

# QUANTUM PROPERTY TRUST NO. 12

ARSN: 111 225 015

# financial report

FOR THE YEAR ENDED 30 JUNE 2007

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**Responsible Entity**

DaVinci Funds Management Ltd

ABN: 37 086 965 684

AFSL: 237301

Level 9

49-51 York Street

SYDNEY NSW 2000

GPO Box 2593

SYDNEY NSW 2001

Telephone: (02) 8823 5222

Facsimile: (02) 9262 2071

Internet: [www.quantumgroup.com.au](http://www.quantumgroup.com.au)

**Custodian**

Australian Executor Trustees Ltd

ABN: 84 007 869 794

Level 9

80 Alfred Street

MILSONS POINT NSW 2061

**Auditor**

Pascoe Whittle

Level 8

191 Clarence Street

SYDNEY NSW 2000

## DIRECTORS REPORT

*The Directors of DaVinci Funds Management Ltd, the Responsible Entity of Quantum Property Trust No.12 ("the Fund") submit the report of the Fund for the year ended 30 June 2007*

### DIRECTORS

The names of the Directors of DaVinci Funds Management Ltd in office during the financial year and until the date of this report are:

Peter Gribble  
JoAnna Fisher  
James Maitland

Directors were in office from the beginning of the financial year until the date of this report, unless otherwise stated.

### *Relevant Interest in the Scheme and options over Interests in the Scheme*

As at the date of this report, the Interests of the Directors in the Scheme and options over Interests in the Fund were:

	Relevant Interest	Options over Interests
	<i>Fully paid Units</i>	
Peter Gribble	66,353 <sup>^</sup>	0
JoAnna Fisher	0	0
James Maitland	0	0

<sup>^</sup> In capacity as trustee; beneficially held by a related party of the Directors

The Directors are not party to any contract to which the Directors may be entitled to a benefit or that confer a right to call for or deliver Interests in the Fund.

### PRINCIPAL ACTIVITIES

The principal activity of the Fund during the year was to invest funds in accordance with the provisions of the Fund Constitution. The Fund invests in direct property, money market securities and fixed interest securities in accordance with the provisions of the constitution. There have been no significant changes in the nature of those activities during the year.

## **DIRECTORS REPORT**

### **FUND INFORMATION**

Quantum Property Trust No.12 is a listed Australian registered Managed Investment Scheme. DaVinci Funds Management Ltd, the Responsible Entity of the Fund, is incorporated and domiciled in Australia.

The Scheme was officially listed to trade on the National Stock Exchange of Australia on 17 March 2005 (trading code QPTXXL).

The registered office of the Responsible Entity is located at level 9, 49-51 York Street, Sydney, NSW, 2000.

At balance date, the Fund had no employees.

### **OPERATING RESULTS**

The net operating income is presented in the Income Statement. The net profit attributable to the Members of the Fund for the year ending 30 June 2007 amounted to \$1,031,597 (2006: \$159,540).

### **REVIEW OF OPERATIONS**

The Scheme owns a twenty-five percent interest in Quantum Property Syndicate No.12 ARSN: 111 225 060 (QPS12).

### **DISTRIBUTIONS**

Distributions paid to Members during the year included the following payments;

- 4.00 cents per Unit paid on 28 September 2005,
- 3.00 cents per Unit paid on 30 December 2005,
- 3.00 cents per Unit paid on 31 March 2006, and
- 3.00 cents per Unit paid on 30 June 2006.

Totalling 13.00 cents per Unit paid during the period ending 30 June 2006. Please refer to Note 7 in the Notes to Financial Statements for complete details regarding distributions.

### **INTERESTS ON ISSUE**

6,258,373 Units of Quantum Property Trust No.11 were on issue at 30 June 2007 (2006: 6,258,373). There were no interests redeemed or issued during the year, refer to Note 8 in the Notes to Financial Statements for further information.

### **OPTIONS**

No options over issued interests in the Fund were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

### **FUND ASSETS**

At 30 June 2007, Quantum Property Trust No.12 held assets to a total value of \$8,450,236 (2006: \$7,245,049). The basis for valuation of the assets is disclosed in Note 1 in the Notes to Financial Statements.

