

QUESTUS LIMITED

2013 ANNUAL REPORT



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QUESTUS

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CORPORATE DIRECTORY

DIRECTORS	David James Somerville (Executive Chairman) Maurizio (Maurice) Antonio Oteri (Executive Director) Robert William Olde (Non-Executive Director) Peter Pee Teck Chan (Non-Executive Director) (Appointed 1 December 2012) Katherine Siew Ling Ang (Non-Executive Director) (Appointed 1 December 2012)
COMPANY SECRETARIES	Elizabeth Bee Hiang Lee Mark Adrian Adams (Appointed 27 May 2013)
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.

LETTER FROM THE CHAIRMAN

30 August 2013

Dear Shareholders

I am pleased to present to shareholders the Annual Report of Questus Limited (Questus) for the year ended 30 June 2013.

As all shareholders would be aware, and extensively reported, the past financial year has seen significant change for the company, with the recapitalisation of the company, by Crest Capital Asia Pte Ltd (Crest Capital).

The provision of \$10M working capital, \$20M development capital and \$100M property acquisition funding has enabled Questus to substantially expand its involvement in the Federal and State Governments' National Rental Affordability Scheme (NRAS).

FINANCIAL RESULTS

The results for the financial year reflect a profit for the year of \$199,062. This is a substantial turnaround for the company after losses in 2012 of \$5.4M and 2011 of \$896,283.

The first 6 months of this financial year saw losses continue, with the posting of a \$689,003 loss. The second half of this financial year has seen a profit of \$888,065 - culminating in the profit of \$199,062 for the year.

The delivery of NRAS dwellings has seen revenue for the company continue to grow, from a low base of \$2.6M in 2012 to \$5.4M in 2013, and is expected to continue to grow through completion of NRAS dwellings through to 2016.

DIRECTORS

The 2013 financial year has also seen a number of changes within the Board. Maurice Oteri joined the Board after initiating the recapitalisation of Questus, in May 2012 and Peter Chan and Katherine Ang of Crest Capital joined the Board in December 2012, and have made very significant contributions to the activities of the company and its future directions.

In March we saw the departure of an executive director, Robert Olde. Robert had been a Board member since Questus was originally formed and was a major part of the company's evolution and listing in 2007. Robert continues as a non-executive director, and my personal thanks are extended to Robert for his efforts and commitment over the last 10 years!

LETTER FROM THE CHAIRMAN

NRAS ENTITLEMENTS

Questus is a major participant in the NRAS sector, working with major National Developers and Builders, and Community Housing Providers.

At present Questus holds allocations for 3,770 entitlements to deliver affordable housing dwellings across Australia. Of these, some are held in consortium with Developers and Builders, and some are being applied to Questus developments, which has become a larger focus of our business since the inclusion of Crest Capital as a major shareholder and funder.

The total allocations held by Questus is 3,770, which is comprised of:

Completed and Tenanted	1,294
Under Construction	779
For delivery by 2014	1,076
For delivery by 2016	621

ROUND 5 NRAS APPLICATIONS

Questus have been active in pursuing further NRAS allocations under the recently closed Round 5 application process. Again, partnering with major developers and Community Housing Providers, Questus has participated in applications in Western Australia, South Australia, Victoria, New South Wales, Queensland and Tasmania.

Applications have been made both under our traditional retail model, the Questus Residential Investment Fund (QRIF) and under the new wholesale model, the Questus Affordable Housing Trust (QAHT). These applications are currently under assessment, with decisions to be made on these applications in the latter part of 2013, and with delivery through to 2016.

DEVELOPMENT ACTIVITIES

The provision of Development Funding by Crest Capital has enabled Questus to now participate fully in the development activities and profits on the delivery of NRAS dwellings across Australia.

Questus currently has 8 projects under construction in Rockingham, Erskine, Dunsborough, Broome and South Hedland. A proposed 7 additional projects are in various stages of initiation in WA, 3 in SA, and a number being considered in NSW. A successful application under Round 5 of the QAHT will increase our development activities and pipeline going forward.

LETTER FROM THE CHAIRMAN

FUTURE ACTIVITIES

Questus have over recent years expended considerable costs and energy in developing investment vehicles to facilitate participation in the Australian Affordable Housing sector. With the support and consideration of Crest Capital, Questus is intending to increase its activities in this growing and high need area. The relationships built with our Community Housing partners and major builders and developers have assisted in creating the following new investment vehicles.

Questus Community Infrastructure Fund (QCIF)

Questus has established the QCIF to participate in the delivery of affordable housing in the Community Housing Provider sector. A Non-NRAS structured funding solution to deliver affordable housing in collaboration with State Government and Community Housing Providers.

Australia Property Income Fund (APIF)

The APIF is a complying investment under the Australian Significant Investor Visa Program and is a regulated Australian Investment Scheme. The APIF only invests into Direct Property and Property Financial Assets, with the investment safeguarded through a structure of asset collateralization and loss underwriting.

Questus Disability Housing Trust (QDHT)

In conjunction with the National Rental Affordability Scheme (NRAS) to support DisabilityCare Australia, QDHT is a proposed charitable investment trust providing ancillary disability housing to eligible tenants in collaboration with Disability Care Providers.

Questus Affordable Housing Trust

The QAHT is a wholesale investor in the delivery of NRAS dwellings in collaboration with both the Federal and State Governments.

THE FUTURE

The Board of Questus is extremely positive about the future of Questus in its new restructured format, with the result of those activities now coming to fruition, and being evidenced in our increased turnover and recovery to profitability.

The development of new investment funds, supported by Crest Capital, is seeing new opportunities and potential being created, and the Board strongly believes that the company has an exciting and prosperous future.

LETTER FROM THE CHAIRMAN

In closing, I would like to thank the Shareholders for their continued support, the Board and all of the staff for their untiring efforts and extraordinary commitment to the company.

Yours sincerely



DJ SOMERVILLE
Executive Chairman

DIRECTORS' REPORT

Your directors submit their report for the year ended 30 June 2013.

DIRECTORS

The names of the company's directors in office during the year and until the date of this report are as below. PPT Chan and KSL Ang were newly appointed from 1 December 2012. DJ Somerville, RW Olde and MA Oteri were in office for this entire period:

DJ Somerville	Age 53	first appointed 22 October 2007	Executive
MA Oteri	Age 49	first appointed 22 May 2012	Executive
RW Olde	Age 42	first appointed 7 November 2007	Non-Executive
PPT Chan	Age 53	first appointed 1 December 2012	Non-Executive
KSL Ang	Age 33	first appointed 1 December 2012	Non-Executive

DIRECTORSHIPS OF OTHER LISTED COMPANIES

DJ Somerville is a director of CI Resources Ltd, an ASX Listed Company. Mr Somerville was also a director of Energy Made Clean Ltd, a public unlisted company until the 05 April 2013.

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 James Somerville (B.Bus, MBA, CPA, AFAIM)

Executive Chairman

Mr Somerville has a background as a Certified Practising Accountant with considerable experience in capital raising, business development and property development over 25 years. Mr Somerville 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. Mr Somerville was the founding director and shareholder of Questus Group in 2003.

Maurice Antonio Oteri (MBA, JD)

Executive Director

Mr Oteri 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. Mr Oteri'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.

DIRECTORS' REPORT

Robert William Olde (Dip FS, AIMM)

Non-Executive Director

Mr Olde 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. Mr Olde has considerable experience in the Funds Management sector and is a responsible officer on the companies within the group that hold AFSL's.

Peter Pee Teck Chan (BAcc(Hons), CPA)

Non-Executive Director

Mr Chan holds a Bachelor of Accountancy (Hons) Degree from the National University of Singapore, Mr Chan is an Overseas Union Bank Scholar and a Fellow of both the Institute of Certified Public Accountants in Singapore and CPA in Australia. He is a Member of the Singapore Chinese Chamber of Commerce and Industry's ("SCCCI") Business China and Future China Committees. Prior to entering the funds management industry Mr Chan was with accounting firm Arthur Andersen & Co, Singapore.

Mr Chan set up Baring Communications Equity Asia ("BCEA") for the ING Group in 1996 as the first specialized regional media and communication fund under the combined sponsorship of the ING Group and the EDB. He was responsible for the general management and investment/divestment strategy of the fund as well as investor relations.

