



QUESTUS
LAND DEVELOPMENT
FUND

ARSN 116 602 076

Financial Report

for the

half-year ended 31 December 2013

C O N T E N T S

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QUESTUS LAND DEVELOPMENT FUND

RESPONSIBLE ENTITY'S REPORT

The Directors of the Responsible Entity present their report together with the financial report of the Questus Land Development Fund ('the Fund') for the half-year ended 31 December 2013.

Directors

The names of the Directors of the Responsible Entity who held office during or since the end of the half-year are:

David Somerville

Robert Olde

Maurizio Oteri (resigned on 13 September 2013)

Peter Chan (appointed on 13 September 2013, resigned 21 May 2014)

Katherine Ang (appointed on 13 September 2013, resigned 21 May 2014)

Anthony Brennan (appointed 7 May 2014)

Review of Operations

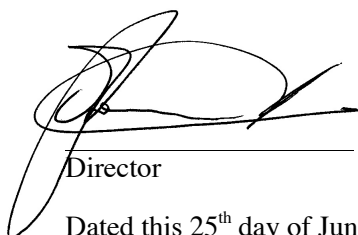
During the financial period the Fund's principal activities involved the management of the remaining underlying assets of the Fund. During the period the Responsible Entity has continued its action against parties in relation to various breaches of contract, the actions are being undertaken to seek compensation for the significant losses incurred by the Fund as a direct result of the those breaches.

The operating loss of the consolidated entity after income tax was \$853,083 (2012: loss \$926,518).

Auditor's Independence Declaration

In accordance with section 307C of the *Corporations Act 2001*, the Directors have obtained a declaration of independence from RSM Bird Cameron Partners, the Fund's auditors. The declaration is included as part of the financial report.

Signed in accordance with a resolution of the Directors of Questus Funds Management Limited.



Director

Dated this 25th day of June 2014

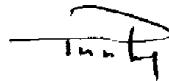
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Questus Land Development Fund for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 25 June 2014

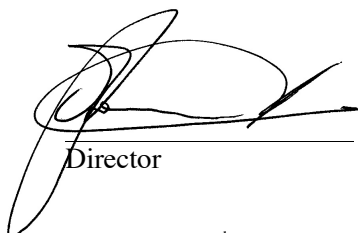
QUESTUS LAND DEVELOPMENT FUND

DIRECTORS' DECLARATION

The Directors of the Responsible Entity, Questus Funds Management Limited, declare that:

1. at the date of this report, having regards to Note 1(b), the financial statements and notes of the Fund are in accordance with the Corporations Act 2001, including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - b. giving a true and fair view of the Fund's financial position as at 31 December 2013 and of its performance for the half-year then ended.

This declaration is made in accordance with a resolution of the Board of Directors of Questus Funds Management Limited.



Director

Dated this 25th day of June 2014

QUESTUS LAND DEVELOPMENT FUND
STATEMENT OF COMPREHENSIVE INCOME
For the half-year ended 31 December 2013

	Consolidated	
Note	Half-Year Ended 31 December 2013 \$	Half-Year Ended 31 December 2012 \$
<u>Continuing operations</u>		
Other revenue	79	90
Administration expenses	12,890	(283,299)
Finance costs	(666,052)	(643,309)
Impairment of inventory	(200,000)	-
(Loss) before income tax benefit	(853,083)	(926,518)
Income tax expense	-	-
(Loss) from continuing operations	(853,083)	(926,518)
Other comprehensive income for the period	-	-
Total comprehensive (loss) for the period	(853,083)	(926,518)

