QUEST INVESTMENTS LIMITED

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ASX Announcement & Media Release

Date : 31st August 2011

Remaining focused on core business in times of strong headwinds

Full Year To 30 June 2011 Financial Results Highlights

Financial results for the full year ended 30 June 2011, compared to the previous Corresponding period ("pcp')

Quest Investments Limited (ASX : QST) today announced that it is presenting for the first time its financial accounts in Hong Kong Dollar ("HKD") 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.

Net Profits recorded a 173% increase to reach HK$10.195 million for the full year ended 30 June 2011, as compared to a Net profit of HK$3.740 million achieved in the pcp. Basic earnings per share was 22.79 HK cents as compared to the pcp of 8.38 HK cents. Fully diluted earnings per share was 21.58 HK cents as compared to 4.37 HK cents in the pcp.

Revenue from ordinary activities rose five-fold to HK$ 264.75 million as compared to the pcp of HK$41.2 million. All major operating businesses registered strong rises in revenue.

Increase in operating costs is in support of revenue expansion with good productivity targets being achieved.

Stronger cash flow position resulting from net cash contribution from operating businesses.

Financial position remained healthy with further reductions in financial liabilities. Total assets rose by 7.4% to HK$107.148 million with Net Tangible Assets per share of HK$1.56 as compared to HK$1.355 for the pcp.

Financial Highlights

- Revenue from ordinary activities was HK$264.75 million, a 543% increase as compared to the pcp;
- Net Profit after minority interests was HK$10.195 million, a 173% rise as compared to HK$3.740 million in the pcp;
- Finance costs fell 5% to HK$260,872 primarily due to lower interest rates despite expansion in business volume;
- Expense base rose due to increase in senior managerial head count and trade support.

Highlights of the operating businesses

Stockbrokerage

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$3.283 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$3.375m 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.

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.

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 recorded better sales and profits. QMR's contribution to the Group's earnings was HK$7.555 million as compared to HK$1.718 million in the pcp. DJFL's sales increased strongly due primarily to better processing margins and increases being achieved in product pricing. QMR benefitted from an increase in out-sourcing by food companies in Europe to our Dalian-based factories and our available processing capacity. With poorer economic and tighter financial conditions prevailing in Europe, DJFL's lower processing cost base and available capacity benefited from this switching by European-based food companies.

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 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.

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.

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 head winds 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.

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