Mr Chan is the founding partner of Crest Capital Asia Pte Limited, which is an independent private equity practice. Since then, he has initiated a number of funds, which Crest Capital currently manages across the region. He had conceptualised The Enterprise Fund's unique financing model in 2005 and led its launch with IE Singapore's sponsorship in 2006.

Katherine Siew Ling Ang (BAcc(Hons), CPA)

Non-Executive Director

Ms Ang holds a Bachelor of Accountancy (Hons) from Nanyang Technological University. She is also a non-practicing member of the Institute of Certified Public Accountants of Singapore. Ms Ang is fluent in English and Mandarin.

Ms Ang is Investment Manager at Crest Capital Asia Pte Ltd and is responsible for detailed investment analysis, due diligence, legal documentation and post-investment monitoring.

Prior to joining Crest Capital, Ms Ang was an accountant for one of the big four accountancy and audit firms, where she was an external auditor of multinational, and Singapore listed companies. Following which Ms Ang held the role as a Senior Accountant for a Singapore listed company where she was responsible for the preparation and reviewing of consolidation results for the operations in the United Kingdom for the past 3 years.

DIRECTORS' REPORT

COMPANY SECRETARIES

Elizabeth Bee Hiang Lee, Company Secretary – B Bus, FCIS, Grad.Dip. Corp. Gov. ASX Listed Entities

Ms Lee has over 14 years experience in the areas of corporate governance and company secretarial functions. Prior to joining Questus, Ms Lee 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. Ms Lee 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.

Mark Adrian Adams, Company Secretary – B Bus, CPA (Appointed 27 May 2013)

Mr Adams has been responsible for the Questus Group accounting, audit and taxation requirements for the last 6 years. Mr Adams has both Australian and International experience in the accounting and taxation fields with roles in private accounting firms, private groups of entities and public groups.

Mr Adams holds a Bachelor of Business majoring in Accounting, holds the qualifications of Certified Practising Accounting (CPA) and is a registered taxation agent. Mr Adams has over 20 years' experience in Accounting and Taxation Reporting and Compliance.

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
DJ Somerville	4	-	4	-
RW Olde	4	-	4	-
MA Oteri	4	-	4	-
PPT Chan (Appointed 1 December 2012)	2	-	2	-
KSL Ang (Appointed 1 December 2012)	2	-	2	-

DIRECTORS' REPORT

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
DJ Somerville	-	16,130,715	4,025,000	-
RW Olde	134,542	8,831	4,025,000	-
MA Oteri	-	-	-	-
PPT Chan (Appointed 1 December 2012)	-	49,803,602	-	14,144,695
KSL Ang (Appointed 1 December 2012)	-	-	-	-

PRINCIPAL ACTIVITIES

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

RESULTS AND REVIEW OF OPERATIONS

The results of Questus Limited for the financial year reflects a profit after income tax of \$199,062 (2012: loss of \$5,343,535).

The delivery of NRAS dwellings has seen revenue for the company grow from \$2.6M in 2012 to \$5.4M in 2013.

Questus is a major participant in the NRAS sector and at present holds an allocation of 3,770 entitlements. Of these entitlements 1,294 are completed and tenanted at year end and a further 779 under construction, the balance of 1,697 are to be delivered through to the period to 30 June 2016.

Questus currently has 8 projects under construction across Western Australia to expedite the delivery of dwellings under the NRAS, and further opportunities are being assessed.

Crest Capital Asia Pte Ltd (Crest Capital) agreement was finalized during the year with Crest Capital taking a 51% interest in the company via the issue of new shares in exchange for providing the following facilities:

- \$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 Funding Facilities are subject to approval by Crest on a project by project basis depending on the commercial justification.

Crest Capital is a Singapore-based private equity and fund manager with Australian investments in the retirement housing and NRAS real estate development sectors. They are a substantial private equity investor with about US\$900 million in funds under management, with offices in Jakarta.

It is noted that Crest Capital has completed off-market transfers to acquire a further 2.7% of the company and the Working Capital Facility and Development Funding Facility have been partially drawn upon.

DIRECTORS' REPORT

FINANCIAL POSITION

The net assets of the consolidated entity were \$3,061,637 as at 30 June 2013 (2012: \$2,366,815).

DIVIDENDS

There was no dividend for the year ended 30 June 2013 paid or declared on ordinary shares (2012: 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 was negotiated with Crest Capital Asia Pte Ltd, this agreement was approved at the General Meeting of Shareholders 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.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (CONTINUED)

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 of Directors and Officers

30 June 2013	Primary			Post Employment	Equity	Total	
Name	Salary & Fees \$	Cash Bonus \$	Non Monetary benefits \$	Superan-nuation \$	Options \$	\$	Total option related %
Directors:							
DJ Somerville (1)	282,692	-	-	25,442	22,880	331,014	6.9%
RW Olde (1)	256,842	-	-	14,085	22,880	293,807	7.8%
MA Oteri (1)	222,466	-	-	-	-	222,466	-
PPT Chan	-	-	-	-	-	-	-
KSL Ang	-	-	-	-	-	-	-
Total directors' remuneration:	762,000	-	-	39,527	45,760	847,287	

30 June 2012	Primary			Post Employment	Equity	Total	
Name	Salary & Fees \$	Cash Bonus \$	Non Monetary benefits \$	Superan-nuation \$	Options \$	\$	Total option related %
Directors:							
DJ Somerville (1)	256,923	-	-	18,173	-	275,096	-
RW Olde(1)	191,155	-	-	13,846	-	205,001	-
MA Oteri (Appointed 22 May 2012) (1)	-	-	-	-	-	-	-
AJ Brennan (Resigned 22 May 2012) (1)	32,942	-	-	2,492	-	35,434	-
Total directors' remuneration:	481,020	-	-	34,511	-	515,531	

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

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.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (CONTINUED)

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.

Shares Options

During the financial year, 4,000,000 new options were granted over unissued ordinary shares of the Company (2012: Nil). During the year, Nil (2012: 810,000) employee options have expired.

The weighted average fair value of the options granted during the financial year was \$0.01144 (2012: Nil).

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:

	2013	2012
Weighted average exercise price	10.0 cents	-
Weighted average life of the option	2 years	-
Underlying share price	7.6 cents	-
Expected share price volatility	40.00%	-
Risk free interest rate	2.62%	-

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 \$45,760 (2012: Nil), 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
30 November 2014	Unlisted	\$0.10	18,144,695

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 2013 (2012: Nil). 5,000,000 options with an expiry date of 31 December 2012 expired during the year.

DIRECTORS' REPORT

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 for non-audit services provided during the year ended 30 June 2013:

	\$
Independent Expert Report – Crest Capital Asia Pte Ltd transaction	43,750

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.



DJ Somerville
Executive Chairman

Dated at Perth this 30th August 2013

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 ASX Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council (second edition, with 2010 amendments).

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 five 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 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.

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, one Executive Director, and three Non-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 has a predominance of non-executive Directors. A majority of the Board are also substantial shareholders; there 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

CORPORATE GOVERNANCE

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 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.

CORPORATE GOVERNANCE

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 Board's 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 is responsible for the appointment of the external auditors of the Company, and will time to time 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 Secretaries are authorised to communicate with shareholders and the market in relation to Board approved disclosures. The Executive Chairman and Company Secretaries 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 Secretaries are 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.

CORPORATE GOVERNANCE

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, 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	<p>Directors DJ Somerville (Managing Director and Chairman of the Board), RW Olde (Non-Executive Director) , MA Oteri (Executive Director), PPT Chan (Non-Executive Director), and KSL Ang (Non-Executive Director) do not satisfy the test of 'independence' as set out in the ASX Corporate Governance Council Practice Recommendations.</p> <p>DJ Somerville, RW Olde, and PPT Chan are Substantial Shareholders of the Company. KSL Ang is an employee of a Substantial Shareholder of the Company. DJ Somerville and MA Oteri are executives of the Company.</p> <p>In light of the above, the Company does not comply with the Best Practice Recommendations requirement of having a majority of independent directors.</p>	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.

