



FULL YEAR REPORT

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

30 June 2019



ASX Code: QUE

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

PRINCIPAL & REGISTERED OFFICE:

Level 2
23 Ventnor Avenue
West Perth, Western Australia 6005

T | (08) 9214 9777
F | (08) 9214 9701
E | info@queste.com.au
W | www.queste.com.au

SHARE REGISTRY:

Advanced Share Registry Limited
Western Australia – Main Office
110 Stirling Highway
Nedlands, Western Australia 6009
PO Box 1156, Nedlands,
Western Australia 6909
Local T | 1300 113 258
T | (08) 9389 8033
F | (08) 9262 3723
E | admin@advancedshare.com.au

New South Wales – Branch Office
Suite 8H, 325 Pitt Street
Sydney, New South Wales 2000
PO Box Q1736, Queen Victoria Building
New South Wales 1230

T | (02) 8096 3502

W | www.advancedshare.com.au

CONTENTS

ASX Appendix 4E Preliminary Final Report, Results for Announcement to the Market	2
Directors' Report	5
Remuneration Report	11
Auditor's Independence Declaration	18
Consolidated Statement of Profit or Loss and Other Comprehensive Income	19
Consolidated Statement of Financial Position	20
Consolidated Statement of Changes in Equity	21
Consolidated Statement of Cash Flows	22
Notes to the Consolidated Financial Statements	23
Directors' Declaration	51
Independent Audit Report	52
Securities Information	55

Visit www.queste.com.au for:

- Market Announcements
- Financial Reports
- Corporate Governance
- Forms
- Email subscription

CORPORATE DIRECTORY**BOARD**

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

COMPANY SECRETARY

Victor Ho

PRINCIPAL & REGISTERED OFFICE

Level 2, 23 Ventnor Avenue
West Perth, Western Australia 6005

Telephone: (08) 9214 9777
Facsimile: (08) 9214 9701
Email: info@queste.com.au
Website: www.queste.com.au

AUDITORS

Rothsay Auditing
Chartered Accountants
Level 1, Lincoln House
4 Ventnor Avenue
West Perth, Western Australia 6005
Telephone: (08) 9486 7094
Website: www.rothsayresources.com.au

STOCK EXCHANGE

Australian Securities Exchange
Perth, Western Australia

ASX CODE

QUE

SHARE REGISTRY

Main Office
Advanced Share Registry Limited
110 Stirling Highway
Nedlands, Western Australia 6009
Local Telephone: 1300 113 258
Telephone: (08) 9389 8033
Facsimile: (08) 9262 3723
Email: admin@advancedshare.com.au
Investor Web: www.advancedshare.com.au

Sydney Office
Suite 8H, 325 Pitt Street
Sydney, New South Wales 2000
Telephone: (02) 8096 3502

Results for Announcement to the Market

Current Reporting Period:	Financial year ended 30 June 2019
Previous Corresponding Period:	Financial year ended 30 June 2018
Balance Date:	30 June 2019
Company:	Queste Communications Ltd (ASX:QUE) (QUE)
Consolidated Entity:	The Company and controlled entities (Queste), being Orion Equities Limited (ASX:OEQ) (OEQ) and controlled entities of OEQ (Orion).

OVERVIEW OF RESULTS

COMPANY	2019	Restated 2018	Change	Up/ Down
	\$	\$	%	
Total revenues	182,773	233,614	22%	Down
Net gain/(loss) on financial assets	(421,844)	-	N/A	N/A
Share of Associate entity's profit/(loss)	-	(46,955)	N/A	N/A
Other Expenses	(311,116)	(144,170)	116%	Up
Profit/(Loss) before tax	(550,187)	42,489	1,395%	Down
Income tax expense	-	-		
Profit/(Loss) for the year	(550,187)	42,489	1,395%	Down

CONSOLIDATED ENTITY	2019	Restated 2018	Change	Up/ Down
	\$	\$	%	
Total revenues	56,650	40,353	40%	Up
Net gain on sale of non-current asset	201,786	-	N/A	N/A
Net gain/(loss) on financial assets	(87,200)	133,447	165%	Down
Share of Associate entity's profit/(loss)	(662,455)	(530,962)	25%	Up
Other Expenses	(821,040)	(688,982)	19%	Up
Loss from continuing operations	(1,312,259)	(1,046,144)	25%	Up
Loss from discontinuing operations	(56,760)	(105,374)	46%	Down
Income tax expense	(38,973)	(22,233)	75%	Up
Loss for the year	(1,407,992)	(1,173,751)	20%	Up
Net loss attributable to non-controlling interest	497,884	414,174	20%	Up
Loss after tax attributable to owners of the Company	(910,108)	(759,577)	20%	Up
Basic and diluted loss per share (cents)	(3.36)	(2.80)	20%	Up
NTA backing (parent interest) per share (cents)	3.3	8.7	62%	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 realised \$1.46 million cash (gross) and generated a net gain of \$0.202 million from the sale of Orion's Agribusiness Assets in October 2018.

The Consolidated Entity's overall net loss relates principally to Orion's investment portfolio performance including investments in Strike Resources Limited (ASX:SRK) and a share of Bentley Capital Limited's (ASX:BEL) net loss (being an Associate entity).

Results for Announcement to the Market

The Consolidated Entity accounts for Bentley as an Associate entity, which means that Queste is required to recognise a share of Bentley's net profit or loss in respect of the financial year based on Queste's (28.556% as at 30 June 2019) 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 are outlined in Orion's and Bentley's recently lodged 30 June 2019 Full Year Reports.

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 2019.

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 ¹
Orion Equities Limited (ASX:OEQ)	9,367,653	1,124,119
Bentley Capital Limited (ASX:BEL)	1,225,752	91,931
	Total	1,216,050

Restatement of 2018 Comparatives

The comparative information for year ending/balance date as at 30 June 2018 has been restated to reflect the correct presentation of the Consolidated Entity's share of the Associate entity's net loss and the carrying value of the Investment in the Associate entity. The Company and its controlled entity, Orion, each holds a direct interest in the Associate entity (being Bentley). Under the equity method of accounting for Associate entities, when the Company's carrying value of its investment in Bentley has been reduced from cost to nil, the Company is not required thereafter to recognise a share of Bentley's net loss. During the previous year ended 30 June 2018, the Consolidated Entity did recognise a share of Bentley's net loss attributable to the Company's interest in Bentley, thereby increasing the Consolidated Entity's net loss reported in the Statement of Profit or Loss and Other Comprehensive Income and decreasing the carrying value of the investment in the Associate entity, which impacts on the Statement of Financial Position. In the restated comparatives for 2018, there is a change to profit before tax, other comprehensive income or earnings/(loss) per share as a result of these presentational changes.

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) (2018: 26.946% (20,513,783 shares)).

The Company also has a 1.61% (1,225,752 shares) direct interest in Bentley (2018: 1.61% (1,225,752 shares)).

Accordingly, the Consolidated Entity has equity accounted for a 28.556% total interest in Bentley (30 June 2018: 28.556%).

¹ Based on closing bid price on ASX as at 28 June 2019

Results for Announcement to the Market

ANNUAL GENERAL MEETING (AGM)

Pursuant to the ASX Listing Rules, the Company gives notice that its 2019 AGM is expected to be held on or about Thursday, 21 November 2019.

