QUESTUS
LIMITED

2012
Annual Report

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CORPORATE DIRECTORY

DIRECTORS	DJ Somerville (Executive Chairman) RW Olde (Executive Director) Maurizio Oteri (Executive Director) (Appointed 22 May 2012) Prof. A Brennan (Non-Executive Director) (Resigned 22 May 2012)
COMPANY SECRETARY	EBH Lee (Appointed 1 February 2011)
REGISTERED AND PRINCIPLE 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 George's 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.

27 September 2012

Dear Shareholder

As Shareholders and the market are aware, 2011/12 has been a year of extreme fortunes for the Company. At the time of writing, the Company remains in a Voluntary Suspension, pending the issue of an Independent Expert Report and a General Meeting of Shareholders of the Company, in order to complete a major corporate restructure for the Company by the issue of 51% of capital in the company to Crest Capital Asia Pte Ltd (Crest Capital).

This corporate restructure was required to provide a recapitalisation of the Company, following a Statutory Demand being issued by Bank of Queensland on the Company for $13.5 million. This was in respect to a guarantee and indemnity provided by the Company for the repayment of loans by the Questus Land Development Fund.

The subsequent agreement to recapitalise the Company enabled full and final settlement with Bank of Queensland, and the opportunity for the Company to refocus its business activities on the delivery of National Rental Affordability Scheme (NRAS) dwellings across Australia.

Results

The results of the Company for the financial year reflects a loss after income tax of $5,343,535 for the period. The loss includes the substantial write down in asset values and debts of $4,909,122 for the year. In particular, the loss incorporates the assets, loans, and receivables associated with the Company over the past 5 years in its funds management capacity of its land development activities.

Statutory Demand

As Shareholders are aware, Questus Funds Management Limited (QFML) is a 100% owned subsidiary of Questus Limited, with QFML being the responsible entity of the Questus Land Development Fund (QLDF).

The QLDF is an unlisted property trust with some 312 investors, of which QFML acts in a management capacity of the QLDF. The underlying investments within the QLDF have been four (4) land development projects in the southern corridor of Western Australia. These developments had been progressing with rezoning's and development of the underlying assets into subdivided residential housing lots. One of these underlying developments had Stage 1 completed and had sold some 40% of lots available, and another was engaged in development of Stage 1, with pre-sales and construction commenced on roads, power and water services.

Unfortunately, the implications of the GFC and the restriction of credit throughout the world markets saw the Australian banks withdraw from providing development funding. This led to the inability of the QLDF to be able to extend its debt obligations, and the capacity to refinance these facilities.

On 1st February 2012, the Bank of Queensland issued a Statutory Demand for $13.5 million against the Company. Two of the QLDF loan facilities were with Bank of Queensland. Again, as previously advised to the market, the Company had provided a guarantee and indemnity on these facilities.

Under the guarantee and indemnity the position of the Company was largely indefensible, however the Company was successful in delaying the actions by Bank of Queensland whilst a corporate recapitalisation was undertaken.

ReCapitalisation – Crest Capital Asia Pte Ltd (CREST CAPITAL)

After entering into preliminary discussions with a number of parties, the Board considered three potential recapitalisation partners, and were very pleased to enter into a Heads of Agreement with Crest Capital.

Crest Capital is a Singapore-based private equity and fund manager with Australian investments in the retirement housing and NRAS real estate development sectors. Crest Capital are a substantial private equity investor with about US$1 billion in funds under management, with offices also in Jakarta and Beijing.

The recapitalisation will see Crest Capital acquire a 51% interest in the Company in consideration for the provision of the following to the Company, a:

- $10 million Working Capital Facility; and
- $20 million Development Loan Facility for the development of NRAS properties, and
- $100 million Property Acquisition Funding Facility for the acquisition of property developments with NRAS allocations.

The Company is pleased to confirm the first components of the recapitalisation have been fulfilled and the Statutory Demand placed on the Company by Bank of Queensland has been fully satisfied, with all Guarantees and Indemnities being extinguished. The Company entered into arrangements with Crest Capital to allow for the drawdown of funds from the working capital facility and fulfilment of the above with Bank of Queensland.

The recapitalisation is subject to Shareholder approval at the forthcoming General Meeting of Shareholders. The provision of an Independent Expert Report and the calling of the General Meeting has been protracted due to several complications as a result of previously issued Convertible Notes in the Company, and achieving pre-requisite corporate and legal authorisations to issue a further 51% of capital in the Company. This has involved both submissions to the ASX and a decision by the ASX as to any ASX listing rule waivers which may be required.

The Notice of Meeting for the General Meeting has been issued and the Meeting will be held on the 26th October 2012, the Board of Directors are confident that Shareholders will support the transaction.

NRAS

Whilst the Company recapitalisation has taken longer than anticipated, the Board has been pleased with the benefits recognised through the strategic relationship with Crest Capital.

The Board of Questus continues to accelerate its focus on the facilitation and delivery of dwellings under the Federal Government National Rental Affordability Scheme.

Questus has now been issued with over 4,300 NRAS entitlements across Australia, with sales of approximately 50 per month and delivery rates accelerating, and to date over 600 properties have been completed and tenanted.

The Company has a strong focus in the North West of Western Australia with 1,578 NRAS dwellings to be delivered over the next 4 years. The first 30 of these properties will be going to market this month, plus the Company has a pipeline of 330 plus dwellings identified in the Pilbara towns of South Hedland, Newman, Exmouth and Karratha, the Kimberley town of Broome.

The Company has now cemented its position as the largest facilitator of NRAS dwellings in Australia, and is looking forward to a long and profitable association with Crest Capital in the Australian affordable housing market.

The recapitalisation of Questus now enables the opportunity for the Company to continue to expand its involvement in the NRAS sector, through partnerships with various government housing departments, and also enter into joint venture and development partnerships with the participants in the Community Housing sector. The Company is also focused on the development and launch of its institutional NRAS model, for the large-scale delivery of affordable housing across Australia.

In closing, I would like to thank existing Shareholders for their continued support of the Company over these extremely difficult times, and to all staff of the Company for their untiring commitment and loyalty to the Company, as we all look forward towards a prosperous new future.

Yours sincerely

DAVID SOMERVILLE
Executive Chairman

DIRECTORS' REPORT

Your directors submit their report for the year ended 30 June 2012.

DIRECTORS

The names of the company's directors in office during the year and until the date of this report are as below. Maurizio Oteri was newly appointed from 22 May 2012. Anthony Brennan resigned 22 May 2012. David Somerville and Robert Olde were in office for this entire period:

DJ Somerville	Age 52	first appointed 22 October 2007	Executive
RW Olde	Age 41	first appointed 7 November 2007	Executive
Maurizio Oteri	Age 48	first appointed 22 May 2012	Executive
AJ Brennan	Age 40	first appointed 29 November 2010 resigned 22 May 2012	Non Executive

DIRECTORSHIPS OF OTHER LISTED COMPANIES

David Somerville is a director of CI Resources Ltd, an ASX Listed Company. David is also a director of Energy Made Clean Ltd, a public unlisted company.

Anthony Brennan (resigned 22 May 2012) is a director of CI Resources Ltd, an ASX listed company. Anthony has also been a director of public unlisted companies Phosphate Resources Limited and Western Potatoes Limited in the past 3 years.

The current directors do not hold and have not held directorships of any other listed companies in the past three years other than the companies mentioned above**.**

DIRECTORS' QUALIFICATIONS AND EXPERIENCE

The directors of the Company and their qualifications are set out below.

David Somerville (B.Bus, MBA, CPA, AFAIM)
Executive Chairman

David has a background as a Certified Practising Accountant with considerable experience in capital raising, business development and property development over 25 years. David was a senior partner with a large Western Australian accounting practice, where he was responsible for a large number of clients across a broad range of industries, through the provision of accounting, taxation and management services. David was the founding director and shareholder of Questus Group in 2003.

Robert Olde (Dip FS, AIMM)
Executive Director

Robert studied Commerce at Murdoch University and holds a Diploma in Financial Planning and also holds a Triennial Certificate as a Real Estate and Business Agent from the Real Estate Institute of Western Australia. Robert has considerable experience in the Funds Management sector and is a responsible officer on the companies within the group that hold AFSL's. Robert is also National President of the Property Funds Association of Australia.

Maurizio Oteri (MBA, JD) (Appointed 22 May 2012)
Executive Director

Maurice has accumulated a wealth of SME and Corporate experience over the last 30 years as owner manager of numerous enterprises and consultant to others across a broad range of industries. Maurice's qualifications include a MBA in International Business; China Program, Juris Doctor (JD), Diploma of Business Administration and Graduate Diploma of Legal Practice which he collectively applies as an unrestricted legal practitioner within Western Australia with Robertson Hayles Lawyers and to the benefit of his Singapore Fund Manager client, Crest Capital Asia Pte Ltd who has recently taken an active financial interest in Questus Limited.

Anthony Joseph Brennan (LLB) (Appointed 29 November 2010) (Resigned 22 May 2012)
Non-Executive Director

Tony holds a Bachelor of Laws degree from the University of Queensland, a Graduate Diploma in Legal Practice and worked as a solicitor with national law firm Clayton Utz in the area of corporate advisory, mergers and acquisitions and banking and finance. Having worked for local and state government bodies, Australian blue chip companies and national and international banks, Tony has experience in corporate banking and finance transactions including development finance and refinance transactions, infrastructure and project finance, loan facility and security documentation, general corporate banking matters and significant commercial property transactions. As Managing Director of Magellan Capital Advisors he is currently involved in mining, pharmaceutical, agricultural and medical projects throughout Arica, the Middle East and South East Asia. Tony is a member of the Mining Law committee, the International Construction Projects committee and the Maritime and Transport Law committee of the International Bar Association and is also one of the few Australian Lawyers to have studied Capital Market Development and Regulation; Arbitration and Dispute Resolution and Debt Rescheduling with the Paris Club through the United Nations Institute of Training and Research.

Tony is also a former facilitator for the Australian Institute of Company Directors Company Directors Course and currently serves as a non-executive director of both listed and unlisted companies in Australia and the Middle East.

COMPANY SECRETARY

Elizabeth Lee, Company Secretary – B Bus, FCIS, Grad.Dip. Corp. Gov. ASX Listed Entities (Appointed 1 February 2011)

Elizabeth has over 14 years experience in the areas of corporate governance and company secretarial functions. Prior to joining Questus, Elizabeth held company secretarial positions for Phosphate Resources Limited, Macmahon Holdings Limited, Corporate Compliance Partners and Lend Lease Primelife Limited. Elizabeth also performed contract company secretarial roles with Macquarie Bank Limited and Austrock Group Limited. Elizabeth holds a Bachelor of Business majoring in Finance and Business Law from Edith Cowan University, a Graduate Diploma in Corporate Governance from Chartered Secretaries Australia, a Graduate Diploma in Corporate governance for ASX Listed Entities from Kaplan Financial Institute and is a Fellow member of the Chartered Secretaries in Australia.

