

Appendix 4D

Half Year Report Period ending on 31 December 2007

QMASTOR Limited
ABN: 44 088 334 972

1. Details of the reporting period

Current Reporting Period:	six months ended 31 December 2007
Previous Reporting Period:	six months ended 31 December 2006

2. Results for announcement to the market

			\$A'000
Revenues from ordinary activities	Up	48% to	2,085
Profit (loss) from ordinary activities after tax attributable to members	Up	289% to	373
Net profit (loss) for the period attributable to members	Up	289% to	373
Dividends (distributions)	Amount per security		Franked amount per security
Final dividend	- ¢		- ¢
Interim dividend	- ¢		- ¢
Record date for determining entitlement to dividend	<i>It is not proposed to pay a dividend</i>		

Brief Explanation of Results

The directors of QMASTOR Limited (ASX:QML) today reported a net profit before tax (EBIT) of \$582,220 (2006: profit of \$188,524) and a net profit after tax of \$373,153 (2006: profit of \$96,027) for the half year ended 31 December 2007. The profit was provided by strong sales growth in the half. The company's total revenue increased to \$2,084,808 (\$1,406,007 in the corresponding previous period) demonstrating continued growth in the business.

During the half we added substantially to our forward order position with the contracts announced through the period. Our forward order position is now at a record level. Considering the amount of

+ See chapter 19 for defined terms.

enquiry and the level of tender responses awaiting decision we see substantial growth in orders on-hand in the next six months.

The recently announced large contract for the installation of Pit to Port at Assmang in South Africa was a major step forward in expanding our business internationally. We are particularly pleased with our partnership with Assmang as they are an aggressively expanding company which offers potential for QMASTOR to provide increased services for their growth.

Our significant contract with Fortescue Mining Group Limited is in the advanced stages of implementation as they expect to ship ore in May, 2008. The QMASTOR installation is an integral part of FMGL quality management system and must keep pace with their tight timetable.

A major development during the half was the completion of a Strategic Plan projecting the company to the year 2012. The Board complements the management team on the effort and commitment in preparing this plan which becomes the roadmap for the next four years. A few key highlights of the Strategic Plan are ;

- The market for the company's products is significant and we expect to maintain and improve our market share.
- QMASTOR's suite of current products and new offerings are expected to maintain their position as the leader in Mining field.
- International expansion will deliver half the company's revenue within five years.
- Whilst the resourcing and training of sufficient skilled personnel to match growth is a significant challenge, the management team are confident that we can maintain and attract new staff.
- The Board is confident that we can look forward to delivering significant revenue and profit growth in to the future.

Outlook for the next six months suggests a continuation of the first half performance. The directors expectation is that a dividend will be paid at the end of the financial year.

3. Net tangible assets per security

NTA backing	Current period	Previous period
Net tangible asset backing per ordinary security (undiluted)	6.8 cents ps	6.0 cents ps

⁺ See chapter 19 for defined terms.

4. Control gained over entities having material effect

Name of entity (or group of entities)	<i>Not applicable</i>
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was ⁺ acquired	\$
Date from which such profit has been calculated	
Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	\$

Loss of control of entities having material effect

Name of entity (or group of entities)	<i>Not applicable</i>
Consolidated profit or loss/result from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control	\$
Date to which the profit or loss/result has been calculated	
Consolidated profit or loss/result from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	\$
Contribution to consolidated profit or loss/result from ordinary activities and extraordinary items from sale of interest leading to loss of control	\$

⁺ See chapter 19 for defined terms.

5. Dividends and Distribution Payments

Date the dividend (distribution) is payable

Not applicable

Amount per security

		Amount per security	Franked amount per security at % tax	Amount per security of foreign source dividend
	Final dividend:			
	Current year	- ¢	- ¢	- ¢
	Previous year	- ¢	- ¢	- ¢
	Interim dividend:			
	Current year	- ¢	- ¢	- ¢
	Previous year	- ¢	- ¢	- ¢

Amount in dollars

	Current period \$A'000	Previous period \$A'000
+Ordinary securities	-	-
Preference +securities	-	-
Other equity instruments	-	-
Total	-	-

6. Dividend/ Distribution Reinvestment Plans

The +dividend or distribution plans shown below are in operation.