For and on behalf of the Directors,



Victor Ho
Executive Director and Company Secretary
Telephone: (08) 9214 9777

Date: 30 August 2019

Email: cosec@queste.com.au

DIRECTORS' REPORT

The Directors present their report on Queste Communications Ltd ABN 58 081 688 164 (**Company** or **QUE**) and its controlled entities (**Queste** or the **Consolidated Entity**) for the financial year ended 30 June 2019 (**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 (**Orion** or **OEQ**). The Company has a 59.86% (9,367,653 shares) shareholding interest in Orion (30 June 2018: 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

	2019	Restated 2018
COMPANY	\$	\$
Cash and cash equivalents	36,672	123,108
Current investments - equities	3	15,302
Investment in controlled entity (OEQ)	1,124,118	1,545,663
Receivables	15,970	3,906
Deferred tax assets	523,632	523,632
Other assets	40,222	54,325
Total Assets	1,740,617	2,265,936
Tax liabilities (current and deferred)	-	-
Other payables and liabilities	(227,656)	(202,789)
Net Assets	1,512,961	2,063,148
Issued capital	6,239,370	6,239,370
Reserves	2,347,229	2,347,229
Accumulated losses	(7,073,638)	(6,523,451)
Total Equity	1,512,961	2,063,148

OPERATING RESULTS

	2019	Restated 2018
COMPANY	\$	\$
Total revenues	182,773	233,614
Net gain/(loss) on financial assets	(421,844)	-
Share of Associate entity's profit/(loss)	-	(46,955)
Other Expenses	(311,116)	(144,170)
Profit/(Loss) before tax	(550,187)	42,489
Income tax expense	-	-
Profit/(Loss) for the year	(550,187)	42,489

DIRECTORS' REPORT

EARNINGS PER SHARE

CONSOLIDATED ENTITY	2019	Restated 2018
Basic and diluted loss per share (cents)	(3.36)	(2.80)
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	27,158,058

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 2018: 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 (2018: 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 2019 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

Orion's market announcements may also be viewed from the ASX website (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 2019

Asset Weighting

	% of Net Assets	
	2019	2018
Australian equities	36%	45%
Agribusiness ¹	-	35%
Property held for development and resale	43%	31%
Net tax liabilities (current-year and deferred tax assets/liabilities)	-	-
Net cash/other assets and provisions	21%	(11)%
TOTAL	100%	100%

1 Agribusiness net assets include olive grove land, olive trees, buildings and plant and equipment which were sold in October 2018.

DIRECTORS' REPORT

Major Holdings in Securities Portfolio

Equities	Fair Value \$'million	% of Net Assets	ASX Code	Industry Sector Exposures
Bentley Capital Limited	1.54	77%	BEL	Diversified
Strike Resources Limited	0.45	23%	SRK	Materials
TOTAL	1.99	100%		

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 (2018: 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 2019 was 98% Australian equities (2018: 95%) and 2% net cash/other assets (2018: 3.9%).

Bentley had net assets of \$6.35 million as at 30 June 2019 (2018: \$9.347 million) and incurred an after-tax net loss of \$2.458 million for the financial year (2018: \$1.844 million after-tax net profit).

During the financial year, Bentley paid a 0.50 cent fully franked dividend that was distributed in July 2018.

Queste and Orion received a total of \$108,698 dividends from Bentley during the financial year (2018: \$109,069).

Shareholders are advised to refer to the 30 June 2019 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.

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

(b) Strike Resources Limited (ASX: SRK)

Strike owns the high grade Apurimac Magnetite Iron Ore Project and Cusco Magnetite Iron Ore Project in Peru and the Paulsens East Iron Ore Project in Western Australia. Strike is also developing a number of battery minerals related projects around the world, including the highly prospective Solaroz Lithium Brine Project in Argentina, the Burke Graphite Project in Queensland and a lithium exploration tenement in Western Australia.²

As at 30 June 2019, Orion holds 10,000,000 Strike shares (6.88%) (2018: 10,000,000 shares (6.88%)) while Associate entity, Bentley, holds 52,553,493 Strike shares (36.16%) (2018: 52,553,493 SRK shares (36.16%)). Therefore, Orion has a deemed relevant interest in 62,553,493 Strike shares (43.041%³).

On 18 July 2019, Strike raised \$0.981 million through a placement of 21,800,000 shares. Accordingly, Orion's interest in Strike has diluted to 5.983%, Bentley's interest in Strike has diluted to 31.4%⁴, and Orion's deemed relevant interest in Strike has diluted to 37.427%⁵.

2 Refer SRK's ASX Announcement dated 27 July 2019: June 2019 Quarterly Reports

3 Refer Orion's ASX Announcement dated 4 September 2015: Change in Substantial Holding Notice

4 Refer Bentley's ASX Announcement dated 22 July 2019: Change in Substantial Holding in SRK

5 Refer Orion's ASX Announcement dated 22 July 2019: Change in Substantial Holding Notice

DIRECTORS' REPORT

Information concerning Strike may be viewed from its website: www.strikeresources.com.au

Strike's market announcements may also be viewed from the ASX website (www.asx.com.au) under ASX code "SRK".

(c) Other Assets

In October 2018, Orion sold its 143 hectare commercial olive grove operation (which was on care and maintenance) located in Gingin, Western Australian for \$1.46 million (gross). Orion generated a net gain of \$0.202 million from the sale.

Orion also 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) (2018: 1,225,752 shares and 1.61%).

The Company notes that it lodges Monthly and Quarterly Cash Flow Reports on ASX, which may be viewed and downloaded from the Company's website: www.queste.com.au or the ASX website (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.

ENVIRONMENTAL REGULATION

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

DIRECTORS' REPORT

DIRECTORS

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

Farooq Khan	Executive Chairman and Managing Director
<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 ⁶
<i>Other current directorships in listed entities</i>	<ol style="list-style-type: none"> (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>	None

Victor P. H. Ho	Executive Director and Company Secretary
<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 19 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 stock exchange compliance and investor/shareholder relations.
<i>Relevant interest in shares</i>	17,500 shares ⁷
<i>Other current positions held in listed entities</i>	<ol style="list-style-type: none"> (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) (4) Company Secretary of Keybridge Capital Limited (ASX:KBC) (since 13 October 2016)
<i>Former positions in other listed entities in past 3 years</i>	None

⁶ Refer Farooq Khan's Change of Director's Interest Notices dated 10 July 2019 and 8 January 2018

⁷ Refer Victor Ho's Initial Director's Interest Notice dated 3 April 2013

DIRECTORS' REPORT

Yaqoob Khan	Non-Executive Director
<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 ⁸
<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

At the Balance Date, Yaqoob Khan is a resident overseas.

At the Company's 2018 AGM⁹:

- Victor Ho retired as a Director (by rotation) pursuant to the Company's Constitution and was re-elected a Director at that AGM.

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:

Name of Director	Meetings Attended	Maximum Possible Meetings
Farooq Khan	4	4
Yaqoob Khan	4	4
Victor Ho	4	4

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.

⁸ Refer Yaqoob Khan's Change of Director's Interest Notice dated 6 September 2011

⁹ Refer Queste's ASX announcement dated 28 November 2018: Results of 2018 Annual General Meeting

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 \$75,000¹¹ 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 during the year as follows:

Executive Director

- (1) Mr Farooq Khan (Executive Chairman and Managing Director) - a base salary of \$31,250 (previously voluntarily reduced from \$62,500 to \$31,250 (with effect on 1 April 2016) and from \$125,000 to \$62,500 (with effect on 1 April 2013) 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 \$22,500 (previously voluntarily reduced from \$45,000 to \$22,500 (with effect on 1 April 2016) to assist the Company in reducing its corporate overheads) 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.

