

APPENDIX 4D – HALF YEAR REPORT

PERIOD ENDED 31 DECEMBER 2013

QUESTUS LIMITED
AND ITS CONTROLLED ENTITIES
A.C.N. 100 460 035

Reporting Period

Half-year report for the period ended 31 December 2013. Previous corresponding half-year period ended 31 December 2012.

Results for Announcement to Market

	31 Dec 2013 \$	31 Dec 2012 \$	% Change
Revenue	4,228,108	2,245,798	88%
Profit / (Loss) from continuing operations	285,340	(689,003)	141%
Profit / (Loss) before tax attributable to members	285,340	(689,003)	141%
Net profit / (loss) for the period attributable to members	285,340	(689,003)	141%

Earnings per Share

	31 Dec 2013	31 Dec 2012
Profit / (Loss) per share (Basic and Diluted)	0.31 cents	(1.12) cents

Net Tangible Assets per Security

	31 Dec 2013	31 Dec 2012
Net Tangible Asset backing	(1.22 cents)	(2.23 cents)

APPENDIX 4D – HALF YEAR REPORT (Continued)

Dividends

No dividends have been declared or paid during the half-year ended 31 December 2013.

Entities Acquired and Disposed During the Period

The company incorporated 3 dormant subsidiaries during the half-year. There were no entities disposed of during the period.

Compliance Statement

The report is based on financial statements reviewed by the auditor, a copy of which is attached.

Signed in accordance with a resolution of Directors.

On behalf of the Directors



Director
Perth, 28 February 2014

QUESTUS LIMITED

ABN 26 100 460 035

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2013

LODGED WITH THE ASX UNDER LISTING RULE 4.2A

THIS INFORMATION SHOULD BE READ IN CONJUNCTION WITH THE 30 JUNE 2013
ANNUAL REPORT

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QUESTUS LIMITED
CORPORATE DIRECTORY
For the Half-Year Ended 31 December 2013
ABN 26 100 460 035

DIRECTORS	David James Somerville (Executive Chairman)
	Maurizio (Maurice) Antonio Oteri (Executive Director) (Resigned 13 September 2013)
	Robert William Olde (Non-Executive Director)
	Peter Pee Teck Chan (Non-Executive Director)
	Katherine Siew Ling Ang (Non-Executive Director)
COMPANY SECRETARY	Elizabeth Bee Hiang Lee Mark Adrian Adams (Appointed 27 May 2013)
REGISTERED AND PRINCIPLE OFFICE	105 Railway Road SUBIACO WA 6008 Telephone: +61 8 9489 4444 Facsimile: +61 8 9381 4963
AUDITORS	RSM Bird Cameron Partners Chartered Accountants 8 St Georges Terrace PERTH WA 6000
SOLICITORS	Steinepreis Paganin Level 4, Next Building 16 Milligan Street PERTH WA 6000
SHARE 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
STOCK EXCHANGE LISTING	Questus Limited shares are listed on the Australian Securities Exchange under the code QSS.
WEB SITE	www.questus.com.au
COMPANY DOMICILE AND LEGAL FORM	Questus Limited is a public company limited by shares, incorporated and domiciled in Australia.

QUESTUS LIMITED
DIRECTORS' REPORT
For the Half-Year Ended 31 December 2013
ABN 26 100 460 035

The Directors of Questus Limited ("Questus" or the "Company") submit herewith the consolidated financial report for the half-year ended 31 December 2013.

Directors

The names of the Directors of the Company during or since the end of the previous financial period and up to the date of this report are:

David James Somerville (Executive Chairman)

Robert William Olde (Non-Executive Director)

Peter Pee Teck Chan (Non-Executive Director)

Katherine Siew Ling Ang (Non-Executive Director)

Maurizio (Maurice) Antonio Oteri (Executive Director) (Resigned 13 September 2013)

Review of Operations

The Board of Questus is pleased to present the Half Yearly Report for the Company for the period to 31 December 2013.

The results for the six month period reflect a net profit of \$285,340.

