant and Equipment HKD\$000	Total HKD\$000
<b>Consolidated Group</b>		
Balance at 1 July 2009	189	189
Additions	125	125
Depreciation Expenses	(75)	(75)
Balance at 30 June 2010	<u>239</u>	<u>239</u>
Additions	68	68
Depreciation Expenses	(96)	(96)
Balance at 30 June 2011	<u>211</u>	<u>211</u>

**Note 16: Other Current Assets**

	Note	Consolidated Group	
		2011 HKD\$000	2010 HKD\$000
<b>CURRENT</b>			
Prepayments		<u>30</u>	<u>86</u>
<b>NON-CURRENT</b>			
Funds reserves	<b>16(a)</b>	400	400
HKCC Membership		<u>360</u>	<u>360</u>
		<u>760</u>	<u>760</u>

(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.

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011****Note 17: Trade and other payables**

	Note	Consolidated Group	
		2011 HKD\$000	2010 HKD\$000
CURRENT			
Trade payables		16,024	11,728
Amounts payable to:			
– Parent entity		18,094	22,993
		34,118	34,721
		34,118	34,721

**Financial liabilities at amortised cost  
classified as trade and other payables**

Trade and other payables

– Total Current		34,118	34,721
	<b>27</b>	34,118	34,721
		34,118	34,721

**Note 18: Borrowings**

CURRENT

Secured liabilities

Bank overdrafts

Total current borrowings

<b>18(a)(b)</b>	3,044	4,503
<b>27</b>	3,044	4,503
	3,044	4,503

a. Total current secured liabilities :

Bank overdrafts	3,044	4,503
	3,044	4,503
	3,044	4,503

b. **Collateral Provided**

The bank overdraft is secured by fixed deposit, and available for sale securities pledged with the bank and a personal guarantee from a director.

The carrying amount of assets pledged as security are :

Available for sale assets	1,930	1,485
Pledged deposits	6,559	5,589
Total	8,489	7,074
	8,489	7,074

Cash at bank includes HKD\$6,559,283 (2010: HKD\$5,589,226) pledged as security for overdraft facilities. The effective interest rate on short-term bank deposits was less than 1% (2010: less than 1%); these deposits have an average maturity of seven to thirty days.

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**Note 19: Issued Capital**

**Note**

**Consolidated Group**

	<b>2011 HKD\$000</b>	<b>2010 HKD\$000</b>
44,847,024 (2010 : 44,622,810) fully paid ordinary shares	94,826	94,696
<hr/>		
a. Ordinary Shares	No.	No.
At the beginning of reporting period	44,622,810	44,526,716
Shares issued during the year		
24 June 2010	-	120,094
31 December 2010	241,130	-
Shares bought back during the year	-	(24,000)
15 April 2011	(10,000)	-
18 April 2011	(6,916)	-
At the end of the reporting period	<u>44,847,024</u>	<u>44,622,810</u>

On 31 December 2010 the company issued 241,130 ordinary shares at AUD 0.075 each to shareholders.

From 15 April 2011 to 18 April 2011 the company bought back 16,916 ordinary shares on issue from the market for a price not exceeding AUD 0.092 per share. The total purchase consideration of the buy-back was AUD 1,556 (HKD 12,733). The nature and terms of the buy-back were:

- the buy-back will not exceed 10% of total issued share from the market.
- the accepting shareholders would be paid and have their shares cancelled within 1 week from the date of buy-back.
- the full amount of the buy-back would be debited to issued capital.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

**b. Options**

- i. For information relating to the Quest Investments Limited 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 24: Share-based Payments.
- ii. For information relating to share options issued to key management personnel during the financial year, refer to Note 24: Share-based Payments.

**c. Capital Management**

Management controls the capital of the Group in order to maintain a good 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 capital includes ordinary share capital 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 is in average of 30%. The gearing ratio's for the year ended 30 June 2011 and 30 June 2010 are as follows:

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	Note	Consolidated Group	
		2011 HKD\$000	2010 HKD\$000
Total borrowings	18	3,044	4,503
Trade and other payable	17	34,118	34,721
Less cash and cash equivalents	9	(6,559)	(5,589)
Net equity		30,603	33,635
Total equity		69,986	64,000
Total capital		100,589	97,635
Gearing ratio		30%	34%

**Note 20: Capital and Leasing Commitments**

## a. Operating Lease Commitments

Non-cancellable operating leases  
contracted for but not capitalised in the  
financial statements

Payable — minimum lease payments

– not later than 12 months	510	720
– between 12 months and 5 years	-	510
– greater than 5 years	-	-
	510	1,230

Operating lease payment represent rental payable by the company for it office premises. The lease is negotiated for a term of twenty months with fixed monthly rentals.