DIRECTORS' MEETINGS

The number of meetings of the Company's board of directors held during the year and the number of meetings attended by each director were:

DIRECTOR	NUMBER OF MEETINGS ATTENDED		NUMBER OF MEETINGS ENTITLED TO ATTEND	
	BOARD	AUDIT COMMITTEE	BOARD	AUDIT COMMITTEE
David Somerville	5	-	5	-
Robert Olde	5	-	5	-
Maurizio Oteri (Appointed 22 May 2012)	-	-	-	-
Anthony Brennan (Resigned 22 May 2012)	5	-	5	-

DIRECTORS' INTERESTS

As at the date of this report, the direct and indirect interests of the Directors in the Company were:

DIRECTOR	SHARES		OPTIONS (UNLISTED)	
	In Own Name	In Other Names	In Own Name	In Other Names
David Somerville	-	15,130,715	2,025,000	5,000,000
Robert Olde	134,542	8,831	2,025,000	-
Maurizio Oteri (Appointed 22 May 2012)	-	-	-	-
Anthony Brennan (Resigned 22 May 2012)	-	-	-	-

PRINCIPAL ACTIVITIES

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

RESULTS AND REVIEW OF OPERATIONS

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DIVIDENDS

There was no dividend for the year ended 30 June 2012 paid on ordinary shares (2011: $nil):

PERFORMANCE IN RELATION TO ENVIRONMENTAL REGULATION

The Company is not subject to significant environmental regulation in respect of its operating activities.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

A re-capitalisation agreement is currently being negotiated with Crest Capital Asia Pte Ltd, This agreement is subject to shareholder approval. The General Meeting of Shareholders to approve the agreement will be held on the 26 October 2012.

REMUNERATION REPORT (AUDITED)

Remuneration Philosophy

The Board of Directors of Questus Limited is responsible for determining and reviewing compensation arrangements for directors and the executive team. The Group's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and level of performance and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Remuneration Details

The Directors are remunerated based on the provision of services provided to the Company for executive management and for their services as Directors. The Directors fees are determined by the Company in general meeting and other consulting services are remunerated at levels agreed by the Board of Directors. Each non-executive director receives a fixed fee for their services as directors.

The remuneration structure for executive officers, including executive directors, is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company. The contracts for service between the company and directors and executives are on a continuing basis the terms of which are not expected to change in the immediate future. Upon retirement directors and executives are paid employee benefit entitlements accrued to date of retirement.

Employment contracts for Directors and Executives stipulate a range of one to three month resignation periods. Termination payments are generally not payable on dismissal for serious misconduct. The Company may terminate an employment contract without cause by providing the appropriate written notice under each contract or making payment in lieu, based upon the individual's remuneration together with a severance benefit.

Details of the nature and amount of each element of the remuneration of each director of the Company for the financial year are as follows:

REMUNERATION REPORT (AUDITED) (CONTINUED)

Remuneration of Directors and Officers

30 June 2012	Primary			Post Employment	Equity	Other	Total	
Name	**Salary & Fees $**	**Cash Bonus $**	**Non Monetary benefits $**	**Superan-nuation $**	**Options $**	**Un-listed Options $**	**$**	**Total option related %**
Directors:								
David Somerville (1)	256,923	-	-	18,173	-	-	275,096	-
Robert Olde (1)	191,155	-	-	13,846	-	-	205,001	-
Maurizio Oteri (Appointed 22 May 2012) (1)	-	-	-	-	-	-	-	-
Anthony Brennan (Resigned 22 May 2012) (1)	32,942	-	-	2,492	-	-	35,434	-
Total remuneration	481,020	-	-	34,511	-	-	515,531	
Company Secretary:								
Elizabeth Lee	150,000	-	-	13,500	-	-	163,500	-
Total remuneration:	631,020	-	-	48,011	-	-	679,031	-

30 June 2011	Primary			Post Employment	Equity	Other	Total	
Name	Salary & Fees $	Cash Bonus $	Non Monetary benefits $	Superan-nuation $	Options $	Un-listed Options $	$	Total option related %
Directors:								
David Somerville (1)	207,692	-	-	18,692	-	36,450	262,834	13.87%
Robert Olde(1)	251,401	-	-	14,019	-	36,450	301,870	12.07%
Anthony Brennan (appointed 29 November 2010)(1)	34,585	-	-	1,610	-	-	36,195	-
Jamie Kelly (resigned 29 November 2010)(3)	106,202	-	-	-	-	9,720	115,922	8.38%
Andrew Boots (resigned 3 June 2011) (2)	108,699	-	-	8,892	-	-	117,591	-
Total remuneration:	708,579	-	-	43,213	-	82,620	834,412	9.90%

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (CONTINUED)

*** Unlisted options issued to directors were cancelled during the year.*

(1) Salary includes consulting fees paid/payable to directors and to related parties of directors.

(2) Andrew Boots was appointed a director of Questus Warrants Pty Ltd from 04 February 2008. The remuneration disclosed is his total remuneration and includes salary income from other entities within the group.

(3) Mr Kelly was a Director of Questus Ltd and Questus Funds Management Ltd only. He was joint company secretary for all companies. The remuneration disclosed is for the perio 01 July 2010 to 30 June 2011 and including consulting income paid after he resigned as a director and the company secretary during the year.

There are no other contracts to which a Director is a party or under which a Director is entitled to a benefit other than as disclosed in these financial statements.

Remuneration of Executive Officers

There were no executive officers other than the directors directly accountable and responsible for the strategic direction and management of the affairs of the Company and the Group.

Share Options

During the financial year no new options granted over unissued ordinary shares of the Company (2011: 4,590,000). During the year, 810,000 employee options have expired (not exercised by 4/01/2012).

The weighted average fair value of the options granted during the financial year was $0 (2011: $0.018).

Share Options (continued)

This price was calculated by using a Black-Scholes option pricing model, in respect of option issue in the respective year are applying the following inputs:

	2012	2011
Weighted average exercise price	-	$0.05
Weighted average life of the option	-	3 years
Underlying share price	-	$0.045
Expected share price volatility	-	75.0%
Risk free interest rate	-	5.20%

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future tender, which may not eventuate.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

Included under employee benefits expense in the statement of comprehensive income is $0 (2011: $82,620), and relates, in full, to equity-settled share-based payment transactions.

[End of Remuneration Report]

SHARE OPTIONS

As at the date of this report the following options were on issue:

Option expiry date	Listed / Unlisted	Exercise price	Number on issue
13 January 2014	Unlisted	$0.05	4,590,000
31 December 2012	Unlisted	$0.50	5,000,000

No person entitled to exercise the options has any right by virtue of the options to participate in any share issue of the Company or of any other entity within the consolidated group. Nil options were exercised during year ended 30 June 2012 (2011: Nil). 810,000 with an expiry date of 4 January 2012 expired during the year.

INDEMNIFICATION AND INSURANCE OF OFFICERS

The Company has paid an insurance premium in respect of a contract insuring each of the Directors of the Company and its controlled entities and each executive officer against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law, other than conduct involving a wilful breach of duty in relation to the Company.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

NON AUDIT SERVICES

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to RSM Bird Cameron Partners for non-audit services provided during the year ended 30 June 2012:

	$
Taxation services	8,045

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.

This report is made in accordance with a resolution of Directors.

RW Olde
Director

Dated at Perth this 27th day of September 2012

CORPORATE GOVERNANCE

Questus Limited is a boutique funds management company operating in the funds management industry. Questus Limited is committed to protecting and enhancing shareholder value and adopting best practice governance policies and practices. The Corporate Governance Statement outlines the main Corporate Governance practices that were in place throughout the financial year, which comply with the Australian Securities Exchange Corporate Governance Council recommendations.

The following summarises the ten recommended ASX Principles of Good Governance and the Company's policies and procedures against each of the principles. Where a recommendation has not been followed, this is clearly stated along with an explanation for the departure.

Principle 1 – Lay solid foundation for management and oversight.

The Board which currently consists of three non-independent Directors, is the governing body of the Company. The Board and the Company act within a statutory framework – principally the Corporations Act and also the Constitution of the Company. Subject to this statutory framework, the Board has the authority and the responsibility to perform the functions, determine the policies and control the affairs of Questus Limited.

The Directors are aware of their responsibilities and obligations to protect shareholder's funds. Due care is taken to explain both the positive and negative aspects in all reports to highlight the inherent risks involved in the finance industry. The Board must ensure that Questus Limited acts in accordance with prudent commercial principles and satisfies shareholders – consistent with maximising the Company's long term value.

The Board of Directors, two of which work full time for the Company and one who works part time, determine the strategic direction of the Company by regularly monitoring and evaluating the performance and status of each of the Company's projects and activities. and it is the shareholders who will determine if the Board is maximising and enhancing the reputation and performance of the Company to increase shareholder value

Advice on the performance of the Company's business operations and investments is also provided by consultants and employees, where required. No formal evaluation of Board members took place this financial year.

Principle 2 – Structure the board to add value.

The Board comprises an Executive Chairman, and two Executive Directors. Full details of the Company's Board of Directors and their relevant experience and skills are detailed within the Directors' Report. The Company's Constitution requires that one third of the members of the Board retire by rotation each year but they are eligible for re-election.

Any new Director appointed holds office only until the next general meeting and is then eligible for re-election. The Board will ensure that any such person to be appointed as a Director possesses an appropriate level of qualifications, expertise and experience. Due to its size, the Company does not have a Nomination Committee. Key terms and conditions relating to the appointment of non-executive directors are set out in a formal letter of appointment.

The Chairman is also the Managing Director, appointed by the full Board. The Board does not have a predominance of non-executive Directors. A majority of the Board are also substantial shareholders; there clearly are no independent directors. The Board considers that given the size of the company, it is more important that directors are motivated to perform as a result of their shareholding in the company

Principle 3 – Promote ethical and responsible decision making.

The Board place great emphasis on ethics and integrity in all its business dealings. In regards to principles 3.1, the Board considers the business practices and ethics exercised by individual board members and key executives to be of the highest standards.

The Board being committed to the highest standards of ethical business conduct has adopted a formal Code Code of Conduct to guide executives, management and staff in carrying out their duties and responsibilities. The Code is subject to ongoing review to ensure that Questus Limited 's standards of behaviour and corporate culture reflect best practice in corporate governance. The Code is based on the following key principles:

- acting with honesty and integrity
- abiding by laws and regulations
- respecting confidentiality and handling information in a proper manner
- maintaining the highest standards of professional behaviour
- avoiding conflicts of interest
- striving to be a good corporate citizen and to achieve community respect.

Questus Limited also has a number of specific policies, including the Directors Code of Conduct, that underpin the Code of Conduct and elaborate on various legal and ethical issues. These policies are designed to foster and maintain ethical business conduct within Questus Limited , and govern such things as workplace and human resources practices, handling of confidential information, insider trading, risk management and legal compliance.

A formal securities trading policy has been adopted, lodged and released to the market. This is to ensure compliance with the "insider trading" provisions of the Corporations Act by executive staff who may be in possession of sensitive information concerning the Company's affairs, prior to release to the market.

In addition, the Board has guidelines dealing with disclosure of interests by Directors in participating and voting at Board meetings where any such interests are discussed. In accordance with the Corporations Act, any Director with a material personal interest in a matter being considered by the Board must not be present when the matter is being considered, and may not vote on the matter.

A copy of the Directors Code of Conduct, the Corporate Code of Conduct and the securities trading policy can be found on the Questus website.

Diversity Policy

Questus Limited recognises the value contributed to the organisation by employing people with varying skills, cultural backgrounds, ethnicity and experience. Questus believes its diverse workforce is the key to its continued growth, improved productivity and performance.

We actively value and embrace the diversity of our employees and are committed to creating an inclusive workplace where everyone is treated equally and fairly, and where discrimination, harassment and inequity are not tolerated.

Principle 4 – Safeguard integrity in financial reporting.

The Board has not formally established an Audit Committee, these responsibilities are undertaken by the Board. It is the Boards responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, including the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information.

The Company in general meeting is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors. The Company has retained RSM Bird Cameron as its auditors.

Principle 5 – Make timely and balance disclosure.