CORPORATE GOVERNANCE

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.
4.1	The Board should establish an audit committee	The Company does not have an audit committee.	Given the size and scope of the company's operations, and the size of the board, the responsibility of the audit committee is undertaken by the full board.
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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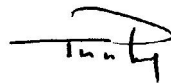
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Questus Limited for the year ended 30 June 2013, 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: 30 August 2013

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	Notes	CONSOLIDATED	
		2013 \$	2012 \$
Revenue	3	5,415,766	2,644,719
Employee benefits expenses		(1,985,150)	(1,257,925)
Depreciation and amortisation		(42,711)	(20,561)
Impairment of assets and investments	3a	(3,369)	(2,387,551)
Provision for non-recoverable amounts	3b	(122,517)	(1,847,286)
Other expenses	3c	(1,754,137)	(1,668,626)
Profit / (Loss) before tax and finance costs		1,507,882	(4,537,230)
Finance costs		(1,308,820)	(291,261)
Profit / (Loss) before income tax		199,062	(4,828,491)
Income tax expense	4a	-	(20,656)
Net profit / (loss) from continuing operations		199,062	(4,849,147)
Loss from discontinued operations after tax	5	-	(494,388)
Net profit / (loss) for the year		199,062	(5,343,535)
Other comprehensive income		-	-
Total comprehensive profit / (loss) for the year		199,062	(5,343,535)
Earnings / (loss) per share (cents per share)	6		
Continued operations			
- basic and diluted for profit / (loss) for the year		0.26c	(11.36c)
Discontinued operations			
- basic and diluted for profit / (loss) for the year		-	(1.16c)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

		CONSOLIDATED	
	Notes	2013	2012
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	7	1,433,995	1,305,014
Trade and other receivables	8	3,949,238	2,977,271
Inventories	9	3,584,229	-
Other assets	10	557,786	85,175
Total Current Assets		9,525,248	4,367,460
Non-Current Assets			
Financial assets	11	18,865	22,233
Trade and other receivables	8	20,000	94,167
Deferred tax asset	18	1,724,716	1,724,716
Plant and equipment	13	126,793	29,833
Intangible assets	14	2,719,211	2,517,036
Total Non-Current Assets		4,609,585	4,387,985
TOTAL ASSETS		14,134,833	8,755,445
LIABILITIES			
Current Liabilities			
Trade and other payables	15	1,811,030	945,555
Interest-bearing liabilities	16	5,170,194	4,859,147
Provisions	17	90,558	77,822
Total Current Liabilities		7,071,782	5,882,524
Non-Current Liabilities			
Interest-bearing liabilities	16	4,000,000	500,000
Provisions	17	1,414	6,106
Total Non-Current Liabilities		4,001,414	506,106
TOTAL LIABILITIES		11,073,196	6,388,630
NET ASSETS		3,061,637	2,366,815
EQUITY			
Issued capital	19	19,556,370	19,106,370
Reserves		152,890	107,130
Accumulated losses		(16,647,623)	(16,846,685)
TOTAL EQUITY		3,061,637	2,366,815

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2013

	Notes	CONSOLIDATED	
		2013	2012
		\$	\$
Cash flows from operating activities			
Receipts from customers		4,581,391	1,402,386
Payments to suppliers and employees		(3,766,843)	(3,104,902)
Payments for inventory		(3,053,636)	-
Interest received		34,536	93,307
Interest and borrowing costs paid		(77,947)	(172,250)
Net cash flows used in operating activities	20a	(2,282,499)	(1,781,459)
Cash flows from investing activities			
Net outflow on disposal of subsidiary	20b	-	(22,658)
Net investment in lease/loans receivables		-	18,669
Payments for investments		-	(50,000)
Purchase of other assets		(75,569)	-
Dividends and distributions received		4,285	2,007
Purchase of plant and equipment		(344,931)	(26,646)
Loans to related parties:			
- payments made		(517)	(2,824,316)
- proceeds from repayments		3,608	50,040
Net cash flows used in investing activities		(413,124)	(2,852,904)
Cash flows from financing activities			
Proceeds from borrowings		-	1,214,865
Repayments of borrowings		(365,589)	(1,280,987)
Proceeds from the issue of shares		-	500,000
Net repayment of funding arrangements		-	(1,280,987)
Loans from related parties:			
- payments made		3,300,193	4,500,000
- proceeds from repayments		(110,000)	(66,922)
Net cash flows from financing activities		2,824,604	4,866,956
Net increase in cash and cash equivalents		128,981	232,593
Cash and cash equivalents at beginning of year		1,305,014	1,072,421
Cash and cash equivalents at end of year	7	1,433,995	1,305,014

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2013

	Issued Capital	Accumulated Losses	Share Option Reserves	Total
	\$	\$	\$	\$
CONSOLIDATED				
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
At 1 July 2012	19,106,370	(16,846,685)	107,130	2,366,815
Total comprehensive profit for the year	-	199,062	-	199,062
Issue of share capital	450,000	-	-	450,000
Share based payments	-	-	45,760	45,760
At 30 June 2013	19,556,370	(16,647,623)	152,890	3,061,637

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1 CORPORATE INFORMATION

This financial report of Questus Limited ('Company') for the year ended 30 June 2013 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 30 August 2013 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. 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.

New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Principles of Consolidation (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.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Income tax (Continued)

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.

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:

Leasehold improvements – 10 years

Office Equipment – 2 to 10 years

Computer Software – 2.5 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Plant and equipment (Continued)

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.

(d) Intangible Assets except goodwill

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with a finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation for intangible assets with finite useful life is calculated on the straight line basis. The expected useful life of the asset as follows:

Licence – 10 years

Software Development costs – 2.5 years

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.

Software Development costs

Software that is an integral part of the related hardware is recognised as plant and equipment. Software that is not an integral part of the related hardware is recognised as an intangible asset. Development costs incurred in relation to developing internally generated intangible assets are capitalised only when the future economic benefit of the project is probable. Other costs are expensed off as incurred.

Impairment

Management makes an assessment at each reporting period on whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial Instruments

Initial Recognition and 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial Instruments (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.

(f) 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.

(g) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) 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.

(h) 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.

(i) 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.

(j) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Inventories

Inventories, including land held for resale, are stated at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost includes the cost of acquisition, development costs, holding costs and directly attributable interest on borrowed funds where the development is a qualifying asset. Capitalisation of borrowing costs is ceased during extended periods in which active development is interrupted. When a development is completed and ceases to be a qualifying asset, borrowing costs and other costs are expensed as incurred.

(l) 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.

(m) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(n) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) 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.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

(p) 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.

(q) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) 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.

(s) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the Group that remain unpaid at the end of the financial year. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(t) Comparative Figures

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

(u) 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.

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 14.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Critical Accounting Estimates and Judgments (Continued)

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 2013.

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.

On 26 October 2012, the Group failed the continuity of ownership test ("COT") in order to carry forward the tax losses to be utilised in future taxable profits. However, the directors have considered the same business test ("SBT") and believe that the Group is able to satisfy the SBT test in the future period when tax losses are utilised. On that basis, no adjustment is provided against the deferred tax balances. Should the Group fail the SBT in a future period, a reversal of deferred tax assets would be recognised in statement of comprehensive income. The balance of deferred tax assets related to carry forward tax losses is \$748,283, in total the deferred tax assets is \$1,724,716.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

3 REVENUE AND EXPENSES

	CONSOLIDATED	
	2013 \$	2012 \$
Revenue		
Operating activities		
Finance revenue – bank and loan interest	36,134	89,149
NRAS income	4,468,688	2,072,525
Sale of financial asset	-	300,000
Warrant revenue	8,358	10,701
Commission income	104,253	18,151
Management fees	79,114	88,000
Sundry income	11,618	7,172
	4,708,165	2,585,698
Non-operating activities		
Recovery of expenses	516,349	717
Recovery of loans	-	58,304
Recovery of bad debts	54,545	-
Debts forgiven	136,707	-
	707,601	59,021
Total revenue	5,415,766	2,644,719
Expenses		
(a) Impairment of assets and investments		
Impairment of assets	-	2,224,387
Impairment of investments	3,369	163,164
Total	3,369	2,387,551

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

3 REVENUE AND EXPENSES (CONTINUED)

	CONSOLIDATED	
	2013 \$	2012\$
(b) Provision for non-recoverable amounts		
Bad debt from non-current receivables	94,167	1,654,545
Bad debt from current receivables	28,350	140,000
Others	-	52,741
Total	122,517	1,847,286
 (c) Other expenses		
Rental expenses	208,975	138,222
Legal costs	133,460	320,258
Accounting, tax and audit fees	142,564	93,285
Consulting fees	264,755	279,489
Compliance fees	45,504	51,851
Share based payments	45,759	-
Advertising and marketing	64,978	9,863
Insurance	102,432	135,451
Commission and brokerage	(5,108)	221,300
Travel and entertainment	157,850	156,370
Fund expenses	352,314	56,451
Office and administration expenses	161,571	135,151
Other expenses	79,083	70,935
Total	1,754,137	1,668,626

