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# FULL YEAR REPORT

**ASX Appendix 4E Preliminary Final Report  
Directors' Report  
Auditors' Independence Declaration  
Financial Report  
Auditor's Report**

**30 June 2020**

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**ASX Code: QUE**

Queste Communications Ltd  
A.B.N. 58 081 688 164

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**CORPORATE DIRECTORY****BOARD**

Farooq Khan (Chairman and Managing Director)  
Victor Ho (Executive Director)  
Yaqoob Khan (Non-Executive Director)

**COMPANY SECRETARY**

Victor Ho

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**ASX CODE**

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# Results for Announcement to the Market

Current Reporting Period:	Financial year ended 30 June 2020
Previous Corresponding Period:	Financial year ended 30 June 2019
Balance Date:	30 June 2020
Company:	Queste Communications Ltd (ASX:QUE) ( <b>QUE</b> )
Consolidated Entity:	The Company and controlled entities ( <b>Queste</b> ), being Orion Equities Limited (ASX:OEQ) ( <b>OEQ</b> ) and controlled entities of OEQ ( <b>Orion</b> ).

## OVERVIEW OF RESULTS

COMPANY	2020 \$	2019 \$	Change %	Up/ Down
Total revenues	61,299	182,773	66%	Down
Net gain/(loss) on financial assets	(749,413)	(421,844)	78%	Up
Share of Associate entity's profit/(loss)	-	-	N/A	N/A
Other Expenses	(119,143)	(311,116)	62%	Down
<b>Profit/(Loss) before tax</b>	<b>(807,257)</b>	<b>(550,187)</b>	47%	Up
Income tax expense	-	-		
<b>Profit/(Loss) for the year</b>	<b>(807,257)</b>	<b>(550,187)</b>	47%	Up

CONSOLIDATED ENTITY	2020 \$	2019 \$	Change %	Up/ Down
Total revenues	122,375	56,650	116%	Up
Net gain on sale of non-current asset	-	201,786	N/A	Down
Net gain/(loss) on financial assets	(1)	(87,200)	N/A	Down
Share of Associate entity's profit/(loss)	(307,878)	(662,455)	54%	Down
Other Expenses	(662,479)	(821,040)	25%	Down
<b>Loss from continuing operations</b>	<b>(847,983)</b>	<b>(1,312,259)</b>	38%	Down
Loss from discontinuing operations	-	(56,760)		
Income tax expense	-	(38,973)		
<b>Loss for the year</b>	<b>(847,983)</b>	<b>(1,407,992)</b>	40%	Down
Net loss attributable to non-controlling interest	317,160	497,884	36%	Down
<b>Loss after tax attributable to owners of the Company</b>	<b>(530,823)</b>	<b>(910,108)</b>	42%	Down
Basic and diluted loss per share (cents)	(1.96)	(3.36)	42%	Down
NTA backing per share (cents) (Parent interest)	2.0	3.3	38%	Down

## BRIEF EXPLANATION OF RESULTS AND COMMENTARY ON RESULTS AND OTHER SIGNIFICANT INFORMATION

The Consolidated Entity's results incorporate the results of controlled entity, ASX-listed investment company, Orion Equities Limited (**OEQ**) and controlled entities of OEQ (**Orion**).

The Consolidated Entity's overall net loss incorporated Orion's investment portfolio performance, including recognising a share of Bentley Capital Limited's (ASX:BEL) net loss (being an Associate entity).

The Consolidated Entity accounts for Bentley as an Associate entity, which means that the Consolidated Entity is required to recognise a share of Bentley's net profit or loss in respect of the financial year based on the Consolidated Entity's (28.556% as at 30 June 2020) direct and indirect shareholding interest in Bentley (this is known as the equity method of accounting for an associate entity). This share of Bentley's net loss is the primary contributor to the Consolidated Entity's net loss for the year, rather than as a consequence of the Company's or Orion's own direct activities or operations.

Further information about Orion's operations, financial position and performance for the financial year ended 30 June 2020 are outlined in Orion's 30 June 2020 Full Year Report.

# Results for Announcement to the Market

Further information about Bentley's operations, financial position and performance for the financial year ended 30 June 2020 are outlined in Bentley's 30 June 2020 Full Year Report.

Please refer to the attached Directors' Report and Financial Report for further information on a review of the Consolidated Entity's operations and the financial position and performance of the Consolidated Entity and Company for the year ended 30 June 2020.

Notwithstanding the accounting value of the investments of the Company as outlined herein, it is noted that the market value of the share investments as at Balance Date are as follows:

Investment	Shareholding	ASX Market Value <sup>1</sup> 30 June 2020
Orion Equities Limited (ASX:OEQ)	9,367,653	\$374,706
Bentley Capital Limited (ASX:BEL)	1,225,752	\$42,901
	<b>Total</b>	<b>\$417,607</b>

## DIVIDENDS

The Directors have not declared a dividend.

## CONTROLLED ENTITIES and ASSOCIATE ENTITIES

Orion has accounted for the following share investment at the Balance Date as investments in an Associate entity (on an equity accounting basis):

- (1) 26.946% (20,513,783 shares) interest in ASX-listed Bentley Capital Limited (ASX:BEL) (2019: 26.946% (20,513,783 shares)).

The Company also has a 1.61% (1,225,752 shares) direct interest in Bentley (2019: 1.61% (1,225,752 shares)).

Accordingly, the Consolidated Entity has equity accounted for a 28.556% total interest in Bentley (30 June 2019: 28.556%).

## ANNUAL GENERAL MEETING (AGM)

Pursuant to the ASX Listing Rules, the Company gives notice that its 2020 AGM is expected to be held on or about Thursday, 19 November 2020.

For and on behalf of the Directors,



Victor Ho  
Executive Director and Company Secretary

Date: 26 August 2020

Telephone: (08) 9214 9777 Email: cosec@queste.com.au

<sup>1</sup> Based on closing bid price on ASX as at 30 June 2020

# DIRECTORS' REPORT

The Directors present their report on Queste Communications Ltd ABN 58 081 688 164 (ASX:QUE) (**Company** or **QUE**) and its controlled entities (**Queste** or the **Consolidated Entity**) for the financial year ended 30 June 2020 (**Balance Date**).

QUE is a public company limited by shares that is incorporated and domiciled in Western Australia and has been listed on the Australian Securities Exchange (**ASX**) since November 1998. (ASX Code: QUE)

Queste's results incorporate the results of controlled entity, ASX-listed investment company, Orion Equities Limited ABN 77 000 742 843 (ASX:OEQ) (**Orion** or **OEQ**). The Company has a 59.86% (9,367,653 shares) shareholding interest in Orion (30 June 2019: 59.86% (9,367,653 shares)).

## PRINCIPAL ACTIVITIES

The principal activity of the Company during the financial year was the management of its assets.

The principal activities of controlled entity, Orion, during the financial year were the management of its investments, including investments in listed and unlisted securities and real estate held for development and resale.

## FINANCIAL POSITION

<b>COMPANY</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	57,864	36,672
Current investments - equities	3	3
Investment in controlled entity (OEQ)	374,706	1,124,118
Investment in Associate entity (BEL)	-	-
Receivables	96,261	15,970
Deferred tax assets	523,632	523,632
Other assets	5,893	40,222
<b>Total Assets</b>	<b>1,058,359</b>	<b>1,740,617</b>
Tax liabilities (current and deferred)	-	-
Loan from controlled entity	(90,130)	-
Other payables and liabilities	(262,525)	(227,656)
<b>Net Assets</b>	<b>705,704</b>	<b>1,512,961</b>
Issued capital	6,239,370	6,239,370
Reserves	2,347,229	2,347,229
Accumulated losses	(7,880,895)	(7,073,638)
<b>Total Equity</b>	<b>705,704</b>	<b>1,512,961</b>

## OPERATING RESULTS

<b>COMPANY</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Total revenues	61,299	182,773
Net gain/(loss) on financial assets	(749,413)	(421,844)
Share of Associate entity's profit/(loss)	-	-
Other Expenses	(119,143)	(311,116)
<b>Profit/(Loss) before tax</b>	<b>(807,257)</b>	<b>(550,187)</b>
Income tax expense	-	-
<b>Profit/(Loss) for the year</b>	<b>(807,257)</b>	<b>(550,187)</b>

# DIRECTORS' REPORT

## EARNINGS PER SHARE

CONSOLIDATED ENTITY	2020	2019
Basic and diluted loss per share (cents)	(1.96)	(3.36)
Weighted average number of fully paid ordinary shares in the Company outstanding during the year used in the calculation of basic and diluted earnings per share	27,072,332	27,072,332

## DIVIDENDS

The Company's Directors have not declared a dividend.

## SECURITIES ON ISSUE

At the Balance Date (and currently), the Company had 27,072,332 listed fully paid ordinary shares (30 June 2019: 27,072,332 fully paid ordinary shares) on issue.

All such shares are listed on ASX. The Company does not have other securities on issue.

## REVIEW OF OPERATIONS

### 1. Orion Equities Limited (ASX:OEQ)

#### 1.1. Current Status of Investment in Orion

Orion is an investment entity.

The Company holds 9,367,653 shares in Orion, being 59.86% of its issued ordinary share capital (2019: 9,367,653 shares and 59.86%). Orion has been recognised as a controlled entity and included as part of the Queste's results since 1 July 2002.

Queste shareholders are advised to refer to the 30 June 2020 Full Year Report and monthly NTA disclosures lodged by Orion for further information about the status and affairs of the company.

Information concerning Orion may be viewed from its website: [www.orionequities.com.au](http://www.orionequities.com.au)

Orion's market announcements may also be viewed from the ASX website ([www.asx.com.au](http://www.asx.com.au)) under ASX code "OEQ".

Sections 1.2 and 1.3 below contain information extracted from Orion's public statements.

#### 1.2. Orion's Portfolio Details as at 30 June 2020

##### Asset Weighting

	% of Net Assets	
	2020	2019
Australian equities	35%	36%
Property held for development and resale	62%	43%
Net tax liabilities (current-year and deferred tax assets/liabilities)	-	-
Net cash/other assets and provisions	3%	21%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>

# DIRECTORS' REPORT

## Major Holdings in Securities Portfolio

Equities	Fair Value \$'million	% of Net Assets	ASX Code	Industry Sector Exposures
Bentley Capital Limited	0.72	40.48%	BEL	Diversified
Strike Resources Limited	0.45	25.37%	SRK	Materials
<b>TOTAL</b>	<b>1.17</b>	<b>65.85%</b>		

### 1.3. Orion's Assets

#### (a) Bentley Capital Limited (ASX:BEL)

Bentley is a listed investment company.

Queste holds 1.61% (1,225,752 shares) of Bentley's issued ordinary share capital with Orion holding 26.95% (20,513,783 shares) of Bentley's issued ordinary share capital (2019: Queste held 1,225,752 shares (1.61%) and Orion held 20,513,783 shares (26.95%)).

Bentley's asset weighting as at 30 June 2020 was 99% Australian equities (2019: 98%) and <1% net cash/other assets (2019: 2%).

Bentley had net assets of \$5.21 million as at 30 June 2020 (2019: \$6.35 million) and incurred an after-tax net loss of \$1.143 million for the financial year (2019: after-tax net loss of \$2.458 million).

The share price of Bentley has increased significantly since the balance date, from 3.5 cents to a last bid price of 6.4 cents (on 25 August 2020). Based on Orion's 20,513,783 shareholding in Bentley, this represents an appreciation in market value from \$0.72 million to \$1.31 million.

Shareholders are advised to refer to the 30 June 2020 Full Year Report and monthly NTA disclosures lodged by Bentley for further information about the status and affairs of the company.

Information concerning Bentley may be viewed from its website: [www.bel.com.au](http://www.bel.com.au).