Not applicable

The last date(s) for receipt of election notices for the +dividend or distribution plans

Not applicable

+ See chapter 19 for defined terms.

7. Associates and joint venture entities

Group's share of associates' and joint venture entities':	Current period \$A'000	Previous period \$A'000
Profit or loss/result from ordinary activities before income tax expense	<i>Not applicable</i>	<i>Not applicable</i>
Income tax on ordinary activities		
Profit or loss/result from ordinary activities after tax		
Extraordinary items net of tax		
Net profit or loss/result		
Adjustments		
Share of net profit or loss/result of associates and joint venture entities		

8. Foreign Entities- Accounting Standards

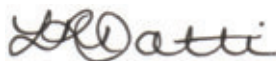
Not applicable

9. Compliance Statement

This report has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Boards and the *Corporations Act 2001*.

This report covers the company, QMASTOR Limited, a publicly listed company, incorporated and domiciled in Australia for the period 1 July 2007 to 31 December 2007.

The accounts have been reviewed by our auditors and are subject to qualification as referred to in the attached independent auditors report to the members. The audit report is provided as an attachment to Appendix 4D.



Signed: _____
LORI DOTTI
Company Secretary

Date: 19 February 2008

QMASTOR Limited

Interim report

ABN 44 088 334 972

for the half-year ended 31 December 2007

QMASTOR Limited ABN 44 088 334 972
Interim report – 31 December 2007

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2007 and any public announcements made by QMASTOR Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors' report

Your directors present their report on the company for the half-year ended 31 December 2007.

Directors

The following persons were directors of QMASTOR Limited during the whole of the half-year and up to the date of this report:

Alfred Wong
Trent Bagnall

Ray Miller was appointed as a non-executive director on 13 August 2007 and continues in office up to the date of this report.

Allan Davies was appointed as a non-executive director on 18 October 2007 and continues in office up to the date of this report.

Benjamin Wah Sang Ngai was a non-executive director from the beginning of the half-year until his resignation on 1 August 2007.

Review of Operations

The Board of QMASTOR Limited is pleased to report a substantial increase in profit for the half year ended 31 December 2007. The half year profit puts the company on a solid footing to exceed the profit guidance given at the company's Annual General meeting in November, 2007.

Reflecting the early stage implementation of the major contracts announced through the year, revenue for the half was \$ 2.09 million compared to \$1.40 million an increase of 48%. Net Profit of \$373,153 was up 289%.

Performance chart:-

Half Year	2007	2006	% Increase
Revenue	\$2,084,808	\$1,406,007	48%
EBITDA	769,676	367,202	110%
Depreciation & Amortisation	187,456	178,678	
EBIT	582,220	188,524	209%
Income Tax Expense	209,067	92,497	
NPAT	373,153	96,207	289%

During the half we added substantially to our forward order position with the contracts announced through the period. Our forward order position is now at a record level. Considering the amount of enquiry and the level of tender responses awaiting decision we see substantial growth in orders on-hand in the next six months.

The recently announced large contract for the installation of Pit to Port at Assmang in South Africa was a major step forward in expanding our business internationally. We are particularly pleased with our partnership with Assmang as they are an aggressively expanding company which offers potential for QMASTOR to provide increased services for their growth.

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A major development during the half was the completion of a Strategic Plan projecting the company to the year 2012. The Board complements the management team on the effort and commitment in preparing this plan which becomes the roadmap for the next four years. A few key highlights of the Strategic Plan are :

- The market for the company's products is significant and we expect to maintain and improve our market share
- QMASTOR's suite of current products and new offerings are expected to maintain their position as the leader in Mining field.
- International expansion will deliver half the company's revenue within five years.
- Whilst the resourcing and training of sufficient skilled personnel to match growth is a significant, the management team are confident that we can maintain and attract new staff
- The Board is confident that we can look forward to delivering significant revenue and profit growth in to the future.

Outlook for the next six months suggests a continuation of the first half performance. The directors expectation is that a dividend will be paid at the end of the financial year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

This report is made in accordance with a resolution of directors.



