

APPENDIX 4D – HALF YEAR REPORT

PERIOD ENDED 31 DECEMBER 2010

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

Reporting Period

Half-year report for the period ended 31 December 2010. Previous corresponding half-year period ended 31 December 2009.

Results for Announcement to Market

	31 Dec 2010 \$	31 Dec 2009 \$	% Change
Revenue	990,694	1,186,134	(16)%
(Loss) / profit from continuing operations	(226,373)	98,588	(329)%
(Loss) / profit before tax attributable to members	(314,278)	126,428	(348)%
Net (loss) / profit for the period attributable to members	(226,373)	98,588	(329)%

Earnings Per Share

	31 Dec 2010	31 Dec 2009
(Loss) / earnings per share (Basic and Diluted)	(0.58) cents	0.3 cents

Net tangible assets per security

	31 Dec 2010	31 Dec 2009
Net Tangible Asset backing	13.0 cents	14.6 cents

APPENDIX 4D – HALF YEAR REPORT (Continued)

Entities over which control has been gained or lost during the period

The company did not gain control of any entities during the period.

Dividends

No dividends have been declared or paid during the half-year ended 31 December 2010.

Entities Acquired and Disposed During the Period

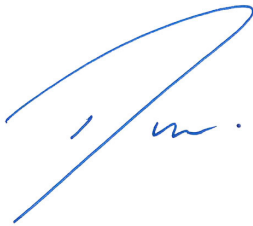
No entities were acquired or disposed of during the period.

Compliance Statement

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

Signed in accordance with a resolution of Directors.

On behalf of the Directors

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Director
Perth, 28 February 2011

QUESTUS LIMITED

ABN 26 100 460 035

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2010

LODGED WITH THE ASX UNDER LISTING RULE 4.2A

THIS INFORMATION SHOULD BE READ IN CONJUNCTION WITH THE 30 JUNE 2010
ANNUAL REPORT

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QUESTUS LIMITED
CORPORATE DIRECTORY
For the Half-Year Ended 31 December 2010
ABN 26 100 460 035

DIRECTORS	DJ Somerville (Executive Chairman)
	RW Olde (Executive Director)
	Prof. A Brennan (Non-Executive Director) (Appointed 30 November 2010)
	AJ Kelly (Executive Director) (Resigned 30 November 2010)
COMPANY SECRETARY	AJ Kelly
	EBH Lee (Jointly Appointed 1 February 2011)
REGISTERED AND PRINCIPLE OFFICE	884 Canning Highway APPLECROSS WA 6153 Telephone: +61 8 6310 5040 Facsimile: +61 8 6310 5041
AUDITORS	RSM Bird Cameron Partners Chartered Accountants 8 St George's 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.

The directors of Questus Limited submit herewith the consolidated financial report for the half-year ended 31 December 2010.

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:

DJ Somerville (Executive Chairman)

RW Olde (Executive Director)

Prof. A Brennan (Non-Executive Director) (Appointed 30 November 2010)

AJ Kelly (Executive Director) (Resigned 30 November 2010)

Review of Operations

The consolidated statement of comprehensive income shows a loss after income tax attributable to members of \$226,373 (Half-year to December 2009 profit of \$98,588).

Whilst the financial result for the period appears negative, the result is not reflective for the period of operations of the company. After a difficult period, following the lingering effects of the global financial crisis, including an extremely tight credit market for debt, the Questus Board has continued to respond to these conditions by positioning resources to take advantage of opportunities that arise in this economic climate.

Questus has continued to pursue its participation in the National Rental Affordability Scheme (NRAS), a Federal Government initiative with a Federal and State Government funded incentive program to create 50,000 additional rental dwellings in the affordable housing market.

The Questus Residential Investment Fund (QRIF) was developed specifically to participate in NRAS and offers a Direct Property Investment into the residential property sector for investors.

In the latter part of this reporting period, the QRIF has been successful in being allocated 1249 NRAS entitlements in Queensland and New South Wales as at 31 December 2010, with further Applications totaling over 4,000 dwellings in progress in Western Australia, South Australia, and Victoria.

The 1249 entitlements will see the delivery of over \$500M of completed residential housing projects in consortium with national developers and community housing groups by June 2012.

The economic returns from these activities – which have been in progress over the past 2 years, will be reflected in the financial performance of the company over the ensuing 18 months. This will position Questus into significant profits, and has positioned the company as a major participant in this investment sector.

The Questus Land Development Fund (QLDF) has, as reported, experienced an extremely difficult period, needing to arrange the refinancing on a number of the facilities on behalf of the Fund and its investors. A major supporter of the Fund has been the Addwealth Group, who have, again as reported, provided financial support and guarantees to the Fund.

