

HALF-YEAR FINANCIAL REPORT

31 December 2011

Directory

Responsible Entity

Abacus Funds Management Limited
ABN: 66 007 415 590
Level 34, Australia Square
264-278 George Street
SYDNEY NSW 2000
Tel: (02) 9253 8600
Fax: (02) 9253 8616
Website: www.abacusproperty.com.au

Custodian:

Perpetual Trustee Company Limited
Level 12 Angel Place
123 Pitt Street
SYDNEY NSW 2000

Auditor:

Ernst & Young
Ernst & Young Centre
680 George Street
SYDNEY NSW 2000

Directors of Responsible Entity:

John Thame, Chairman
Frank Wolf, Managing Director
William Bartlett
David Bastian
Malcolm Irving
Myra Salkinder

Compliance Plan Auditor:

Ernst & Young
Ernst & Young Centre
680 George Street
SYDNEY NSW 2000

Company Secretary:

Ellis Varejes

Share Registry:

Boardroom Pty Ltd
Level 7, 207 Kent St
SYDNEY NSW 2000
Tel: (02) 9290 9600
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DIRECTORS' REPORT**31 December 2011**

The Directors of Abacus Funds Management Limited ("AFML"), the Responsible Entity of the Abacus Wodonga Land Fund ("AWLF" or the "Fund") submit their report for the Fund for the half-year ended 31 December 2011 and the auditor's report thereon.

DIRECTORS

The Directors of the Responsible Entity in office during the half-year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

John Thame	Chairman (Non-executive)
Frank Wolf	Managing Director
William Bartlett	Non-executive Director
David Bastian	Non-executive Director
Malcolm Irving	Non-executive Director
Myra Salkinder	Non-executive Director

PRINCIPAL ACTIVITIES

The Fund operates in Australia and derives income from the investment in a residential land development in Wodonga, Victoria and cattle breeding.

FUND STRUCTURE

AWLF is an Australian registered managed investment scheme. Abacus Funds Management Limited ("AFML"), the Responsible Entity of AWLF, is incorporated and domiciled in Australia and is a wholly owned subsidiary of Abacus Group Holdings Limited ("AGHL").

The registered office and principal place of business of AGHL and AFML is located at Level 34, 264-278 George Street, Sydney, NSW, 2000.

REVIEW AND RESULTS OF OPERATIONS

The Fund incurred a net loss attributable to members of \$1.6 million for the half-year ended 31 December 2011 (December 2010: \$5.7 million loss). This loss has been calculated in accordance with Australian Accounting Standards and includes certain significant items that need adjustment to enable securityholders to obtain an understanding of the Fund's underlying loss of \$0.2 million (December 2010: \$0.9 million).

	31-Dec-11	31-Dec-10
	\$'000	\$'000
Statutory net loss attributable to unitholders	(1,609)	(5,717)
Certain significant items:		
Impairment of inventory at balance date	-	5,600
Net (gain)/loss in fair value of derivatives	1,382	(837)
Underlying loss	(227)	(954)

Income from the sales of land during the period was \$5.0 million (47 residential lots and compensation for school site) (December 2010: \$3.1 million – 34 residential lots).

DISTRIBUTIONS

There were no cash distributions paid or provided for during the period.

DIRECTORS' REPORT

31 December 2011

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 23 March 2012 a credit approved term sheet for a new 3 year \$15 million loan facility was entered into with the NAB. The facility is being documented and will be in place on or about 30 April 2012.

Other than as disclosed in this report and to the knowledge of directors, there has been no other matter or circumstance that has arisen since the end of the financial period that has or may affect the Fund's operations in future financial periods, the results of those operations or the Fund's state of affairs in future financial periods.

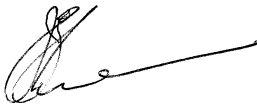
ROUNDING

The amounts contained in this report and in the half-year financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the group under ASIC Class Order 98/100. The group is an entity to which the Class Order applies.

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained an independence declaration from our auditor, Ernst & Young, and such declaration is set out on page 4.

Signed in accordance with a resolution of the directors.
Abacus Funds Management Limited (ABN 66 007 415 590)



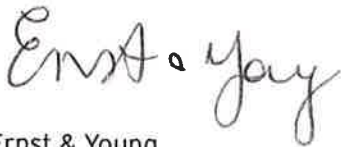
John Thame
Chairman
Sydney, 2 April 2012



Frank Wolf
Managing Director

Auditor's Independence Declaration to the Directors of Abacus Funds Management Limited, the Responsible Entity of Abacus Wodonga Land Fund

In relation to our review of the financial report of Abacus Wodonga Land Fund for the half-year ended 31 December 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'K. Zdrilic'.