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

4 INCOME TAX

	CONSOLIDATED	
	2013 \$	2012 \$
a. Major components of income tax expense comprise:		
The components of tax expenses comprises:		
Current tax	-	20,656
Income tax benefit	-	20,656
<hr style="border-top: 3px double #000;"/>		
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% (2012: 30%)	59,719	(1,448,547)
Add tax effect of:		
Expenditure not allowable for income tax	30,968	61,315
Assessable income for tax purposes	67,458	4,970
Tax benefits not brought to account	(115,847)	1,456,906
Less tax effect of:		
Income not assessable for income tax	(42,298)	(85,549)
Tax deductible items	-	(9,751)
Income tax attributable to entity	-	20,656
<hr style="border-top: 3px double #000;"/>		
The applicable weighted average effective tax rates are as follows:	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

5 DISCONTINUED OPERATIONS

During the previous financial year, 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:

	2013	2012
	\$	\$
Revenue	-	6,174
Expenses	-	(728,732)
Loss before income tax	-	(722,558)
Income tax benefit	-	25,363
Loss attributable to members of the parent entity	-	(697,195)
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 outflow from operating activities	-	(95,917)
Net cash inflow from investing activities	-	16,895
Net cash inflow from financing activities	-	24,076
Net cash decrease in cash generated by the discontinued entity	-	(54,946)

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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	
	2013	2012
	\$	\$
Net profit / (loss) from continuing operations attributable to ordinary shareholders for basic and diluted earnings per share	199,062	(4,849,147)
Net profit / (loss) from discontinuing operations attributable to ordinary shareholders for basic and diluted earnings per share	199,062	(494,388)
Weighted average number of ordinary shares for basic earnings per share	77,033,627	42,673,276
Weighted average number of ordinary shares dilutive earnings per share	77,033,627	42,673,276

7 CASH AND CASH EQUIVALENTS

Cash at bank and on hand – unrestricted	1,393,157	1,273,731
Cash at bank - restricted	40,838	31,283
	1,433,995	1,305,014

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	1,433,995	1,305,014
	1,433,995	1,305,014

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

8 TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2013	2012
	\$	\$
CURRENT		
Trade receivables	1,679,209	1,182,169
Other related parties	2,507,539	2,535,225
Less: impairment of receivable	(1,000,000)	(1,000,000)
Accrued income	328,714	126,970
GST receivable	-	4,430
Other debtors	378,860	128,477
Bonds	54,916	-
	3,949,238	2,977,271
NON-CURRENT		
Trade receivables	-	1,654,545
Less: provision for doubtful debts	-	(1,654,545)
Other related parties	1,223,132	1,183,132
Less: impairment	(1,223,132)	(1,183,132)
Other debtors	-	94,167
Bonds	20,000	-
	20,000	94,167

For terms and conditions relating to related party receivables, refer to Note 24.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

8 TRADE AND OTHER RECEIVABLES (CONTINUED)

Provision for Impairment of Receivables

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

	Opening Balance 01/07/2012 \$	Charge for the Year \$	Amounts Written Off \$	Closing Balance 30/06/2013 \$
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	40,000	-	1,223,132
	<u>3,837,677</u>	<u>40,000</u>	<u>(1,654,545)</u>	<u>2,223,132</u>

	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)	-
	<u>7,845</u>	<u>3,837,677</u>	<u>(7,845)</u>	<u>3,837,677</u>

9 INVENTORIES

CONSOLIDATED

2013	2012
\$	\$

Land held for resale – at cost	3,584,229	-
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Borrowing costs, interest and holding costs incurred are capitalised during the year which amounted to \$36,587 (2012: Nil).

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2013**

		CONSOLIDATED	
		2013	2012
		\$	\$
10	OTHER ASSETS		
	CURRENT		
	Prepaid Borrowing Costs	296,680	-
	Prepaid Commissions	174,526	-
	Prepaid Insurance	85,293	85,175
	Other Prepayments	1,287	-
		557,786	85,175
		557,786	85,175
11	FINANCIAL ASSETS		
	NON-CURRENT		
	Available-for-sale financial assets	11a 18,865	22,233
	Held to maturity financial asset	11b -	-
		18,865	22,233
		18,865	22,233
a.	Available-for-sale financial assets		
	Listed investment, at fair value		
	— Share in listed trust	133,861	133,861
	Less: impairment	(114,996)	(111,628)
		18,865	22,233
		18,865	22,233
	— Units in unit trusts	150,000	150,000
	Less: impairment provision	(150,000)	(150,000)
		-	-
	Total available-for-sale financial assets	18,865	22,233

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

11 FINANCIAL ASSETS (CONTINUED)

	CONSOLIDATED	
	2013	2012
	\$	\$
b. Held-to-maturity financial assets comprise:		
Debentures	100,000	100,000
Less: impairment	(100,000)	(100,000)
	-	-
Interest bearing deposits	50,000	50,000
Less: impairment	(50,000)	(50,000)
	-	-
Total Held-to-maturity financial assets	-	-

Provision for Impairment of Investments

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

	Opening Balance 01/07/2012	Charge for the Year	Amounts Written Off	Closing Balance 30/06/2013
	\$	\$	\$	\$
Consolidated				
(i) Held-to-maturity financial assets	150,000	-	-	150,000
(ii) Available-for-sale financial assets	261,628	3,368	-	264,996
	411,628	3,368	-	414,996

	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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

12 CONTROLLED ENTITIES

a. Controlled entities consolidated:

	Country of incorporation	Percentage owned (%)	
		2013	2012
Subsidiaries of Questus Limited:		%	%
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 Project Management Pty Ltd (was Questus Property Management Pty Ltd)	Australia	100	100
Financial Resources Securities Pty Ltd	Australia	100	100
FRL (WA) Pty Ltd	Australia	100	100
Subsidiaries of Questus Asset Management Pty Ltd:			
Questus Migrant Services Pty Ltd (was Ticsy Pty Ltd)	Australia	100	100
McNicholl Rockingham Pty Ltd	Australia	100	100
Dalmatio Broome Pty Ltd	Australia	100	100
Port Rockingham Marina Pty Ltd	Australia	100	100
Binnar Erskine Pty Ltd*	Australia	100	-
Ardmore Ellenbrook Pty Ltd*	Australia	100	-
Commonage Dunsborough Pty Ltd*	Australia	100	-
Clifton Bunbury Pty Ltd*	Australia	100	-
Catamore South Hedland Pty Ltd*	Australia	100	-
Ellen Stirling Ellenbrook Pty Ltd*	Australia	100	-
Nishji Broome Pty Ltd*	Australia	100	-
Nakamura Broome Pty Ltd*	Australia	100	-
St Andrews Yanchep Pty Ltd*	Australia	100	-
QE Busselton Pty Ltd*	Australia	100	-
Subsidiaries of Questus Project Management Pty Ltd			
Combined Investment Management Pty Ltd	Australia	100	100

* Newly incorporated during the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

13 PLANT AND EQUIPMENT

	CONSOLIDATED			
	Office equipment	Computer software	Leasehold improvements	Total
	\$	\$	\$	\$
2013				
Balance at beginning of year	26,989	2,844	-	29,833
Additions	105,580	9,203	17,205	131,988
Disposals	(816)	-	-	(816)
Depreciation	(29,704)	(3,103)	(1,405)	(34,212)
Balance at end of year	102,049	8,944	15,800	126,793
Cost	147,038	14,900	17,205	179,143
Accumulated depreciation	(44,989)	(5,956)	(1,405)	(52,350)
Net carrying amount	102,049	8,944	15,800	126,793
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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

14 INTANGIBLE ASSETS

	CONSOLIDATED	
	2013	2012
	\$	\$
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	(93,721)	(82,952)
Net carrying value	24,899	35,668
Software development costs	212,944	-
Less accumulated amortisation	-	-
Net carrying value	212,944	-
Total intangibles	2,719,211	2,517,036

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

	Goodwill	Licences	Software development costs
	\$	\$	\$
2013			
At 1 July 2012	2,481,368	35,668	-
Additions	-	-	212,944
Amortisation charge	-	(10,769)	-
At 30 June 2013	2,481,368	24,899	212,944
2012			
At 1 July 2011	2,481,368	47,479	-
Amortisation charge	-	(11,811)	-
At 30 June 2012	2,481,368	35,668	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

14 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.

