

ADELAIDE MANAGED FUNDS ASSET BACKED YIELD TRUST

ARSN 120 038 002

**ANNUAL FINANCIAL REPORT FOR
THE YEAR ENDING 30 JUNE 2015**

DIRECTORS' REPORT

In accordance with the Corporations Act 2001, the Directors of Adelaide Managed Funds Ltd ('AMF') (ABN 81 062 274 533), the Responsible Entity of the Adelaide Managed Funds Asset Backed Yield Trust (the 'Fund') (ARSN 120 038 002), submit their report for the Fund for the year ended 30 June 2015.

THE MANAGER

AMF has acted in the capacity of Responsible Entity of the Fund for the year ended 30 June 2015. Bendigo and Adelaide Bank Ltd ('Bendigo and Adelaide Bank') is the Custodian and Service Provider and as such has prepared these accounts.

DIRECTORS

The names of the Directors of AMF during the year and until the date of this report (unless stated otherwise) are:

N Fox (Chairman)	(resigned 18 August 2015)
S Treanor	
B Speirs	
J Dawson (Chairman)	(appointed 18 August 2015)

PRINCIPAL ACTIVITIES

The principal activity of the Fund during the year was the investment in notes backed by loans to agricultural managed investment scheme investors. There has been no significant change in the nature of this activity during the year. Upon the realisation of these last remaining assets, AMF will wind up and deregister the Fund.

FUND INFORMATION

The Fund is an Australian registered Trust. AMF, the Responsible Entity of the Fund, is incorporated and domiciled in Australia.

The registered office of the Responsible Entity is located at The Bendigo Centre, PO Box 480, Bendigo, VIC, 3552.

As at 30 June 2015 the Fund had no employees.

REVIEW OF OPERATIONS

The Fund maintained its holding of asset backed securities and as at 30 June 2015 had portfolio exposure to agricultural managed investment schemes. The revenue earned by the Fund was derived solely as interest from its cash and investment holdings.

The Fund reduced the specific impairment provision raised against its agricultural managed investment scheme investment by \$3,541,574 during the year ended 30 June 2015 (30 June 2014: \$2,607,689). The key driver of this specific impairment provision reduction was the receipt of greater than forecast cash flows on the Fund's investments, following the settlement of the class actions in relation to Great Southern, the terms of which were approved by the Supreme Court of Victoria on 11 December 2014. No outstanding specific impairment provision remains in place against this investment as at 30 June 2015 (30 June 2014: \$3,638,043). The resulting carrying value of the Fund's agricultural managed investment scheme investment as at 30 June 2015 was \$1,582,860 (30 June 2014: \$1,792,472).

An asset and equal but offsetting provision of \$3,656,431 was brought to account for previously unrecorded accrued but unpaid interest income in relation to the Fund's agricultural managed investment scheme investment during the year ended 30 June 2015 (30 June 2014: nil). The key driver of this change was the previous uncertainty with regards to whether or not the Fund will receive the unrecorded accrued but unpaid interest owing to it.

Repayments to MIS Program Noteholders (including the Fund) during the year ended 30 June 2015 were made on a serial (pro-rata) basis. Under the terms of the Trust Deed governing the program, the basis of the repayment could change to sequential (in priority of senior Noteholders) in the event of certain conditions. The conditions for this change have occurred, however at the discretion of the senior Noteholders, no change to the repayment

structure has been implemented. In the event that Noteholders were to be repaid sequentially, the Fund would not receive any repayments on its investments until all outstanding senior Noteholders were fully repaid.

RESULTS

The performance of the Fund for the year ended 30 June 2015, as represented by the results of its operations, was as follows:

Total income:	\$8,076,908
Finance costs - Distribution to Unitholders:	\$739,666

Manager's remuneration paid to AMF during the financial year was \$115,565 (30 June 2014: \$139,447). No other fees were payable to AMF out of the Fund's property during the financial year.

UNITS ON ISSUE

The total number of Units issued as at 30 June 2015 was 94,115,809 (30 June 2014: 94,115,809).

FUND ASSETS

The total value of assets held by the Fund as at 30 June 2015 was \$4,125,601 (30 June 2014: \$4,163,067). The basis for valuation of the Fund's assets is disclosed in Note 2 to the financial statements.

DISTRIBUTIONS

Total income distributions for the year to 30 June 2015 were 0.785 cents per Unit (30 June 2014: 0.084 cents per Unit). This includes the payment of an income distribution to Unitholders of 0.785 cents per Unit which is payable on 10 September 2015.

In line with the ongoing orderly wind down of the Fund, capital totalling 4.50 cents per Unit was returned to Unitholders during the year to 30 June 2015 (30 June 2014: 2.00 cents per Unit).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the year there was no significant change in the state of affairs of the Fund other than that referred to in this Directors' Report, the financial statements or notes thereto.

