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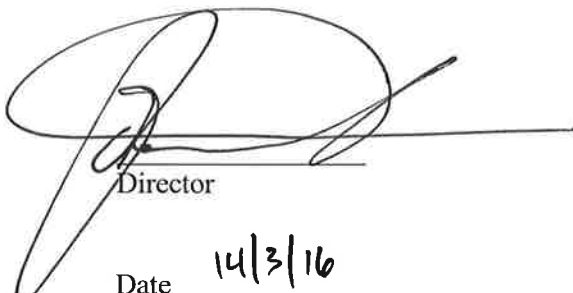
LAND DEVELOPMENT FUND

ARSN 116 602 076

Financial Report

for the half-year ended 31 December 2015

This is annexure A of 15 pages referred to in Form 7051: Notification of half-yearly reports



Director

Date 14/3/16

C O N T E N T S

Directors' Report

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Directors' Declaration

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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 2015.

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

Review of Operations

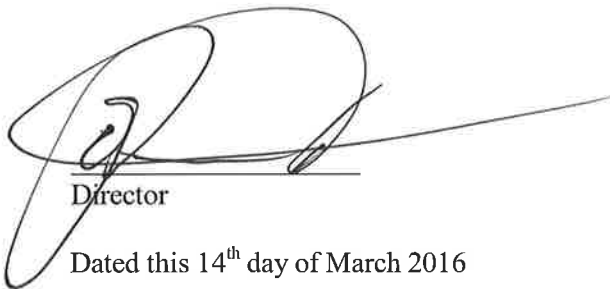
The Fund was dormant during the financial period. The Responsible Entity has continued its action against parties in relation to various breaches of contract. The actions are being undertaken to seek compensation for the significant losses incurred by the Fund as a direct result of those breaches.

The operating loss after income tax for the half-year ended 31 December 2015 was \$689,817 (2014: loss \$1,152,377).

Auditor's Independence Declaration

In accordance with section 307C of the *Corporations Act 2001*, the Directors have obtained a declaration of independence from RSM Australia 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 14th day of March 2016

RSM Australia Partners

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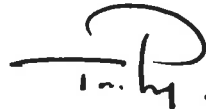
www.rsm.com.au

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 2015, 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 AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 14 March 2016

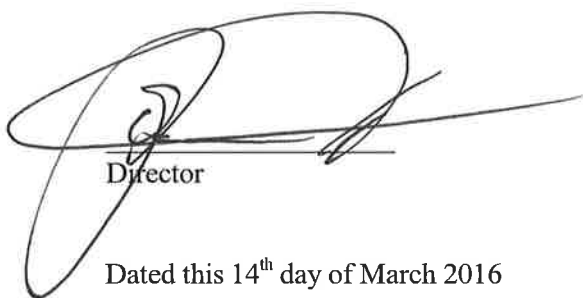
QUESTUS LAND DEVELOPMENT FUND

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 2015 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 14th day of March 2016

QUESTUS LAND DEVELOPMENT FUND
STATEMENT OF COMPREHENSIVE INCOME
For the half-year ended 31 December 2015

	Consolidated	
	Half-Year Ended 31 December 2015 \$	Half-Year Ended 31 December 2014 \$
Note		
<u>Continuing operations</u>		
Other revenue	-	3,378
Total Revenue	-	3,378
Administration expenses	(2,211)	-
Finance costs	(687,606)	(676,049)
Loss on reconsolidation of subsidiary	-	(479,706)
(Loss) before income tax benefit	(689,817)	(1,152,377)
Income tax expense	-	-
(Loss) from continuing operations	(689,817)	(1,152,377)
Other comprehensive income for the period	-	-
Total comprehensive (loss) for the period	(689,817)	(1,152,377)

The accompanying notes form part of these financial statements

QUESTUS LAND DEVELOPMENT FUND

STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Consolidated	
Note	31 December 2015	30 June 2015
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	923	2,574
Trade and other receivables	31,290	31,290
TOTAL CURRENT ASSETS	32,213	33,864
TOTAL ASSETS	32,213	33,864
CURRENT LIABILITIES		
Trade and other payables	9,286,194	8,703,399
Borrowings	23,949,666	23,844,295
TOTAL CURRENT LIABILITIES	33,235,860	32,547,694
TOTAL LIABILITIES	33,235,860	32,547,694
NET LIABILITIES	(33,203,647)	(32,513,830)
EQUITY		
Issued capital	2 12,368,953	12,368,953
Accumulated losses	(45,572,600)	(44,882,783)
TOTAL DEFICIENCY IN EQUITY	(33,203,647)	(32,513,830)