The Board of Questus Limited believes the company has positioned itself well, in this economic climate, by developing new products and enhancing its current offerings including participation in the NRAS which become a major component of the business of Questus.

Through the development of the QRIF, the company has been recognized as one of the leading deliverers of NRAS product into the market. The QRIF provides a strong financial investment opportunity allowing financial planning groups to provide to clients an “extraordinary tax effective” investment strategy – backed by Direct Property. The QRIF is receiving strong support from leading independent financial planning dealerships across Australia.

Review of Operations (cont)

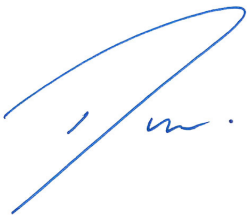
The Board of Questus is extremely positive about the company's future profitability as a result of its participation in the NRAS. The Board has strong expectations of a vigorous return to value for shareholders from the delivery of profits from these activities.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* and included within these financial statements.

Signed in accordance with a resolution of directors.

On behalf of the Directors

A handwritten signature in blue ink, consisting of a large, sweeping initial 'P' followed by a smaller, less distinct signature.

Director
Perth, 28 February 2011

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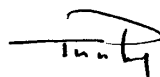
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Questus Limited for the half-year ended 31 December 2010, 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
Chartered Accountants



TUTU PHONG
Partner

Perth, WA
Dated: 28 February 2011

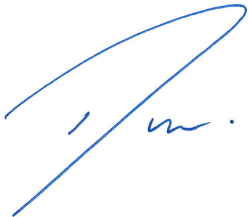
QUESTUS LIMITED
DIRECTORS' DECLARATION
For the Half-Year Ended 31 December 2010
ABN 26 100 460 035

The directors of the Company declare that:

1. the financial report and notes are in accordance with the *Corporation Act 2001*, including:
 - (a) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date.
- 2) In the directors' opinion there are reasonable grounds to believe that Questus Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in blue ink, consisting of a large, sweeping initial 'P' followed by a smaller, less distinct signature.

Director
Perth, 28 February 2011

QUESTUS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME

For the Half-Year Ended 31 December 2010
 ABN 26 100 460 035

	Half-Year Ended 31 December 2010 \$	Half-Year Ended 31 December 2009 \$
<u>Continuing operations</u>		
Revenue	990,694	1,186,134
Employee expenses	(446,835)	(458,999)
Administrative expenses	(699,940)	(487,260)
Payment to HSBC as per DOCA	(22,919)	(61,146)
Finance costs	(127,131)	(43,726)
Amortisation and depreciation	(8,147)	(8,575)
(Loss) / profit before income tax expense	(314,278)	126,428
Income tax (expense)/benefit	87,905	(27,840)
(Loss) / profit from continuing operations	(226,373)	98,588
Other comprehensive income for the period	-	-
Total comprehensive (loss)/income for the period	(226,373)	98,588

Earnings Per Share: (cents per share)

Continuing operations

Basic (loss)/earnings per share	(0.58) cents	0.3 cents
Diluted (loss)/earnings per share	(0.58) cents	0.3 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

ABN 26 100 460 035

	Note	31 December 2010 \$	30 June 2010 \$
CURRENT ASSETS			
Cash and cash equivalent		936,510	1,062,828
Trade and other receivables	4	690,985	1,995,001
Other current assets		118,599	22,938
TOTAL CURRENT ASSETS		<u>1,746,094</u>	<u>3,080,767</u>
NON-CURRENT ASSETS			
Financial assets	5	859,381	831,296
Trade and other receivables	4	3,048,466	1,833,972
Deferred tax asset		2,123,791	2,055,656
Plant and equipment		11,327	10,277
Intangible assets		2,534,778	2,540,709
TOTAL NON-CURRENT ASSETS		<u>8,577,743</u>	<u>7,271,910</u>
TOTAL ASSETS		<u>10,323,837</u>	<u>10,352,677</u>
CURRENT LIABILITIES			
Trade and other payables		1,021,134	1,158,456
Interest-bearing liabilities		1,050,661	846,994
Provisions		55,326	46,369
TOTAL CURRENT LIABILITIES		<u>2,127,121</u>	<u>2,051,819</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		399,076	418,845
TOTAL NON-CURRENT LIABILITIES		<u>399,076</u>	<u>418,845</u>
TOTAL LIABILITIES		<u>2,526,197</u>	<u>2,470,664</u>
NET ASSETS		<u>7,797,640</u>	<u>7,882,013</u>
EQUITY			
Issued capital	3	18,606,370	18,464,370
Reserves		24,510	24,510
Accumulated losses		(10,833,240)	(10,606,867)
TOTAL EQUITY		<u>7,797,640</u>	<u>7,882,013</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Half-Year Ended 31 December 2010