SIGNIFICANT EVENTS AFTER BALANCE DATE

At its meeting on 18 August 2015, the Directors resolved that AMF would not charge management fees for the period commencing 1 July 2015, until further notice. Management fees were previously payable out of the Fund's property.

No other matter or circumstance has arisen since 30 June 2015, not otherwise dealt with in this report or the financial statements, that has significantly affected or may significantly affect:

- (i) the operation of the Fund in future financial periods, or
- (ii) the results of those operations in future financial periods, or
- (iii) the state of affairs of the Fund in subsequent financial periods.

LIKELY DEVELOPMENTS

In the opinion of the Directors, disclosure of any further information on likely developments would be prejudicial to the Fund.

ENVIRONMENTAL ISSUES

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

INSURANCE AND INDEMNIFICATION FOR OFFICERS OR AUDITORS

Indemnification

The Fund has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer of the Responsible Entity or an auditor of the Fund. So long as the officers of both the Manager and the Custodian act in accordance with the Constitution/Trust Deed and the Law, both parties remain fully indemnified out of the assets of the Fund against any losses incurred while acting on behalf of the Fund.

Insurance Premiums

During the financial year the Responsible Entity has paid premiums in respect of its Directors and officers for liability and legal expenses on insurance contracts for the financial year ended 30 June 2015. This entity has paid or agreed to pay in respect of the Fund, premiums in respect of such insurance contracts for the financial year ending 30 June 2016. Such insurance contracts insure against certain liability (subject to specified exclusions) for persons who are or have been Directors of the Responsible Entity or executive officers of the Responsible Entity and this entity.

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

AUDITOR'S INDEPENDENCE DECLARATION

The audit of this financial report is in accordance with the declaration "Auditor's Independence Declaration to the Directors of Adelaide Managed Funds Ltd as Responsible Entity for Adelaide Managed Funds Asset Backed Yield Trust" on page 6.

This report has been made in accordance with the resolution of Directors.



Nancy Fox
Chairman
18 August 2015
Sydney

Independent auditor's report to the Unitholders of Adelaide Managed Funds Asset Backed Yield Trust

We have audited the accompanying financial report of Adelaide Managed Funds Asset Backed Yield Trust, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in net assets attributable to Unitholders and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2 (b), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, 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 controls relevant to the entity's preparation of the financial report that gives a true and fair view 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

- a. the financial report of Adelaide Managed Funds Asset Backed Yield Trust, which has been prepared on a liquidation basis, is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the Trust's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2 (b).



Ernst & Young



Mark Phelps
Partner
Adelaide
18 August 2015




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Auditor's Independence Declaration to the Directors of Adelaide Managed Funds Limited as Responsible Entity for Adelaide Managed Funds Asset Backed Yield Trust

In relation to our audit of the financial report of Adelaide Managed Funds Asset Backed Yield Trust for the financial year ended 30 June 2015, 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



Mark Phelps
Partner
Adelaide
18 August 2015

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

	Note	Jun-15 \$	Jun-14 \$
INCOME			
Interest income	3(a)	878,903	241,739
Recognition of previously unrecorded accrued interest income		3,656,431	-
Other income – reduction in specific impairment provision		3,541,574	2,607,689
Total income		8,076,908	2,849,428
EXPENSES			
Operating expenses	3(b)	139,238	164,879
Provision for non-recovery of accrued interest income recorded		3,656,431	-
Total expenses		3,795,669	164,879
Net profit before finance costs		4,281,239	2,684,549
Finance costs: Distribution to Unitholders	3(c)	739,666	76,860
Net profit for the year		3,541,573	2,607,689
Other comprehensive income		-	-
Change in net assets attributable to Unitholders		3,541,573	2,607,689

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes to the financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note	Jun-15 \$	Jun-14 \$
Assets			
Cash	4(a)	2,537,592	2,365,103
Trade and other receivables	5	5,149	5,462
Loans and receivables	6	1,582,860	1,792,472
Total assets		4,125,601	4,163,037
Liabilities			
Management / Responsible Entity fees payable	7	29,518	34,262
Distribution payable	8	739,668	78,722
Total liabilities (excluding net assets attributable to Unitholders)		769,186	112,984
Net assets attributable to Unitholders		3,356,415	4,050,053
Represented by:			
Net assets attributable to Unitholders		3,356,415	4,050,053

The above Statement of Financial Position should be read in conjunction with the accompanying notes to the financial statements.

