

APPENDIX 4D – HALF YEAR REPORT

PERIOD ENDED 31 DECEMBER 2018

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

Reporting Period

Half-year report for the period ended 31 December 2018. Previous corresponding half-year period ended 31 December 2017.

Results for Announcement to Market

	31 Dec 2018 \$	31 Dec 2017 \$	% Change
Revenue	184,099	1,222,198	(84.93)
Loss from continuing operations	(453,714)	(494,977)	(8.34)
Loss before tax attributable to members	(625,812)	(704,475)	(11.17)
Loss for the period attributable to members	(453,714)	(494,977)	(8.34)

Earnings per Share

	31 Dec 2018	31 Dec 2017
Loss per share (Basic and Diluted)	(0.49 cents)	(0.53 cents)

Net Tangible Assets per Security

	31 Dec 2018	31 Dec 2017
Net Tangible Asset backing	(1.57) cents	2.79 cents

APPENDIX 4D – HALF YEAR REPORT (Continued)

Dividends

No dividends have been declared or paid during the half-year ended 31 December 2018.

Entities Acquired During the Period

No entities acquired during the period.

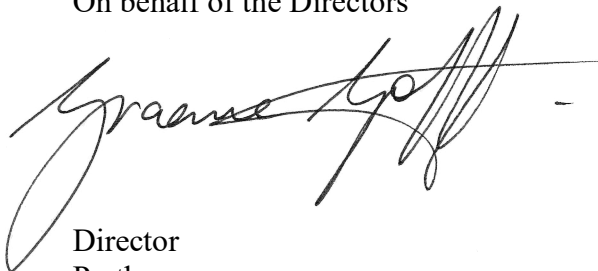
APPENDIX 4D – HALF YEAR REPORT (Continued)

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, appearing to read "Graeme Goff", written over a horizontal line.

Director
Perth

Dated 28th February 2019

QUESTUS LIMITED

ABN 26 100 460 035

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2018

LODGED WITH THE ASX UNDER LISTING RULE 4.2A

THIS INFORMATION SHOULD BE READ IN CONJUNCTION WITH THE 30 JUNE 2018
ANNUAL REPORT

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DIRECTORS	David James Somerville (Executive Chairman)
	Robert William Olde (Non-Executive Director)
	Graeme Goff (Executive Director)
COMPANY SECRETARY	Elizabeth Bee Hiang Lee Graeme Goff
REGISTERED AND PRINCIPAL OFFICE	U1/5 Bramall St PERTH WA 6004 Telephone: +61 8 6311 8332
AUDITORS	William Buck Audit (WA) Pty Ltd 3/15 Labouchere Rd SOUTH PERTH WA 6151
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
SECURITIES 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 (“Questus”, the “Group”, “Consolidated Entity” or “Company”) submit herewith the consolidated financial report for the half-year ended 31 December 2018.

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)

Graeme Goff (Executive Director)

Principal Activities

The principal activities of the Group are participating in the State and Federal Government National Rental Affordability Scheme, boutique funds management and facilitation of capital raisings.

Review of Operations

The results for the six month period reflect a loss of \$453,714 (2017: \$494,977) .

The six month period has seen the continuation of the realisation of a number of asset sales, which is consistent with the advised direction of the company – being the completion of the delivery of affordable housing under the Federal and State Governments’ National Rental Affordability Scheme (NRAS), and an asset realisation program to repay existing long term liabilities.

During the period, a wholly owned subsidiary Questus Funds Management Ltd was appointed as the approved participant of a portfolio of NRAS, where the company will undertake the compliance requirements of the NRAS. The appointment period is for the life of the NRAS allocations that will expire in 2026.

Under the NRAS, Questus has now delivered 3,000 NRAS dwellings, In 2014 the Federal Government announced that no further NRAS allocations would be issued and since that time the company has been focused on the delivery of the NRAS previously allocated, and have up to 700 NRAS allocations to be delivered on its own projects and in concert with other property developers.

