

# **ADELAIDE MANAGED FUNDS ASSET BACKED YIELD TRUST**

ARSN 120 038 002

**HALF YEAR FINANCIAL REPORT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

## DIRECTORS' REPORT

In accordance with the Corporations Act 2001, the Directors of Adelaide Managed Funds Limited ('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 half year ended 31 December 2015.

### THE MANAGER

AMF has acted in the capacity of Responsible Entity of the Fund for the half year ended 31 December 2015. Bendigo and Adelaide Bank Limited ('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 half 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 half 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 period. Upon the realisation of these last remaining assets (including accrued interest owing, to the extent possible), 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.

At 31 December 2015 the Fund had no employees.

### REVIEW OF OPERATIONS

The Fund maintained its holding of asset backed securities and as at 31 December 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.

No specific impairment provision is noted against the Fund's agricultural managed investment scheme investment as at 31 December 2015 (30 June 2015: nil). The carrying value of the Fund's agricultural managed investment scheme investment as at 31 December 2015 was \$467,766 (30 June 2015: \$1,582,860).

An asset and equal but offsetting provision of \$264,924 was brought to account against accrued but unpaid interest income in relation to the Fund's agricultural managed investment scheme investment during the half year 31 December 2015 (31 December 2014: nil). A total asset and equal but offsetting provision of \$3,921,356 is outstanding against accrued but unpaid interest income in relation to the Fund's agricultural managed investment scheme investment as at 31 December 2015 (31 December 2014: nil).

Repayments to MIS Program Noteholders (including the Fund) during the half year ended 31 December 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 interim financial report is to be read in conjunction with the 30 June 2015 annual financial report.

The performance of the Fund for the half year ended 31 December 2015 as represented by the results of its operations, was as follows:

Interest Income:	\$25,727
Finance Costs - Distribution to Unitholders:	\$7,756

Custodian fees payable to Bendigo and Adelaide Bank during the half year ended 31 December 2015 were \$436 (31 December 2014: \$599)

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 to AMF out of the Fund's property. As at 31 December 2015, management fees entitled to AMF but unrecorded were \$43,703 (30 June 2015: nil).

No other fees were payable to AMF out of Fund property during the half year.

## UNITS ON ISSUE

The total number of Units issued as at 31 December 2015 was 94,115,809 (31 December 2014: 94,115,809).

## FUND ASSETS

The total value of assets held by the Fund as at 31 December 2015 was \$1,482,934 (30 June 2015: \$4,125,601).

## DISTRIBUTIONS

No income distributions were payable for the half year to 31 December 2015 (31 December 2014: 0.00 cents per Unit).

In line with the ongoing orderly wind down of the Fund, capital totalling 2.00 cents per Unit was returned to Unitholders during the half year ended 31 December 2015 (31 December 2014: 1.50 cents per Unit).

## AUDITOR'S INDEPENDENCE DECLARATION

The auditor's review of this financial report is in accordance with the declaration "Auditor's Independence Declaration to the Directors of Adelaide Managed Funds Limited as Responsible Entity for Adelaide Managed Funds Asset Backed Yield Trust" on page 5.

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



Jenny Dawson  
Chairman  
4 February 2016  
Bendigo

## Report on the Half-Year Financial Report to the Unitholders of Adelaide Managed Funds Asset Backed Yield Trust

We have reviewed the accompanying half-year financial report of Adelaide Managed Funds Asset Backed Yield Trust, which comprises the statement of financial position as at 31 December 2015, the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration. The half-year financial report has been prepared on a liquidation basis as the Trust is in the process of winding up.

### Directors' Responsibility for the Half-Year Financial Report

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

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Trust's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Adelaide Managed Funds Asset Backed Yield Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### Independence

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

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Adelaide Managed Funds Asset Backed Yield Trust is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Trust's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



Mark Phelps  
Partner  
Adelaide  
4 February 2016

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

As lead auditor for the review of Adelaide Managed Funds Asset Backed Yield Trust for the half-year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

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



Ernst & Young



Mark Phelps  
Partner  
4 February 2016

## STATEMENT OF COMPREHENSIVE INCOME

### FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Note	Dec-15 \$	Dec-14 \$
<b>INCOME</b>			
Interest income	3(a)	25,727	97,524
Recognition of accrued interest income		264,924	-
Other income – reduction in specific impairment provision		-	302,913
<b>Total income</b>		<b>290,651</b>	<b>400,437</b>
<b>EXPENSES</b>			
Operating expenses	3(b)	17,971	75,930
Provision for non-recovery of accrued interest income recorded		264,924	-
<b>Total expenses</b>		<b>282,895</b>	<b>75,930</b>
<b>Net profit before finance costs</b>		<b>7,756</b>	<b>324,507</b>
Finance costs: Distribution to Unitholders	3(c)	7,756	21,594
<b>Net profit for the half year</b>		<b>-</b>	<b>302,913</b>
Other comprehensive income		-	-
<b>Change in net assets attributable to Unitholders</b>		<b>-</b>	<b>302,913</b>