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE YEAR ENDED 30 JUNE 2015

	Units on issue	Net assets attributable to Unitholders \$
Balance at 30 June 2013	94,115,809	3,324,681
Net profit attributable to Unitholders	-	2,684,549
Other comprehensive income	-	-
Total comprehensive income	-	2,684,549
Distribution to Unitholders	-	(76,860)
Capital returned to Unitholders	-	(1,882,317)
Balance at 30 June 2014	94,115,809	4,050,053
Net profit attributable to Unitholders	-	4,281,239
Other comprehensive income	-	-
Total comprehensive income	-	4,281,239
Distribution to Unitholders	-	(739,666)
Capital returned to Unitholders	-	(4,235,211)
Balance at 30 June 2015	94,115,809	3,356,415

The above Statement of Changes in Net Assets Attributable to Unitholders should be read in conjunction with the accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

	Note	Jun-15 \$	Jun-14 \$
Cash flows from operating activities			
Interest received on investments		821,133	179,830
Interest received on cash deposit		57,961	61,182
Manager fee paid		(120,309)	(144,361)
GST refunded		122	98
Payments to service providers		(23,673)	(25,431)
Net cash flows from operating activities	4(b)	735,233	71,318
Cash flows from financing activities			
Distributions to Unitholders		(78,718)	(197,643)
Capital Returned to Unitholders		(4,235,212)	(1,882,317)
Net cash flows used in financing activities		(4,313,930)	(2,079,960)
Cash flows from investing activities			
Principal receipts from investments	4(c)	3,751,186	2,549,093
Net cash flows generated by investing activities		3,751,186	2,549,093
Net increase / (decrease) in cash and cash equivalents		172,489	540,451
Cash and cash equivalents held at 1 July 2014		2,365,103	1,824,652
Cash and cash equivalents held at 30 June 2015		2,537,592	2,365,103

The above Statement of Cash Flows should be read in conjunction with the accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 Corporate information

The financial report of the Fund for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the Directors of the Responsible Entity on 18 August 2015.

The Fund is an Australian registered Trust, constituted in August 2006.

AMF, the Responsible Entity of the Fund, is incorporated and domiciled in Australia. The registered office of the Responsible Entity is located at The Bendigo Centre, PO Box 480, Bendigo, VIC, 3552.

NOTE 2 Summary of significant accounting policies

(a) Basis of accounting

This general purpose financial report for the year ended 30 June 2015 has been prepared in accordance with the requirements of the Corporations Act 2001 which includes applicable Accounting Standards. Other mandatory professional reporting requirements have also been complied with.

The financial statements for the year ended 30 June 2015 have been prepared on a liquidation basis.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current.

The financial report is presented in Australian dollars.

(b) Application of Accounting Standards

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Australian Accounting Standards and Interpretations that recently have been issued or amended but are not yet effective and have not been adopted for the reporting period ended 30 June 2015 are:

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 Summary of significant accounting policies (continued)

(b) Application of Accounting Standards (continued)

Reference	Title	Summary	Application date of standard*	Impact on Fund financial report	Application date for Fund*
AASB 2012-3	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.	1-Jan-14	The Fund has not yet determined the extent of the impact of the amendments, if any.	1-Jul-14
AASB 9	Financial Instruments	<p>AASB 9 (December 2014) is a new Principal standard which replaces AASB 139. This new principal version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward looking ‘expected loss’ impairment model and a substantially-reformed approach to hedge accounting. AASB 9 is effective for annual periods beginning on or after January 2018. However, the standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.</p> <p>Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.</p> <p>AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139.</p>	1-Jan-18	The Fund has not yet determined the extent of the impact of the amendments, if any.	1-Jul-18

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 Summary of significant accounting policies (continued)

(b) Application of Accounting Standards (continued)

Reference	Title	Summary	Application date of standard*	Impact on Fund financial report	Application date for Fund*
AASB 9 (continued)	Financial Instruments (continued)	<p>The main changes are described below.</p> <p>a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.</p> <p>b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</p> <p>c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p> <p>d. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:</p> <ul style="list-style-type: none"> ▶ The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ▶ The remaining change is presented in profit or loss <p>AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.</p> <p>Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E. AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014.</p> <p>AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and</p>	1-Jan-15	The Fund has not yet determined the extent of the impact of the amendments, if any.	1-Jul-15

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 Summary of significant accounting policies (continued)

(b) Application of Accounting Standards (continued)

Reference	Title	Summary	Application date of standard*	Impact on Fund financial report	Application date for Fund*
AASB 9 (continued)	Financial Instruments (continued)	AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015.	1-Jan-15	The Fund has not yet determined the extent of the impact of the amendments, if any.	1-Jul-15
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.	1-Jan-16	The Fund has not yet determined the extent of the impact of the amendments, if any.	1-Jul-16
AASB 2015-3	Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality	The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.	1-Jul-15	The Fund has not yet determined the extent of the impact of the amendments, if any.	1-Jul-15
AASB 2013-3	Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	AASB 2013-3 amends the disclosure requirements in AASB 136 Impairment of Assets. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.	1-Jan-14	The Fund has not yet determined the extent of the impact of the amendments, if any.	1-Jul-14
AASB 1031	Materiality	The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework (issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed. AASB 2014-1 Part C issued in June 2014 makes amendments to eight Australian Accounting Standards to deleted their references to AASB 1031.	1-Jan-14	The Fund has not yet determined the extent of the impact of the amendments, if any.	1-Jul-14

