

**APPENDIX 4E**  
**PRELIMINARY FINAL REPORT GIVEN TO THE ASX UNDER LISTING RULE 4.3A**

Name of Entity	<b>Questus Limited</b>
ABN	<b>26 100 460 035</b>
Year Ended	<b>30 June 2019</b>
Previous Corresponding Reporting Period	<b>30 June 2018</b>

**Results for Announcement to the Market**

	<b>\$'000</b>	Percentage increase/(decrease) over previous corresponding period
Revenue from ordinary activities	<b>1,281</b>	<b>(20%)</b>
Profit / (loss) from ordinary activities after tax attributable to members	<b>(2,492)</b>	<b>(33%)</b>
Net profit / (loss) for the period attributable to members	<b>(2,492)</b>	<b>(33%)</b>
Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	<b>It is not proposed to pay Dividends</b>	
Interim Dividend	<b>It is not proposed to pay Dividends</b>	
Record date for determining entitlements to the dividends (if any)	<b>Not Applicable</b>	

**Dividends**

Date the dividend is payable	<b>No dividends</b>
Record date to determine entitlement to the dividend	<b>No dividends</b>
Amount per security	<b>-c</b>
Total dividend	<b>-c</b>
Amount per security of foreign sourced dividend or distribution	<b>-c</b>
Details of any dividend reinvestment plans in operation	<b>No dividends</b>
The last date for receipt of an election notice for participation in any dividend reinvestment plans	<b>No dividends</b>

**Net Tangible Assets per Security**

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	<b>(2.3c)</b>	<b>(0.90)</b>

The 30 June 2019 financial report dated 30 August 2019 forms part of and should be read in conjunction with the Preliminary Final Report (Appendix 4E).

This report is based on financial statements that have been audited. The audit report is included in the 30 June 2019 Annual Financial Report.



# QUESTUS LIMITED

Annual Report  
2019



Unit 1, 5 Bramall Street  
East Perth WA 6004  
Tel (08) 6311 8332

QUESTUS

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## CORPORATE DIRECTORY

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DIRECTORS	David James Somerville (Executive Chairman) Robert William Olde (Non-Executive Director) Graeme Michael Goff (Executive Director)
COMPANY SECRETARY	Elizabeth Bee Hiang Lee Graeme Michael Goff
REGISTERED AND PRINCIPLE OFFICE	U1 5 Bramall St EAST PERTH WA 6004 Telephone: +61 8 6311 8332
AUDITORS	William Buck Audit (WA) Pty Ltd Chartered Accountants 3/15 Labouchere Rd SOUTH PERTH WA 6151
SOLICITORS	Steinepreis Paganin Level 4, Next Building 16 Milligan Street PERTH WA 6000
SHARES REGISTRY	Security Transfer Registrars Pty Ltd Alexandrea House Suite 1, 770 Canning Highway APPLECROSS WA 6153 Telephone: + 61 8 9315 2333 Facsimile: + 61 8 9315 2233
SECURITIES EXCHANGE LISTING	Questus Limited Shares are listed on the Australian Securities Exchange under the code QSS.
WEB SITE	<a href="http://www.questus.com.au">www.questus.com.au</a>
COMPANY DOMICILE AND LEGAL FORM	Questus Limited is a public Company limited by Shares, incorporated and domiciled in Australia.

## LETTER FROM THE CHAIRMAN

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30 August 2019

Dear Shareholders

Attached is the Annual Report of Questus Limited (Questus, Parent Entity, the Company or Consolidated Entity) for the year ended 30 June 2019.

During the year, Questus has continued its involvement with the delivery and compliance management of affordable housing through its engagement in the now discontinued, Federal Government's National Rental Affordability Scheme (NRAS). During the year Questus Funds Management Ltd was appointed as the Approved Participant of a portfolio of NRAS Allocations formerly under the management of Ethan Affordable Housing Ltd.

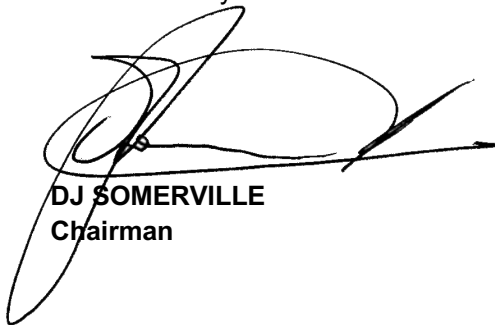
Unfortunately the adverse conditions in the Western Australian Property market have continued to impact on the delivery of the NRAS dwellings and have had an adverse impact on the Company's revenues and profitability. As such the Company has incurred a loss after Income Tax for the year of \$2,491,661 (2018: loss of \$1,867,100) which includes a write back of deferred tax assets of \$1,593,532.

Management has continued to focus on repositioning the Company and has considered a number of strategic corporate opportunities which will enable the Company and Shareholders to pursue future growth and development. The Company has reviewed a number of alternative investment opportunities and are currently undertaking a due diligence on a significant transaction. The finalisation of the transaction is likely to require Shareholder approval at a meeting of the Shareholders.

Until any transaction is concluded the Company will continue with the delivery and management of its remaining NRAS Allocations.

In closing, I would like to thank the Shareholders for their support, and the Board and staff for their efforts and commitment to the Company.

Yours sincerely



**DJ SOMERVILLE**  
Chairman

## DIRECTORS' REPORT

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### DIRECTORS

The names of the Company's Directors in office during the year and until the date of this report are as below.

DJ Somerville	appointed 22 October 2007	Executive
RW Olde	appointed 7 November 2007	Non-Executive
GM Goff	appointed 30 June 2017	Executive

### DIRECTORSHIPS OF OTHER LISTED COMPANIES

DJ Somerville is a Director of CI Resources Ltd, an ASX Listed Company (since 2008).

The other current Directors do not hold, and have not held, Directorships of any other Listed Companies in the past three years other than the Company mentioned above.

### DIRECTORS' QUALIFICATIONS AND EXPERIENCE

The Directors of the Company and their qualifications are set out below.

#### **David James Somerville (B.Bus, MBA, CPA, AFAIM) Executive Chairman**

Mr Somerville has a background as a Certified Practising Accountant with considerable experience in Capital Raising, Business Development and Property Development over 25 years. Mr Somerville was a Senior Partner with a large Western Australian accounting practice, where he was responsible for a large number of clients across a broad range of industries, through the provision of accounting, taxation and management services. Mr Somerville was the founding Director and Shareholder of the Consolidated Entity in 2003.

#### **Robert William Olde (Dip FS, AIMM) Non-Executive Director**

Mr Olde studied Commerce at Murdoch University and holds a Diploma in Financial Planning and also holds a Triennial Certificate as a Real Estate and Business Agent from the Real Estate Institute of Western Australia. Mr Olde has considerable experience in the Funds Management sector and is a Responsible Officer of the Companies within the Consolidated Entity that hold AFSL's.

#### **Graeme Goff (B.Bus) Executive Director & Joint Company Secretary**

Mr Goff is a qualified Accountant with over 30 years' experience in Public Practice and Commerce with a strong focus on compliance, management systems, year-end Financial Reporting and taxation. Mr Goff was previously employed as Chief Financial Officer of a Responsible Entity of a listed Property Trust and has extensive experience in Funds Management in the property sector. Mr Goff is currently Chief Financial Officer and joint Company Secretary of Questus Limited.

## DIRECTORS' REPORT

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### COMPANY SECRETARY

#### Elizabeth Bee Hiang Lee, Company Secretary – B Bus, GCIS, Grad.Dip. Corp. Gov. ASX Listed Entities

Ms Lee has over 19 years' experience in the areas of Corporate Governance and Company Secretarial functions. Prior to joining Questus, Ms Lee held Company Secretarial positions for Phosphate Resources Limited, Macmahon Holdings Limited, Corporate Compliance Partners and Lend Lease Primelife Limited. Ms Lee holds a Bachelor of Business majoring in Finance and Business Law from Edith Cowan University, a Graduate Diploma in Corporate Governance from Governance Institute of Australia, a Graduate Diploma in Corporate Governance for ASX Listed Entities from Kaplan Financial Institute and is a Fellow member of the Governance Institute of Australia.

### DIRECTORS' MEETINGS & AUDIT, RISK & COMPLIANCE MEETINGS

The number of meetings of the Company's Board of Directors held during the year and the number of meetings attended by each Director were:

DIRECTOR	NUMBER OF MEETINGS ATTENDED	NUMBER OF MEETINGS ENTITLED TO ATTEND
DJ Somerville	3	3
RW Olde	3	3
GM Goff	3	3

The number of meetings of the Company's Audit, Risk and Compliance Committee held during the year and the number of meetings attended by each Committee Member were:

COMMITTEE MEMBER	NUMBER OF MEETINGS ATTENDED	NUMBER OF MEETINGS ENTITLED TO ATTEND
Jacqui Stewart	3	3
Reena Shah	3	3
Jamie Kelly	3	3

### DIRECTORS' INTERESTS

As at the date of this report, the direct and indirect interests of the Directors in the Company were:

DIRECTOR	SHARES		OPTIONS (UNLISTED)	
	In Own Name	In Other Names	In Own Name	In Other Names
DJ Somerville	-	19,130,715	-	-
RW Olde	134,542	8,831	-	-
GM Goff	-	-	-	-

## **DIRECTORS' REPORT**

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### **PRINCIPAL ACTIVITIES**

The principal activities of the Consolidated Entity are as a participant in the State and Federal Government's National Rental Affordability Scheme incorporating boutique Funds Management.

### **RESULTS AND REVIEW OF OPERATIONS**

The results of Questus Limited for the financial year reflect a loss of \$2,491,661 (2018: loss of \$1,867,100).

During the year, Questus has continued its involvement with the delivery and management of affordable housing through its engagement in the now discontinued Federal Government's National Rental Affordability Scheme (NRAS). During the year Questus Funds Management Ltd was appointed as the Approved Participant of a portfolio of NRAS Allocations formerly under the management of Ethan Affordable Housing Ltd and facilitated the activation of 103 NRAS incentives delivering an equal number of affordable dwellings into the sector.

As a result of the Federal Government's decision to discontinue the NRAS, Questus has continued to focus on repositioning the Company allowing it to pursue a number of strategic corporate opportunities for the future growth and development.

### **FINANCIAL POSITION**

The net liabilities of the Consolidated Entity were \$731,329 as at 30 June 2019 (2018: net asset of \$1,760,333).

### **DIVIDENDS**

There was no dividend for the year ended 30 June 2019 paid or declared on Ordinary Shares (2018: Nil).

### **PERFORMANCE IN RELATION TO ENVIRONMENTAL REGULATION**

The Company is not subject to significant environmental regulation in respect of its operating activities.

### **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

There are no other significant changes in the state of affairs.

### **EVENTS AFTER THE END OF THE REPORTING PERIOD**

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations, the result of those operations or the state of affairs, in future years.

### **LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS**

Questus will continue to deliver its NRAS dwellings in Western Australia through Questus' own developments and partnering with other West Australian developers. As a result of the Federal Government's decision to discontinue the NRAS, Questus is actively pursuing a number of strategic corporate opportunities for the future growth and development and is currently undertaking a due diligence on a significant transaction. The proposed transaction is likely to require Shareholder approval at a general meeting of the Shareholders.



## **DIRECTORS' REPORT**

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### **REMUNERATION REPORT (AUDITED)**

The Remuneration Report, which has been audited, outlines the Key Management Personnel remuneration arrangements for the Consolidated Entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

#### **Remuneration Philosophy**

The Board of Directors of Questus Limited is responsible for determining and reviewing compensation arrangements for Directors and the Executive Team. The Consolidated Entity's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and level of performance and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality.

#### **Remuneration Details and Employment Terms**

The Directors are remunerated based on the provision of services provided to the Company for Executive Management and for their services as Directors. The Directors fees are determined by the Company in general meeting and other consulting services are remunerated at levels agreed by the Board of Directors. Each Non-Executive Director receives a fixed fee for their services as Directors. There is no link between remuneration paid to any of the Directors and corporate performance such as bonus payments for achievement of certain key performance indicators. The Board considers the fees paid to Non-Executive Directors comparable to other companies.