**Note 21: Contingent Liabilities and Contingent Assets**

There were no significant contingent liabilities and contingent assets at 30 June 2011 and subsequent to the financial year end.

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

#### Note 22: Operating Segments

##### Segment Information

###### Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

###### Types of products and services by segment

###### (i) Business segments

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

###### (ii) 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.

###### Basis of accounting for purposes of reporting by operating segments

###### a. Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

###### b. Inter-segment transactions

An internally determined transfer price is set for all inter-segment sales. This price is reset quarterly and is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation of the Group's financial statements.

Corporate charges are allocated to reporting segments based on the segments' overall proportion of revenue generation within the Group. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

###### c. Segment assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

###### d. Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Segment liabilities include trade and other payables and certain direct borrowings.

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011****Note 22: Operating Segments (Cont)****e. Unallocated items**

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Derivatives
- Net gains on disposal of available-for-sale investments
- Impairment of assets and other non-recurring items of revenue or expense
- Income tax expense
- Current tax liabilities
- Other financial liabilities

**i. Segments performance**

	<b>Consolidated Group</b>				
	<b>Investment HKD\$000</b>	<b>Stockbroking HKD\$000</b>	<b>Telecom HKD\$000</b>	<b>Sourcing HKD\$000</b>	<b>Total HKD\$000</b>
<b>30 June 2011</b>					
<b>REVENUE</b>					
External Sale	182,778	7,396	74,574	-	264,748
Other revenue	8,611	4,692	18	-	13,321
<b>Total segment revenue</b>	<b>191,389</b>	<b>12,088</b>	<b>74,592</b>	<b>-</b>	<b>278,069</b>
Reconciliation of segment revenue to group revenue					
Inter-segment elimination	-	-	-	-	-
Total group revenue	191,389	12,088	74,592	-	278,069
<b>Segment net profit (loss) before tax from continuing operations</b>	<b>(973)</b>	<b>3,543</b>	<b>70</b>	<b>-</b>	<b>2,640</b>
Reconciliation of segment result to group net profit/(loss) before tax					
i. Amount not included in segment result but reviewed by Board					
- Equity accounted profits of associates	2,724	-	-	-	2,724
Net profit (loss) before tax from continuing operations	1,751	3,543	70	-	5,364

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**Note 22: Operating Segments (Cont)**

<b>30 June 2010</b>	<b>Consolidated Group</b>				
	<b>Investment HKD\$000</b>	<b>Stockbroking HKD\$000</b>	<b>Telecom HKD\$000</b>	<b>Sourcing HKD\$000</b>	<b>Total HKD\$000</b>
<b>REVENUE</b>					
External Sale	27,357	6,542	7,301	-	41,200
Other revenue	2,361	1,172	-	-	3,533
<b>Total segment revenue</b>	<b>29,718</b>	<b>7,714</b>	<b>7,301</b>	<b>-</b>	<b>44,733</b>
Reconciliation of segment revenue to group revenue					
Inter-segment elimination	-	-	-	-	-
Total group revenue	29,718	7,714	7,301	-	44,733
<b>Segment net profit (loss) before tax from continuing operations</b>	<b>554</b>	<b>1,653</b>	<b>(185)</b>	<b>-</b>	<b>2,022</b>
Reconciliation of segment result to group net profit/(loss) before tax					
i. Amount not included in segment result but reviewed by Board					
- Depreciation	-	-	-	-	-
- Equity accounted profits of associates	6,549	-	-	-	6,549
Net profit (loss) before tax from continuing operations	7,103	1,653	(185)	-	8,571
<b>30 June 2011</b>					
	<b>Consolidated Group</b>				
<b>Segment Assets</b>	<b>69,823</b>	<b>36,635</b>	<b>960</b>	<b>-</b>	<b>107,148</b>
Segment assets increases for the year – capital expenditure	125	-	-	-	125
	125	-	-	-	125
Included in segment assets are:					
- Equity accounted associates	31,890	-	-	-	31,890
Reconciliation of segment assets to group assets					
Inter-segment eliminations					-
<b>Total group assets</b>					<b>107,148</b>

