

## APPENDIX 4E

### PRELIMINARY FINAL REPORT GIVEN TO THE ASX UNDER LISTING RULE 4.3A

#### QUESTUS LIMITED AND ITS CONTROLLED ENTITIES ABN – 26 100 460 035 ACN – 100 460 035

#### Reporting Period

For the year ended 30 June 2012. Previous corresponding year ended 30 June 2011.

#### Results for Announcement to Market

	30 June 2012 \$'000	30 June 2011 \$'000	% Change
Revenue	2,645	2,409	9.8%
(Loss) after tax attributable to members	(5,344)	(896)	(496%)
Net (loss) for the period attributable to members	(5,344)	(896)	(496%)

#### Financial Reports

The consolidated income statement shows a loss after tax attributable to members of \$5,343,535 (2011: loss of \$896,283).

#### Earnings per Share

Earnings per share (cents per share)	2012	2011
Continued operations		
- basic for (loss) for the year	(11.29c)	(2.22c)
- diluted for (loss) for the year	(11.29c)	(2.22c)
Discontinued operations		
- basic for (loss) for the year	(1.23c)	(0.04c)
- diluted for (loss) for the year	(1.23c)	(0.04c)

The earnings per share are based on a weighted average number of shares on issue of 42,673,276 (2011: 39,536,229), diluted number of ordinary shares 42,263,276 (2011: 39,536,229).

## Net tangible assets per security

Net Tangible Assets per share	2012	2011
Net Tangible Asset backing	(4.13c)	7.3c

## Dividends

No dividends have been declared or paid during the year ended 30 June 2012. The Directors do not recommend the payments of a dividend in respect of the year ended 30 June 2012.

## Details of entities over which control has been gained or lost

In February 2012, Financial Resources Securities Pty Ltd, a wholly owned subsidiary of the company, which was acquired as part of the Deed of Company Arrangement undertaken by the Company in 2007, had external managers appointed on 6 February 2012. This company was in the process of clearing its loan book and is not a core activity of the consolidated entity.

Contribution to Questus Limited's result for the period 1 July 2011 to 6 February 2012 was a loss after income tax of \$494,388.

Contribution to Questus Limited's result for the year ended 30 June 2011 was a loss after income tax of \$17,737.

## Review of Operations

The results of Questus Limited for the financial year reflects a loss after income tax of \$5,343,535. The loss includes the substantial write down in asset values of \$4,913,164 for the year. In particular, the loss incorporates the assets, loans, and receivables associated with the Company over the past 5 years in its funds management capacity of its land development activities.

As Shareholders are aware, Questus Funds Management Limited (QFML) is a 100% owned subsidiary of Questus Limited, with QFML being the responsible entity of the Questus Land Development Fund (QLDF).

The QLDF is an unlisted property trust with some 312 investors, of which QFML acts in a management capacity of the QLDF. The underlying investments within QLDF have been four (4) land development projects in the southern corridor of Western Australia. These developments had been progressing with rezoning and development of the underlying assets into subdivided residential housing lots. One of these underlying developments had Stage 1 completed and had sold some 60% of lots available, and another was engaged in development of Stage 1, with pre-sales and construction commenced on roads, power and water services.

Unfortunately, the implications of the GFC and the restriction of credit throughout the world markets saw the Australia banks withdraw from providing development funding. This led to the inability of the QLDF to be able to extend its debt obligations, and the capacity to refinance these facilities.

On 1 February 2012, the Bank of Queensland issued a Statutory Demand for \$13.5 million against the Company. Two of the QLDF loan facilities were with Bank of Queensland. Again, as previously advised to the market, the Company had provided a Guarantee and Indemnity on these facilities.

Under the Guarantee and Indemnity the position of the Company was largely indefensible, however the Company was successful in delaying the actions by Bank of Queensland whilst a corporate recapitalisation was undertaken.

### **Recapitalisation – Crest Capital Asia Pte Ltd (Crest Capital)**

After entering into preliminary discussions with a number of parties, the Board considered three potential recapitalisation partners and were very pleased to enter into a Heads of Agreement with Crest Capital.

Crest Capital is a Singapore-based private equity and fund manager with Australian investments in the retirement housing and NRAS real estate development sectors. They are a substantial private equity investor with about US\$1 billion in funds under management, with offices also in Jakarta and Beijing.