K. Zdrilic
Partner
2 April 2012

ABACUS WODONGA LAND FUND

STATEMENT OF COMPREHENSIVE INCOME

HALF-YEAR ENDED 31 DECEMBER 2011

	31 Dec 2011	31 Dec 2010
	\$'000	\$'000
REVENUE		
Sale of Land	5,016	3,122
Interest received	32	115
Total Revenue and Other Income	5,048	3,237
Net gain/(loss) in fair value of derivatives	(1,382)	837
Expenses from cattle breeding activities	(23)	(41)
Expenses from land subdivision activities	(5,252)	(4,150)
Impairment of inventory	-	(5,600)
PROFIT/(LOSS) BEFORE TAX	(1,609)	(5,717)
Income tax expense	-	-
NET LOSS/COMPREHENSIVE LOSS FOR THE PERIOD	(1,609)	(5,717)

STATEMENT OF FINANCIAL POSITION
HALF-YEAR ENDED 31 DECEMBER 2011

	Notes	31 Dec 2011 \$'000	30 Jun 2011 \$'000
CURRENT ASSETS			
Cash and cash equivalents		1,359	1,007
Trade and other receivables		23	207
Cattle breeding activities		81	78
Inventories	3	10,186	6,578
TOTAL CURRENT ASSETS		11,649	7,870
NON-CURRENT ASSETS			
Inventories	3	38,664	42,124
Cattle breeding activities		27	22
TOTAL NON-CURRENT ASSETS		38,691	42,146
TOTAL ASSETS		50,340	50,016
CURRENT LIABILITIES			
Trade and other payables		535	443
Interest-bearing loans and borrowings	4	12,750	14,724
TOTAL CURRENT LIABILITIES		13,285	15,167
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	4	34,231	31,798
Derivatives at fair value		3,074	1,692
TOTAL NON-CURRENT LIABILITIES		37,305	33,490
TOTAL LIABILITIES		50,590	48,657
NET ASSETS / (LIABILITIES)		(250)	1,359
EQUITY			
Contributed equity	5	19,348	19,348
Accumulated losses		(19,598)	(17,989)
TOTAL EQUITY		(250)	1,359

ABACUS WODONGA LAND FUND**STATEMENT OF CHANGES IN EQUITY**

HALF-YEAR ENDED 31 DECEMBER 2011

	Issued capital \$'000	Retained earnings \$'000	Total Equity \$'000
At 1 July 2011	19,348	(17,989)	1,359
Net loss for the period	-	(1,609)	(1,609)
Total comprehensive loss for the period	-	(1,609)	(1,609)
At 31 December 2011	19,348	(19,598)	(250)

	Issued capital \$'000	Retained earnings \$'000	Total Equity \$'000
At 1 July 2010	19,348	(7,463)	11,885
Net loss for the period	-	(5,717)	(5,717)
Total comprehensive loss for the period	-	(5,717)	(5,717)
At 31 December 2010	19,348	(13,180)	6,168

STATEMENT OF CASH FLOW
HALF-YEAR ENDED 31 DECEMBER 2011

	31 Dec 2011	31 Dec 2010
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Income receipts	5,106	3,229
Interest received	32	115
Operating payments	(4,258)	(2,538)
NET CASH FLOWS FROM OPERATING ACTIVITIES	880	806
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for inventories	(988)	(804)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(988)	(804)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(1,974)	(4,402)
Proceeds from borrowings	2,434	6,087
NET CASH FLOWS FROM FINANCING ACTIVITIES	460	1,685
NET INCREASE IN CASH AND CASH EQUIVALENTS	352	1,687
Cash and cash equivalents at beginning of period	1,007	1,417
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,359	3,104

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

1. CORPORATE INFORMATION

The financial report of the Fund for the half-year ended 31 December 2011 was authorised for issue in accordance with a resolution of the directors of AFML on 2 April 2012.

The Fund is a registered managed investment scheme.

The nature of the operations and principal activities of the Fund are described in the Directors' report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the annual financial report

The half-year financial report should be read in conjunction with the Annual Financial Report of Abacus Wodonga Land Fund for the year ended 30 June 2011. It is also recommended that the half-year financial report be considered together with any public announcements made by the Fund during the half-year ended 31 December 2011 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of Preparation

The half-year financial report has been prepared in accordance with the requirements of the Corporations Act 2001, AASB 134 "Interim Financial Reporting" and other mandatory professional requirements. Except as otherwise disclosed, the same accounting policies have been applied as in the last annual financial report.