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 Summary of significant accounting policies (continued)

(b) Application of Accounting Standards (continued)

Reference	Title	Summary	Application date of standard*	Impact on Fund financial report	Application date for Fund*
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle	<p>The subjects of the principal amendments to the Standards are set out below:</p> <p>AASB 5 Non-current Assets Held for Sale and Discontinued Operations:</p> <ul style="list-style-type: none"> • Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or vice versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change. <p>AASB 7 Financial Instruments: Disclosures:</p> <ul style="list-style-type: none"> • Servicing contracts - clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7. • Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to AASB 7 Disclosure–Offsetting Financial Assets and Financial Liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 Interim Financial Reporting when its inclusion would be required by the requirements of AASB 134. <p>AASB 119 Employee Benefits:</p> <ul style="list-style-type: none"> • Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level. <p>AASB 134 Interim Financial Reporting:</p> <ul style="list-style-type: none"> • Disclosure of information 'elsewhere in the interim financial report' -amends AASB 134 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information. 	1-Jan-16	The Fund has not yet determined the extent of the impact of the amendments, if any.	1-Jul-16

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 Summary of significant accounting policies (continued)

*All other standards, amendments and interpretations that have been issued up to the date of signing, but are not yet effective, are not relevant to the entity and will have no impact on the results, financial position or disclosures by the entity.

(c) Significant accounting judgements, estimates and assumptions

Significant accounting judgements

In the process of applying the Fund's accounting policies, management has made judgements, apart from those involving estimations, which have an impact on the amounts recognised in the financial statements. No judgements have been determined to be individually significant.

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of assets

The Fund determines whether the assets are impaired at least annually. This requires an estimation of the value of future cashflows. The Fund's policy on impairment is disclosed in Note 2(g).

(d) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position and for the purpose of the Statement of Cash Flows includes cash at bank, bank deposits held at call and short term investments with an original maturity of three months or less.

(e) Trade and other receivables

Receivables are amounts where settlement has not yet occurred. Receivables are carried at original amounts less any provision for uncollectible amounts. Interest is accrued at the reporting date from the last payment. Amounts are generally received within 30 days of being recorded as receivables. Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

(f) Investments

Investments are classified as loans and receivables. It is the Fund's intention to hold these investments to maturity.

Loans and Receivables

Loans and receivables have fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective yield method. Gains and losses are recognised in the Statement of Comprehensive Income when the loans and receivables are derecognised or impaired, as well as through the amortisation process. These assets are derecognised when the rights to receive cash flows have expired or the Fund has transferred substantially all the risks and rewards of ownership.

(g) Impairment of assets

Loan and investment assets are regularly reviewed to assess whether there is objective evidence that the loan asset or group of assets is impaired. If there is objective evidence that an impairment loss on the investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition).

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 Summary of significant accounting policies (continued)

(g) Impairment of assets (continued)

The carrying amount of the asset shall be reduced either directly or through use of a provision account. The amount of the loss shall be recognised in the Statement of Comprehensive Income.

A specific provision is made for all identified impaired loans and investments, and is recognised when there is reasonable doubt over the collectability of the principal balance and the interest in accordance with the respective loan agreement. All bad debts are written off against the specific provision in the period in which they are classified as irrecoverable.

If it is determined that no objective evidence of impairment exists for an individually assessed asset, whether significant or not, the asset is included in a group of assets according to their credit risk characteristics and that group of assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. Based on historical loss data and current available information for assets with similar risk characteristics, the appropriate collective provision is raised. Adjustments to the collective provisions are recognised as an expense in the Statement of Comprehensive Income. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the Statement of Comprehensive Income, to the extent that the carrying value of the assets does not exceed its amortised cost at the reversal date.

(h) Trade and other payables

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Fund, and include outstanding settlements on the purchase of investments and Manager/Responsible Entity fees payable. The carrying period is dictated by market conditions and is generally less than 30 days. Payables are measured at amortised cost.

(i) Interest bearing liabilities

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are derecognised and through the amortisation process. Interest when charged by the lender is recognised as an expense on an accrual basis.

(j) Revenue

Interest income is recognised to the extent that it is probable the economic benefits will flow to the Fund and the income can be reliably measured. Interest income is recognised as the interest accrues using the effective interest rate method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

(k) Distributable income

Distributable Income will be a minimum of the Fund's taxable income for the relevant distribution period. However, if adjusted accounting income is greater than the Fund's taxable income, the Responsible Entity may distribute up to the amount of the adjusted accounting income.

