

HALF-YEAR FINANCIAL REPORT

31 December 2015

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

Auditor (Financial and Compliance Plan):

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

Share Registry:

Boardroom Pty Ltd
Level 12, 225 George Street
SYDNEY NSW 2000
Tel: 1300 737 760
Fax: 1300 653 459

Custodian:

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

Directors of Responsible Entity

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

Company Secretary:

Ellis Varejes

CONTENTS

<u>DIRECTORS' REPORT</u>	<u>2</u>
<u>AUDITORS INDEPENDENCE DECLARATION</u>	<u>4</u>
<u>STATEMENT OF COMPREHENSIVE INCOME</u>	<u>5</u>
<u>STATEMENT OF FINANCIAL POSITION</u>	<u>6</u>
<u>STATEMENT OF CASH FLOW</u>	<u>7</u>
<u>STATEMENT OF CHANGES IN EQUITY</u>	<u>8</u>
<u>NOTES TO THE FINANCIAL STATEMENTS</u>	<u>10</u>
<u>DIRECTORS' DECLARATION</u>	<u>15</u>
<u>INDEPENDENT REVIEW REPORT</u>	<u>16</u>

DIRECTORS' REPORT

31 December 2015

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 2015 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
Peter Spira	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 loss of \$0.2 million for the half-year ended 31 December 2015 (December 2014: \$5.6 million profit).

Income from the sales of land during the period was \$8.3 million for 65 residential lots (December 2014: \$8.3 million – 72 residential lots).

Sales of land lots in Wodonga have historically been difficult and while AFML is working assiduously to recover value in the Fund the ultimate return to unitholders, if any, will be dependent on an increase in the rate and the value of future sales.

DISTRIBUTIONS

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

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.

DIRECTORS' REPORT

31 December 2015

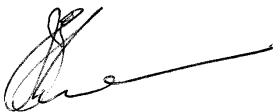
ROUNDING

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, 18 February 2016



Frank Wolf
Managing Director



Ernst & Young
680 George Street
Sydney NSW 2000 Australia
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Auditor's Independence Declaration to the Directors of Abacus Funds Management Limited, the Responsible Entity for Abacus Wodonga Land Fund

As lead auditor for the review of Abacus Wodonga Land Fund for the half-year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

Ernst & Young

Kathy Parsons
Partner
18 February 2016

STATEMENT OF COMPREHENSIVE INCOME
HALF-YEAR ENDED 31 DECEMBER 2015

	31 Dec 2015	31 Dec 2014
	\$'000	\$'000
REVENUE		
Sale of inventory	8,290	8,294
Total Revenue	8,290	8,294
OTHER INCOME		
Interest Received	9	17
Net change in fair value of financial instruments derecognised	-	146
Debt forgiveness on the Abacus Finance Pty Ltd loan	-	12,900
Other	2	20
Total Revenue and Other Income	8,301	21,377
Cost of inventory sales	(8,290)	(8,035)
Impairment of inventory	-	(7,500)
Other	(260)	(249)
PROFIT / (LOSS) BEFORE TAX	(249)	5,593
Income tax expense	-	-
TOTAL COMPREHENSIVE INCOME / (EXPENSE) FOR THE PERIOD	(249)	5,593

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Notes	31 Dec 2015 \$'000	30 Jun 2015 \$'000
CURRENT ASSETS			
Inventory	1(a)	14,107	12,374
Cash and cash equivalents		665	1,005
Trade and other receivables		663	871
TOTAL CURRENT ASSETS		15,435	14,250
NON-CURRENT ASSETS			
Inventory	1(b)	4,383	8,560
Other		14	9
TOTAL NON-CURRENT ASSETS		4,397	8,569
TOTAL ASSETS		19,832	22,819
CURRENT LIABILITIES			
Trade and other payables		487	1,186
TOTAL CURRENT LIABILITIES		487	1,186
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	2	20,210	22,163
Other		664	750
TOTAL NON-CURRENT LIABILITIES		20,874	22,913
TOTAL LIABILITIES		21,361	24,099
NET LIABILITIES		(1,529)	(1,280)
EQUITY			
Contributed equity	4	19,348	19,348
Accumulated losses		(20,877)	(20,628)
TOTAL EQUITY		(1,529)	(1,280)

STATEMENT OF CASH FLOW
HALF-YEAR ENDED 31 DECEMBER 2015

	31 Dec 2015	31 Dec 2014
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Income receipts	7,499	7,632
Interest received	13	15
Operating payments	(180)	(504)
Payments for land acquisition and development costs (inventory)	(5,005)	(4,647)
NET CASH FLOWS FROM OPERATING ACTIVITIES	2,327	2,496
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(6)	
NET CASH FLOWS FROM INVESTING ACTIVITIES	(6)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(4,161)	(5,058)
Proceeds from borrowings	1,500	2,685
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(2,661)	(2,373)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(340)	123
Cash and cash equivalents at beginning of period	1,005	177
CASH AND CASH EQUIVALENTS AT END OF PERIOD	665	300

STATEMENT OF CHANGES IN EQUITY
HALF-YEAR ENDED 31 DECEMBER 2015

	Issued capital \$'000	Retained earnings \$'000	Total Equity \$'000
At 1 July 2015	19,348	(20,628)	(1,280)
Total comprehensive expense for the period	-	(249)	(249)
At 31 December 2015	19,348	(20,877)	(1,529)

