



QUESTUS

LAND DEVELOPMENT FUND

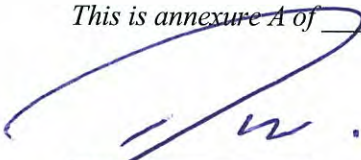
ARSN 116 602 076

Financial Report

for the

half-year ended 31 December 2010

This is annexure A of _____ pages referred to in Form 7051: Notification of half-yearly reports



Director

Dated this 16th day of March 2011



QUESTUS

LAND DEVELOPMENT FUND

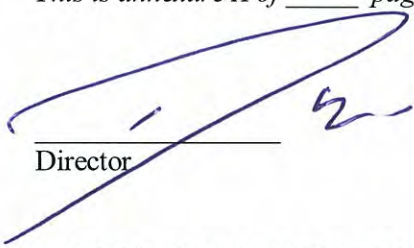
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Financial Report

for the

half-year ended 31 December 2010

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Director

Dated this 16th day of March 2011

C O N T E N T S

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QUESTUS LAND DEVELOPMENT FUND

RESPONSIBLE ENTITY'S REPORT

The Directors of the Quests Funds Management Limited, the Responsible Entity of Questus Land Development Fund ('the Fund'), present their report together with the financial report of the Fund, for the half-year ended 31 December 2010.

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

Anthony Brennan (Appointed 30 November 2010)

Alexander James Kelly (Retired 30 November 2010)

Review of Operations

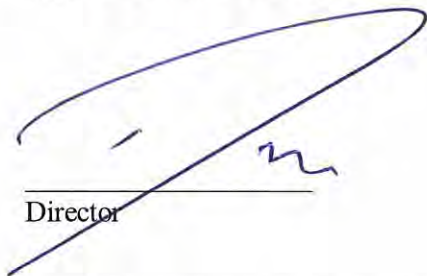
The principal activities of the Fund during the financial period consisted of seeking and investing in residential property development projects and master planned residential communities. This involves the purchase of land for rezoning to residential or special rural lots, through subdivision, development and subsequent sale.

The operating loss of the Fund after income tax was \$587,933 (2009: loss of \$734,796).

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 16th day of March 2011

RSM Bird Cameron Partners
8 St Georges Terrace Perth WA 6000
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www.rsmi.com.au

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 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: 16 March 2011

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Questus Land Development Fund 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 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 as responsible entity of Questus Land Development 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 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 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.

RSM Bird Cameron Partners

Chartered Accountants

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 Funds Management Limited as responsible entity of Questus Land Development Fund, 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 Land Development Fund 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*.

Material Uncertainty regarding Continuation as a Going Concern

Without qualification to the conclusion expressed above, we draw attention to Note 1(b) in the financial report, which indicates that the consolidated entity incurred a loss of \$587,933 and had net cash outflows from operating activities of \$1,947,292 for the half-year ended 31 December 2010. As at that date, the consolidated entity had net current liabilities of \$28,277,861.

These conditions along with the others matters as set forth in Note 1(b), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to 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.

Rsm Bird Cameron Partners
RSM BIRD CAMERON PARTNERS
Chartered Accountants



TUTU PHONG
Partner

Perth, WA
Dated: 16 March 2011

QUESTUS LAND DEVELOPMENT FUND

DIRECTORS' DECLARATION

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

- 1) The financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (a) comply with the Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001;
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date.
- 2) At the date of this statement there are reasonable grounds to believe that the Fund will be able to pay its debts when they become due and payable.

This statement is made in accordance with a resolution of the Directors made pursuant to s.303(5) of the *Corporations Act 2001* of Questus Funds Management Limited.



Director

Dated this 16th day of March 2011

QUESTUS LAND DEVELOPMENT FUND
CONDENSED STATEMENT OF COMPREHENSIVE INCOME
For the half-year ended 31 December 2010

	Consolidated	
	Half-Year Ended 31 December 2010 \$	Half-Year Ended 31 December 2009 \$
<u>Continuing operations</u>		
Revenue from sale of land	1,685,313	1,700,361
Cost of sales	(1,516,608)	(1,610,929)
Gross Profit	168,705	89,432
Other revenue	19,533	2,774
Administration expenses	(314,544)	(382,552)
Finance costs	(738,719)	(320,461)
Loss on option fee to purchase land	-	(504,500)
(Loss) before income tax benefit	(865,025)	(1,115,307)
Income tax benefit	277,092	380,511
(Loss) from continuing operations	(587,933)	(734,796)
Other comprehensive income for the period	-	-
Total comprehensive (loss) for the period	(587,933)	(734,796)