ABN 26 100 460 035

	Issued Capital	Share-based Payments Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
Balance at 1 July 2009	18,328,243	163,397	(10,620,693)	7,870,947
Profit for the period	-	-	98,588	98,588
Total comprehensive income for the period	-	-	98,588	98,588
Transactions with owners in their capacity as owners:				
Issue of ordinary shares	54,127	-	-	54,127
Share based payments	-	(138,887)	-	(138,887)
Balance at 31 December 2009	18,382,370	24,510	(10,522,105)	7,884,775
Balance at 1 July 2010	18,464,370	24,510	(10,606,867)	7,882,013
Loss for the period	-	-	(226,373)	(226,373)
Total comprehensive income for the period	-	-	(226,373)	(226,373)
Transactions with owners in their capacity as owners:				
Issue of ordinary shares	142,000	-	-	142,000
Balance at 31 December 2010	18,606,370	24,510	(10,833,240)	7,797,640

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the Half-Year Ended 31 December 2010

ABN 26 100 460 035

	Half Year Ended 31 December 2010 \$	Half Year Ended 31 December 2009 \$
Cash flows from operating activities		
Receipts from customers	1,113,946	1,585,619
Payments to suppliers and employees	(1,390,253)	(985,848)
Interest received	139,496	104,528
Interest paid	(47,934)	(42,985)
Net cash flows (used in) /provided by operating activities	<u>(184,745)</u>	<u>661,314</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,266)	-
Proceeds from lease receivable	90,020	53,978
Distributions from investments	1,240	1,384
Payment for investment	(20,000)	(137,999)
Net cash flows provided by / (used in) investing activities	<u>67,994</u>	<u>(82,637)</u>
Cash flows from financing activities		
Proceeds /(repayment) of insurance funding	166,697	(93,757)
Proceeds from borrowings	150,000	-
Advanced to related companies	(326,264)	614,057
Repayment of investors loan	-	(25,534)
Proceeds from share issued	-	54,127
Net cash flows (used in) / provided by financing activities	<u>(9,567)</u>	<u>548,893</u>
Net (decrease) / increase in cash and cash equivalents	(126,318)	1,127,570
Cash and cash equivalents at the beginning of the period	1,062,828	394,002
Cash and cash equivalents at the end of the period	<u><u>936,510</u></u>	<u><u>1,521,572</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Half-Year Ended 31 December 2010

ABN 26 100 460 035

1. Basis of preparation

This general purpose financial report for the interim half-year reporting period ended 31 December 2010 has been prepared in accordance with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Act 2001*. Compliance with AASB 134 ensures that the financial report and notes also comply with International Financial Reporting Standard IAS 34: *Interim Financial Reporting*.

This half-year 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 2010 and any public announcements made by Questus Limited during the half-year in accordance with continuous disclosure requirements of the *Corporations Act 2001*.

The half-year financial report has been prepared on an accrual basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The accounting policies have been consistently applied with those of the previous financial year and corresponding interim reporting period.

Going concern

The half-year financial report has 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 \$226,373 and had net cash outflows from operating activities of \$184,745 for the half-year ended 31 December 2010. As at that date, the consolidated entity had net current liabilities of \$381,027.

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 confirmed allocation of NRAS entitlements in Queensland, New South Wales and Western Australia provides a definite future revenue stream which is forecasted to produce profitable trading results in future reporting periods;
- Convertible notes amounting to \$500,000 were issued by the company subsequent to balance date as disclosed in Note 8;
- The ability to issue additional shares under the *Corporation Act 2001*, in the event that such is required; and
- The consolidated entity has the ability to scale down its operations in order to save costs, in the event capital raisings are delayed or insufficient cash is available to meet future expenditure commitments.

