

HALF-YEAR FINANCIAL REPORT

31 December 2013

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 (Financial and Compliance Plan):

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

Directors of Responsible Entity:

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

Share Registry:

Boardroom Pty Ltd
Level 7, 207 Kent St
SYDNEY NSW 2000
Tel: (02) 9290 9600
Fax: (02) 9279 0664

Company Secretary:

Ellis Varejes

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DIRECTORS' REPORT

31 December 2013

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 2013 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
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.

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 profit attributable to members of \$0.6 million for the half-year ended 31 December 2013 (December 2012: \$1 million loss).

Income from the sales of land during the period was \$4.5 million for 38 residential lots (December 2012: \$10.7 million – 44 residential lots and 4 commercial lots).

DISTRIBUTIONS

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

DIRECTORS' REPORT

31 December 2013

SIGNIFICANT EVENTS AFTER BALANCE DATE

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 half-year that has significantly affected, 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 Fund under ASIC Class Order 98/100. The Fund 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, 26 February 2014



Frank Wolf
Managing Director



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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 2013, 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.

Ernst & Young

Kathy Parsons
Partner
26 February 2014

ABACUS WODONGA LAND FUND

STATEMENT OF COMPREHENSIVE INCOME

HALF-YEAR ENDED 31 DECEMBER 2013

	31 Dec 2013	31 Dec 2012
	\$'000	\$'000
REVENUE		
Sale of inventory	4,514	10,744
Sale of livestock	-	26
Total Revenue	4,514	10,770
Finance income	5	14
Other	7	5
Total Revenue and Other Income	4,526	10,789
Expenses from cattle breeding activities	-	(100)
Cost of inventory sales	(4,088)	(11,766)
Net change in fair value of derivatives	152	38
PROFIT/(LOSS) BEFORE TAX	590	(1,039)
Income tax benefit / (expense)	-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	590	(1,039)

ABACUS WODONGA LAND FUND

STATEMENT OF FINANCIAL POSITION

HALF-YEAR ENDED 31 DECEMBER 2013

	Notes	31 Dec 2013 \$'000	30 Jun 2013 \$'000
CURRENT ASSETS			
Cash and cash equivalents		557	2,042
Trade and other receivables		665	417
Inventory	3(a)	11,068	8,509
Loans		50	10
TOTAL CURRENT ASSETS		12,340	10,978
NON-CURRENT ASSETS			
Plant & Equipment		13	13
Inventory	3(b)	22,902	21,072
TOTAL NON-CURRENT ASSETS		22,915	21,085
TOTAL ASSETS		35,255	32,063
CURRENT LIABILITIES			
Trade and other payables		623	173
TOTAL CURRENT LIABILITIES		623	173
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	4	47,400	45,096
Derivatives at fair value		2,805	2,957
TOTAL NON-CURRENT LIABILITIES		50,205	48,053
TOTAL LIABILITIES		50,828	48,226
NET ASSETS / (LIABILITIES)		(15,573)	(16,163)
EQUITY			
Contributed equity	6	19,348	19,348
Accumulated losses		(34,921)	(35,511)
TOTAL EQUITY		(15,573)	(16,163)

ABACUS WODONGA LAND FUND

STATEMENT OF CHANGES IN EQUITY

HALF-YEAR ENDED 31 DECEMBER 2013

	Issued capital \$'000	Retained earnings \$'000	Total Equity \$'000
At 1 July 2013	19,348	(35,511)	(16,163)
Total comprehensive income for the period	-	590	590
At 31 December 2013	19,348	(34,921)	(15,573)

	Issued capital \$'000	Retained earnings \$'000	Total Equity \$'000
At 1 July 2012	19,348	(20,871)	(1,523)
Total comprehensive loss for the period	-	(1,038)	(1,038)
At 31 December 2012	19,348	(21,909)	(2,561)

STATEMENT OF CASH FLOW
HALF-YEAR ENDED 31 DECEMBER 2013

	31 Dec 2013	31 Dec 2012
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Income receipts	4,272	10,497
Interest received	4	14
Operating payments	(184)	(416)
Payments for land acquisition and development costs (inventory)	(6,016)	(3,041)
NET CASH FLOWS FROM OPERATING ACTIVITIES	(1,924)	7,054
CASH FLOWS FROM INVESTING ACTIVITIES		
	-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(11,528)	(11,529)
Proceeds from borrowings	11,967	3,997
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES	439	(7,532)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,485)	(478)
Cash and cash equivalents at beginning of period	2,042	757

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

1. CORPORATE INFORMATION

The financial report of the Fund for the half-year ended 31 December 2013 was authorised for issue in accordance with a resolution of the directors of AFML on 26 February 2014.

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 2013. 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 2013 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of Preparation

The half-year general purpose 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 and is for a profit entity. Except as otherwise disclosed in notes 2(b), 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 Fund under ASIC Class Order 98/100. The Fund is an entity to which the Class Order applies.

Net asset deficiency/Net current liability

At 31 December 2013, the Fund has a net asset deficiency of \$15.6 million (30 June 2013: \$16.2m). 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.

(b) Changes in accounting policy and disclosures

The following amending Standards have been adopted from 1 July 2013. Adoption of these Standards did not have any effect on the financial position, performance or accounting policies of the Fund:

AASB 124 – Related Party Disclosures: This standard removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.