The Company has, during the period, continued its activities in the facilitation and delivery of affordable housing dwellings in the Federal and State Governments' National Rental Affordability Scheme (NRAS). To date over 1,700 dwellings are now completed across Australia in collaboration with national developers and Community Housing Providers. With a further 2,000 entitlements to be completed through to 2016, the company is confident that the future financial results will reflect the investment incurred in establishing the structures, creating the partnerships with developers, builders, and community housing providers, in the delivery of those dwellings.

The inclusion of development capital provided by Crest has enabled the Company to participate in development profits in addition to facilitation revenue. The Company currently has 11 projects under development, whose revenues will be received in the ensuing periods.

During the past six months, Questus have submitted applications for further NRAS allocations under Round 5 of the NRAS, in Western Australia, South Australia, Victoria, New South Wales, Queensland and Tasmania. No announcements have yet been made by the Federal Government in respect of these applications which are for delivery from 1 July 2015 to 30 June 2016.

The company is continuing its development of investment vehicles in the affordable housing sector. In partnership with relevant Community Housing Providers, Questus have recently submitted Applications or Expressions of Interest in Western Australia, South Australia, Queensland and Victoria for non NRAS affordable housing developments. All opportunities are for potential delivery of development and financing revenues for the company for future periods.

During the period the majority shareholder Crest Capital Asia Pte Ltd (Crest) increased its shareholding in Questus from 51% share to 53.72% share.

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.

Signed in accordance with a resolution of directors.

On behalf of the Directors



Director
Perth, 28 February 2014

RSM Bird Cameron Partners
8 St Georges Terrace, Perth, WA 6000
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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Questus Limited 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

David Wall.

DAVID WALL
Partner

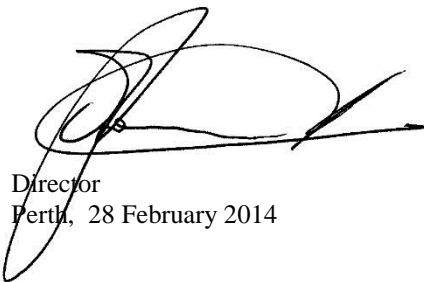
Perth, WA
Dated: 28 February 2014

QUESTUS LIMITED
DIRECTORS' DECLARATION
For the Half-Year Ended 31 December 2013
ABN 26 100 460 035

In the opinion of the directors of Questus Limited ('the company'):

1. The financial statements and notes thereto of the consolidated entity, as set out within this financial report, 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 consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year then ended.
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors.



Director
Perth, 28 February 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Half-Year Ended 31 December 2013

ABN 26 100 460 035

	Half-Year Ended 31 December 2013 \$	Half-Year Ended 31 December 2012 \$
<u>Continuing operations</u>		
Revenue	4,228,108	2,245,798
Employee expenses	(1,307,845)	(1,080,044)
Administrative expenses	(1,864,661)	(1,029,427)
Impairment of financial assets	(5,390)	(10,106)
Provision for doubtful debts	-	(122,517)
Finance costs	(699,108)	(673,763)
Amortisation and depreciation	(65,764)	(18,944)
Profit / (loss) before income tax expense	285,340	(689,003)
Income tax (expense)/benefit	-	-
Profit / (loss) from continuing operations	285,340	(689,003)
Other comprehensive income for the period	-	-
Total comprehensive income / (loss) for the period	285,340	(689,003)

Earnings Per Share: (cents per share)**Continuing operations**

Basic profit / (loss) per share	0.31 cents	(1.12) cents
Diluted profit / (loss) per share	0.31 cents	(1.12) cents

QUESTUS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2013
ABN 26 100 460 035