### FEES PAID TO THE RESPONSIBLE ENTITY AND ASSOCIATES

The following fees were paid to the Responsible Entity out of Fund property during the financial year;

- Management fee for the financial year paid to the Responsible Entity was \$0 (2006: \$0)

Refer to Note 12 in the Notes to Financial Statements for further details regarding the fees paid to the Responsible Entity.

The Responsible Entity and its associates did not hold any interest in the Fund for the financial year ended other than as set out in Note 12 in the Notes to Financial Statements.

### SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes to the state of affairs of Quantum Property Trust No.12 during the year, other than those changes otherwise identified in this financial report.

### SIGNIFICANT EVENTS AFTER THE BALANCE DATE

The ultimate holding company of the Responsible Entity has changed to KK daVinci Advisors due to the merge of the previous ultimate holding company with the above entity. As part of this merge the Responsible Entity changed its name from Quantum Syndicate Management Ltd to daVinci Funds Management Ltd.

There has been no other matters or circumstances that has arisen since the end of the financial year that has significantly affected, or may affect the Funds operations in future financial years, the results of those operations or the Funds state of affairs in future financial years.

### LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The investment strategy of the Fund will be maintained in accordance with the Fund Constitution and investment objectives.

The Responsible Entity will undertake no further investments in direct property, unless approved by Members. Future results will depend on the performance of the market in relation to the Funds investment strategy.

### ENVIRONMENTAL REGULATION AND ISSUES

The operations of the Fund are not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory. There have been no known significant breaches of any other environmental requirements applicable to the Fund.

## **DIRECTORS REPORT**

### **INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS**

The Fund has indemnified all officers and employees of the Responsible Entity against liabilities of the Fund, under the Constitution other than if;

“... provided that the Manager did not act negligently, fraudulently or in breach of duty or breach of trust and acted, in accordance with this Constitution or the law; and acted in good faith”

During the year the Responsible Entity has paid premiums in respect of their officers for liability and professional indemnity insurance for the year ended 30 June 2007. The Responsible Entity has paid or agreed to pay premiums in respect of such insurance contracts for the following year. Such insurance contracts insure against certain liability (subject to specified exclusions) for persons who are or have been the director or executive officers of the Responsible Entity.

Details of the nature of the liabilities covered or the amount of the premium paid has not been included as such disclosure maybe prohibited under the terms of the contracts.

### **PROCEEDINGS ON BEHALF OF MANAGED INVESTMENT SCHEME**

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

The Fund was not a party to any such proceedings during the year.

### CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of DaVinci Funds Management Ltd support and have adhered to the principles of corporate governance, other than as noted below.

Outlined below are the following recommendations that have not been followed by the Responsible Entity and the explanation for the departure from best practice recommendations:

- The majority of board members is not made up of independent Directors. Based upon the relatively small size of the operations of the Responsible Entity the Directors feel that this structure effectively adds value to the company;
- An audit committee has not been established. This is due mainly to the relatively small size of the operations, and the board consults regularly on financial issues concerning the company;
- The Responsible Entity has not requested the attendance by the external auditor of the Fund at the annual general meeting. Should any Members of the Fund raise any questions at the meeting in respect to the conduct of the audit and the preparation and content of the audit report, the Responsible Entity will convey these to the auditor, and seek to provide the Members of the Fund with a written response by the Auditor.
- A remuneration committee has not been established. This is due mainly to the relatively small size of the operations, and the board consults regularly on remuneration issues concerning the Directors and executives of the company.

### BOARD COMMITTEES

As at the date of this report, the Responsible Entity had a Compliance Committee and a Nominating Committee.

Members acting on the committees of the board during the year were:

#### *Nominating*

Peter Gribble^  
James Maitland

#### *Compliance*

Edmund Thrum^  
Edmund Khalaf @  
Christopher Nicholls @

^ Chairman of the committee.

@ Edmund Khalaf and Christopher Nicholls are independent consultants and not Directors of the Responsible Entity.

## DIRECTORS REPORT

### DIRECTORS MEETINGS

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director were as follows:

	Directors Meetings	Meetings of Committees	
		Nominating	Compliance
Number of meetings held	8	1	4
Number of meetings attended			
Peter Gribble	8	1	-
JoAnna Fisher	7	-	-
James Maitland	8	1	4

### AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The directors received the following declaration from the auditor of the Fund.



