

Appendix 4E

Preliminary final report

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

1. REPORTING PERIOD

The financial information contained in this report is for the year ended 30 June 2014. Comparative amount, unless otherwise indicated, are for the year ended 30 June 2013.

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

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

				\$HKD'000
Revenues from ordinary activities	Down	33%	to	57,202
Loss for ordinary activities after tax attributable to members	Down	88%	to	(4,393)
Loss for the year attributable to members	Down	88%	to	(4,393)
Dividends (distributions)	It does not propose to pay a dividend.			

Review of Operation

Quest Investments Limited and its controlled entities continued to earn their income from their activities in the sectors of investments, stockbroking, nominee services, settlement services, electronics businesses, information technology and processing and sale of processed seafood. Our focus has continued to be markets in South East Asia, Australia, Europe and the USA.

3. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

	2014 HKD\$000	2013 HKD\$000
Revenue	57,202	84,822
Cost of Sales	(56,607)	(78,697)
Gross profits	595	6,125
Other income	4,667	1,788
Employee benefits expenses	(4,450)	(4,651)
Depreciation	(178)	(126)
Finance costs	(248)	(197)
Other operation expenses	(4,596)	(5,279)
Impairment of Investment	-	(33,310)
Loss before income tax expenses	(4,210)	(35,650)
Income tax expenses	(90)	(86)
Loss for the year	(4,300)	(35,736)
Other comprehensive income		
Foreign currency translation differences for foreign operation:	(93)	-
Other comprehensive income for the year, net income tax	-	-
Total comprehensive loss for the year	(4,393)	(35,736)
Total comprehensive income attributable to :		
Owners of the company	(4,393)	(35,736)
Non-controlling interest	-	-
Total comprehensive loss for the year	(4,393)	(35,736)
Earning per share		
Basic losses per share (cents per share)	(9.24)	(77.35)
Diluted losses per share (cents per share)	(9.24)	(77.35)

The accompanying notes form part of these financial statements.

4. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	<u>2014</u> HKD\$000	<u>2013</u> HKD\$000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	2,519	3,001
Trade and other receivables	29,024	25,621
Financial assets	1,382	12,721
Other current assets	63	38
	<u>32,988</u>	<u>41,381</u>
NON-CURRENT ASSETS		
Financial assets	53	53
Plant and equipment	500	671
Trade and other receivables	41,030	38,088
Other non current assets	760	760
	<u>42,343</u>	<u>39,572</u>
TOTAL ASSETS	<u>75,331</u>	<u>80,953</u>
CURRENT LIABILITIES		
Trade and other payables	41,985	44,319
Financial liabilities	3,079	3,108
Taxation	90	86
	<u>45,154</u>	<u>47,513</u>
NET ASSETS	<u>30,177</u>	<u>33,440</u>
EQUITY		
Issued capital	97,128	96,158
Reserves	23,165	23,005
Accumulated losses	(90,116)	(85,723)
	<u>30,177</u>	<u>33,440</u>

The accompanying notes form part of these financial statements.

For personal use only

5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

	HK\$000	HK\$000		HK\$000	HK\$000	HK\$000
	Ordinary Share			Reserve		
Note	Accumulated Losses	Share Option	Capital Profits	Foreign Currency Translation		Total
Balance at 30 June 2013	96,158	(85,723)	1,473	7,099	14,433	33,440
Total comprehensive income for the year						
(Loss) for the year	-	(4,393)	-	-	-	(4,393)
Foreign currency translation difference			93			93
Total comprehensive (loss) for the year	-	(4,393)	93	-	-	(4,300)
Transactions with owners, recorded directly in equity						
Share option exercised	970	-	(384)	1		587
Share option granted	-	-	450	-	-	450
Total transaction with owners	970	-	66	1	-	1,037
Balance at 30 June 2014	97,128	(90,116)	1,632	7,100	14,433	30,177
	HK\$000	HK\$000		HK\$000	HK\$000	HK\$000
	Ordinary Share			Reserve		
Note	Accumulated Losses	Share Option	Capital Profits	Foreign Currency Translation		Total
Balance at 1 July 2012	94,779	(49,987)	1,197	7,099	14,433	67,521
Total comprehensive income for the year						
(Loss) for the year	-	(35,736)	-	-	-	(35,736)
Total comprehensive (loss) for the year	-	(35,736)	-	-	-	(35,736)
Transactions with owners, recorded directly in equity						
Share issue during the year	1,389	-	-	-	-	1,389
Share bought back during the year	(10)	-	-	-	-	(10)
Share option exercised	-	-	(50)			(50)
Share option expenses	-	-	326	-	-	326
Total transaction with owners	1,379	-	276	-	-	1,655
Balance at 30 June 2013	96,158	(85,723)	1,473	7,099	14,433	33,440

6. CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

	<u>2014</u> HKD\$000	<u>2013</u> HKD\$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	69,720	90,921
Interest received	17	21
Finance costs	(341)	(197)
Dividends received	68	57
Payments to suppliers	(63,648)	(91,619)
Payments to employees	(4,450)	(1,600)
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES	1,366	(2,417)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(7)	(549)
Payment to related companies	(2,942)	-
NET CASH USED IN INVESTING ACTIVITIES	(2,949)	(549)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share	-	1,389
Proceeds from share options	1,130	-
Share buy-back payment	-	(10)
NET CASH INFLOW FROM FINANCING ACTIVITIES	1,130	1,379
Net decrease in cash held	(453)	(1,587)
Cash at beginning of financial year	(107)	1,480
CASH AT END OF FINANCIAL YEAR	(560)	(107)
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	2,519	3,001
Borrowings	(3,079)	(3,108)
	(560)	(107)

The accompanying notes form part of these financial statements.

For personal use only

7. ISSUED CAPITAL

a. Movement in share capital

	2014 HKD\$000	2013 HKD\$000
47,764,107 (2013: 46,414,107) fully paid ordinary shares	97,128	96,158
Balance at 1 July 2013: 46,414,107 shares (1 July 2012: 45,111,357 shares)	96,158	94,779
Shares issued by share options exercise during the year: 1,350,000 ordinary shares (2013: Nil)	970	-
Shares issued during the year: Nil (2013: 1,318,333)	-	1,389
Shares buyback during the year: Nil (2013: 15,583 shares)	-	(10)
Balance at 30 June 2014: 47,764,107 shares (30 June 2013: 46,414,107 shares)	97,128	96,158

b. Ordinary shares

All capital consists of fully paid ordinary shares which are listed on the ASX and carry one vote per share and the right to receive dividends.

8. DIVIDENDS

The Company did not pay any dividends during the year ended 30 June 2014 and no dividends are presently proposed as being payable.

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

9. CONSOLIDATED ACCUMULATED LOSSES

	2014 HKD\$000	2013 HKD\$000
Accumulated losses at the beginning of the financial year	(85,723)	(49,987)
Losses attributable to the members of the parent entity	(4,393)	(35,736)
Accumulated losses at the end of the year	(90,116)	(85,723)

10. NET TANGIBLE ASSETS PER SECURITY

	2014 HKD	2013 HKD
Net tangible assets per security	63.2 cents	72.0 cents

(The total number of ordinary shares used as the denominator in calculating Net Tangible Assets per share was 47,764,107)

11. LOSSES PER SHARE

	2014	2013
	Cents	Cents
Basic losses per share (a)	(9.24)	(77.35)
Diluted losses per share (b)	(9.24)	(77.35)
(a) Basic losses per share	HKD\$000	HKD\$000
Losses used to calculate losses per share	(4,300)	(35,736)
Weighted average number of ordinary shares used as the denominator in calculating Basic losses per share	46,550,956	46,200,349
(b) Diluted losses per share		
Losses used to calculate losses per share	(4,300)	(35,736)
Weighted average number of ordinary shares used as the denominator in calculating Diluted losses per share	46,550,956	46,200,349

12. CHANGES IN CONTROL OVER GROUP ENTITIES

During the financial year ended 30th June 2014, there is no change in control over group entities.