¹¹ 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

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.

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.

	2019	Restated 2018	2017	2016	2015
Loss Before Income Tax (\$)	(1,369,019)	(1,151,518)	(2,122,392)	(896,730)	(1,055,911)
Basic Earnings/(Loss) per Share (cents)	(3.36)	(2.80)	(5.11)	(2.35)	(2.52)
Dividends Paid (\$)	-	-	-	-	-
VWAP Share Price on ASX for financial year (cents)	7	7	7	7	7
Closing Bid Share Price at 30 June (cents)	6	7	7	5	6

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 \$22,500) plus employer superannuation contributions (currently 9.5% of base salary)	<ul style="list-style-type: none"> The agreement has no fixed term or fixed rolling terms of service. 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. One month's notice of termination by the Company or employee. Immediate termination without notice if employee commits any serious act of misconduct.

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

Key Management Person	Performance related %	Short-term Benefits		Post-Employment Benefits	Other Long-term Benefits	Equity Based	Total \$
		Cash, salary and commissions \$	Non-cash benefit \$	Superannuation \$	Long service leave \$	Shares & Options \$	
Executive Directors:							
Farooq Khan		31,250	-	2,969	-	-	34,219
Victor Ho		22,500	-	2,138	-	-	24,638
Non-Executive Director:							
Yaqoob Khan		15,000	-	-	-	-	15,000

Key Management Person	Performance related %	Short-term Benefits		Post-Employment Benefits	Other Long-term Benefits	Equity Based	Total \$
		Cash, salary and commissions \$	Non-cash benefit \$	Superannuation \$	Long service leave \$	Shares & Options \$	
Executive Directors:							
Farooq Khan	-	31,249	-	2,968	-	-	34,217
Victor Ho	-	22,500	-	2,138	-	-	24,638
Non-Executive Director:							
Yaqoob Khan	-	15,000	-	-	-	-	15,000

REMUNERATION REPORT

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

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	
		\$	\$	\$	\$	\$	\$
Executive Directors:							
Farooq Khan		201,250	-	19,119	-	-	220,369
Victor Ho		97,500	-	9,263	-	-	106,763
Non-Executive Director:							
Yaqoob Khan		25,000	-	-	-	-	25,000

2018		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	
		\$	\$	\$	\$	\$	\$
Executive Directors:							
Farooq Khan		201,249	-	19,119	-	-	220,368
Victor Ho		97,499	-	9,262	-	-	106,761
Non-Executive Director:							
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 2018	Additions	Received as part of remuneration	Disposals	Balance at 30 June 2019
Executive Directors:					
Farooq Khan	5,344,872	-	-	-	5,344,872
Victor Ho	17,500	-	-	-	17,500
Non-Executive Director:					
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 2018 AGM

At the Company's most recent (2018) AGM, a resolution to adopt the prior year (2018) Remuneration Report was put to the vote and passed on a show of hands with the proxies received also indicating majority support in favour of adopting the Remuneration Report ¹². No comments were made on the Remuneration Report that was considered at the AGM.

This concludes the audited Remuneration Report.

¹² Refer Queste's ASX announcement dated 30 November 2018: Results of 2018 Annual General Meeting

DIRECTORS' REPORT

DIRECTORS' AND OFFICERS' INSURANCE

The Company and Orion each insure Directors and Officers against liability they may incur 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 the insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

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

The Board is satisfied that the provision of non-audit services by the auditor during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001 (Cth)*. The Board is satisfied that the nature of the non-audit services disclosed above did not compromise the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants: Professional Independence, including reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

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 18. This relates to the Auditor's Independent Review Report, where the Auditors state 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 27, 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



Victor Ho
Executive Director and
Company Secretary

30 August 2019

*R*OTHSAY

Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9486 7094 www.rothsayresources.com.au

The Directors
Queste Communications Ltd
Level 2 23 Ventnor Ave
West Perth WA 6005

Dear Sirs

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 2019 financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the review.



Graham Swan FCA (Lead auditor)

Rothsay Auditing

Dated 30th August 2019



CHARTERED ACCOUNTANTS™
AUSTRALIA • NEW ZEALAND

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2019

	Note	2019 \$	Restated 2018 \$
Revenue	2	56,650	40,221
Other			
Net gain on sale of non-current assets		201,786	-
Net gain on financial assets at fair value through profit or loss		-	133,447
Other revenue		-	132
Total revenue		258,436	173,800
Expenses	3		
Share of Associate entity's loss		(662,455)	(530,962)
Net loss on financial assets at fair value through profit or loss		(87,200)	-
Land operation expenses		(128,704)	(10,053)
Personnel expenses		(477,959)	(440,899)
Occupancy expenses		(40,141)	(36,983)
Corporate expenses		(55,350)	(57,653)
Finance expenses		(912)	(3,005)
Administration expenses		(117,974)	(140,389)
Loss from continuing operations		(1,312,259)	(1,046,144)
Loss from discontinued operations	5	(56,760)	(105,374)
Income tax expense	6	(38,973)	(22,233)
Loss after income tax		(1,407,992)	(1,173,751)
OTHER COMPREHENSIVE INCOME			
Revaluation of assets, net of tax	18	(61,504)	(35,086)
Total comprehensive loss for the year		(1,469,496)	(1,208,837)
Loss attributable to:			
Owners of Queste Communications Ltd		(910,108)	(759,577)
Non-controlling interest		(497,884)	(414,174)
		(1,407,992)	(1,173,751)
Total comprehensive loss for the year is attributable to:			
Continuing operations		(978,878)	(755,114)
Discontinued operations		(33,976)	(63,077)
Owners of Queste Communications Ltd		(1,012,854)	(818,191)
Continuing operations		(433,859)	(348,349)
Discontinued operations		(22,783)	(42,297)
Non-controlling interest		(456,642)	(390,646)
		(1,469,496)	(1,208,837)
Basic and diluted loss per share (cents) attributable to the ordinary equity holders of the Company	7	(3.36)	(2.80)

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2019

	Note	2019 \$	2018 \$
Current assets			
Cash and cash equivalents	8	850,739	158,883
Financial assets at fair value through profit or loss	9	450,003	567,203
Receivables	12	29,720	86,091
Other current assets		7,138	6,196
Total current assets		1,337,600	818,373
Non current assets			
Receivables	12	23,182	22,010
Property held for development or resale	13	1,100,000	1,220,000
Investment in Associate entity	23	477,718	1,242,742
Property, plant and equipment	14	16,458	1,420,221
Deferred tax asset	6	-	38,973
Total non current assets		1,617,358	3,943,946
Total assets		2,954,958	4,762,319
Current liabilities			
Payables	15	374,852	644,566
Provisions	16	151,482	139,417
Total current liabilities		526,334	783,983
Non current liabilities			
Deferred tax liability	6	-	38,973
Total non current liabilities		-	38,973
Total liabilities		526,334	822,956
Net assets		2,428,624	3,939,363
Equity			
Issued capital	17	6,239,370	6,239,370
Reserves	18	5,427,285	6,145,896
Accumulated losses		(10,780,510)	(10,029,625)
Parent interest		886,145	2,355,641
Non-controlling interest	19	1,542,479	1,583,722
Total equity		2,428,624	3,939,363