	Note	31 December 2013 \$	30 June 2013 \$
CURRENT ASSETS			
Cash and cash equivalent		1,470,401	1,433,995
Trade and other receivables		4,494,027	3,949,238
Inventories		9,000,115	3,584,229
Other assets		427,087	557,786
TOTAL CURRENT ASSETS		<u>15,391,630</u>	<u>9,525,248</u>
NON-CURRENT ASSETS			
Financial assets		13,575	18,865
Trade and other receivables		109,831	20,000
Inventories		261,063	-
Deferred tax asset		1,724,716	1,724,716
Plant and equipment		120,296	126,793
Intangible assets		2,753,840	2,719,211
TOTAL NON-CURRENT ASSETS		<u>4,983,321</u>	<u>4,609,585</u>
TOTAL ASSETS		<u>20,374,951</u>	<u>14,134,833</u>
CURRENT LIABILITIES			
Trade and other payables		2,171,242	1,811,030
Interest-bearing liabilities		10,744,982	5,170,194
Provisions		86,792	90,558
TOTAL CURRENT LIABILITIES		<u>13,003,016</u>	<u>7,071,782</u>
NON-CURRENT LIABILITIES			
Interest-bearing liabilities		4,000,000	4,000,000
Provisions		24,958	1,414
TOTAL NON-CURRENT LIABILITIES		<u>4,024,958</u>	<u>4,001,414</u>
TOTAL LIABILITIES		<u>17,027,974</u>	<u>11,073,196</u>
NET ASSETS		<u>3,346,977</u>	<u>3,061,637</u>
EQUITY			
Issued capital	3	19,556,370	19,556,370
Reserves		152,890	152,890
Accumulated losses		(16,362,283)	(16,647,623)
TOTAL EQUITY		<u>3,346,977</u>	<u>3,061,637</u>

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Half-Year Ended 31 December 2013

ABN 26 100 460 035

	Issued Capital	Share-based Payments Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
Balance at 1 July 2012	19,106,370	107,130	(16,846,685)	2,366,815
Profit/ (Loss) for the period	-	-	(689,003)	(689,003)
Total comprehensive loss for the period	-	-	(689,003)	(689,003)
Transactions with owners in their capacity as owners:				
Issue of shares	450,000	-	-	450,000
Share based payments	-	45,760	-	45,760
Balance at 31 December 2012	19,556,370	152,890	(17,535,688)	2,173,572
Balance at 1 July 2013	19,556,370	152,890	(16,647,623)	3,061,637
Profit/ (Loss) for the period	-	-	285,340	285,340
Total comprehensive income for the period	-	-	285,340	285,340
Transactions with owners in their capacity as owners:				
	-	-	-	-
Balance at 31 December 2013	19,556,370	152,890	(16,362,283)	3,346,977

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Half-Year Ended 31 December 2013

ABN 26 100 460 035

	Half-Year Ended 31 December 2013 \$	Half-Year Ended 31 December 2012 \$
Cash flows from operating activities		
Receipts from customers	3,514,466	1,616,675
Payments to suppliers and employees	(2,793,665)	(1,967,527)
Payments for inventories	(5,398,052)	-
Interest received	14,870	19,181
Interest and borrowing costs paid	(728,811)	(25,767)
Net cash flows (used in) operating activities	<u>(5,391,192)</u>	<u>(357,438)</u>
Cash flows from investing activities		
Deposit paid	(54,916)	(74,916)
Distributions from investments	3,800	4,285
Purchase of plant and equipment	(93,895)	(113,585)
Loans to related parties:	(2,079)	(518)
Payment for investment	(100)	-
Net cash flows (used in) investing activities	<u>(147,190)</u>	<u>(184,734)</u>
Cash flows from financing activities		
Proceeds from borrowings	108,942	-
Repayments of borrowings	(86,324)	(336,722)
Loans to related parties:		
- proceeds from borrowings	6,052,170	500,000
- repayments of borrowings	(500,000)	-
Net cash flows provided by financing activities	<u>5,574,788</u>	<u>163,278</u>
Net increase / (decrease) in cash and cash equivalents	36,406	(378,894)
Cash and cash equivalents at the beginning of the period	1,433,995	1,305,014
Cash and cash equivalents at the end of the period	<u><u>1,470,401</u></u>	<u><u>926,120</u></u>

QUESTUS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2013
ABN 26 100 460 035

1. Basis of preparation

This general purpose financial report for the half-year reporting period ended 31 December 2013 has been prepared in accordance with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. The Group is a 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 Limited 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 consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

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

2. Segment Reporting

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 considers 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.