(l) Distribution of income

Income, if any, is distributed to Unitholders on an annual basis.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 Summary of significant accounting policies (continued)

(m) Income tax

Under current Income Tax Legislation, the Fund is not liable to pay income tax provided the Unitholders are presently entitled to the income of the Fund and the Fund fully distributes its taxable income.

(n) Goods & Services Tax (GST)

Expenses incurred by the Fund are recognised net of the amount of GST that can be recovered from the Australian Taxation Office (ATO). Amounts recognised as receivables and payables at balance date are inclusive of GST. Reduced input tax credits (RITC) recoverable by the Fund from the ATO are recognised as receivables in the Statement of Financial Position.

(o) Terms and conditions of Units on issue

Each Unit confers upon the Unitholder an equal interest in the Fund and is of equal value. A Unit does not confer an interest in any particular asset or investment of the Fund. Unitholders have various rights under the Constitution and the Corporations Act 2001, including the right to:

- have their Units redeemed;
- receive income distributions;
- attend and vote at meetings of Unitholders; and
- participate in the termination and winding up of the Fund.

Unitholders funds are classified as financial liabilities.

(p) Net assets attributable to Unitholders

Net assets attributable to Unitholders are represented by the residual interest in the assets of the Fund after deducting its liabilities. It is represented by Units to be issued and undistributed income attributable to Unitholders (otherwise termed as changes in net assets attributable to Unitholders). Costs directly attributable to the issue of Units are shown in net assets attributable to Unitholders as a deduction, from the proceeds of issuance.

(q) Derecognising of assets and liabilities

The derecognition of a financial instrument takes place when the Fund no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 Income, expenses and distribution to Unitholders

	Jun-15		Jun-14
	\$		\$
(a) Interest income			
Interest received on cash deposit	57,770		179,830
Interest received on investments	821,133		61,908
	878,903		241,739
(b) Operating expenses			
Custodian fee	1,153		1,392
Manager's remuneration	115,565		139,447
Other operating expenses	22,520		24,040
	139,238		164,879
(c) Finance costs - distribution to Unitholders			
Number of Units	94,115,809		94,115,809
	Cents per Unit	\$	Cents per Unit
			\$
Accrued distribution at the beginning of the year	(0.084)	(78,722)	(0.212)
Distributions paid during the year	0.084	78,720	0.210
Accrued distribution proposed and payable on 10 September 2015	0.785	738,809	0.084
Accrued distribution payable to Unitholders	0.001	859	0.000
	0.786	739,666	0.082
			76,860

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 Cash

Jun-15
\$

Jun-14
\$

(a) Reconciliation of cash and cash equivalents

For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash and cash equivalents comprise:

Cash at bank balance	2,537,592	2,365,103
Cash investments are valued in accordance with accounting policy Note 2(d)		
Average balance	2,494,491	2,456,781
Average interest rate	2.32%	2.52%
Maturity analysis based on remaining term to maturity at 30 June 2015:		
At call	<u>2,537,592</u>	<u>2,365,103</u>

(b) Reconciliation of net profit attributable to Unitholders to net cash flows from operating activities

Net Profit Attributable to Unitholders	4,281,239	2,684,549
<i>Adjustments for Non Cash Movements:</i>		
Other income – reduction in impairment provision	(3,541,574)	(2,607,689)
<i>Changes in Assets and Liabilities</i>		
(Increase) / decrease in receivables	312	(629)
Increase / (decrease) in payables	(4,744)	(4,913)
Net cash flows from operating activities	<u>735,233</u>	<u>71,318</u>

(c) Principal receipts from investments

During the period from 1 July 2014 to 30 April 2015, where a provision was noted against the Fund's agricultural managed investment scheme investment, all cash flows received on that investment were treated as principal receipts for accounting purposes.

On 30 June 2015, a provision was brought to account for previously unrecorded accrued but unpaid interest income in relation to the Fund's agricultural managed investment scheme investment.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 Trade and other receivables

	Jun-15 \$	Jun-14 \$
Accrued interest	4,457	4,648
Other receivables	692	814
	5,149	5,462
<i>Maturity analysis based on remaining term to maturity at 30 June 2015</i>		
Less than 3 months	5,149	5,462
	5,149	5,462

NOTE 6 Loans and receivables

	Jun-15 \$	Jun-14 \$
Loans and receivables at amortised cost	1,582,860	5,430,515
Provision for impairment – specific	-	(3,638,043)
Previously unrecorded accrued interest	3,656,431	-
Provision – unrecorded accrued interest	(3,656,431)	-
	1,582,860	1,792,472
Provision for impairment - specific		
Opening balance	3,638,043	6,425,561
Decrease in specific impairment provision	(3,541,574)	(2,607,689)
Unwind of specific impairment provision	(96,469)	(179,829)
Closing balance	-	3,638,043
Provision – unrecorded accrued interest		
Opening balance	-	-
Increase in provision	3,656,431	-
Closing balance	3,656,431	-

No specific impairment provisions were expensed against any of the Fund's investments during the year ended 30 June 2015 (30 June 2013: \$nil).