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 31 DECEMBER 2015

	Note	Dec-15 \$	Jun-15 \$
<b>Assets</b>			
Cash	4	1,012,051	2,537,592
Trade and other receivables	5	3,117	5,149
Loans and receivables	6	467,766	1,582,860
<b>Total assets</b>		<b>1,482,934</b>	<b>4,125,601</b>
<b>Liabilities</b>			
Management/Responsible Entity fees payable		-	29,226
Custodian fees payable		221	292
Distribution payable	7	8,614	739,668
<b>Total liabilities (excluding net assets attributable to Unitholders)</b>		<b>8,835</b>	<b>769,186</b>
<b>Net assets attributable to Unitholders</b>		<b>1,474,099</b>	<b>3,356,415</b>
<b>Represented by:</b>			
<b>Net assets attributable to Unitholders</b>		<b>1,474,099</b>	<b>3,356,415</b>

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 HALF YEAR ENDED 31 DECEMBER 2015

	Units on issue	Net assets attributable to Unitholders \$
<b>Balance at 1 July 2014</b>	<b>94,115,809</b>	<b>4,050,053</b>
Net profit attributable to Unitholders	-	324,507
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>324,507</b>
Distribution to Unitholders	-	(21,594)
Capital returned to Unitholders	-	(1,411,737)
<b>Balance at 31 December 2014</b>	<b>94,115,809</b>	<b>2,941,229</b>
<b>Balance at 1 July 2015</b>	<b>94,115,809</b>	<b>3,356,415</b>
Net profit attributable to Unitholders	-	7,756
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>7,756</b>
Distribution to Unitholders	-	(7,756)
Capital returned to Unitholders	-	(1,882,316)
<b>Balance at 31 December 2015</b>	<b>94,115,809</b>	<b>1,474,099</b>

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 HALF YEAR ENDED 31 DECEMBER 2015

	Dec-15 \$	Dec-14 \$
<b>Cash flows from operating activities</b>		
Interest received on investments	-	-
Interest received on cash deposit	27,143	25,505
Management/Responsible Entity fees paid	(29,226)	(67,557)
Custodian fees paid	(538)	(675)
GST refunded	1,840	5,472
Payments to service providers	(18,728)	(16,399)
<b>Net cash flows from operating activities</b>	<b>(19,509)</b>	<b>(53,654)</b>
<b>Cash flows from financing activities</b>		
Distributions to Unitholders	(738,810)	(78,718)
Capital returned to Unitholders	(1,882,316)	(1,411,737)
<b>Net cash flows used in financing activities</b>	<b>(2,621,126)</b>	<b>(1,490,455)</b>
<b>Cash flows from investing activities</b>		
Principal receipts from investments	1,115,094	999,229
<b>Net cash flows generated by investing activities</b>	<b>1,115,094</b>	<b>999,229</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1,525,541)</b>	<b>(544,880)</b>
<b>Cash and cash equivalents held at 1 July 2015</b>	<b>2,537,592</b>	<b>2,365,103</b>
<b>Cash and cash equivalents held at 31 December 2015</b>	<b>1,012,051</b>	<b>1,820,223</b>

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 half year ended 31 December 2015 was authorised for issue in accordance with a resolution of the Directors of the Responsible Entity on 4 February 2016.

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 preparation

This general purpose condensed financial report for the half year ended 31 December 2015 has been prepared in accordance with *AASB134 Interim Financial Reporting* and the *Corporations Act 2001*.

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

It is recommended that this half year financial report be read in conjunction with the annual financial report for the year ended 30 June 2015 and considered together with any public announcements made by the Fund during the half year ended 31 December 2015.

Any public announcements made by the Fund during the half year ended 31 December 2015 are available on the AMF website ([www.adelaidemanagedfunds.com.au](http://www.adelaidemanagedfunds.com.au)).