The Company complied with all disclosure requirements to ensure that it manages the disclosure of price sensitive information effectively and in accordance with the requirements as set out by regulatory bodies. All market disclosures are approved by the Board.

The Executive Chairman and Company Secretary are authorised to communicate with shareholders and the market in relation to Board approved disclosures. The Executive Chairman and Company Secretary are responsible for ensuring compliance with the continuous disclosure to the Australian Securities Exchange, analysts, broker, shareholders, the media and the public.

The continuous disclosure requirements are set out in the ASX Listing rules. The rules require the company to immediately notify the ASX of any information concerning the Company, which a reasonable person would expect to have a material effect on the price of securities. When considering the disclosure of information due consideration should also be given to the exemptions (carve outs) granted under the ASX listing rules in respect of continuous disclosure.

The Company shall disclose:

- all information that is required to be disclosed pursuant to ASX Listings Rules.
- the Board, collectively, has primary responsibility for ensuring that the company complies with its disclosure obligations.
- the Board will monitor news sources and seek to avoid the emergence of a false market in the company's securities. However, it is recognised that this may not be possible pursuant to ASX Listing Rule 3.1.B.
- the confidentiality of corporate information will be safeguarded to avoid premature disclosure.
- the Company Secretary is appointed as the Disclosure Officer in compliance with ASX Listing Rules. All directors and employees must immediately inform the Disclosure Officer if they obtain material information.

A copy of the Continuous Disclosure Policy can be found on the Questus website.

Principle 6 – Respect the rights of shareholders

The Company has a positive strategy to communicate with shareholders and actively promote shareholder involvement in the company. It aims to continue to increase and improve the information available to shareholders on its website. All company announcements, presentations to analysts and other significant briefings are posted on the company's website after release to the Australian Securities Exchange.

Principle 7 – Recognise and manage risk.

The Board has adopted a formal Risk Management Policy. The Board's collective experience should assist in enabling accurate identification of the principal risks which may affect the Company's business. Identifying key operational risks and their management will be recurring items for deliberation at Board meetings.

The Board oversees the establishment, implementation and ongoing review of the company's risk management and internal control system. Recommendation 7.1 requires the establishment of a risk committee. During the year Questus Limited did not have a separately established risk committee. The Board does not believe that any marked efficiencies or enhancements would be achieved by the creation of a separate risk committee.

The board has received assurance from the Executive Chairman and the Financial Controller that, the directors declaration provided in accordance with section 295A of the Corporations Act, is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Principle 8 – Remunerate fairly and responsibly

The Board is responsible for determining and reviewing compensation arrangements for the directors themselves the Managing Director, and senior executives. The Directors are remunerated based on the provision of services provided to the Company for executive management and for their services as Directors. The Directors fees are determined by the Company in general meeting and other consulting services are remunerated at levels agreed by the Board of Directors. Access is available to the Company's auditors and senior managers, and the ability to consult independent experts when necessary.

In relation to non-executive directors, there are presently no schemes for termination or retirement benefits, other than statutory superannuation.

The Board recognises that the interests of all stakeholders will be best served when the Company, its directors and staff adhere to highest standards of business ethics and comply with the law.

The Board expects a high standard of ethical behaviour from all directors and staff. A code of business ethics has been developed outlining the policies and procedures which operate within the company to ensure its exemplary reputation is maintained.

CORPORATE GOVERNANCE

EXPLANATION FOR DEPARTURE FROM BEST PRACTICE RECOMMENDATIONS

The Company has complied with each of the Ten Essential Corporate Governance principles and the corresponding Best Practice Recommendations as published by ASX Corporate Governance Council ("ASX Principles and Recommendations"), other than in relation to the matters specified below.

Principle No	Best Practice Recommendation	Compliance	Reason for Non-compliance
2.1 and 2.2	A majority of the Board and Chairman should be independent directors	Directors David Somerville (Managing Director and Chairman of the Board), Robert Olde (Executive Director) and Maurizio Oteri (Executive Director) do not satisfy the test of 'independence' as set out in the ASX Corporate Governance Council Practice Recommendations. David Somerville and Robert Olde are Substantial Shareholders of the Company and David Somerville, Robert Olde and Maurizio Oteri are executives of the Company. In light of the above, the Company does not comply with the Best Practice Recommendations requirement of having a majority of independent directors.	The Board considers that given the current size of the company, it is more important that directors are motivated to perform as a result of their shareholding in the company and involvement in day-to-day activities.
2.4	The board should establish a nomination committee	The board does not have a nomination committee.	The Board members have concluded that no efficiencies would be achieved by establishing a separate nomination committee. The functions of any nomination committee are normally undertaken by the full board.

Principle No	Best Practice Recommendation	Compliance	Reason for Non-compliance
2.5	Disclose the process for performance evaluation of the board and individual directors	The board and individual directors are constantly aware of the Company's share price, market capitalisation and its financial performance. There is no formal policy for evaluating performance. However, the Company maintains regular contact with financial advisors and stockbrokers seeking third party feedback on the Company's performance in order to continue to seek improvement in this area.	In a competitive environment such as the sector in which Questus Limited operates, market forces will ensure that the board and individual directors are judged based upon the performance of the company both relative to the market and relative to its particular circumstances.
8.1	The board should establish a remuneration committee	The Company does not have a remuneration committee.	Given the size and scope of the company's operations, and the size of the board it is not considered that a remuneration committee is necessary. Accordingly the company does not have a remuneration committee.
8.2	Clearly distinguish the structure of non-executive directors remuneration from that of executives	Executive directors receive a fixed salary pursuant to a contract plus a fixed annual director's fee. Non-executive directors do not receive a fixed salary but are entitled to director's fees approved by shareholders and fees for additional services provided up to a maximum of $150,000 per annum in aggregate.	Individuals must be remunerated for the risks of being a director of a public company. It is not feasible to attract quality directors unless they can be appropriately remunerated for their efforts and the risks undertaken.

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Questus Limited for the year ended 30 June 2012, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Rsm Bird Cameron Partners
RSM BIRD CAMERON PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 27 September 2012

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012

	Notes	CONSOLIDATED 2012 $	CONSOLIDATED 2011 $
Revenue	3	2,644,719	2,408,694
Employee benefits expenses		(1,257,925)	(1,013,018)
Depreciation and amortisation		(20,561)	(17,054)
Impairment of assets and investments	3a	(2,387,551)	(391,300)
Provision for non-recoverable amounts	3b	(1,847,286)	-
Other expenses	3c	(1,668,626)	(1,668,447)
(Loss) before tax and finance costs		(4,537,230)	(681,125)
Finance costs		(291,261)	(269,525)
(Loss) before income tax		(4,828,491)	(950,650)
Income tax benefit / (expense)	4a	(20,656)	72,104
Net (loss) from continuing operations		(4,849,147)	(878,546)
Loss from discontinued operations after tax	5	(494,388)	(17,737)
Net loss for the year		(5,343,535)	(896,283)
Other comprehensive income		-	-
Total comprehensive loss for the year		(5,343,535)	(896,283)
(Loss) / Earnings per share (cents per share)	6		
Continued operations			
- basic and diluted for (loss) for the year		(11.36c)	(2.22c)
Discontinued operations			
- basic and diluted for (loss) for the year		(1.16c)	(0.05c)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

		CONSOLIDATED	
		2012	2011
	Notes	$	$
ASSETS			
Current Assets			
Cash and cash equivalents	7	1,305,014	1,072,421
Trade and other receivables	8	2,977,271	857,200
Other assets	9	85,175	51,040
Total Current Assets		4,367,460	1,980,661
Non-Current Assets			
Financial assets	10	22,233	789,996
Trade and other receivables	8	94,167	3,075,762
Deferred tax asset	17	1,724,716	2,127,312
Plant and equipment	12	29,833	11,937
Intangible assets	13	2,517,036	2,528,847
Total Non-Current Assets		4,387,985	8,533,854
TOTAL ASSETS		8,755,445	10,514,515
LIABILITIES			
Current Liabilities			
Trade and other payables	14	945,555	1,395,852
Interest-bearing liabilities	15	4,859,147	1,452,525
Provisions	16	77,822	48,916
Total Current Liabilities		5,882,524	2,897,293
Non-Current Liabilities			
Deferred tax liabilities	17	-	402,598
Interest-bearing liabilities	15	500,000	-
Provisions	16	6,106	4,274
Total Non-Current Liabilities		506,106	406,872
TOTAL LIABILITIES		6,388,630	3,304,165
NET ASSETS		2,366,815	7,210,350
EQUITY			
Issued capital	18	19,106,370	18,606,370
Reserves		107,130	107,130
Accumulated losses		(16,846,685)	(11,503,150)
TOTAL EQUITY		2,366,815	7,210,350

accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2012

	Notes	CONSOLIDATED 2012 $	2011 $
Cash flows from operating activities			
Receipts from customers		1,402,386	1,903,142
Payments to suppliers and employees		(3,104,902)	(2,749,645)
Interest received		93,307	231,413
Interest and borrowing costs paid		(172,250)	(109,446)
Net cash flows (used in) operating activities	19a	**(1,781,459)**	**(724,536)**
Cash flows from investing activities			
Net outflow on disposal of subsidiary	19b	(22,658)	-
Advanced to parties		(2,774,276)	-
Net investment in lease/loans receivables		18,669	(26,941)
Payments for investments		(50,000)	(50,000)
Dividends and distributions received		2,007	2,533
Purchase of property, plant and equipment		(26,646)	(6,852)
Net cash flows used in investing activities		**(2,852,904)**	**(81,260)**
Cash flows from financing activities			
Proceeds from borrowings		5,714,865	-
Proceeds from the issue of shares		500,000	-
Net (repayment of) / proceed from funding arrangements		(1,347,909)	815,389
Net cash flows from financing activities		**4,866,956**	**815,389**
Net increase in cash and cash equivalents		232,593	9,593
Cash and cash equivalents at beginning of year		1,072,421	1,062,828
Cash and cash equivalents at end of year	7	**1,305,014**	**1,072,421**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2012

	Issued Capital	Accumulated Losses	Share Option Reserves	Total
	$	$	$	$
CONSOLIDATED				
At 1 July 2010	18,464,370	(10,606,867)	24,510	7,882,013
Total comprehensive loss for the year	-	(896,283)	-	(896,283)
Issue of share capital	142,000	-	-	142,000
Share based payments	-	-	82,620	82,620
At 30 June 2011	18,606,370	(11,503,150)	107,130	7,210,350
At 1 July 2011	18,606,370	(11,503,150)	107,130	7,210,350
Total comprehensive loss for the year	-	(5,343,535)	-	(5,343,535)
Issue of share capital	500,000	-	-	500,000
At 30 June 2012	19,106,370	(16,846,685)	107,130	2,366,815

The accompanying notes form part of these financial statements.

1 CORPORATE INFORMATION

This financial report of Questus Limited ('company') for the year ended 30 June 2012 comprises the Company and its subsidiaries ('Group' or 'consolidated entity').

The separate financial statements of the parent entity, Questus Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001.*

Questus Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The financial statements were authorised for issue on 27 September 2012 by the directors of the company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001.* The Group is a for-profit entity for financial reporting purposes under the Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB.

In the year ended 30 June 2012, the Company has reviewed all of the new and revised Australian Accounting Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. It has been determined by the Company that there is no impact, material or otherwise, of the new Standards and Interpretations on its business and therefore, no changes are required to its accounting policies. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

Except for cash flow information, the financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 company and consolidated entity incurred losses of $4,676,183 and $5,343,535 respectively and the consolidated entity had net cash outflows from operating activities of $1,781,459 for the year ended 30 June 2012. As at that date, the company and consolidated entity had net current liabilities of $2,630,652 and $1,515,064 respectively.