	CONSOLIDATED	
	2013	2012
	\$	\$
Questus Funds Management Ltd and Questus Capital Solutions Pty Ltd - the delivery and management of dwellings and incentives for the State and Federal Government National Rental Affordability Scheme	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%	15%

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.

15 TRADE AND OTHER PAYABLES

Trade payables	1,212,922	332,153
Other payables	233,581	231,513
GST payable	1,589	-
Interest payable	355,066	169,194
Amount payable to related parties	7,872	212,695
	1,811,030	945,555

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	CONSOLIDATED	
	2013	2012
	\$	\$
16 INTEREST-BEARING LIABILITIES		
CURRENT		
Loan – secured**	1,870,000	4,500,000
Loan – secured*	2,800,194	-
Convertible notes – unsecured	500,000	250,000
Insurance funding - unsecured	-	109,147
	5,170,194	4,859,147
NON-CURRENT		
Loan – secured**	4,000,000	-
Convertible notes - unsecured	-	500,000
	4,000,000	500,000

The carrying amounts of current assets pledged as security are:

Other receivable	1,500,000	-
Inventories	3,584,229	-
	5,084,229	-

*The loan is secured by a first registered mortgage over freehold land under development owned by the Group.

** The loan is secured over the other receivable of \$1,500,000.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

17 PROVISIONS

	CONSOLIDATED	
	2013	2012
	\$	\$
Analysis of total provisions		
Current	90,558	77,822
Non-current	1,414	6,106

	Long Service Leave	Annual Leave	Total
	\$	\$	\$
Opening balance at 1 July 2012	6,106	77,822	83,928
Additional provisions	39,827	136,006	175,834
Amounts used	(44,519)	(123,270)	(167,789)
Balance at 30 June 2013	1,414	90,558	91,973

	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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

18 INCOME TAX

		CONSOLIDATED		
		2013	2012	
		\$	\$	
CURRENT				
Income tax payable		-	-	
NON-CURRENT				
	Opening Balance	Charged to Income	Charged to Equity	Closing Balance
	\$	\$	\$	\$
Deferred tax liability				
Trade and other receivables	-	-	-	-
Lease receivables	-	-	-	-
Balance at 30 June 2013	-	-	-	-
<hr/>				
Deferred tax liability				
Trade and other receivables	901	(901)	-	-
Lease receivables	401,697	(401,697)	-	-
Balance at 30 June 2012	402,598	(402,598)	-	-
<hr/>				

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

18 INCOME TAX (CONTINUED)

NON-CURRENT

	Opening Balance	Charged to Income	Charged to Equity	Opening Balance Adjustment	Closing Balance
Deferred tax asset	\$	\$	\$	\$	\$
Provisions	1,277,143	(323,962)	-	-	953,181
Trade and other payables	12,823	(2,272)	-	-	10,551
Tax losses	2,102,487	370,465	-	(65,420)	2,407,532
Transaction costs on equity issue	2,698	253	-	-	2,951
Capital Loss on Sale of Assets	-	9,751	-	-	9,751
Deferred tax assets not brought to account	(1,670,435)	11,185	-	-	(1,659,250)
Balance at 30 June 2013	1,724,716	65,420	-	(65,420)	1,724,716
<hr/>					
Deferred tax asset					
Provisions	18,311	1,258,832	-	-	1,277,143
Trade and other payables	14,626	(1,803)	-	-	12,823
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

The company has recognised a net deferred tax asset of \$1,724,716 (2012: \$1,724,716). 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.

On the 26th October 2012 the company had a change in ownership of more than 50% and therefore uses the "Same Business Test" to test the deductibility of carried forward losses. The company believes that the conditions allowing the deductibility of the carried forward losses under the same business test method have been met as at 30 June 2013.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

19 ISSUED CAPITAL

	Consolidated	
	2013	2012
	\$	\$
92,707,553 (2012: 45,426,701) fully paid ordinary shares	19,556,370	19,106,370

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 2012	45,426,701	19,106,370
Shares issued	47,280,852	450,000
Balance at 30 June 2013	92,707,553	19,556,370
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

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

19 ISSUED CAPITAL (CONTINUED)

The gearing ratios for the year ended 30 June 2013 and 30 June 2012 are as follows:

	Note	Consolidated	
		2013	2012
		\$	\$
Total borrowings	15,16	10,981,224	6,304,702
Less cash and cash equivalents	7	(1,433,995)	(1,305,014)
Net debt		9,547,229	4,999,688
Total equity		3,061,637	2,366,815
Total capital		12,608,866	7,366,503
Gearing ratio		76%	68%

20 CASH FLOW INFORMATION

a. Reconciliation of cash flow from operations with profit/(loss) after income tax:

Profit/(Loss) after income tax	199,062	(5,343,535)
Non-cash flows in profit/(loss)		
Gain on deconsolidation	-	(220,807)
Loss on consolidation	653	-
Depreciation and amortisation	42,712	20,561
Dividend and distribution Income	(4,285)	(2,008)
Share based payments	170,760	-
Bad debts	100,517	192,741
Impairment loss	(111,338)	4,735,955
Interest	-	(270,197)
Loss on disposal of assets	816	-
Change in operating assets and liabilities		
Trade and other receivables	(658,847)	(872,767)
Inventories	(3,053,636)	-
Other assets	(175,930)	(34,135)
Deferred tax asset	-	397,897
Trade payables and accruals	101,145	(99,237)
Interest payable	1,105,873	116,677
Deferred tax liability	-	(402,598)
Net cash outflow from operations	(2,282,499)	(1,781,459)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

20 CASH FLOW INFORMATION (CONTINUED)

	Consolidated	
	2013	2012
	\$	\$
b. Disposal of Entities		
During the year ended 30 June 2012 the controlled entity Financial Resources Securities Pty Ltd was de-consolidated due to loss of control. Control was re-acquired on 5 June 2013. Aggregate details of this transaction are:		
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. Acquisition of Controlled Entities

On 5 June 2013 the parent entity gained control of its 100% interest in Financial Resources Securities Pty Ltd from the receiver and managers. The gain of control results in Financial Resources Securities Pty Ltd being consolidated with the group as at that date.

	Fair Value
	\$
Purchase consideration:	-
Liabilities held at acquisition date:	
Payables	(653)
Identifiable liabilities assumed	(653)

d. Non-cash transaction

There were no non-cash transactions during the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

20 CASH FLOW INFORMATION (CONTINUED)

	Note	Consolidated	
		2013	2012
		\$	\$
e. Loan Facilities			
Working capital facilities		10,000,000	10,000,000
Amount utilised		(5,870,000)	(4,500,000)
		4,130,000	5,500,000
		4,130,000	5,500,000

Working capital facility:

The facility expires in August 2014, with an option to extend at the discretion between the lender and borrowers. Termination of the agreement can be effected by notice in writing from either party. Interest rates are fixed at 23% (2012: 23%).

Finance will be provided under all facilities on the condition that the consolidated group have not breached any borrowing requirements and the required financial ratios are met.

Loan facilities

- Development facilities		20,000,000	20,000,000
Amount utilised		(2,800,194)	-
		17,199,806	20,000,000
		17,199,806	20,000,000

Development facility:

The facility expires at various date depending on individual project funding period with the expectation all the facilities to be repaid by 30 June 2014. The option to extend is at the discretion between the lender and borrowers. Termination of the agreement can be effected by notice in writing from either party. Interest rates are fixed at 23% (2012: 23%).

Finance will be provided under all facilities on the condition that the consolidated group have not breached any borrowing requirements and the required financial ratios are met.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

21 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 delivery and management of dwellings and incentives regarding the National Rental Affordability Scheme (NRAS) 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.

The Group has a large number of customers to which it provides both products and services. The Group does not rely on any single customer for a significant portion of revenues

22 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.