A reduction in the specific impairment provision raised against the Fund's agricultural managed investment scheme investment of \$3,541,574 was recognised as other income during the year ended 30 June 2015 (30 June 2014: \$2,607,689). The key driver of this specific impairment provision reduction was the receipt of greater than forecast cash flows on the Fund's investments, following the settlement of the class actions in relation to Great Southern, the terms of which were approved by the Supreme Court of Victoria on 11 December 2014.

No specific impairment provision remains noted against the Fund's agricultural managed investment scheme investment as at 30 June 2015 (30 June 2013: \$3,638,043). The resulting carrying value of the Fund's agricultural managed investment scheme investment as at 30 June 2015 was \$1,582,860 (30 June 2014: \$1,792,472).

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 Loans and receivables (continued)

An asset and equal but offsetting provision of \$3,656,431 was brought to account against previously unrecorded accrued but unpaid interest income in relation to the Fund's agricultural managed investment scheme investment during the year ended 30 June 2015 (30 June 2014: nil). The key driver of this change was the previous uncertainty with regards to whether or not the Fund will receive the unrecorded accrued but unpaid interest owing to it.

Repayments to MIS Program Noteholders (including the Fund) during the year ended 30 June 2015 were made on a serial (pro-rata) basis. Under the terms of the Trust Deed governing the program, the basis of the repayment could change to sequential (in priority of senior Noteholders) in the event of certain conditions. The conditions for this change have occurred, however at the discretion of the senior Noteholders, no change to the repayment structure has been implemented. In the event that Noteholders were to be repaid sequentially, the Fund would not receive any repayments on its investments until all outstanding senior Noteholders were fully repaid.

	Jun-15 \$	Jun-14 \$
Investment in MIS programs (net of specific provision where applicable)	1,582,860	1,792,472
	1,582,860	1,792,472
Average balance of the face value of investments (including cash but excluding provisions)	11,300,912	13,485,382
Average interest rate	6.92%	0.46%
	Jun-15 \$	Jun-14 \$
Management/Responsible Entity fee	29,518	34,262
	29,518	34,262

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 Distributions proposed

	Jun-15 \$	Jun-14 \$
The distribution payable is as follows:		
Final Unit distributions proposed for the year ended 30 June 2015 (payable 10 September 2015)	738,809	78,681
Accrued distribution payable to Unitholders	859	41
	739,668	78,722
	Cents per Unit	Cents per Unit
Final Unit distributions proposed for the year ended 30 June 2015 (payable 10 September 2015)	0.785	0.084

NOTE 9 Auditor's remuneration

	Jun-15 \$	Jun-14 \$
The audit fee paid/payable by AMF to Ernst & Young on behalf of the Fund	39,750	38,700

NOTE 10 Segment information

The Fund operates in one business segment, being investment management. The Fund also operates from one geographic location, being Australia, from where its investing activities are managed. Revenue is derived from interest on investments.

NOTE 11 Financial instruments

The Fund's principal financial instruments comprise cash and investments. The main purpose of these financial instruments is to generate a return on Unitholder's funds. The Fund has various other financial instruments such as trade receivables and trade payables, which arise directly from its operations.

The Fund does not enter into or trade financial instruments for speculative purposes.

The main risks arising from the Fund's financial instruments are interest rate risk, liquidity and cash flow risk, credit risk and market risk. The Responsible Entity reviews and agrees policies for managing these risks. The objectives, policies and process for managing these risks is disclosed below.

(a) Net fair values

The Fund's Trade and Other Receivables assets are valued in accordance with Note 2(e).

It is the Fund's intention to hold investments to maturity and recover the carrying value through future cash flows received. Under AASB 7 however, the Fund is required to place fair value on the loan and receivable investments. For the purposes of the fair value disclosure requirements under AASB 7, the calculation assumes that the Fund is required to liquidate its entire portfolio of investments immediately under current market conditions.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 Financial instruments (continued)

(a) Net fair values (continued)

Some of the Fund's investments are illiquid. As a result, the Fund's ability to vary its portfolio in a timely fashion, to dispose of any or all assets or to receive a fair price for assets in response to changes in economic and other conditions may be limited. Furthermore, as the Fund acquires investments for which there is not a readily available market, the Fund's ability to obtain reliable information about the value of such investments may be limited.