		31 December 2013	30 June 2013
		\$	\$
3. Issued Capital			
<i>a) Paid up capital</i>			
	Ordinary shares	<u>19,556,370</u>	<u>19,556,370</u>
<i>b) Movements</i>			
		Number of securities	\$
Date	Details		
1 July 2013	Opening balance	92,707,553	19,556,370
	Issue of shares	-	-
31 December 2013	Closing balance	<u>92,707,553</u>	<u>19,556,370</u>

QUESTUS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2013
ABN 26 100 460 035

4. COMMITMENTS

Capital commitments

The Group has the following capital commitments at reporting date:

	31 December 2013	31 December 2012
	\$	\$
Capital expenditure projects	<u>7,994,000</u>	<u>-</u>

5. DIVIDENDS

No dividends have been declared or paid during the half-year ended 31 December 2013 or in the prior period, and the directors do not recommend the payment of a dividend in respect of the half-year ended 31 December 2013.

6. CONTINGENT LIABILITIES AND ASSETS

Questus Capital Solutions Pty Ltd (QCS), a wholly owned subsidiary of Questus Limited, has filed an amended defence in respect to a claim by Hassan Family Investments. QCS maintains its position that there is no valid claim. In the District Court of New South Wales, the parties are required to attend a mediation on this matter by the 14 March 2014, the mediation has been set for the 10 March 2014.

On 10 October 2012, Questus Funds Management Limited (QFML), a wholly owned subsidiary of Questus Limited, received a favourable judgment regarding proceedings in the Supreme Court of WA to set aside the statutory demand issued by Valuestream Investment Management Limited as responsible entity for the Addwealth Achiever Fund.

Background: In December 2011, Valuestream Investment Management Limited as responsible entity for the Addwealth Achiever Fund served a statutory demand on QFML as responsible entity of the Questus Land Development Fund to seek repayment of an unsecured loan made to the Questus Land Development Fund in the form of Convertible Notes issued to the Addwealth Achiever Fund. QFML vigorously disputed that it has an obligation to repay the debt personally.

The debt was solely incurred in the name of the Questus Land Development Fund as QFML was acting only in its capacity as responsible entity for the Questus Land Development Fund. This unsecured loan was also made in conjunction with a Memorandum of Understanding entered into between the parties, which agreement provided for the continuance of future financial support from Addwealth Pty Ltd in its capacity as the duly appointed investment manager of the Addwealth Achiever Fund of which Valuestream Investment Management Limited was the responsible entity. Primary Securities is currently the appointed responsible entity of the Addwealth Achiever Fund.

QFML on 2 October 2012, lodged proceedings in the WA Supreme Court against Addwealth Pty Ltd and Valuestream Investment Management Limited as the responsible entity of the Addwealth Achiever Fund for breach of the Memorandum of Understanding in respect of which it is believed that the undertakings given and commitments made in the context of the Memorandum of Understanding have not been fulfilled. No outcome has been received as at date of this report. As at the date of this report, Valuestream Investment Management Limited has been replaced as the responsible entity of the Addwealth Achiever Fund, Primary Securities has been included as an additional defendant following their appointment as the current responsible entity for the Addwealth Achiever Fund.

NOTES TO THE FINANCIAL STATEMENTS

For the Half-Year Ended 31 December 2013

ABN 26 100 460 035

6. CONTINGENT LIABILITIES AND ASSETS (CONTINUE)

Primary Securities has on the 13 November 2013, recommenced proceedings against QFML for the repayment of the amounts advanced by the Addwealth Achiever Fund to the Questus Land Development Fund. An application was made by the Plaintiffs and Defendants jointly to have the matters heard contemporaneously. The WA Supreme Court has acquiesced this request and at this stage no hearing date has been set.

Apart from the above, there has been no change in contingencies since the issue of the 30 June 2013 annual financial report.

7. EVENTS SUBSEQUENT TO REPORTING DATE

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 the those operations or the state of affairs, in the future financial years.

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
QUESTUS LIMITED**

We have reviewed the accompanying half-year financial report of Questus Limited which comprises the consolidated statement of financial position as at 31 December 2013 and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated 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 consolidated entity comprising the company 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 the company 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 consolidated entity'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 Limited, 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 Questus Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Questus Limited is not in accordance with *the Corporations Act 2001*, including:

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

RSM Bird Cameron Partners,

RSM BIRD CAMERON PARTNERS

David Wall,

DAVID WALL
Partner

Perth, WA
Dated: 28 February 2014