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**Note 22: Operating Segments (Cont)**

	Consolidated Group				
	Investment HKD\$000	Stockbroking HKD\$000	Telecom HKD\$000	Sourcing HKD\$000	Total HKD\$000
<b>30 June 2010</b>					
<b>Segment Assets</b>	71,594	31,408	222	-	103,224
Segment assets increases for the year – capital expenditure	65	-	-	-	65
	65	-	-	-	65
Included in segment assets are:					
- Equity accounted associates	29,166	-	-	-	29,166
Reconciliation of segment assets to group assets					
Inter-segment eliminations					-
<b>Total group assets</b>					<u>103,224</u>
<b>30 June 2011</b>					
<b>Segment liabilities</b>					
Reconciliation of segment liabilities to group liabilities	27,190	9,833	139	-	37,162
Inter-segment eliminations	-	-	-	-	-
Unallocated liabilities	-	-	-	-	-
Current tax liabilities	-	-	-	-	-
<b>Total group liabilities</b>	<u>27,190</u>	<u>9,833</u>	<u>139</u>	<u>-</u>	<u>37,162</u>
<b>30 June 2010</b>					
<b>Segment liabilities</b>					
Reconciliation of segment liabilities to group liabilities	28,172	10,753	299	-	39,224
Inter-segment eliminations	-	-	-	-	-
Unallocated liabilities	-	-	-	-	-
Current tax liabilities	-	-	-	-	-
<b>Total group liabilities</b>	<u>28,172</u>	<u>10,753</u>	<u>299</u>	<u>-</u>	<u>39,224</u>
<b>Revenue by Geographical region</b>				<b>Segment Revenues for External Customers</b>	
				<b>2011</b>	<b>2010</b>
				<b>HKD\$000</b>	<b>HKD\$000</b>
Australia				55,948	9,201
Hong Kong				222,121	35,532
<b>Total revenue</b>				<u>278,069</u>	<u>44,733</u>

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011****Note 22: Operating Segments (Cont)****Assets by Geographical region**

	2011 HKD\$000	2010 HKD\$000
Australia	61,266	58,056
Hong Kong	45,882	45,168
<b>Total Assets</b>	<u>107,148</u>	<u>103,224</u>

**Note 23: Cash Flow Information**

	<b>Consolidated Group</b>	
	2011 HKD\$000	2010 HKD\$000
<b>a. Reconciliation of Cash Flow from Operations with Profit after Income Tax</b>		
Profit after income tax	5,364	8,571
Non-cash flows in profit		
Depreciation	96	75
Changes in assets and liabilities		
(Increase) / decrease in trade and others receivables	9,621	11,561
Increase / (decrease) in trade payables and accruals	(603)	(13,729)
(Increase) / decrease in marketable securities	(12,603)	(6,667)
Cash inflows/(outflows) from operating activities	<u>1,875</u>	<u>(189)</u>

**(b) Acquisition of Entities**

During the financial year ended 30 June 2011, the Group did not acquire any equity interest of a company.

**(c) Non-cash Financing and Investing Activities**

There were no non-cash financing and investing activities.

**(d) Credit standby arrangement with banks**

	2011 HKD\$000	2010 HKD\$000
Credit facility	35,000	35,000
Amount utilized	(3,043)	(6,391)
	<u>31,957</u>	<u>28,609</u>

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**Note 24: Share Based Payments**

- i. On 26 November 2010, 4,192,626 share options were granted to employees with more than one year of full-time service under the Murchison Holdings Limited employee option plan to take up ordinary shares at an exercise price of AUD 0.075 each. The options are exercisable on or before 26 November 2015. The options hold no voting or dividend rights and are not transferable.

- ii. Options granted to key management personnel are as follows:

<b>Grant Date</b>	<b>Directors</b>	<b>Number</b>
26 November 2010	WeeTiong Chiang	1,000,000
26 November 2010	Grant Anthony Robertson	880,000
26 November 2010	Kim Chan Koh	110,000
26 November 2010	Hung Ngok Wong	340,313
	<b>Executives</b>	
26 November 2010	Jason Chiu	252,108
26 November 2010	Sharon Tan	340,314
26 November 2010	Wendy Cheung	311,080
26 November 2010	Anna Tsui	239,576
26 November 2010	Carol Rudico	197,804

Further details of these options are provided in the directors' report. The options hold no voting or dividend rights. The options lapse when a director ceases their employment with the Group. During the financial year, options vested with key management personnel.