#### PASCOE WHITTLE

LEVEL 8, 191 CLARENCE STREET  
SYDNEY NSW 2000  
GPO Box 5269  
SYDNEY NSW 2001  
TELEPHONE (02) 9299 2444  
FACSIMILE (02) 9299 2423

#### AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

#### TO THE MEMBERS OF QUANTUM PROPERTY TRUST NO. 12

We declare to the best of our knowledge and belief, during the year ended 30 June 2007 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit

#### PASCOE WHITTLE

A handwritten signature in red ink, appearing to read 'John Pascoe', is written over a horizontal line.

JOHN PASCOE  
Partner

Sydney

26 September 2007



The following non-audit services were provided by the Funds auditor, Pascoe Whittle. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Pascoe Whittle received or are due to receive the following amounts for the provision of non-audit services:

- Audit and review of the Fund compliance plan \$300

Signed in accordance with a resolution of the Directors

A handwritten signature in black ink, consisting of a large, stylized 'P' followed by a horizontal line extending to the right.

Peter Gribble  
Chairman  
DaVinci Funds Management Ltd

Sydney, 26 September 2007

**INCOME STATEMENT**  
FOR THE YEAR ENDED 30 JUNE 2007

	Note	30 June 2007	30 June 2006
Share of profits of investments accounted for using the equity method		1,346,367	385,943
Other revenue		657,129	657,129
Interest income		39,527	3,711
Net investment income		2,043,023	1,046,784
Fund expenses		(23,273)	(23,954)
Finance costs		(988,153)	(863,291)
<b>Net profit attributable to members</b>		<b>1,031,597</b>	<b>159,540</b>
Basic earnings per interest		16.48	2.55
Diluted earnings per interest		16.48	2.55

**BALANCE SHEET**  
AS AT 30 JUNE 2007

	Note	30 June 2007	30 June 2006
<b>Current assets</b>			
Cash and cash equivalents		205	56,653
Receivables	3	500	-
		<b>705</b>	<b>56,653</b>
<b>Non current assets</b>			
Receivables	3	1,043,878	649,390
Investments accounted for using the equity method	4	7,394,779	6,524,998
Intangible assets	5	10,874	14,008
		<b>8,449,532</b>	<b>7,188,397</b>
<b>Total assets</b>		<b>8,450,236</b>	<b>7,245,049</b>
<b>Current liabilities</b>			
Payables	6	1,650	75
Provisions	7	662,837	490,823
		<b>664,487</b>	<b>490,897</b>
<b>Non current liabilities</b>			
Interests on issue	8	6,258,373	6,258,373
		<b>6,258,373</b>	<b>6,258,373</b>
<b>Total liabilities</b>		<b>6,922,860</b>	<b>6,749,270</b>
<b>Net assets</b>		<b>1,527,376</b>	<b>495,779</b>
<b>Equity</b>			
Undistributed profits	9	1,527,376	495,779
<b>Total equity</b>		<b>1,527,376</b>	<b>495,779</b>

**STATEMENT OF CHANGES IN EQUITY**  
FOR THE YEAR ENDED 30 JUNE 2007

	Note	30 June 2007	30 June 2006
Total equity at the beginning of the year		495,779	336,239
Profit for the year		1,031,597	159,540
Total recognised income and expenses for the year		1,031,597	159,540
Total equity at the end of the year		1,527,376	495,779

**STATEMENT OF CASH FLOWS**  
FOR THE YEAR ENDED 30 JUNE 2007

	Note	30 June 2006	30 June 2006
<b>Cash flows from operating activities</b>			
Distributions received from associates		476,585	407,406
Cash receipts in the course of operations		657,129	657,129
Interest received		39,527	3,711
Payments to suppliers		(19,063)	(20,142)
Borrowing costs paid		(816,138)	(513,148)
<b>Net cash provided by operating activities</b>	10(a)	<b>338,040</b>	<b>534,956</b>
<b>Cash flows from investing activities</b>			
Provision of loans		(394,488)	(559,292)
<b>Net cash used in investing activities</b>		<b>(394,488)</b>	<b>(559,292)</b>
<b>Cash flows from financing activities</b>			
Proceeds from equity raisings		-	20,000
<b>Net cash used in financing activities</b>		<b>-</b>	<b>20,000</b>
<b>Net increase in cash and cash equivalents</b>		<b>(56,448)</b>	<b>(4,336)</b>
Cash and cash equivalents at beginning of year		56,653	60,989
<b>Cash and cash equivalents at end of year</b>	10(b)	<b>205</b>	<b>56,653</b>

## **1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **(a) BASIS OF FINANCIAL REPORT**

This general purpose financial report has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

#### *Compliance with IFRSs*

The financial report complies with International Financial Reporting Standards (IFRSs).