13. ASSOCIATES AND JOINT VENTURES

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

Name of entity	% Holding	Aggregate Share of profit (losses)		Contribution to net profit	
		Current Period	Previous corresponding period	Current Period	Previous corresponding period
		\$	\$	\$	\$
Quest Securities Limited	-	Nil	Nil	Nil	Nil
Meredeen Investment Limited	-	Nil	Nil	Nil	Nil
Quest Marine Resources Limited	43.37	Nil	Nil	Nil	Nil

During the year, the equity interest in Quest Securities Limited and Meredeen Investment Limited were sold to a non related party of the group.

Since the entire investment in Quest Securities Limited and Meredeen Investment Limited has written off by the consolidated entity, no gain or loss have been recognised from the above two associate companies during the year.

Investment cost of Quest Marine Resources Limited was written off.

14. NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2014

A. STATEMENT OF SIGNIFICANT ACCOUNTING POLICES

The significant accounting policies are set out below.

Statement of Compliance

The preliminary financial report is a financial report that has been prepared in accordance with the recognition and measurement aspects of Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB), the Corporations Act 2001 and Appendix 4E of the Australian Securities Exchange listing rules.

It is recommended that this financial report be read in conjunction with the 2013 annual report, the December 2013 half year report and any public announcements made by Quest Investments Limited and its controlled entities during the year in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The Board of Directors approved the preliminary financial report on 29th August 2014.

Basis of preparation

The consolidated 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. The Group is a for-profit entity for financial reporting purpose under Australian Accounting Standards.

The consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated under the option available in ASIC Class Order 98/100.

The Group has adopted all of the new and revised standards and Interpretations issued by the Australian Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

14. NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

A. STATEMENT OF SIGNIFICANT ACCOUNTING POLICES (Cont'd)

Accounting Policies

The same accounting policies and methods of computation have been followed in this financial report as were applied in the most recent interim and annual financial statements.

Going Concern

The accounts have been prepared on a going concern basis. The Group has a current asset deficiency of HK\$12,165,971 (2013: HK\$6,132,000), reported a loss of HK\$4,392,993 (2013: HK\$35,735,937) for the year. Its continuance in business as a going concern is dependent upon the Group having ongoing financial support from its major shareholder. The accounts have been prepared on a going concern basis as the Group's ultimate holding company has pledged to provide continuing financial support to the Group for a period of not less than twelve months from the date of the directors' declaration.

Critical Accounting Estimates and Judgements

The critical estimates and judgements are consistent with those applied and disclosed in the June 2013 annual report.

For personal use only

14. NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

B. STATEMENT OF OPERATIONS BY SEGMENTS

Business segments

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

Investments

Investments in marketable securities

Stockbroking

Provision of share trading services to clients

Telecom

Provision of communication equipment and services to clients.

Corporate Advisory

Provision of corporate advisory services to clients.

Geographical Segments

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

Australia

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

Hong Kong

The major operations are carried out in Hong Kong.

14. NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

B. STATEMENT OF OPERATIONS BY SEGMENTS (Cont'd)

Segment Reporting

The Company has two reportable segments. The business is organised based on investment, Stockbroking & Telecom. The following summary describes the operations in each of the Company's reportable segments.

Investments are investment in marketable securities.

Stockbroking is provision of share trading services to clients.

Provision of telecom services to clients.

Corporate advisory is provision of corporate restructuring and related services to clients.

Reportable segments consist of the aggregation of a number of operating segments in accordance with AASB 8 Operating Segments.

Information regarding the operations of each reportable segment is included below in the manner reported to the chief operating decision maker as defined in AASB 8. Performance is measured based on segment earnings before interest and tax (EBIT). Inter-segment transactions are not recorded as revenue. Instead a cost allocation relating to the transactions is made based on negotiated rates.