AASB 13 – Fair Value Measurement: establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Adoption of AASB13 has expanded the disclosure requirements for all assets or liabilities carried at fair value by the Trust which includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

3. INVENTORIES

	31 Dec 2013	30 Jun 2013
	\$'000	\$'000
(a) current		
Projects ¹		
- purchase consideration	2,659	2,675
- development costs	11,968	10,485
- finance costs ²	1,424	1,091
- diminution	(4,983)	(5,742)
	11,068	8,509
(b) non-current		
Projects ¹		
- purchase consideration	12,434	13,111
- development costs	22,222	22,166
- finance costs ²	5,328	3,795
- diminution	(17,082)	(18,000)
	22,902	21,072
Total inventories	33,970	29,581

1. Inventories are held at the lower of cost and net realisable value

2. Finance costs were capitalised at interest rates within the range of 10% to 10.45% during the financial year (30 June 2013:10% to 10.55%)

4. INTEREST BEARING LOANS AND BORROWINGS

	31 Dec 2013	30 Jun 2013
	\$'000	\$'000
(a) Non-current		
Bank loans	6,785	6,657
Abacus Finance Pty Ltd	40,615	38,439
	47,400	45,096
(b) Maturity profile of current and non-current interest bearing loans		
Due between one and five years	47,400	45,096
	47,400	45,096

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.

The bank loan is provided by an Australian bank at interest rates that include both fixed and floating arrangements. The loan is denominated in Australian dollars and the term to maturity date is 30 April 2015. The weighted average interest rate of the bank borrowing which is covered by fixed rate hedges was 15.46% at 31 December 2013 (30 June 2013: 12.66%), 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 all the Fund's property and a guarantee provided by Abacus Group Holdings Ltd.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

4. INTEREST BEARING LOANS AND BORROWINGS (Continued)

Fixed rate loan of up to \$45 million (30 June 2013: \$38 million) provided by Abacus Finance Pty Ltd to provide working capital and interest cost funding to the Fund. The interest rate on the borrowings is 10% per annum. The loan may be repaid at any time, but must be repaid by 31 May 2015. The loan was repaid by \$5.8 million on 1 August 2013 to bring the loan balance back to within the \$38 million facility limit at that time.

(c) Financing facilities available

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

	31 Dec 2013	30 Jun 2013
	\$'000	\$'000
Total facilities		
Bank loans	12,000	12,000
Abacus Finance Pty Ltd*	45,000	38,000
Facilities used at reporting date		
Bank loans	(6,785)	(6,657)
Abacus Finance Pty Ltd	(40,615)	(38,439)
Facilities unused at reporting date*	9,600	4,904

* Increase in facility from \$38 million to \$45 million was approved on 6 December 2013.

5. FINANCIAL INSTRUMENTS

Fair values

The fair value of the Fund's financial assets and liabilities are approximately equal to that of their carrying values.

In accordance with AASB 7 *Financial Instruments: Disclosures* and AASB13 *Fair Value Measurement* the Fund's financial instruments are classified into the following fair value measurement hierarchy:

- a) Level 1 Quoted prices (unadjusted) in active markets for identical assets;
- b) Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset, either directly or indirectly; and
- c) Level 3 Inputs for the asset that are not based on observable market data.

The following table presents the Fund's assets and liabilities measured and recognised at fair value at 31 December 2013.

	Level 1	Level 2	Level 3	Total
	2013	2013	2013	2013
	\$'000	\$'000	\$'000	\$'000
31 December 2013				
Non-current				
Derivative liabilities	-	2,805	-	2,805
Total non-current	-	2,805	-	2,805

	Level 1	Level 2	Level 3	Total
	2013	2013	2013	2013
	\$'000	\$'000	\$'000	\$'000
30 June 2013				
Non-current				
Derivative liabilities	-	2,957	-	2,957
Total non-current	-	2,957	-	2,957

There were no transfers between Levels 1, 2 and 3 during the year.

Determination of fair value

The fair value of interest rate swaps is determined using a generally accepted pricing model on a discounted cash flow analysis using assumptions supported by observable market rates.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

6. CONTRIBUTED EQUITY

	31 Dec 2013	30 Jun 2013
	\$'000	\$'000
(a) Issued units		
Units on issue	20,000	20,000
Issue costs	(652)	(652)
Total contributed equity	19,348	19,348

(b) Movement in units on issue

	Units	
	Number	Value
	'000	\$'000
At 30 June 2013	57,037	19,348
Units on issue at 31 December 2013	57,037	19,348

7. CAPITAL MANAGEMENT

The Fund 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 Fund deed, the capital requirements of relevant regulatory authorities and continues to operate as going concerns. The Fund also protects its equity in assets by taking out insurance.

The Fund 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, the Fund reviews its capital structure to ensure sufficient funds and financing facilities, on a cost effective basis are available to implement the Fund's strategy that adequate financing facilities are maintained and distributions to members are made within the stated distribution guidance.

The Fund 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.

A summary of the Fund's compliance with key banking covenants is set out below:

Metrics	Measure	Key details
Nature of facilities	Secured, non recourse	The Fund has no unsecured facilities
Debt covenants	Compliant	Key covenants include Bank LVR and a minimum number of settlements per quarter and per half

8. EVENTS AFTER BALANCE SHEET DATE

Other than as disclosed in this report, there has been no matter or circumstance that has arisen since the end of the half-year that has significantly affected, 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.

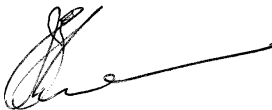
DIRECTORS' DECLARATION

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 2013 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, 26 February 2014



Frank Wolf
Managing Director



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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 2013, 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 a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fund's financial position as at 31 December 2013 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 follows 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 the entity's financial position as at 31 December 2013 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



Kathy Parsons
Partner
Sydney
26 February 2014