#### *Historical cost convention*

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property.

The following is a summary of the material accounting policies adopted by the Fund in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

### **(b) REVENUE**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of bad debts. Revenue is recognised for the major business activities as follows:

#### *i) Interest income*

Interest income is recognised in the income statement using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

**(c) TAXATION**

Under current income tax legislation, the Fund is not liable for income tax, provided that the taxable income is fully distributed to members each year. The Fund fully distributes its taxable income, calculated in accordance with the Fund Constitution and applicable legislation, to members who are presently entitled to income under the constitution. Tax allowances for building and plant and equipment depreciation are distributed to members in the form of tax deferred components of distributions.

**(d) GOODS AND SERVICES TAX**

Revenues, expenses and assets (with exception of receivables) are recognised net of the amount of goods and services tax (GST) to the extent that the GST is recoverable from the taxation authority. Where GST is not recoverable, it is recognised as part of the cost of acquisition, or as an expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included in the Balance Sheet as a receivable or payable.

The GST component of cash flows arising from the investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

**(e) CASH AND CASH EQUIVALENTS**

Cash and cash equivalents includes deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

**(f) RECEIVABLES**

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Receivables are due for settlement after not more than 30 days.

Collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms of receivables. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement.

**(g) ACQUISITION OF ASSETS**

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, units issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their market price as at the acquisition date. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

**(h) INVESTMENTS- ASSOCIATES**

Associates are those entities over which the Fund has significant influence, but not control, over the financial and operating policies. The Financial Report includes the Funds share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. If the Funds share of losses exceeds its interest in an associate, the Funds carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Fund has incurred legal or constructive obligations or made payments on behalf of the associate.

**(i) TRADE AND OTHER PAYABLES**

These amounts represent liabilities for goods and services provided to the Fund prior to the end of the period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**(j) BORROWINGS AND BORROWING COSTS**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest rate method. Borrowings are classified as current liabilities unless the Fund has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Borrowing costs incurred for construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for intended use or sale. Other borrowing costs are expensed.

**(k) CAPITAL CONTRIBUTED**

Ordinary units are classified as debt, and recorded as a non current liability. Increment costs directly attributable to the issue of new units are shown in non current liabilities as a deduction from the proceeds.

**(l) DISTRIBUTIONS**

Given the classification of the Funds capital as debt, distributions are recorded as a borrowing cost in the income statement. Provision is made for the amount of any distribution declared, being appropriately authorised and no longer at the discretion of the Fund, on or before the end of the period but not distributed at balance date.



**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2007

**2 REVENUE**

	30 June 2007	30 June 2006
-Share of profits accounted for using the equity method	1,346,367	385,943
-Guarantee fees	657,129	657,129
-Loan interest	38,942	1,389
-Bank interest income	585	2,322
	<b>2,043,023</b>	<b>1,046,784</b>

**3 RECEIVABLES**

<b>Current receivables</b>		
Trade debtors	500	-
	<b>500</b>	<b>-</b>
<b>Non current receivables</b>		
Interest bearing unsecured loan	1,043,878	649,390
	<b>1,043,878</b>	<b>649,390</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2007

**4 INVESTMENT IN ASSOCIATE**

Investments in associates are accounted for in the Financial Statements using the equity method of accounting. Information relating to the associates is set out below.