Questus will continue to participate in development profits from projects distribution and NRAS fee revenues for the ensuing delivery periods, and to position the company to take advantage of any new opportunities.

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

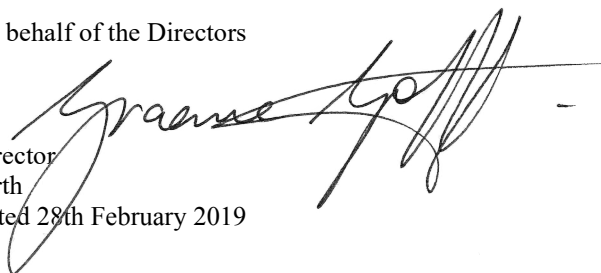
Auditor’s Independence Declaration

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 made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors

Director
Perth
Dated 28th February 2019



**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF QUESTUS LIMITED**

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2018 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

CM

Conley Manifis
Director

Dated this 28th day of February, 2019

**CHARTERED ACCOUNTANTS
& ADVISORS**

Level 3, 15 Labouchere Road
South Perth WA 6151

PO Box 748
South Perth WA 6951

Telephone: +61 8 6436 2888

williambuck.com

QUESTUS LIMITED
DIRECTORS' DECLARATION
For the Half-Year Ended 31 December 2018
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 2018 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 made pursuant to s.303(5) of the *Corporations Act 2001*.



Director
Perth
Dated

28th February 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Half-Year Ended 31 December 2018

ABN 26 100 460 035

	Half-Year Ended 31 December 2018 \$	Half-Year Ended 31 December 2017 \$
<u>Continuing operations</u>		
Revenue	184,099	1,222,198
Employee benefits expenses	(119,994)	(226,747)
Direct development costs	-	(821,687)
Selling costs	(2,525)	(21,874)
Administrative expenses	(430,845)	(557,606)
Reversal of /provision for non-recoverable amounts	-	27,000
Finance costs	(253,601)	(317,355)
Depreciation and amortisation	(2,946)	(8,403)
Loss before income tax expense	(625,812)	(704,474)
Income tax benefit	172,098	209,497
Loss from continuing operations	(453,714)	(494,977)
Other comprehensive income for the period	-	-
Total comprehensive loss for the period	(453,714)	(494,977)
 Earnings Per Share: (cents per share)		
Continuing operations		
Basic and diluted loss per share	(0.49cents)	(0.53 cents)

QUESTUS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

ABN 26 100 460 035

	Note	31 December 2018 \$	30 June 2018 \$
CURRENT ASSETS			
Cash and cash equivalents		539,524	1,282,387
Trade and other receivables		1,843,349	2,249,536
Inventories		539,836	1,087,105
Other assets		23,855	53,670
TOTAL CURRENT ASSETS		<u>2,946,564</u>	<u>4,672,698</u>
NON-CURRENT ASSETS			
Financial assets		4,311	4,312
Trade and other receivables		273,035	317,077
Inventories		2,165,758	1,618,488
Deferred tax assets		2,217,525	2,045,428
Plant and equipment		35,732	30,404
Intangible assets		548,234	548,234
TOTAL NON-CURRENT ASSETS		<u>5,244,595</u>	<u>4,563,943</u>
TOTAL ASSETS		<u>8,191,159</u>	<u>9,236,641</u>
CURRENT LIABILITIES			
Trade and other payables		466,239	523,070
Interest-bearing liabilities	3	1,791,566	2,050,249
Provisions		11,735	8,040
TOTAL CURRENT LIABILITIES		<u>2,269,540</u>	<u>2,581,359</u>
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	3	4,615,000	4,894,950
TOTAL NON-CURRENT LIABILITIES		<u>4,615,000</u>	<u>4,894,950</u>
TOTAL LIABILITIES		<u>6,884,540</u>	<u>7,476,309</u>
NET ASSETS		<u>1,306,619</u>	<u>1,760,333</u>
EQUITY			
Issued capital	4	19,556,370	19,556,370
Reserves		152,890	152,890
Accumulated losses		(18,402,641)	(17,948,927)
TOTAL EQUITY		<u>1,306,619</u>	<u>1,760,333</u>