- iii. The company established the Employee Share Option Scheme on 26 November 2010 as a long-term incentive scheme to recognize talent and motivate executives to strive for group performance. All employees are entitled to participate in the scheme upon completion of one year employment with the consolidated group. The options are issued for no consideration and carry no entitlements to voting rights or dividends of the Group. The number available to be granted is determined by the Board and is based on performance measures including growth in shareholder return, return on equity, cash earnings and group EPS growth.

Options are forfeited 2 days after the holder ceases to be employed by the Group, unless the Board determines otherwise (this is usually only in the case of retirement, redundancy, death or disablement).

- i. During the year no share options were granted to employee as share.

A summary of the movements of all company options issued is as follows:-

	<b>Number</b>	<b>Weighted average exercise price</b>
		<b>AUD</b>
<b>Options outstanding as at 1 July 2009</b>		
Granted	1,392,517	0.15
Forfeited	(1,392,517)	0.15
Exercised	-	-
Expired	-	-
<b>Options outstanding as at 30 June 2010</b>	-	-
Granted	4,192,626	0.075
Forfeited	-	-
Exercised	-	-
Expired	-	-
<b>Options outstanding as at 30 June 2011</b>	4,192,626	0.075
Options exercisable as at 30 June 2011:	4,192,626	0.075
Options exercisable as at 30 June 2010:	-	-

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

As at the date of exercise, the weighted average share price of options exercised during the year was AUD0.075.

The weighted average remaining contractual life of options outstanding at year end was 4.33 years.

The fair value of the options granted to employees is deemed to represent the value of the employee services received over the vesting period.

The weighted average fair value of options granted during the year was AUD 0.075 (2010: AUD 0.15). These values were calculated using the Black-Scholes option pricing model applying the following inputs: 10% volatility, 4.74% interest rate, 0.075 exercise price, conversion 1:1 and 4.33 years life of the option.

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements.

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

- ii. During the year, no shares granted to key management personnel as share-based payments.

#### Note 25: Events after the Reporting Period

No event after the reporting period has to be disclosed.

#### Note 26: Related Party Transactions

	Consolidated Group	
	2011 HKD\$000	2010 HKD\$000
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.		
Transactions with related parties:		
<b>Associated Companies</b>		
Commission income charged by Quest Stockbroker to Meredeen Investments Limited	156	59
Commission income charged by Quest Stockbroker to Quest Securities Limited	133	32
	<hr/>	<hr/>
	289	91
	<hr/>	<hr/>
Term receivables from :		
Quest Securities Limited	14,496	17,602
Meredeen Investments Limited	9,322	9,322
	<hr/>	<hr/>
	23,818	26,924
	<hr/>	<hr/>
Account payable to :		
Murchison Holdings Limited	18,094	22,992
	<hr/>	<hr/>

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

#### Note 27: Financial Risk Management

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

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated Group	
		2011 HKD\$000	2010 HKD\$000
<b>Financial Assets</b>			
Cash and cash equivalents	9	6,559	5,589
Financial assets at fair value through profit and loss	13	11,887	2,008
Trade and other receivables	10	55,758	65,323
Available-for-sale financial assets			
— listed investments	13	53	53
Total available-for-sale financial assets		74,257	72,973
<b>Total Financial Assets</b>		<b>74,257</b>	<b>72,973</b>
<b>Financial Liabilities</b>			
Financial liabilities at amortised cost			
— Trade and other payables	17	34,118	34,721
— Borrowings	18	3,044	4,503
<b>Total Financial Liabilities</b>		<b>37,162</b>	<b>39,224</b>

#### Financial Risk Management Policies

The Management Committee (MC) has been delegated responsibility by the Board of Directors for, amongst other issues, monitoring and managing financial risk exposures of the Group. The MC has, undertake such responsibilities. The MC monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to commodity price risk, counter party credit risk, currency risk, financing risk and interest rate risk.

The MC's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

#### Specific 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, commodity and equity price risk.

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

#### Note 27: Financial Risk Management (CONT'D)

a. **Credit risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Group, credit terms are generally 30 to 120 days from the invoice date.

