

APPENDIX 4D – HALF YEAR REPORT

PERIOD ENDED 31 DECEMBER 2014

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

Reporting Period

Half-year report for the period ended 31 December 2014. Previous corresponding half-year period ended 31 December 2013.

Results for Announcement to Market

	31 Dec 2014 \$	31 Dec 2013 \$	% Change
Revenue	14,591,289	4,228,108	245%
(Loss) / Profit from continuing operations	(2,487,685)	285,340	(972%)
(Loss) / Profit before tax attributable to members	(2,487,685)	285,340	(972%)
Net (Loss) / profit for the period attributable to members	(2,487,685)	285,340	(972%)

Earnings per Share

	31 Dec 2014	31 Dec 2013
(Loss) / Profit per share (Basic and Diluted)	(2.68 cents)	0.31 cents

Net Tangible Assets per Security

	31 Dec 2014	31 Dec 2013
Net Tangible Asset backing	(3.97 cents)	(1.22 cents)

APPENDIX 4D – HALF YEAR REPORT (Continued)

Dividends

No dividends have been declared or paid during the half-year ended 31 December 2014.

Entities Acquired and Disposed During the Period

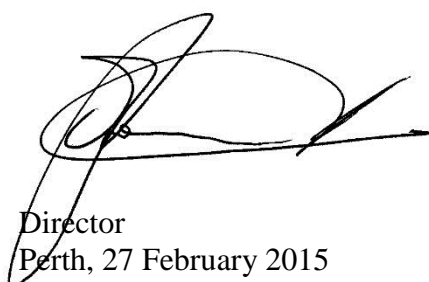
No Entities acquired or disposed of.

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

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Director
Perth, 27 February 2015

QUESTUS LIMITED

ABN 26 100 460 035

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2014

LODGED WITH THE ASX UNDER LISTING RULE 4.2A

THIS INFORMATION SHOULD BE READ IN CONJUNCTION WITH THE 30 JUNE 2014
ANNUAL REPORT

INDEX	PAGE
Corporate Directory	5
Directors' Report	6
Auditors' Independence Declaration	7
Directors' Declaration	8
Consolidated Statement of Comprehensive Income	9
Consolidated Statement of Financial Position	10
Consolidated Statement of Changes in Equity	11
Consolidated Statement of Cash Flows	12
Notes to the Financial Statements	13 - 15
Independent Auditor's Review Report	16 - 17

QUESTUS LIMITED
CORPORATE DIRECTORY
 For the Half-Year Ended 31 December 2014
 ABN 26 100 460 035

DIRECTORS	David James Somerville (Executive Chairman)
	Robert William Olde (Non-Executive Director)
	Anthony Joseph Brennan (Non-Executive Director)
	Peter Pee Teck Chan (Non-Executive Director) (Resigned 25 November 2014)
	Katherine Siew Ling Ang (Non-Executive Director) (Resigned 25 November 2014)
COMPANY SECRETARY	Elizabeth Bee Hiang Lee Mark Adrian Adams
REGISTERED AND PRINCIPAL 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 2014
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 2014.

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)

Anthony Joseph Brennan (Non-Executive Director)

Peter Pee Teck Chan (Non-Executive Director) (Resigned 25 November 2014)

Katherine Siew Ling Ang (Non-Executive Director) (Resigned 25 November 2014)

Review of Operations

The Board of Questus herewith presents the Half Yearly Report for the Company for the period to 31 December 2014.

The results for the six month period reflect a net loss of \$2,487,685 (2013: profit of 285,340).

The losses for the period have been predominately incurred in developments undertaken in the North West of Western Australia – in conjunction with the delivery of affordable housing under the Federal and State Governments' National Rental Affordability Scheme (NRAS).

Unfortunately, market conditions in the North West of Western Australia have deteriorated with the downturn in the mining sector, and Questus has incurred substantial losses on its delivery of affordable housing in the locations of Port Hedland, Karratha, Newman and Broome.

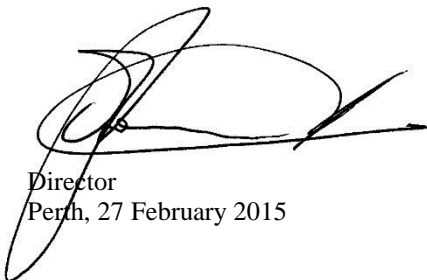
Under the NRAS, Questus has now delivered over 2,200 NRAS dwellings, with further developments in progress, which will be completed through to 2016.