	<b>30 June 2007</b>		<b>30 June 2006</b>
	<i>Ownership interest (%)</i>		<i>Carrying amount</i>
Name & activity	2007	2006	
Quantum Property Syndicate No.12- investment in real property	25%	25%	7,394,779
			6,524,998
			7,394,779
			6,524,998
<b>(a) Movements in carrying amount of investment in associates</b>			
Balance at beginning of the year			6,524,998
Acquisition of associate			-
Share of net profit (excluding fair value adjustments)			460,065
Share of fair value adjustments			886,302
Distributions received/receivable			(476,585)
			7,394,779
			6,524,998

			Share of associates net profit recognised	Total assets	Total liabilities	Net assets as reported by associate	Share of associates net assets equity accounted
Revenues	Profit						
<b>2006</b>							
2,439,610	1,840,259		1,346,367	29,617,693	25,072,064	4,545,629	1,136,407
<b>2006</b>							
2,387,866	1,543,774		385,943	26,196,036	25,129,533	1,066,503	266,625

**5 INTANGIBLE ASSETS**

Fund establishment costs	18,804	18,804
Accumulated amortisation	(7,929)	(4,795)
	10,874	14,009

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2007

**6 PAYABLES (CURRENT)**

	30 June 2007	30 June 2006
Trade and other payables	1,650	74
GST	-	1
	<b>1,650</b>	<b>75</b>

**7 PROVISIONS**

Provision for expenses	-	1,500
Provision for distributions	662,837	489,323
	<b>662,837</b>	<b>490,823</b>
<b>(a) Movements in provision for distribution</b>		
Balance at beginning of the year	489,323	140,680
Distribution vesting in Members	988,153	855,398
Distributions paid	(814,639)	(506,755)
	<b>662,837</b>	<b>489,323</b>

**8 INTERESTS ON ISSUE**

	Date of Issue	Number of Interests		
Ordinary interests issued at \$1.00 per interest	21 December 2004	6,258,373	6,258,373	6,258,373
			<b>6,258,373</b>	<b>6,258,373</b>

***Rights and Restrictions over Ordinary Interests:***

Each Interest ranks equally with all other Ordinary Interests for the purpose of distributions and on termination of the Fund.

Ordinary Interests entitle the holder to one vote on a show of hands, or if a poll is called, one vote for each percentage of the total issued Interests held by that Interest holder, either in person or by proxy, at a meeting of the Fund.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2007

**9 UNDISTRIBUTED PROFIT**

	30 June 2007	30 June 2006
Balance at beginning of the year	495,779	336,239
Profit for the year	1,031,597	159,540
	<b>1,527,376</b>	<b>495,779</b>

**10 STATEMENT OF CASH FLOWS**

**a) RECONCILIATION OF NET PROFIT TO NET CASH PROVIDED BY OPERATING ACTIVITIES:**

Net profit/(loss) for the year	1,031,597	159,540
<b>Add back non cash items in profit and loss</b>		
-Amortisation expense	3,134	4,795
-Investments accounted by the equity method movements	(869,782)	21,463
	<b>(866,648)</b>	<b>26,258</b>
<b>Change in operating assets and liabilities</b>		
-Trade debtors	(530)	780
-Trade and other payables	1,606	(1,945)
-Provision for expenses	(1,500)	1,500
-Provision for distributions	173,514	348,643
-GST	-	181
<b>Net cash inflows from operating activities</b>	<b>338,040</b>	<b>534,956</b>

**b) RECONCILIATION OF CASH**

Cash and cash equivalents	205	56,653
	<b>205</b>	<b>56,653</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2007

## 11 FINANCIAL INSTRUMENTS

### INTEREST RATE RISK

The Fund's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

Financial Instruments	Floating interest rate		Fixed interest rate maturing in						Non-interest bearing	Total carrying amount as per balance sheet		
			1 year or less		Over 1 to 5 years		More than 5 years					
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Financial assets												
Cash	205	56,653	-	-	-	-	-	-	-	-	205	56,653
Receivables	-	-	-	-	1,043,878	649,390	-	-	500	649,390	1,044,378	1,298,780
	205	56,653	-	-	1,043,878	649,390	-	-	500	649,390	1,044,583	1,355,433
Weighted average interest rate	5.30%	4.32%	N/A	N/A	10.00%	10.00%	N/A	N/A	N/A	N/A		
Financial liabilities												
Trade and other payables	-	-	-	-	-	-	-	-	1,650	75	1,650	75
Provisions	-	-	-	-	-	-	-	-	662,837	490,823	662,837	490,823
	-	-	-	-	-	-	-	-	664,487	490,897	664,487	490,897
Weighted average interest rate	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Net financial assets/liabilities	205	56,653	-	-	1,043,878	649,390	-	-	(663,987)	158,493	380,095	864,536

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

**FINANCIAL INSTRUMENTS (cont'd)**

**CREDIT RISK**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the Statement of Financial Position and Notes to the Financial Statements.