#### *Credit Risk Exposures*

The maximum exposure to credit risk by class of recognised financial assets at balance date, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position. Credit risk also arises through the provision of financial guarantees, as approved at Board level, given to parties securing the liabilities of certain subsidiaries.

The Group has no significant concentration of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of Trade and Other Receivables are provided in Note 10.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed in Note 10.

Credit risk related to balances with banks and other financial institutions is managed by the MC in accordance with approved Board policy.

b. **Liquidity risk**

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets

The Group's policy is to ensure the borrowings should mature in any 12 month period.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities. Bank overdrafts have been deducted in the analysis as management does not consider that there is any material risk that the bank will terminate such facilities. The bank does however maintain the right to terminate the facilities without notice and therefore the balances of overdrafts outstanding at year end could become repayable immediately subject to further mutually negotiation.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**Note 27: Financial Risk Management (CONT'D)**

*Financial liability and financial asset maturity analysis*

<b>Consolidated Group</b>	<b>Within 1 Year</b>		<b>1 to 5 Years</b>		<b>Over 5 Years</b>		<b>Total</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>HKD\$000</b>	<b>HKD\$000</b>	<b>HKD\$000</b>	<b>HKD\$000</b>	<b>HKD\$000</b>	<b>HKD\$000</b>	<b>HKD\$000</b>	<b>HKD\$000</b>
Borrowings	3,044	4,503	-	-	-	-	3,044	4,503
Trade and other payables (excluding estimated annual leave)	34,118	34,721	-	-	-	-	34,118	34,721
<b>Total contractual outflows</b>	<b>37,162</b>	<b>39,224</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,162</b>	<b>39,224</b>
less bank overdrafts	(3,044)	(4,503)	-	-	-	-	(3,044)	(4,503)
<b>Total expected outflows</b>	<b>34,118</b>	<b>34,721</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,118</b>	<b>34,721</b>
<b>Financial assets — cash flows realisable</b>								
Cash and cash equivalents	6,559	5,589	-	-	-	-	6,559	5,589
Trade, term and loans receivables	18,144	24,854	37,614	40,469	-	-	55,758	65,323
Financial assets-current	11,887	2,008	-	-	-	-	11,887	2,008
Financial assets – non current	-	-	-	-	53	53	53	53
Other current assets	30	86	-	-	-	-	30	86
<b>Total anticipated inflows</b>	<b>36,620</b>	<b>32,537</b>	<b>37,614</b>	<b>40,469</b>	<b>53</b>	<b>53</b>	<b>74,287</b>	<b>73,059</b>
<b>Net (outflow)/inflow on financial instruments</b>	<b>2,502</b>	<b>(2,184)</b>	<b>37,614</b>	<b>40,469</b>	<b>53</b>	<b>53</b>	<b>40,169</b>	<b>38,338</b>

*Financial Assets Pledged as Collateral*

Certain financial assets have been pledged as security for debt and their realisation into cash may be restricted subject to terms and conditions attached to the relevant debt contracts.

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

#### Note 27: Financial Risk Management (CONT'D)

##### c. Market Risk

###### i. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is not exposed to earnings volatility on floating rate instruments.

###### ii. Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the HKD functional currency of the Group.

With instruments being held by overseas operations, fluctuations in the Australian Dollar and Hong Kong Dollar may impact on the Group's financial results unless those exposures are appropriately hedged. At present, the group maintains 50% of its cash reserve in AUD deposit to minimise its foreign exchange rate exposure.

###### *Forward Exchange Contracts*

The Group did not open forward exchange contracts at balance date relating to highly probable forecast transactions and recognised financial assets and financial liabilities.

###### iii. Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors for commodities.

The Group is not exposed to commodity price risk.

The Group is exposed to securities price risk on investments held for trading or for medium to longer terms. Such risk is managed through diversification of investments across industries and geographical locations.