The Directors believe that it is reasonably foreseeable that the company and consolidated entity will continue as going concerns and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The ability to issue additional shares under the *Corporation Act 2001*;
- The confirmed allocation of NRAS entitlements in Queensland, New South Wales and Western Australia providing a definite future revenue stream;
- The general meeting to approve the funding agreement with Crest Capital Asia Pte Ltd, has been notified to shareholders to occur on 26 October 2012 and at the date of this report, the directors hold sufficient proxies to pass the resolution at the meeting to approve the issues of shares and the acquisition of a relevant interest in the company by Crest Capital Asia Pte Limited, as set out in the Notice of Meeting;
- The directors believe that the funding agreement with Crest Capital Asia Pte Ltd, as explained in the Notice of Meeting, whereby it will have access to a working capital facility of $10 million ($4.5 million already drawn down to the date of this report as disclosed in Note 15), a development funding facility of $20 million and a wholesale NRAS acquisition fund of $100 million, will provide certainty to enable to company to expand its business relating to the National Rental Affordability Scheme;
- As disclosed in Note 15, the consolidated entity has interest bearing liabilities of $5,359,147. The directors believe that the consolidated entity will be able to negotiate the repayment terms of these loans in its favour, when they becomes due and payable; and
- The consolidated entity has the ability to scale down its operations in order to save costs, in the event insufficient cash is available to meet future expenditure commitments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a. Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Questus Limited at the end of the reporting period. A controlled entity is any entity over which Questus Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the group during the year, the financial performance of those entities are included only for the period of the year that they were controlled.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the group have been eliminated on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions.

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- the consideration transferred;
- any non-controlling interest; and
- the acquisition date fair value of any previously held equity interest

over the acquisition date fair value of net identifiable asset acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

Intangible Assets

Australian Financial Services Licence

The expenditure incurred by the Company in relation to the issue by the Australian Securities and Investments Commission of an Australian Financial Services Licence has been capitalised. The amount is being amortised over 10 years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can by utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets and liabilities are expected to be recovered or settled.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax consolidation

Questus Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The tax consolidated group has entered a tax funding arrangement whereby each company in the consolidated group contributes to the income tax payable by the group in proportion to their contribution to the group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

(c) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis to write off the net cost (including any expected residual value) over the estimated useful life of the asset as follows:

Plant and equipment - over 3 to 7 years
Office equipment - over 1 to 5 years

Impairment

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial Instruments

Recognition and Initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method.*

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm’s length transactions, reference to similar instruments and option pricing models.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

i. Financial assets at fair value through profit or loss

Financial assets are classified at ‘fair value through profit or loss’ when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial Instruments (Continued)

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period (all other loans and receivables are classified as non-current assets).

iii. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. All other investments are classified as current assets.

iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as non-current assets.

v. Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(e) Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(f) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Employee Benefits (Continued)

Equity-settled compensation

The Group operates an employee share ownership plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

(g) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturity of 3 months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

(i) Trade and other receivables

Trade receivables, which generally have 30-60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(j) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. Interest is accrued over the period it becomes due and is recorded as part of other creditors.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income.

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

(l) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of services

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Interest

Revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(m) Good and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Lease receivables

Unearned Revenue

Unearned revenue is being progressively recognised over the period of the lease in a manner which produces a constant rate of return on the investment in the lease outstanding at the beginning of each lease payment period. For revenue recognition purposes, the investment in the lease represents the total lease payment receivable net of unearned revenue.

Investment in the Lease

The investment in the lease is allocated between current and non-current elements. The principal component of the lease rental due as at the end of the succeeding financial year is shown as current and the remainder of the investment as non-current.

(o) Earnings per Share

Basic earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the company, excluding any costs of servicing of equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with diluted potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(p) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(q) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Critical Accounting Estimates and Judgments (continued)

Key Estimates — Impairment

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Goodwill

The Group determines whether goodwill with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill is allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill with indefinite useful life are discussed in note 13.

Trade receivables

No other impairment has been recognised in respect of trade and other receivables other than those already disclosed in the financial statements for the year ended 30 June 2012.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instrument at the date at which they are granted. The fair value is determined by the management using Black-Scholes option pricing model, using the assumptions detailed in note 27. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amount of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Taxation

The Group's accounting policy for taxation requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. Judgements are also required about the applicable of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the statement of comprehensive income.

3 REVENUE AND EXPENSES

	CONSOLIDATED	
	2012	**2011**
	$	**$**
Revenue		
Operating activities		
Finance revenue – bank and loan interest	89,149	197,760
NRAS income	2,072,525	1,003,745
Sale of financial asset	300,000	-
Warrant revenue	10,701	8,000
Commission income	18,151	201,946
Project management fees	-	480,000
Management fees	88,000	208,743
Sundry income	7,172	22,396
	2,585,698	2,122,590
Non-operating activities		
Recovery of expenses	717	259,804
Recovery of loans	58,304	26,300
	59,021	286,104
Total revenue	2,644,719	2,408,694

Expenses

(a) Impairment of assets and investments

Impairment of assets	2,224,387	91,300
Impairment of investments	163,164	300,000
Total	2,387,551	391,300

3 REVENUE AND EXPENSES (CONTINUED)

	CONSOLIDATED	
	2012 $	**2011 $**
(b) Provision for non-recoverable amounts		
Bad debt from non-current receivables	1,654,545	-
Bad debt from current receivables	140,000	-
Others	52,741	-
Total	1,847,286	-
(c) Other expenses		
Rental expenses	138,222	142,694
Legal costs	320,258	27,941
Accounting, tax and audit fees	93,285	76,006
Consulting fees	279,489	378,993
Compliance fees	51,851	50,254
Share based payments	-	82,620
Advertising and marketing	9,863	19,303
Insurance	135,451	129,668
Commission and brokerage	221,300	270,753
Travel and entertainment	156,370	66,684
Other expenses	262,537	423,531
Total	1,668,626	1,668,447

4 INCOME TAX

	CONSOLIDATED	
	2012 $	2011 $
a. Major components of income tax expense comprise:		
The components of tax expenses comprises:		
Current tax	20,656	(72,104)
Under provision in respect of prior years	-	-
Income tax expense / (benefit)	20,656	(72,104)
b. The prima facie tax on profit / (loss) before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit / (loss) before income tax at 30% (2011: 30%)	(1,448,547)	(285,195)
Add tax effect of:		
Expenditure not allowable for income tax	61,315	68,282
Assessable income for tax purposes	4,970	4,684
Capital Loss tax benefit not brought to account	-	90,000
Tax benefits not brought to account	1,456,906	58,589
Less tax effect of:		
Income not assessable for income tax	(85,549)	(8,464)
Tax deductible items	(9,751)	-
Income tax attributable to entity	20,656	(72,104)
The applicable weighted average effective tax rates are as follows:	-	-

5 DISCONTINUED OPERATIONS

On 7 February 2012, the Group lost control of Financial Resources Securities Pty Ltd. The loss of control was due to the appointment of Receiver and Managers. Due to loss of control, the result of this subsidiary has been deconsolidated at that date.

Financial information relating to the discontinued operation to the date of disposal is set out below.

The financial performance of the discontinued operation to the date of sale, which is included in profit/(loss) from discontinued operations per the statement of comprehensive income, is as follows:

	2012	2011
	$	$
Revenue	6,174	78,774
Expenses	(728,732)	(112,312)
Loss before income tax	(722,558)	(33,538)
Income tax benefit	25,363	15,801
Loss attributable to members of the parent entity	(697,195)	(17,737)
Gain on disposal before income tax	202,807	-
Income tax expense	-	-
Gain on disposal after income tax	202,807	-
Total loss after tax attributable to the discontinued entity	(494,388)	-
The net cash flows of the discontinued entity, which have been incorporated into the statement of cash flows, are as follows:		
Net cash inflow/(outflow) from operating activities	(95,917)	(36,947)
Net cash inflow from investing activities	16,895	105,871
Net cash (outflow)/inflow from financing activities	24,076	(22,413)
Net cash (decrease) / increase in cash generated by the discontinued entity	(54,946)	46,511

(Loss) / Gain on disposal of the subsidiary has been included in the loss from discontinued operations per the statement of comprehensive income.

6 EARNINGS PER SHARE

The following reflects the income and share data used in the total operations basic and diluted earnings per share computations:

	CONSOLIDATED	
	2012 **$**	**2011** **$**
Net loss from continuing operations attributable to ordinary shareholders for basic and diluted earnings per share	(4,849,147)	(878,546)
Net loss from discontinuing operations attributable to ordinary shareholders for basic and diluted earnings per share	(494,388)	(17,737)
Weighted average number of ordinary shares for basic earnings per share	42,673,276	39,536,229
Weighted average number of ordinary shares dilutive earnings per share	42,673,276	39,536,229

7 CASH AND CASH EQUIVALENTS

Cash at bank and on hand – unrestricted	1,273,731	856,838
Cash at bank - restricted	31,283	215,583
	1,305,014	1,072,421

Reconciliation of cash:

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

Cash at bank and on hand	1,305,014	1,072,421
	1,305,014	1,072,421

8 TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2012	2011
	$	$
CURRENT		
Trade receivables	1,182,169	259,539
Other related parties	2,535,225	132,222
Less: impairment of receivable	(1,000,000)	-
Accrued income	126,970	305,960
GST receivable	4,430	-
Other debtors	128,477	64,792
Lease commitment receivables	-	94,687
	2,977,271	857,200
NON-CURRENT		
Trade receivables	-	89,117
Trade receivables	1,654,545	1,808,546
Less: provision for doubtful debts	(1,654,545)	-
Other related parties	1,183,132	898,826
Less: impairment	(1,183,132)	-
Other debtors	94,167	-
Interest receivable	-	104,122
Lease commitment receivables	-	182,996
Less: provision for doubtful debts - least commitments	-	(7,845)
	94,167	3,075,762

For terms and conditions relating to related party receivables, refer to note 23.