Bentley's market announcements may also be viewed from the ASX website ([www.asx.com.au](http://www.asx.com.au)) under ASX code "BEL".

#### (b) Strike Resources Limited (ASX:SRK)

Strike Resources Limited is an ASX listed resource company which is developing the Paulsens East Iron Ore Project in Western Australia. Strike also owns the Apurimac Magnetite Iron Ore Project and Cusco Magnetite Iron Ore Project in Peru and a number of battery minerals related projects around the world, including the Solaroz Lithium Brine Project in Argentina and the Burke Graphite Project in Queensland. The Paulsens East Iron Ore Project (Strike 100%) is located in the Pilbara, Western Australia. Strike is completing a Feasibility Study on the Paulsens East Iron Ore Project.<sup>1</sup>

As at 30 June 2020, Orion holds 10,000,000 Strike shares (4.83%) (2019: 10,000,000 shares; 6.88%) while Associate entity, Bentley, holds 52,553,493 Strike shares (25.37%) (2019: 52,553,493 shares; 36.16%). Therefore, Orion has a deemed relevant interest in 62,553,493 Strike shares (30.199%<sup>2</sup>) (2019: 62,553,493 shares; 43.04%).

1 Based on Strike's ASX announcements, including:

- 9 April 2020: Revised Scoping Study for Utah Point, Port Hedland Supports Excellent Project Economics for Paulsens East Iron Ore Project
- 4 September 2019: Significant Upgrade of JORC Mineral Resource into Indicated Category at Paulsens East Iron Ore Project

2 Refer Orion's ASX Announcement dated 5 June 2020: Change in Substantial Holding Notice in SRK

# DIRECTORS' REPORT

Orion and Bentley's interest in Strike has diluted during the year as a consequence of equity capital raisings undertaken by Strike:

- On 18 July 2019, Strike raised \$0.981 million through a placement of 21.8 million shares.
- On 5 June 2020, Strike raised \$1.8 million through a placement of 40 million shares.

Orion is also entitled to receive a royalty of 2% of gross revenues (exclusive of GST) from any commercial exploitation of any minerals from the Paulsens East Iron Ore Project tenement (currently a Retention Licence R47/7 but pending conversion to a Mining Lease M47/1583 ) owned by Strike Resources Limited (ASX:SRK). This royalty entitlement stems from Orion's sale of a portfolio of tenements (including the Paulsens East tenement) to Strike in September 2005.<sup>3</sup>

Information concerning Strike may be viewed from its website: [www.strikeresources.com.au](http://www.strikeresources.com.au).

Strike's market announcements may also be viewed from the ASX website ([www.asx.com.au](http://www.asx.com.au)) under ASX: "SRK".

## (c) Other Assets

Orion owns a property held for redevelopment or sale but currently rented out located in Mandurah, Western Australia.

## 2. Queste's Other Assets

In addition to the investment in controlled entity, Orion, Queste has a direct share investment in Associate entity, Bentley, being 1,225,752 shares (or 1.61% of Bentley's issued ordinary share capital) (2019: 1,225,752 shares and 1.61%).

The share price of Bentley has increased significantly since the balance date, from 3.5 cents to a last bid price of 6.4 cents (on 25 August 2020) - this represents an appreciation in the market value of Queste's 1,225,752 shareholding in Bentley from \$43k to \$78.5k.

The Company notes that it lodges Monthly Cash Flow Reports and Quarterly Activities and Cash Flow Reports on ASX, which may be viewed and downloaded from the Company's website: [www.queste.com.au](http://www.queste.com.au) or the ASX website ([www.asx.com.au](http://www.asx.com.au)) under ASX Code: "QUE".

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Consolidated Entity that occurred during the financial year not otherwise disclosed in this Directors' Report or the Consolidated Financial Statements.

## FUTURE DEVELOPMENTS

The Consolidated Entity intends to continue its investment activities in future years. The results of these investment activities depend upon the performance of the underlying companies and securities in which the Consolidated Entity invests. The investments' performances depend on many economic factors and also industry and company specific issues. In the opinion of the Directors, it is not possible or appropriate to make a prediction on the future course of markets, the performance of the Consolidated Entity's investments or the forecast of the likely results of the Consolidated Entity's activities.

<sup>3</sup> For further information, please refer to the following ASX Announcements: Orion's announcement dated 23 September 2005: CXL Retains a 25% Free Carried Interest in NT Uranium Tenements and Strike's announcement dated 11 August 2008: Acquisition of Outstanding Interests in Berau Coal and Paulsens East Iron Ore Projects



# DIRECTORS' REPORT

## ENVIRONMENTAL REGULATION

The Consolidated Entity is not subject to any particular or significant environmental regulation under Australian Commonwealth or State legislation.

## DIRECTORS

Information concerning Directors in office during or since the financial year:

<b>Farooq Khan</b>	<b>Executive Chairman and Managing Director</b>	
<i>Appointed</i>	10 March 1998	
<i>Qualifications</i>	BJuris, LLB ( <i>Western Australia</i> )	
<i>Experience</i>	Mr Khan is a qualified lawyer having previously practised principally in the field of corporate law. Mr Khan has extensive experience in the securities industry, capital markets and the executive management of ASX-listed companies. In particular, Mr Khan has guided the establishment and growth of a number of public listed companies in the investment, mining and financial services sectors. He has considerable experience in the fields of capital raisings, mergers and acquisitions and investments.	
<i>Relevant interest in shares</i>	5,344,872 shares <sup>4</sup>	
<i>Other current directorships in listed entities</i>	(1)	Executive Chairman of Bentley Capital Limited (ASX:BEL) (since 2 December 2003)
	(2)	Executive Chairman of Orion Equities Limited (ASX:OEQ) (since 23 October 2006)
	(3)	Chairman (appointed 18 December 2015) of Strike Resources Limited (ASX:SRK) (Director since 1 October 2015)
<i>Former directorships in other listed entities in past 3 years</i>	Alternate Director of Keybridge Capital Limited (ASX:KBC) (26 June to 18 July 2019)	

<b>Victor P. H. Ho</b>	<b>Executive Director and Company Secretary</b>	
<i>Appointed</i>	Executive Director since 3 April 2013; Company Secretary since 30 August 2000	
<i>Qualifications</i>	BCom, LLB ( <i>Western Australia</i> ), CTA	
<i>Experience</i>	Mr Ho has been in Executive roles with a number of ASX-listed companies across the investments, resources and technology sectors over the past 20 years. Mr Ho is a Chartered Tax Adviser (CTA) and previously had 9 years' experience in the taxation profession with the Australian Tax Office (ATO) and in a specialist tax law firm. Mr Ho has been actively involved in the investment management of listed investment companies (as an Executive Director and/or a member of the Investment Committee), the structuring and execution of a number of corporate, M&A and international joint venture (in South America, Indonesia and the Middle East) transactions, capital raisings and capital management initiatives and has extensive experience in public company administration, corporations' law and ASX compliance and investor/shareholder relations.	
<i>Relevant interest in shares</i>	17,500 shares <sup>5</sup>	
<i>Other current positions held in listed entities</i>	(1)	Executive Director and Company Secretary of Orion Equities Limited (ASX:OEQ) (Secretary since 2 August 2000 and Director since 4 July 2003)
	(2)	Director and Company Secretary of Strike Resources Limited (ASX:SRK) (Director since 24 January 2014 and Company Secretary since 1 October 2015)
	(3)	Company Secretary of Bentley Capital Limited (ASX:BEL) (since 5 February 2004)
<i>Former positions in other listed entities in past 3 years</i>	Company Secretary of Keybridge Capital Limited (ASX:KBC) (13 October 2016 to 13 October 2019)	

<sup>4</sup> Refer Farooq Khan's Change of Director's Interest Notices dated 10 July 2019 and 8 January 2018

<sup>5</sup> Refer Victor Ho's Initial Director's Interest Notice dated 3 April 2013

# DIRECTORS' REPORT

<b>Yaqoob Khan</b>	<b>Non-Executive Director</b>
<i>Appointed</i>	10 March 1998
<i>Qualifications</i>	BCom ( <i>Western Australia</i> ), Master of Science in Industrial Administration ( <i>Carnegie Mellon</i> )
<i>Experience</i>	After working for several years in the Australian Taxation Office, Mr Khan completed his postgraduate Masters degree and commenced work as a senior executive responsible for product marketing, costing systems and production management. Mr Khan has been an integral member of the team responsible for the pre-IPO structuring and IPO promotion of a number of ASX floats and has been involved in the management of such companies. Mr Khan brings considerable international experience in key aspects of corporate finance and the strategic analysis of listed investments.
<i>Relevant interest in shares</i>	68,345 shares <sup>6</sup>
<i>Other current directorships in listed entities</i>	Non-Executive Director of Orion Equities Limited (ASX:OEQ) (since 5 November 1999).
<i>Former directorships in other listed entities in past 3 years</i>	None

## DIRECTORS' MEETINGS

The following table sets out the numbers of meetings of the Company's Directors held during the financial year (including Directors' circulatory resolutions), and the numbers of meetings attended by each Director of the Company:

<b>Name of Director</b>	<b>Meetings Attended</b>	<b>Maximum Possible Meetings</b>
Farooq Khan	6	6
Yaqoob Khan	6	6
Victor Ho	6	6

There were no meetings of committees of the Board of the Company.

### Board Committees

During the financial year and as at the date of this Directors' Report, the Company did not have separate designated Audit or Remuneration Committees. In the opinion of the Directors, in view of the size of the Board and nature and scale of the Queste's activities, matters typically dealt with by an Audit or Remuneration Committee are dealt with by the full Board.

<sup>6</sup> Refer Yaqoob Khan's Change of Director's Interest Notice dated 6 September 2011

# REMUNERATION REPORT

This Remuneration Report details the nature and amount of remuneration for each Director and Company Executive (being a company secretary or senior manager) (**Key Management Personnel**) of Queste.

The information provided under headings (1) to (6) below has been audited for compliance with section 300A of the *Corporations Act 2001 (Cth)* as required under section 308(3C).

## (1) Remuneration Policy

The Board determines the remuneration structure of all Key Management Personnel having regard to the Company's strategic objectives, scale and scope of operations and other relevant factors, including experience and qualifications, length of service, the duties and accountability of Key Management Personnel, the frequency of Board meetings, market practice (including available data concerning remuneration paid by other listed companies and in particular, companies of comparable size and nature) and the objective of maintaining a balanced Board which has appropriate expertise and experience, at a reasonable cost to the Company.

**Corporate Governance Principles:** The Company's Corporate Governance Statement (**CGS**) also addresses matters pertaining to the Board, Senior Management and Remuneration. The latest version of the CGS may be downloaded from the Company's website: <http://queste.com.au/corporate-governance>

**Fixed Cash Short Term Employment Benefits:** The Key Management Personnel of the Company are paid a fixed amount per annum plus applicable employer superannuation contributions. The Non-Executive Directors of the Company are paid a maximum aggregate base remuneration of \$75,000<sup>8</sup> per annum inclusive of minimum employer superannuation contributions where applicable, to be divided as the Board determines appropriate.

The Board has determined the following fixed cash remuneration for current Key Management Personnel as follows (as at 30 June 2020):

### Executive Director

- (1) Mr Farooq Khan (Executive Chairman and Managing Director) - a base salary of \$39,000 (voluntarily reduced from \$125,000) to assist the Company in reducing its corporate overheads) per annum plus employer superannuation contributions; and
- (2) Mr Victor Ho (Executive Director and Company Secretary) - a base salary of \$39,000 (voluntarily reduced from \$45,000) per annum plus employer superannuation contributions. Mr Ho also agreed to join the Board as an Executive Director on 3 April 2013 at no further cost to the Company.