The remuneration structure for Executive Officers, including Executive Directors, is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company. The contracts for service between the Company and Directors and executives are on a continuing basis the terms of which are not expected to change in the immediate future. Upon retirement, Directors and Executives are paid employee benefit entitlements accrued to date of retirement.

Employment contracts for Directors and Executives stipulate a range of one to three month resignation periods. Termination payments are not payable on dismissal for serious misconduct. The Company may terminate an employment contract without cause by providing the appropriate written notice under each contract or making payment in lieu, based upon the individual's remuneration together with a severance benefit. The key terms are disclosed below.

Mr Somerville and Mr Goff's employment is through Consultancy Agreements between a subsidiary Company, Questus Administration Services Pty Ltd and Questus Capital Group Pty Ltd where they provide the services as Executive Directors of Questus including the roles as Executive Chairman and Chief Financial Officer.

The key terms of the Agreement are as follows:

- Amount payable for the services applicable to Mr Somerville and Mr Goff is \$34,014 per month.
- Terminated by the Company with immediate effect due to unsatisfactory performance or material breach of the Agreement.
- Termination for other reason requires 30 days' notice.
- Professional Indemnity and Officers Insurance cover is to be provided by the Company.
- Expiry date – 30 June 2020.

## DIRECTORS' REPORT

### REMUNERATION REPORT (AUDITED) (CONTINUED)

Director	Salary per Annum plus Statutory Superannuation Contribution	Directors Fees	Notice for Termination	Termination Payments
DJ Somerville		\$200,000	30 days' notice required	If notice is not provided, the Company is entitled to deduct an amount representing the number of weeks or days of the notice period that was not worked for.
GM Goff	\$117,182	\$100,000	30 days' notice required	If notice is not provided, the Company is entitled to deduct an amount representing the number of weeks or days of the notice period that was not worked for.
RW Olde	-	\$39,600	Not required	Not required.

*Voting and comments made at the Company's 2018 Annual General Meeting ('AGM').*

*At the 2018 AGM, 100% of the votes received supported the adoption of the Remuneration Report for the year ended 30 June 2018. The Company did not receive any specific feedback at the AGM regarding its remuneration practices. The latest determination for the aggregate remuneration of Non-Executive Directors was determined on 16 November 2004 with a total amount of \$210,000 per annum.*

**Names and Positions held of Consolidated and Parent Entity Key Management Personnel in Office at any time during the Financial Year are:**

Key Management Person	Position
Mr DJ Somerville	Executive Chairman.
Mr RW Olde	Non-Executive Director.
Mr GM Goff	Executive Director.

***Details of the Nature and Amount of each Element of the Remuneration of each Director of the Company for the Financial Year are as follows: Remuneration of Directors and Officers***

30 June 2019	Primary			Post Employment	Equity	Total	
Name	Salary & Fees \$	Cash Bonus \$	Non Monetary Benefits \$	Superannuation and Long Service Leave \$	Options \$	\$	Total Option Related %
<b>Directors:</b>							
DJ Somerville (1)	200,000	-	-	-	-	200,000	-
RW Olde (1)	39,600	-	-			39,600	-
GM Goff (1) (2)	207,682	-	-	9,500	-	217,182	-
Total Remuneration:	447,282	-	-	9,500	-	456,782	-

## DIRECTORS' REPORT

### REMUNERATION REPORT (AUDITED) (CONTINUED)

30 June 2018							
<b>Directors:</b>							
DJ Somerville (1)	265,806					265,806	-
AJ Brennan (3)	961			91		1,052	-
RW Olde (1)	39,000					39,000	-
GM Goff (1) (2)	216,924			9,682		226,607	-
Total Remuneration:	522,691			9,773		532,465	-

(1) Salary includes consulting fees paid/payable to Directors and to related parties of Directors.

(2) Mr Goff was appointed as a Director on 30 June 2017. Mr Goff is also Chief Financial Officer of the Company and was considered an Executive who had authority and responsibility for controlling activities of the Company for the whole of the 2018 and 2017 financial years.

(3) Dr Brennan resigned his position as a Director effective 30 June 2017. The payments made to Dr Brennan in the 2018 financial year are residual payments due from Dr Brennan's Directorship which ended on 30 June 2017.

There are no other contracts to which a Director is a party or under which a Director is entitled to a benefit other than as disclosed in these financial statements.

#### Share Based Compensation

There are no Shares or Options issued to Directors as part of compensation during the year.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Proportions of Elements of Remuneration Not Related to Performance		Proportions of Elements of Remuneration Related to Performance	
	Fixed Salary/Fee %		Options %	
	2019	2018	2019	2018
<b>Directors:</b>				
DJ Somerville	100%	100%	-	-
RW Olde	100%	100%	-	-
GM Goff	100%	100%	-	-

## DIRECTORS' REPORT

### REMUNERATION REPORT (AUDITED) (CONTINUED)

#### *Additional Disclosures Relating to Key Management Personnel*

##### *Shareholding*

The number of Shares in the Company held during the financial year by each Director and other members of Key Management Personnel of the Consolidated Entity, including their personally related parties, is set out below:

	Balance 01 July 2018	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 2019
2019	Ord	Ord	Ord	Ord	Ord
<b>Directors</b>					
DJ Somerville*	19,130,715	-	-	-	19,130,715
RW Olde*	143,373	-	-	-	143,373
GM Goff	-	-	-	-	-
Total	19,274,088	-	-	-	19,274,088

\* Held either directly or indirectly.

##### *Option Holding*

There are no options over Ordinary Shares in the Company held during the financial year by any Director and other members of Key Management Personnel of the Consolidated Entity, including their personally related parties.

#### **Additional Information**

The earnings of the Consolidated Entity for the five years to 30 June 2019 are summarised below:

	2019	2018	2017	2016	2015
	\$	\$	\$	\$	\$
<b>Sales revenue</b>	1,281,400	1,595,593	10,190,420	15,182,200	19,701,385
<b>EBITDA</b>	(769,698)	(1,716,441)	1,332,531	5,442,141	(2,154,307)
<b>EBIT</b>	(779,876)	(1,732,284)	1,314,370	5,349,385	(2,338,788)
<b>(Loss) / Profit after Income Tax</b>	(2,491,661)	(1,867,100)	307,795	2,782,123	(2,705,999)

The factors that are considered to affect total Shareholders return ('TSR') are summarised below:

	2019	2018	2017	2016	2015
<b>Shares Price at Financial Year End (\$)</b>	0.02	0.03	0.02	0.03	0.03
<b>Total Dividends Declared (Cents per Shares)</b>	-	-	-	-	-
<b>Basic Earnings per Shares (Cents per Shares)</b>	(2.69)	(2.01)	0.33	3.00	(2.92)

## DIRECTORS' REPORT

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### REMUNERATION REPORT (AUDITED) (CONTINUED)

#### *Other Transactions with Key Management Personnel and their Related Parties*

##### *(a) Loans*

The following table sets out the related party loans included in the statement of financial position of the Consolidated Entity.

<b>Loan provided by:</b>	<b>Loan provided to / (from):</b>	<b>2019</b>	<b>2018</b>
		<b>\$</b>	<b>\$</b>
APMF Victoria Trust [2]	Questus Limited and its subsidiaries	4,050,000	4,550,000
APMF NSW Trust [2]	Questus Limited and its subsidiaries	2,065,000	2,065,000

##### *(b) Payables and Receivables*

The following amounts appear as trade and other payables and trade and other receivables respectively in the statement of financial position of the Consolidated Entity.

<b>Debtors</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Australia Property Mortgage Fund [2]	137,069	105,845

##### *(c) Services Provided by Questus Limited and its Subsidiaries*

The following services were provided by Questus Limited and its subsidiaries to related companies / Key Management Personnel.

<b>Service provided to</b>	<b>Nature of service</b>	<b>2019</b>	<b>2018</b>
-	-	-	-

##### *(d) Services provided to Questus Limited and its subsidiaries*

<b>Service provided by</b>	<b>Nature of services</b>	<b>2019</b>	<b>2018</b>
		<b>\$</b>	<b>\$</b>
Questus Capital Group Pty Ltd [1]	Director fees	479,673	300,000
APMF NSW Trust [2]	Interest on loans	324,438	165,200
APMF Victoria Trust [2]	Interest on loans	165,200	427,616

[1] DJ Somerville and RW Olde are Directors of this Company.

[2] DJ Somerville and RW Olde are Directors of the Trustee Company for the Trust.

#### **[End of Remuneration Report]**

### SHARES OPTIONS

As at the date of this report there were no options on issue.

No options were issued or exercised during year ended 30 June 2019 (2018: Nil).

## **DIRECTORS' REPORT**

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### **INDEMNIFICATION AND INSURANCE OF OFFICERS**

The Company has paid an insurance premium in respect of a contract insuring each of the Directors of the Company and its controlled entities and each Executive Officer against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law, other than conduct involving a wilful breach of duty in relation to the Company.

### **INDEMNITY AND INSURANCE OF AUDITOR**

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the Auditor of the Company or any related entity of the Auditor against a liability incurred by the Auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the Auditor of the Company or any related entity of the Auditor.

### **PROCEEDINGS ON BEHALF OF THE COMPANY**

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

### **NON AUDIT SERVICES**

**Details of the Amounts Paid or Payable to the Auditor for Non-Audit Services Provided During the Financial Year by the Auditor are Outlined in Note 27 to the Financial Statements.**

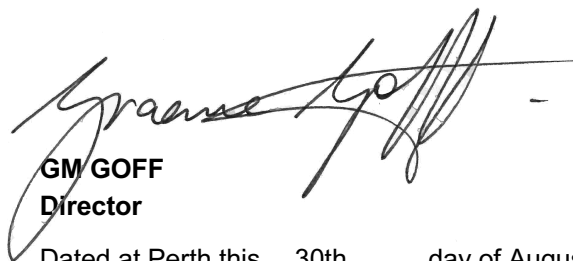
The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for Auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external Auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the Directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the Auditor; and
- The nature of the services provided do not compromise the general principles relating to Auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

### **AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is included within these financial statements.

This report is made in accordance with a Resolution of Directors.



**GM GOFF**  
Director

Dated at Perth this 30th day of August 2019

## **CORPORATE GOVERNANCE**

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Questus Limited is a boutique Funds Management Company operating in the Funds Management industry. Questus Limited is committed to protecting and enhancing Shareholder value and adopting best practice governance policies and practices. The Corporate Governance Statement outlines the main Corporate Governance practices that were in place throughout the financial year, which comply with the ASX Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council (third edition).

The following summarises the eight recommended ASX Principles of Good Governance and the Company's policies and procedures against each of the principles. Where a recommendation has not been followed, this is clearly stated along with an explanation for the departure.

### ***Principle 1 – Lay Solid Foundations for Management and Oversight***

The Board which currently consists of three Non-Independent Directors, is the governing body of the Company. The Board and the Company act within a statutory framework – principally the Corporations Act and also the Constitution of the Company. Subject to this statutory framework, the Board has the authority and the responsibility to perform the functions, determines the policies and controls the affairs of Questus Limited.

The Directors are aware of their responsibilities and obligations to protect Shareholder's funds. Due care is taken to explain both the positive and negative aspects in all reports to highlight the inherent risks involved in the finance industry. The Board must ensure that Questus Limited acts in accordance with prudent commercial principles and satisfies Shareholders – consistent with maximising the Company's long term value.

The Board of Directors determines the strategic direction of the Company by regularly monitoring and evaluating the performance and status of each of the Company's projects and activities.

Advice on the performance of the Company's business operations and investments is also provided by consultants and employees, where required. No formal evaluation of Board Members took place this financial year.

Senior Executives are provided with a written Employment Agreement which sets out the terms and conditions of their appointment. Senior Executives' annual performance evaluations are conducted following the end of the financial year. No formal evaluation of Senior Executives took place this financial year.