8 TRADE AND OTHER RECEIVABLES (CONTINUED)

Provision for Impairment of Receivables

Movement in the provision for impairment of receivables is as follows:

		Opening Balance 01/07/2011	Charge for the Year	Amounts Written Off	Closing Balance 30/06/2012
		$	$	$	$
	Consolidated				
(i)	Current other related parties	-	1,000,000	-	1,000,000
(ii)	Non-current trade receivables	-	1,654,545	-	1,654,545
(iii)	Non-current other related parties		1,183,132	-	1,183,132
(iv)	Non-current lease commitment receivables	7,845	-	(7,845)	-
		7,845	3,837,677	(7,845)	3,837,677

		Opening Balance 01/07/2010	Charge for the Year	Amounts Written Off	Closing Balance 30/06/2011
		$	$	$	$
	Consolidated				
(i)	Non-current lease commitment receivables	-	7,845	-	7,845

8 TRADE AND OTHER RECEIVABLES (CONTINUED)

	CONSOLIDATED 2012 $	CONSOLIDATED 2011 $
Lease Commitments Receivable		
Current		
Lease commitments receivable	-	94,687
Accumulated allowance for uncollectible minimum lease payments receivable	-	-
	-	94,687
Non-current		
Lease commitments receivable	-	182,996
Accumulated allowance for uncollectible minimum lease payments receivable	-	(7,845)
	-	175,151
Total		
Lease commitments receivable	-	277,683
Accumulated allowance for uncollectible minimum lease payments receivable	-	(7,845)
	-	269,838

Time expected to elapse to expected date of receipt	Minimum Lease Payments $	Lease Finance Revenue not yet Recognised $	Lease Receivable $
Consolidated 2012			
Not later than 1 year	-	-	-
Later than 1 year and not later than 5 years	-	-	-
	-	-	-
Consolidated 2011			
Not later than 1 year	98,524	(3,837)	94,687
Later than 1 year and not later than 5 years	182,996	-	182,996
	281,520	(3,837)	277,683

9 OTHER ASSETS

	CONSOLIDATED	
	2012	2011
	$	$
Current		
Prepaid insurance	85,175	51,040

10 FINANCIAL ASSETS

	2012	2011
Non-current		
Available-for-sale financial assets	22,233	336,996
Held to maturity financial asset	150,000	453,000
Less: impairment	(150,000)	-
	22,233	789,996

a. Available-for-sale financial assets

	2012	2011
Listed investment, at fair value		
— Share in listed trust	133,861	133,861
Less: impairment	(111,628)	(115,670)
	22,233	18,191
— Units in unit trusts	150,000	450,000
Less: impairment provision	(150,000)	(131,195)
	-	318,805
Total available-for-sale financial assets	22,233	336,996

10 FINANCIAL ASSETS (CONTINUED)

	CONSOLIDATED	
	2012	2011
	$	$
b. Held-to-maturity financial assets comprise:		
Debentures	100,000	403,000
Less: impairment	(100,000)	-
	-	403,000
Interest bearing deposits	50,000	50,000
Less: impairment	(50,000)	-
	-	50,000
Total Held-to-maturity financial assets	-	453,000

Provision for Impairment of Investments

Movement in the provision for impairment of receivables is as follows:

		Opening Balance 01/07/2011	Charge for the Year	Amounts Written Off	Closing Balance 30/06/2012
		$	$	$	$
	Consolidated				
(i)	Held-to-maturity financial assets	-	150,000	-	150,000
(ii)	Available-for-sale financial assets	246,865	14,763	-	261,628
		246,865	164,763	-	411,628

		Opening Balance 01/07/2010	Charge for the Year	Amounts Written Off	Closing Balance 30/06/2011
		$	$	$	$
	Consolidated				
(i)	Available-for-sale financial assets	155,565	91,300	-	246,865

11 CONTROLLED ENTITIES

a. Controlled entities consolidated:

	Country of incorporation	Percentage owned (%)	
Subsidiaries of Questus Limited:		2012	2011
		%	%
Questus Capital Solutions Pty Ltd	Australia	100	100
Questus Funds Management Limited	Australia	100	100
Questus Administration Services Pty Ltd	Australia	100	100
Questus Warrants Pty Ltd	Australia	100	100
Questus Asset Management Pty Ltd	Australia	100	100
Questus Property Management Pty Ltd	Australia	100	100
Financial Resources Securities Pty Ltd **	Australia	100	100
FRL Contracting Pty Ltd***	Australia	-	100
FRL (WA) Pty Ltd	Australia	100	100
Subsidiaries of Questus Asset Management Pty Ltd:			
Ticsy Pty Ltd	Australia	100	100
McNicholl Rockingham Pty Ltd*	Australia	100	-
Dalmatio Broome Pty Ltd*	Australia	100	-
Port Rockingham Marina Pty Ltd	Australia	100	100
Subsidiaries of Questus Property Management Pty Ltd			
Combined Investment Management Pty Ltd*	Australia	100	-

* Newly incorporated during the year.

** Under formal administration and not consolidated for accounting purposes.

*** Liquidated during the year.

b. **Disposal of Controlled Entities**

On 7 February 2012, the parent entity de-consolidated its 100% interest in Financial Resources Securities Pty Ltd due to loss of control when receiver and manager were appointed. The total loss recognised in respect of the disposal of Financial Resources Securities Pty Ltd in the consolidated statement of comprehensive income amounted to $494,388. No remaining interest in the entity was held by any member of the consolidated entity.

12 PLANT AND EQUIPMENT

	CONSOLIDATED		
	Office equipment	Plant and equipment	Total
	$	$	$
2012			
Balance at beginning of year	10,487	1,450	11,937
Additions	24,308	2,338	26,646
Depreciation	(7,806)	(944)	(8,750)
Balance at end of year	26,989	2,844	29,833
Cost	70,569	14,648	85,217
Accumulated depreciation	(43,580)	(11,804)	(55,384)
Net carrying amount	26,989	2,844	29,833
2011			
Balance at beginning of year	9,022	1,255	10,277
Additions	5,754	1,098	6,852
Depreciation	(4,289)	(903)	(5,192)
Balance at end of year	10,487	1,450	11,937
Cost	46,261	12,310	58,571
Accumulated depreciation	(35,774)	(10,860)	(46,634)
Net carrying amount	10,487	1,450	11,937

13 INTANGIBLE ASSETS

	CONSOLIDATED	
	2012	2011
	$	$
Goodwill at cost	2,481,368	2,481,368
Accumulated impairment losses	-	-
Net carrying value	2,481,368	2,481,368
Licences	118,620	118,620
Less accumulated amortisation	(82,952)	(71,141)
Net carrying value	35,668	47,479
Total intangibles	2,517,036	2,528,847

Reconciliation of carrying amounts at the beginning and end of the year:

	CONSOLIDATED	
	Goodwill	Licences
	$	$
2012		
At 1 July 2011	2,481,368	47,479
Amortisation charge	-	(11,811)
At 30 June 2012	2,481,368	35,668
2011		
At 1 July 2010	2,481,368	59,341
Amortisation charge	-	(11,862)
At 30 June 2011	2,481,368	47,479

13 INTANGIBLE ASSETS (CONTINUED)

Intangible assets, other than goodwill, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of comprehensive income. Goodwill has an indefinite useful life.

Impairment Disclosures

Goodwill is allocated to cash-generating units.

	2012 $	2011 $
Questus Funds Management Ltd and Questus Capital Solutions Pty Ltd	2,481,368	2,481,368

The recoverable amount of the cash-generating unit above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 5-year period.

The following assumptions were used in the value-in-use calculations:

	Growth Rate	Discount Rate
Questus Funds Management Ltd and Questus Capital Solutions Pty Ltd cash generating unit	3%	18%

Management has based the value-in-use calculations on budgets for each reporting segment. These budgets consider historical weighted average growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the period, which are consistent with inflation rates applicable to the locations in which the segments operate. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular segment.

14 TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2012	2011
	$	$
Trade payables	332,153	345,306
Other payables	231,513	591,046
GST payable	-	46,440
Interest payable	169,194	337,458
Amount payable to related parties	212,695	75,602
	945,555	1,395,852

Trade payables are non-interest bearing and are normally settled on 60-day terms. Other payables are non-interest bearing and have an average term of 3 months.

15 INTEREST-BEARING LIABILITIES

Current		
Loan – unsecured*	4,500,000	-
Convertible notes – unsecured	250,000	500,000
Debenture Notes – unsecured	-	300,000
Investor loans - unsecured	-	446,994
Loans - unsecured	-	200,000
Insurance funding - unsecured	109,147	5,531
	4,859,147	1,452,525

* The loan is from Crest Capital Asia Pte Ltd and the facility limit is $10m subject to certain conditions.

Non-current		
Convertible notes - unsecured	500,000	-
	500,000	-

16 PROVISIONS

	CONSOLIDATED	
	2012	**2011**
	$	**$**
Analysis of total provisions		
Current	77,822	48,916
Non-current	6,106	4,274

	Long Service Leave	Annual Leave	Total
	$	$	$
Opening balance at 1 July 2011	4,274	48,916	53,190
Additional provisions	1,832	79,227	81,059
Amounts used	-	(50,321)	(50,321)
Balance at 30 June 2012	6,106	77,822	83,928

	Long Service Leave	Annual Leave	Total
	$	$	$
Opening balance at 1 July 2010	3,385	42,984	46,369
Additional provisions	889	41,759	42,648
Amounts used	-	(35,827)	(35,827)
Balance at 30 June 2011	4,274	48,916	53,190

17 INCOME TAX

	CONSOLIDATED	
	2012	2011
	$	$
CURRENT		
Income tax payable	-	-

NON-CURRENT

	Opening Balance	Charged to Income	Charged to Equity	Closing Balance
	$	$	$	$
Deferred tax liability				
Trade and other receivables	901	(901)	-	-
Lease receivables	401,697	(401,697)	-	-
Balance at 30 June 2012	402,598	(402,598)	-	-
Deferred tax liability				
Trade and other receivables	-	901	-	901
Lease receivables	418,845	(17,148)	-	401,697
Balance at 30 June 2011	418,845	(16,247)	-	402,598

17 INCOME TAX (CONTINUED)

NON-CURRENT

	Opening Balance	Charged to Income	Charged to Equity	Opening Balance Adjustment	Closing Balance
Deferred tax asset	**$**	**$**	**$**	**$**	**$**
Provisions	18,311	1,258,832	-	-	1,277,143
Trade and other payables	14,626	(1,803)	-	-	12,823
Others	-	-	-	-	-
Tax losses	2,231,607	(119,371)	-	(9,749)	2,102,487
Transaction costs on equity issue	15,368	(12,670)	-	-	2,698
Deferred tax assets not brought to account	(152,600)	(1,517,835)	-	-	(1,670,435)
Balance at 30 June 2012	2,127,312	(392,847)	-	(9,749)	1,724,716
Deferred tax asset					
Provisions	13,911	4,400	-	-	18,311
Trade and other payables	11,475	3,151	-	-	14,626
Others	426	(426)	-	-	-
Tax losses	2,001,769	229,838	-	-	2,231,607
Transaction costs on equity issue	28,075	(12,707)	-	-	15,368
Deferred tax assets not brought to account	-	(152,600)	-	-	(152,600)
Balance at 30 June 2011	2,055,656	71,656	-	-	2,127,312

The company has recognised a net deferred tax asset of $1,724,716 (2011: $1,726,714). The company's deferred tax asset, in part, is a result of the company establishing and developing its position in the delivery of the government's National Rental Affordability Scheme. The company is now in the delivery phase of this activity and anticipates the utilisation of the deferred tax asset within the next three years.

18 ISSUED CAPITAL

	Consolidated	
	2012	**2011**
	$	$
45,426,701 (2011: 40,426,701) fully paid ordinary shares	19,106,370	18,606,370

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

a. Movement in ordinary shares capital:

	Consolidated	
	Number	**$**
At 1 July 2011	40,426,701	18,606,370
Shares issued	5,000,000	500,000
Balance at 30 June 2012	45,426,701	19,106,370
At 1 July 2010	37,271,146	18,464,370
Shares issued	3,155,555	142,000
Balance at 30 June 2011	40,426,701	18,606,370

b. Capital Management

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital, redeemable preference shares, convertible preference shares and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing its financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

18 ISSUED CAPITAL (CONTINUED)

The gearing ratios for the year ended 30 June 2012 and 30 June 2011 are as follows:

	Note	Consolidated	
		2012	2011
		$	$
Total borrowings	14,15	6,304,702	2,848,377
Less cash and cash equivalents	7	(1,305,014)	(1,072,421)
Net debt		4,999,688	1,775,956
Total equity		2,366,815	7,210,350
Total capital		7,366,503	8,986,306
Gearing ratio*		68%	20%

* The high gearing ratio is currently been dealt with by the board of directors. Refer to director's report for more details.

