

APPENDIX 4D – HALF YEAR REPORT

PERIOD ENDED 31 DECEMBER 2019

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

Reporting Period

Half-year report for the period ended 31 December 2019. Previous corresponding half-year period ended 31 December 2018.

Results for Announcement to Market

	31 Dec 2019 \$	31 Dec 2018 \$	% Change
Revenue	1,947,654	184,099	958%
Profit /(Loss) from continuing operations	224,100	(453,714)	(149%)
Profit /(Loss) before tax attributable to members	309,492	(625,812)	(149%)
Profit /(Loss) for the period attributable to members	224,100	(453,714)	(149%)

Earnings per Share

	31 Dec 2019	31 Dec 2018
Profit /(Loss) per share (Basic and Diluted)	0.24 cents	(0.49 cents)

Net Tangible Assets per Security

	31 Dec 2019	31 Dec 2018
Net Tangible Asset backing	(1.99) cents	(1.57) cents

APPENDIX 4D – HALF YEAR REPORT (Continued)

Dividends

No dividends have been declared or paid during the half-year ended 31 December 2019.

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 Kelly". The signature is written in a cursive style with a horizontal line extending to the right.

Director

Perth

Dated: 27/2/2020

QUESTUS LIMITED

ABN 26 100 460 035

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2019

LODGED WITH THE ASX UNDER LISTING RULE 4.2A

THIS INFORMATION SHOULD BE READ IN CONJUNCTION WITH THE 30 JUNE 2019
ANNUAL REPORT

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QUESTUS LIMITED
CORPORATE DIRECTORY
 For the Half-Year Ended 31 December 2019
 ABN 26 100 460 035

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	Office 3, 110-116 East Parade EAST PERTH WA 6004 Telephone: +61 8 6184 8000
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	Automic Group Level 2, 267 St Georges Terrace PERTH WA 6000 Telephone: + 61 2 8072 1400
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 2019.

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 (NRAS) Scheme, boutique funds management and facilitation of capital raisings.

Review of Operations

The results for the six month period reflect a profit of \$224,100 (2018: Loss: \$453,714).

Questus has continued to undertake the compliance requirement of its NRAS portfolio, which the associated fees were brought to account during the six month reporting period.

The six month period has also 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’ (NRAS), and an asset realisation program to repay existing long term liabilities.

During the prior period, a wholly owned subsidiary Questus Funds Management Ltd was appointed as the approved participant of a portfolio of 1000 NRAS, where the company will undertake the compliance requirements of the NRAS. The appointment period is for the life of the respective NRAS allocations that will expire between 2024 and 2026. The appointment was effective from late December 2019.

Events Subsequent to Reporting Date

There has not arisen in the interval between the end of the reporting period 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 25/2/2020

**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 2019 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 25th day of February 2020

ACCOUNTANTS & ADVISORS

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QUESTUS LIMITED
DIRECTORS' DECLARATION
For the Half-Year Ended 31 December 2019
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 2019 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 25/2/2020

QUESTUS LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Half-Year Ended 31 December 2019

ABN 26 100 460 035

	Half-Year Ended 31 December 2019 \$	Half-Year Ended 31 December 2018 \$
Revenue	1,947,654	184,099
Employee benefits expenses	(30,104)	(119,994)
Selling costs	-	(2,525)
Administrative expenses	(1,348,832)	(430,845)
Reversal of /provision for non-recoverable amounts	-	-
Finance costs	(245,002)	(253,601)
Depreciation and amortisation	(14,224)	(2,946)
Profit/(Loss) before income tax expense	<u>309,492</u>	<u>(625,812)</u>
Income tax (expense)/benefit	(85,392)	172,098
Profit/(Loss) from continuing operations	<u>224,100</u>	<u>(453,714)</u>
Other comprehensive income for the period	-	-
Total comprehensive profit/(loss) for the period	<u><u>224,100</u></u>	<u><u>(453,714)</u></u>
 Earnings Per Share: (cents per share)		
Basic and diluted profit/ (loss) per share	0.24 cents	(0.49cents)

The accompanying notes form part of these financial statements.

QUESTUS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

ABN 26 100 460 035

	Note	31 December 2019 \$	30 June 2019 \$
CURRENT ASSETS			
Cash and cash equivalents		758,871	488,085
Trade and other receivables		1,018,573	1,637,515
Inventories		219,455	124,021
Other assets		26,537	59,151
TOTAL CURRENT ASSETS		<u>2,023,436</u>	<u>2,308,772</u>
NON-CURRENT ASSETS			
Financial assets		4,312	4,312
Trade and other receivables		215,076	215,076
Inventories		1,514,566	2,078,922
Deferred tax assets		761,609	847,000
Plant and equipment		69,716	33,892
Right of use asset		24,414	-
Intangible assets		548,234	548,234
TOTAL NON-CURRENT ASSETS		<u>3,137,927</u>	<u>3,727,436</u>
TOTAL ASSETS		<u>5,161,363</u>	<u>6,036,208</u>
CURRENT LIABILITIES			
Trade and other payables		113,969	594,086
Interest-bearing liabilities	3	14,783	58,450
Lease Liability		6,404	-
Provisions		-	-
TOTAL CURRENT LIABILITIES		<u>135,156</u>	<u>652,536</u>
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	3	5,515,000	6,115,000
Lease Liability		18,434	-
TOTAL NON-CURRENT LIABILITIES		<u>5,533,434</u>	<u>6,115,000</u>
TOTAL LIABILITIES		<u>5,668,590</u>	<u>6,767,536</u>
NET ASSETS		<u>(507,227)</u>	<u>(731,328)</u>
EQUITY			
Issued capital	4	19,556,370	19,556,370
Reserves		152,890	152,890
Accumulated losses		(20,216,487)	(20,440,588)
TOTAL EQUITY		<u>(507,227)</u>	<u>(731,328)</u>