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

### ***Diversity Policy***

Questus Limited recognises the value contributed to the organisation by employing people with varying skills, cultural backgrounds, ethnicity and experience. Questus believes a diverse workforce is the key to continued growth, improved productivity and performance.

We actively value and embrace the diversity of our employees and are committed to creating an inclusive workplace where everyone is treated equally and fairly, and where discrimination, harassment and inequity are not tolerated.

As at 30 June 2019 the Company has a 62% proportion of females in employment and 25% of proportion of the Board Executives and Company Secretary are female.

A copy of the Diversity Policy can be found on the Questus website.

## **CORPORATE GOVERNANCE**

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### ***Principle 2 – Structure the Board to Add Value***

The Board comprises an Executive Chairman, Executive Director and a Non-Executive Director. Full details of the Company's Board of Directors and their relevant experience and skills are detailed within the Directors' Report. The Company's Constitution requires that one third of the members of the Board retire by rotation each year but they are eligible for re-election.

Any new Director appointed holds office only until the next general meeting and is then eligible for re-election. The Board will ensure that any such person to be appointed as a Director possesses an appropriate level of qualifications, expertise and experience. Due to its size, the Company does not have a Nomination Committee. Key terms and conditions relating to the appointment of Non-Executive Directors are set out in a formal letter of appointment.

The Chairman is also the Managing Director, appointed by the full Board. A majority of the Board are also substantial Shareholders. The Board considers that given the size of the Company, it is more important that Directors are motivated to perform as a result of their Shareholding in the Company.

### ***Principle 3 – Act Ethically and Responsibly***

The Board places great emphasis on ethics and integrity in all its business dealings. In regard to principles 3.1, the Board considers the business practices and ethics exercised by individual Board Members and Key Executives to be of the highest standards.

The Board being committed to the highest standards of ethical business conduct has adopted a formal Code of Conduct to guide Executives, Management and Staff in carrying out their duties and responsibilities. The Code is subject to ongoing review to ensure that Questus Limited's standards of behaviour and corporate culture reflect best practice in corporate governance. The Code is based on the following key principles:

- ◆ acting with honesty and integrity,
- ◆ abiding by laws and regulations,
- ◆ respecting confidentiality and handling information in a proper manner,
- ◆ maintaining the highest standards of professional behaviour,
- ◆ avoiding conflicts of interest, and
- ◆ striving to be a good corporate citizen and to achieve community respect.

Questus Limited also has a number of specific policies, including the Directors' Code of Conduct that underpin the Code of Conduct and elaborate on various legal and ethical issues. These policies are designed to foster and maintain ethical business conduct within Questus Limited and govern such things as workplace and human resources practices, handling of confidential information, insider trading, risk management and legal compliance.

A formal Securities Trading Policy has been adopted, lodged and released to the market. This is to ensure compliance with the "insider trading" provisions of the Corporations Act by Executive Staff who may be in possession of sensitive information concerning the Company's affairs, prior to release to the market.

In addition, the Board has guidelines dealing with disclosure of interests by Directors in participating and voting at Board meetings where any such interests are discussed. In accordance with the Corporations Act, any Director with a material personal interest in a matter being considered by the Board must not be present when the matter is being considered and may not vote on the matter.

A copy of the Directors Code of Conduct, the Corporate Code of Conduct and the Securities Trading Policy can be found on the Questus website ([www.questus.com.au](http://www.questus.com.au)).



## **CORPORATE GOVERNANCE**

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### ***Principle 3 – Act Ethically and Responsibly (continued)***

The Board expects a high standard of ethical behaviour from all Directors and staff. A Code of Business Ethics has been developed outlining the policies and procedures which operate within the Company to ensure its exemplary reputation is maintained.

### ***Principle 4 – Safeguard Integrity in Corporate Reporting***

It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, including the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information.

The Company is responsible for the appointment of the external Auditors of the Company, and will from time to time review the scope, performance and fees of those external Auditors. The Company has appointed William Buck Audit (WA) Pty Ltd (William Buck) as its Auditors. William Buck manage the external audit and will attend the 2019 AGM and be available to respond to Shareholder questions relating to the external audit.

The Board has established an Audit Risk & Compliance Committee. It has 3 members, all of whom are external consultants. The Committee is chaired by an Independent Chair who is an external consultant. The Committee's members are Jacqui Stewart (Chairperson), Reena Shah, Jamie Kelly.

Meetings are held at least quarterly. Details of the number of times the Audit Risk & Compliance Committee met throughout the 2019 financial year and individual attendances of the members at those meetings is contained in the Committee Meetings section of the Directors' Report on page 5 of the 2019 Annual Report.

### ***Principle 5 – Make Timely and Balanced Disclosure***

The Company complied with all disclosure requirements to ensure that it manages the disclosure of price sensitive information effectively and in accordance with the requirements as set out by regulatory bodies. All market disclosures are approved by the Board.

The Executive Chairman and Company Secretaries are authorised to communicate with Shareholders and the market in relation to Board approved disclosures. The Executive Chairman and Company Secretaries are responsible for ensuring compliance with the continuous disclosure to the Australian Securities Exchange, analysts, broker, Shareholders, the media and the public.

The continuous disclosure requirements are set out in the ASX Listing Rules. The Rules require the Company to immediately notify the ASX of any information concerning the Company, which a reasonable person would expect to have a material effect on the price of securities. When considering the disclosure of information due consideration should also be given to the exemptions (carve outs) granted under the ASX Listing Rules in respect of continuous disclosure.

The Company shall disclose:

- ◆ All information that is required to be disclosed pursuant to ASX Listings Rules.
- ◆ The Board, collectively, has primary responsibility for ensuring that the Company complies with its disclosure obligations.
- ◆ The Board will monitor news sources and seek to avoid the emergence of a false market in the Company's securities. However, it is recognised that this may not be possible pursuant to ASX Listing Rule 3.1.B.
- ◆ The confidentiality of corporate information will be safeguarded to avoid premature disclosure.
- ◆ The Company Secretaries are appointed as the Disclosure Officer in compliance with ASX Listing Rules. All Directors and employees must immediately inform the Disclosure Officer if they obtain material information.

A copy of the Continuous Disclosure Policy can be found on the Questus website ([www.questus.com.au](http://www.questus.com.au)).

## **CORPORATE GOVERNANCE**

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### ***Principle 6 – Respect the Rights of Security Holders***

The Company has a positive strategy to communicate with Shareholders and actively promote Shareholder involvement in the Company. It aims to continue to increase and improve the information available to Shareholders on its website. All Company announcements, presentations to analysts and other significant briefings are posted on the Company's website after release to the Australian Securities Exchange.

In addition, the Company has made available an email address for Shareholders and investors generally to make enquiries of Questus and to register with the Shares Registry to receive communications electronically.

Questus encourages and welcomes Shareholder participation at general meetings with the AGM being the major forum for Shareholders to ask questions about the performance of Questus and to provide feedback.

### ***Principle 7 – Recognise and Manage Risk***

The Board has adopted a formal Risk Management Policy. The Board's collective experience assist in enabling accurate identification of the principal risks which may affect the Company's business. Identifying key operational risks and their management will be recurring items for deliberation at Board meetings.

The Board oversees the establishment, implementation and ongoing review of the Company's risk management and internal control system. Recommendation 7.1 requires the establishment of a Risk Committee. Refer to details of Audit Risk & Compliance Committee under Principle 4.

The Board has received assurance from the Executive Chairman and the Chief Financial Officer that, the Directors' declaration provided in accordance with section 295A of the Corporations Act, is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to Financial Reporting risks.

### ***Principle 8 – Remunerate Fairly and Responsibly***

The Board is responsible for determining and reviewing compensation arrangements for the Directors, the Executive Chairman and Senior Executives. The Directors are remunerated based on the provision of services provided to the Company for executive management and for their services as Directors. The Directors fees are determined by the Company in general meetings and other consulting services are remunerated at levels agreed by the Board of Directors. Access is available to the Company's Auditors and Senior Managers, and the ability to consult independent experts when necessary.

In relation to Non-Executive Directors, there are presently no schemes for termination or retirement benefits, other than statutory superannuation.

The Board recognises that the interests of all stakeholders will be best served when the Company, its Directors and staff adhere to highest standards of business ethics and comply with the law.

## CORPORATE GOVERNANCE

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### EXPLANATION FOR DEPARTURE FROM BEST PRACTICE RECOMMENDATIONS

The Company has complied with each of the Eight Essential Corporate Governance principles and the corresponding Best Practice Recommendations as published by ASX Corporate Governance Council ("ASX Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council (third edition).") other than in relation to the matters specified below.

<b>Principle No</b>	<b>Best Practice Recommendation</b>	<b>Compliance</b>	<b>Reason for Non-Compliance</b>
1.6	Disclose the process for performance evaluation of the Board, individual Directors and Senior Executives	The Board and individual Directors are constantly aware of the Company's Shares price, market capitalisation and its financial performance. There is no formal policy for evaluating performance. However, the Company maintains regular contact with financial advisors and stockbrokers seeking third party feedback on the Company's performance in order to continue to seek improvement in this area.	In a competitive environment such as the sector in which Questus Limited operates, market forces will ensure that the Board and individual Directors are judged based upon the performance of the Company both relative to the market and relative to its particular circumstances. Given the size and scope of operations and the size of the Board, day to day management is conducted under the control of the Executive Chairman and all major decisions are assessed at Board level. Accordingly, the Company does not evaluate the performances of Senior Executives.
2.1	The Board should establish a nomination committee	The Board does not have a nomination committee.	The Board Members have concluded that no efficiencies would be achieved by establishing a separate nomination committee. The functions of any nomination committee are normally undertaken by the full Board.

## CORPORATE GOVERNANCE

Principle No	Best Practice Recommendation	Compliance	Reason for Non-compliance
2.3, 2.4 and 2.5	<p>Disclose the names of Directors considered to be independent Directors</p> <p>The majority of the Board and the Chairman should be Independent Directors and the Chair should not be the same person as the CEO</p>	<p>Directors DJ Somerville (Managing Director and Chairman of the Board) and RW Olde (Non-Executive Director) do not satisfy the test of 'independence' as set out in the ASX Corporate Governance Council Practice Recommendations.</p> <p>DJ Somerville and RW Olde are Substantial Shareholders of the Company. DJ Somerville is an executive of the Company. GM Goff is an Executive Director and Chief Financial Officer of the Company.</p> <p>In light of the above, the Company does not comply with the Best Practice Recommendations requirement of having a majority of independent Directors.</p>	<p>The Board considers that given the current size of the Company, it is more important that Directors are motivated to perform as a result of their Shareholding in the Company and involvement in day-to-day activities.</p>
8.1	<p>The Board should establish a Remuneration Committee</p>	<p>The Company does not have a Remuneration Committee.</p>	<p>Given the size and scope of the Company's operations, and the size of the Board it is not considered that a Remuneration Committee is necessary. Accordingly, the Company does not have a Remuneration Committee.</p>
8.2	<p>Clearly distinguish the structure of Non-Executive Directors remuneration from that of Executives</p>	<p>Executive Directors receive a fixed salary pursuant to a contract plus a fixed annual Director's fee.</p> <p>Non-Executive Directors do not receive a fixed salary but are entitled to Director's fees approved by Shareholders and fees for additional services provided up to a maximum of \$210,000 per annum in aggregate.</p>	<p>Individuals must be remunerated for the risks of being a Director of a public Company. It is not feasible to attract quality Directors unless they can be appropriately remunerated for their efforts and the risks undertaken.</p>

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE  
CORPORATIONS ACT 2001 TO THE DIRECTORS OF QUESTUS LIMITED**

I declare that, to the best of my knowledge and belief during the year ended 30 June 2019 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (WA) Pty Ltd  
ABN 67 125 012 124