2. Segment Reporting

Management has determined the operating segments based on the management 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 provision of financial services for the domestic Australian market.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Half-Year Ended 31 December 2010

ABN 26 100 460 035

		31 December 2010	30 June 2010
		\$	\$
3.	Issued Capital		
	<i>a) Paid up capital</i>		
	Ordinary shares	18,606,370	18,464,370
	<i>b) Movements</i>		
		Number of securities	Value \$
	Date		
	Details		
	1 July 2009	35,909,883	18,328,243
		541,263	54,127
	31 December 2009	<u>36,451,146</u>	<u>18,382,370</u>
	Date	Number of securities	Value \$
	Details		
	1 July 2010	37,271,146	18,464,370
		2,444,444	110,000
		711,111	32,000
	31 December 2010	<u>40,426,701</u>	<u>18,606,370</u>

4 TRADE AND OTHER RECEIVABLES

CURRENT

Trade receivables	89,118	442,729
Lease commitment receivables	53,689	204,127
Other related parties*	41,285	956,751
Accrued income	20,315	22,791
Interest receivable*	81,722	62,147
Deposit regarding purchase of DNA NRAS shares	300,000	300,000
Other debtors	104,856	6,456
	<u>690,985</u>	<u>1,995,001</u>

* Interest receivable and other related parties of \$13,164 relate to an entity that is subject to a formal insolvency administration. In the opinion of the directors, the consolidated entity will be able to fully recover the amount disclosed and therefore, no impairment has been provided.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Half-Year Ended 31 December 2010

ABN 26 100 460 035

	31 December 2010 \$	30 June 2010 \$
4 TRADE AND OTHER RECEIVABLES		
NON-CURRENT		
Other related parties	1,154,077	-
Trade receivables*	1,654,546	1,654,546
Lease commitment receivables	239,843	179,426
	3,048,466	1,833,972

* Trade receivables relates to an entity that is subject to a formal insolvency administration. In the opinion of the directors, the consolidated entity will be able to fully recover the amount disclosed and therefore, no impairment has been provided.

5 FINANCIAL ASSETS

Non current

Available-for-sale financial assets	436,380	428,295
Held to maturity financial asset*	423,000	403,000
Associated companies	1	1
	859,381	831,296

* Includes investment in Links Ridge Estate of \$373,000 which is subject to a formal insolvency administration. In the opinion of the directors, the consolidated entity will be able to fully recover the amount disclosed and therefore, no impairment has been provided.

6. CONTINGENT LIABILITIES OR ASSETS

The only material change in contingent liabilities or contingent assets from those disclosed at 30 June 2010 is in regard to the guarantee and indemnity re Seacombe Gardens Pty Ltd.

Collateral had been given in the form of a guarantee and indemnity by Questus Ltd to Seacombe Gardens Pty Ltd, which owed St George Bank Ltd an amount of \$12,000,000 plus outstanding interest. The loan was fully repaid by Seacombe Gardens Pty Ltd on 14 December 2010.

7. DIVIDENDS

No dividends have been declared or paid during the half-year ended 31 December 2010 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 2010.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Half-Year Ended 31 December 2010

ABN 26 100 460 035

8. EVENTS SUBSEQUENT TO REPORTING DATE

On 14 January 2011, the shareholders at a general meeting approved the issue of 2,025,000 Director Options to David James Somerville, 2,025,000 Director Options to Robert William Olde and the issue of 540,000 Director Options to Alexander James Kelly. The exercise price of these options is \$0.05 and they expire on the 13 January 2014.

On 2 February 2011, the Company issued a convertible note for \$200,000 to Megabay Holdings Pty Ltd. The note is for a period of 6 months with a 6 month extension at the Noteholder's discretion. The note is convertible to shares at 10c per share.

On 24 February 2011, the Company issued a convertible note for \$300,000 to COCO (AUS) Pty Ltd. The note is for a period of 12 months. The note is convertible to shares at 10c per share.

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Questus Limited which comprises the condensed statement of financial position as at 31 December 2010, and the condensed statement of comprehensive income, condensed statement of changes in equity and condensed 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 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 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 2010 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.

Liability limited by a
scheme approved
under Professional
Standards Legislation

Major Offices in:
Perth, Sydney, Melbourne,
Adelaide and Canberra
ABN 36 965 185 036

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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.

Basis for Qualified Conclusion

As set out in Notes 4 and 5 to the financial statements, the consolidated entity had trade and interest receivables of \$1,749,432 and investments in financial assets of \$373,000, respectively of which the debtors and investees are the subject of formal insolvency administrations. As a result we have been unable to complete our review in respect of the recoverability of these assets at reporting date, which are dependent upon the outcomes of those insolvency administrations. Had we been able to complete our review of the recoverability of these assets, matters might have come to our attention indicating that adjustments might be necessary to the half-year financial report.

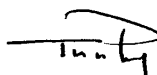
Qualified Conclusion

Except for the adjustments to the half-year financial report that we might have become aware of had it not been for the situation described above, based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of Questus Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Rsm Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants



TUTU PHONG
Partner

Perth, WA
Dated: 28 February 2011