### Non – Executive Director

- (3) Mr Yaqoob Khan (Non-Executive Director) - a base fee of \$15,000 per annum.

Key Management Personnel can also opt to "salary sacrifice" their cash fees/salary and have them paid wholly or partly as further employer superannuation contributions or benefits exempt from fringe benefits tax.

**Special Exertions and Reimbursements:** Pursuant to the Company's Constitution, each Director is entitled to receive:

- (a) Payment for reimbursement of all travelling, hotel and other expenses reasonably incurred by a Director for the purpose of attending meetings of the Board or otherwise in and about the business of the Company; and
- (b) In respect of Non-Executive Directors, payment for the performance of extra services or the making of special exertions for the benefit of the Company (at the request of and with the concurrence of the Board).

**Short-Term Benefits:** The Company does not have any short-term incentive (**STI**) cash bonus schemes (or equivalent) in place for Key Management Personnel.

<sup>8</sup> As approved by shareholders at the Annual General Meeting held on 30 November 1999; refer Queste's ASX announcement dated 30 November 1999: Results of Annual General Meeting of Shareholders

# REMUNERATION REPORT

**Long-Term Benefits:** The Company does not have any long-term incentive (**LTI**) cash bonus schemes (or equivalent) in place for Key Management Personnel.

**Equity Based Benefits:** The Company does not presently have any equity (shares or options) based remuneration arrangements for any personnel pursuant to any executive or employee share or option plan or otherwise.

**Post-Employment Benefits:** The Company does not presently provide retirement benefits to Key Management Personnel. Other than early termination benefits disclosed in 'Employment Agreement' below, Key Management Personnel also have no right to termination payments save for payment of accrued unused annual and long service leave (where applicable) (these accrued employee entitlements are not applicable in respect of Non-Executive Directors). The Company notes that shareholder approval is required where a Company proposes to make a "termination payment" (for example, a payment in lieu of notice, a payment for a post-employment restraint and payments made as a result of the automatic or accelerated vesting of share based payments) in excess of one year's "base salary" (defined as the average base salary over the previous 3 years) to a director or any person who holds a managerial or executive office.

**Performance-Related Benefits and Financial Performance of Company:** The Company does not presently provide short- or long-term incentive/performance based benefits related to the Company's performance to Key Management Personnel, including payment of cash bonuses. The current remuneration of Key Management Personnel is fixed, is not dependent on the satisfaction of a performance condition and is unrelated to the Company's performance.

The Board does not believe that it is appropriate at this time to implement an equity-based benefit scheme or a performance related/variable component to Key Management Personnel remuneration or remuneration generally linked to the Company's performance but reserves the right to implement these remuneration measures if appropriate in the future (subject to prior shareholder approval where applicable).

In considering the Company's performance and its effects on shareholder wealth, Directors have had regard to the data set out below for the latest financial year and the previous four financial years.

	2020	2019	2018	2017	2016
Loss Before Income Tax (\$)	(847,983)	(1,369,019)	(1,151,518)	(2,122,392)	(896,730)
Basic Earnings/(Loss) per Share (cents)	(1.96)	(3.36)	(2.80)	(5.11)	(2.35)
Dividends Paid (\$)	-	-	-	-	-
VWAP Share Price on ASX for financial year (cents)	3.1	7	7	7	7
Closing Bid Share Price at 30 June (cents)	2.2	6	7	7	5

# REMUNERATION REPORT

## (2) Employment Agreement

Details of the material terms of an employment agreement entered by the Company with a Key Management Personnel are as follows:

Key Management Personnel and Position(s) Held	Relevant Date(s)	Base Salary/Fees per annum	Other Material Terms
Victor Ho  Company Secretary (since 30 August 2000)  Executive Director (since 3 April 2013)	25 January 2000 (date of employment agreement)  2009/2010 (date of effect of current remuneration)	\$45,000 (but voluntarily reduced to \$39,000, as at 30 June 2020)  plus employer superannuation contributions (currently 9.5% of base salary)	<ul style="list-style-type: none"> <li>The agreement has no fixed term or fixed rolling terms of service.</li> <li>Standard annual leave (20 days) and personal/sick leave (10 days paid) entitlements plus entitlement to long service leave of 60 days after 7 years of service with an additional 5 days after each year of service thereafter.</li> <li>One month's notice of termination by the Company or employee. Immediate termination without notice if employee commits any serious act of misconduct.</li> </ul>

The Company does not presently have formal service agreements or employment agreements with any other Key Management Personnel.

## (3) Details of Remuneration of Key Management Personnel

Details of the nature and amount of each element of remuneration of each Key Management Personnel of the Company paid or payable by the Consolidated Entity during the financial year are as follows:

### Paid by the Company (Queste) to its Key Management Personnel

2020		Performance related	Short-term Benefits		Post-Employment Benefits	Other Long-term Benefits	Equity Based	Total
Key Management Person	%		Cash, salary and commissions	Non-cash benefit	Superannuation	Long service leave	Shares & Options	
			\$	\$	\$	\$	\$	\$
<b>Executive Directors:</b>								
Farooq Khan	-		33,247	-	3,158	-	-	36,405
Victor Ho	-		26,752	-	2,541	-	-	29,293
<b>Non-Executive Director:</b>								
Yaqoob Khan	-		15,000	-	-	-	-	15,000
<hr/>								
2019		Performance related	Short-term Benefits		Post-Employment Benefits	Other Long-term Benefits	Equity Based	Total
Key Management Person	%		Cash, salary and commissions	Non-cash benefit	Superannuation	Long service leave	Shares & Options	
			\$	\$	\$	\$	\$	\$
<b>Executive Directors:</b>								
Farooq Khan	-		31,250	-	2,969	-	-	34,219
Victor Ho	-		22,500	-	2,138	-	-	24,638
<b>Non-Executive Director:</b>								
Yaqoob Khan	-		15,000	-	-	-	-	15,000

# REMUNERATION REPORT

## Paid by Orion to Key Management Personnel (who are also KMP of Queste)

2020		Short-term Benefits		Post-Employment Benefits	Other Long-term Benefits	Equity Based	Total
Key Management Personnel	Performance related %	Cash, salary and commissions \$	Non-cash benefit \$	Superannuation \$	Long service leave \$	Shares & Options \$	
<b>Executive Directors:</b>							
Farooq Khan	-	201,250	-	19,119	-	-	220,369
Victor Ho	-	97,500	-	9,262	-	-	106,762
<b>Non-Executive Director:</b>							
Yaqoob Khan	-	25,000	-	-	-	-	25,000

2019		Short-term Benefits		Post-Employment Benefits	Other Long-term Benefits	Equity Based	Total
Key Management Personnel	Performance related %	Cash, salary and commissions \$	Non-cash benefit \$	Superannuation \$	Long service leave \$	Shares & Options \$	
<b>Executive Directors:</b>							
Farooq Khan	-	201,250	-	19,119	-	-	220,369
Victor Ho	-	97,500	-	9,263	-	-	106,763
<b>Non-Executive Director:</b>							
Yaqoob Khan	-	25,000	-	-	-	-	25,000

Victor Ho is also Company Secretary of Queste and Orion.

The tables above may be aggregated to arrive at the aggregate amount of each element of remuneration of each Key Management Personnel paid or payable by the Queste and Orion during the financial year.

#### (4) Other Benefits Provided to Key Management Personnel

No Key Management Personnel has during or since the end of the financial year, received or become entitled to receive a benefit, other than a remuneration benefit as disclosed above, by reason of a contract made by the Company or a related entity with the Director or with a firm of which he is a member, or with a Company in which he has a substantial interest.

#### (5) Engagement of Remuneration Consultants

The Company has not engaged any remuneration consultants to provide remuneration recommendations in relation to Key Management Personnel during the year. The Board has established a policy for engaging external Key Management Personnel remuneration consultants which includes, inter alia, that the Non-Executive Directors on the Remuneration Committee be responsible for approving all engagements of and executing contracts to engage remuneration consultants and for receiving remuneration recommendations from remuneration consultants regarding Key Management Personnel. Furthermore, the Company has a policy that remuneration advice provided by remuneration consultants be quarantined from Management where applicable.

# REMUNERATION REPORT

## (6) Shares held by Key Management Personnel

The number of ordinary shares in the Company held by Key Management Personnel is set below:

Key Management Personnel	Balance at 30 June 2019	Additions	Received as part of remuneration	Disposals	Balance at 30 June 2020
<b>Executive Directors:</b>					
Farooq Khan	5,612,972	-	-	-	5,612,972
Victor Ho	17,500	-	-	-	17,500
<b>Non-Executive Director:</b>					
Yaqoob Khan	68,345	-	-	-	68,345

Note: The disclosures of shareholdings above are in accordance with the accounting standards which require disclosure of shares held directly, indirectly or beneficially by each key management person, a close member of the family of that person, or an entity over which either of these persons have, directly or indirectly, control, joint control or significant influence (as defined under Accounting Standard AASB 124 Related Party Disclosures).

## (7) Voting and Comments on the Remuneration Report at the 2019 AGM

At the Company's most recent (2019) AGM, a resolution to adopt the prior year (2019) Remuneration Report was put to the vote and passed unanimously on a show of hands with the proxies received also indicating majority (99.7%) support in favour of adopting the Remuneration Report<sup>9</sup>. No comments were made on the Remuneration Report that was considered at the AGM.

This concludes the audited Remuneration Report.

<sup>9</sup> Refer Queste's ASX announcement dated 28 November 2019: Results of 2019 Annual General Meeting

# DIRECTORS' REPORT

## DIRECTORS' AND OFFICERS' INSURANCE

Up until 31 December 2019, the Company had insured Directors and Officers against any liability they may have incurred in respect of any wrongful acts or omissions made by them in such capacity (to the extent permitted by the *Corporations Act 2001 (Cth)*) (**D&O Policy**). Details of the amount of the premium paid in respect of this insurance policy are not disclosed as such disclosure is prohibited under the terms of the contract. The Company did not renew the D&O Policy on expiry on 31 December 2019.

## DIRECTORS DEEDS

In addition to the rights of indemnity provided under the Company's Constitution (to the extent permitted by the *Corporations Act 2001 (Cth)*), the Company has also entered into a deed with each of the Directors and the Company Secretary (**Officer**) to regulate certain matters between the Company and each Officer, both during the time the Officer holds office and after the Officer ceases to be an officer of the Company, including the following matters:

- (a) The Company's obligation to indemnify an Officer for liabilities or legal costs incurred as an officer of the Company (to the extent permitted by the *Corporations Act 2001 (Cth)*); and
- (b) Subject to the terms of the deed and the *Corporations Act 2001 (Cth)*, the Company may advance monies to the Officer to meet any costs or expenses of the Officer incurred in circumstances relating to the indemnities provided under the deed and prior to the outcome of any legal proceedings brought against the Officer.

## LEGAL PROCEEDINGS ON BEHALF OF CONSOLIDATED ENTITY

No person has applied for leave of a court to bring proceedings on behalf of the Consolidated Entity or intervene in any proceedings to which the Consolidated Entity is a party for the purpose of taking responsibility on behalf of the Consolidated Entity for all or any part of such proceedings. The Consolidated Entity was not a party to any such proceedings during and since the financial year.

## AUDITORS

Details of the amounts paid or payable to the Auditors for audit and non-audit services (tax services) provided during the financial year are set out below:

Auditor	Consolidated Entity			Company		
	Audit & Review Fees	Non-Audit Services	Total	Audit & Review Fees	Non-Audit Services	Total
	\$	\$	\$	\$	\$	\$
Rothsay Auditing	36,000	-	36,000	14,000	-	14,000

Rothsay Auditing did not provide any non-audit services during the year.