The recapitalisation will see Crest Capital acquire a 51% interest in the Company in consideration for the provision of the following to the Company, a:

- \$10 million Working Capital Facility; and
- \$20 million Development Loan Facility for the development of NRAS properties, and
- \$100 million Property Acquisition Funding Facility for the acquisition of property developments with NRAS allocations.

The Company is pleased to confirm the first components of the recapitalisation have been fulfilled and the Statutory Demand placed on the Company by Bank of Queensland has been fully satisfied, with all Guarantees and Indemnities being extinguished. The Company entered into arrangements with Crest Capital to allow for the drawdown of funds from the working capital facility and fulfillment of the above with Bank of Queensland.

The recapitalisation is subject to Shareholder approval at the forthcoming Extraordinary General Meeting. The provision of an Independent Expert Report and the calling of the EGM has been protracted due to several complications as a result of previously issued Convertible Notes in the Company, and achieving pre-requisite corporate and legal authorisations to issue a further 51% of capital in the Company. This has involved both submissions to the ASX and a decision by the ASX as to any ASX listing rule waivers which may be required. The Board expects that the Notice of Meeting for the EGM will be issued shortly, and are confident that Shareholders will support the transaction.

### **NRAS**

Whilst the Company recapitalisation has taken longer than anticipated, the Board has been pleased with the benefits recognised through the strategic relationship with Crest Capital.

The Board of Questus continues to accelerate its focus on the facilitation and delivery of dwellings under the Federal Government National Rental Affordability Scheme (NRAS). Questus has now been issued with over 4,300 NRAS entitlements across Australia, with sales of approximately 50 per month and delivery rates accelerating, and to date over 600 properties have been completed and tenanted.

The Company has a strong focus in the North West of Western Australia with 1,578 NRAS dwellings to be delivered over the next 4 years. The first 30 of these properties will be going to market this month, plus the Company has a pipeline of 330 plus dwellings identified in the Pilbara towns of South Hedland, Newman, Exmouth and Karratha and the Kimberley town of Broome.

The Company has now cemented its position as the largest facilitator of NRAS dwellings in Australia, and is looking forward to a long and profitable association with Crest Capital in the Australian affordable housing market.

### **Subsequent Events**

There are no subsequent events.

### **Compliance Statement**

This report is based on financial statements which are in the process of being audited.

Signed in accordance with a resolution of directors.

On behalf of the Directors



David Somerville  
Chairman

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED  
30 JUNE 2012**

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	<b>CONSOLIDATED</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Continuing operations		
<b>Revenue</b>	2,644,719	2,408,694
Employee benefits expenses	(1,257,925)	(1,013,018)
Depreciation and amortisation	(20,561)	(17,054)
Impairment of assets and investments	(2,387,551)	(391,300)
Provision for non-recoverable amounts	(1,847,286)	-
Other expenses	(1,668,626)	(1,668,447)
<b>Loss before tax and finance costs</b>	(4,537,230)	(681,125)
Finance costs	(291,261)	(269,525)
<b>Loss before income tax</b>	(4,828,491)	(950,650)
Income tax benefit	(20,656)	72,104
<b>Net Loss from continuing operations</b>	(4,849,147)	(878,546)
Loss from discontinued operations after tax	(494,388)	(17,737)
Net loss for the year	(5,343,535)	(896,283)
Other comprehensive income	-	-
<b>Total comprehensive loss for the year</b>	(5,343,535)	(896,283)

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	CONSOLIDATED	
	2012	2011
	\$	\$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	1,305,014	1,072,421
Trade and other receivables	2,977,271	857,200
Other assets	85,175	51,040
<b>Total Current Assets</b>	4,367,460	1,980,661
<b>Non-Current Assets</b>		
Financial assets	22,233	789,996
Trade and other receivables	94,167	3,075,762
Deferred tax asset	1,724,716	2,127,313
Plant and equipment	29,833	11,937
Intangible assets	2,517,036	2,528,846
<b>Total Non-Current Assets</b>	4,387,985	8,533,854
<b>TOTAL ASSETS</b>	8,755,445	10,514,515
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	945,555	1,395,852
Interest-bearing liabilities	4,859,147	1,452,525
Provisions	77,822	48,916
<b>Total Current Liabilities</b>	5,882,524	2,897,293
<b>Non-Current Liabilities</b>		
Deferred tax liabilities	-	402,598
Interest-bearing liabilities	500,000	-
Provision	6,106	4,274
<b>Total Non-Current Liabilities</b>	506,106	406,872
<b>TOTAL LIABILITIES</b>	6,388,630	3,304,165
<b>NET ASSETS</b>	2,366,815	7,210,350
<b>EQUITY</b>		
Issued capital	19,106,370	18,606,370
Reserves	107,130	107,130
Accumulated losses	(16,846,685)	(11,503,150)
<b>TOTAL EQUITY</b>	2,366,815	7,210,350