The accompanying notes form part of these financial statements

QUESTUS LAND DEVELOPMENT FUND

STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

		Consolidated	
	Note	31 December 2013	30 June 2013
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		26,591	6,170
Trade and other receivables		45,990	72,482
Inventories		1,300,000	1,500,000
TOTAL CURRENT ASSETS		1,372,581	1,578,652
TOTAL ASSETS		1,372,581	1,578,652
CURRENT LIABILITIES			
Trade and other payables		6,728,407	6,164,898
Borrowings		24,525,557	24,442,054
TOTAL CURRENT LIABILITIES		31,253,964	30,606,952
TOTAL LIABILITIES		31,253,964	30,606,952
NET LIABILITIES		(29,881,383)	(29,028,300)
EQUITY			
Issued capital	2	12,368,953	12,368,953
Accumulated losses		(42,250,336)	(41,397,253)
TOTAL DEFICIENCY IN EQUITY		(29,881,383)	(29,028,300)

The accompanying notes form part of these financial statements

QUESTUS LAND DEVELOPMENT FUND

**STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2013**

Consolidated	Issued Capital \$	Accumulated Losses \$	Total \$
Balance at 1 July 2012	12,368,953	(39,346,232)	(26,977,279)
Loss for the period	-	(926,518)	(926,518)
Total comprehensive loss for the period	-	(926,518)	(926,518)
Balance at 31 December 2012	12,368,953	(40,272,750)	(27,903,797)
Balance at 1 July 2013	12,368,953	(41,397,253)	(29,028,300)
Loss for the period	-	(853,083)	(853,083)
Total comprehensive loss for the period	-	(853,083)	(853,083)
Balance at 31 December 2013	12,368,953	(42,250,336)	(29,881,383)

The accompanying notes form part of these financial statements

QUESTUS LAND DEVELOPMENT FUND

STATEMENT OF CASH FLOWS
For the half-year ended 31 December 2013

	Consolidated	
	31 December	31 December
	2013	2012
	\$	\$
Cash flows from operating activities		
Receipts from customers	38,277	-
Interest income	79	90
Payments to suppliers and employees	(17,935)	(1,460)
Net cash flows provided by/ (used in) operating activities	<u>20,421</u>	<u>(1,370)</u>
Cash flows from financing activities		
Net proceeds from borrowings	-	1,086
Net cash flows provided by investing activities	<u>-</u>	<u>1,086</u>
Net increase / (decrease) in cash held	20,421	(284)
Cash held at the beginning of the period	6,170	6,976
Cash held at the end of the period	<u>26,591</u>	<u>6,692</u>

The accompanying notes form part of these financial statements

QUESTUS LAND DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2013

1. STATEMENT OF ACCOUNTING POLICIES

(a) Reporting Entity

Questus Land Development Fund is a registered managed investment scheme under the *Corporations Act 2001*.

(b) Basis of Preparation

These general purpose financial statements for the half-year reporting period ended 31 December 2013 have been prepared in accordance with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. The Fund is for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report does not include full disclosures of the type normally included in an annual report. It is recommended that this financial report to be read in conjunction with the annual financial report for the year ended 30 June 2013 and any public announcements made by Questus Land Development Fund during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies have been consistently applied with those of the previous financial year and corresponding interim reporting period, except in relation to the matters disclosed below.

New and Revised Accounting Standards

The Fund has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these new and revised Accounting Standards and Interpretations has not resulted in a significant or material change to the Fund's accounting policies.

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

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 Fund incurred a net loss of \$853,083. As at 31 December 2013, the Fund had net current liabilities of \$29,881,383.

These factors indicate significant uncertainty as to whether the Fund will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

QUESTUS LAND DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2013

1. STATEMENT OF ACCOUNTING POLICIES (Continue)

Going Concern (cont.)

The Directors of the Responsible Entity have considered the independent auditor's review conclusion and due to the reasons below there are reasonable grounds that the Fund will be able to continue as a going concerns, after consideration of the following factors:

- The proceeds which will be available from the sale of assets/inventory as disclosed in Note 4;
- The successful judgement against Valuestream Investments Management Ltd as Responsible Entity for the Addwealth Achiever Fund, regarding its original statutory demand;
- An expected favourable resolution regarding Primary Securities Pty Ltd as Responsible Entity for the Addwealth Achiever Fund, regarding its Writ of Summons;
- An expected favourable resolution with Addwealth Pty Ltd in the Fund's claim against it, for non-performance pursuant to the Memorandum of Understanding dated 10 August 2010;
- The ability of the Responsible Entity to financially support the fund;
- Questus Limited's position of not presently pursuing the Fund, for payment of monies owed;
- The structure of the Fund's investment such that the Fund can divest itself of its subsidiary investments without further cost;
- All lending being non-recourse to the unit holders of the Fund; and
- The ability of the Fund, to issue additional units, in accordance with the provisions of the *Corporations Act 2001*.