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, 27 February 2015

RSM Bird Cameron Partners
8 St Georges Terrace, Perth, WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9251 9100 F +61 8 9261 9101
www.rsmi.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Questus Limited for the half-year ended 31 December 2014, 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



DAVID WALL
Partner

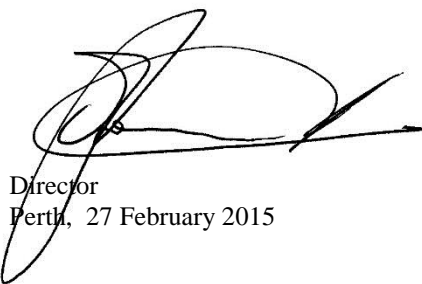
Perth, WA
Dated: 27 February 2015

QUESTUS LIMITED
DIRECTORS' DECLARATION
For the Half-Year Ended 31 December 2014
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 2014 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, 27 February 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Half-Year Ended 31 December 2014

ABN 26 100 460 035

	Half-Year Ended 31 December 2014 \$	Half-Year Ended 31 December 2013 \$
<u>Continuing operations</u>		
Revenue	14,591,289	4,228,108
Employee benefits expenses	(717,312)	(1,307,845)
Direct development costs	(13,375,179)	-
Selling costs	(394,956)	-
Administrative expenses	(1,552,081)	(1,864,661)
Impairment of assets and investments	(261,659)	(5,390)
Provision for non-recoverable amounts	(55,000)	-
Finance costs	(651,010)	(699,108)
Depreciation and amortisation	(71,777)	(65,764)
(Loss) / profit before income tax expense	(2,487,685)	285,340
Income tax (expense)/benefit	-	-
(Loss) / profit from continuing operations	(2,487,685)	285,340
Other comprehensive income for the period	-	-
Total comprehensive (loss) / income for the period	(2,487,685)	285,340
 Earnings Per Share: (cents per share)		
Continuing operations		
Basic and diluted (loss) / profit per share	(2.68 cents)	0.31 cents

QUESTUS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014
 ABN 26 100 460 035

	Note	31 December 2014 \$	30 June 2014 \$
CURRENT ASSETS			
Cash and cash equivalent		1,703,775	1,788,828
Trade and other receivables		3,371,896	3,763,783
Inventories		5,416,760	13,220,948
Other assets		779,915	637,491
TOTAL CURRENT ASSETS		<u>11,272,346</u>	<u>19,411,050</u>
NON-CURRENT ASSETS			
Financial assets		10,780	12,128
Trade and other receivables		132,631	309,831
Other assets		327,050	222,872
Inventories		4,649,302	2,648,053
Deferred tax asset		1,724,716	1,724,716
Plant and equipment		95,263	104,147
Intangible assets		2,709,495	2,769,724
TOTAL NON-CURRENT ASSETS		<u>9,649,237</u>	<u>7,791,471</u>
TOTAL ASSETS		<u>20,921,583</u>	<u>27,202,521</u>
CURRENT LIABILITIES			
Trade and other payables		3,419,283	2,217,375
Interest-bearing liabilities		2,824,469	7,695,613
Provisions		98,023	105,095
TOTAL CURRENT LIABILITIES		<u>6,341,775</u>	<u>10,018,083</u>
NON-CURRENT LIABILITIES			
Other payables		745,000	-
Interest-bearing liabilities		13,000,000	13,913,677
Provisions		78,979	27,247
TOTAL NON-CURRENT LIABILITIES		<u>13,823,979</u>	<u>13,940,924</u>
TOTAL LIABILITIES		<u>20,165,754</u>	<u>23,959,007</u>
NET ASSETS		<u>755,829</u>	<u>3,243,514</u>
EQUITY			
Issued capital	3	19,556,370	19,556,370
Reserves		152,890	152,890
Accumulated losses		(18,953,431)	(16,465,746)
TOTAL EQUITY		<u>755,829</u>	<u>3,243,514</u>

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Half-Year Ended 31 December 2014

ABN 26 100 460 035

	Issued Capital	Share-based Payments Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
Balance at 1 July 2013	19,556,370	152,890	(16,647,623)	3,061,637
Profit for the period	-	-	285,340	285,340
Total comprehensive loss 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
Balance at 1 July 2014	19,556,370	152,890	(16,465,746)	3,243,514
(Loss) for the period	-	-	(2,487,685)	(2,487,685)
Total comprehensive income for the period	-	-	(2,487,685)	(2,487,685)
Transactions with owners in their capacity as owners:	-	-	-	-
Balance at 31 December 2014	19,556,370	152,890	(18,953,431)	755,829