Rothsay Auditing continues in office in accordance with section 327B of the *Corporations Act 2001 (Cth)*.

## AUDITORS' INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001 (Cth)* forms part of this Directors Report and is set out on page 17. This relates to the Auditor's Independent Review Report, where the Auditor states that they have issued an independence declaration.



# DIRECTORS' REPORT

## EVENTS SUBSEQUENT TO BALANCE DATE

The Directors are not aware of any other matters or circumstances at the date of this Directors' Report, other than those referred to in this Directors' Report (in particular, in Review of Operations) or the financial statements or notes thereto (in particular Note 25, that have significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Company in subsequent financial years.

Signed for and on behalf of the Directors in accordance with a resolution of the Board.



Farooq Khan  
Executive Chairman and  
Managing Director

26 August 2020



Victor Ho  
Executive Director and  
Company Secretary



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P.O. Box 8716, Perth Business Centre WA 6849  
Phone (08) 9486 7094 [www.rothsayresources.com.au](http://www.rothsayresources.com.au)

The Directors  
Queste Communications Ltd  
Level 2  
31 Ventnor Avenue  
West Perth WA 6005

Dear Directors

In accordance with Section 307C of the *Corporations Act 2001* (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 30 June 2020 financial statements; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Queste Communications Ltd and the entities it controlled during the year.

Daniel Dalla CA (Lead auditor)  
Partner  
Rothsay Auditing

Dated 26 August 2020



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## for the year ended 30 June 2020

	Note	2020 \$	2019 \$
<b>Revenue</b>	2	40,707	56,650
<b>Other</b>			
Net gain on sale of non-current assets		-	201,786
Other revenue		81,668	-
<b>Total revenue</b>		<b>122,375</b>	<b>258,436</b>
<b>Expenses</b>	3		
Share of Associate entity's loss		(307,878)	(662,455)
Net loss on financial assets at fair value through profit or loss		(1)	(87,200)
Land operation expenses		(11,179)	(128,704)
Personnel expenses		(445,469)	(477,959)
Occupancy expenses		(37,213)	(40,141)
Corporate expenses		(60,226)	(55,350)
Finance expenses		(409)	(912)
Administration expenses		(107,983)	(117,974)
<b>Loss from continuing operations</b>		<b>(847,983)</b>	<b>(1,312,259)</b>
Loss from discontinued operations	5	-	(56,760)
Income tax expense	6	-	(38,973)
<b>Loss after income tax</b>		<b>(847,983)</b>	<b>(1,407,992)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Revaluation of assets, net of tax		-	(61,504)
<b>Total comprehensive loss for the year</b>		<b>(847,983)</b>	<b>(1,469,496)</b>
<b>Loss attributable to:</b>			
Owners of Queste Communications Ltd		(530,823)	(910,108)
Non-controlling interest		(317,160)	(497,884)
		<b>(847,983)</b>	<b>(1,407,992)</b>
<b>Total comprehensive loss for the year is attributable to:</b>			
Continuing operations		(530,823)	(978,878)
Discontinued operations		-	(33,976)
<b>Owners of Queste Communications Ltd</b>		<b>(530,823)</b>	<b>(1,012,854)</b>
Continuing operations		(317,160)	(433,859)
Discontinued operations		-	(22,783)
<b>Non-controlling interest</b>		<b>(317,160)</b>	<b>(456,642)</b>
		<b>(847,983)</b>	<b>(1,469,496)</b>
<b>Basic and diluted loss per share (cents) attributable to the ordinary equity holders of the Company</b>	7	<b>(1.96)</b>	<b>(3.36)</b>

The accompanying notes form part of these consolidated financial statements

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## as at 30 June 2020

	Note	2020 \$	2019 \$
<b>Current assets</b>			
Cash and cash equivalents	8	352,272	850,739
Financial assets at fair value through profit or loss	9	450,003	450,003
Receivables	12	96,261	29,720
Other current assets		-	7,138
<b>Total current assets</b>		<b>898,536</b>	<b>1,337,600</b>
<b>Non current assets</b>			
Receivables	12	-	23,182
Property held for development or resale	13	1,100,000	1,100,000
Investment in Associate entity	21	169,840	477,718
Property, plant and equipment		9,155	16,458
Deferred tax asset		-	-
<b>Total non current assets</b>		<b>1,278,995</b>	<b>1,617,358</b>
<b>Total assets</b>		<b>2,177,531</b>	<b>2,954,958</b>
<b>Current liabilities</b>			
Payables	14	429,942	374,852
Provisions	15	166,948	151,482
<b>Total current liabilities</b>		<b>596,890</b>	<b>526,334</b>
<b>Non current liabilities</b>			
Deferred tax liability		-	-
<b>Total non current liabilities</b>		<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>596,890</b>	<b>526,334</b>
<b>Net assets</b>		<b>1,580,641</b>	<b>2,428,624</b>
<b>Equity</b>			
Issued capital	16	6,239,370	6,239,370
Reserves	17	5,598,498	5,427,285
Accumulated losses		(11,286,179)	(10,780,510)
<b>Parent interest</b>		<b>551,689</b>	<b>886,145</b>
Non-controlling interest	18	1,028,952	1,542,479
<b>Total equity</b>		<b>1,580,641</b>	<b>2,428,624</b>

The accompanying notes form part of these consolidated financial statements

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## for the year ended 30 June 2020

	Issued capital \$	Reserves \$	Accumulated losses \$	Non- controlling interest \$	Total \$
<b>Balance at 1 Jul 2018</b>	<b>6,239,370</b>	<b>6,145,896</b>	<b>(10,029,625)</b>	<b>1,583,722</b>	<b>3,939,363</b>
Loss for the year	-	-	(910,108)	(497,884)	<b>(1,407,992)</b>
Profits reserve transfer	-	(159,223)	159,223	-	-
Other comprehensive income	-	(102,746)	-	41,242	<b>(61,504)</b>
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(261,969)</b>	<b>(750,885)</b>	<b>(456,642)</b>	<b>(1,469,496)</b>
<b>Transactions with owners in their capacity as owners:</b>					
Transactions with non-controlling interest	-	(456,642)	-	415,399	<b>(41,243)</b>
<b>Balance at 30 Jun 2019</b>	<b>6,239,370</b>	<b>5,427,285</b>	<b>(10,780,510)</b>	<b>1,542,479</b>	<b>2,428,624</b>
<b>Balance at 1 Jul 2019</b>	<b>6,239,370</b>	<b>5,427,285</b>	<b>(10,780,510)</b>	<b>1,542,479</b>	<b>2,428,624</b>
Loss for the year	-	-	(530,823)	(317,160)	<b>(847,983)</b>
Profits reserve transfer	-	(25,154)	25,154	-	-
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(25,154)</b>	<b>(505,669)</b>	<b>(317,160)</b>	<b>(847,983)</b>
<b>Transactions with owners in their capacity as owners:</b>					
Transactions with non-controlling interest	-	196,367	-	(196,367)	-
<b>Balance at 30 Jun 2020</b>	<b>6,239,370</b>	<b>5,598,498</b>	<b>(11,286,179)</b>	<b>1,028,952</b>	<b>1,580,641</b>

The accompanying notes form part of these consolidated financial statements

# CONSOLIDATED STATEMENT OF CASH FLOWS

## for the year ended 30 June 2020

	2020	2019
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers	37,700	212,795
Dividends received	-	108,698
Interest received	3,007	12,821
Payments to suppliers and employees	(620,034)	(1,133,728)
Interest paid	-	(48)
Sale of financial assets at fair value through profit or loss	-	82,844
Other receipts - ATO	81,668	-
<b>Net cash used in operating activities</b>	<b>8(a)</b>	<b>8(a)</b>
	<b>(497,659)</b>	<b>(716,618)</b>
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(796)	-
Disposal of plant and equipment	-	413
Proceeds from disposal of agribusiness assets	-	1,451,786
Commission on sale of agribusiness assets	-	(43,500)
<b>Net cash provided by/(used in) investing activities</b>	<b>(796)</b>	<b>1,408,699</b>
<b>Cash flows from financing activities</b>		
Orion dividends paid	(12)	(225)
Queste off-market share buy-back	-	-
<b>Net cash used in financing activities</b>	<b>(12)</b>	<b>(225)</b>
<b>Net increase/(decrease) in cash held</b>	<b>(498,467)</b>	<b>691,856</b>
Cash and cash equivalents at beginning of financial year	850,739	158,883
<b>Cash and cash equivalents at end of financial year</b>	<b>8</b>	<b>8</b>
	<b>352,272</b>	<b>850,739</b>

The accompanying notes form part of these consolidated financial statements

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2020

### 1. ABOUT THIS REPORT

#### 1.1 Background

This financial report covers the consolidated financial statement of the consolidated entity consisting of Queste Communications Ltd, its subsidiary (controlled entity, Orion Equities Limited ABN 77 000 742 843 (ASX:OEQ) (**Orion** or **OEQ**) and Orion's controlled entities) and an investment in its associate entity Bentley Capital Limited (ASX:BEL) ABN 87 088 128 218 (**Bentley** or **BEL**) (the **Consolidated Entity** or **Queste**). The financial report is presented in the Australian currency.

Queste Communications Ltd (ASX:QUE) (the **Company** or **QUE**) is a company limited by shares, incorporated in Western Australia, Australia and whose shares are publicly traded on the Australian Securities Exchange (**ASX**).

These financial statements have been prepared on a streamlined basis where key information is grouped together for ease of understanding and readability. The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Consolidated Entity.

Information is considered material and relevant if, for example:

- the amount in question is significant because of its size or nature;
- it is important for understanding the results of the Consolidated Entity;
- it helps to explain the impact of significant changes in the Consolidated Entity's business; or
- it relates to an aspect of the Consolidated Entity's operations that is important to its future performance.

The notes are organised into the following sections:

- Key Performance:** Provides a breakdown of the key individual line items in the statement of comprehensive income that the Directors consider most relevant to understanding performance and shareholder returns for the year:

#### Notes

2	Revenue
3	Expenses
4	Segment information
5	Discontinued Operations
6	Tax
7	Loss per share

- Financial Risk Management:** Provides information about the Consolidated Entity's exposure and management of various financial risks and explains how these affect the Consolidated Entity's financial position and performance:

#### Notes

8	Cash and cash equivalents
9	Financial assets at fair value through profit or loss
10	Financial risk management
11	Fair value measurement of financial instruments

- Other Assets and Liabilities:** Provides information on other balance sheet assets and liabilities that do not materially affect performance or give rise to material financial risk:

#### Notes

12	Receivables
13	Property held for resale
14	Payables
15	Provisions

- Capital Structure:** This section outlines how the Consolidated Entity manages its capital structure and related financing costs, as well as capital adequacy and reserves. It also provides details on the dividends paid by the Company:

#### Notes

16	Issued capital
17	Reserves
18	Non-controlling interest

- Consolidated Entity Structure:** Provides details and disclosures relating to the parent entity of the Consolidated Entity, controlled entities, investments in associates and any acquisitions and/or disposals of businesses in the year. Disclosure on related parties is also provided in the section:

#### Notes

19	Parent entity information
20	Investment in controlled entity
21	Investment in associate entity
22	Related party transactions

- Other:** Provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements however, are not considered significant in understanding the financial performance or position of the Consolidated Entity:

#### Notes

23	Auditors' remuneration
24	Contingencies
25	Events occurring after the reporting period

Significant and other accounting policies that summarise the measurement basis used and presentation policies and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

#### 1.2. Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australia Accounting Interpretations and the *Corporations Act 2001 (Cth)*, as appropriate for for-profit entities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2020

### Compliance with IFRS

The consolidated financial statements of the Consolidated Entity also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

### Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

#### 1.3. Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of the subsidiary of Queste Communications Ltd as at 30 June 2020 and the results of its subsidiary for the year then ended. Queste Communications Ltd and its subsidiary are referred to in this financial statement as the Consolidated Entity.