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	
		2013	2012
		\$	\$
Financial Assets			
Cash and cash equivalents	7	1,433,995	1,305,014
Trade and other receivables*	8	3,640,524	2,940,038
Available for sale financial assets			
- listed investment (at fair value)	11(a)	18,865	22,233
Total Financial Assets		5,093,384	4,267,285
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	15	1,811,030	945,555
- Borrowings	16	9,170,194	5,359,147
Total Financial Liabilities		10,981,224	6,304,702

* Exclude GST and accrued revenue.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

22 FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Financial Risk Management Policies (Continued)

Treasury Risk Management

The Board of Directors are responsible for managing financial risk exposure of the Group. The Board of Directors monitor the Group's financial risk management policies and exposures and approve financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to counterparty credit risk liquidity risk and interest rate risk. The Board of Directors meets on a regular basis to discuss the financial risk exposure of the Group.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

22 FINANCIAL RISK MANAGEMENT (CONTINUED)

Consolidated

2013 2012
\$ \$

The aging of the Group's trade and other receivable at the reporting date was:

Trade and other receivables

Not past due	3,640,524	2,940,038
Total	3,640,524	2,940,038
	3,640,524	2,940,038

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
2013	%	\$	\$	\$	\$
Financial Liabilities – Fixed Rate					
Convertible notes – unsecured	10%	(500,000)	-	-	(500,000)
Investor loans – secured	23%	(2,800,194)	-	-	(2,800,194)
Investor loans – unsecured	23%	(1,870,000)	(4,000,000)	-	(5,870,000)
		(5,170,194)	(4,000,000)	-	(9,170,194)
Financial Assets - Floating Rate					
Cash assets	0.05%	768,159	-	-	768,159
Cash assets	2.75%	665,836	-	-	665,836
		1,433,995	-	-	1,433,995
		1,433,995	-	-	1,433,995

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2013**

22 FINANCIAL RISK MANAGEMENT (CONTINUED)

	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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

22 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	
	2013	2012
	\$	\$
Less than 6 months	1,811,030	945,555
	1,811,030	945,555
	1,811,030	945,555

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	
	2013	2012	2013	2012
	\$	\$	\$	\$
CONSOLIDATED				
<i>Financial assets</i>				
Financial assets	18,865	22,233	18,865	22,233
Cash and cash equivalent	1,433,995	1,305,014	1,433,995	1,305,014
Trade and other receivables	3,640,524	2,940,038	3,640,524	2,940,038
Total	5,093,384	4,267,285	5,093,384	4,267,285
<i>Financial liabilities</i>				
Trade and other payables	1,811,030	945,555	1,811,030	945,555
Interest bearing loan and borrowings	9,170,194	5,359,147	9,170,194	5,359,147
Total	10,981,224	6,304,702	10,981,224	6,304,702

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

22 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 2013, 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
2013	\$	\$	\$	\$	\$
<i>Financial Assets</i>					
Cash and cash equivalents	1,433,995	(14,340)	(14,340)	14,340	14,340
Total Increase/(Decrease)		(14,340)	(14,340)	14,340	14,340
2012					
<i>Financial Assets</i>					
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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

22 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).

2013	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets:				
<i>Available-for-sale financial assets:</i>				
— listed investments	18,865	-	-	18,865
	18,865	-	-	18,865
<hr/>				
2012				
Financial assets:				
<i>Available-for-sale financial assets:</i>				
— listed investments	22,233	-	-	22,233
	22,233	-	-	22,233
	22,233	-	-	22,233

23 COMMITMENTS

Capital commitments

The Group has the following capital commitments at reporting date:

	Consolidated	
	2013 \$	2012 \$
Capital expenditure projects	5,315,000	-
	5,315,000	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

23 COMMITMENTS (Continued)

Operating lease commitments

The Group has entered into an operating lease for its office premises during the year as well as additional photocopier lease.

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

Within one year	181,916	17,028
After one year but not more than five years	572,624	24,123
	<u>754,540</u>	<u>41,151</u>

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

24 RELATED PARTY DISCLOSURE

The Company advanced and repaid loans, received loans and provided accounting and administrative assistance to other entities in the Group and received services from related parties during the current financial year. These transactions were on commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(a) *Identification of related parties*

The consolidated financial statements include the financial statements of Questus Limited and its subsidiaries listed in note 12.

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 2013, 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
- Links Ridge Pty Ltd
- Nevish Pty Ltd

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

24 RELATED PARTY DISCLOSURE (CONTINUED)

(c) *Loans*

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

		CONSOLIDATED	
Short term loans		2013	2012
Loan provided by:	Loan provided to/ (from):	\$	\$
Questus Limited and its subsidiaries	Questus Land Development Fund and its subsidiaries	1,500,010	1,500,010
Questus Limited and its subsidiaries	RW Olde (Director)	-	4,065
Questus Limited and its subsidiaries	DJ Somerville (Director)	456	-
Questus Limited and its subsidiaries	EMC Solar Ltd [2]	-	850
Questus Capital Group Pty Ltd [2]	Questus Limited and its subsidiaries	493	(480)
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	(192)	(1,192)
Crest Capital Asia Pte Ltd [3]	Questus Limited and its subsidiaries	4,670,194	-
		6,170,961	1,306,029
<i>Long term loan</i>			
Crest Capital Asia Pte Ltd [3]	Questus Limited and its subsidiaries	4,000,000	-
		4,000,000	-

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

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

[3] PPT Chan is a director and major shareholder of this company. KSL Ang is an employee of this company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

24 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.

Debtors	CONSOLIDATED	
	2013	2012
	\$	\$
EMC Solar Ltd and its subsidiaries [2]	-	24,200
Questus Mortgage Funds Ltd [1][3]	-	135
Questus Residential Investment Fund [4]	-	4,640
Arava Circle 8334 Pty Ltd [5][6]	19,896	-
Bullfinch 67 Pty Ltd [5][6]	17,943	-
Goldsmith 7 Pty Ltd [5][6]	39,958	-
Hooley 43 Pty Ltd [5][6]	10,318	-
Morgan 1 Pty Ltd [5][6]	25,513	-
Spring 13 Pty Ltd [5][6]	45,674	-
Wroxton 21 Pty Ltd [5][6]	6,059	-
	165,361	28,975

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

[2] DJ Somerville was a director of this company until his resignation on the 5th April 2013.

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

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

[5] PPT Chan is a director of Crest Capital Asia Pte Ltd (Crest Capital), Crest Capital is the Fund Manager for numerous funds who have ownership of the underlying trust to which these companies are trustee.

[6] MA Oteri is a Director of this company

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

24 RELATED PARTY DISCLOSURE (CONTINUED)

(e) *Creditors*

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

	CONSOLIDATED	
	2013	2012
	\$	\$
Creditors		
DJ Somerville	-	7,393
Questus Realty Pty Ltd [1]	-	12,014
CI Resources Ltd [2]	-	6,600
Cosec & Bookkeeping Contracting Services Pty Ltd [3]	5,045	-
Crest Capital Asia Pte Ltd [4]	355,066	-
	360,111	26,007

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

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

[3] EBH Lee is a director for the company.

[4] PPT Chan is a director and major shareholder of this company. KSL Ang is an employee of this company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

24 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.

Service provided to	Nature of service	CONSOLIDATED	
		2013	2012
		\$	\$
Questus Land Development Fund and its subsidiaries [1]	Expense recoveries	289,958	-
Questus Land Development Fund and its subsidiaries [1]	Interest on loans	-	65,306
CI Resources Ltd [2]	Professional fees	79,136	60,069
EMC Solar Ltd and its subsidiaries [2]	Professional fees and Expense recoveries	(22,000)	28,000
Questus Residential Investment Fund [1]	Processing application fees	6,852	4,132
Crest Capital Asia Pte Ltd [3]	Interest on loans	1,135,671	
Arava Circle 8334 Pty Ltd [4][5]	Commission and Expense recoveries	43,921	-
Bullfinch 67 Pty Ltd [4][5]	Commission and Expense recoveries	19,433	-
Goldsmith 7 Pty Ltd [4][5]	Commission and Expense recoveries	49,098	-
Hooley 43 Pty Ltd [4][5]	Expense recoveries	13,021	-
Morgan 1 Pty Ltd [4][5]	Expense recoveries	32,258	-
Spring 13 Pty Ltd [4][5]	Commission and Expense recoveries	48,526	-
Wroxton 21 Pty Ltd [4][5]	Expense recoveries	7,672	-

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

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

[3] PPT Chan is a director and major shareholder, KSL Ang is an employee of this company.