Accordingly, the Directors of the Responsible Entity based on the above factors and in consideration of the auditor's review conclusion contained in the Independent Auditor's Review Report consider that the Fund is deemed to be a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

Chapter 5C of the Corporations Act, Section 601FC (2) provides for managed investment schemes to be treated as trusts and as such are not legal entities. The Directors of the Responsible Entity will be required to call a meeting of Unitholders to seek to wind up the Fund if they consider the purpose of the Fund cannot ultimately be achieved. Alternatively, the Directors of the Responsible Entity may apply to the Court, under Section 601ND(1)(a), to seek a winding up order for the Fund, in certain circumstances.

Until such time as an outcome of the claims against Addwealth Pty Ltd and Valuestream Investment Management Limited as the responsible entity of the Addwealth Achiever Fund are known, in the opinion of the Directors, it is appropriate to continue the operations of the Fund and in consideration of the matters disclosed above, it is also appropriate to continue to adopt the going concern basis of accounting for the Fund.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Fund does not continue as a going concern.

QUESTUS LAND DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2013

		31 December 2013 \$	30 June 2013 \$
2.	ISSUED CAPITAL		
	<i>a) Paid up capital</i>		
	Ordinary units	<u>12,368,953</u>	<u>12,368,953</u>
	<i>b) Movements</i>		
		Number of securities	Value \$
	Date		
	1 July 2013	18,517,708	12,368,953
	31 December 2013	<u>18,517,708</u>	<u>12,368,953</u>
	Details		
	Opening balance		
	Closing balance		

3. **DIVIDENDS**

There are no dividends declared or paid by the Fund during the half-year. (2012: nil)

4. **EVENTS SUBSEQUENT TO REPORTING DATE**

Lot 9000 Burma Road was sold on the 9th June 2014 for \$1,300,000 with all proceeds utilised in paying down the first mortgage facility.

There are no other matters or circumstances that have arisen since 31 December 2013 that have or may significantly affect the operations, results, or state of affairs of the Future in future financial periods.

5. **CONTINGENT LIABILITIES**

There has been no change in contingencies since the issue of the 30 June 2013 annual financial report.

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
QUESTUS LAND DEVELOPMENT FUND**

We have reviewed the accompanying half-year financial report of Questus Land Development Fund ("the Fund") which comprises the statement of financial position as at 31 December 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Fund comprising the Fund and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Questus Funds Management Limited, the responsible entity of the Fund, are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fund's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Questus Land Development Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the responsible entity, Questus Funds Management Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Basis for Adverse Conclusion

Comparatives for the half-year ended 31 December 2012

We issued an adverse conclusion on the financial report for the half-year ended 31 December 2012 in respect of multiple qualifications relating to prior year comparatives, loss on deconsolidation of subsidiaries and the going concern assumption. Our conclusion on the current year's financial report is also modified because of the possible effects of these matters on the comparability of the current year's figures with the corresponding figures.

Going Concern Assumption

We draw attention to Note 1 in the financial report, which indicates that the Fund incurred a net loss of \$853,083 during the half-year ended 31 December 2013 and, as of that date, had net current liabilities of \$29,881,383. These events indicate that the use of the going concern basis is not appropriate and therefore, the Fund may be unable to realise its assets and discharge its liabilities in the normal course of business.

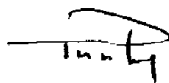
Adverse Conclusion

Based on our review, which is not an audit, because of the significance of the matters discussed in the Basis for Adverse Conclusion paragraphs, the half-year financial report of Questus Land Development Fund is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Fund's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 25 June 2014