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2019

	Issued capital \$	Reserves \$	Accumulated losses \$	Non- controlling interest \$	Total \$
Balance at 1 Jul 2017	6,149,888	3,182,215	(6,281,531)	2,088,208	5,138,780
Loss for the year	-	-	(759,577)	(414,174)	(1,173,751)
Profits reserve transfer	-	2,988,517	(2,988,517)	-	-
Other comprehensive income	-	(58,614)	-	23,528	(35,086)
Total comprehensive loss for the year	-	2,929,903	(3,748,094)	(390,646)	(1,208,837)
Transactions with owners in their capacity as owners:					
Transactions with non-controlling interest	-	90,312	-	(113,840)	(23,528)
Dividends paid	-	(56,534)	-	-	(56,534)
Partly-paid shares	106,615	-	-	-	106,615
Equal access share buy-back	(17,133)	-	-	-	(17,133)
Balance at 30 Jun 2018	6,239,370	6,145,896	(10,029,625)	1,583,722	3,939,363
Balance at 1 Jul 2018	6,239,370	6,145,896	(10,029,625)	1,583,722	3,939,363
Loss for the year	-	-	(910,108)	(497,884)	(1,407,992)
Profits reserve transfer	-	(159,223)	159,223	-	-
Other comprehensive income	-	(102,746)	-	41,242	(61,504)
Total comprehensive loss for the year	-	(261,969)	(750,885)	(456,642)	(1,469,496)
Transactions with owners in their capacity as owners:					
Transactions with non-controlling interest	-	(456,642)	-	415,399	(41,243)
Balance at 30 Jun 2019	6,239,370	5,427,285	(10,780,510)	1,542,479	2,428,624

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2019

	2019 \$	2018 \$
Cash flows from operating activities		
Receipts from customers	212,795	40,842
Dividends received	108,698	218,804
Interest received	12,821	1,855
Other income	-	132
Payments to suppliers and employees	(1,133,728)	(396,773)
Interest paid	(48)	(31)
Sale of financial assets at fair value through profit or loss	82,844	40,142
Purchase of financial assets at fair value through profit or loss	-	(28,000)
Net cash used in operating activities	8(a)	(716,618)
Cash flows from investing activities		
Purchase of plant and equipment	413	(4,898)
Proceeds from disposal of agricultural assets	1,451,786	-
Commission from sale of agricultural assets	(43,500)	-
Net cash provided by/(used in) investing activities		(4,898)
Cash flows from financing activities		
Proceeds from calls on partly paid shares	-	106,615
Orion dividends paid	(225)	(49,570)
Queste off-market share buy-back	-	(5,711)
Net cash used in financing activities		51,334
Net increase/(decrease) in cash held		(76,593)
Cash and cash equivalents at beginning of financial year	158,883	235,476
Cash and cash equivalents at end of financial year	8	158,883

The accompanying notes form part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2019

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 and investment in its associate (the **Consolidated Entity** or **Questa**). The financial report is presented in the Australian currency.

Questa Communications Ltd (the **Company**) 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:

- (a) the amount in question is significant because of its size or nature;
- (b) it is important for understanding the results of the Consolidated Entity;
- (c) it helps to explain the impact of significant changes in the Consolidated Entity's business – for example, acquisitions; or
- (d) 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:

- (a) **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	Tax
6	Loss per share

- (b) **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

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

- (c) **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

11	Receivables
12	Property held for resale
13	Property, plant and equipment
14	Olive trees
15	Payables
16	Provisions

- (d) **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

17	Issued capital
18	Reserves
19	Non-controlling interest
20	Dividends

- (e) **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

21	Parent entity information
22	Investment in controlled entity
23	Investment in associate entity
24	Related party transactions

- (f) **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

25	Auditors' remuneration
26	Contingencies
27	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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2019

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.

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 2019 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2019

1.8. Restatement of 2018 Comparatives

The comparative information for year ending/balance date as at 30 June 2018 has been restated to reflect the correct presentation of the Consolidated Entity's share of the Associate entity's net loss and the carrying value of the Investment in the Associate entity. The Company and its controlled entity, Orion, each holds a direct interest in the Associate entity (being Bentley). Under the equity method of accounting for Associate entities, when the Company's carrying value of its investment in Bentley has been reduced from cost to nil, the Company is not required thereafter to recognise a share of Bentley's net loss. During the previous year ended 30 June 2018, the Consolidated Entity did recognise a share of Bentley's net loss attributable to the Company's interest in Bentley, thereby increasing the Consolidated Entity's net loss reported in the Statement of Profit or Loss and Other Comprehensive Income and decreasing the carrying value of the investment in the Associate entity, which impacts on the Statement of Financial Position. In the restated comparatives for 2018, there is a change to profit before tax, other comprehensive income or earnings/(loss) per share as a result of these presentational changes.

Consolidated Statement of Profit or Loss and Other Comprehensive Income	Reported 2018	Adjustment	Restated 2018
	\$	\$	\$
Revenue	40,221		40,221
Other			
Net gain on sale of non-current assets	-		-
Net gain on financial assets at fair value through profit or loss	133,447		133,447
Other revenue	132		132
Total revenue	173,800		173,800
Expenses			
Share of Associate entity's loss	(586,548)	55,586	(530,962)
Net loss on financial assets at fair value through profit or loss	-		-
Land operation expenses	(10,053)		(10,053)
Personnel expenses	(440,899)		(440,899)
Occupancy expenses	(36,983)		(36,983)
Corporate expenses	(57,653)		(57,653)
Finance expenses	(3,005)		(3,005)
Administration expenses	(140,389)		(140,389)
Loss from continuing operations	(1,101,730)		(1,046,144)
Loss from discontinued operations	(105,374)		(105,374)
Income tax expense	(22,233)		(22,233)
Loss after income tax	(1,229,337)		(1,173,751)
OTHER COMPREHENSIVE INCOME			
Revaluation of assets, net of tax	(35,086)		(35,086)
Total comprehensive loss for the year	(1,264,423)		(1,208,837)
Loss attributable to:			
Owners of Queste Communications Ltd	(815,163)	55,586	(759,577)
Non-controlling interest	(414,174)		(414,174)
	(1,229,337)		(1,173,751)
Total comprehensive loss for the year is attributable to:			
Continuing operations	(810,700)	55,586	(755,114)
Discontinued operations	(63,077)		(63,077)
Owners of Queste Communications Ltd	(873,777)		(818,191)
Continuing operations	(348,349)		(348,349)
Discontinued operations	(42,297)		(42,297)
Non-controlling interest	(390,646)		(390,646)
	(1,264,423)		(1,208,837)
Basic and diluted loss per share (cents) attributable to the ordinary equity holders of the Company	(3.00)		(2.80)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2019

1.8 Restatement of 2018 Comparatives (continued)

Consolidated Statement of Financial Position	Reported 2018	Adjustment	Restated 2018
Current assets	\$	\$	\$
Cash and cash equivalents	158,883		158,883
Financial assets at fair value through profit or loss	567,203		567,203
Receivables	86,091		86,091
Other current assets	6,196		6,196
Total current assets	818,373		818,373
Non current assets			
Receivables	22,010		22,010
Property held for development or resale	1,220,000		1,220,000
Investment in Associate entity	1,187,156	55,586	1,242,742
Property, plant and equipment	1,420,221		1,420,221
Deferred tax asset	38,973		38,973
Total non current assets	3,888,360		3,943,946
Total assets	4,706,733		4,762,319
Current liabilities			
Payables	644,566		644,566
Provisions	139,417		139,417
Total current liabilities	783,983		783,983
Non current liabilities			
Deferred tax liability	38,973		38,973
Total non current liabilities	38,973		38,973
Total liabilities	822,956		822,956
Net assets	3,883,777		3,939,363
Equity			
Issued capital	6,239,370		6,239,370
Reserves	6,145,896		6,145,896
Accumulated losses	(10,085,211)	55,586	(10,029,625)
Parent interest	2,300,055		2,355,641
Non-controlling interest	1,583,722		1,583,722
Total equity	3,883,777		3,939,363

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2019

1.9 Summary of Accounting Standards Issued but not yet Effective

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. The following new Accounting Standards and Interpretations (which have been released but not yet adopted) have been considered and is expected to have limited material impact on the Consolidated Entity's financial statements or the associated notes therein.