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Half-Year Ended 31 December 2018

ABN 26 100 460 035

	Issued Capital	Share-based Payments Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
Balance at 1 July 2017	19,556,370	152,890	(16,081,828)	3,627,432
Loss for the period	-	-	(494,977)	(494,977)
Total comprehensive loss for the period	-	-	(494,977)	(494,977)
Transactions with owners in their capacity as owners	-	-	-	-
Balance at 31 December 2017	19,556,370	152,890	(16,576,805)	3,132,455
Balance at 1 July 2018	19,556,370	152,890	(17,948,927)	1,760,333
Loss for the period	-	-	(453,714)	(453,714)
Total comprehensive loss for the period	-	-	(453,714)	(453,714)
Transactions with owners in their capacity as owners	-	-	-	-
Balance at 31 December 2018	19,556,370	152,890	(18,402,641)	1,306,619

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Half-Year Ended 31 December 2018

ABN 26 100 460 035

	Half-Year Ended 31 December 2018 \$	Half-Year Ended 31 December 2017 \$
Cash flows from operating activities		
Receipts from customers	471,479	1,984,322
Payments to suppliers and employees	(284,648)	(500,243)
Payments for inventories	(273,705)	(864,357)
Interest received	4,777	15,646
Interest and borrowing costs paid	(271,756)	(549,332)
Net cash flows from operating activities	<u>(353,855)</u>	<u>86,036</u>
Cash flows from investing activities		
Proceeds from disposal of subsidiary	158,076	1,608,246
Payment for acquisition of other non-current assets	(8,276)	(2,258)
Net cash flows from investing activities	<u>149,800</u>	<u>1,605,988</u>
Cash flows from financing activities		
Proceeds from borrowings	-	60,189
Repayments of borrowings	(538,808)	(2,735,790)
Net cash flows (used in) / provided by financing activities	<u>(538,808)</u>	<u>(2,675,601)</u>
Net (decrease)/increase in cash and cash equivalents	(742,863)	(983,577)
Cash and cash equivalents at the beginning of the period	1,282,387	1,918,704
Cash and cash equivalents at the end of the period	<u>539,524</u>	<u>935,127</u>

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance and Basis of Preparation

This general purpose financial report for the half-year reporting period ended 31 December 2018 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'.

The consolidated financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

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 2018 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.

New and Revised Accounting Standards

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

The half year condensed consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2018, other than for the impact of the adoption of new and revised Standard and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to the consolidated entity and effective for annual reporting periods beginning on or after 1 July 2018.

There have been no new and revised standard that have had a significant impact on the measurement or disclosure requirements of the Group, except as noted below.

- (a) New and revised Standards adopted by the Group.

AASB 9 Financial Instruments

The Company has adopted AASB 9 from 1 July 2018 which resulted in the following changes to the accounting policy for financial assets and liabilities.

Classification and Measurement

On 1 July 2018, the Company has assessed which business models apply to the financial instruments held by the Company and have classified them into the appropriate AASB 9 categories. The main effects resulting from this reclassification are shown in the table below.

On adoption of AASB 9, the Company classified financial assets and liabilities as subsequently measured at either amortised cost or fair value, depending on the business model for those assets and on the asset's contractual cash flow characteristics. There were no changes in the measurement of the Company's financial instruments.

There was no impact on the statement of comprehensive income or the statement of changes in equity on adoption of AASB 9 in relation to classification and measurement of financial assets and liabilities.

QUESTUS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2018
ABN 26 100 460 035

The following table summarises the impact on the classification and measurement of the Company's financial instruments at 1 July 2018:

Presented in statement of financial position	Financial Asset	AASB 139	AASB 9	Reported \$	Restated \$
Cash and cash equivalents	Bank deposits	Loans and receivables	Amortised Cost	No change	No change
Trade and other receivables	Loans and receivables	Loans and receivables	Amortised Cost	No change	No change

The Company does not currently enter into any hedge accounting and therefore there is no impact to the Company's Interim Financial Reports.