#### (b) Changes in accounting policies

The financial statements for the half year ended 31 December 2015 have been prepared on a liquidation basis.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT)

**NOTE 3 Income, expenses and distribution to Unitholders**

	<b>Dec-15</b>	<b>Dec-14</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Interest income</b>		
Interest received on cash deposit	25,727	24,611
Interest received on investments	-	72,913
<b>Total interest income</b>	<b>25,727</b>	<b>97,524</b>
<b>(b) Operating expenses</b>		
Custodian fee	436	599
Manager's remuneration	-	60,050
Other operating expenses	17,535	15,281
<b>Total operating expenses</b>	<b>17,971</b>	<b>75,930</b>
<b>(c) Finance costs - distribution to Unitholders</b>		
Number of Units	94,115,809	94,115,809
	<b>\$</b>	<b>\$</b>
Accrued distribution at beginning of the period	(739,668)	(78,722)
Distributions paid during the period	738,810	78,719
Accrued distribution payable to Unitholders	8,614	21,597
	<b>7,756</b>	<b>21,594</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONT)

<b>NOTE 4 Cash</b>	<b>Dec-15</b>	<b>Jun-15</b>
	<b>\$</b>	<b>\$</b>
<b>Reconciliation of cash</b>		
For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash comprises:		
Cash at bank balance	1,012,051	2,537,592
Average balance	2,551,727	2,494,491
Average interest rate	2.00%	2.32%
Maturity analysis based on remaining term to maturity at 31 December 2015:		
<b>At call</b>	<b>1,012,051</b>	<b>2,537,592</b>
<b>NOTE 5 Trade and other receivables</b>		
Other receivables	76	692
Accrued interest	3,041	4,457
	<b>3,117</b>	<b>5,149</b>
Maturity analysis based on remaining term to maturity at 31 December 2015:		
<b>Less than 3 months</b>	<b>3,117</b>	<b>5,149</b>
<b>NOTE 6 Loans and receivables</b>		
Loans and receivables at amortised cost	467,766	1,582,860
Provision for impairment - specific	-	-
Accrued interest	3,921,356	3,656,431
Provision – accrued interest	(3,921,356)	(3,656,431)
	<b>467,766</b>	<b>1,582,860</b>
Investments are classified as loans and receivables. It is the Fund's intention to hold these investments to maturity.		
<b>Provision for impairment - specific</b>		
Opening balance	-	3,638,043
Decrease in specific impairment provision	-	(3,541,574)
Unwind of impairment provision	-	(96,469)
<b>Closing balance</b>	<b>-</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONT)

No specific impairment provisions were expensed against any of the Fund's investments during the period ended 31 December 2015 (30 June 2015: nil).

No specific impairment provision is noted against the Fund's agricultural managed investment scheme investment as at 31 December 2015 (30 June 2015: nil). The carrying value of the Fund's agricultural managed investment scheme investment as at 31 December 2015 was \$467,766 (30 June 2015: \$1,582,860).

An asset and equal but offsetting provision of \$264,924 was brought to account against accrued but unpaid interest income in relation to the Fund's agricultural managed investment scheme investment during the half year ended 31 December 2015 (30 June 2015: \$3,656,431). A total asset and equal but offsetting provision of \$3,921,356 is outstanding against accrued but unpaid interest income in relation to the Fund's agricultural managed investment scheme investment as at 31 December 2015 (30 June 2015: \$3,656,431).

Repayments to MIS Program Noteholders (including the Fund) during the half year ended 31 December 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.

### NOTE 7 Distribution payable

	Dec-15 \$	Jun-15 \$
The distribution payable is as follows:		
Unit distribution proposed for the period	-	738,809
Accrued distribution payable to Unitholders	8,614	859
	<b>8,614</b>	<b>739,668</b>
	<b>Cents per Unit</b>	<b>Cents per Unit</b>
Unit distribution proposed for the period	-	0.79

### NOTE 8 Related party disclosures

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

As at 31 December 2015, the Fund had \$1,012,051 invested in an at call account with Bendigo and Adelaide Bank. There are no fees payable on the account and the applicable interest rate is equivalent to the Reserve Bank of Australia cash rate.

All remuneration and fees have been calculated in accordance with the Trust Deed/Constitution. Custodian fees amounted to \$436 for the half year ended 31 December 2015 (31 December 2014: \$599).

As at 31 December 2015, custodian fees of \$221 were payable to Bendigo and Adelaide Bank (30 June 2015: \$292).

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 to AMF out of the Fund's property. As at 31 December 2015, management fees entitled to AMF but unrecorded were \$43,703 (30 June 2015: nil).

## NOTES TO THE FINANCIAL STATEMENTS (CONT)

### **NOTE 9 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/distributions on investments.

### **NOTE 10 Subsequent events**

Since 31 December 2015 there has not been any 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 31 December 2015 and of its performance for the half year ended on that date; and
  - (ii) complying with Accounting Standard '*AASB 134 Interim Financial Reporting*' and the Corporations Regulations 2001;
- (b) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

On behalf of the Board of Directors,



Jenny Dawson  
Chairman  
4 February 2016  
Bendigo