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Half-Year Ended 31 December 2019

ABN 26 100 460 035

	Issued Capital	Share-based Payments Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
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
Balance at 1 July 2019	19,556,370	152,890	(20,440,588)	(731,328)
Profit for the period	-	-	224,100	224,100
Total comprehensive loss for the period	-	-	224,100	224,100
Transactions with owners in their capacity as owners	-	-	-	-
Balance at 31 December 2019	19,556,370	152,890	(20,216,487)	(507,227)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Half-Year Ended 31 December 2019

ABN 26 100 460 035

	Half-Year Ended 31 December 2019 \$	Half-Year Ended 31 December 2018 \$
Cash flows from operating activities		
Receipts from customers	2,358,230	471,479
Payments to suppliers and employees	(510,215)	(284,648)
Payments for inventories	(492,277)	(273,705)
Interest received	284	4,777
Interest and borrowing costs paid	(603,042)	(271,756)
Net cash flows from operating activities	<u>752,980</u>	<u>(353,855)</u>
Cash flows from investing activities		
Proceeds from disposal of subsidiary	-	158,076
Loan to third parties	(201,000)	-
Repayments from loan	409,081	-
Payment for acquisition of other non-current assets	(46,608)	(8,276)
Net cash flows from investing activities	<u>161,473</u>	<u>149,800</u>
Cash flows from financing activities		
Proceeds from borrowings	-	-
Repayments of borrowings	(643,667)	(538,808)
Net cash flows (used in) / provided by financing activities	<u>(643,667)</u>	<u>(538,808)</u>
Net (decrease)/increase in cash and cash equivalents	270,786	(742,863)
Cash and cash equivalents at the beginning of the period	488,085	1,282,387
Cash and cash equivalents at the end of the period	<u><u>758,871</u></u>	<u><u>539,524</u></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 2019 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 2019 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 2019, 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 2019.

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.

QUESTUS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2019
ABN 26 100 460 035

1. SIGNIFICANT ACCOUNTING POLICIES - continued

AASB 16 Leases

The new leasing standard, effective 1 July 2019, replaces AASB 117 *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 intangible assets.
- 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. AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption as at 1 July 2019 is as follows:

	<i>Current Closing</i> YE 31 Dec 2019	<i>Current Opening</i> AT 1 July 2019
STATEMENT OF FINANCIAL POSITION		
<u>Right of Use Asset</u>		
Right of Use Asset - Cost	27,854	27,854
Right of Use Asset - Accum Depreciation	(3,440)	-
Right of Use Asset - Closing Balance	24,414	27,854
<u>Current Liabilities</u>		
Lease Liability	6,404	5,906
<u>Non-Current Liabilities</u>		
Lease Liability	18,434	21,948
Total Lease Liability	24,838	27,854

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Interest expense	1,756	1,064
Depreciation expense	6,879	3,440

Right Of Use Asset

A right of use asset is recognised at the commencement date of a lease. The right of use asset is measured at cost, which comprises the initial amount of the lease liability adjusted for, as applicable, an lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and , except where include in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset and restoring the site or asset.

Right of use assets are depreciated on a straight line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset

QUESTUS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2019
ABN 26 100 460 035

at the end of the lease term, the depreciation is over its estimated useful life. Right of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right of use asset and corresponding lease liability for short term leases with terms of 12 months or less and leases of low value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are re measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right of use asset or to profit or loss if the carrying amount of the right of use asset is fully written down.

Going Concern

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group has made profit after tax of \$224,100 (2019: loss of \$453,714) and experienced cash outflows of \$270,786 for the period ended 31 December 2019 (2019: \$742,863). As at 31 December 2019 the Group had cash assets of \$758,871 (2019: \$488,085) and net liabilities of \$ 507,227 (2019: \$ 731,328).

During the period Questus Funds Management Limited was appointed as the Approved Participant of a significant number of NRAS allocations, and recent changes to the NRAS Regulations allows NRAS allocations which were previously assigned to specific properties to be relocated to alternative affordable housing developments. The appointment as Approved Participant will generate additional management fee revenue and positive cash flows for conducting the compliance on the NRAS Allocations, and the amendment to the NRAS Regulations will bring forward the realisation and activation of the NRAS allocations.

Based on the cash flow forecasts of the Company, the directors are satisfied that the going concern basis of preparation is appropriate.

Should the Group be unable to achieve the matters set out above, there is material uncertainty whether the Group will be able to continue as a going concern and therefore, whether they will be able to realise their assets and extinguish their liabilities in the normal course of business.

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 2019
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 2021
- b) Repayment of remaining \$1.065m on 31 December 2021

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 2021
- b) Repayment of remaining \$0.7m on 31 December 2021

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 31 December 2021
- b) Repayment of remaining \$2.5m on 31 December 2021

The total repayment of the above loans for the half year ending 31 December 2019 was \$600,000.

4. ISSUED CAPITAL	31 December 2019 \$	30 June 2019 \$
<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. DIVIDENDS

No dividends have been declared or paid during the half-year ended 31 December 2019 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 2019.

6. CONTINGENT LIABILITIES AND ASSETS

There has been no change in contingencies since the issue of the 30 June 2019 annual financial report.

7. EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the reporting period 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 2019, 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 2019 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the half-year financial report, which indicates that the consolidated entity is in a net liabilities position of \$507,227 as at 31 December 2019. As stated in Note 1, this condition, along with other matters as set forth in Note 1 indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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:

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Questus Limited

Independent auditor's review report to members

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 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.

William Buck

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

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Conley Manifis
Director

Dated this 25th day of February, 2020