The controlled entity has a June financial year-end. All inter-company balances and transactions between entities in the Consolidated Entity, including any unrealised profits or losses, have been eliminated on consolidation.

#### 1.4. Comparative Figures

Certain comparative figures have been adjusted to conform to changes in presentation for the current financial year.

#### 1.5. 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 Tax 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 Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### 1.6. Impairment of Assets

At each reporting date, the Consolidated Entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### 1.7. Dividends Policy

Provision is made for the amount of any dividend declared; being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at the Balance Date.

#### 1.8. Leases

At the lease commencement, the Consolidated Entity recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Consolidated Entity believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Consolidated Entity's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Consolidated Entity's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### Exceptions to lease accounting

The Consolidated Entity has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Consolidated Entity recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

#### 1.9. New, revised or amending Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not mandatory have not been early adopted. These are not expected to have a material impact on the Consolidated Entity's financial statements.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2020

### 2. REVENUE

The Consolidated Entity's operating loss before income tax includes the following items of revenue:

	2020	2019
	\$	\$
<b>Revenue</b>		
Rental revenue	37,700	37,700
Dividend revenue	-	6,129
Interest revenue	3,007	12,821
	<u>40,707</u>	<u>56,650</u>
<b>Other</b>		
Net gain on sale of non-current assets	-	201,786
Other income	81,668	-
	<u>122,375</u>	<u>258,436</u>

#### Accounting policy

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Consolidated Entity and the revenue can be reliably measured. All revenue is stated net of the amount of Goods and Services Tax (**GST**) except where the amount of GST incurred is not recoverable from the Australian Tax Office. The following specific recognition criteria must also be met before revenue is recognised:

#### (a) Sale of financial assets, goods and other assets

Revenue from the sale of financial assets, goods or other assets is recognised when the Consolidated Entity has passed control of the financial assets, goods or other assets to the buyer.

#### (b) Interest revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

#### (c) Dividend revenue

Dividend revenue is recognised when the right to receive a dividend has been established. The Consolidated Entity brings dividend revenue to account on the applicable ex-dividend entitlement date.

#### (d) Other revenues

Other revenues are recognised on a receipts basis.

### 3. EXPENSES

	2020	2019
	\$	\$
The Consolidated Entity's operating loss before income tax includes the following items of expenses:		
Share of Associate entity's loss	307,878	662,455
Net loss on financial assets at fair value through profit or loss	1	87,200
Olive grove operations		
Depreciation of olive grove assets	-	3,566
Other expenses	-	53,194
Land operations		
Impairment loss on property held for development or resale	-	120,000
Other expenses	11,179	8,704
Salaries, fees and employee benefits	445,469	477,959
Occupancy expenses	37,213	40,141
Finance expenses	409	912
Corporate expenses		
ASX and CHESS fees	33,449	32,406
ASIC fees	17,809	11,845
Share registry	5,806	9,297
Other corporate expenses	3,162	1,802

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2020

3. EXPENSES (continued)	2020	2019
	\$	\$
Administration expenses		
Professional fees	15,048	17,923
Audit fees	36,000	36,000
Legal fees	1,505	6,120
Depreciation	5,018	5,942
Other administration expenses	50,412	51,989
	<b>970,358</b>	<b>1,627,455</b>

### 4. SEGMENT INFORMATION

2020	Investments	Olive grove	Corporate	Total
Segment revenues	\$	\$	\$	\$
Revenue	37,700	-	3,007	40,707
Other	-	-	81,668	81,668
<b>Total segment revenues</b>	<b>37,700</b>	<b>-</b>	<b>84,675</b>	<b>122,375</b>
Personnel expenses	-	-	445,469	445,469
Finance expenses	-	-	409	409
Administration expenses	(3,590)	-	103,476	99,886
Depreciation expenses	-	-	5,018	5,018
Other expenses	319,057	-	100,519	419,576
<b>Total segment loss</b>	<b>(277,767)</b>	<b>-</b>	<b>(570,216)</b>	<b>(847,983)</b>
<b>Segment assets</b>				
Cash and cash equivalents	-	-	352,272	352,272
Financial assets	450,003	-	-	450,003
Property held for development or resale	1,100,000	-	-	1,100,000
Investment in Associate entity	169,840	-	-	169,840
Property, plant and equipment	-	-	9,155	9,155
Other assets	-	-	96,261	96,261
<b>Total segment assets</b>	<b>1,719,843</b>	<b>-</b>	<b>457,688</b>	<b>2,177,531</b>
<b>2019</b>				
<b>Segment revenues</b>				
Revenue	43,829	-	12,821	56,650
Other	-	201,786	-	201,786
<b>Total segment revenues</b>	<b>43,829</b>	<b>201,786</b>	<b>12,821</b>	<b>258,436</b>
Personnel expenses	-	-	477,959	477,959
Finance expenses	-	6	915	921
Administration expenses	(4,432)	47,296	122,467	165,331
Depreciation expenses	-	3,566	5,942	9,508
Other expenses	878,017	5,891	89,828	973,736
<b>Total segment loss</b>	<b>(829,756)</b>	<b>145,027</b>	<b>(684,290)</b>	<b>(1,369,019)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2020

#### 4. SEGMENT INFORMATION (continued)

Segment assets	Investments \$	Olive grove \$	Corporate \$	Total \$
Cash and cash equivalents	-	-	850,739	850,739
Financial assets	450,003	-	-	450,003
Property held for development or resale	1,100,000	-	-	1,100,000
Investment in Associate entity	477,718	-	-	477,718
Property, plant and equipment	-	-	16,458	16,458
Other assets	-	-	60,040	60,040
<b>Total segment assets</b>	<b>2,027,721</b>	<b>-</b>	<b>927,237</b>	<b>2,954,958</b>

#### Accounting policy

The operating segments are reported in a manner consistent with the internal reporting provided to the "Chief Operating Decision Maker" (**CODM**). The Consolidated Entity's CODM is the Board of Directors who are responsible for allocating resources and assessing performance of the operating segments.

The Board has considered the business and geographical perspectives of the operating results and determined that the Consolidated Entity operates only within Australia, with the main segments being Investments and Olive Grove (which operations were sold in October 2018 - refer Note 5). Corporate items are mainly comprised of corporate assets, office expenses and income tax assets and liabilities.

#### Description of segments

- Investments comprise equity investments in companies listed on the Australian Securities Exchange (**ASX**) and liquid financial assets;
- Olive grove is in relation to the olive grove farm in Gingin;
- Corporate items comprise corporate assets and operations.

#### Liabilities

Liabilities are not reported to the Board of Directors by segment. All liabilities are assessed at a consolidated entity level.

#### 5. DISCONTINUED OPERATIONS

On 11 October 2018, controlled entity, Orion Equities Limited (**Orion**) completed the sale of its Olive Grove Agribusiness Assets in consideration of \$1.45 million cash. Financial information relating to the discontinued operations are as follows:

Financial information relating to the discontinued operation which has been incorporated into the Income Statement is as follows:	2020 \$	2019 \$
Revenue	-	-
Expenses	-	(56,760)
Loss before income tax	-	(56,760)
Income tax expense	-	(38,973)
Loss after income tax	-	(95,733)
Gain on sale of Olive Grove Agribusiness Assets	-	201,786
Income tax	-	(38,973)
Gain on sale of Olive Grove Agribusiness Assets after tax	-	162,813
Reversal of revaluation of assets, net of tax	-	(102,746)
Net gain on sale of non-current assets	-	60,067

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2020

### 5. DISCONTINUED OPERATIONS (continued)

	2020	2019
	\$	\$
The carrying amount of the assets and liabilities of the operation at the date of cessation were:		
Total assets	-	1,403,475
Total liabilities	-	(5,008,507)
Net liabilities	-	(3,605,032)

The net cash flows of the operations, which have been incorporated into the Cash Flow Statement are as follows:

Net cash used in operating activities	-	(9,695)
Net cash provided by investing activities	-	1,413,000
Effect on cash flows	-	1,403,305

#### Details of sale of operations:

Consideration received in cash	1,456,500
Carrying amount of net assets sold	(1,396,433)
Gain on sale of Olive Grove Agribusiness Assets	60,067
Income tax	38,973
	99,040
Reversal of revaluation of assets, net of tax	102,746
Net gain on sale of non-current assets	201,786

#### Critical accounting judgement and estimate

Judgements have been made in the determination of consideration pertaining to assets sold during the financial year. In making these judgements, the Consolidated Entity has considered the conditions and probability of receipt pursuant to the relevant sale agreements.

#### Accounting policy

A discontinued operation is a component of the Consolidated Entity's business where the operations and cash flows can be clearly distinguished from the rest of the Consolidated Entity and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

### 6. TAX

	2020	2019
	\$	\$
<b>The components of tax expense comprise:</b>		
Current tax		
Deferred tax	-	-
- discontinued operations	-	38,973
	-	<b>38,973</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2020

6. TAX (continued)	2020	2019
	\$	\$
<b>(a) The prima facie tax on operating loss before income tax is reconciled to the income tax as follows:</b>		
Prima facie tax payable on operating loss before income tax at 27.5% (2019: 27.5%)	(233,195)	(376,479)
Adjust tax effect of:		
Other assessable income	-	38,905
Non-deductible expenses	403	2,116
Share of Associate entity's loss	84,666	182,175
Current year tax losses not brought to account	148,126	153,283
Prior year's deferred tax assets recognition reversal	-	38,973
<b>Income tax attributable to entity</b>	<b>-</b>	<b>38,973</b>
	<b>Deferred tax assets</b>	<b>Deferred tax liabilities</b>
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>(b) Fair value losses</b>	<b>-</b>	<b>38,973</b>
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>(i) Movements - deferred tax assets</b>		
<b>Fair value losses</b>	<b>\$</b>	<b>\$</b>
<b>Opening balance</b>	-	38,973
(Credited)/charged to income statement	-	(38,973)
<b>Closing balance</b>	<b>-</b>	<b>-</b>
<b>(ii) Movements - deferred tax liabilities</b>		
<b>Fair value gains</b>		
<b>Opening balance</b>	-	38,973
Charged/(Credited) to the profit and loss	-	(38,973)
<b>Closing balance</b>	<b>-</b>	<b>-</b>
<b>(iii)</b>		
<b>Deferred tax recognised directly in Other Comprehensive Income</b>		
Revaluations of land & intangible assets	-	38,973
<b>Unrecognised deferred tax balances</b>		
Unrecognised deferred tax asset - revenue losses	5,219,529	4,805,446
Unrecognised deferred tax asset - capital losses	77,890	77,890
Unrecognised deferred tax asset - timing differences	1,479,748	1,504,086
	<b>6,777,167</b>	<b>6,387,422</b>

### Critical accounting judgement and estimate

The above deferred tax assets have not been recognised in respect of the above items because it is not probable that future taxable profit will be available against which the Consolidated Entity can utilise the benefits. Revenue and capital tax losses are subject to relevant statutory tests.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2020

### 6. TAX (continued)

#### Accounting policy

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the notional income tax rate for each taxing jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses (if applicable).

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each taxing jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The amount of deferred tax assets benefits brought to account or which may be realised in the future, is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in other comprehensive income or equity are also recognised directly in other comprehensive income or equity.