The Group's investments are held in the following sectors at the end of the reporting period:

	Consolidated Group	
	2011	2010
	%	%
Banking and finance	40	40
Property	20	20
Resources	20	20
Utilities	20	20
	<hr/>	<hr/>
	100	100
	<hr/>	<hr/>

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

#### Note 27: Financial Risk Management (CONT'D)

##### *Sensitivity Analysis*

The following table illustrates sensitivities to the Group's exposures to changes in interest rates, exchange rates and equity prices. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Consolidated Group	
	Profits	Equity
	HKD\$000	HKD\$000
<b>Year ended 30 June 2011</b>		
+/-2% in interest rates	222/(41)	222/(41)
+/-5% in \$A/HKD	3,413/(786)	3,413/(786)
+/-10% in listed investments	25,902/(25,948)	25,902/(25,948)
<b>Year ended 30 June 2010</b>		
+/-2% in interest rates	152/(72)	152/(72)
+/-5% in \$A/HKD	2,333/(1,295)	2,333/(1,295)
+/-10% in listed investments	3,944/(2,656)	3,944/(2,656)

##### *Net Fair Values*

##### **Fair value estimation**

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Group. Most of these instruments which are carried at amortised cost (i.e. term receivables, held-to-maturity assets, loan liabilities) are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the Group.

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**Note 27: Financial Risk Management (CONT'D)**

Consolidated Group	Footnote	2011		2010	
		Net Carrying Value	Net Fair Value	Net Carrying Value	Net Fair Value
		HKD\$000	HKD\$000	HKD\$000	HKD\$000
<b>Financial assets</b>					
Cash and cash equivalents	(i)	6,559	6,559	5,589	5,589
Trade and other receivables	(i)	18,144	18,144	24,854	24,854
Loans and advances — related parties	(ii)	37,614	37,614	40,469	40,469
<i>Financial assets at fair value through profit or loss</i>					
Investments — held-for-trading	(iii)	11,887	11,887	2,008	2,008
<i>Available-for-sale financial assets:</i>					
— at fair value					
— listed investments	(iii)	53	53	53	53
<b>Total financial assets</b>		<b>74,257</b>	<b>74,257</b>	<b>72,973</b>	<b>72,973</b>
<b>Financial liabilities</b>					
Trade and other payables	(i)	34,118	34,118	34,721	34,721
Borrowings	(i)	3,044	3,044	4,503	4,503
<b>Total financial liabilities</b>		<b>37,162</b>	<b>37,162</b>	<b>39,224</b>	<b>39,224</b>

The fair values disclosed in the above table have been determined based on the following methodologies:

- (i) Cash and cash equivalents, trade and other receivables and trade and other payables and borrowings are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is not considered a financial instrument.
- (ii) Term receivables generally reprice to a market interest rate every six months, and fair value therefore approximates carrying value.
- (iii) For listed available-for-sale and held-for-trading financial assets, closing quoted bid prices at the end of the reporting period are used.

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011****Note 27: Financial Risk Management (CONT'D)***Financial Instruments Measured at Fair Value*

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

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

**Consolidated**

2011	Level 1 HKD\$000	Level 2 HKD\$000	Level 3 HKD\$000	Total HKD\$000
<b>Financial assets:</b>				
<i>Financial assets at fair value through profit or loss:</i>				
— investments — held-for-trading	11,887	-	-	11,887
<i>Available-for-sale financial assets:</i>				
— listed investments	53	-	-	53
	11,940	-	-	11,940
<hr/>				
<b>2010</b>				
<b>Financial assets:</b>				
<i>Financial assets at fair value through profit or loss:</i>				
— investments — held-for-trading	2,008	-	-	2,008
<i>Available-for-sale financial assets:</i>				
— listed investments	53	-	-	53
	2,061	-	-	2,061
	2,061	-	-	2,061

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets have been based on the closing quoted bid prices at reporting date, excluding transaction costs.

**Note 28: Reserves**

- a. *Capital Profits Reserve*  
The capital profits reserve records non-taxable profits on sale of investments.
- b. *Foreign Currency Translation Reserve*  
The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.
- c. *General Reserve*  
The general reserve records funds set aside for future expansion of the consolidated group.
- d. *Option Reserve*  
The option reserve records items recognised as expenses on valuation of employee share options.