The half-year financial report has been prepared on a historical cost basis, except for derivative financial instruments which have been measured at fair value. The carrying values of recognised assets and liabilities that are covered by interest rate swap arrangements, are adjusted to record changes in the fair values attributable to the risks that are being covered by derivative financial instruments.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Group under ASIC Class Order 98/100. The Group is an entity to which the Class Order applies.

Net asset deficiency/Net current liability

At 31 December 2011, the Fund has a net current asset deficiency of \$1.64m and a net asset deficiency of \$0.25m. The Fund has obtained a letter from Abacus Property Group ("APG") that APG does not intend to request repayment of its loan for a period of 12 months from the date of this financial report and to the extent necessary APG intends to provide financial support to enable the Fund to pay its debts as and when they fall due within the next 12 months.

The Fund has total bank borrowings of \$12.75 million which expires on 30 June 2012. On 23 March 2012 a credit approved term sheet for a new \$15 million 3 year loan facility was entered into with the NAB. The facility is being documented and will be in place on or about 30 April 2012.

(b) Changes in accounting policy

The following amending Standards have been adopted from 1 July 2011. Adoption of these Standards did not have any effect on the financial position or performance of the Fund:

AASB 107 Statement of Cash Flows: States that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities.

AASB 136 Impairment of Assets: The amendment clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in AASB 8 before aggregation for reporting purposes. This amendment has no impact on the Fund as the annual impairment test is performed before aggregation.

The Fund has not elected to early adopt any other new Standards or amendments that are issued but not yet effective.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

3. INVENTORIES

	31 Dec 2011	30 June 2011
	\$'000	\$'000
(a) Current		
Acquisition costs	1,839	1,172
Development costs	5,875	3,945
Other costs (includes finance costs, rates and taxes)	2,472	1,461
Total current inventories	10,186	6,578
(b) Non current		
Acquisition costs	18,923	20,432
Development costs	11,634	14,964
Other costs (includes finance costs, rates and taxes)	21,691	21,628
Less: Impairment	(13,584)	(14,900)
Total non-current inventories	38,664	42,124

4. INTEREST BEARING LOANS AND BORROWINGS

	31 Dec 2011	30 Jun 2011
	\$'000	\$'000
(a) Current		
Bank loans	12,750	14,724
	12,750	14,724
(b) Non-current		
Abacus Finance Pty Ltd	34,231	31,798
	34,231	31,798
(c) Maturity profile of current and non-current interest bearing loans		
Due within one year	12,750	-
Due between one and five years	34,231	46,522
	46,981	46,522

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

4. INTEREST BEARING LOANS AND BORROWINGS (continued)

The Fund maintains a range of interest-bearing loans and borrowings. The sources of funding are spread over a number of counterparties and the terms of the instruments are negotiated to achieve a balance between capital availability and cost of debt.

Bank loans – A\$ are provided by an Australian bank at interest rates that include both fixed and floating arrangements. The loans are denominated in Australian dollars and maturity date is 30 June 2012. The effective fixed interest rate of borrowings which are covered by fixed rate swaps was 10.05% at year end (2010 10.05%), while interest on floating rate borrowings are paid quarterly based on existing swap and yield rates quoted on the rate reset date. The bank loans are secured by a charge over the investment properties at Lot 1 & 2, Corner Beechworth Road & Pearce Street, Wodonga VIC 3690 and 1 Windsor Drive, Wodonga VIC 3690 and a guarantee provided by Abacus Group Holdings Ltd.

Variable rate loan of up to \$35 million (30 June 2011: \$35 million) provided by Abacus Finance Pty Ltd to provide working capital and interest cost funding to the Fund. The interest rate on the borrowings was the greater of the 90 day Bank Bill rate plus 4% per annum or 14% per annum until 31 December 2009 and then reduced to 10% per annum thereafter. The average interest rate charged for the financial period was 10% per annum. The loan may be repaid at any time, but must be repaid by 31 May 2015.

On 23 March 2012 a credit approved term sheet for a new 3 year \$15 million loan facility was entered into with the NAB. The facility is being documented and will be in place on or about 30 April 2012.