Alfred Wong
Director

Newcastle
19 February 2008

PricewaterhouseCoopers
ABN 52 780 433 757


PricewaterhouseCoopers Centre
26 Honeysuckle Drive
PO Box 798
NEWCASTLE NSW 2300
DX 77 Newcastle
Australia
www.pwc.com/au
Telephone +61 2 4925 1100
Facsimile +61 2 4925 1199

Auditor's Independence Declaration

As lead auditor for the review of QMASTOR Limited for the half year ended 31 December 2007, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of 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.

This declaration is in respect of QMASTOR Limited during the period.


Greg Lourey
Partner
PricewaterhouseCoopers

Newcastle
19 February 2008

QMASTOR Limited
Income statement
For the half-year ended 31 December 2007

		Half-year	
Notes	2007	2006	
	\$	\$	
Revenue from continuing operations	2,084,808	1,406,007	
Other income	63,874	163,290	
Changes in inventories of finished goods and work in progress	97,139	(100,014)	
Employee benefits expense	(1,117,107)	(737,040)	
Depreciation and amortisation expense	(187,456)	(178,678)	
Finance costs	(5,625)	(5,002)	
Travel expenses	(57,685)	(55,192)	
Sampling and analysis expenses	(14,940)	(15,575)	
Rent and utilities	(60,989)	(48,388)	
Marketing and development expenses	(43,919)	(39,849)	
System contractors	-	(47,910)	
General and insurance expenses	(67,733)	(47,580)	
Other expenses	(108,147)	(105,545)	
Profit before income tax	582,220	188,524	
Income tax expense	(209,067)	(92,497)	
Profit for the half-year	373,153	96,027	3
Profit attributable to equity holders of QMASTOR Limited	373,153	96,027	
	Cents	Cents	
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share	0.93	0.24	
Diluted earnings per share	0.93	0.24	

The above income statement should be read in conjunction with the accompanying notes.

QMASTOR Limited
Balance sheet
As at 31 December 2007

	31 December 2007	30 June 2007
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	768,185	1,414,729
Trade and other receivables	1,814,011	513,755
Inventories	840,170	755,811
Total current assets	3,422,366	2,684,295
Non-current assets		
Receivables	248,737	166,590
Inventories	81,570	68,790
Property, plant and equipment	461,645	445,757
Intangible assets	2,713,756	2,657,225
Total non-current assets	3,505,708	3,338,362
Total assets	6,928,074	6,022,657
LIABILITIES		
Current liabilities		
Trade and other payables	690,548	390,757
Borrowings	60,261	28,140
Provisions	58,417	56,368
Current Tax Liabilities	117,339	-
Total current liabilities	926,565	475,265
Non-current liabilities		
Borrowings	91,252	105,322
Net deferred tax liabilities	448,891	357,163
Provisions	14,674	11,368
Total non-current liabilities	554,817	473,853
Total liabilities	1,481,382	949,118
Net assets	5,446,692	5,073,539
EQUITY		
Contributed equity	7,365,227	7,365,227
Retained profits	(1,918,535)	(2,291,688)
Total equity	5,446,692	5,073,539

The above balance sheet should be read in conjunction with the accompanying notes.

QMASTOR Limited
Statement of changes in equity
For the half-year ended 31 December 2007

	Half-year	
	2007	2006
	\$	\$
Total equity at the beginning of the half-year	5,073,539	5,047,622
Net income recognised directly in equity		
Profit for the half-year	373,153	96,027
Total recognised income and expense for the year	373,153	96,027
Transactions with equity holders in their capacity as equity holders:		
Contributions of equity, net of transaction costs	-	-
	-	-
Total equity at the end of the half-year	5,446,692	5,143,649
Total recognised income and expense for the half-year is attributable to:		
Equity holders of QMASTOR Limited	373,153	96,027
	373,153	96,027

The above statement of changes in equity should be read in conjunction with the accompanying notes.