CM

Conley Manifis  
Director

Dated this 30<sup>th</sup> day of August 2019

**ACCOUNTANTS & ADVISORS**

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	2019 \$	2018 \$
<b>Revenue</b>	4	1,281,400	1,595,593
Employee benefits expenses		(162,883)	(393,893)
Direct development costs		(417,885)	(1,164,618)
Selling costs		(2,525)	(31,585)
Depreciation and amortisation		(10,178)	(15,843)
Loss on disposal of assets		-	(41,334)
Impairment of assets and investments	4a	(188,898)	(464,680)
Provision for expected credit losses	4b	(250,750)	(121,500)
Other expenses	4c	(1,028,157)	(1,094,424)
<b>(Loss) / profit before tax and finance costs</b>		(779,876)	(1,732,284)
Finance costs		(513,358)	(609,086)
<b>(Loss) / profit before Income Tax</b>		(1,293,234)	(2,341,370)
Income Tax benefit / (expense)	5	(1,198,427)	474,270
<b>(Loss) / profit from continuing operations</b>		(2,491,661)	(1,867,100)
Other comprehensive (loss) net of Income Tax		-	-
<b>Total comprehensive (loss) for the year</b>		(2,491,661)	(1,867,100)
Loss per Shares (cents per Shares) - basic and diluted for loss for the year	6	(2.69)	(2.01)

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Notes	2019 \$	2018 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7	488,085	1,282,387
Trade and other receivables	8	1,637,515	2,229,536
Inventories	9	124,021	1,087,105
Other assets	10	59,151	53,670
<b>Total Current Assets</b>		2,308,772	4,652,698
<b>Non-Current Assets</b>			
Financial assets	11	4,312	4,312
Trade and other receivables	8	215,076	337,077
Inventories	9	2,078,922	1,618,488
Deferred Tax asset	18	847,000	2,045,428
Plant and equipment	13	33,892	30,404
Intangible assets	14	548,234	548,234
<b>Total Non-Current Assets</b>		3,727,436	4,563,943
<b>TOTAL ASSETS</b>		6,036,208	9,236,640
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	15	594,086	523,070
Interest-bearing liabilities	16	58,450	2,050,249
Provisions	17	-	8,040
<b>Total Current Liabilities</b>		652,536	2,581,359
<b>Non-Current Liabilities</b>			
Other payables	15	-	-
Interest-bearing liabilities	16	6,115,000	4,894,950
<b>Total Non-Current Liabilities</b>		6,115,000	4,894,950
<b>TOTAL LIABILITIES</b>		6,767,536	7,476,309
<b>NET ASSETS / (LIABILITIES)</b>		(731,328)	1,760,333
<b>EQUITY</b>			
Issued capital	19	19,556,370	19,556,370
Accumulated losses	21	(20,440,588)	(17,948,927)
Reserves	20	152,890	152,890
<b>TOTAL EQUITY</b>		(731,328)	1,760,333

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

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	Notes	2019 \$	2018 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		1,674,273	2,496,625
Payments to suppliers and employees		(699,074)	(1,476,374)
Payments for inventories		(867,686)	(870,704)
Interest received		5,073	18,954
Interest and borrowing costs paid		(437,546)	(696,769)
<b>Net cash (used in) / generated by operating activities</b>	22a	<b>(324,960)</b>	<b>(528,268)</b>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment		(13,669)	(33,345)
Proceeds from disposal of other asset		-	138,000
Proceeds from disposal of subsidiary		316,076	2,021,963
<b>Net cash generated by investing activities</b>		<b>302,407</b>	<b>2,126,618</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		58,450	330,216
Repayments of borrowings		(830,199)	(2,687,948)
Release of security bond		-	123,065
<b>Net cash used in financing activities</b>		<b>(771,749)</b>	<b>(2,234,667)</b>
Net (decrease) / increase in cash and cash equivalents		(794,302)	(636,317)
Cash and cash equivalents at beginning of year		1,282,387	1,918,704
Cash and cash equivalents at end of year	7	<b>488,085</b>	<b>1,282,387</b>

The accompanying notes form part of these financial statements.



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019**

	Issued Capital	Accumulated Losses	Shares Option Reserve	Total
	\$	\$	\$	\$
<b>At 1 July 2017</b>	19,556,370	(16,081,828)	152,890	3,627,432
Profit for the year	-	(1,867,100)	-	(1,867,100)
Other comprehensive income for the year, net of Income Tax	-	-	-	-
Total comprehensive income for the year	-	(1,867,100)	-	(1,867,100)
<b>At 30 June 2018</b>	19,556,370	(17,948,927)	152,890	1,760,333
<b>At 1 July 2018</b>	19,556,370	(17,948,927)	152,890	1,760,333
Loss for the year	-	(2,491,661)	-	(2,491,661)
Other comprehensive income for the year, net of Income Tax	-	-	-	-
Total comprehensive loss for the year	-	(2,491,661)	-	(2,491,661)
<b>At 30 June 2019</b>	19,556,370	(20,440,588)	152,890	(731,328)

The accompanying notes form part of these financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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## 1 CORPORATE INFORMATION

This Financial Report of Questus Limited ('Company' or 'Consolidated Entity') for the year ended 30 June 2019 comprises the Company and its subsidiaries ('Group' or 'Consolidated Entity').

The separate financial statements of the Parent Entity, Questus Limited, have not been presented within this Financial Report as permitted by the *Corporations Act 2001*.

Questus Limited is a Company limited by Shares incorporated in Australia whose Shares are publicly traded on the Australian Securities Exchange.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *Statement of Compliance and Basis of Preparation*

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a For-Profit entity for Financial Reporting purposes under the Australian Accounting Standards.

Material accounting policies adopted in the preparation of this Financial Report are presented below. They have been consistently applied unless otherwise stated.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

This financial report is presented in Australian dollars which is the Company's functional currency and presentation currency. Items included in the financial statements of each of the Consolidated Entity's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

### *New and Revised Accounting Standards*

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2018, other than for the impact of the adoption of new and revised Standard and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to the consolidated entity and effective for annual reporting periods beginning on or after 1 July 2018.

There have been no new and revised standard that have had a significant impact on the measurement or disclosure requirements of the Group, except as noted below.

- (a) New and revised Standards adopted by the Group.

### AASB 9 Financial Instruments

The Company has adopted AASB 9 from 1 July 2018 which resulted in the following changes to the accounting policy for financial assets and liabilities.

### *Classification and Measurement*

On 1 July 2018, the Company has assessed which business models apply to the financial instruments held by the Company and have classified them into the appropriate AASB 9 categories.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *Statement of Compliance and Basis of Preparation (Continued)*

The main effects resulting from this reclassification are shown in the table below.

On adoption of AASB 9, the Company classified financial assets and liabilities as subsequently measured at either amortised cost or fair value, depending on the business model for those assets and on the asset's contractual cash flow characteristics. There were no changes in the measurement of the Company's financial instruments.

There was no impact on the statement of comprehensive income or the statement of changes in equity on adoption of AASB 9 in relation to classification and measurement of financial assets and liabilities.

The following table summarises the impact on the classification and measurement of the Company's financial instruments at 1 July 2018:

Presented in statement of financial position	Financial Asset	AASB 139	AASB 9	Reported \$	Restated \$
Cash and cash equivalents	Bank deposits	Loans and receivables	Amortised Cost	No change	No change
Trade and other receivables	Loans and receivables	Loans and receivables	Amortised Cost	No change	No change

The Company does not currently enter into any hedge accounting and therefore there is no impact to the Company's Financial Reports.

### AASB 15 Revenue from Contracts with Customers

AASB 15 *Revenue from Contracts with Customers* applied to the Group from 1 July 2018 and replaced AASB 118 *Revenue* which covers revenue arising from the sale of goods and the rendering of services.

The new standard is based on the principle that revenue is recognised when control of a service, or goods, transfers to a customer.

The Company completed its assessment of the implications of adopting the new standard and concluded that, due to the nature of the Group's services, there has been no significant changes to the Group's revenue accounting.

The Group's accounting policy under AASB 15 is as follows.

Revenue is recognised when the Group satisfies its performance obligations by transferring its product and services to the customer, and the revenue can be reliably measure at the fair value of the consideration received.

The major sources of Revenue that the Group recognises are from the sale of constructed property, activation fees from properties that have been activated under the National Rental Affordability Scheme (NRAS) and management fees from the managing the compliance of the NRAS properties. The directors of the Group have assessed that the sale of property, activation fees and management fees present three separate performance obligations. Revenue for the sale of properties will be recognised when control over the corresponding property is transferred to the buyer during settlement.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Statement of Compliance and Basis of Preparation (Continued)*

Revenue for the service fees for the activation on NRAS is recognised when the Department of Social Services have allocated the NRAS incentive to the specified lot and the developer of the lot has committed to the construction of the NRAS dwelling. The management fees from NRAS compliance is recognised when the Department of Social Services issues the Refundable Tax Offset Certificate for each NRAS dwellings.

Due to the nature of the product sold, no warranties are attached to the sale, no provision against any future costs are required.

*Accounting Standard Issue but not yet Applied by the Group.*

AASB 16 Leases

The new leasing standard, effective 1 July 2019, replaces AASB 17 *Leases* and requires that:

- All leases are 'capitalised' by recognising the present value of the lease payments and showing them either as lease assets (rights-of-use assets) or together with property, plant and equipment.
- A financial liability is recognized representing obligations to make future lease payments.

The standard permits either a full retrospective or a modified retrospective approach for the adoption. The standard will affect primarily the accounting for the Group's operating leases. As at 30 June 2019, the Group had non-cancellable operating lease commitments of \$57,038.

The Company is currently completing its assessment of the effects of applying the new standard on the Group's financial statements, including the extent to which these commitments will result in the recognition of lease assets and liabilities for future lease payments and how this will affect the Group's net assets, profit and classification of cashflows.

(b) Going Concern

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group has incurred net losses after tax of \$2,491,661 (2018: \$1,867,100) and experienced cash outflows of \$794,302 for the year ended 30 June 2019 (2018: \$636,317). As at 30 June 2019 the Group had cash assets of \$488,085 (2018: \$1,282,387) and net liabilities of \$ 731,328 (2018: Net Assets \$1,760,333).

During the period Questus Funds Management Limited was appointed as the Approved Participant of a significant number of NRAS allocations, and recent changes to the NRAS Regulations allows NRAS allocations which were previously assigned to specific properties to be relocated to alternative affordable housing developments. The appointment as Approved Participant will generate additional management fee revenue and positive cash flows for conducting the compliance on the NRAS Allocations, and the amendment to the NRAS Regulations will bring forward the realisation and activation of the NRAS allocations.

Based on the cash flow forecasts of the Company, the directors are satisfied that the going concern basis of preparation is appropriate.

Should the Group be unable to achieve the matters set out above, there is material uncertainty whether the Group will be able to continue as a going concern and therefore, whether they will be able to realise their assets and extinguish their liabilities in the normal course of business.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Statement of Compliance and Basis of Preparation (Continued)*

The Financial Report does not include adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

(c) Basis of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of the Company and subsidiaries controlled by Questus Limited at the end of the reporting period.

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity 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.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the Group have been eliminated on consolidation.

*Business Combinations*

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of profit or loss and other comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

*Goodwill*

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- The consideration transferred;
- Any non-controlling interest; and
- The acquisition date fair value of any previously held equity interest.

Over the acquisition date fair value of net identifiable asset acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(c) Basis of Consolidation (Continued)

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

(d) Income Tax

The Income Tax expense (revenue) for the year comprises current Income Tax expense (income) and Deferred Tax expense (income).

Current Income Tax expense charged to the profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred Income Tax expense reflects movements in Deferred Tax Asset and Deferred Tax liability balances during the year as well unused tax losses.