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**NOTE 29: COMPANY DETAILS**

The registered office of the company is:

Quest Investments Limited

Level 2, 11 Queens Road, Melbourne, VIC 3004, Australia

The principal places of business are:

Quest Investments Limited

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

Quest Stockbrokers (HK) Ltd

Room 203, 2<sup>nd</sup> Floor, Chinaweal Centre, 414-424 Jaffe Road, Wanchai, Hong Kong

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

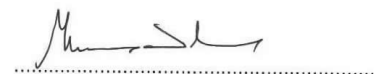
ABN 59 004 749 044

### DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 23 to 70, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Accounting Standards; and
  - b. give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the company and consolidated group;
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

Dated this 04<sup>th</sup> October, 2011

**Bentleys Melbourne**

**Partnership**

**Audit & Assurance Services**

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

### **Report on the Financial Report**

We have audited the accompanying financial report of Quest Investments Limited and its controlled entities, which comprises the consolidated statement of financial position as at 30 June 2011 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards, Auditor's Responsibility*.

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

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

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

**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*, which has been given to the directors of Quest Investments Limited on 4 October 2011, would be in the same terms if given to the directors as at the time of this auditor's report.

**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 consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards 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 15 to 21 of the directors' report for the year ended 30 June 2011. 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.

**Opinion**

In our opinion, the Remuneration Report of Quest Investments Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.



**BENTLEYS MELBOURNE PARTNERSHIP  
CHARTERED ACCOUNTANTS**



**GORDON ROBERTSON  
PARTNER**

Dated in Melbourne on this 4th day of October 2011

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

### ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following additional information is required by the Australian Stock Exchange Ltd in respect of listed public companies only.

#### 1. Shareholding

##### a. Distribution of Shareholders

Category (size of holding)	Number	
	Ordinary	Preference
1 – 1,000	880	
1,001 – 5,000	134	
5,001 – 10,000	37	
10,001 – 100,000	37	
100,001 – and over	18	
	<hr/>	
	1,106	

b. The number of shareholdings held in less than marketable parcels is 1,014.

c. The names of the substantial shareholders listed in the holding company's register as at 30 June 2011 are:

Shareholder	Number	
	Ordinary	Preference
MURCHISON HOLDINGS LTD	19,594,802	43.69
QUEST STOCKBROKERS (HK) LIMITED <CLIENT A/C>	16,249,456	36.23
JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	1,637,446	3.65

##### d. Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares are

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

### ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

#### e. 20 Largest Shareholders — Ordinary Shares

	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.MURCHISON HOLDINGS LTD	19,594,802	43.69
2.QUEST STOCKBROKERS (HK) LIMITED <CLIENT A/C>	16,249,456	36.23
3.JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	1,637,446	3.65
4.MR CHENG TUAN DONALD TEO	1,000,000	2.23
5.MR WEE TIONG CHIANG	833,130	1.86
6.STAR BLOOM INVESTMENT LIMITED	555,000	1.24
7.MRS CHEOW MOI CHUA	500,000	1.12
8.M Q SERVICES PTY LTD	455,696	1.02
9.HSBC CUSTODY NOMINEES (AUSTRALIA) LTD	320,200	0.71
10.BRONTE INDUSTRIES PTY LTD <NO 2 ACCOUNT>	320,000	0.71
11.PAULON ASSETS LIMITED	260,300	0.58
12.OPTEx EXCHANGE PTY LIMITED <DAVID SUTTON SUPER FUND A/C>	250,000	0.56
13.WELLBUILD INTERNATIONAL LIMITED	231,500	0.52
14.NATIONAL NOMINEES LIMITED	200,000	0.45
15.MR RHETT MORSON <BOMIMO FAMILY A/C>	107,720	0.24
16.DR MOHAMMED AL KAMIL	105,808	0.24
17.MEUTER ANDRE	100,000	0.22
18.SERENAR NOMINEES PTY LTD <S/F ACCOUNT>	97,034	0.22
19.MARTIN PLACE SECURITIES NOMINEES PTY LTD	93,000	0.21
20.DMG & PARTNERS SECURITIES PTE LTD <CLIENTS A/C>	91,000	0.20
	<hr/>	<hr/>
	43,002,092	95.89

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2. The name of the company secretary is Grant Anthony Robertson
3. The address of the principal registered office in Australia is Level 2, 11 Queens Road, Melbourne, Victoria 3004, Australia.  
Telephone (03) 9867 7033
4. Registers of securities are held at the following addresses  
BoardRoom Pty Limited - Level 7, 207 Kent Street, Sydney, NSW 2000, Australia
5. **Stock Exchange Listing**  
Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Stock Exchange Limited.
6. **Unquoted Securities**  
No options are on issue to directors and employees under the Quest Investments Limited employee option plan.