AASB 15 Revenue from Contracts with Customers

AASB 15 *Revenue from Contracts with Customers* applied to the Group from 1 July 2018 and replaced AASB 118 *Revenue* which covers revenue arising from the sale of goods and the rendering of services.

The new standard is based on the principle that revenue is recognised when control of a service, or goods, transfers to a customer.

The Company completed its assessment of the implications of adopting the new standard and concluded that, due to the nature of the Group's services, there has been no significant changes to the Group's revenue accounting.

The Group's accounting policy under AASB 15 is as follows.

Revenue is recognised when the Group satisfies its performance obligations by transferring its product and services to the customer, and the revenue can be reliably measure at the fair value of the consideration received.

The Group has applied the modified approach to the application of AASB 15 on 1 July 2018. No reconciliation of the change in accounting standard is required as the Group's revenue accounting under AASB 15 is substantially the same under AASB 18.

- (b) Accounting Standard issue but not yet applied by the Group.

AASB 16 Leases

The new leasing standard, effective 1 July 2019, replaces AASB 17 *Leases* and requires that:

- All leases are 'capitalised' by recognising the present value of the lease payments and showing them either as lease assets (rights-of-use assets) or together with property, plant and equipment.
- A financial liability is recognized representing obligations to make future lease payments.

The standard permits either a full retrospective or a modified retrospective approach for the adoption.

The standard will affect primarily the accounting for the Group's operating leases. As at 30 June 2018, the Group had non-cancellable operating lease commitments of \$91,666.

The Company is currently completing its assessment of the effects of applying the new standard on the Group's financial statements, including the extent to which these commitments will result in the recognition of lease assets and liabilities for future lease payments and how this will affect the Group's net assets, profit and classification of cashflows.

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.

QUESTUS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2018
ABN 26 100 460 035

3. BORROWINGS

The loan facility for \$2.065m provided to Questus from APMF NSW Trust has been extended to reflect the following payment terms:

- a) Repayment of \$1.0m by 31 December 2019
- b) Repayment of remaining \$1.065m on 1 July 2020

The first loan facility for \$1.2m provided to Questus from APMF Vic Trust has been extended to reflect the following payment terms:

- a) Repayment of \$0.5m by 31 December 2019
- b) Repayment of remaining \$0.7m on 31 December 2020

The second loan facility for \$2.85m provided to Questus From APMF Vic Trust has been extended to reflect the following payment terms:

- a) Repayment of \$350,000 by 1 July 2020
- b) Repayment of remaining \$2.5m on 31 December 2020

4. ISSUED CAPITAL	31 December 2018 \$	30 June 2018 \$
<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>

5. COMMITMENTS

No changes in commitments noted from 30 June 2018 other than those described below.

Operating lease and capital commitments

The Group has the following commitments at reporting date:

	Within one year	Within two to five years	Total
	\$	\$	\$
Future minimum rentals payable under non-cancellable operating leases	33,010	40,532	73,542

6. DIVIDENDS

No dividends have been declared or paid during the half-year ended 31 December 2018 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 2018.

7. CONTINGENT LIABILITIES AND ASSETS

There has been no change in contingencies since the issue of the 30 June 2018 annual financial report.

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

Questus Limited

Independent auditor's review report to members

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Questus Limited (the company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity) on pages 9 to 17, which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

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 on pages 9 to 17 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 2018 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001.

Responsibilities of the Directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-Year Financial Report

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 2018 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.

CHARTERED ACCOUNTANTS & ADVISORS

Level 3, 15 Labouchere Road
South Perth WA 6151

PO Box 748
South Perth WA 6951

Telephone: +61 8 6436 2888

williambuck.com

Questus Limited

Independent auditor's review report to members

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.

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

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Conley Manifis
Director

Dated this 28th day of February, 2019