**NET FAIR VALUES**

The net fair values of financial assets and financial liabilities generally approximate their carrying values.

**HEDGING INSTRUMENTS**

The Fund does not usually use any hedging instruments, there were no hedging instruments used during the year.

**12 RELATED PARTIES**

The Responsible Entity of Quantum Property Trust No.12 is DaVinci Funds Management Ltd, whose ultimate holding company is KK daVinci Advisors. The following transactions have taken place with the Responsible Entity, KK daVinci Advisors and its controlled entities and other related parties, on normal commercial terms, during the year ended 30 June 2007.

**FUND MANAGEMENT FEE**

The Responsible Entity does not charge a management fee to the Fund. Fund management fees paid or provided for, for the current year amounted to \$0 (2006: \$0).

**RESPONSIBLE ENTITY INTEREST**

The Responsible Entity nor any related parties held an interest in the Fund during the current year.

**DIRECTORS**

The Directors of DaVinci Funds Management Ltd during the year were:

<b>Name</b>	<b>Date of Appointment</b>	<b>Number of interests held</b>
Peter Gribble	Appointed 1 April 1999	66,353 <sup>^</sup> ^ held in capacity as
JoAnna Fisher	Appointed 1 October 2005	- trustee for related
James Maitland	Appointed 9 April 2002	- entity

From time to time Directors of the Responsible Entity, or their related entities, may invest or withdraw from the Fund. These transactions are on the same terms and conditions as those entered into by other Fund Members.

Apart from the details disclosed in this note, no Director has entered into a material contract with the Fund since the end of the previous financial year and there were no material contracts involving Directors interests subsisting at year end.

## 13 DIRECTORS AND EXECUTIVE DISCLOSURES

### DETAILS OF SPECIFIED DIRECTORS AND SPECIFIED EXECUTIVES

#### *Specified Directors*

The Directors of DaVinci Funds Management Ltd during the year were:

Peter Gribble	Chairman and Chief Executive Officer
JoAnna Fisher	Non-executive Director
James Maitland	Director and Chief Financial Officer

#### *Specified Executives*

Neither Quantum Property Trust No.12 nor DaVinci Funds Management Ltd employ persons deemed to be specified executives of the Scheme.

### REMUNERATION OF SPECIFIED DIRECTORS

#### *Remuneration Policy*

Remuneration of Directors is paid directly by either DaVinci Funds Management Ltd or, one of the subsidiaries of its ultimate parent entity, KK daVinci Advisors. The Directors do not receive any remuneration directly from Quantum Property Trust No.12. The Remuneration of Directors disclosed below has been based on the estimated proportion of time spent by each Director on the overall property syndication business and then apportioned equally to all registered schemes managed by the Responsible Entity.

The board of Directors are responsible for determining and reviewing compensation arrangements for the Directors of the Responsible Entity. The Directors assess the appropriateness of the nature and amount of emoluments of the Directors on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum shareholder benefit from the retention of a high quality board.

#### *Remuneration of Specified Directors*

	<i>Primary</i>	<i>Cash</i>	<i>Post Empl'mnt</i>	<i>Equity</i>	<i>Other</i>	<i>Total</i>
<b>Specified Directors</b>	<b>Salary &amp; Fees</b>	<b>Bonus</b>	<b>Super- annuation</b>	<b>Options</b>		
Peter Gribble <sup>^</sup>	14,654	-	2,824	-	-	17,478
JoAnna Fisher <sup>*</sup>	2,424	-	-	-	-	2,424
James Maitland <sup>^</sup>	4,412	1,580	334	-	-	6,326
<b>Total</b>	<b>21,490</b>	<b>1,580</b>	<b>3,158</b>	<b>-</b>	<b>-</b>	<b>26,228</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

- \* The amount of remuneration of non-executive Directors has been determined based on an allocation of their activities attributed to each scheme managed by the Responsible Entity.
- ^ As these Directors either are or were also Directors of other entities within the wholly-owned group, the amount of remuneration disclosed in the Fund is based, firstly, on an allocation of their activities attributed to the Responsible Entity and, secondly, on an equal allocation to each scheme managed by the Responsible Entity.