Given the nature of estimations involved, the actual realised value for the portfolio in the event that it was liquidated may be higher or lower than the fair value disclosed. Management's estimate of the fair value of the Fund's investments as at 30 June 2015 as compared to 30 June 2014 is as follows:

	Jun-15		Jun-14	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Total Portfolio	1,582,860	-	1,792,472	-

The difference noted between the carrying value and estimated fair value as at 30 June 2015 does not necessarily indicate impairment with regard to the loan and receivable investments. The carrying value of these investments may be recovered over the term to maturity through future cash flows as noted above.

In accordance with AASB 13, the Fund's investments for which fair value is estimated above are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole, being:

Level 3 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

As mentioned above, the Fund's ability to dispose of any or all assets or to receive a fair price for those assets in response to changes in economic and other conditions may be limited. Furthermore, as there is not a readily available market for the Fund's assets, the Fund's ability to obtain reliable information about the value of such investments is limited. This is reflected in the fair value estimation.

(b) Interest rate risk exposures

Interest rates are managed on the basis that all of the Fund's investments earn a floating rate of return. Accordingly, distributions to Unitholders and the annualised distribution yield for the period from allotment to 30 June 2015 have moved up or down in line with changes in interest rates.

Interest Rate Sensitivity based on balances as at 30 June 2015

	Increase in Interest Rate	Sensitivity of Profit & Loss (\$)	Decrease in Interest Rate	Sensitivity of Profit & Loss (\$)
Financial asset				
Cash	+1.00%	25,376	-0.50%	(12,688)
Investments	+1.00%	15,829	-0.50%	(7,914)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 Financial instruments (continued)

(b) Interest rate risk exposures (continued)

Interest Rate Sensitivity based on balances as at 30 June 2014

	Increase in Interest Rate	Sensitivity of Profit & Loss (\$)	Decrease in Interest Rate	Sensitivity of Profit & Loss (\$)
Financial asset				
Cash	+1.00%	23,651	-0.50%	(11,826)
Investments	+1.00%	17,925	-0.50%	(8,962)

Maturity Analysis based on the expected remaining term to maturity of the Fund's assets at 30 June 2015:

	Jun-15 \$	Jun-14 \$
<i>Cash</i>		
Less than 3 months		
Total	2,537,592	2,365,103
	2,537,592	2,365,103
<i>Investments</i>		
Less than 3 months	-	-
Between 3 months and 12 months	-	-
Between 1 year and 5 years	1,582,860	1,792,472
Greater than 5 years	-	-
Total	1,582,860	1,792,472

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 Financial instruments (continued)

(c) Liquidity and cash flow risk

Some of the Fund's investments are illiquid. As a result of this illiquidity, the Fund's ability to vary its portfolio in a timely fashion, to dispose of underperforming assets or to receive a fair price for assets in response to changes in economic and other conditions may be limited. Furthermore, as the Fund acquires investments for which there is not a readily available market, the Fund's ability to obtain reliable information about the value of such investments may be limited.

The Fund manages its liquidity ratio on a monthly basis.

Maturity profile of liabilities:-

Maturity profile 30 June 2015	Less than 3 months	Between 3 months and 12 months	Between 1 year and 5 years	More than 5 years
Management fees accrued	29,518	-	-	-
Capital return payable to Unitholders	-	-	-	-
Distribution payable to Unitholders	739,668	-	-	-
Total	769,186	-	-	-
Maturity profile 30 June 2014	Less than 3 months	Between 3 months and 12 months	Between 1 year and 5 years	More than 5 years
Management fees accrued	34,262	-	-	-
Capital return payable to Unitholders	-	-	-	-
Distribution payable to Unitholders	78,722	-	-	-
Total	112,984	-	-	-

Unitholders funds are classified as financial liabilities and are not required to be redeemed by the Fund until 2086.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 Financial instruments (continued)

(d) Credit risk exposures

Credit risk is one of the major risks faced by the Fund and may be broken down into two main categories:

- The risk that issuers of assets in which the Fund has invested (usually special purpose securitisation vehicles), are unable to make the interest payments or principal repayments when due; and
- The risk that the credit quality of the receivables in the underlying portfolio of assets held by the Fund deteriorates.

Obligations of issuers include the payment of scheduled interest and the repayment of the loans at maturity. Failure by an issuer to make these payments may lead to a reduction in yield and a loss of capital for noteholders. A decline in the credit quality of an investment held by the Fund could occur even though the issuer is meeting its obligations. This could occur in the event that the borrowers in the underlying portfolio of receivables begin to default or if market movements cause the value of security held as a proportion of the debt (loan to valuation ratio) to increase, making it more likely that borrowers will default. A decline in the credit quality of an investment held by the Fund could ultimately result in the issuer failing to meet its obligations or a loss of capital if the asset is sold prior to its maturity at a discount to its redemption rate.

The investment assets of the Fund are located in Australia. As at 30 June 2015 the underlying investments of the Fund are backed by agricultural managed investment schemes.