QUESTUS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Half-Year Ended 31 December 2014
ABN 26 100 460 035

	Half-Year Ended 31 December 2014 \$	Half-Year Ended 31 December 2013 \$
Cash flows from operating activities		
Receipts from customers	14,763,784	3,514,466
Payments to suppliers and employees	(2,825,659)	(2,793,665)
Payments for inventories	(5,662,827)	(5,398,052)
Interest received	23,462	14,870
Interest and borrowing costs paid	(842,615)	(728,811)
Net cash flows from/ (used in) operating activities	<u>5,456,145</u>	<u>(5,391,192)</u>
Cash flows from investing activities		
Deposits	177,200	(54,916)
Distributions from investments	711	3,800
Purchase of plant and equipment	(2,664)	(93,895)
Loans to related parties:	49,478	(2,079)
Payment for investment	-	(100)
Net cash flows from / (used in) investing activities	<u>224,725</u>	<u>(147,190)</u>
Cash flows from financing activities		
Proceeds from borrowings	918,836	108,942
Repayments of borrowings	(3,151,816)	(86,324)
Loans to related parties:		
- proceeds from borrowings	1,660,000	6,052,170
- repayments of borrowings	(5,192,943)	(500,000)
Net cash flows (used in) provided by financing activities	<u>(5,765,923)</u>	<u>5,574,788</u>
Net (decrease) / increase in cash and cash equivalents	(85,053)	36,406
Cash and cash equivalents at the beginning of the period	1,788,828	1,433,995
Cash and cash equivalents at the end of the period	<u><u>1,703,775</u></u>	<u><u>1,470,401</u></u>

QUESTUS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2014
ABN 26 100 460 035

1. BASIS OF PREPARATION

This general purpose financial report for the half-year reporting period ended 31 December 2014 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. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

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 2014 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.

3. ISSUED CAPITAL	31 December 2014 \$	30 June 2014 \$
<i>a) Paid up capital</i>		
Ordinary shares	<u>19,556,370</u>	<u>19,556,370</u>
<i>b) Movements</i>		
Details	Number of securities	\$
Opening balance	92,707,553	19,556,370
Issue of shares	-	-
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 2014
ABN 26 100 460 035

4. COMMITMENTS

Capital commitments

The Group has the following capital commitments at reporting date:

	31 December 2014	31 December 2013
	\$	\$
Capital expenditure projects	<u>9,138,822</u>	<u>7,994,000</u>

Lease commitments

Future minimum rentals payable under non-cancellable operating leases are as follows:

Within one year	484,370	234,680
After one year but not more than five years	<u>513,001</u>	<u>607,131</u>
	<u>997,371</u>	<u>841,811</u>

The Office Premises property lease is a non-cancellable lease with a five-year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments shall be increased by 5% per annum. An option exists to renew the lease at the end of the fifth-year term for an additional term of 5 years.

5. DIVIDENDS

No dividends have been declared or paid during the half-year ended 31 December 2014 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 2014.

6. CONTINGENT LIABILITIES AND ASSETS

In the course of liquidation and administration of the various subsidiaries and investments of the company, the directors do not consider that there is any claim against the head entity that will have a material impact on the Group.

Questus Funds Management Limited (QFML) has commenced proceedings against Addwealth Pty Ltd (now discontinued), Valuestream Investment Management Limited as the former responsible entity and Primary Securities Limited as the current 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. The WA Supreme Court ordered the plaintiff to undertake an Independent Expert Report on the amounts claimed, which has since been filed with the WA Supreme Court and the defendants.

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.

6. CONTINGENT LIABILITIES AND ASSETS (CONTINUE)

In the course of its normal business the Group occasionally receives claims or writs for damages and other matters arising from its operations. Where, in the opinion of the directors, it is deemed appropriate, a specific provision is made in relation to such matters, otherwise the directors deem such matters to be either without merit or of such kind or involve such amounts that would not have a material adverse effect on the operating results or financial position of the Group if disposed of unfavourably. As at the date of this report, no specific provisions have been made in relation to such matters.

Apart from the above, there has been no change in contingencies since the issue of the 30 June 2014 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 2014 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 2014 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 2014 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
Partner

Perth, WA
Dated: 27 February 2015