The accompanying notes form part of these financial statements

QUESTUS LAND DEVELOPMENT FUND
CONDENSED STATEMENT OF FINANCIAL POSITION
As at 31 December 2010

		Consolidated	
	Note	31 December 2010	30 June 2010
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		69,396	6,529
Trade and other receivables		43,960	52,412
Inventories		9,145,696	9,178,732
Other current assets		-	350,000
TOTAL CURRENT ASSETS		<u>9,259,052</u>	<u>9,587,673</u>
NON CURRENT ASSETS			
Other current assets		350,000	-
Inventories		33,649,878	31,872,365
Deferred tax asset		5,383,649	4,623,082
TOTAL NON CURRENT ASSETS		<u>39,383,527</u>	<u>36,495,447</u>
TOTAL ASSETS		<u>48,642,579</u>	<u>46,083,120</u>
CURRENT LIABILITIES			
Trade and other payables		1,685,767	1,022,985
Borrowings		35,851,146	26,850,014
TOTAL CURRENT LIABILITIES		<u>37,536,913</u>	<u>27,872,999</u>
NON CURRENT LIABILITIES			
Trade and other payables		1,300,003	1,300,000
Borrowings		-	7,000,000
Deferred tax liabilities		3,028,710	2,545,235
TOTAL NON CURRENT LIABILITIES		<u>4,328,713</u>	<u>10,845,235</u>
TOTAL LIABILITIES		<u>41,865,626</u>	<u>38,718,234</u>
NET ASSETS		<u>6,776,953</u>	<u>7,364,886</u>
EQUITY			
Issued capital	2	11,535,625	11,535,625
Accumulated losses		(4,758,672)	(4,170,739)
TOTAL EQUITY		<u>6,776,953</u>	<u>7,364,886</u>

The accompanying notes form part of these financial statements

QUESTUS LAND DEVELOPMENT FUND
CONDENSED STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2010

Consolidated	Issued Capital \$	Accumulated Losses \$	Total \$
Balance at 1 July 2009	11,320,411	(1,493,998)	9,826,413
Loss for the period	-	(734,796)	(734,796)
Total comprehensive loss for the period	-	(734,796)	(734,796)
Transactions with owners in their capacity as owners:			
Issue of units	216,450	-	216,450
Balance at 31 December 2009	11,536,861	(2,228,794)	9,308,067
Balance at 1 July 2010	11,535,625	(4,170,739)	7,364,886
Loss for the period	-	(587,933)	(587,933)
Total comprehensive loss for the period	-	(587,933)	(587,933)
Transactions with owners in their capacity as owners:			
Issue of units	-	-	-
Balance at 31 December 2010	11,535,625	(4,758,672)	6,776,953

The accompanying notes form part of these financial statements

QUESTUS LAND DEVELOPMENT FUND
CONDENSED STATEMENT OF CASH FLOWS
For the half-year ended 31 December 2010

	Consolidated	
	31 December 2010	31 December 2009
	\$	\$
Cash flows from operating activities		
Receipts from customers	1,710,939	1,633,543
Payments to suppliers and employees	(2,005,957)	(655,610)
Interest received	998	614
Interest and borrowing costs paid	(1,653,272)	(1,714,482)
Net cash flows (used in) operating activities	<u>(1,947,292)</u>	<u>(735,935)</u>
Cash flows from financing activities		
Net proceeds from issue of units	-	216,450
Net proceeds from borrowings	2,010,159	1,299,072
Net cash flows provided by financing activities	<u>2,010,159</u>	<u>1,515,521</u>
Net increase in cash held	62,867	779,587
Cash held at the beginning of the period	6,529	20,214
Cash held at the end of the period	<u>69,396</u>	<u>799,801</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 2010

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

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures that the financial report and notes also comply with International Financial Reporting Standard IAS 34: Interim Financial Reporting.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2010 and any public announcements made by Questus Land Development Fund and its controlled entities during the half-year in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001*.

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 \$587,933 and had net cash outflows from operating activities of \$1,947,292 for the half-year ended 31 December 2010. As at that date, the consolidated entity had net current liabilities of \$28,277,861.

These factors indicate significant uncertainty as to whether the consolidated entity 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.

The Directors of the responsible entity believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern, after consideration of the following factors:

- Proceeds will be available from the sale of inventories disclosed as a current asset;
- Although the balance of interest bearing liabilities disclosed as a current liability is \$35,851,146, the directors intend on extending the maturity dates of the loans. At the date of this report, the Directors are in discussions with the Fund's financiers and have a reasonable expectation, that the loan facilities will be renewed at their maturity dates and will be extended;
- The issue of a product disclosure statement for a non- renounceable rights issue by way of an offer of 2 for 1 unit in the Fund at \$0.135 per unit to raise \$3.225million; and

QUESTUS LAND DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2010

1. STATEMENT OF ACCOUNTING POLICIES

- The consolidated entity has the ability to sell inventories disclosed as a non-current asset, if required.

Accordingly, the Directors of the responsible entity believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

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 consolidated entity does not continue as a going concern.

Reporting Basis and Conventions

The half-year financial report has been prepared on an accruals 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 by the entities in the consolidated entity and are consistent with those in the 30 June 2010 financial report.

	31 December 2010	30 June 2010
	\$	\$
2. Issued Capital		
<i>a) Paid up capital</i>		
Ordinary units	11,535,625	11,535,625
<i>b) Movements</i>		
Date	Number of securities	Value \$
1 July 2010	11,946,471	11,535,625
31 December 2010	11,946,471	11,535,625

3. DIVIDENDS

There are no dividends declared or paid by the consolidated entity during the half-year.

4. EVENTS SUBSEQUENT TO REPORTING DATE

There have been no events subsequent to reporting date that would significantly affect the operations or the state of affairs of the Fund.

5. CONTINGENT LIABILITIES

There were no contingent liabilities at the reporting date.

**QUESTUS LAND DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2010**

6. SEGMENT INFORMATION

The responsible entity has determined the operating segments based on the report reviewed by the responsible entity that is used to make strategic decisions. The responsible entity considers the business from both a geographic and business segment perspective and has identified one reportable segment.

The identifiable reportable segment is the property development sector in Western Australia.