Current and deferred Income Tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred Income Tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred Tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, Deferred Tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred Tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the Deferred Tax assets and liabilities relate to Income Taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of Deferred Tax assets and liabilities are expected to be recovered or settled.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(d) Income Tax (Continued)

*Tax Consolidation*

Questus Limited and its wholly-owned Australian subsidiaries have formed an Income Tax consolidated group under tax consolidation legislation. Each entity in the Group recognises its own current and Deferred Tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and Deferred Tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The tax consolidated group has entered a tax funding arrangement whereby each Company in the consolidated group contributes to the Income Tax payable by the Group in proportion to their contribution to the Group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

(e) Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis to write off the net cost (including any expected residual value) over the estimated useful life of the asset as follows:

- Leasehold improvements – 10 years
- Office Equipment – 2 to 10 years
- Computer Software – 2.5 years

*Impairment*

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 values in determining recoverable amounts.

The 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 the proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(f) Intangible Assets other than Goodwill

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with a finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(f) Intangible Assets other than Goodwill (Continued)

*Australian Financial Services Licence*

The expenditure incurred by the Company in relation to the issue by the Australian Securities and Investments Commission of an Australian Financial Services Licence has been capitalised. The Australian Financial Services Licences are an integral part of the cash-generating units. The license has an indefinite useful life and is carried at cost less any accumulated impairment losses.

*Impairment*

Management makes an assessment at each reporting period on whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The 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.

(g) Financial Instruments

*Initial Recognition and Measurement*

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification.

*Classification and Subsequent Measurement*

Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

*i. Financial Assets at Fair Value through Profit or Loss*

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either:

- (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or
- (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(g) Financial Instruments (Continued)

*ii. Financial Assets at Fair Value through other Comprehensive Income*

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

*iii. Impairment of Financial Assets*

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

The Company applies the simplified approach to providing for expected credit losses as prescribed by AASB 9 which permits the use of the lifetime expected loss provision for all trade receivables. The loss allowance is based on the Company's historical collection and loss experience and incorporates forward looking factors, where appropriate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(h) Employee Benefits

*Short-Term Employee Benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

*Other Long-Term Employee Benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

*Equity-Settled Compensation*

The Group operates an employee shares ownership plan. Shares-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Shares-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of Shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

(i) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturity of 3 months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(k) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provisions for impairment, doubtful debts and rebates. Trade receivables are generally due for settlement within 60 days.

In relation to the financial assets carried at amortised cost, AASB 9 requires an expected credit loss model to be applied as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires the Consolidated Entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. AASB 9 requires the Consolidated Entity to measure the loss allowance at an amount equal to lifetime expected credit loss ("ECL") if the credit risk on the instrument has increased significantly since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition the Consolidated Entity is required to measure the loss allowance for that financial instrument at an amount equal to the ECL within the next 12 months.

The amount of the impairment loss is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income within other expenses.

When a trade receivable, for which an impairment allowance had been recognised, becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(l) Inventories

Inventories, including land held for resale, are stated at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost includes the cost of acquisition, development costs, holding costs and directly attributable interest on borrowed funds where the development is a qualifying asset. Capitalisation of borrowing costs is ceased during extended periods in which active development is interrupted. When a development is completed and ceases to be a qualifying asset, borrowing costs and other costs are expensed as incurred.

(m) Other Financial Liabilities

All loan borrowings and trade and other payables are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. Interest is accrued over the period it becomes due and is recorded as part of other payables.

(n) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(o) Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income.

Operating lease payments are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

(p) Trade and other Payables

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

(q) Loans and Borrowings

Borrowings are classified as current liabilities unless the Consolidated Entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Interest bearing loans and borrowings are recognised initially at fair value less attributable transaction costs.

(r) Revenue

The Group has applied AASB 15 *Revenue from Contracts with Customers* from 1 July 2018. The major sources of Revenue that the Group recognises are from the sale of constructed property, activation fees from properties that have been activated under the National Rental Affordability Scheme (NRAS) and management fees from the managing the compliance of the NRAS properties. The directors of the Group have assessed that the sale of property, activation fees and management fees present three separate performance obligations.

Revenue for the sale of properties will be recognised when control over the corresponding property is transferred to the buyer during settlement. Revenue for the service fees for the activation on NRAS is recognised when the Department of Social Services have allocated the NRAS incentive to the specified lot and the developer of the lot has committed to the construction of the NRAS dwelling. The management fees from NRAS compliance is recognised when the Department of Social Services issues the Refundable Tax Offset Certificate for each NRAS dwellings.

Due to the nature of the product sold, no warranties are attached to the sale, no provision against any future costs are required.

*Interest*

Revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

*Other Revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(r) Revenue (Continued)

*Development Projects and Land Sales*

Revenue and profits from the sale of blocks from completed stages of land subdivision are recognised on settlement of the sale. This represents the point when risk and rewards have passed to the buyer.

(s) Good 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.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(t) Issued Capital

Ordinary Shares are classified as equity. 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.

(u) Earnings per Share

*Basic Earnings per Share*

Basic earnings per Shares is determined by dividing profit after Income Tax attributable to members of the Company, excluding any costs of servicing of equity other than Ordinary Shares, by the weighted average number of Ordinary Shares outstanding during the financial year, adjusted for bonus elements in Ordinary Shares issued during the year.

*Diluted Earnings per Share*

Diluted earnings per Shares adjusts the figures used in the determination of basic earnings per Shares to take into account the after Income Tax effect of interest and other financing costs associated with diluted potential Ordinary Shares and the weighted average number of Shares assumed to have been issued for no consideration in relation to dilutive potential Ordinary Shares.

(v) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(v) Fair Value of Assets and Liabilities (continued)

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to Shares-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(w) Operating Segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

(x) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the Financial Report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

*Key Estimates — Impairment*

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions. The key assumptions are detailed in Note 14.

*Goodwill*

The Group determines whether goodwill with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill is allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill with indefinite useful life are discussed in Note 14.

*Trade Receivables*

No other impairment has been recognised in respect of trade and other receivables other than those already disclosed in the financial statements for the year ended 30 June 2019.

*Provision for Impairment of Inventories*

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, forecasted projected cash flow and other factors that affect inventory obsolescence.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(x) Critical Accounting Estimates and Judgments (Continued)

*Taxation*

The Group's accounting policy for taxation requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether Deferred Tax assets and certain Deferred Tax liabilities are recognised on the statement of financial position. Deferred Tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. Judgements are also required about the applicable of Income Tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of Deferred Tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised Deferred Tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the statement of profit or loss and other comprehensive income.

On 26 October 2012, the Group failed the continuity of ownership test ("COT") in order to carry forward the tax losses to be utilised in future taxable profits. However, the Directors have considered the same business test ("SBT") and believe that the Group is able to satisfy the SBT test in the future period when tax losses are utilised. On that basis, no adjustment is provided against the Deferred Tax balances. Should the Group fail the SBT in a future period, a reversal of Deferred Tax assets would be recognised in statement of profit or loss and other comprehensive income. The balance of Deferred Tax assets related to carry forward tax losses is disclosed in Note 18.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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**4 REVENUE AND EXPENSES**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>		
<b>Operating Activities</b>		
NRAS income	295,364	68,636
Sale of development stock	426,214	1,143,620
Commission income	14,000	-
Management fees	425,373	271,879
Finance revenue – bank and loan interest	5,073	16,308
Sundry income	99,703	95,150
	<u>1,265,727</u>	<u>1,595,593</u>
<b>Non-Operating Activities</b>		
Recovery of expenses	15,673	-
	<u>15,673</u>	<u>-</u>
Total revenue	<u>1,281,400</u>	<u>1,595,593</u>
<b>Expenses</b>		
<b>(a) Impairment of Assets and Investments</b>		
Impairment in value of property development inventory	188,898	464,680
<b>(b) Provision for Expected Credit Losses</b>		
Allowance for expected credit losses	250,750	121,500



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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**4 REVENUE AND EXPENSES (CONTINUED)**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>(c) Other Expenses</b>		
Material other expenses consist of:		
Consultants and contractors	510,541	440,660
Legal costs	78,056	57,502
Rent and outgoings	46,830	178,370
Accounting & audit	114,120	78,980
Travel & entertainment	36,072	68,003
Office costs	42,314	118,700
Insurance	62,165	44,800
Compliance and Shareholder expenses	50,536	37,355
Other expenses	87,523	70,054
	<u>1,028,157</u>	<u>1,094,424</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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**5 INCOME TAX**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
a. Major components of Income Tax expense comprise:		
The components of tax expenses comprises:		
Current Tax	-	-
Deferred Tax expense / (benefit)	1,198,427	(474,270)
Income Tax expense / (benefit)	<u>1,198,427</u>	<u>(474,270)</u>
b. The prima facie tax on profit before Income Tax is reconciled to the Income Tax as follows:		
Prima facie tax / (benefit) payable on (loss) / profit before Income Tax at 27.5%	(355,639)	(643,877)
Add tax effect of:		
Expenditure not allowable for Income Tax	1,333	3,520
Tax benefits brought to account	(40,799)	35,749
Less Tax Effect of:		
Income not assessable for Income Tax	-	(592)
Change in Company tax rate	-	130,930
Deferred tax assets written off	1,593,532	-
Income Tax expense / (benefit) attributable to entity	<u>1,198,427</u>	<u>(474,270)</u>
The applicable weighted average effective tax rates are as follows:	92%	(20%)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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### 6 EARNINGS PER SHARE

The following reflects the income and Shares data used in the total operations basic and diluted earnings per Shares computations:

	2019 \$	2018 \$
(Loss) / profit from continuing operations attributable to ordinary Shareholders for basic and diluted earnings per Share	(2,491,661)	(1,867,100)
<hr/>		
Weighted average number of Ordinary Shares for basic earnings per Share	92,707,553	92,707,553
<hr/>		
Weighted average number of Ordinary Shares dilutive earnings per Share	92,707,553	92,707,553
<hr/>		

### 7 CASH AND CASH EQUIVALENTS

Cash at bank and on hand – unrestricted	487,437	1,274,353
Cash at bank – restricted *	648	8,034
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	488,085	1,282,387
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\* restricted cash relates to Questus Warrant Holder's Funds

#### Reconciliation of Cash:

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

Cash at bank and in hand	488,085	1,282,387
<hr/>		
	488,085	1,282,387
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

**8 TRADE AND OTHER RECEIVABLES**

	2019	2018
	\$	\$
CURRENT		
Trade receivables	1,377,638	1,452,576
Less expected credit losses	(404,750)	(154,000)
Accrued income	19,000	244,504
Proceeds receivable from sale of Shares and other receivables	625,627	686,456
Bonds	20,000	-
	1,637,515	2,229,536
NON-CURRENT		
Bonds	-	20,000
Other receivables	215,077	215,077
Accrued income	-	102,000
	215,077	337,077

For terms and conditions relating to related party receivables, refer to Note 26.

**Expected Credit Losses**

**Credit Risk**

The Company's financial instruments exposed to concentrations of credit risk consist primarily of cash and accounts receivable. The Company minimises the credit risk of cash by depositing with reputable financial institutions. The Company's objective with regard to credit risk in its operating activities is to reduce its exposure to losses. As of 30 June 2019 the overdue accounts receivable balance is \$972,888 (June 2018 \$1,298,576). The Company believes that the balance is collectible and that no additional allowance is required.

The Company applies the simplified approach to providing for expected credit losses as prescribed by AASB 9 which permits the use of the lifetime expected loss provision for all trade receivables. The loss allowance is based on the Company's historical collection and loss experience and incorporates forward looking factors, where appropriate. The provision matrix below shows the expected credit loss rate at each aging category of receivables.