### 7. LOSS PER SHARE

	2020	2019
Basic and diluted loss per share (cents)	<u>(1.96)</u>	<u>(3.36)</u>

The following represents the loss and weighted average number of shares used in the loss per share calculations:

Loss after income tax attributable to Owners of Queste Communications Ltd (\$)	(530,823)	(910,108)
	<b>Number of shares</b>	
Weighted average number of ordinary shares	27,072,332	27,072,332

#### Accounting policy

Basic earnings per share is determined by dividing the operating result after income tax by the weighted average number of ordinary shares on issue during the financial period.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2020

### 8. CASH AND CASH EQUIVALENTS

	2020	2019
	\$	\$
Cash at bank	<u>352,272</u>	<u>850,739</u>
<b>(a) Reconciliation of operating loss after income tax to net cash used in operating activities</b>		
<b>Loss after income tax</b>	(847,983)	(1,407,992)
<b>Add non-cash items:</b>		
Depreciation	5,018	9,508
Write off fixed assets	3,079	2,122
Net loss/(gain) on financial assets at fair value through profit or loss	1	93,202
Loss on land held for development or resale	-	120,000
Share of Associate entity's loss	307,878	662,455
<b>Changes in assets and liabilities:</b>		
Receivables	(43,359)	98,699
Financial assets at fair value through profit or loss	-	24,000
Other current assets	7,139	(942)
Investment in Associate entity	-	102,569
Agribusiness assets	-	(201,786)
Payables	55,090	(269,716)
Provisions	15,478	12,290
Deferred tax	-	38,973
	<u><b>(497,659)</b></u>	<u><b>(716,618)</b></u>

#### Accounting policy

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts (if any) are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

### 9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020	2019
	\$	\$
Listed securities at fair value	<u>450,003</u>	<u>450,003</u>

#### Accounting policy

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition, financial assets at fair value through profit and loss acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments will recognise its realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date which is the current bid price. The Consolidated Entity's investment portfolio is accounted for as "financial assets at fair value through profit and loss" and is carried at fair value.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2020

### 10. FINANCIAL RISK MANAGEMENT

The Consolidated Entity's financial instruments consist of deposits with banks, accounts receivable and payable, investments in listed securities, and other unlisted securities. The principal activity of the Consolidated Entity is the management of these investments - "financial assets at fair value" (refer to Note 9). The Consolidated Entity's investments are subject to market (which includes interest rate and price risk), credit and liquidity risks.

The Board of Directors are responsible for the overall internal control framework (which includes risk management) but no cost-effective internal control system will preclude all errors and irregularities. The system is based, in part, on the appointment of suitably qualified management personnel. The effectiveness of the system is continually reviewed by management and at least annually by the Board.

The financial receivables and payables of the Consolidated Entity in the table below are due or payable within 30 days. The financial investments are held for trading and are realised at the discretion of the Board of Directors.

The Consolidated Entity holds the following financial assets and liabilities:

	Note	2020 \$	2019 \$
Cash and cash equivalents	8	352,272	850,739
Financial assets at fair value through profit or loss	9	450,003	450,003
Receivables	12	96,261	29,720
		<b>898,536</b>	<b>1,330,462</b>
Payables	14	(429,942)	(374,852)
<b>Net financial assets</b>		<b>468,594</b>	<b>955,610</b>

#### (a) Market risk

Market risk is the risk that the fair value and/or future cash flows from a financial instrument will fluctuate as a result of changes in market factors. Market risk comprises of price risk from fluctuations in the fair value of equities and interest rate risk from fluctuations in market interest rates.

##### (i) Price risk

The Consolidated Entity is exposed to equity securities price risk. This arises from investments held by the Consolidated Entity and classified in the Statement of Financial Position at fair value through profit or loss. The Consolidated Entity is not exposed to commodity price risk, save where this has an indirect impact via market risk and equity securities price risk.

The value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments in the market. By its nature as an investment company, the Consolidated Entity will always be subject to market risk as it invests its capital in securities that are not risk free - the market price of these securities can and will fluctuate. The Consolidated Entity does not manage this risk through entering into derivative contracts, futures, options or swaps.

Equity price risk is minimised through ensuring that investment activities are undertaken in accordance with Board established mandate limits and investment strategies.

The Consolidated Entity has performed a sensitivity analysis on its exposure to market price risk at balance date. The analysis demonstrates the effect on the current year results and equity which could result from a change in these risks. The ASX All Ordinaries Accumulation Index was utilised as the benchmark for the unlisted and listed share investments which are financial assets available-for-sale or at fair value through profit or loss.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2020

### 10. FINANCIAL RISK MANAGEMENT (continued)

#### (i) Price risk (continued)

ASX All Ordinaries Accumulation Index	Impact on post-tax profit		Impact on other components of equity	
	2020	2019	2020	2019
	\$	\$	\$	\$
Increase 15%	4,336	17,425	4,336	17,425
Decrease 15%	(4,336)	(17,425)	(4,336)	(17,425)

#### (ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Consolidated Entity's exposure to market risk for changes in interest rates relate primarily to investments held in interest bearing instruments. The average interest rate for the year for the table below is 0.35% (2019: 1.1%). The revenue exposure is immaterial in terms of the possible impact on profit or loss or total equity.

	2020	2019
	\$	\$
Cash at bank and in hand	352,272	850,739

#### (b) Credit risk

Credit risk refers to the risk that a counterparty under a financial instrument will default (in whole or in part) on its contractual obligations resulting in financial loss to the Consolidated Entity. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, including outstanding receivables and committed transactions. Concentrations of credit risk are minimised primarily by undertaking appropriate due diligence on potential investments, carrying out all market transactions through approved brokers, settling non-market transactions with the involvement of suitably qualified legal and accounting personnel (both internal and external), and obtaining sufficient collateral or other security (where appropriate) as a means of mitigating the risk of financial loss from defaults. The Consolidated Entity's business activities do not necessitate the requirement for collateral as a means of mitigating the risk of financial loss from defaults.

The credit quality of the financial assets are neither past due nor impaired and can be assessed by reference to external credit ratings (if available with Standard & Poor's) or to historical information about counterparty default rates. The maximum exposure to credit risk at Balance Date is the carrying amount of the financial assets as summarised below:

	2020	2019
<b>Cash and cash equivalents</b>	\$	\$
AA-	352,272	849,585
<b>Receivables (due within 30 days)</b>		
No external credit rating available	96,261	29,720

The Consolidated Entity measures credit risk on a fair value basis. The carrying amount of financial assets recorded in the financial statements, net any provision for losses, represents the Consolidated Entity's maximum exposure to credit risk.

#### (c) Liquidity risk

Liquidity risk is the risk that the Consolidated Entity will encounter difficulty in meeting obligations associated with financial liabilities. The Consolidated Entity has no borrowings. The Consolidated Entity's non-cash investments can be realised to meet trade and other payables arising in the normal course of business. The financial liabilities disclosed in the above table have a maturity obligation of not more than 30 days.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2020

### 11. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

#### Fair value hierarchy

AASB 13 (Fair Value Measurement) requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2: 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); and
- (iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets at fair value through profit or loss:				
Listed securities at fair value				
<b>2020</b>	450,003	-	-	450,003
<b>2019</b>	450,003	-	-	450,003

There have been no transfers between the levels of the fair value hierarchy during the financial year.

#### (a) Valuation techniques

The fair value of the listed securities traded in active markets is based on closing bid prices at the end of the reporting period. These investments are included in Level 1.

The fair value of any assets that are not traded in an active market are determined using certain valuation techniques. The valuation techniques maximise the use of observable market data where it is available, or independent valuation and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

#### (b) Fair values of other financial assets and liabilities

	2020	2019
	\$	\$
Cash and cash equivalents	352,272	850,739
Receivables	96,261	29,720
	<b>448,533</b>	<b>880,459</b>
Payables	(429,942)	(374,852)
	<b>18,591</b>	<b>505,607</b>

Due to their short-term nature, the carrying amounts of cash, current receivables and current payables is assumed to approximate their fair value.

#### Accounting policy

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the Balance Date. The quoted market price used for financial assets held by the Consolidated Entity is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques, including but not limited to recent arm's length transactions, reference to similar instruments and option pricing models. The Consolidated Entity may use a variety of methods and makes assumptions that are based on market conditions existing at each Balance Date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for other financial instruments.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2020

### 11. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

#### Accounting policy

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Consolidated Entity for similar financial instruments.

The Consolidated Entity's investment portfolio (comprising listed and unlisted securities) is accounted for as "financial assets at fair value through profit and loss" and is carried at fair value based on the quoted last bid prices at the Balance Date (refer Note 9).

### 12. RECEIVABLES

	2020	2019
	\$	\$
<b>Current</b>		
Deposit	-	27,500
Other receivables	96,261	2,220
	<u>96,261</u>	<u>29,720</u>
<b>Non-current</b>		
Bonds and guarantees	-	<u>23,182</u>

#### Risk exposure

The Consolidated Entity's exposure to credit and interest rate risks is discussed in Note 10.

#### Impaired trade receivables

None of the Consolidated Entity's receivables are impaired or past due.

#### Accounting policy

AASB 9: Financial Instruments introduces a new expected credit loss (ECL) impairment model that requires the Consolidated Entity to adopt an ECL position across the Consolidated Entity's financial assets at 1 July 2018. The Consolidated Entity's receivables balance comprises deposits and GST refunds from the Australian Tax Office.

At each Balance Date, the Consolidated Entity reviews the carrying value of its financial assets based on the ECL model under AASB 9, which proposes three approaches in assessing impairment:

- (i) the simplified approach (which will be applied to most trade receivables) which requires the recognition of lifetime ECLs by considering forward-looking assumptions and information regarding expected future conditions affecting historical customer default rates;
- (ii) the general approach (which will be applied to most loans and debt securities) whereby ECL is recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, the Consolidated Entity will provide for credit losses that result from default events that are possible within the next 12 months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance will arise for credit losses expected over the remaining life of exposure, irrespective of the timing of the default; and
- (iii) For purchased or originated credit-impaired receivables, the fair value at initial recognition already takes into account lifetime expected losses. At each Balance Date, the Consolidated Entity updates its estimated cash flows and adjusts the loss allowance accordingly.

The loss allowances for financial assets are based on the assumptions about risk of default and expected loss rates. The Consolidated Entity uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Consolidated Entity's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. The Consolidated Entity has not recognised any additional impairment to its current receivables or non-current receivables as a result of the application of AASB 9. This is due to the fact that the Consolidated Entity does not consider that there are any further ECL to the current carrying values of its current receivables or its non-current receivables.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2020

### 13. PROPERTY HELD FOR RESALE

	2020	2019
	\$	\$
Property held for development or resale	3,797,339	3,797,339
Revaluation of property	(2,697,339)	(2,697,339)
	<u>1,100,000</u>	<u>1,100,000</u>

#### Critical accounting judgement and estimate

The carrying value of Property held for resale is based on the Directors' judgement, having regard to the most recent independent valuation report dated 29 July 2019 and an assessment of pertinent real estate market conditions. The Directors are of the view that the property is not impaired as at balance date.

#### Accounting policy

Property held for resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development are expensed. Profits are brought to account on the signing of an unconditional contract of sale.

### 14. PAYABLES

	2020	2019
	\$	\$
Trade payables	34,897	17,749
Dividend payable	6,727	6,739
GST payable	13,542	13,827
Other payables and accrued expenses	155,304	40,097
Accrued Directors' fees and entitlements	219,472	296,440
	<u>429,942</u>	<u>374,852</u>

#### Risk exposure

The Consolidated Entity's exposure to risks arising from current payables is set out in Note 11.

#### Accounting policy

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

### 15. PROVISIONS

	2020	2019
	\$	\$
Employee benefits - annual leave	44,567	36,191
Employee benefits - long service leave	122,381	115,291
	<u>166,948</u>	<u>151,482</u>

#### (a) Amounts not expected to be settled within 12 months

The provision for annual leave and long service leave is presented as current since the Consolidated Entity does not have an unconditional right to defer settlement for any of these employee benefits. Long service leave covers all unconditional entitlements where employees have completed the required period of service and also where employees are entitled to pro-rata payments in certain circumstances.