**OTHER TRANSACTIONS AND BALANCES WITH SPECIFIED DIRECTORS**

Apart from the details disclosed in this note, no specified Director has entered into a material contract with the Fund since the end of the previous financial year and there were no material contracts involving Directors interests subsisting at year end.

**14 AUDITORS REMUNERATION**

	30 June 2007	30 June 2006
Audit and review of the financial report	5,500	5,300
Audit and review of the compliance plan	300	300
	<b>5,800</b>	<b>5,600</b>

**15 NET ASSET BACKING PER INTEREST**

Basic net asset backing is calculated by dividing the Total Members Funds by the number of Ordinary Interests on issue. The number of Interests used in the calculation of Basic Net Asset Backing is 6,258,373 (2006: 6,258,373).

Basic net asset backing per interest (cents)	24.40	7.92
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**16 EARNINGS PER INTEREST**

Earnings per Interest is calculated by dividing the Net Profit Attributable to Members of the Fund by the weighted number of Ordinary Interests on issue during the year. The weighted average number of Interests used in the calculation of earnings per Interest is 6,258,373 (2006: 6,258,373).

Basic earnings per Interest (cents)	16.48	2.55
Diluted earnings per Interest (cents)	16.48	2.55



**17 SEGMENT REPORTING**

The Fund operates in one business segment being Managed Investment Scheme investments, and in one geographical segment being New South Wales, Australia.

**18 SIGNIFICANT EVENTS AFTER THE BALANCE DATE**

The ultimate holding company of the Responsible Entity has changed to KK daVinci Advisors due to the merge of the previous ultimate holding company with the above entity. As part of this merge the Responsible Entity changed its name from Quantum Syndciate Management Ltd to daVinci Funds Management Ltd.

There has been no other matters or circumstances that has arisen since the end of the financial year that has significantly affected, or may affect the Funds operations in future financial years, the results of those operations or the Funds state of affairs in future financial years.

**19 OTHER REQUIRED INFORMATION**

**a) COMMENCEMENT DATE OF FUND**

The Fund was constituted on 20 September 2004.

**b) LIFE OF THE FUND**

The term of the Fund is six years from the date of execution of the constitution (dated 20 September 2004). This term may only be extended if greater than 75% of Members agree. The Fund must be terminated within twelve years of the execution of the constitution.

**c) BUYBACK OR REDEMPTION**

The Responsible Entity does not anticipate that it will ever be in a position to buy back or redeem any Interests in the Fund to Members unless all assets are sold and are all in cash.

**d) BORROWINGS**

Under the constitution the Responsible Entity has the power to arrange loans for the Fund. The Responsible Entity does not intend to borrow more than 75% of the value of the assets of the Fund and such loans will be limited solely to the assets of the Fund.

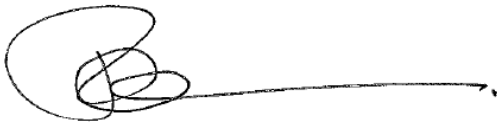
## DIRECTORS DECLARATION

### DIRECTORS DECLARATION

The Directors of DaVinci Funds Management Ltd, as Responsible Entity of the Quantum Property Trust No.12 (the "Fund"), declares that they are of the opinion that:

1. the Financial Statements and notes of the Fund are in accordance with the Corporations Act 2001, including:
  - a. giving a true and fair view of the Funds financial position as at 30 June 2007 and of the performance as represented by the results of the operations and the cash flows for the year ended on that date; and
  - b. complying with Accounting Standards and Corporations Regulations 2001.
2. there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and
3. the registered Fund has operated in accordance with the provisions of the constitution; and
4. the register of Members has, during the year ended 30 June 2007, been properly drawn up and maintained so as to give a true account of the Members of the Fund

Signed in accordance with a resolution of the Directors

A handwritten signature in black ink, consisting of a large, stylized 'P' followed by a horizontal line extending to the right.