AASB reference	Title and Affected Standard(s)	Nature of Change	Application date
AASB 16	Leases	<p>AASB 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 <i>Leases</i>. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g. personal computers) and short-term leases (i.e. leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).</p> <p>Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.</p> <p>Lessees will be required to re-measure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.</p> <p>Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.</p>	Annual reporting periods beginning on or after 1 January 2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2019

2. REVENUE

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

	2019	2018
	\$	\$
Revenue		
Rental revenue	37,700	37,700
Dividend revenue	6,129	666
Interest revenue	12,821	1,855
	<u>56,650</u>	<u>40,221</u>
Other		
Net gain on sale of non-current assets	201,786	-
Net gain on financial assets at fair value through profit or loss	-	133,447
Other revenue	-	132
	<u>258,436</u>	<u>173,800</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

	2019	Restated 2018
	\$	\$
The Consolidated Entity's operating loss before income tax includes the following items of expenses:		
Share of Associate entity's loss	662,455	530,962
Net loss on financial assets at fair value through profit or loss	87,200	
Olive grove operations		
Depreciation of olive grove assets	3,566	26,441
Impairment of olive trees	-	65,500
Other expenses	53,193	13,433
Land operations		
Impairment loss on property held for development or resale	120,000	-
Other expenses	8,704	10,053
Salaries, fees and employee benefits	477,959	440,899
Occupancy expenses	40,141	36,983
Finance expenses	912	3,005
Corporate expenses		
ASX fees	32,406	42,955
Share registry	9,297	11,126
Other corporate expenses	13,647	3,572

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2019

3. EXPENSES (continued)

	2019	2018
Administration expenses	\$	\$
Professional fees	17,923	21,350
Audit fees	36,000	36,000
Legal fees	6,120	1,933
Depreciation	5,942	5,713
Other administration expenses	51,989	75,393
	1,627,454	1,325,318

4. SEGMENT INFORMATION

2019	Investments	Olive grove	Corporate	Total
Segment revenues	\$	\$	\$	\$
Revenue	43,829	-	12,821	56,650
Other	-	201,786	-	201,786
Total segment revenues	43,829	201,786	12,821	258,436
Personnel expenses	-	-	477,959	477,959
Finance expenses	-	-	915	915
Administration expenses	(4,432)	50,863	122,467	168,898
Depreciation expenses	-	3,566	5,942	9,508
Other expenses	878,017	2,065	90,093	970,175
Total segment loss	(829,756)	145,292	(684,555)	(1,369,019)
Segment assets				
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
Total segment assets	2,027,721	-	927,237	2,954,958
2018				
Segment revenues				
Revenue	40,221	-	-	40,221
Other	133,447	-	132	133,579
Total segment revenues	173,668	-	132	173,800
Personnel expenses	-	-	440,899	440,899
Finance expenses	95	101	2,910	3,106
Administration expenses	530,962	2,732	93,702	627,396
Depreciation expenses	-	91,950	5,735	97,685
Other expenses	11,802	10,590	133,840	156,232
Total segment loss	(369,191)	(105,373)	(676,954)	(1,151,518)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2019

4. SEGMENT INFORMATION (continued)

Segment assets	Investments	Olive grove	Corporate	Total
	\$	\$	\$	\$
Cash and cash equivalents	-	62	158,821	158,883
Financial assets	567,203	-	-	567,203
Property held for development or resale	1,220,000	-	-	1,220,000
Investment in Associate entity	1,242,742	-	-	1,242,742
Property, plant and equipment	-	907,547	20,221	927,768
Other assets	-	492,679	153,044	645,723
Total segment assets	3,029,945	1,400,288	332,086	4,762,319

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 is 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. 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), unlisted managed funds 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, the Company 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:	2019	2018
	\$	\$
Revenue	-	-
Expenses	(56,760)	(105,374)
Loss before income tax	(56,760)	(105,374)
Income tax expense	(38,973)	(22,233)
Loss after income tax	(95,733)	(127,607)
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 2019

5. DISCONTINUED OPERATIONS (continued)

The carrying amount of the assets and liabilities of the operation at the date of cessation were:	2019	2018
	\$	\$
Total assets	1,403,475	1,401,600
Total liabilities	(5,008,507)	(4,951,201)
Net liabilities	<u>(3,605,032)</u>	<u>(3,549,601)</u>

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)	(13,423)
Net cash provided by investing activities	1,413,000	-
Effect on cash flows	<u>1,403,305</u>	<u>(13,423)</u>

Details of sale of operations:

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

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

The components of tax expense comprise:	2019	2018
	\$	\$
Current tax		
Deferred tax	-	-
- discontinued operations	38,973	22,233
	<u>38,973</u>	<u>22,233</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2019

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	2019	Restated 2018
Basic and diluted loss per share (cents)	<u><u>(3.36)</u></u>	<u><u>(2.80)</u></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 (\$)	(910,108)	(759,577)
	Number of shares	
Weighted average number of ordinary shares	27,072,332	27,158,058

Under AASB 133 Earnings per Share, potential ordinary shares such as partly-paid shares will only be treated as dilutive when their conversion to ordinary shares would increase the earnings/(loss) per share. Diluted earnings/(loss) per share is not calculated as it does not increase the earnings/(loss) per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2019

7. LOSS PER SHARE (continued)

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.

Under AASB 133 Earnings per Share, potential ordinary shares such as partly-paid shares will only be treated as dilutive when their conversion to ordinary shares would increase the loss per share. Diluted loss per share is not calculated as it does not increase the loss per share.

8. CASH AND CASH EQUIVALENTS

	2019 \$	2018 \$
Cash at bank	<u>850,739</u>	<u>158,883</u>
(a) Reconciliation of operating loss after income tax to net cash used in operating activities		
Loss after income tax	(1,407,992)	(1,173,751)
Add non-cash items:		
Depreciation	9,508	32,154
Write off fixed assets	2,122	-
Net loss/(gain) on financial assets at fair value through profit or loss	93,202	(133,446)
Impairment of olive trees	-	65,500
Loss on land held for development or resale	120,000	-
Share of Associate entity's loss	662,455	530,962
Changes in assets and liabilities:		
Financial assets at fair value through profit or loss	24,000	60,604
Receivables	98,699	(44,876)
Other current assets	(942)	376
Investment in Associate entity	102,569	218,138
Agricultural assets	(201,786)	-
Payables	(269,716)	293,889
Provisions	12,290	5,188
Deferred tax	38,973	22,233
	<u>(716,618)</u>	<u>(123,029)</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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2019

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	2019	2018
	\$	\$
Listed securities at fair value	<u>450,003</u>	<u>567,203</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 fair value of the unlisted managed fund is determined from unit price information provided by investment manager. The Consolidated Entity's investment portfolio is accounted for as a "financial assets at fair value through profit and loss" and is carried at fair value.