	Current	Aged 1-30 days past due	Aged 31 -60 days past due	Aged > 60 days past due	<b>TOTAL</b>
Expected loss rate	8%	22%	33%	39%	
Gross carrying amount	\$305,543	\$235,950	-	\$836,145	<b>\$1,377,638</b>
Loss allowance provision, End of period	\$22,924	\$51,764	-	\$330,063	<b>\$404,750</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

**8 TRADE AND OTHER RECEIVABLES (CONTINUED)**

**Expected Credit Losses**

Movement in expected credit losses of receivables is as follows:

	Opening Balance 01/07/2018 \$	Charge for the Year \$	Amounts Written Off \$	Closing Balance 30/06/2019 \$
(i) Current trade receivables	154,000	250,750	-	404,750
(ii) Non-current other related parties	-	-	-	-
	<u>154,000</u>	<u>250,750</u>	<u>-</u>	<u>404,750</u>

	Opening Balance 01/07/2017 \$	Charge for the Year \$	Amounts Written Off \$	Closing Balance 30/06/2018 \$
(i) Current trade receivables	76,500	77,500	-	154,000
(ii) Non-current other related parties	13,164	-	(13,164)	-
	<u>89,664</u>	<u>77,500</u>	<u>(13,164)</u>	<u>154,000</u>

**9 INVENTORIES**

	2019 \$	2018 \$
Land held for resale – at cost		
Current	124,021	1,087,105
Non-current	2,078,922	1,618,488
	<u>2,202,943</u>	<u>2,705,593</u>

No borrowing costs, interest and holding costs incurred were capitalised during the year (2018: \$92,438).

**10 OTHER ASSETS**

**CURRENT**

Prepaid Insurance	59,151	53,670
	<u>59,151</u>	<u>53,670</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

**11 OTHER FINANCIAL ASSETS**

		2019 \$	2018 \$
NON-CURRENT			
Other financial assets carried at fair value	11a	4,312	4,312
		<u>4,312</u>	<u>4,312</u>
a. Other financial assets			
Listed investment, at fair value			
Shares in listed trust		133,861	133,861
Expected credit losses		(129,549)	(129,549)
		<u>4,312</u>	<u>4,312</u>

**12 CONTROLLED ENTITIES**

a. Controlled Entities Consolidated:

	Country of incorporation	Percentage owned (%)	
		2019	2018
<u>Subsidiaries of Questus Limited</u>			
Questus Capital Solutions Limited	Australia	100	100
Questus Funds Management Limited	Australia	100	100
Questus Administration Services Pty Ltd	Australia	100	100
Questus Warrants Pty Ltd	Australia	100	100
Questus Asset Management Pty Ltd	Australia	100	100
Questus Property Management Pty Ltd	Australia	100	100
Financial Resources Securities Pty Ltd	Australia	100	100
FRL (WA) Pty Ltd	Australia	100	100
Questus Holdings Pty Ltd	Australia	100	100
<u>Subsidiaries of Questus Asset Management Pty Ltd:</u>			
McNicholl Rockingham Pty Ltd	Australia	100	100
Dalmatio Broome Pty Ltd	Australia	100	100
Commonage Dunsborough Pty Ltd	Australia	100	100
Ellen Stirling Ellenbrook Pty Ltd	Australia	100	100
Nishji Broome Pty Ltd	Australia	100	100
St Andrews Yanchep Pty Ltd	Australia	100	100

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

**12 CONTROLLED ENTITIES (Continued)**

*Subsidiaries of Questus Holdings Pty Ltd*

APMF Victoria Pty Ltd	Australia	100	100
APMF NSW Pty Ltd	Australia	100	100

**13 PLANT AND EQUIPMENT**

	Office Equipment	Computer Software	Leasehold Improvements	Total
	\$	\$	\$	\$
<b>2019</b>				
Carrying amount at beginning of year	6,480	9,578	14,346	30,404
Additions	8,533	5,017	-	13,550
Disposals	-	-	-	-
Depreciation	(3,003)	(4,190)	(2,869)	(10,062)
Balance at end of year	12,010	10,405	11,477	33,892
Cost	15,143	14,853	14,386	44,382
Accumulated depreciation	(3,133)	(4,448)	(2,909)	(10,490)
Net carrying amount	12,010	10,405	11,477	33,892
<b>2018</b>				
Carrying amount at beginning of year	44,726	598	8,917	54,241
Additions	9,118	9,837	14,386	33,341
Disposals	(34,046)	-	(7,288)	(41,334)
Depreciation	(13,318)	(857)	(1,669)	(15,844)
Balance at end of year	6,480	9,578	14,346	30,404
Cost	6,610	9,837	14,386	30,833
Accumulated depreciation	(130)	(259)	(40)	(429)
Net carrying amount	6,480	9,578	14,346	30,404

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

**14 INTANGIBLE ASSETS**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Goodwill at cost	534,134	534,134
Accumulated impairment losses	-	-
Net carrying value	<u>534,134</u>	<u>534,134</u>
Cost		
Balance at beginning of the year	<u>534,134</u>	<u>534,134</u>
Balance at end of the year	<u>534,134</u>	<u>534,134</u>
Licences	132,720	132,720
Less accumulated amortisation	(118,620)	(118,620)
Net carrying value	<u>14,100</u>	<u>14,100</u>
Total intangibles	<u>548,234</u>	<u>548,234</u>

Reconciliation of carrying amounts at the beginning and end of the year:

	<b>Goodwill</b>	<b>Licences</b>
	<b>\$</b>	<b>\$</b>
<b>2019</b>		
At 1 July 2018	534,134	14,100
Additions	-	-
Amortisation charge	-	-
Disposal/written off	-	-
At 30 June 2019	<u>534,134</u>	<u>14,100</u>
<b>2018</b>		
At 1 July 2017	534,134	14,100
Additions	-	-
Amortisation charge	-	-
Disposal/written off	-	-
At 30 June 2018	<u>534,134</u>	<u>14,100</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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**14 INTANGIBLE ASSETS (CONTINUED)**

**Impairment Disclosures**

Goodwill is allocated to cash-generating units (CGU).

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Questus Capital Solutions Limited and Questus Funds Management Ltd – compliance management and sale of financial products including financial products associated with the incentives for the Federal Government National Rental Affordability Scheme	534,134	534,134
	<hr/>	<hr/>

**2019**

The recoverable amount of each cash-generating unit above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 5-year period.

The following key assumptions were used in the value-in-use calculations:

	<b>Growth Rate</b>	<b>Discount Rate</b>
Questus Capital Solutions Limited and Questus Fund Management Limited cash generating unit.	3%	12%

Management has based the value-in-use calculations on budgets for each reporting segment. These budgets use current industry prices to project revenue. The management revenue for the compliance of the NRAS properties, and the activation of the NRAS allocations form part of the revenue for the CGU. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the period, which are consistent with inflation rates applicable to the locations in which the segments operate. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular segment.

The Board has determined there are no reasonably possible changes that could occur in the key assumptions that would cause the carrying amount of this CGU to exceed their recoverable amount.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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**15 TRADE AND OTHER PAYABLES**

	<b>2019</b>	<b>2018</b>
CURRENT	<b>\$</b>	<b>\$</b>
Trade payables	84,300	325,738
Other payables	106,163	44,992
GST payable	42,077	708
Interest payable	359,106	149,692
Amount payable to related parties	2,440	1,940
	<hr/>	<hr/>
	594,086	523,070
NON CURRENT		
Trade payables	-	-

Trade payables are non-interest bearing and are normally settled on 60-day terms. Other payables are non-interest bearing and have an average term of 3 months.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### 16 INTEREST-BEARING LIABILITIES

	2019	2018
	\$	\$
CURRENT		
Loans – secured [1][2][3]	-	2,000,000
Insurance funding - unsecured	58,450	50,249
	58,450	2,050,249
NON-CURRENT		
Loans – secured [1][2][3]	6,115,000	4,894,950
	6,115,000	4,894,950
The carrying amounts of current assets pledged as security are:		
Inventories	2,202,943	2,705,593
	2,202,943	2,705,593

[1] The loans are secured by a General Security Deed as well as specific inventory assets of the Consolidated Entity.

[2] Includes loan in APMF Victoria Pty Ltd.

[3] Includes loans with APMF NSW Pty Ltd.

#### Summary of Material Terms of Loan Agreements with APMF Victoria Pty Ltd

Questus Limited (the Company), Questus Funds Management Ltd (QFML) being a wholly owned subsidiary of the Company, Questus Capital Solutions (QCS) being a wholly owned subsidiary of the Company, Questus Property Management Pty Ltd (QPM) being a wholly owned subsidiary of the Company, entered into an Agreement with APMF Victoria Pty Ltd for a loan facility totalling \$3,750,000. The facility was fully drawn down at 30 June 2019. The loan is secured by a general Security Deed over the Company, QFML, QCS and QPM. The maturity dates of the loans are 31 December 2021. The loan is charged with interest of 8% p.a (2018: 8% p.a).

Nishji Broome Pty Ltd (NB) a wholly owned subsidiary of Questus Limited, entered into an Agreement with APMF Victoria Pty Ltd for a loan facility of \$300,000. At 30 June 2019, the loan facility was fully drawn. The loan is secured by a registered first mortgage over a Nishji property asset. The maturity date of the loan is 31 December 2021. The loan is charged with interest of 8% p.a (2018: 8% p.a).

#### Summary of Material Terms of Loan Agreements with APMF NSW Pty Ltd

Questus Limited (the Company) Questus Fund Management Ltd (QFML), being a wholly owned subsidiary of the Company, Questus Property Management Pty Ltd (QPM) being a wholly owned subsidiary of the Company, Questus Capital Solutions Pty Ltd (QCS) being a wholly owned subsidiary of the Company entered into an Agreement with APMF NSW Pty Ltd for a loan facility totalling \$2,100,000. The facility was drawn to \$2,065,000 at 30 June 2019. The loan is secured by a general Security Deed over the Company, QFML and QCS. The maturity dates of the loan are 31 December 2021. The loan is charged with interest of 8% p.a (2018: 8% p.a).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### 16 INTEREST-BEARING LIABILITIES (CONTINUED)

#### *Summary of Material Terms of Loan Agreements with the Following Borrowers*

National Australia Bank:

Commonage Dunsborough Pty Ltd (CD), being a wholly owned subsidiary of the Consolidated Entity, entered into an Agreement with the National Australia Bank on 5 July 2017 for a loan totalling \$280,000. The loan was fully repaid in May 2019.

*Financing Arrangements:*

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Working capital facilities - related party	6,150,000	6,650,000
Amount utilised	(6,115,000)	(6,615,000)
Amount unused at reporting date	<u>35,000</u>	<u>35,000</u>
Working capital facilities - non related party	-	280,000
Amount utilised	-	(279,950)
Amount unused at reporting date	<u>-</u>	<u>50</u>
Total	<u><u>35,000</u></u>	<u><u>35,050</u></u>

### 17 PROVISIONS

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Employee Benefits</b>		
Current	-	8,040
	<u><u>-</u></u>	<u><u>8,040</u></u>

#### *Amounts not Expected to be Settled Within the next 12 Months*

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Consolidated Entity does not have an unconditional right to defer settlement. However, based on past experience, the Consolidated Entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

Employee benefits obligation expected to be settled after 12 months	-	5,360
	<u><u>-</u></u>	<u><u>5,360</u></u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

**18 INCOME TAX**

NON-CURRENT

	Opening Balance	Charged to Income	Charged to Equity	Opening Balance Adjustment	Closing Balance
	\$	\$	\$	\$	\$
<b>Deferred Tax Asset</b>					
Provisions	37,837	(2,211)	-	-	35,626
Trade and other payables	10,334	18,861	-	-	29,195
Borrowing costs	74,605	24,148	-	-	98,753
Others	-	-	-	-	-
Tax losses	3,061,338	354,306	-	-	3,415,644
Change in Company Tax Rate	(130,930)	-	-	-	(130,930)
Deferred Tax Assets not brought to account	(1,007,756)	-	-	-	(1,007,756)
Deferred Tax Assets written off	-	(1,593,532)	-	-	(1,593,532)
<b>Balance at 30 June 2019</b>	<b>2,045,428</b>	<b>(1,198,427)</b>	<b>-</b>	<b>-</b>	<b>847,000</b>

**2018**

	Opening Balance	Charged to Income	Charged to Equity	Opening Balance Adjustment	Closing Balance
<b>Deferred Tax Asset</b>					
Provisions	90,641	(52,804)	-	-	37,837
Trade and other payables	12,050	(1,716)	-	-	10,334
Borrowing costs	69,120	5,485	-	-	74,605
Others	-	-	-	-	-
Tax Losses	2,420,389	640,949	-	-	3,061,338
Change in Company Tax Rate	-	(130,930)	-	-	(130,930)
Deferred Tax Assets not brought to account	(1,021,042)	13,286	-	-	(1,007,756)
<b>Balance at 30 June 2018</b>	<b>1,571,158</b>	<b>474,270</b>	<b>-</b>	<b>-</b>	<b>2,045,428</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### 18 INCOME TAX (CONTINUED)

The Company has recognised a net Deferred Tax Asset of \$847,000 (2018: \$2,045,428). The Company's Deferred Tax asset, in part, is a result of the property development losses incurred in previous years. Over the past 2 years the Company has substantially reduced its property development activities with taxable income derived from the supply and compliance management of incentives under the National Rental Affordable Scheme. The Company would expect to realise the Deferred tax assets over the next 12 months.