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 2015**

Consolidated	Issued Capital \$	Accumulated Losses \$	Total \$
Balance at 1 July 2014	12,368,953	(43,059,057)	(30,690,104)
Loss for the period	-	(1,152,377)	(1,152,377)
Total comprehensive loss for the period	-	(1,152,377)	(1,152,377)
Balance at 31 December 2014	12,368,953	(44,211,434)	(31,842,481)
Balance at 1 July 2015	12,368,953	(44,882,783)	(32,513,830)
Loss for the period	-	(689,817)	(689,817)
Total comprehensive loss for the period	-	(689,817)	(689,817)
Balance at 31 December 2015	12,368,953	(45,572,600)	(33,203,647)

The accompanying notes form part of these financial statements

QUESTUS LAND DEVELOPMENT FUND

STATEMENT OF CASH FLOWS
For the half-year ended 31 December 2015

	Consolidated	
	31 December	31 December
	2015	2014
	\$	\$
Cash flows from operating activities		
Receipts from customers	-	51,102
Interest income	-	79
Payments to suppliers and employees	(1,650)	-
Net cash flows (used in)/provided by operating activities	(1,650)	51,181
Cash flows from financing activities		
Net repayment of borrowings	-	(47,803)
Net cash flows used in investing activities	-	(47,803)
Net (decrease)/increase in cash held	(1,650)	3,378
Cash held at the beginning of the period	2,573	6,170
Cash held at the end of the period	923	9,548

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 2015

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 2015 have been prepared in accordance with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. The Fund 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 2015 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 \$689,817 for the half-year ended 31 December 2015. As at that date, the Fund had net current liabilities of \$33,203,647.

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 2015

1. STATEMENT OF ACCOUNTING POLICIES (Continue)

Going Concern (cont.)

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

- 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 the Responsible Entity for the Addwealth Achiever Fund 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 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 Valuestream Investment Management Limited as the former responsible entity and Primary Securities Limited as the current 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 2015

		31 December 2015 \$	30 June 2015 \$
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 2015	Opening balance	<u>12,368,953</u>
		<u>18,517,708</u>	
	31 December 2015	Closing balance	<u>12,368,953</u>
		<u>18,517,708</u>	

3. **DIVIDENDS**

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

4. **EVENTS SUBSEQUENT TO REPORTING DATE**

There are no other matters or circumstances that have arisen since 31 December 2015 that have or may significantly affect the operations, results, or state of affairs of the Fund in future financial periods.

5. **CONTINGENT LIABILITIES**

There has been no change in contingencies since the issue of the annual financial report for the year ended 30 June 2015.

QUESTUS LAND DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2015

6. LOSS FROM RECONSOLIDATION OF SUBSIDIARY

	CONSOLIDATED	
	2015	2014
	\$	\$
Net loss on consolidation of subsidiary	-	(479,706)
	-	(479,706)

On 1 July 2011, Questus Land Development Fund lost control of QLDF Development 1 Pty Ltd. The loss of control was due to the appointment of receivers and managers. Due to this loss of control, the results of this subsidiary have been deconsolidated at that date.

On 30 October 2014, Questus Land Development Fund regained control of QLDF Development 1 Pty Ltd. The control regained was that the receivers and managers handed the companies back to Questus Land Development Fund. Due to this, the results of these subsidiaries have been reconsolidated at that date.

The loss above is a reflection of activities during the period when control of the company was regained during the half-year.



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

We have reviewed the accompanying half-year financial report of Questus Land Development Fund ("Fund") which comprises the statement of financial position as at 31 December 2015 and 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 consolidated entity's financial position as at 31 December 2015 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.

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RSM Australia Partners 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 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

We draw attention to Note 1 in the financial statements, which indicates that the Fund incurred a net loss of \$689,817 during the half-year ended 31 December 2015 and as at that date, had net current liabilities of \$33,203,647. In our opinion, 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 matter discussed in the Basis for Adverse Conclusion paragraph, 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 2015 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*.

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TUTU PHONG
Partner

Perth, WA
Dated: 14 March 2016