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 is 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	2019	2018
		\$	\$
Cash and cash equivalents	8	850,739	158,883
Financial assets at fair value through profit or loss	9	450,003	567,203
Receivables	12	29,720	86,091
		<u>1,330,462</u>	<u>812,177</u>
Payables	15	(374,852)	(644,566)
Net financial assets		<u>955,610</u>	<u>167,611</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2019

10. FINANCIAL RISK MANAGEMENT (continued)

(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.

ASX All Ordinaries Accumulation Index	Impact on post-tax profit		Impact on other components of equity	
	2019	2018	2019	2018
	\$	\$	\$	\$
Increase 15%	17,425	22,546	17,425	22,546
Decrease 15%	(17,425)	(22,546)	(17,425)	(22,546)

(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 1.1% (2018: 1.35%). The revenue exposure is immaterial in terms of the possible impact on profit or loss or total equity.

	2019	2018
	\$	\$
Cash at bank and in hand	850,739	158,883

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2019

10. FINANCIAL RISK MANAGEMENT (continued)

(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 reporting date is the carrying amount of the financial assets as summarised below:

	2019	2018
Cash and cash equivalents	\$	\$
AA-	849,585	158,729
	<hr/>	<hr/>
Receivables (due within 30 days)		
No external credit rating available	29,720	86,091
	<hr/>	<hr/>

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.

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
2019	\$	\$	\$	\$
Financial assets at fair value through profit or loss:				
Listed securities at fair value	450,003	-	-	450,003
Total	450,003	-	-	450,003
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2019

11. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

	Level 1	Level 2	Level 3	Total
2018	\$	\$	\$	\$
Financial assets at fair value through profit or loss:				
Listed securities at fair value	567,203	-	-	567,203
Land at independent valuation	-	-	1,259,608	1,259,608
Total	567,203	-	1,259,608	1,826,811

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.

At Level 3, the land was valued by an independent qualified valuer (a Certified Practising Valuer and Associate Member of the Australian Property Institute) as at 15 June 2017 was sold (Note 5). These assets have been valued based on similar assets, location and market conditions or Direct Comparison or Comparative Sales Approach. The land value per hectare based on rural land sold in the general location provided a rate which included ground water licence.

(b) Level 3 assets

	Land	Olive trees	Total
	\$	\$	\$
At 1 Jul 2017	1,340,455	65,500	1,405,955
Revaluation/(Impairment)	(80,847)	(65,500)	(146,347)
At 30 Jun 2018	1,259,608	-	1,259,608
Disposal	(1,259,608)	-	(1,259,608)
At 30 Jun 2019	-	-	-

(c) Fair values of other financial assets and liabilities

	2019	2018
	\$	\$
Cash and cash equivalents	850,739	158,883
Receivables	29,720	86,091
	880,459	244,974
Payables	(374,852)	(644,566)
	505,607	(399,592)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2019

11. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

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.

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 reporting date (refer Note 8).

12. RECEIVABLES

	2019	2018
	\$	\$
Current		
Deposit	27,500	27,500
GST receivable	-	5,747
Other receivables	2,220	52,844
	29,720	86,091
Non current		
Bonds and guarantees	23,182	22,010

Risk exposure

The Consolidated Entity's exposure to credit and interest rate risks is discussed in Note 9.

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 reporting 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;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2019

12. RECEIVABLES (continued)

Accounting policy (continued)

(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 reporting 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.

13. PROPERTY HELD FOR RESALE

	2019	2018
	\$	\$
Property held for development or resale	3,797,339	3,797,339
Revaluation of property	(2,697,339)	(2,577,339)
	<u>1,100,000</u>	<u>1,220,000</u>

Critical accounting judgement and estimate

Property held for development or resale was last valued by an independent qualified valuer (a Certified Practising Valuer and Associate Member of the Australian Property Institute) as at 30 June 2019. The revaluation impairment of \$120,000 has been recognised in the Statement of Profit or Loss and Other Comprehensive Income.

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. PROPERTY, PLANT AND EQUIPMENT

	Cost	Additions	Accumulated Depreciation	Total
	\$	\$	\$	\$
2019				
Plant and equipment	102,951	3,267	(89,760)	16,458
	<u>102,951</u>	<u>3,267</u>	<u>(89,760)</u>	<u>16,458</u>
2018				
Freehold land	1,117,889	141,719	-	1,259,608
Buildings	124,867	-	(70,211)	54,656
Plant and equipment	1,393,490	-	(1,287,533)	105,957
	<u>2,636,246</u>	<u>141,719</u>	<u>(1,357,744)</u>	<u>1,420,221</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2019

14. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land	Buildings	Plant and equipment	Total
Movements in carrying amounts	\$	\$	\$	\$
At 1 July 2017	1,340,455	59,088	128,781	1,528,324
Revaluation	(80,847)	-	-	(80,847)
Additions	-	-	4,898	4,898
Depreciation expense	-	(4,432)	(27,722)	(32,154)
At 30 June 2018	1,259,608	54,656	105,957	1,420,221
At 1 July 2018	1,259,608	54,656	105,957	1,420,221
Additions	-	-	4,301	4,301
Disposals	(1,259,608)	(53,973)	(84,975)	(1,398,556)
Depreciation expense	-	(683)	(8,825)	(9,508)
At 30 June 2019	-	-	16,458	16,458

Critical accounting judgement and estimate

In assessing the recoverable amount of the Consolidated Entity's farm property, plant and equipment, management monitors the worldwide olive oil prices annually in determining if the Gingin olives should be harvested. As such the property, plant and equipment is carried at its written down value and continues to be depreciated as it is in a condition to be used to generate economic benefits to the Consolidated Entity at such time as required and the assets are maintained in fair condition and therefore their recoverable amount has been assessed to be in excess of their carrying values at reporting date.

Accounting policy

All plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Freehold land is not depreciated. Increases in the carrying amounts arising on revaluation of land are recognised, net of tax, in other comprehensive income and accumulated in reserves in equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. It is shown at fair value, based on periodic valuations by external, independent valuers.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present value in determining the recoverable amount.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Balance Date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Class of Fixed Asset	Rate	Method
Buildings	7.50%	Diminishing Value
Plant and Equipment	5-75%	Diminishing Value

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2019

15. PAYABLES

	2019	2018
Current	\$	\$
Trade payables	17,749	15,586
Dividend payable	6,739	-
GST payable	13,827	14,716
Other payables and accrued expenses	40,097	223,607
Directors' fees and entitlements	296,440	390,657
	<u>374,852</u>	<u>644,566</u>

Risk exposure

The Consolidated Entity's exposure to risks arising from current payables is set out in Note 10.

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.