	Issued capital \$'000	Retained earnings \$'000	Total Equity \$'000
At 1 July 2014	19,348	(25,626)	(6,278)
Total comprehensive income for the period	-	5,593	5,593
At 31 December 2014	19,348	(20,033)	(685)

CONTENTS

31 DECEMBER 2015

Notes to the financial statements	About this report			Page 10
		Operating assets and liabilities	Capital structure and financing costs	Other Items
		1. Inventory	2. Interest bearing loans and borrowings	5. Commitments and contingencies
			3. Financial instruments	6. Summary of significant accounting policies
			4. Contributed equity	7. Events after balance sheet date
Signed reports	Directors' declaration			Page 15
	Independent review report			Page 16

NOTES TO THE FINANCIAL STATEMENTS – About this Report

31 DECEMBER 2015

The financial report of the Fund for the half-year ended 31 December 2015 was authorised for issue in accordance with a resolution of the directors on 18 February 2016.

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.

Net asset deficiency

At 31 December 2015, the Fund had a net asset deficiency of \$1.5m (30 June 2015: \$1.3m). 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

1. INVENTORY

	31 Dec 2015	30 Jun 2015
	\$'000	\$'000
(a) Current		
Projects ¹		
- purchase consideration	4,907	3,928
- development costs	11,238	11,393
- finance costs ²	6,892	4,647
- diminution	(8,930)	(7,594)
	14,107	12,374
(b) Non-current		
Projects ¹		
- purchase consideration	1,856	6,906
- development costs	8,059	10,825
- finance costs ²	3,886	4,457
- diminution	(9,418)	(13,628)
	4,383	8,560
Total inventory	18,490	20,934

1. Inventories are held at the lower of cost and net realisable value.
2. Finance costs were capitalised at interest rates of 6.5% during the half-year (30 June 2015: 6.5% to 10%)

2. INTEREST BEARING LOANS AND BORROWINGS

	31 Dec 2015	30 Jun 2015
	\$'000	\$'000
(a) Non Current		
Abacus Finance Pty Ltd	20,210	22,163
	20,210	22,163
(b) Maturity profile of current and non-current interest bearing loans		
Due within one year	-	-
Due between one and five years	20,210	22,163
	20,210	22,163

Fixed rate loan of up to \$45 million drawn to \$20.2m at 31 December 2015 (30 June 2015: \$22.2 million) provided by Abacus Finance Pty Ltd to provide working capital and interest cost funding to the Fund. The loan is due for repayment by 1 July 2017.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

2. INTEREST BEARING LOANS AND BORROWINGS (continued)

(c) Financing facilities available

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

	31 Dec 2015	30 Jun 2015
	\$'000	\$'000
Total facilities		
Abacus Finance Pty Ltd	45,000	45,000
Facilities used at reporting date		
Abacus Finance Pty Ltd*	(20,210)	(22,163)
Facilities unused at reporting date	24,790	22,837

* The \$20.2 million reflects principal of approx. \$20.1 million with the remaining \$0.1 million being capitalised interest.

3. FINANCIAL INSTRUMENTS

Fair values

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

Details of the Group's fair value measurement, valuation technique and inputs are detailed below.

Class of assets / liabilities	Fair value hierarchy	Valuation technique	Inputs used to measure fair value
Derivative financial instruments	Level 2	Discounted Cash Flow ("DCF") (adjusted for counterparty credit worthiness)	Interest rates Consumer Price Index ("CPI") Volatility

Level 1 Quoted prices (unadjusted) in active market for identical assets or liabilities;

Level 2 Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 Inputs for the asset or liability that are not based on observable market data.

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

Discounted cash flow method	Under the DCF method, the fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the assets' or liabilities' life including an exit or terminal value. The DCF method involves the projection of a series of cash flows from the assets or liabilities. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of the cash flow stream associated with the assets or liabilities.
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NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

4. CONTRIBUTED EQUITY

	31 Dec 2015	30 Jun 2015
	\$'000	\$'000
(a) Issued units		
Issued Capital	20,000	20,000
Issue costs	(652)	(652)
Total contributed equity	19,348	19,348

	Units	
	Number	Value
	'000	\$'000
(b) Movement in units on issue		
At 30 June 2015	57,037	19,348
Units on issue at 31 December 2015	57,037	19,348

5. COMMITMENTS AND CONTINGENCIES

There are no contingent assets or liabilities at 31 December 2015 other than as disclosed in this report.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

6. 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 2015. It is also recommended that the half-year financial report be considered together with any public announcements made by the Abacus Wodonga Land Fund during the half-year ended 31 December 2015 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

Changes in accounting policy and disclosures

The Fund has adopted the following new or amended standards which became applicable on 1 July 2015:

- AASB 2015-3 – Amendments to Australian Accounting Standards arising from the Withdrawal of AASB1031 *Materiality*
- AASB 2015-4 – Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent

The adoption of these amended standards has no material impact on the financial statements of the Fund.

7. EVENTS AFTER BALANCE SHEET DATE

Other than as disclosed in this report, 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.

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 entity are in accordance with the *Corporations Act 2001*, including :
 - (i) giving a true and fair view of the financial position as at 31 December 2015 and the performance for the half-year ended on that date for the consolidated entity; 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 entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board



John Thame
Chairman
Sydney, 18 February 2016



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 2015, 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 2015 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.

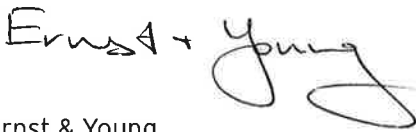
Independence

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 Fund's financial position as at 31 December 2015 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
18 February 2016