Primary Reporting — Business Segments

	Investment		Stockbroking		Telecom		Corporate Advisory		Economic Entity	
	2014 HKD\$ 000	2013 HKD\$ 000	2014 HKD\$ 000	2013 HKD\$ 000	2014 HKD\$ 000	2013 HKD\$ 000	2014 HKD\$ 000	2013 HKD\$ 000	2014 HKD\$ 000	2013 HKD\$ 000
In thousands of HKD										
External revenue	41,718	44,974	3,922	6,464	14,530	33,784	1,699	1,388	61,869	86,610
Depreciation and amortisation	28	43	40	42	98	41	12	-	178	126
Reportable segment (losses) before tax	(2,559)	(36,006)	(1,544)	5	(406)	64	299	287	(4,210)	(35,650)
Reportable segment assets	37,426	39,609	35,311	38,841	411	1,441	2,183	1,062	75,331	80,953
Capital expenditure	-	-	-	-	-	489	7	59	7	548
Share of net profits /(losses) of equity accounted associates and joint venture entities	-	-	-	-	-	-	-	-	-	-

14. NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

B. STATEMENT OF OPERATIONS BY SEGMENTS (Cont'd)

Primary Reporting — Business Segments (Cont'd)

In thousands of HKD	<u>2014</u> HKD\$000	<u>2013</u> HKD\$000
Reconciliation of reportable segment profit, assets and other material items		
Loss		
Total loss for reportable segments	(4,210)	(35,650)
Unallocated amounts – other corporate expenses	-	-
Loss before income tax	<u>(4,210)</u>	<u>(35,650)</u>
Assets		
Total assets for reportable segments	75,331	80,953
Other unallocated amounts	-	-
Total assets	<u>75,331</u>	<u>80,953</u>
Capital Expenditure		
Capital expenditure – reportable segments	7	548
Other unallocated amounts	-	-
Total	<u>7</u>	<u>548</u>
Other material items		
Share of net profits of equity accounted associates and joint venture entities	-	-
Other unallocated amounts	-	-
Total assets	<u>-</u>	<u>-</u>

Secondary Reporting — Geographical Segments

The Company operates predominately in Hong Kong.

	Segment Revenues for External Customers		Carrying Amount of Segment Assets		Acquisitions of Non-current Segment	
	2014 HKD\$000	2013 HKD\$000	2014 HKD\$000	2013 HKD\$000	2014 HKD\$000	2013 HKD\$000
Geographical location:						
Australia	4,632	9,789	28,487	26,865	-	-
Hong Kong	57,237	76,821	46,844	54,088	-	-
	<u>61,869</u>	<u>86,610</u>	<u>75,331</u>	<u>80,953</u>	<u>-</u>	<u>-</u>

14. NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

C: IMPAIRMENT OF INVESTMENT

For the year ended 30 June 2013, the Directors have not obtained sufficient appropriate evidence for this review of the recoverable amount of the investment in Dalian JiXiang Food Co., Ltd. (DJFL) which has the same resulting effect on the company's investment in Quest Marine Resources Limited – the parent company of DJFL – an associate company of Quest Investments Limited.

Accordingly, we are uncertain whether the recoverable amount of that asset is at least equal to its carrying value. Adopting a conservative approach to this matter the Directors have elected to impair the asset to a nominal amount. In the event that circumstances change and sufficient appropriate evidence of the recoverable amount is obtained then the carrying value of Investments Accounted for Using the Equity Method will be adjusted to reflect that value.

	2014 HKD\$000	2013 HKD\$000
Investment in associated company	-	33,310
Less: Impairment	-	(33,310)
	<u>-</u>	<u>-</u>

D: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

E: EVENTS SUBSEQUENT TO REPORT DATE

There has been no event subsequent to report date.

F: COMPARATIVE FIGURES

Certain previous year figures are re-classified to conform with current year financial year presentation.

15. STATUS OF AUDIT

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

For and on behalf of the Board



Wee Tiong CHIANG

Director

Date : 29th August, 2014