On the 26th October 2012 the Company had a change in ownership of more than 50% and therefore uses the "Same Business Test" to test the deductibility of carried forward losses. The Company believes that the conditions allowing the deductibility of the carried forward losses of \$8,766,305 under the same business test (SBT) method have been met as at 30 June 2019. Should the SBT not be satisfied at the time tested, the carried forward losses will not be able to be utilised.

### 19 ISSUED CAPITAL

	2019	2018
	\$	\$
92,707,553 (2017: 92,707,553) fully paid Ordinary Shares	19,556,370	19,556,370
a. Movement in Ordinary Shares Capital:		
	Number	\$
At 1 July 2018	92,707,553	19,556,370
Shares issued	-	-
Balance at 30 June 2019	92,707,553	19,556,370
At 1 July 2017	92,707,553	19,556,370
Shares issued	-	-
Balance at 30 June 2018	92,707,553	19,556,370

#### b. Capital Management

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the Shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes Ordinary Shares capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing its financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to Shareholders and Shares issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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### 19 ISSUED CAPITAL (CONTINUED)

The gearing ratios for the year ended 30 June 2019 and 30 June 2018 are as follows:

	Note	2019 \$	2018 \$
Total borrowings	15,16	6,783,632	7,468,269
Less cash and cash equivalents	7	(488,085)	(1,282,387)
Net debt		6,295,547	6,185,582
Total equity		(731,329)	1,946,280
Total capital		5,564,218	8,132,162
Gearing ratio		113%	76%

### 20 EQUITY- RESERVE

Shares option reserve	152,890	152,890
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Shares option reserve:

The option issue reserve is used to accumulate amounts received on the issue of options and records items recognised as expenses on valuation of incentive based Shares options.

*Movement in Reserves:*

There are no movements in Shares option reserve during the year.

### 21 EQUITY- ACCUMULATED LOSSES

Accumulated losses at beginning of the financial year	(17,948,927)	(16,081,827)
(Loss) / profit after Income Tax for the year	(2,491,661)	(1,867,100)
Accumulated losses at the end of the financial year	(20,440,588)	(17,948,927)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### 22 CASH FLOW INFORMATION

	Consolidated	
	2019	2018
	\$	\$
<b>a. Reconciliation of Net Cash Flows from Operating Activities to Profit after Income Tax:</b>		
(Loss) / profit after Income Tax	(2,491,661)	(1,867,100)
Non-cash flows from operating activities:		
Capitalised development costs written off	188,898	463,602
Depreciation and amortisation	10,178	15,843
Loss on disposal of assets	-	41,334
Provision for doubtful debts	250,750	121,500
Impairment loss	-	1,078
<i>Movement in Working Capital</i>		
Trade and other receivables	147,201	1,041,586
Inventories	313,752	636,368
Other assets	(5,480)	(9,042)
Trade payables and accruals	(24,837)	(411,484)
Interest payable	87,812	(87,683)
Deferred Tax asset	1,198,427	(474,270)
Net cash (used in) / generated by operating activities	(324,960)	(528,268)

### 23 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Board of Directors has considered the business from both a geographic and business segment perspective and has identified one reportable segment. The identifiable reportable segment is the delivery and management of dwellings and incentives regarding the National Rental Affordability Scheme (NRAS) for the domestic Australian market.

The Group is domiciled in Australia and all operating activities are located in Australia. All revenue from external customers is from customers located in Australia. Segment revenues are allocated based to the country in which the customer is located.

The Group has a large number of customers to which it provides both products and services. The Group does not rely on any single customer for a significant portion of revenues.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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### 24 FINANCIAL RISK MANAGEMENT

#### a. Financial Risk Management Policies

The Group's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, loans to and from subsidiaries, bills, leases, and promissory notes.

The main purpose of non-derivative financial instruments is to finance for Group operations.

Derivatives are not used by the Group.

The totals for each category of financial instruments, measured as detailed in the accounting policies to these financial statements, are as follows:

	Note	2019	2018
<b>Financial Assets</b>		<b>\$</b>	<b>\$</b>
Cash and cash equivalents	7	488,085	1,282,387
Trade and other receivables*	8	1,637,515	2,249,536
Other financial assets			
Listed investment (at fair value)	11(a)	4,312	4,312
<b>Total Financial Assets</b>		<b>2,129,912</b>	<b>3,536,235</b>
<b>Financial Liabilities</b>			
Financial liabilities at amortised cost			
- Trade and other payables**	15	552,009	522,362
- Borrowings	16	6,173,451	6,945,199
<b>Total Financial Liabilities</b>		<b>6,725,460</b>	<b>7,467,561</b>

\* Excludes GST receivable on accrued revenue.

\*\* Excludes GST payable on accrued expenses.

**24 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**a. Financial Risk Management Policies (Continued)**

*Treasury Risk Management*

The Board of Directors is responsible for managing financial risk exposure of the Group. The Board of Directors monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to counterparty credit risk liquidity risk and interest rate risk. The Board of Directors meets on a regular basis to discuss the financial risk exposure of the Group.

*Financial Risk Exposures and Management*

The main risks the Group is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

*Interest Rate Risk*

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt. At reporting date, the Group fixed 100% (2018: 96%) of its debts at fixed rate.

*Liquidity Risk*

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases, hire purchase contracts and funding arrangements.

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

*Credit Risk*

The Group monitors credit risk by actively assessing the rating quality and liquidity of counter parties.

The Group trades only with recognised, creditworthy third parties.

It is the Group policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

There are no significant concentrations of credit risk within the Group.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial performance and notes to the financial statements.

Credit risk is managed on a Group basis and reviewed regularly. It arises from exposures to customers as well as through certain deposits with financial institutions.

The Group provided for a deferred sales proceed for the sale of Questus Realty Pty Ltd which was a wholly owned subsidiary. The amount receivable is secured by a specific security deed with the security registered with the Personal Properties Securities Register (PPSR). The security deed remains in place until the deferred settlement is fully satisfied. Other receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

**24 FINANCIAL RISK MANAGEMENT (CONTINUED)**

*Price Risk*

The Consolidated Entity is not exposed to any significant price risk.

<b>2019</b>	<b>2018</b>
<b>\$</b>	<b>\$</b>

The aging of the Group's trade and other receivable at the reporting date was:

**Trade and Other Receivables**

Not past due	1,813,592	2,249,536
Total	1,813,592	2,249,536
	1,813,592	2,249,536

**i. Financial Instrument Composition and Maturity Analysis:**

The following table sets out the carrying amount, by maturity, of the financial instruments that are exposed to interest rate risk:

	<b>Weighted Average Effective Interest Rate</b>	<b>&lt;1 Year</b>	<b>&gt;1 - &lt;5 Years</b>	<b>&gt;5 Years</b>	<b>Total</b>
<b>2019</b>	%	\$	\$	\$	\$
<b>Financial Liabilities - Fixed Rate</b>					
Loans – secured	8.0%	-	(6,115,000)	-	(6,115,000)
Loans – unsecured	5.06%	(58,451)	-	-	(58,451)
		(58,451)	(6,115,000)	-	(6,173,451)
<b>Financial Assets - Floating Rate</b>					
Cash assets	0.6%	488,085	-	-	488,085
		488,085	-	-	488,085
		488,085	-	-	488,085

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

**24 FINANCIAL RISK MANAGEMENT (CONTINUED)**

	Weighted Average Effective Interest Rate	<1 Year	>1 - <5 Years	>5 Years	Total
2018	%	\$	\$	\$	\$
<b>Financial Liabilities – Fixed Rate</b>					
Loans – secured/unsecured	8.0%	(2,000,000)	(4,894,950)	-	(6,894,950)
Loans – secured	5.06%	(50,249)	-	-	(50,249)
		(2,050,249)	(4,894,950)		(6,945,199)
<b>Financial Assets - Floating Rate</b>					
Cash assets	0.6%	1,282,387	-	-	1,282,387
		1,282,387	-	-	1,282,387

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until maturity of the instrument.

The other financial instruments of the Group that are not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

Trade and other payables are expected to be paid as follows:

	2019	2018
	\$	\$
Less than 6 months	594,086	401,470
	594,086	401,470

**ii. Net Fair Values**

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

**iii. Sensitivity Analysis**

*Interest Rate Sensitivity Analysis*

At 30 June 2019, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant are immaterial. This is due to 100% (2018: 96%) of the debts are fixed and the cash at bank do not have high yield interest rate.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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### 25 COMMITMENTS

#### *Capital Commitments*

The Group has the following capital commitments at reporting date:

	2019	2018
	\$	\$
Capital expenditure projects	-	-

#### *Operating Lease Commitments*

Future minimum rentals payable under non-cancellable operating leases are as follows:

Within one year	31,074	33,010
After one year but not more than five years	25,964	58,656
	<u>57,038</u>	<u>91,666</u>

The property lease is a non-cancellable lease with a two-year term expiring in June 2020, with rent payable monthly in advance. Contingent rental provisions within the Lease Agreement require the minimum lease payments shall be increased by the CPI annually on each anniversary.

The Equipment Lease is a non-cancellable lease with a 5 year term with rent payable monthly in arrears.

### 26 RELATED PARTY DISCLOSURE

(a) *Parent Entity*

Questus Limited is the Parent Entity.

(b) *Subsidiaries*

Interests in subsidiaries are set out in note 12.

(c) *Key Management Personnel*

Disclosures relating to Key Management Personnel are set out in note 28 and the Remuneration Report in the Directors' Report.

(d) *Terms and Conditions*

All transactions were made on normal commercial terms and conditions and at market rates unless otherwise stated.

(e) *Loans*

The following table sets out the related party loans included in the statement of financial position of the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### 26 RELATED PARTY DISCLOSURE (CONTINUED)

		2019	2018
		\$	\$
<b>Loan provided by:</b>	<b>Loan provided to/ (from):</b>		
Questus Capital Group Pty Ltd [1]	Questus Limited and its subsidiaries	(7,046)	-
APMF Victoria Trust [2]	Questus Limited and its subsidiaries	4,050,000	4,550,000
APMF NSW Trust [2]	Questus Limited and its subsidiaries	2,065,000	2,065,000

The terms and condition of the loans provided to the Company by APMF Victoria Trust and APMF NSW Trust are detailed in note 16.

*(f) Payables and Receivables*

The following amounts appear as trade and other payables and trade and other receivables respectively in the statement of financial position of the Group.

	2019	2018
	\$	\$
<b>Receivables</b>		
Australia Property Mortgage Fund [2]	137,069	105,845

*(g) Services provided to Questus Limited and its Subsidiaries*

		2019	2018
		\$	\$
<b>Service provided by</b>	<b>Nature of services</b>		
Questus Capital Group Pty Ltd [1]	Director fees	479,673	330,000
APMF NSW Trust [2]	Interest on loans and borrowing costs	165,200	165,200
APMF Victoria Trust [2]	Interest on loans and borrowing costs	324,438	427,616

[1] DJ Somerville and RW Olde are Directors of this Company.