19 CASH FLOW INFORMATION

a. Reconciliation of cash flow from operations with loss after income tax:

(Loss) after income tax	(5,343,535)	(896,283)
Non-cash flows in loss		
Gain on deconsolidation	(220,807)	-
Depreciation and amortisation	20,561	17,054
Dividend and distribution Income	(2,008)	(2,533)
Share based payments	-	(82,620
Bad debts	192,741	-
Provision for bad debts	-	7,8445
Impairment loss	4,735,955	391,300
Interest	(270,197)	-
Change in operating assets and liabilities		
Trade and other receivables	(872,767)	(350,380)
Other assets	(34,135)	(28,103)
Deferred tax asset	397,891	(71,657)
Trade payables and accruals	(99,237)	(63,274)
Interest payable	116,677	205,123
Deferred tax liability	(402,598)	(16,248)
Net cash (outflow) from operations	(1,781,459)	(724,536)

19 CASH FLOW INFORMATION (CONTINUED)

	Note	Consolidated 2012 $	2011 $

b. Disposal of Entities

During the year the controlled entity Financial Resources Securities Pty Ltd was de-consolidated due to loss of control. Aggregate details of this transaction are:

	2012 $	2011 $
Disposal price	-	-
Cash consideration	-	-
Assets and liabilities held at disposal date:		
Cash	22,658	-
Receivables	278,155	-
Payables	(521,620)	-
	(220,807)	-
Net gain on disposal	220,807	-
Net cash paid	(22,658)	-

c. Non-cash transaction

There were no non-cash transactions during the year.

20 SEGMENT INFORMATION

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 has considered the business from both a geographic and business segment perspective and has identified one reportable segment. The identifiable reportable segment is the provision of financial services for the domestic Australian market.

The Group is domiciled in Australia and all operating activities are located in Australia. All revenue from external customers is from customers located in Australia. Segment revenues are allocated based to the country in which the customer is located.

Revenues of approximately $Nil (2011 - $916,499) are derived from a single external customer. All the non-current assets are located in Australia.

21 FINANCIAL RISK MANAGEMENT

a. Financial Risk Management Policies

The Group’s financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, bills, leases, and promissory notes.

The main purpose of non-derivative financial instruments is to raise finance for Group operations.

Derivatives are not used by the Group.

21 FINANCIAL RISK MANAGEMENT (CONTINUED)

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated 2012 $	Consolidated 2011 $
Financial Assets			
Cash and cash equivalents	7	1,305,014	1,072,421
Trade and other receivables*	8	2,940,038	3,627,002
Held to maturity investments	10(b)	-	453,000
Available for sale financial assets			
- listed investment (at fair value)	10(a)	22,233	18,191
- unlisted investment (at fair value)	10(a)	-	318,805
Total Financial Assets		4,267,285	5,489,419
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	14	945,555	1,349,412
- Borrowings	15	5,359,147	1,452,525
Total Financial Liabilities		6,304,702	2,801,937

* Exclude GST and accrued revenue.

Treasury Risk Management

The Group's exposure to Treasury Risk is considered minimal.

ii. Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases, hire purchase contracts and funding arrangements.

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

21 FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Financial Risk Management Policies (continued)

Credit risk

The Group monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

— The Group trades only with recognised, creditworthy third parties.

— It is the Group policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

There are no significant concentrations of credit risk within the Group.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial performance and notes to the financial statements.

Credit risk is managed on a Group basis and reviewed regularly. It arises from exposures to customers as well as through certain deposits with financial institutions.

Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

	Consolidated	
	2012 $	2011 $
The aging of the Group's trade and other receivable at the reporting date was:		
Trade and other receivables		
Not past due	2,940,038	815,508
Subject to formal insolvency administrations	-	2,811,494
Total	2,940,038	3,627,002

21 FINANCIAL RISK MANAGEMENT (CONTINUED)

i. Financial instrument composition and maturity analysis:

The following table sets out the carrying amount, by maturity, of the financial instruments that are exposed to interest rate risk:

	Weighted average effective interest rate	**<1 Year**	**>1 - <5 Years**	**>5 Years**	**Total**
2012	%	**$**	**$**	**$**	**$**
Financial Liabilities – Fixed Rate					
Obligations under insurance funding contracts	15.9%	(109,147)	-	-	(109,147)
Convertible notes – unsecured	-%	(250,000)	-	-	(250,000)
Loans - unsecured	10%	-	(500,000)	-	(500,000)
Investor loans – unsecured	23%	(4,500,000)	-	-	(4,500,000)
		(4,859,147)	(500,000)	-	(5,359,147)
Financial Assets - Floating Rate					
Cash assets	0.05%	797,113	-	-	797,113
Cash assets	3.5%	507,901			507,901
		1,305,014	-	-	1,305,014

21 FINANCIAL RISK MANAGEMENT (CONTINUED)

2011	Weighted average effective interest rate %	<1 Year $	>1 - <5 Years $	>5 Years $	Total $
Financial Assets – Fixed Rate					
Lease receivables	16.6%	94,687	182,996	-	277,683
Loan receivables	11.9%	-	885,662	-	885,662
		94,687	1,068,658	-	1,163,345
Financial Liabilities – Fixed Rate					
Obligations under insurance funding contracts	5.3%	(5,531)	-	-	(5,531)
Debenture notes - unsecured	50%	(300,000)	-	-	(300,000)
Convertible notes – unsecured	12%	(500,000)	-	-	(500,000)
Loans – unsecured	40%	(150,000)	-	-	(150,000)
Investor loans – unsecured	9.7%	(446,994)	-	-	(446,994)
		(1,402,525)	-	-	(1,402,525)
Financial Assets - Floating Rate					
Cash assets	0.4%	520,175	-	-	520,175
Cash assets	4.75%	552,246	-	-	552,246
		1,072,421	-	-	1,072,421

21 FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until maturity of the instrument.

The other financial instruments of the Group that are not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

Trade and sundry payables are expected to be paid as followed:

	Consolidated	
	2012	**2011**
	$	**$**
Less than 6 months	945,555	1,349,412
	945,555	1,349,412

ii. Net Fair Values

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at reporting date.

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments that are carried in the financial statements at other than fair values.

	Carrying amount		**Fair value**	
	2012	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**
CONSOLIDATED				
Financial assets				
Financial assets	22,233	789,996	22,233	789,996
Cash and cash equivalent	1,305,014	1,072,421	1,305,014	1,072,421
Trade and other receivables	2,940,038	3,627,002	2,940,038	3,627,002
Total	4,267,285	5,489,419	4,267,285	5,489,419
Financial liabilities				
Trade and other payables	945,555	1,349,412	945,555	1,349,412
Interest bearing loan and borrowings	5,359,147	1,452,525	5,359,147	1,452,525
Total	6,304,702	2,801,937	6,304,702	2,801,937

21 FINANCIAL RISK MANAGEMENT (CONTINUED)

iii. Sensitivity Analysis

Interest Rate Risk

The Group has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

At 30 June 2012, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

		-1% change		+1% change	
	Carrying amount	Profit	Equity	Profit	Equity
2012	$	$	$	$	$
Financial Assets					
Cash and cash equivalents	1,305,014	(13,050)	(13,050)	13,050	13,050
Total Increase/(Decrease)		(13,050)	(13,050)	13,050	13,050
2011					
Financial Assets					
Cash and cash equivalents	1,072,421	(10,724)	(10,724)	10,724	10,724
Total Increase/(Decrease)		(10,724)	(10,724)	10,724	10,724

21 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

— quoted prices in active markets for identical assets or liabilities (Level 1);
— inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
— inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

2012	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial assets:				
Available-for-sale financial assets:				
— listed investments	22,233	-	-	22,233
	22,233	-	-	22,233
2011				
Financial assets:				
Available-for-sale financial assets:				
— listed investments	18,191	-	-	18,191
— unlisted investments	-	318,805	-	318,805
	18,191	318,805	-	336,996

22 COMMITMENTS

Operating lease commitments

The Group has entered into a related party lease at commercial rates on one property. This lease is cancellable at any time.

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

	Consolidated	
	2012 **$**	**2011** **$**
Within one year	17,028	17,028
After one year but not more than five years	24,123	41,151
	41,151	58,179

23 RELATED PARTY DISCLOSURE

The Company advanced and repaid loans, received loans and provided accounting and administrative assistance to other entities in the Group during the current financial year. These transactions were on commercial terms and conditions.

(a) *Identification of related parties*

The consolidated financial statements include the financial statements of Questus Limited and its subsidiaries listed in note 11.

Questus Limited is the parent entity of Questus Funds Management Limited. Questus Funds Management Limited is the Responsible Entity of Questus Land Development Fund and Questus Residential Investment Fund.

(b) *Related Companies in Administration*

As at 30 June 2012, the following companies which are related to Questus Limited via the Questus Land Development Fund and common directorships were undergoing formal administration procedures as a result of the inability to refinance land projects:

- QLDF Development 1 Pty Ltd
- Yalop Pty Ltd
- Links Ridge Pty Ltd
- Nevish Pty Ltd
- Financial Resources Securities Pty Ltd

No trade and other receivables from the above related companies are included in the statement of financial position of the Group.

23 RELATED PARTY DISCLOSURE (CONTINUED)

(c) *Short term Loans*

The following table sets out the related party loans included in the statement of financial position of the Group.

		CONSOLIDATED	
Short term loans		**2012**	**2011**
Loan provided by:	**Loan provided to/ (from):**	**$**	**$**
Questus Limited and its subsidiaries	Questus Land Development Fund and its subsidiaries	1,500,010	885,662
Questus Limited and its subsidiaries	R Olde (Director)	4,065	6,821
Questus Limited and its subsidiaries	D Somerville (Director)	-	2,000
Questus Limited and its subsidiaries	EMC Solar Ltd [2]	850	850
Questus Limited and its subsidiaries	Links Ridge Pty Ltd [1]	-	13,164
Questus Capital Group Pty Ltd [2]	Questus Limited and its subsidiaries	(480)	(56,151)
Financial Resources Securities Pty Ltd [1]	Questus Limited and its subsidiaries	(197,224)	-
Questus Land Development Fund and its subsidiaries	Questus Limited and its subsidiaries	(1,192)	-
		1,306,029	853,380

[1] DJ Somerville and RW Olde are directors of the company.

[2] DJ Somerville is a director of this company.

23 RELATED PARTY DISCLOSURE (CONTINUED)

(d) *Debtors*

The following amounts appear as trade debtors or accrued income in the statement of financial position of the Group.

	CONSOLIDATED	
	2012	2011
Debtors	$	$
EMC Solar Ltd and its subsidiaries [1]	24,200	8,855
Barwick Mortgage Investments Ltd [2]	-	36,015
Questus Land Development Fund and its subsidiaries	-	210,247
Questus Mortgage Funds Ltd [1][2]	135	135
Questus Residential Investment Fund [3]	4,640	979
CI Resources Ltd [1]	-	13,271
	28,975	269,502

[1] DJ Somerville is a director of this company.

[2] RW Olde is a director of this company.

[3] This company has the same Responsible Entity as Questus Land Development Fund.

(e) *Creditors*

The following amounts appear as trade creditors in the statement of financial position of the Group.

Creditors		
David Somerville	7,393	-
Questus Realty Pty Ltd [1]	12,014	-
CI Resources Ltd [1]	6,600	-
Elizabeth Lee	-	2,275
Robert Olde	-	2,098
	26,007	4,373

[1] RW Older and DJ Somerville are directors of this company

[2] Questus Funds Management Limited is the Responsible Entity for this Fund.