QMASTOR Limited
Cash flow statement
For the half-year ended 31 December 2007

	Half-year	
	2007	2006
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	884,851	855,862
Payments to suppliers and employees (inclusive of goods and services tax)	(1,467,115)	(1,148,975)
	(582,264)	(293,113)
Other revenue	63,874	161,831
Borrowing costs	(5,625)	(4,500)
Net cash inflow/(outflow) from operating activities	(524,015)	(135,782)
Cash flows from investing activities		
Payments for property, plant and equipment	(69,892)	(42,462)
Payment of development costs	(82,500)	-
Interest received	43,933	38,068
Net cash (outflow)/inflow from investing activities	(108,459)	(4,394)
Cash flows from financing activities		
Proceeds from borrowings	-	36,075
Repayment of borrowings	(14,070)	(10,296)
Net cash inflow/(outflow) from financing activities	(14,070)	25,779
Net increase/ (decrease) in cash and cash equivalents	(646,544)	(114,397)
Cash and cash equivalents at the beginning of the half-year	1,414,729	1,378,844
Cash and cash equivalents at end of the half-year	768,185	1,264,447

The above cash flow statement should be read in conjunction with the accompanying notes.

1 Basis of preparation of half-year financial report

This general purpose financial report for the interim half-year reporting period ended 31 December 2007 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2007 and any public announcements made by QMASTOR Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial period and corresponding interim reporting period.

2 Segment information

Primary reporting format - Geographical segments

QMASTOR Limited presently operates in two main geographical areas being Australia and South East Asia.

	Half year Segment revenues		Half year Segment results	
	2007	2006	2007	2006
	\$	\$	\$	\$
Australia	1,872,084	1,390,991	369,496	173,508
South East Asia	212,724	15,016	212,724	15,016
Total continuing operations	2,084,808	1,406,007	582,220	188,524
	2,084,808	1,406,007	582,220	188,524
Unallocated revenue less unallocated expenses			-	-
Profit before income tax expense			582,220	188,524
Income tax expense			209,067	92,497
Profit for the year			373,153	96,027
Profit attributable to members of QMASTOR Limited			373,153	96,027

3 Profit for the half-year

Half-year

2007 2006
\$'000 **\$'000**

Profit before income tax includes the following specific expenses:

Depreciation

Plant and equipment	51,541	42,391
Total Depreciation	51,541	42,391

Amortisation

Intangible asset	135,915	136,287
Total Amortisation	135,915	136,287

Finance Costs

Interest and finance charges paid/payable	5,625	5,002
Finance costs expensed	5,625	5,002

Rental expense relating to operating leases

Minimum lease payments	40,291	34,447
Total rental expense relating to operating leases	40,291	34,447

In the directors' opinion:

- (a) the financial statements and notes set out on pages 5 to 10 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that QMASTOR Limited 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 directors.



Alfred Wong
Chairman

Newcastle
19 February 2008

**Independent Auditor's Review Report
to the members of QMASTOR Limited**

Report on the Half-Year Financial Report

PricewaterhouseCoopers
ABN 52 780 433 757

PricewaterhouseCoopers Centre
26 Honeysuckle Drive
PO Box 798
NEWCASTLE NSW 2300
DX 77 Newcastle
Australia
Telephone +61 2 4925 1100
Facsimile +61 2 4925 1199
www.pwc.com/au

We have reviewed the accompanying half-year financial report of QMASTOR Limited, which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for QMASTOR Limited (the company).

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of QMASTOR Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

For further explanation of a review, visit our website <http://www.pwc.com/au/financialstatementaudit>.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of QMASTOR limited (the Company) for the half-year ended 31 December 2007 included on QMASTOR Limited's web site. The company's directors are responsible for the integrity of the QMASTOR limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

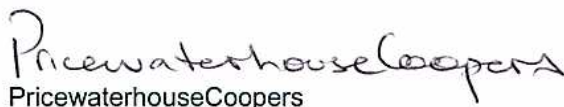
Independence

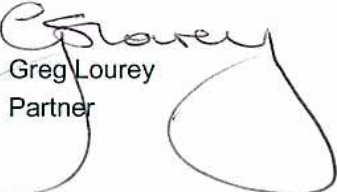
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of QMASTOR Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.


PricewaterhouseCoopers


Greg Lourey
Partner

Newcastle
19 February 2008