[2] DJ Somerville and RW Olde are Directors of the Trustee Company for the Trust.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### 27 AUDITORS' REMUNERATION

	2019	2018
	\$	\$
Remuneration of the Auditor for:		
· Auditing or reviewing the Financial Report- William Buck	65,103	61,800
· Audit of AFSL licence - William Buck	12,050	13,255
· Taxation services - William Buck	7,496	9,000
	84,649	84,055

### 28 KEY MANAGEMENT PERSONNEL

#### *Key Management Personnel Remuneration*

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's Key Management Personnel for the year ended 30 June 2019.

	2019	2018
	\$	\$
Short-term employee benefits	447,282	522,691
Post-employment benefits	9,500	9,773
	456,782	532,465

### 29 FAIR VALUE MEASUREMENT

#### *Fair Value Hierarchy*

The following tables detail the Consolidated Entity's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

	Level 1	Level 2	Level 3	Total
2019	\$	\$	\$	\$
<i>Assets</i>				
Other financial assets	4,312	-	-	4,312
Total assets	4,312	-	-	4,312

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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### 29 FAIR VALUE MEASUREMENT (Continued)

2018	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Other financial assets	4,312	-	-	4,312
Total assets	<u>4,312</u>	<u>-</u>	<u>-</u>	<u>4,312</u>

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

### 30 CONTINGENT LIABILITIES AND ASSETS

There are no contingent assets or contingent liabilities.

In the course of its normal business the Group occasionally receives claims or writs for damages and other matters arising from its operations. Where, in the opinion of the Directors, it is deemed appropriate, a specific provision is made in relation to such matters, otherwise the Directors deem such matters to be either without merit or of such kind or involve such amounts that would not have a material adverse effect on the operating results or financial position of the Group if disposed of unfavourably. As at the date of this report, no specific provisions have been made in relation to such matters.

#### *Guarantees & Other Commitments*

Questus Limited is guarantor for funding arrangements by its subsidiaries. Total value of loans to which Questus Limited is guarantor is \$Nil (2018: \$279,950).



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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**33 PARENT ENTITY DISCLOSURES**

a) Financial Information Parent	2019	2018
	\$	\$
(Loss) / profit for the year	(709,843)	(575,754)
Total comprehensive (loss) / income	<u>(709,843)</u>	<u>(575,754)</u>
<b>Assets</b>		
Current assets	5,713,081	1,343,393
Non-current asset	4,701,279	10,357,683
Total assets	<u>10,414,360</u>	<u>11,701,076</u>
<b>Liabilities</b>		
Current liabilities		2,029,458
Non-current liabilities	6,221,341	4,615,000
Total liabilities	<u>6,221,341</u>	<u>6,644,458</u>
<b>Net Assets</b>	<u>4,139,019</u>	<u>5,056,618</u>
<b>Equity</b>		
Issued capital	19,556,370	19,556,370
Reserves	152,890	152,890
Accumulated losses	(15,516,241)	(14,652,642)
Total equity	<u>4,193,019</u>	<u>5,056,618</u>

- b) No guarantees entered into by the parent entity in relation to the debts of its subsidiaries;
- c) No contingent liabilities of the parent entity; and
- d) No contractual commitments by the parent entity for the acquisition of property, plant or equipment.

**34 EVENTS AFTER THE END OF THE REPORTING PERIOD**

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations, the result of those operations or the state of affairs, in future financial years.


## **DIRECTORS' DECLARATION**

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In accordance with a Resolution of the Directors of Questus Limited, I state that:

1. In the opinion of the Directors:
  - (a) the financial statements and notes of the Consolidated Entity are in accordance with the Corporations Act 2001, including:
    - (i) Give a true and fair view of the financial position of the Consolidated Entity as at 30 June 2019 and of its performance for the year ended on that date; and
    - (ii) Comply with Australian Accounting Standards, which, as stated in accounting policy Note 2 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS);
  - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
2. This declaration has been made after receiving the declarations required to be made by the Directors in accordance with sections of 295A of the Corporations Act 2001 for the financial year ended 30 June 2019.

On behalf of the Board



**GM Goff**  
**Director**

Dated at Perth this 30th day of August 2019

## Questus Limited

### Independent auditor's report to members

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of Questus Limited (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, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying 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 then ended; 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 those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company 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.

#### ACCOUNTANTS & ADVISORS

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## Questus Limited

### Independent auditor's report to members

#### Material Uncertainty Related to Going Concern

We draw attention to Note 2(b) of the financial statements which indicates that the Group incurred a net loss after income tax of \$2,491,661, a net cash outflow from operations of \$794,302 for the year ended 30 June 2019 and as at 30 June 2019 has net liabilities of \$731,328. As stated in Note 2(b), these events or conditions, along with other matters set forth in Note 2(b), indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### 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.

ASSESSMENT OF CARRYING VALUE OF GOODWILL	
Area of focus Refer also to notes 2(c), 2(x) and 14	How our audit addressed it
<p>The Group's net assets include a significant amount of goodwill.</p> <p>Given the goodwill value, there is a risk that the entities in the Group may not trade in line with initial expectations and forecasts, resulting in the carrying amount of goodwill exceeding the recoverable amount and therefore requiring impairment.</p> <p>The recoverable amount of the relevant cash generating unit (CGU) has been calculated based on value-in-use. These recoverable amounts use discounted cash flow forecasts in which the directors make judgements over certain key inputs, for example but not limited to revenue growth linked to known contracts, discount rates applied and inflation rates.</p> <p>Overall due to the high level of judgement involved, and the significant carrying amounts involved, we have determined that this is a key judgemental area that our audit concentrated on.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>— a detailed evaluation of the Group's budgeting procedures upon which the forecasts are based and testing the principles and integrity of the discounted future cash flow model.</li> <li>— testing the accuracy of the calculation derived from the forecast model and assessing the key inputs in the calculations such as revenue growth linked to known contracts, discount rates and working capital assumptions, by reference to the board approved forecasts, data external to the Group and our own views.</li> <li>— reviewing the historical accuracy by comparing actual results with the original forecasts.</li> </ul> <p>We also considered the adequacy of the Group's disclosures in relation to the impairment testing.</p>

## Questus Limited

### Independent auditor's report to members

RELATED PARTY TRANSACTIONS	
Area of focus Refer also to Remuneration Report on pages 7 to 11 and Note 26	How our audit addressed it
<p>There have been numerous related party transactions with entities where key management personnel of the Group have interests and/or are directors. As, such, there is a risk that not all related party transactions are disclosed in the financial report or that related party transactions have been made on non-arm's length basis. This could result in insufficient information being provided in order to enable the reader to understand the nature and effect of the various related party relationships and transactions.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>— Comparing the list of related parties provided by the directors with internal and external sources.</li> <li>— Conducting an ASIC search for external directorships held by the board members and key management personnel to evaluate whether all related party relationships and transactions had been appropriately identified and disclosed.</li> <li>— Assessing whether related party transactions were conducted at arm's length by comparing the basis of the transactions to external sources.</li> </ul> <p>For each class of related party transaction, we compared the financial statement disclosures against the underlying transactions and the accounting and <i>Corporations Act 2001</i> requirements.</p>
VALUATION OF INVENTORY – LAND HELD FOR RESALE	
Area of focus Refer also to notes 2(l), 2(x) and 9	How our audit addressed it
<p>The Group's inventories of \$2.2m are significant to the financial statements.</p> <p>Inventories, being land held for resale, are required to be carried at lower of cost and net realisable value.</p> <p>The valuation of land held for resale involves judgement by management depending on cost of acquisition, development costs, holding costs and directly attributable costs.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>— A review of expected sales to ensure land held for resale was valued at the lower of cost and net realisable value and ensured costs assigned to land held for resale were reasonable.</li> <li>— A review of management's determination of costs in valuing land held for resale and the expected selling price.</li> <li>— An evaluation of management's judgements and assumptions used in determining the need for any provision for impairment.</li> </ul>

## Questus Limited

### Independent auditor's report to members

	— We have also assessed the adequacy of disclosures in the notes to the financial statements.
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#### **Other Information**

The directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the Directors 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 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 Company 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 Company or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's Responsibilities 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 the 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.

## Questus Limited

### Independent auditor's report to members

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar2.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf)

This description forms part of our independent auditor's report.

## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 7 to 11 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Questus Limited, 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.

William Buck

William Buck Audit (WA) Pty Ltd  
ABN 67 125 012 124

CN

Conley Manifis  
Director

Dated this 30<sup>th</sup> day of August 2019

## ADDITIONAL SECURITIES EXCHANGE INFORMATION

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Additional information required by the Australian Securities Exchange Listing Rules and not disclosed elsewhere in this report. This information was prepared based on Shares registry information processed up to 1 August 2019 and using the last traded Shares price of 2.0 cents.

### DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of listed equity security holders by size of holding:

	Ordinary Shares	Shares Options	Ordinary Shares	Shares Options
	2019		2018	
1 - 1,000	109	-	111	-
1,001 - 5,000	93	-	93	-
5,001 - 10,000	73	-	73	-
10,001 - 100,000	101	-	102	-
100,001 and over	46	-	45	-
	<hr/>	<hr/>	<hr/>	<hr/>
	422	-	424	-
	<hr/>	<hr/>	<hr/>	<hr/>
Number of Shareholders holding less than a marketable parcel:	0	-	-	-

### STATEMENT OF QUOTED SECURITIES

Listed on the Australian Securities Exchange are 92,707,533 (2018: 92,707,553) fully paid Shares and Nil (2018: Nil) options.



## ADDITIONAL SECURITIES EXCHANGE INFORMATION

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### EQUITY SECURITY HOLDERS

The names of the twenty largest holders of equity securities are listed below:

Name	31-July-19		30-Jun-18	
	Number	% Holding	Number	% Holding
HSBC CUSTODY NOM AUST LTD	49,803,602	53.72%	49,803,602	53.72%
SOMERVILLE SUPER FUND PL	16,556,198	17.86%	16,556,198	17.86%
AMBER MGNT PL	4,150,000	4.48%	3,925,000	4.23%
QUESTUS CAP GRP PL	2,574,517	2.78%	2,574,517	2.78%
NWR GRP PL	2,500,000	2.70%	2,500,000	2.70%
OAKPREY PL	1,000,000	1.08%	1,000,000	1.08%
NORTHCLIFFE TIMBER CLUSTE	800,000	0.86%	1,045,508	1.13%
HUNTER DEVELOPEMENTS 2001	700,000	0.76%	700,000	0.76%
MCGAVIN ROBERT BERNARD A	628,808	0.68%	628,808	0.68%
KONG SHAYNE JAMES	600,000	0.65%	-	-
HOWELLS PETER	600,000	0.65%	600,000	0.65%
POLLASTRI REMO + JEANNE	595,000	0.64%	595,000	0.64%
PJWO PL	590,000	0.64%	590,000	0.64%
KAEMPF HANSPETER + ANITA	544,045	0.59%	500,000	0.54%
ALSFORD PL	526,125	0.57%	526,125	0.57%
OLDE QUENTIN JAMES	447,858	0.48%	447,858	0.48%
MURRAYDALE NOM PL	435,000	0.47%	435,000	0.47%
CASEY JL + EA	390,000	0.42%	390,000	0.42%
BNP PARIBAS NOM PL	327,945	0.35%	327,945	0.35%
GEDGE G W + ADAM-GEDGE S	325,000	0.35%	325,000	0.35%
	<b>84,094,098</b>	<b>90.73%</b>	<b>82,970,561</b>	<b>90.05%</b>

## ADDITIONAL SECURITIES EXCHANGE INFORMATION

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### SUBSTANTIAL SHAREHOLDERS

Name	Ordinary Shares	
	2019	2018
CREST CAPITAL ASIA PTE LTD	49,803,602	49,803,602
SOMERVILLE SUPER FUND PTY LTD	16,556,198	16,556,198

#### **Voting Rights:**

##### **Ordinary Shares**

All Ordinary Shares carry one vote per Shares without restriction.

##### **Partly Paid Shares**

No voting rights

##### **Options**

No voting rights.



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**QUESTUS**