[4] PPT Chan is a director of Crest Capital Asia Pte Ltd (Crest Capital), Crest Capital is the Fund Manager for numerous funds who have ownership of the underlying trust to which these companies are trustee.

[5] MA Oteri is a Director of this company

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

24 RELATED PARTY DISCLOSURE (CONTINUED)

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

		CONSOLIDATED	
		2013	2012
		\$	\$
Service provided by			
Questus Capital Group Pty Ltd [1]	Expense recoveries	-	1,283
Questus Capital Group Pty Ltd [1]	Interest	-	2,078
Questus Realty Pty Ltd [1]	Reimbursement of expenditure	600	105,775

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

Service provided by	Nature of services		
Armada Consulting Pty Ltd [1]	Commission and fees	34,500	38,309
Lighthouse Consulting [2]	Consulting services	-	55,000
Magellan Capital Advisors Pty Ltd [3]	Consulting services	-	5,250
Barwick Partners [1]	Expense recoveries	5,000	-
Cosec & Bookkeeping Contracting Services Pty Ltd [4]	Consulting services	29,264	-
Crest Capital Asia Pte Ltd [6]	Interest on loans	1,135,671	
Questus Realty [1][2]	Expense recoveries	83,033	-
Robertson Hayles Settlements [5]	Property Settlement Services	14,024	-

[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] EBH Lee is a director of this company

[5] MA Oteri has an economic interest in this business.

[6] PPT Chan is a director and major shareholder, KSL Ang is an employee of this company. Crest Capital is the Fund Manager for numerous funds which have provide loan facilities to Questus and its subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

25 AUDITOR'S REMUNERATION

	CONSOLIDATED	
	2013	2012
	\$	\$
Remuneration of the auditor for:		
— auditing or reviewing the financial report	68,000	63,100
— audit of AFSL licence	8,000	7,000
— taxation services	-	8,045
— valuation services	43,750	8,045
— Other audit services	29,500	-

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 MA Oteri	Executive Director
Mr RW Olde	Non-Executive Director (Executive Director to the 3 March 2013)
Mr PPT Chan	Non-Executive Director (appointed 1 December 2012)
Ms KSL Ang	Non-Executive Director (appointed 1 December 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 2013.

(a) Key management personnel remuneration

	CONSOLIDATED	
	2013	2012
	\$	\$
Short-term employee benefits	762,000	481,020
Post-employment benefits	39,527	34,511
Share based payment	45,760	-
	847,287	515,531

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

26 KEY MANAGEMENT PERSONNEL (CONTINUED)

(b) Option holdings of key management personnel

2013	Balance 01 July 2012	Granted as Remunera tion	Options Cancelled	Net Change Other ~	Balance 30 June 2013	Vested & Exercisable
Directors						
DJ Somerville*	7,025,000	2,000,000	(5,000,000)	-	4,025,000	4,025,000
RW Olde	2,025,000	2,000,000	-	-	4,025,000	4,025,000
MA Oteri	-	-	-	-	-	-
PPT Chan*	-	-	-	14,144,695	14,144,695	14,144,695
KSL Ang	-	-	-	-	-	-
Total	9,050,000	4,000,000	(5,000,000)	14,144,695	22,194,695	22,194,695

* Held either directly or indirectly.

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

2012	Balance 01 July 2011	Granted as Remuner ation	Options Cancelled	Net Change Other ~	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	-	-	-	-	-	-
AJ Brennan	-	-	-	-	-	-
Total	9,050,000	-	-	-	9,050,000	9,050,000

* Held either directly or indirectly.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

26 KEY MANAGEMENT PERSONNEL (CONTINUED)

(c) Shareholdings of key management personnel

	Balance 01 July 2012	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 2013
2013	Ord	Ord	Ord	Ord	Ord
Directors					
DJ Somerville*	15,130,715	-	-	1,000,000	16,130,715
RW Olde	143,373	-	-	-	143,373
MA Oteri	-	-	-	-	-
PPT Chan*	-	-	-	49,803,602	49,803,602
KSL Ang	-	-	-	-	-
Total	15,274,088	-	-	50,803,602	66,077,690

* Held either directly or indirectly.

	Balance 01 July 2011	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 2012
2012	Ord	Ord	Ord	Ord	Ord
Directors					
DJ Somerville*	15,130,715	-	-	-	15,130,715
RW Olde*	143,373	-	-	-	143,373
MA Oteri	-	-	-	-	-
AJ Brennan	-	-	-	-	-
Total	15,274,088	-	-	-	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 24 for transactions with director related companies.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

27 SHARE-BASED PAYMENTS

The following share-based payment arrangements occurred during the financial year:

Recognised share based payment transaction

During the financial year, 47,280,852 share and 14,144,695 options were issued to Crest Capital Asia Pte Ltd for providing financing facilities to the Group. The fair value of the shares and options were \$450,000. The options are exercisable at \$0.10 on or before 30 November 2014.

Employee share option plan

On 26 October 2012, 4,000,000 share options were granted to directors to accept ordinary shares at an exercise price of \$0.10. The options are exercisable after 26 October 2012 but before 30 November 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			
	2013		2012	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Outstanding at the beginning of the year	4,590,000	0.05	5,400,000	0.0515
Granted	4,000,000	0.10	-	-
Cancelled	-	-	-	-
Lapsed	-	-	(810,000)	(0.06)
Outstanding at year-end	8,590,000	0.075	4,590,000	0.05
Exercisable at year-end	8,590,000	0.075	4,590,000	0.05

There were no options exercised during the year ended 30 June 2013. 18,144,695 options were granted during the year.

The options outstanding at 30 June 2013 had a weighted average exercise price of \$0.075 (2012: \$0.05) and a weighted average remaining contractual life of 2.6 years (2012: 1.6 years).

The weighted average fair value of the options granted during the financial year was \$45,760 (2012: Nil).

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:

	2013	2012
Weighted average exercise price	10.0 cents	-
Weighted average life of the option	2 years	-
Underlying share price	7.6 cents	-
Expected share price volatility	40.00%	-
Risk free interest rate	2.62%	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

28 CONTINGENT LIABILITIES AND ASSETS

There are no contingent assets at reporting date.

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 2013 calendar year.

Questus Funds Management Limited has 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

29 PARENT ENTITY DISCLOSURES

a) Financial Information Parent	2013	2012
	\$	\$
Loss for the year	(2,082,797)	(4,676,183)
Total comprehensive loss	(2,082,797)	(4,676,183)
Assets		
Current assets	2,686,078	2,575,445
Non-current asset	4,987,205	5,433,814
Total Assets	7,673,283	8,009,259
Liabilities		
Current liabilities	2,951,919	5,206,097
Non current liabilities	4,005,240	500,000
Total Liabilities	6,957,159	5,706,097
Equity		
Issued capital	19,524,552	19,074,552
Reserves	152,890	107,130
Accumulated losses	(18,961,317)	(16,878,520)
Total Equity	716,124	2,303,162

b) Guarantees

Questus Limited is guarantor for funding arrangements by Crest Capital Asia Pte Ltd with its subsidiaries. Total value of loans to which Questus Ltd is guarantor is \$2,800,194.

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 23 and 28.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

30 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET MANDATORY OR EARLY ADOPTED

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2013. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments, 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and 2012-6 Amendments to Australian Accounting Standards arising from AASB 9

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2015 and completes phase I of the IASB's project to replace IAS 39 (being the international equivalent to AASB 139 'Financial Instruments: Recognition and Measurement'). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The consolidated entity will adopt this standard from 1 July 2015 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 10 Consolidated Financial Statements

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity will not only have to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes. The adoption of this standard from 1 July 2013 may have an impact where the consolidated entity has a holding of less than 50% in an entity, has de facto control, and is not currently consolidating that entity.

AASB 12 Disclosure of Interests in Other Entities

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. It contains the entire disclosure requirement associated with other entities, being subsidiaries, associates and joint ventures. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'. The adoption of this standard from 1 July 2013 will significantly increase the amount of disclosures required to be given by the consolidated entity such as significant judgements and assumptions made in determining whether it has a controlling or non-controlling interest in another entity and the type of non-controlling interest and the nature and risks involved.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

30 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET MANDATORY OR EARLY ADOPTED (CONTINUED)

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and it provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach would be used to measure assets whereas liabilities would be based on transfer value. As the standard does not introduce any new requirements for the use of fair value, its impact on adoption by the consolidated entity from 1 July 2013 should be minimal, although there will be increased disclosures where fair value is used.