(d) Financing facilities available

At reporting date, the following financing facilities had been negotiated and were available:

	31 Dec 2011	30 Jun 2011
	\$'000	\$'000
Total facilities		
Bank loans	12,750	17,000
Abacus Finance Pty Ltd	35,000	35,000
Facilities used at reporting date		
Bank loans	(12,750)	(14,724)
Abacus Finance Pty Ltd	(34,231)	(31,798)
Facilities unused at reporting date	769	5,478

5. CONTRIBUTED EQUITY

	31 Dec 2011	30 Jun 2011
	\$'000	\$'000
(a) Issued units		
Issued capital	20,000	20,000
Issue costs	(652)	(652)
Total contributed equity	19,348	19,348

(b) Movement in units on issue

	Number	Value
	'000	\$'000
At 30 June 2011	57,037	19,348
- units issued during the period	-	-
Units on issue at 31 December 2011	57,037	19,348

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

6. CAPITAL MANAGEMENT

AWLF seeks to manage its capital requirements through a mix of debt and equity funding. It also ensures that it complies with capital and distribution requirements of its trust deed, the capital requirements of relevant regulatory authorities and continue to operate as going concerns. AWLF also protects its equity in assets by taking out insurance.

AWLF assesses the adequacy of its capital requirements, cost of capital and gearing (i.e. debt/equity mix) as part of its broader strategic plan. In addition to tracking actual against budgeted performance, AWLF reviews its capital structure to ensure sufficient funds and financing facilities, on a cost effective basis are available to implement AWLF's strategy that adequate financing facilities are maintained and distributions to members are made within the stated distribution guidance.

AWLF actively manages its capital via the following strategies: issuing new units, adjusting the amount of distributions paid to members, activating a unit buyback program, divesting assets, or (where practical) recalibrating the timing of transactions and capital expenditure so as to avoid a concentration of net cash outflows.

AWLF manages the cash flow effect of interest rate risk by entering into interest rate swap agreements that are used to convert floating interest rate borrowings to fixed interest rates. Such interest rate swaps are entered into with the objective of hedging the risk of interest rate fluctuations in respect of underlying borrowings. Under the interest rate swaps, AWLF agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

Interest rate swap contracts have been recorded on the Statement of Financial Position at their fair value in accordance with AASB 139 Financial Instruments: Recognition and Measurement. The AIFRS documentation, designation and effectiveness requirements cannot be met in all circumstances, as a result derivatives do not qualify for hedge accounting and are recorded at fair value through the Statement of Comprehensive Income.

The change in fair value on the derivatives this period has been a result of falling interest rates and volatility in interest rate curves.

A summary of the Fund's key banking covenants are set out below. The Fund's ability to comply with these covenants is dependent on future sales of housing lots.

Covenant	Covenant Requirement	Key details
Nature of facilities	Secured, non recourse	The Fund has no unsecured facilities
LVR	< 50%	Drawn Loan / Bank accepted valuations
Quarterly settlements	Minimum 15 lots in a quarter and 36 lots in a half year	Residential land sales

The Fund satisfied the settlements covenant requirement for the quarter and half year ended 31 December 2011.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

7. EVENTS AFTER BALANCE SHEET DATE

On 23 March 2012 a credit approved term sheet for a new 3 year \$15 million loan facility was entered into with the NAB. The facility is being documented and will be in place on or about 30 April 2012.

Other than as disclosed already in this report, there has been no matter or circumstance that has arisen since the end of the half-year that has or may affect the Fund's operations in future financial years, the results of those operations or the Fund's state of affairs in future financial years.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Abacus Funds Management Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the Fund are in accordance with the *Corporations Act 2001*, including :
 - (i) giving a true and fair view of the financial position as at 31 December 2011 and the performance for the half-year ended on that date for the Fund; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

On behalf of the Board



John Thame
Chairman
Sydney, 2 April 2012



Frank Wolf
Managing Director

To the members of Abacus Wodonga Land Fund

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Abacus Wodonga Land Fund ('the Fund'), which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Fund.

Directors' Responsibility for the Half-Year Financial Report

The directors of Abacus Funds Management Limited, the Responsible Entity of the Fund are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Abacus Wodonga Land Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

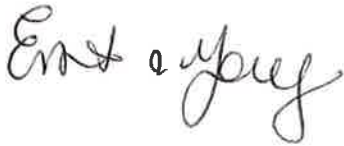
Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Responsible Entity a written Auditor's Independence Declaration, a copy of which is attached to the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Abacus Wodonga Land Fund is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of Abacus Wodonga Land Fund's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



K. Zdrilic
Partner
Sydney
2 April 2012