Refer to Note 6 to review the concentration risk of the investment portfolio.

(e) Market risk exposures

The Fund regularly monitors the concentration of its portfolio and its exposure to any given asset class, single borrower or single issuer. From time to time, the Fund may be less diversified than desired by the investment manager, particularly with regards to asset class. This may be driven by attractive yields available in certain asset classes or lack of investment opportunities.

NOTE 12 Director disclosures

(a) The Directors of AMF during the financial year were:

N Fox (Chairman)

S Treanor

B Speirs

(b) The Fund has not made, guaranteed or secured, directly or indirectly any loans to the Directors or their Director related entities during the year.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 Director disclosures (continued)

(c) The following Directors of AMF held Units in the fund as at 30 June 2015:

N Fox	7,500 Units
B Speirs	50,000 Units

No other Directors held any interests during the period covered by these financial reports. All interests held are on arms length basis and under normal circumstances.

(d) There were no Key Management Personnel ('KMP') employed by the Fund.

NOTE 13 Related parties disclosures

(a) Key management personnel

Disclosures in relation to KMP during the year and until the date of this report are set out in Note 14.

(b) Other related parties - the Responsible Entity

The Responsible Entity of the Fund is AMF whose immediate and ultimate holding company is Bendigo and Adelaide Bank.

As at 30 June 2015, the Fund invested \$2,537,592 in an at call account with Bendigo and Adelaide Bank. There are no fees payable on the account and interest is equivalent to the Reserve Bank of Australia cash rate.

All remuneration and fees have been calculated in accordance with the Trust Deed/Constitution. Manager/Responsible Entity remuneration amounted to \$115,565 for the year ended 30 June 2015 (30 June 2014: \$139,447).

As at 30 June 2015, Management/Responsible Entity remuneration of \$29,518 was payable to AMF and Bendigo and Adelaide Bank (30 June 2014: \$34,262).

NOTE 14 Key management personnel

(a) Key management personnel

The KMP of the Fund only includes persons who are KMP of the Responsible Entity. The names of the KMP of the Responsible Entity during the year and until the date of this report (unless otherwise stated) are:

N Fox	Chairman	(resigned 18 August 2015)
J Dawson	Chairman	(appointed 18 August 2015)
S Treanor	Director	
B Speirs	Chief Executive Officer / Director	
M McKay	Senior Portfolio Manager	

(b) Compensation of key management personnel

KMP of the Responsible Entity are paid by Bendigo and Adelaide Bank in their roles as KMP of the Responsible Entity, not of the Fund. KMP of the Responsible Entity are not remunerated by the Fund.

No securities of the Fund were granted to any KMP during the year as compensation.

Compensation is paid to the Responsible Entity in the form of fees and is disclosed in Note 13(b).

(c) Other key management personnel

In addition to the KMP noted above, AMF, the Responsible Entity of the Fund, is considered to be KMP with the authority for the strategic direction and management of the Fund.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 14 Key management personnel (continued)

(d) Key management personnel's interest in financial instruments issued by the Fund

Interests in the Units issued by the Fund held by the KMP and their related entities at balance date are as follows:

		Units held	Units held
		Jun-15	Jun-14
S Treanor	Director	-	-
N Fox	Chairman	7,500	7,500
B Speirs	Chief Executive Officer / Director	50,000	50,000
M McKay	Senior Portfolio Manager	57,720	57,720

(e) Distributions paid or payable by the Fund to key management personnel

Distributions paid or payable by the Fund to KMP and their related entities during the year are as follows:

Distributions paid or payable		Jun-15	Jun-14
		\$	\$
S Treanor	Director	-	-
N Fox	Chairman	59	6
B Speirs	Chief Executive Officer / Director	393	42
M McKay	Senior Portfolio Manager	453	48

(f) Outstanding balances between the Fund and key management personnel

Outstanding balances between the Fund and the KMP and their related entities are as follows:

Distribution payable		Jun-15	Jun-14
		\$	\$
S Treanor	Director	-	-
N Fox	Chairman	59	6
B Speirs	Chief Executive Officer / Director	393	42
M McKay	Senior Portfolio Manager	453	48

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15 Events after balance date

At its meeting on 18 August 2015, the Directors resolved that AMF would not charge management fees for the period commencing 1 July 2015, until further notice. Management fees were previously payable out of the Fund's property.

Since 30 June 2015 there has not been any other matter or circumstances not otherwise dealt with in the financial report that has significantly affected or may significantly affect the Fund.

DIRECTORS' DECLARATION

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

In the opinion of the Directors of AMF:

- (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 Fund's financial position as at 30 June 2015 and of its performance for the year ended on that date;
 - and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001;
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2;
- (c) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable;
- (d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2015.

On behalf of the Board of Directors:



Nancy Fox
Chairman
18 August 2015
Sydney