AASB 127 Separate Financial Statements (Revised)
AASB 128 Investments in Associates and Joint Ventures (Reissued)

These standards are applicable to annual reporting periods beginning on or after 1 January 2013. They have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12. The adoption of these revised standards from 1 July 2013 will not have a material impact on the consolidated entity.

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

This revised standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments make changes to the accounting for defined benefit plans and the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. The later will require annual leave that is not expected to be wholly settled within 12 months to be discounted allowing for expected salary levels in the future period when the leave is expected to be taken. The adoption of the revised standard from 1 July 2013 is not expected to have a material impact on the consolidated entity.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement

These amendments are applicable to annual reporting periods beginning on or after 1 July 2013, with early adoption not permitted. They amend AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). The adoption of these amendments from 1 July 2014 will remove the duplication of information relating to individual KMP in the notes to the financial statements and the directors report. As the aggregate disclosures are still required by AASB 124 and during the transitional period the requirements may be included in the Corporations Act or other legislation, it is expected that the amendments will not have a material impact on the consolidated entity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

30 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET MANDATORY OR EARLY ADOPTED (CONTINUED)

AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards

The amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments make numerous consequential changes to a range of Australian Accounting Standards and Interpretations, following the issuance of AASB 10, AASB 11, AASB 12 and revised AASB 127 and AASB 128. The adoption of these amendments from 1 July 2013 will not have a material impact on the consolidated entity.

AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities

The amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The disclosure requirements of AASB 7 'Financial Instruments: Disclosures' (and consequential amendments to AASB 132 'Financial Instruments: Presentation') have been enhanced to provide users of financial statements with information about netting arrangements, including rights of set-off related to an entity's financial instruments and the effects of such rights on its statement of financial position. The adoption of the amendments from 1 July 2013 will increase the disclosures by the consolidated entity.

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities

The amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of "currently has a legally enforceable right of set-off"; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement. The adoption of the amendments from 1 July 2014 will not have a material impact on the consolidated entity].

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle

The amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 (IFRS 1) 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 'Income Taxes'; and clarification of the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities. The adoption of the amendments from 1 July 2013 will not have a material impact on the consolidated entity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

30 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET MANDATORY OR EARLY ADOPTED (CONTINUED)

AASB 2012-9 Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039

This amendment is applicable to annual reporting periods beginning on or after 1 January 2013. The amendment removes reference in AASB 1048 following the withdrawal of Interpretation 1039. The adoption of this amendment will not have a material impact on the consolidated entity.

AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments

These amendments are applicable to annual reporting periods beginning on or after 1 January 2013. They amend AASB 10 and related standards for the transition guidance relevant to the initial application of those standards. The amendments clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments. The adoption of these amendments will not have a material impact on consolidated entity.

31 EVENTS AFTER THE END OF THE REPORTING PERIOD

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations, the result of those operations or the state of affairs, in future financial years.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Questus Limited, I state that:

1. In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) give a true and fair view of the financial position of the consolidated entity as at 30 June 2013 and of its performance for the year ended on that date; and
 - (ii) comply with Australian Accounting Standards, which, as stated in accounting policy Note 2 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS);
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

2. This declaration has been made after receiving the declarations required to be made by the directors in accordance with sections of 295A of the Corporations Act 2001 for the financial year ending 30 June 2013.

On behalf of the Board



DJ Somerville
Executive Chairman

Dated at Perth this 30th day of August 2013

**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 2013, 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 qualified audit opinion on the financial report and our unqualified audit opinion on the Remuneration Report.

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 detailed in our auditor's report dated 27 September 2012 on the 30 June 2012 financial report, we were unable to determine whether the impairment expense recognised in the consolidated statement of comprehensive income in relation to receivables of \$2,811,494 and investments in financial assets of \$421,803 were recorded in the correct period. Our audit report on the 30 June 2012 financial report was qualified on that basis.

Our opinion on the 30 June 2013 financial report is also modified due to the possible effects of this matter on the comparability of the current financial period's figures with the corresponding figures.

Qualified Opinion

In our opinion, except for the possible effects on the corresponding figures of the matter 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 2013 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 2013. 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 2013 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 30 August 2013

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 28 August 2013 and using the last traded share price of 4.5 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
	2013		2012	
1 - 1,000	110	-	110	-
1,001 - 5,000	107	-	104	-
5,001 - 10,000	93	-	102	-
10,001 - 100,000	122	-	126	-
100,001 and over	51	-	46	-
	<hr/>	<hr/>	<hr/>	<hr/>
	483	-	488	-
	<hr/>	<hr/>	<hr/>	<hr/>
Number of shareholders holding less than a marketable parcel:	313		234	-

STATEMENT OF QUOTED SECURITIES

Listed on the Australian Securities Exchange are 92,707,553 (2012: 45,426,701) fully paid shares and zero (2012: Nil) options. There are 4,590,000 unlisted options with an exercise price of \$0.05 exercisable before 13th January 2014 and 18,144,695 unlisted options with an exercise price of \$0.10 exercisable before 30th November 2014.

For the prior financial year there were also 5,000,000 unlisted options with an exercise price of \$0.50 exercisable before 31st December 2012. These options were not exercised.

ADDITIONAL INFORMATION

EQUITY SECURITY HOLDERS

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

Name	30 June 2013		30 June 2012	
	Ordinary shares		Ordinary shares	
	Number	% holding	Number	% holding
HSBC CUSTODY NOMINEES (CREST CAPITAL)	49,803,602	53.72%	-	-%
QUESTUS CAPITAL GROUP PTY LTD	15,130,715	16.32%	15,130,715	33.31%
NWR GROUP PTY LTD	5,000,000	5.39%	5,000,000	11.01%
WESTRADE RESOURCES PTY LTD	3,470,568	3.74%	3,729,544	8.21%
MS CHERICE RAE HENLEY	-	-%	2,559,750	5.63%
COINSEA PTY LTD	1,000,000	1.08%	-	-%
OAKPREY PTY LTD	1,000,000	1.08%	1,000,000	2.20%
MILSOP PTY LTD	-	-%	1,000,000	2.20%
MR QUENTIN JAMES OLDE	737,858	0.80%	572,858	1.26%
HORSESHOE HOLDINGS PTY LTD	700,000	0.76%	700,000	1.54%
HUNTER DEVELOPMENTS 2001 PTY LTD	700,000	0.76%	700,000	1.54%
RBA MCGAVIN	628,808	0.68%	628,808	1.38%
REMO POLLASTRI	595,000	0.64%	595,000	1.31%
PJWO PTY LTD	590,000	0.64%	590,000	1.30%
ALSFORD PTY LTD	526,125	0.57%	526,127	1.16%
CREAMY PTY LTD	-	-%	600,000	1.32%
S & L MOORE PTY LTD	500,000	0.54%	-	-%
MR RONALD MCLELLAN WILLIAMSON	416,895	0.45%	416,895	0.92%
CASEY JL + EA	390,000	0.42%	390,000	0.86%
GEDGE GW + ADAM	325,000	0.35%	325,000	0.72%
AMBER MANAGEMENT PTY LTD	308,014	0.33%	474,041	1.04%
AUSTRALIAN EXECUTOR TRUSTEES	252,727	0.27%	252,727	0.56%
PUMPITUP PTY LTD	240,000	0.26%	240,000	0.56%
SELOM NOMINEES PTY LTD	240,000	0.26%	240,000	0.56%
	82,555,312	89.05%	35,671,463	78.42%

ADDITIONAL INFORMATION

SUBSTANTIAL SHAREHOLDERS

Name	Ordinary shares	
	Number	
	2013	2012
CREST CAPITAL ASIA PTE LTD	49,803,602	-
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	
	2013	2012	2013	2012
Options Exercisable at \$0.50	-	5,000,000	1	1
Options Exercisable at \$0.10	18,144,695	-	3	-
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 and were cancelled 31 December 2012

Options exercisable at \$0.10 are held by Crest Capital Asia Pte Ltd and employees as part of the directors 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:

Name	2013		2012	
	Options		Options	
	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.