Peter Gribble  
Chairman  
DaVinci Funds Management Ltd

Sydney, 26 September 2007



**PASCOE WHITTLE**

LEVEL 8, 191 CLARENCE STREET  
SYDNEY NSW 2000

GPO Box 5269

SYDNEY NSW 2001

TELEPHONE (02) 9299 2444

FACSIMILE (02) 9299 2423

## **INDEPENDENT AUDIT REPORT TO THE MEMBERS OF QUANTUM PROPERTY TRUST NO. 12**

### **Report on the Financial Report**

We have audited the accompanying financial report of Quantum Property Trust No. 12, a managed investment scheme, which comprises the balance sheet as at 30 June 2007, the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

#### *Directors' Responsibility for the Financial Report*

The directors of the responsible entity, DaVinci Funds Management Limited are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *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 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.

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# INDEPENDENT AUDIT REPORT



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

## *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

## *Auditor's Opinion*

In our opinion the financial report of Quantum Property Trust No. 12 is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the registered scheme's financial position as at 30 June 2007 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

**PASCOE WHITTLE**  
Chartered Accountants

A handwritten signature in dark ink, appearing to read 'John S Pascoe', is written over the printed name.

**JOHN S PASCOE**  
Sydney

26 September 2007

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## NSXA ADDITIONAL INFORMATION

Additional information required by the National Stock Exchange of Australia and not shown elsewhere in this report is as follows. The information is current as at 27 September 2007.

### a) DISTRIBUTION OF EQUITY SECURITIES

The number of Unit holders, by size of holding are:

	Ordinary Units	
	<i>Number of Holders</i>	<i>Number of Units</i>
1 - 1,000	-	-
1,001 - 5,000	-	-
5,001 - 10,000	-	-
10,001 - 100,000	65	4,169,866
100,001 and over	11	2,088,507
	<b>76</b>	<b>6,258,373</b>

### b) TWENTY LARGEST UNITHOLDERS

The names of the twenty largest holders of quoted Units are:

	Listed Ordinary Units	
	<i>Number of Units</i>	<i>% Ordinary Units</i>
Old Peak Road Investments Pty Ltd	447,027	7.14%
Ah Chai Tai, Bee Wan Lim & Wayne Tai	215,000	3.44%
Bridgepoint Pty Ltd	210,000	3.36%
Chancery Financial Services Ltd	200,000	3.20%
Jonathan Martin	150,000	2.40%
Retirala Pty Ltd	150,000	2.40%
Ah Chai Tai	150,000	2.40%
Permanent Trustee Company Ltd	149,009	2.38%
Quantum Syndicate Management Ltd	146,471	2.34%
Scottish Ship Owners & Managers Pty Ltd	140,000	2.24%
Vtech Holdings Pty Ltd	131,000	2.09%
AL & EL Price	100,000	1.60%
Alfred & Zlata Belluccini	100,000	1.60%
Fant Pty Ltd	100,000	1.60%
Graeme & Eileen Lee	100,000	1.60%
G W Wulff Nominees Pty Ltd	100,000	1.60%
Kyanna Pty Ltd	100,000	1.60%
Mansera Holdings Pty Ltd	100,000	1.60%
Narclip Pty Ltd	100,000	1.60%
Professional Colour Consultancy Pty Ltd	100,000	1.60%
	<b>2,988,507</b>	<b>47.75%</b>

### c) SUBSTANTIAL UNITHOLDERS

The names of substantial Unit holders who have notified the Responsible Entity in accordance with section 671B of the Corporation Act 2001 are:

	Number of Units
Old Peak Rd Investments Pty Ltd	447,027
Ah Chai Tai	365,000
Jonathan Martin	404,984

### d) VOTING RIGHTS

On a show of hands, each Unit holder present in person or by proxy has one vote. Upon a poll every Unit holder present in person or by proxy will have one vote for each one percent (1%) (or fraction of that percentage) of the total of all Units in the Trust which the Unit holder holds.

Subject to this Constitution all questions will be decided by a majority vote. In the case of joint holders, only the person whose name appears first in the relevant register may vote.

### e) FIVE YEAR PERFORMANCE HISTORY

	2007	2006	2005
Gross revenue	2,043,023	1,046,784	726,478
Net profit	1,031,597	159,540	336,239
Total assets	8,450,236	7,245,049	6,737,101
Total liabilities	6,922,860	6,749,270	6,400,862
Unit holders funds	1,527,376	495,779	336,239
Earnings per unit (cents per unit)	16.48	2.55	10.27
Distributions per unit (cents per unit)	15.79	13.67	6.16
Net tangible assets	0.24	0.08	0.05
Price earnings ratio	6.07	39.22	9.74