23 RELATED PARTY DISCLOSURE (CONTINUED)

(f) *Services provided by Questus Limited and its subsidiaries*

The following services were provided by Questus Limited and its subsidiaries to related companies/ key management personnel.

		CONSOLIDATED	
		2012	2011
Service provided to	Nature of service	$	$
Questus Land Development Fund and its subsidiaries	Professional fees	-	597,798
Questus Land Development Fund and its subsidiaries	Assets disposal fees	-	30,177
Questus Land Development Fund and its subsidiaries	Commission	-	139,290
Questus Land Development Fund and its subsidiaries	Expense recoveries	-	293,197
Questus Land Development Fund and its subsidiaries	Interest on loans	65,306	149,234
CI Resources Ltd	Professional fees	60,069	65,164
EMC Solar Ltd and its subsidiaries	Professional fees and Expense recoveries	28,000	19,600
Links Ridge Pty Ltd [1]	Refinancing services	-	11,967
Questus Residential Investment Fund	Processing application fees	4,132	2,745

[1] DJ Somerville and RW Olde are directors of this company.

(g) *Services provided to Questus Limited and its subsidiaries*

Service provided by			
Questus Capital Group Pty Ltd [1]	Expense recoveries	1,283	2,306
Questus Capital Group Pty Ltd [1]	Interest	2,078	12,375
Questus Realty Pty Ltd [1]	Reimbursement of expenditure including leasing of premises	105,775	89,277

[1] DJ Somerville and RW Olde are directors of this company.

23 RELATED PARTY DISCLOSURE (CONTINUED)

(g) *Services provided to Questus Limited and its subsidiaries (Continued)*

		CONSOLIDATED	
		2012	**2011**
Service provided by	**Nature of services**	**$**	**$**
Armada Consulting Pty Ltd [1]	Commission and fees	38,309	95,632
Lighthouse Consulting [2]	Consulting services	55,000	-
Magellan Capital Advisors Pty Ltd [3]	Consulting services	5,250	16,700
Alexander James Kelly [4]	Consulting services	-	106,202
Andrew Boots [4]	Commission and fees	-	3,100

[1] RW Olde is a director of this company.

[2] DJ Somerville is a director of this company.

[3] AJ Brennan is a director of this company.

[4] Resigned as director and company secretary in prior year and hence not disclosure is required for any transactions during the year.

24 EVENTS AFTER THE REPORTING DATE

There are no matters or circumstances that have arisen since 30 June 2012 that have or may significantly affect the operations, results, or state of affairs of the company in future financial years, other than:

On the 26 of September 2012 a notice of meeting was sent to shareholders in regard to an ordinary meeting of shareholders with the purpose to approve the issue of the following

(a) the issue of 47,280,852 Shares equalling 51% of the Company's share capital to Crest Capital Asia Pte Limited;
(b) the grant of 9,981,429 Options to Crest Capital Asia Pte Limited and the issue of 9,981,429 Shares on the exercise of these Options;
(c) the grant of 2,081,633 Options and the issue of 2,081,633 Shares on the exercise of these Options, subject to the passing of (g);
(d) the grant of 2,081,633 Options and the issue of 2,081,633 Shares on the exercise of these Options, subject to the passing of (h);
(e) the issue of the Additional Shares to Crest Capital Asia Pte Limited in the event that the NWR Convertible Note is converted, up to a maximum of 5,204,082 Shares;
(f) the acquisition of a relevant interest in the issued voting shares of the Company by Crest Capital Asia Pte Limited in excess of the threshold prescribed by Section 606(1) of the Corporations Act, on the terms and conditions set out in the Explanatory Statement accompanying this Notice;
(g) allot and issue 2,000,000 Director Options to Mr David Somerville (or his nominee); and
(h) allot and issue 2,000,000 Director Options to Mr Robert Olde (or his nominee).

An Independent Expert's Report dated 7th September 2012 sets out a detailed examination of the proposed acquisition to enable non associated Shareholders to assess the merits and decide whether to approve the issue of Consideration Shares and Crest Options to Crest Capital Asia Pte Limited. To the extent that it is appropriate, the Independent Expert's Report sets out further information with respect to the Acquisition and concludes that the issue of the Consideration Shares and Crest Options to Crest Capital is not fair but reasonable to the non-associated Shareholders.

In exchange for the issue of the shares Crest Capital Asia Pte Ltd will provide the following facilities:
(i) $10 million working capital facility (Working Capital Facility);
(ii) $20 million development funding facility (Development Funding Facility); and
(iii) $100 million wholesale NRAS acquisition fund (Wholesale Acquisition Fund),

It is noted that Crest Capital has, as part of the $10 million working capital facility, already provided the following draw down;

25 April 2012, Drawdown of $4,000,000 of the Working Capital facility
27 June 2012, Drawdown of $500,000 of the Working Capital facility

The Board recognised that the Crest Offer could provide for substantial future profits to be generated from the Development Funding Facility and Wholesale Acquisition Fund.

25 AUDITOR'S REMUNERATION

	Consolidated 2012 $	Consolidated 2011 $
Remuneration of the auditor for:		
— auditing or reviewing the financial report	63,100	65,500
— audit of AFSL licence	7,000	6,000
— taxation services	8,045	6,506

26 KEY MANAGEMENT PERSONNEL

Names and positions held of consolidated and parent entity key management personnel in office at any time during the financial year are:

Key Management Person	Position
Mr. DJ Somerville	Executive Chairman
Mr. RW Olde	Executive Director
Mr MA Oteri	Executive Director (appointed 22 May 2012)
Mr A Brennan	Non-Executive Director (resigned 22 May 2012)

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2012.

(a) Key management personnel remuneration

	Consolidated 2012 $	Consolidated 2011 $
Short-term employee benefits	481,020	708,579
Post-employment benefits	34,511	43,213
Share based payment	-	82,620
	515,531	834,412

26 KEY MANAGEMENT PERSONNEL (CONTINUED)

(b) Option holdings of key management personnel (continued)

2012	Balance 01 July 2011	Granted as Remuneration	Options Cancelled	Balance 30 June 2012	Vested & Exercisable
Directors					
DJ Somerville*	7,025,000	-	-	7,025,000	7,025,000
RW Olde	2,025,000	-	-	2,025,000	2,025,000
MA Oteri	-	-	-	-	-
A Brennan	-	-	-	-	-
Total	9,050,000	-	-	9,050,000	9,050,000

* Held either directly or indirectly.

2011	Balance 01 July 2010	Granted as Remuneration	Options Cancelled	Balance 30 June 2011	Others~	Vested & Exercisable
Directors						
DJ Somerville***	5,000,000	2,025,000	-	7,025,000	-	7,025,000
RW Olde	-	2,025,000	-	2,025,000	-	2,025,000
A Brennan	-	-	-	-	-	-
AJ Kelly*	-	540,000	-	540,000	(540,000)	-
A Boots**	540,000	-	-	540,000	(540,000)	-
Total	5,540,000	4,590,000	-	10,130,000	(1,080,000)	9,050,000

~Adjustment for share or option at the date of appointment or resignation, as applicable.

* Mr Kelly was a Director of Questus Ltd and Questus Funds Management Ltd only. He was joint company secretary for all companies. He resigned as a director and the company secretary during the year.

** Mr Boots resigned from the consolidated entity on 3 June 2011.

*** Held either directly or indirectly.

26 KEY MANAGEMENT PERSONNEL (CONTINUED)

(c) Shareholdings of key management personnel

2012	Balance 01 July 2011 Ord	Granted as Remuneration Ord	On Exercise of Options Ord	Net Change Other Ord	Balance 30 June 2012 Ord
Directors					
DJ Somerville*	15,130,715	-	-	-	15,130,715
RW Olde	143,373	-	-	-	143,373
MA Oteri	-	-	-	-	-
A Brennan	-	-	-	-	-
Total	15,274,088	-	-	-	15,274,088

* Held either directly or indirectly.

2011	Balance 01 July 2010 Ord	Granted as Remuneration Ord	On Exercise of Options Ord	Net Change Other Ord	Balance 30 June 2011 Ord
Directors					
DJ Somerville*	15,130,715	-	-	-	15,130,715
RW Olde*	143,373	-	-	-	143,373
A Brennan	-	-	-	-	-
AJ Kelly	20,000	-	-	(20,000)	-
Andrew Boots*	20,000	-	-	(20,000)	-
Total	15,314,088	-	-	(40,000)	15,274,088

* Held either directly or indirectly.

(d) Other transactions and balances with key management personnel

A number of directors of the Company, or their director-related entities, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

The terms and conditions of the transactions with directors and their director related entities were no favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis. Refer to Note 23 for transactions with director related companies.

27 SHARE-BASED PAYMENTS

There are no options issued during the year. The following share-based payment arrangements occurred in the prior financial year:

- On 14 January 2011, 4,590,000 share options were granted to directors to accept ordinary shares at an exercise price of $0.05. The options are exercisable after 14 January 2011 but before 14 January 2014. The options hold no voting or dividend rights and are not transferable. When the director ceases employment the options are deemed to have lapsed. Since reporting date, no director has ceased their employment. At reporting date, no share option has been exercised.

	Consolidated			
	2012		2011	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Outstanding at the beginning of the year	5,400,000	0.0515	810,000	0.06
Granted	-	-	4,590,000	0.05
Cancelled	-	-	-	-
Lapsed	(810,000)	(0.06)	-	-
Outstanding at year-end	4,590,000	0.05	5,400,000	0.0515
Exercisable at year-end	4,590,000	0.05	5,400,000	0.0515

There were no options exercised during the year ended 30 June 2012. 810,000 options lapsed during the year.

The options outstanding at 30 June 2012 had a weighted average exercise price of $0.05 (2011: $0.0515) and a weighted average remaining contractual life of 1.6 years (2011: 2.6 years).

The weighted average fair value of the options granted during the financial year was $Nil (2011:$82,620).

This price was calculated by using a Black-Scholes option pricing model, in respect of option issue in the respective year are applying the following inputs:

	2012	2011
Weighted average exercise price	-	$0.05
Weighted average life of the option	-	3 years
Underlying share price	-	$0.045
Expected share price volatility	-	75.0%
Risk free interest rate	-	5.20%

28 CONTINGENT LIABILITIES

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 Capital Solutions Pty Ltd (QCS), a wholly owned subsidiary of Questus Limited, has filed an amended defence in respect to a claim by Hassan Family Investments. QCS maintains its position that there is no valid claim. The outcome of this matter will be unknown until the matter is presented to the courts and this is not expected until the last quarter of the 2012 calendar year.

In December 2011, Valuestream Investment Management Limited as responsible entity for the Addwealth Achiever Fund served a statutory demand on Questus Funds Management Limited as responsible entity of the Questus Land Development Fund to seek repayment of an unsecured loan made to the Questus Land Development Fund in the form of Convertible Notes issued to the Addwealth Achiever Fund. Questus Funds Management Limited vigorously disputes that it has an obligation to repay the debt personally.

The debt was solely incurred in the name of the Questus Land Development Fund as Questus Funds Management Limited was acting only in its capacity as responsible entity for the Questus Land Development Fund. This unsecured loan was also made in conjunction with a Memorandum of Understanding entered into between the parties, which agreement provided for the continuance of future financial support from Addwealth Pty Ltd in its capacity as the duly appointed investment manager of the Addwealth Achiever Fund of which Valuestream Investment Management Limited was and still remains the responsible entity.

Questus Funds Management Limited commenced proceedings in the Supreme Court of WA to set aside the statutory demand and has recently been the subject of a hearing in respect to its originating process to set aside the statutory demand, it is currently awaiting the outcome of that hearing.