16. PROVISIONS

	2019	2018
Current	\$	\$
Employee benefits - annual leave	36,191	14,457
Employee benefits - long service leave	115,291	124,960
	<u>151,482</u>	<u>139,417</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:

	2019	2018
	\$	\$
Leave obligations expected to be settled after 12 months	<u>115,291</u>	<u>124,960</u>

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 reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2019

17. ISSUED CAPITAL	2019 Number	2018 Number	2019 \$	2018 \$
Fully paid ordinary shares	27,072,332	27,072,332	<u>6,239,370</u>	<u>6,239,370</u>
	Date of issue	Number of shares	Issue price \$	\$
Movement in fully paid ordinary shares				
At 1 Jul 2017		26,578,358		5,935,679
Issue of shares		577,000	0.20	115,400
Equal access share buy-back - refer (b)		(83,026)		(4,151)
Partly-paid shares cancelled		-		192,442
At 30 Jun 2018		<u>27,072,332</u>		<u>6,239,370</u>
Movement in partly-paid ordinary shares				
At 1 Jul 2017		5,770,000		214,209
Call on partly-paid shares - refer (b)				106,615
Partly-paid shares cancelled	19-Oct-17	(577,000)	0.20	(115,400)
Equal access share buy-back - refer (b)		(5,193,000)		(12,982)
Partly-paid shares cancelled		-		(192,442)
At 30 Jun 2018		<u>-</u>		<u>-</u>

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

(a) Call on partly-paid ordinary shares

On 19 October 2017 there was a conversion of 577,000 partly-paid shares respectively into fully paid shares upon payment of a call made by the Company in relation to 100% of the outstanding balance (being \$0.184775 each or \$106,615 in total) due and payable in respect of these 577,000 partly-paid shares.

(b) Equal access share buy-back

On 5 January 2018, the Company's Off-Market Equal Access Share Buy-Back (approved by shareholders at the Annual General Meeting held on 30 November 2017) (**Buy-Back**) closed with the following shares being bought-back and cancelled:

- (i) 83,026 fully paid ordinary shares were bought back for 5 cents per share at a cost of \$4,151; and
- (ii) 5,193,000 partly-paid ordinary shares were bought back for 0.25 cent per share at a total cost of \$12,983, with the total cost of the Buy-Back being \$17,134.

The Buy-Back consideration was satisfied as follows:

- (i) Cash Component: One-third (by value) of an accepting shareholder's Buy-Back consideration was satisfied by Queste paying cash; and
- (ii) Scrip Component: Two-thirds (by value) of an accepting shareholder's Buy-Back consideration was satisfied by Queste distributing shares in Bentley Capital Limited (ASX:BEL) based on a deemed value of 15.3846 cents per BEL share (rounded to the nearest whole share in BEL).

(c) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2019

17. ISSUED CAPITAL (continued)

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.

18. RESERVES

	2019	2018
	\$	\$
Profits reserve	2,918,053	3,077,276
Option premium reserve	2,138,012	2,138,012
Asset revaluation reserve		
Revaluations of freehold land	-	141,719
Deferred tax on revaluations	-	(38,973)
Non-controlling interest	-	(41,242)
	-	61,504
Other reserve		
Dilution movement	1,071,663	1,071,663
Non-controlling interest	(700,443)	(202,559)
	371,220	869,104
Total reserves	5,427,285	6,145,896
Movements in Profits reserve		
Opening balance	3,077,276	145,293
Profits reserve transfer	(159,223)	2,988,517
OEQ Dividends paid to non-controlling interest (Note 20)	-	(56,534)
Closing balance	2,918,053	3,077,276
Movements in Asset revaluation reserve		
Opening balance	61,504	96,590
Revaluations of freehold land	-	(80,847)
Disposal of freehold land	(141,719)	-
Deferred tax on revaluations	38,973	22,233
Non-controlling interest	41,242	23,528
Closing balance	-	61,504

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2019

18. RESERVES (continued)

The Asset Revaluation Reserve relates to the revaluation of Orion's Olive Grove Land which has been sold (Note 5).

Other Reserve relates the differences which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

Profits Reserve increase 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) the Company's Profits Reserve, from time to time.

19. NON-CONTROLLING INTEREST	2019	Restated 2018
	\$	\$
Issued capital	7,549,512	7,549,512
Asset revaluation reserve	-	41,242
Other reserve	700,443	202,559
Accumulated losses	(6,707,476)	(6,209,591)
	<u>1,542,479</u>	<u>1,583,722</u>

The non-controlling interest is a 40.14% (2018: 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 18) within equity attributable to owners of Queste Communications Ltd.

20. DIVIDENDS

	Paid On	2019	2018
		\$	\$
Dividends paid in cash during the financial year:			
by OEQ - 0.90 cent per share fully franked dividend	29-Sep-17	-	<u>140,843</u>
OEQ Franking credits available for subsequent periods based on a tax rate of 27.5%		<u>3,093,275</u>	<u>3,030,179</u>

The above amounts represent the balance of the franking account as at the end of the reporting period, adjusted for:

- Franking credits that will arise from the receipt of dividends recognised as receivables at balance date;
- Franking credits that will arise from the payment of the amount of the provision for income tax; and
- Franking debits that will arise from the payment of dividends recognised as a liability at balance date.

The franking credits attributable to the Consolidated Entity include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2019

21. PARENT ENTITY INFORMATION

The following information provided relates to the Company, Queste Communications Ltd, as at 30 June 2019.

	2019	Reported 2018	Adjustment	Restated 2018
Statement of profit or loss and other comprehensive income	\$	\$		\$
Profit/(Loss) for the year	(550,187)	57,220	(14,731)	42,489
Other comprehensive income				-
Total comprehensive loss for the year	(550,187)	57,220		42,489
Statement of financial position	\$			\$
Current assets	58,693	138,411		138,411
Non current assets	1,681,924	2,211,749	(84,223)	2,127,526
Total assets	1,740,617	2,350,160		2,265,937
Current liabilities	227,656	202,789		202,789
Total liabilities	227,656	202,789		202,789
Net assets	1,512,961	2,147,371		2,063,148
Issued capital	6,239,370	6,239,370		6,239,370
Option premium reserve	2,347,229	2,347,229		2,347,229
Accumulated losses	(7,073,638)	(6,439,229)	(84,223)	(6,523,452)
Equity	1,512,961	2,147,371		2,063,148

The restatement relates to the accounting of the Company's investment in an Associate entity under the equity method. Where the Company has recognised a share of the Associate entity's losses such that the carrying value has been reduced to nil, the Company is not required to recognise any further share of the Associate entity's losses - in 2018, the Company recognised an excessive share of the Associate entity's losses such that the carrying value was reduced to below nil. There was also a restatement in Non-Current Assets in relation to the elimination of the Company's market value of its investment in the Associate entity.

22. 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	
		2019	2018	2019	2018
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	2019	2018
	\$	\$
Revenue	250,758	169,379
Expenses	(1,434,372)	(1,099,137)
Loss from continuing operations	(1,183,614)	(929,758)
Loss from discontinued operations	(56,760)	(105,374)
Income tax expense	(38,973)	(22,233)
Loss after income tax expense	(1,279,347)	(1,057,365)
Other comprehensive income	(102,746)	(58,614)
Total comprehensive loss for the year	(1,382,093)	(1,115,979)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2019

22. INVESTMENT IN CONTROLLED ENTITY (continued)

	2019	2018
Summarised Statement of Financial Position	\$	\$
Current assets	1,278,904	658,580
Non-current assets	1,583,190	3,907,099
Total Assets	2,862,094	4,565,679
Current liabilities	222,491	581,197
Non-current liabilities	76,187	38,973
Total Liabilities	298,678	620,170
Net Assets	2,563,416	3,945,509
Statement of cash flows		
Net cash from operating activities	(629,769)	(36,603)
Net cash used in investing activities	1,408,286	(1,446)
Net cash used in financing activities	(225)	(133,879)
Net increase/(decrease) in cash and cash equivalents	778,292	(171,928)
Other financial information		
Profit/(Loss) attributable to non-controlling interest	(497,884)	(414,174)
Accumulated non-controlling interest at the end of the year	1,542,479	1,583,722

Accounting policy

Subsidiaries are all entities (including structured entities) over which the Consolidated Entity has control. 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.

Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated 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.

23. INVESTMENT IN ASSOCIATE ENTITY

	Ownership Interest		Carrying Amount	
	2019	2018	2019	2018
			\$	\$
Bentley Capital Limited (ASX:BEL)	28.56%	28.56%	477,718	1,242,742
Movements in carrying amounts				
Opening balance			1,242,742	2,003,264
Share of net loss after tax			(662,455)	(586,548)
Reversal of QUE over-recognition of share of net loss			-	55,586
Dividends received			(102,569)	(218,138)
Disposal of shares through Equal access share buy-back			-	(11,422)
Closing balance			477,718	1,242,742

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2019

23. INVESTMENT IN ASSOCIATE ENTITY (continued)	2019	2018
	\$	\$
Fair value (at market price on ASX) of investment in Associate entity	<u>1,630,465</u>	<u>2,065,256</u>
Net asset backing value of investment in Associate entity	<u>1,813,602</u>	<u>2,669,174</u>
Summarised statement of profit or loss and other comprehensive income		
Revenue	296,380	1,291,720
Expenses	<u>(2,754,789)</u>	<u>(3,135,545)</u>
Loss before income tax	(2,458,409)	(1,843,825)
Income tax expense	-	-
Loss after income tax	(2,458,409)	(1,843,825)
Other comprehensive income	-	-
Total comprehensive income	(2,458,409)	(1,843,825)
Summarised statement of financial position		
Current assets	6,694,371	7,092,182
Non-current assets	<u>22,364</u>	<u>2,593,165</u>
Total assets	6,716,735	9,685,347
Current liabilities	363,900	323,579
Non-current liabilities	<u>1,929</u>	<u>14,805</u>
Total liabilities	365,829	338,384
Net assets	6,350,906	9,346,963

Accounting policy

Associates are all entities over which the Consolidated Entity has presumed significant influence but not control or joint control, generally accompanying a shareholding of between approximately 20% and 50% of the voting rights. 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, for investments which were classified as fair value through profit or loss, any gains or losses previously recognised are reversed through profit or loss. Under this 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2019

24. RELATED PARTY TRANSACTIONS

The Company has control of Orion Equities Limited (ASX:OEQ) (**Orion**) as it holds 59.86% (9,367,653 shares) of Orion's issued capital (2018: 59.86% and 9,367,653 shares). During the 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 reporting date.

	2019	2018
	\$	\$
Bentley Capital Limited		
Dividends Received	<u>108,698</u>	<u>109,069</u>

(a) 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 2019. The total remuneration paid to KMP of the Consolidated Entity during the year is as follows:

	2019	2018
	\$	\$
Directors		
Short-term employment benefits	392,500	392,497
Post-employment benefits	33,488	33,488
	<u>425,988</u>	<u>425,985</u>

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) (2018: \$37,700).

25. AUDITORS' REMUNERATION

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

	2019	2018
	\$	\$
Rothsay Auditing		
Audit and Review of Financial Statements	<u>36,000</u>	<u>36,000</u>

26. 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.

(b) Tenement Royalties

The Consolidated Entity 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 RL 47/7) in Western Australia currently held by Strike Resources Limited (ASX:SRK).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2019

27. EVENTS OCCURRING AFTER THE REPORTING PERIOD

No other 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 19 to 50 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 2019 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 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

30 August 2019



Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9486 7094 www.rothsayresources.com.au

INDEPENDENT AUDIT 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 2019, 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 2019 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.

Key Audit Matter

Consolidation

The majority of the Group’s assets and liabilities are held by the subsidiary and whilst we do not believe the consolidation to be at a high risk of significant misstatement or to be subject to a significant level of judgement, due to the materiality of the consolidation in the context of the Group financial statements as a





whole, it is considered to be the area which had the greatest effect on our overall strategy and allocation of resources in planning and completing our audit.

Our procedures over the completeness and accuracy of the consolidation included but were not limited to:

- Documenting and assessing the processes and controls in place to record transactions and value the subsidiary's assets and liabilities;
- Agreeing the recorded value of assets and liabilities to the audited accounts of the subsidiary;
- Agreeing the mathematical accuracy of the consolidation worksheet; and
- Assessing the appropriateness of the disclosures in the financial statements.

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 2019, 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.

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

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 2019.

In our opinion the remuneration report of Queste Communications Ltd for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

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 30th August 2019

Graham Swan FCA
Partner

SECURITIES INFORMATION

as at 30 June 2019

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	86	2,398,667	8.86%
100,001	-	and over	20	24,022,996	88.74%
Total			225	27,072,332	100%

UNMARKETABLE PARCELS

Spread	of	Holdings	Number of Holders	Number of Shares	% of Total Issued Capital
1	-	8,064	78	244,520	0.90%
8,065	-	over	147	26,827,812	99.10%
Total			225	27,072,332	100%

An unmarketable parcel is considered, for the purposes of the above table, to be a shareholding of 8,064 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 2019 of \$0.062 per share.

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders	Registered Shareholder	Shareholding	Total Shares	% Voting Power ⁵
Azhar Chaudhri, Chi Tung Investments Limited and Renmuir Holdings Limited ¹	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 ²	Mr Farooq Khan & Ms Rosanna De Campo <KDC Superannuation Fund A/C>	3,671,295	5,344,872	19.74%
	Island Australia Pty Ltd	1,673,577		
Geoff Wilson and Associates ³	Dynasty Peak Pty Ltd <The Avoca Super Fund A/C>	4,391,975	4,391,975	16.22%
Fred Woollard and Samuel Terry Asset Management Pty Ltd ATF Samuel Terry Absolute Return Fund ⁴	J P Morgan Nominees Australia Limited	3,875,568	3,902,430	14.41%
	Frederick Raymond Woollard	21,862		
	Rag & Bone Securities Pty Ltd <Woollard Family A/C>	5,000		

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 Notice filed by Farooq Khan dated 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 2019

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	3,277,780		
	Sub-total		8,322,737	30.74
2	ISLAND AUSTRALIA PTY LTD	1,673,577		
	MR FAROOQ KHAN + MS ROSANNA DE CAMPO	3,671,295		
	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	MS ROSANNA DE CAMPO		268,100	0.99
6	GA & AM LEAVER INVESTMENTS PTY LTD		250,600	0.93
7	GLENVIEW SERVICES PTY LTD		250,000	0.92
8	GIBSON KILLER PTY LTD		220,000	0.81
9	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	118,000		
	Sub-total		193,000	0.71
12	TOMATO 2 PTY LTD		185,019	0.68
13	MR JOHN CHENG-HSIANG YANG + MS PEGA PING PING MOK		136,125	0.50
14	MR ANTHONY NEALE KILLER + MRS SANDRA MARIE KILLER		130,000	0.48
15	MR EUGENE RODRIGUEZ		110,000	0.41
16	MRS MARY THERESE CAMILLERI		100,000	0.37
17	MRS LINDA ANN OATES		100,000	0.37
18	DR SIEW NAM UN		87,500	0.32
19	MRS WENDY MARGARET BELL		75,000	0.28
20	MANAR NOMINEES PTY LTD		72,247	0.27
Total			24,542,743	90.64