## **STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2012**

	<b>CONSOLIDATED ENTITY</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	1,402,386	1,903,142
Payments to suppliers and employees	(3,104,902)	(2,749,645)
Interest received	93,307	231,413
Interest and borrowing costs paid	(172,250)	(109,446)
<b>Net cash flows (used in) operating activities</b>	<b>(1,781,459)</b>	<b>(724,536)</b>
<b>Cash flows from investing activities</b>		
Net outflow on disposal of subsidiary	(22,658)	-
Borrowing to parties	(2,774,276)	-
Net investment in lease/loans receivables	18,669	(26,941)
Payments for investments	(50,000)	(50,000)
Dividends and distributions received	2,007	2,533
Purchase of property, plant and equipment	(26,646)	(6,852)
<b>Net cash flows used in investing activities</b>	<b>(2,852,904)</b>	<b>(81,260)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	5,714,865	-
Proceeds from the issue of shares	500,000	-
Net (repayment of) / proceed from funding arrangements	(1,347,909)	815,389
<b>Net cash flows from financing activities</b>	<b>4,866,956</b>	<b>815,389</b>
Net increase in cash and cash equivalents	232,593	9,593
Cash and cash equivalents at beginning of period	1,072,421	1,062,828
<b>Cash and cash equivalents at end of period</b>	<b>1,305,014</b>	<b>1,072,421</b>

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED  
30 JUNE 2012**

	Issued capital	Accumulated losses	Share Option Reserves	Total Equity
	\$	\$	\$	\$
<b>CONSOLIDATED</b>				
<b>At 1 July 2010</b>	18,464,370	(10,606,867)	24,510	7,882,013
Total comprehensive loss for the year	-	(896,283)	-	(896,283)
Issue of share capital	142,000	-	-	142,000
Share based payments	-	-	82,620	82,620
<b>At 30 June 2011</b>	18,606,370	(11,503,150)	107,130	7,210,350
<b>At 1 July 2011</b>	18,606,370	(11,503,150)	107,130	7,210,350
Total comprehensive loss for the year	-	(5,343,535)	-	(5,343,535)
Issue of share capital	500,000	-	-	500,000
<b>At 30 June 2012</b>	19,106,370	(16,846,685)	107,130	2,366,815

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial report of Questus Limited ('the Company') for the year ended 30 June 2012 comprises the Company and its subsidiaries (collectively referred to as 'the Consolidated Entity or 'Group').

The separate financial statements of the parent entity, Questus Limited, have not been presented within this financial report as permitted by the *Corporation Act 2001*.

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

### Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under the Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting 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 report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

### Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a loss of \$5,343,535 and had net cash outflows from operating activities of \$1,781,459 for the year ended 30 June 2012. As at that date the consolidated entity had net current liabilities of \$1,515,064.

The Directors believe that it is reasonably foreseeable that the consolidated entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The ability to issue additional shares under the *Corporation Act 2001*;
- The consolidated entity has an unused working capital facility of \$5.5m that can be drawdown at reporting date;
- The confirmed allocation of NRAS entitlements in Queensland, New South Wales and Western Australia providing a definite future revenue stream;
- The directors are confident that the recapitalisation of the consolidated entity will be successful and provide strong financial support to expand the development of National Rental Affordability Scheme;
- As disclosed in statement of financial position, the consolidated entity has interest bearing liabilities of \$5,359,147. The directors believes that the consolidated entity will be able to negotiate the repayment terms of these loans in its favour, when it becomes due and payable; and
- The consolidated entity has the ability to scale down its operations in order to save costs, in the event insufficient cash is available to meet future expenditure commitments.

## **Income Tax**

The company has recognised a deferred tax asset of \$1,724,716 at 30 June 2012. The company's deferred tax asset, in part, is a result of the company establishing and developing its position in the delivery of the government's National Rental Affordability Scheme. The company is now in the delivery phase of this activity and anticipates the utilisation of the deferred tax asset within the next three years.