Based on past experience, the employees have never taken the full amount of long service leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months:

	2020	2019
	\$	\$
Leave obligations expected to be settled after 12 months	<u>122,381</u>	<u>115,291</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2020

### 15. PROVISIONS (continued)

#### Accounting policy

##### Short-term obligations

Provision is made for the Consolidated Entity's liability for employee benefits arising from services rendered by employees to the Balance Date. 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, plus related on-costs. Employee benefits payable later than one year from the Balance Date have been measured at the present value of the estimated future cash outflows to be made for those benefits. Employer superannuation contributions are made by the Consolidated Entity in accordance with statutory obligations and are charged as an expense when incurred.

##### Other long-term employee benefit obligations

The liability for long-service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the Balance Date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

### 16. ISSUED CAPITAL

	2020	2019	2020	2019
	Number	Number	\$	\$
Fully paid ordinary shares	27,072,332	27,072,332	<u>6,239,370</u>	<u>6,239,370</u>

There was no movement in the Company's issued capital during the financial year.

#### Capital risk management

The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a capital structure balancing the interests of all shareholders.

The Board will consider capital management initiatives as is appropriate and in the best interests of the Company and shareholders from time to time, including undertaking capital raisings, share Buy-backs, capital reductions and the payment of dividends.

The Consolidated Entity has no external borrowings. The Consolidated Entity's non-cash investments can be realised to meet accounts payable arising in the normal course of business.

#### Accounting policy

Ordinary shares are classified as equity. Fully paid ordinary shares carry one vote per share and the right to dividends. At any meeting, each shareholder present in person or by proxy, attorney, or representative has one vote for each fully paid ordinary share held either upon a show of hands or by a poll. Holders of partly-paid ordinary shares have a fraction of a vote for each partly-paid share held, with the fractional vote of each share being equivalent to the proportion of the total amount paid and payable (excluding amounts credited) that has actually been paid (not credited) for each share. Amounts paid in advance of a call are ignored when calculating proportions. The holder of a partly-paid ordinary share is not entitled to vote at a meeting in respect of those shares on which calls are outstanding.

The profits of the Consolidated Entity, which the Directors may from time to time determine to distribute to shareholders by way of dividends, will be divisible amongst the shareholders in proportion to the amounts paid on the shares. An amount paid in advance of a call is not to be included as an amount paid on a share for the purposes of calculating an entitlement to dividends.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2020

17. RESERVES	2020	2019
	\$	\$
<b>Profits reserve</b>	<b>2,892,899</b>	<b>2,918,053</b>
<b>Option premium reserve</b>	<b>2,138,012</b>	<b>2,138,012</b>
<b>Other reserve</b>		
Dilution movement	1,071,663	1,071,663
Non-controlling interest	(504,076)	(700,443)
	<b>567,587</b>	<b>371,220</b>
<b>Total reserves</b>	<b>5,598,498</b>	<b>5,427,285</b>
<b>Movements in Profits reserve</b>		
<b>Opening balance</b>	2,918,053	3,077,276
Profits reserve transfer	(25,154)	(159,223)
<b>Closing balance</b>	<b>2,892,899</b>	<b>2,918,053</b>

Other Reserve relates to differences which may arise as a result of transactions with non-controlling interests that do not result in a loss of control (refer also Note 18).

An increase in the Profits Reserve will arise when the Company or its subsidiaries generates a net profit (after tax) for a relevant financial period (i.e. half year or full year) which the Board determines to credit to the company's Profits Reserve. Dividends may be paid out of (and debited from) a company's Profits Reserve, from time to time.

18. NON-CONTROLLING INTEREST	2020	2019
	\$	\$
Issued capital	7,549,512	7,549,512
Other reserve	504,076	700,443
Accumulated losses	(7,024,636)	(6,707,476)
	<b>1,028,952</b>	<b>1,542,479</b>

The non-controlling interest is a 40.14% (2019: 40.14%) equity holding in Orion Equities Limited (not held by the Company).

### Accounting policy

The Consolidated Entity treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Consolidated Entity. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve (refer to Note 17) within equity attributable to owners of Queste Communications Ltd.

### 19. PARENT ENTITY INFORMATION

The following information provided relates to the Company, Queste Communications Ltd, as at 30 June 2020.

	2020	2019
	\$	\$
Profit/(Loss) for the year	(807,257)	(550,187)
Other comprehensive income		
<b>Total comprehensive loss for the year</b>	<b>(807,257)</b>	<b>(550,187)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2020

### 19. PARENT ENTITY INFORMATION (continued)

#### Statement of financial position

Current assets	154,125	58,693
Non-current assets	904,234	1,681,924
<b>Total assets</b>	<b>1,058,359</b>	<b>1,740,617</b>
Current liabilities	262,525	227,656
Loan from controlled entity	90,130	-
<b>Total liabilities</b>	<b>352,655</b>	<b>227,656</b>
<b>Net assets</b>	<b>705,704</b>	<b>1,512,961</b>
Issued capital	6,239,370	6,239,370
Reserves	2,347,229	2,347,229
Accumulated losses	(7,880,895)	(7,073,638)
<b>Equity</b>	<b>705,704</b>	<b>1,512,961</b>

### 20. INVESTMENT IN CONTROLLED ENTITY

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary with non-controlling interest:

Ownership Interest	Incorporated	Parent		Non-Controlling Interest	
		2020	2019	2020	2019
Orion Equities Limited	Australia	59.86%	59.86%	40.14%	40.14%

Summarised financial information of the subsidiary with non-controlling interests that are material to the consolidated entity are set out below:

Summarised statement of profit or loss and other comprehensive income	2020	2019
	\$	\$
Revenue	65,618	250,758
Expenses	(855,757)	(1,434,372)
<b>Loss from continuing operations</b>	<b>(790,139)</b>	<b>(1,183,614)</b>
Loss from discontinued operations	-	(56,760)
Income tax expense	-	(38,973)
<b>Loss after income tax expense</b>	<b>(790,139)</b>	<b>(1,279,347)</b>
Other comprehensive income	-	(102,746)
<b>Total comprehensive loss for the year</b>	<b>(790,139)</b>	<b>(1,382,093)</b>

#### Summarised Statement of Financial Position

Current assets	834,538	1,278,904
Non-current assets	1,273,104	1,583,190
<b>Total Assets</b>	<b>2,107,642</b>	<b>2,862,094</b>
<b>Total Liabilities</b>	<b>334,365</b>	<b>298,678</b>
<b>Net Assets</b>	<b>1,773,277</b>	<b>2,563,416</b>

#### Statement of cash flows

Net cash used in operating activities	(434,059)	(629,769)
Net cash used in investing activities	-	1,408,286
Net cash used in financing activities	(85,600)	(225)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(519,659)</b>	<b>778,292</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2020

### 20. INVESTMENT IN CONTROLLED ENTITY (continued)

#### Other financial information

Profit/(Loss) attributable to non-controlling interest	(317,160)	(497,884)
Accumulated non-controlling interest at the end of the year	1,028,952	1,542,479

#### Accounting policy

Subsidiaries are all entities (including structured entities) over which the Consolidated Entity has control (also controlled entities). The Consolidated Entity controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are deconsolidated from the date that control ceases.

The controlled entity has a June financial year-end. All inter-company balances and transactions between entities in the Consolidated Entity, including any unrealised profits or losses, have been eliminated on consolidation.

#### Changes in Ownership Interests

When the Consolidated Entity ceases to have control, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. The fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Consolidated Entity has directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

### 21. INVESTMENT IN ASSOCIATE ENTITY

	Ownership Interest		Carrying Amount	
	2020	2019	2020	2019
			\$	\$
Bentley Capital Limited (ASX:BEL)	28.56%	28.56%	<b>169,840</b>	<b>477,718</b>

#### Movements in carrying amounts

Opening balance		477,718	1,242,742
Share of net loss after tax		(307,878)	(662,455)
Dividends received		-	(102,569)
Closing balance		<b>169,840</b>	<b>477,718</b>

#### Fair value (at market price on ASX) of investment in Associate entity

#### Net asset backing value of investment in Associate entity

<b>760,884</b>	<b>1,630,465</b>
<b>1,487,913</b>	<b>1,813,602</b>

#### Summarised statement of profit or loss and other comprehensive income

Revenue		475,345	296,380
Expenses		(1,617,899)	(2,754,789)
<b>Loss before income tax</b>		<b>(1,142,554)</b>	<b>(2,458,409)</b>
Income tax expense		-	-
<b>Loss after income tax</b>		<b>(1,142,554)</b>	<b>(2,458,409)</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>(1,142,554)</b>	<b>(2,458,409)</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2020

### 21. INVESTMENT IN ASSOCIATE ENTITY (continued)

#### Summarised statement of financial position

Current assets	5,743,904	6,694,371
Non-current assets	4,872	22,364
<b>Total assets</b>	<b>5,748,776</b>	<b>6,716,735</b>
Current liabilities	540,424	363,900
Non-current liabilities	-	1,929
<b>Total liabilities</b>	<b>540,424</b>	<b>365,829</b>
<b>Net assets</b>	<b>5,208,352</b>	<b>6,350,906</b>

Under the equity method of accounting for Associate entities (refer Accounting Policy below), the Company's carrying value of its investment in BEL is reduced from (historical) cost as a consequence of the Company's accumulated recognition of BEL's net losses. The Company is not required to carry the BEL investment at a negative value (ie. below Nil) and if BEL should generate net profits in the future (after the Company has reduced the carrying value of BEL to Nil), the Company will recognise a share of BEL's net profits in this regard under the equity method, which will permit the Company to start recognising a positive carrying value for BEL.

#### Accounting policy

Associates are all entities over which the Consolidated Entity has or is deemed to have significant influence but not control or joint control (generally in which the Consolidated Entity has a shareholding/voting rights of greater than 20% and less than 50%). Investments in Associates in the consolidated financial statements are accounted for using the equity method of accounting. On initial recognition, investment in Associates are recognised at cost - in respect of investments which were classified as fair value through profit or loss, any gains or losses previously recognised are reversed through profit or loss. Under the equity method, the Consolidated Entity's share of the post-acquisition profits or losses of Associates are recognised in the consolidated Statement of Profit or Loss and Other Comprehensive Income, and its share of post-acquisition movements in reserves is recognised in Other Comprehensive Income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

A share of an Associate entity's net gain increases the investment (and a share of net loss decreases the investment) and dividend income received from an Associate entity decreases the investment. When the Consolidated Entity's share of losses in an Associate equals or exceeds its interest in the Associate, including any other unsecured long-term receivables, the Consolidated Entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the Associate.

Where applicable, unrealised gains on transactions between the Consolidated Entity and its Associates are eliminated to the extent of the Consolidated Entity's interest in the Associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of Associates are aligned to ensure consistency with the policies adopted by the Consolidated Entity, where practicable.

### 22. RELATED PARTY TRANSACTIONS

#### (a) Loan from Controlled Entity

The Company is deemed to have control of Orion Equities Limited (ASX:OEQ) (**OEQ**) as it holds 59.86% (9,367,653 shares) of Orion's issued capital (2019: 59.86% and 9,367,653 shares).