Further Questus Funds Management Limited has instructed its legal counsel to commence proceedings against Addwealth Pty Ltd and Valuestream Investment Management Limited as the 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.

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 provisions 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.

29 PARENT ENTITY DISCLOSURES

a) Financial Information Parent	2012	2011
	$	$
(Loss) for the year	(4,676,183)	(836,568)
Total comprehensive loss	(4,676,183)	(836,568)
Assets		
Current assets	2,575,445	742,817
Non-current asset	5,433,814	8,363,954
Total Assets	8,009,259	9,106,771
Liabilities		
Current liabilities	5,206,097	2,627,426
Non current liabilities	500,000	-
Total Liabilities	5,706,097	2,627,426
Equity		
Issued capital	19,074,552	18,574,552
Reserves	107,130	107,130
Accumulated losses	(16,878,520)	(12,202,337)
Total Equity	2,303,162	6,479,345

b) Guarantees

Questus Limited has not entered into any guarantees, in the current financial year, in relation to the debts of its subsidiaries.

c) Other Commitments and Contingencies

Questus Limited has no other commitments to acquire property, plant and equipment, and has no contingent liabilities other than those disclosed in the Note 22 and 28.

30 NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIOD

At the date of this financial report, the following standards and interpretations have been issued but are not yet effective:

Reference	Title	Summary	Application date (financial years beginning)
AASB 9	*Financial Instruments*	Replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is the result of the first part of Phase 1 of the IASB's project to replace IAS 39.	1 January 2013(likely to be extended to 2015 by ED 215)
2009-11	*Amendments to Australian Accounting Standards arising from AASB 9*	Amends AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12 as a result of the issuance of AASB 9.	1 January 2013
2010-7	*Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*	Amends AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127 for amendments to AASB 9 in December 2010	1 January 2013
AASB 10	*Consolidated Financial Statements*	Replaces the requirements of AASB 127 and Interpretation 112 pertaining to the principles to be applied in the preparation and presentation of consolidated financial statements.	1 January 2013
AASB 12	*Disclosure of Interests in Other Entities*	Replaces the disclosure requirements of AASB 127 and AASB 131 pertaining to interests in other entities.	1 January 2013
AASB 127	*Separate Financial Statements*	Prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	1 January 2013
AASB 128	*Investments in Associates and Joint Ventures*	Prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	1 January 2013

30 NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIOD (CONTINUED)

Reference	**Title**	**Summary**	**Application date (financial years beginning)**
2011-7	*Amendments to Australian Accounting Standards arising from AASB 10,11,12,127,128*	Amends AASB 1,2,3,5,7,9,2009-11,101,107,112,118,121,124,132,133,136,138,139,1023 & 1038 and Interpretations 5,9,16 & 17 as a result of the issuance of AASB 10, 11, 12, 127 and 128	1 January 2013
AASB 13	*Fair Value Measurement*	Provides a clear definition of fair value, a framework for measuring fair value and requires enhanced disclosures about fair value measurement.	1 January 2013
2011-8	*Amendments to Australian Accounting Standards arising from AASB 13*	Amends AASB 1, 2, 3, 4, 5, 7, 9, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132 as a result of issuance of AASB 13 *Fair Value Measurement*.	1 January 2013
AASB 119	*Employee Benefits*	The amendments to this Standard eliminates the option for defined benefit plans to use the corridor approach to defer the recognition of actuarial gains and losses and introduce enhanced disclosures about defined benefit plans. The amendments also incorporate changes to the accounting for termination benefits.	1 January 2013
2011-10	*Amendments to Australian Accounting Standards arising from AASB 119*	Amends AASB 1, 8, 101, 124, 134, 1049, 2011-8 & Interpretation 14 as a result of the issuance of AASB 119 *Employee Benefits*.	1 January 2013
2011-11	*Amendments to AASB 119 arising from Reduced Disclosure Requirements*	This Standard makes amendments to AASB 119 *Employee Benefits*, to incorporate reduced disclosure requirements into the Standard for entities applying Tier 2 requirements in preparing general purpose financial statements.	1 July 2013
2011-4	*Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements*	This Standard amends AASB 124 *Related Party Disclosures* to remove all the individual key management personnel (KMP) disclosures contained in Aus paragraphs 29.1 to 29.9.3.	1 July 2013

30 NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIOD (CONTINUED)

Reference	Title	Summary	Application date (financial years beginning)
2011-6	Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements	This Standard makes amendments to AASB 127, 128 & 131 to extend the relief from consolidation, the equity method and proportionate consolidation to not for profit entities	1 July 2013
2011-9	*Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income*	Amends AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049 as a consequence of the issuance of AASB 101 *Presentation of Items of Other Comprehensive Income.*	1 July 2012
2012-2	*Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities*	This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the (potential) effect of netting arrangements. It also amends AASB 132 to refer to the additional disclosures added to AASB 7 by this Standard.	1 January 2013
2012-3	*Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities*	This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132.	1 January 2014
2012-5	*Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle*	This Standard makes amendments to AASB 1, 101, 116, 132, 134 & Interpretation 2 as a result from 2009-2011 Annual Improvements Cycle.	1 January 2013

The consolidated entity has decided against early adoption of these standards and interpretations. Furthermore, these changes in standards and interpretations are not expected to have a material impact on the consolidated entity in the current or future reporting periods and on foreseeable future transactions.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, are in accordance with the *Corporations Act 2001* and:

   (i) comply with Australian Accounting Standards, which, as stated in accounting policy Note 2 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting standards (IFRS); and

   (ii) give a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date;

2. the Chief Executive Officer and Financial Controller have each declared that:

   (i) the financial records of the company for the financial year have been properly maintained in accordance with s 286 of the *Corporations Act 2001*;

   (ii) the financial statements and notes for the financial year comply with Australian Accounting Standards; and

   (iii) the financial statements and notes for the financial year give a true and fair view; and

3. in the directors' opinion 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 made in accordance with a resolution of the Board of Directors.

RW Olde
Director

Dated at Perth this 27th day of September 2012

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUESTUS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Questus Limited, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, 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 year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards.*

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

RSM Bird Cameron Partners

Independence

In conducting our audit, 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 report.

Basis for Qualified Opinion

As at 30 June 2011, the consolidated entity had receivables owing by debtors of $2,811,494 and investments in financial assets of investees of $421,803, which were the subject of formal insolvency administrations. We were unable to obtain appropriate audit evidence as to the recoverability of these assets at 30 June 2011 as they were dependent upon the outcomes of those insolvency administrations. Accordingly we were unable to determine whether or not the carrying amount of the assets, appropriately reflected their recoverable amounts at 30 June 2011. Consequently, we were unable to determine whether any adjustments to these amounts were necessary and our audit opinion on the financial report for the year ended 30 June 2011 was modified on this basis.

During the year ended 30 June 2012, the directors have fully impaired these assets. Our opinion on the current year's financial report is also modified because of the possible effect of these impairment charges on the comparability of the current year figures and the corresponding figures.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs:

(a) the financial report of Questus Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report contained within the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Questus Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

Rsm Bird Cameron Partners
RSM BIRD CAMERON PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 27 September 2012

ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Listing Rules and not disclosed elsewhere in this report. This information was prepared based on share registry information processed up to 26 September 2012 and using the last traded share price of 6 cents.

DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of listed equity security holders by size of holding:

	Ordinary shares	Share Options	Ordinary shares	Share Options
	2012		2011	
1 - 1,000	110	-	102	-
1,001 - 5,000	104	-	116	-
5,001 - 10,000	102	-	104	-
10,001 - 100,000	126	-	141	-
100,001 and over	46	-	43	-
	488	-	506	-
Number of shareholders holding less than a marketable parcel:	234		246	-

STATEMENT OF QUOTED SECURITIES

Listed on the Australian Securities Exchange are 45,426,701 (2011: 40,426,701) fully paid shares and zero (2011: nil) options. There are 5,000,000 unlisted options with an exercise price of $0.50 exercisable before 31 December 2012 and 4,590,000 unlisted options with an exercise price of $0.05 exercisable before 13th January 2014.

For the prior financial year there were also 810,000 unlisted options with an exercise price of $0.06 exercisable before 04 January 2012. These options were not exercised.

EQUITY SECURITY HOLDERS

The names of the twenty largest holders of equity securities are listed below:

	30 June 2012		30 June 2011	
	Ordinary shares		Ordinary shares	
Name	Number	% holding	Number	% holding
QUESTUS CAPITAL GROUP PTY LTD	15,130,715	33.31%	15,130,715	37.43%
NWR GROUP PTY LTD	5,000,000	11.01%	-	-
WESTRADE RESOURCES PTY LTD	3,729,544	8.21%	3,729,544	9.23%
MS CHERICE RAE HENLEY	2,559,750	5.63%	2,559,750	6.33%
MILSOP PTY LTD	1,000,000	2.20%	1,000,000	2.47%
OAKPREY PTY LTD	1,000,000	2.20%	1,000,000	2.47%
POLLASTRI RAG & J	-	-	739,999	1.83%
MR GEOFFREY WARD GEDGE	-	-	711,111	1.76%
HUNTER DEVELOPMENTS 2001 PTY LTD	700,000	1.54%	700,000	1.73%
HORSESHOE HOLDINGS PTY LTD	700,000	1.54%	700,000	1.73%
MCGAVIN RBA	628,808	1.38%	628,808	1.56%
CREAMY PTY LTD	600,000	1.32%	600,000	1.48%
REMO POLLASTRI	595,000	1.31%		
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <NEXT CUSTODIAN A/C>	590,000	1.30%	590,000	1.46%
MR QUENTIN JAMES OLDE	572,858	1.26%	407,858	1.01%
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <SETTLEMENT A/C>	526,125	1.16%	526,127	1.30%
AMBER MANAGEMENT PTY LTD	474,041	1.04%	395,000	0.98%
MR RONALD MCLELLAN WILLIAMSON	416,895	0.92%	416,895	1.03%
CASEY JL + EA	390,000	0.86%	390,000	0.96%
GEDGE GW + ADAM	325,000	0.72%	-	-
AUSTRALIAN EXECUTOR TRUSTEES	252,727	.056%	-	-
PUMPITUP PTY LTD	240,000	0.56%	240,000	0.59%
SELOM NOMINEES PTY LTD	240,000	0.56%	240,000	0.59%
COOK RC & KA	-	-	230,000	0.57%
DIXON E & HN	-	-	225,000	0.56%
	35,671,463	78.42%	30,935,807	76.52%

SUBSTANTIAL SHAREHOLDERS

Name	Ordinary shares Number	
	2012	2011
QUESTUS CAPITAL GROUP PTY LTD	15,130,715	15,130,715

Unquoted equity securities

Analysis of numbers of unlisted equity security holders:

	Number on issue		Number of holders	
	2012	2011	2012	2011
Options Exercisable at $0.50	5,000,000	5,000,000	1	1
Options Exercisable at $0.06	-	810,000	2	2
Options Exercisable at $0.05	4,590,000	4,590,000	3	3

Options exercisable at $0.50 are all held by Questus Capital Group Pty Limited

Options exercisable at $0.06 are held by current and past employees as part of the employee option plan

Options exercisable at $0.05 are held by employees as part of the directors option plan

Equity Option Holders

The names of the twenty largest holders of equity options are listed below:

	2012 Options		2011 Options	
Name	Number	% holding	Number	% holding
No Listed Options on issue	-	-	-	-
	-	-	-	-

Voting Rights:

Ordinary Shares

All ordinary shares carry one vote per share without restriction.

Partly Paid Shares

No voting rights

Options

No voting rights.