OEQ and the Company have entered into a Loan Agreement for the Company to borrow up to \$200,000 from OEQ (**Loan**). The Loan is unsecured and currently matures on 31 December 2020 and accrues interest at 10% pa in respect of the first \$150,000 advanced and 7.5% pa in respect of \$50,000 advanced thereafter. During the financial year, the Company borrowed \$90,000 and made \$4,412 repayments to OEQ and incurred interest expenses of \$4,542 under the Loan.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2020

### 22. RELATED PARTY TRANSACTIONS (continued)

#### (b) Transactions with Related Parties

During the financial year there were transactions between the Company, Orion and Associate Entity, Bentley Capital Limited (ASX:BEL), pursuant to shared office and administration expense arrangements. There were no outstanding amounts at the Balance date. The following related party transactions also occurred during the financial year:

	2020	2019
	\$	\$
<b>Bentley Capital Limited</b>		
Dividends Received	-	<b>108,698</b>

#### (c) Transactions with key management personnel

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Consolidated Entity's KMP for the year ended 30 June 2020. The total remuneration paid to KMP of the Consolidated Entity during the year is as follows:

(c) Transactions with key management personnel (continued)	2019	2018
Directors	\$	\$
Short-term employment benefits	398,749	392,497
Post-employment benefits	34,080	33,488
	<b>432,829</b>	<b>425,985</b>

At Balance Date, the Company and Orion owes its Directors an aggregate \$94,539 and \$115,431 in unpaid salaries respectively (net of PAYG withholding tax remitted to the ATO) .

During the year, the Consolidated Entity generated \$37,700 rental income from a KMP/close family member of KMP (the KMP being Queste and Orion Director, Farooq Khan), pursuant to a standard form residential tenancy agreement in respect of Property Held for Resale (held by Orion subsidiary, Silver Sands Developments Pty Ltd) (2019: \$37,700).

### 23. AUDITORS' REMUNERATION

During the year the following fees were paid for services provided by the auditor of the parent entity:

	2019	2018
	\$	\$
<b>Rothsay Auditing</b>		
Audit and review of financial statements	<b>36,000</b>	<b>36,000</b>

### 24. CONTINGENCIES

#### (a) Directors' Deeds

The Company has entered into Deeds of Indemnity with each of its Directors indemnifying them against liability incurred in discharging their duties as Directors/Officers of the Consolidated Entity. At the end of the financial period, no claims have been made under any such indemnities and accordingly, it is not possible to quantify the potential financial obligation of the Consolidated Entity under these indemnities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2020

### 24. CONTINGENCIES (continued)

#### (b) Tenement Royalties

Orion is entitled to receive a royalty of 2% of gross revenues (exclusive of GST) from any commercial exploitation of any minerals from the Paulsens East Iron Ore Project tenement (currently a Retention Licence R47/7 but pending conversion to a Mining Lease M47/1583) in Western Australia currently owned by Strike Resources Limited (ASX:SRK). This royalty entitlement stems from Orion's sale of a portfolio of tenements (including the Paulsens East tenement) to Strike in September 2005. For further information in this regard, please refer to the following ASX market announcements: Orion's announcement dated 23 September 2005: CXL Retains a 25% Free Carried Interest in NT Uranium Tenements and Strike's announcement dated 11 August 2008: Acquisition of Outstanding Interests in Berau Coal and Paulsens East Iron Ore Projects. For further background information about the Paulsens East Iron Ore Project, please refer to Strike's ASX market announcements and website: [www.strikeresources.com.au](http://www.strikeresources.com.au).

### 25. EVENTS OCCURRING AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since the end of the financial year that significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

# DIRECTORS' DECLARATION

The Directors of the Company declare that:

- (1) The financial statements, Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity, and accompanying notes as set out on pages 18 to 42 are in accordance with the *Corporations Act 2001 (Cth)* and:
  - (a) comply with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting; and
  - (b) give a true and fair view of the Consolidated Entity's financial position as at 30 June 2020 and of its performance for the year ended on that date;
- (2) 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;
- (3) The Directors have been given the declarations required by section 295A of the *Corporations Act 2001 (Cth)* by the Executive Chairman/Managing Director (the person who, in the opinion of the Directors, performs the Chief Executive Officer function) and Executive Director/Company Secretary (the person who, in the opinion of the Directors, performs the Chief Financial Officer function); and
- (4) The Company has included in the notes to the Financial Statements an explicit and unreserved statement of compliance with the International Financial Reporting Standards.

This declaration is made in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001 (Cth)*.



Farooq Khan  
Executive Chairman and  
Managing Director



Victor Ho  
Executive Director and  
Company Secretary

26 August 2020



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
QUESTE COMMUNICATIONS LTD**

**Report on the Audit of the Financial Report**

***Opinion***

We have audited the financial report of Queste Communications Ltd (“the Company”) and its subsidiaries (“the Group”) which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended on that date and notes to the financial statements, including a summary of significant accounting policies and the directors’ declaration of the Company.

In our opinion the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group’s financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

***Basis for Opinion***

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under these standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of this report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants* (the “Code”) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor’s report.

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

***Key Audit Matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.





INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
QUESTE COMMUNICATIONS LTD (continued)

<i>Key Audit Matter - Impairment of Assets</i>	<i>How our Audit Addressed the Key Audit Matter</i>
<p>The Group's portfolio of assets includes:</p> <ul style="list-style-type: none"><li>• Cash and cash equivalents;</li><li>• Receivables;</li><li>• Financial assets at fair value through profit or loss;</li><li>• Property held for development and resale; and</li><li>• Investment in associates.</li></ul> <p>Given the continued uncertainty related to the COVID-19 pandemic this was considered to be a key audit matter as significant judgement is required when assessing impairment.</p>	<p>We considered the inputs into the determination of fair value at year end and compared our assessment with the written down value.</p> <p>We reviewed available information subsequent to year end to assist in identifying any conditions that may be indicative of the recoverable amounts of these assets at year end.</p> <p>We assessed whether the disclosures included in the financial report meet the requirements of Australian Accounting Standards.</p>

***Other Information***

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work we have performed we conclude there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

***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 the 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 gives a true and fair view and is free from material misstatement whether due to fraud or error.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
QUESTE COMMUNICATIONS LTD (continued)

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

***Auditor's Responsibility for the Audit of the Financial Report***

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/Home.aspx](http://www.auasb.gov.au/Home.aspx).

We communicate with the directors regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe those matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

***Report on the Remuneration Report***

***Opinion on the Remuneration Report***

We have audited the remuneration report included in the directors' report for the year ended 30 June 2020.

In our opinion the remuneration report of Queste Communications Ltd for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
QUESTE COMMUNICATIONS LTD (continued)

***Responsibilities***

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.

**Rothsay Auditing**

Dated 26 August 2020

**Daniel Dalla  
Partner**



# SECURITIES INFORMATION

## as at 30 June 2020

### DISTRIBUTION OF LISTED ORDINARY FULLY PAID SHARES

Spread	of	Holdings	Number of Holders	Number of Units	% of Total Issue Capital
1	-	1,000	17	8,811	0.03%
1,001	-	5,000	44	121,362	0.45%
5,001	-	10,000	58	520,496	1.92%
10,001	-	100,000	83	2,271,255	8.39%
100,001	-	and over	20	24,150,408	89.21%
<b>Total</b>			<b>222</b>	<b>27,072,332</b>	<b>100.00%</b>

### UNMARKETABLE PARCELS

Spread	of	Holdings	Number of Holders	Number of Shares	% of Total Issued Capital
1	-	18,518	161	1,270,363	4.69%
18,519	-	over	61	25,801,969	95.31%
<b>Total</b>			<b>222</b>	<b>27,072,332</b>	<b>100.00%</b>

An unmarketable parcel is considered, for the purposes of the above table, to be a shareholding of 18,518 shares or less, being a value of \$500 or less in total, based upon the Company's last sale price on ASX as at 30 June 2020 of \$0.027 per share.

### SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders	Registered Shareholder	Shareholding	Total Shares	% Voting Power <sup>5</sup>
Azhar Chaudhri, Chi Tung Investments Limited and Renmuir Holdings Limited <sup>1</sup>	Chi Tung Investments Ltd	3,608,956	8,322,737	30.74%
	Renmuir Holdings Ltd	3,277,780		
	Mr Azhar Chaudhri	1,436,001		
Farooq Khan and Associate <sup>2</sup>	Mr Farooq Khan & Ms Rosanna De Campo	3,671,295	5,344,872	19.74%
	Island Australia Pty Ltd	1,673,577		
Geoff Wilson and Associates <sup>3</sup>	Dynasty Peak Pty Ltd	4,391,975	4,391,975	16.22%
Fred Woollard and Samuel Terry Asset Management Pty Ltd ATF Samuel Terry Absolute Return Fund <sup>4</sup>	J P Morgan Nominees Australia Limited	3,717,820	3,739,682	13.81%
	Frederick Raymond Woollard	21,862		

Notes:

- (1) Based on the substantial shareholding notice filed by Azhar Chaudhri and associates dated 23 October 2017 (updated to reflect current registered shareholdings and percentage voting power).
- (2) Based on the Change of Interests of Substantial Holder notice filed by Farooq Khan and associates dated 20 November 2014 (updated to reflect current registered shareholdings and percentage voting power) and the Change of Director's Interest Notices filed by Farooq Khan dated 10 July 2019 and 8 January 2018.
- (3) Based on the Change of Interests of Substantial Holder Notice filed by Geoff Wilson and associates dated 14 February 2018.
- (4) Based on the Notice of Initial Substantial Holder notice filed by Samuel Terry Asset Management Pty Ltd dated 5 February 2018 (updated to reflect current registered shareholdings and percentage voting power).
- (5) Movements of less than 1% in voting power are not required to be disclosed to ASX via an updated substantial shareholding notice and accordingly, there may be variances between the shareholdings recorded in the table above and the most recent substantial shareholding notices lodged on ASX. Current registered shareholdings have been disclosed (where applicable).

# SECURITIES INFORMATION

## as at 30 June 2020

### TOP 20 ORDINARY FULLY PAID SHAREHOLDERS

Rank	Shareholder	Shares Held	Total Shares	% Issued Capital
1	CHI TUNG INVESTMENTS LTD	3,608,956		
	MR AZHAR AMIN CHAUDHRI	1,436,001		
	RENMUIR HOLDINGS LTD	<u>3,277,780</u>		
	Sub-total		8,322,737	30.74
2	ISLAND AUSTRALIA PTY LTD	1,673,577		
	MR FAROOQ KHAN + MS ROSANNA DE CAMPO	<u>3,671,295</u>		
	Sub-total		5,344,872	19.74
3	DYNASTY PEAK PTY LTD		4,391,975	16.22
4	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED		3,875,568	14.32
5	GLENVIEW SERVICES PTY LTD		380,000	1.40
6	GA & AM LEAVER INVESTMENTS PTY LTD		378,012	1.40
7	MS ROSANNA DE CAMPO		268,100	0.99
8	GIBSON KILLER PTY LTD		220,000	0.81
9	THE ESTATE OF MR AYUB KHAN		215,000	0.79
10	MRS AFIA KHAN		215,000	0.79
11	ROSEMONT ASSET PTY LTD	75,000		
	MR SIMON KENNETH CATO + MRS KAYE LOUISE HOPKINS	<u>118,000</u>		
	Sub-total		193,000	0.71
12	TOMATO 2 PTY LTD		185,019	0.68
13	MR JOHN CHENG-HSIANG YANG + MS PEGA PING MOK		136,125	0.50
14	MR EUGENE RODRIGUEZ		110,000	0.41
15	MRS MARY THERESE CAMILLERI		100,000	0.37
16	MRS LINDA ANN OATES		100,000	0.37
17	DR SIEW NAM UN		87,500	0.32
18	MRS WENDY MARGARET BELL		75,000	0.28
19	MANAR NOMINEES PTY LTD		72,247	0.27
20	YAQOOB KHAN	15,020		
	KYA CORPORATION PTY LTD	<u>53,325</u>		
	Sub-total		68,345	0.25
<b>Total</b>			<b>24,738,500</b>	<b>91.36%</b>