

ADELAIDE MANAGED FUNDS ASSET BACKED YIELD TRUST

ARSN 120 038 002

**REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2010
RESULTS FOR ANNOUNCEMENT TO THE MARKET**

Release Date – 11 February 2011

**Prepared in accordance with ASX Listing Rule 4.2A.3
Appendix 4D**

It is recommended that the half year financial report is read in conjunction with any public announcements made by Adelaide Managed Funds Asset Backed Yield Trust for the half year ending 31 December 2010 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

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APPENDIX 4D

The Directors of Adelaide Managed Funds Limited (ABN 81 062 274 533), the Responsible Entity of the Adelaide Managed Funds Asset Backed Yield Trust (the Fund) (ARSN 120 038 002), are pleased to announce the results of the Fund for the half year ended 31 December 2010. This report covers the reporting period beginning 1 July 2010 to 31 December 2010. This announcement is to be read in conjunction with the attached Financial Report for the half-year ended 31 December 2010.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

The consolidated profit before tax (before impairment provision) for the period to 31 December 2010 attributable to the Unitholders of the Fund was \$3,777,000 (31 December 2009: (\$5,420,000)). The following table provides a summary of the main line items reported in the statement of comprehensive income.

	Dec-10 A\$000's	Dec-09 A\$000's	% change
Interest income	4,557	8,051	-43%
Earnings before interest and taxation (EBIT)	3,777	(5,420)	170%
Profit before tax	3,777	(5,420)	170%
Adjustment for impairment provision	-	12,318	-100%
Distributable income	3,777	6,898	-45%
Distributions payable for the period to Unitholders	3,777	7,055	-46%
Statutory net profit / (loss) for the period	-	(12,475)	-

INCOME DISTRIBUTIONS FOR THE PERIOD

On 16 December 2010, the Directors of Adelaide Managed Funds resolved to pay a quarterly distribution of 0.45 cents per Unit (refer announcement on 17 December 2010). This brings total distributions for the half year to 31 December 2010 to 3.90 cents per Unit (31 December 2009: 7.65 cents per Unit). A summary of this is presented below:

	Amount per security (cents)	Franked amount per security (cents)
Interim distribution - record date 31 December 2010 - payable date 14 January 2011	0.45	-
Interim distribution - record date 30 September 2010 - payable date 14 October 2010	3.45	-

CAPITAL RETURNS FOR THE PERIOD

At an Extraordinary General Meeting held on 17 September 2010, Unitholders approved the implementation of an orderly wind down of the Fund by returning capital to Unitholders as its underlying assets mature. A summary of capital returned to Unitholders during the half year to 31 December 2010 is presented below:

CAPITAL RETURNS FOR THE PERIOD (CONT)

	Amount per security (\$)
Capital return - record date 27 September 2010 - payable date 11 October 2010	1.33
Capital return - record date 5 July 2010 - payable date 19 July 2010	0.16

NET TANGIBLE ASSET BACKING PER SECURITY

	31 December 2010 \$ per security	31 December 2009 \$ per security
Net tangible asset backing per security	\$0.287 ¹	\$1.776 ²

COMPARATIVE INFORMATION

The comparative figures from 1 July 2009 to 31 December 2009 have been included.

¹ Excludes the quarterly distribution equal to 0.45 cents per Unit paid on 14 January 2011 and based on 94,115,809 Units on issue

² Excludes the quarterly distribution equal to 3.85 cents per Unit paid on 14 January 2010 and based on 94,115,809 Units on issue

ADELAIDE MANAGED FUNDS ASSET BACKED YIELD TRUST

ARSN 120 038 002

**HALF YEAR FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

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 2010.

THE MANAGER

AMF has acted in the capacity of Responsible Entity of the Fund for the half year ended 31 December 2010. 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)
S Treanor
B Speirs

PRINCIPAL ACTIVITIES

The principal activity of the Fund during the half year was the investment in notes backed by a range of loans and receivables including margin loans, non-conforming residential mortgages and agricultural managed investment schemes. There has been no significant change in the nature of this activity during the period other than, at an Extraordinary General Meeting held on 17 September 2010, Unitholders approved the implementation of an orderly wind down of the Fund by returning capital to Unitholders as its underlying assets mature. Ultimately, AMF will delist the Fund. Following delisting and upon realisation of the last remaining assets of the Fund, 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 2010 the Fund had no employees.

REVIEW OF OPERATIONS

The Fund maintained its holding of asset backed securities and as at 31 December 2010 had portfolio exposure to non-conforming residential mortgages and agricultural managed investment schemes. The revenue earned by the Fund was derived solely as interest from its cash and investment holdings.

The Fund received full repayment of its investment backed by margin loans in September 2010.

An outstanding impairment provision of \$15,354,658 remained in place against the Fund's agricultural managed investment scheme investment as at 31 December 2010.

RESULTS

The interim financial report is to be read in conjunction with the 30 June 2010 annual financial report.

The performance of the Fund for the period ended 31 December 2010 as represented by the results of its operations, was as follows:

Interest Income:	\$4,557,581
Finance Costs - Distribution to Unitholders:	\$3,777,172

The total value of assets held by the Fund as at 31 December 2010 was \$27,745,949 (30 June 2010: \$171,442,624). Management fees payable to AMF during the half year ended 31 December 2010 were \$603,284 (31 December 2009: \$968,957).

The total number of Units issued as at 31 December 2010 was 94,115,809 (31 December 2009: 94,115,809).

DISTRIBUTIONS

At its meeting on 16 December 2010, the Directors resolved to pay a quarterly income distribution of 0.45 cents per Unit on 14 January 2011, for the period ended 31 December 2010. This brings total income distributions for the half year to 31 December 2010 to 3.90 cents per Unit (31 December 2009: 7.65 cents per Unit).

In line with the implementation of an orderly wind down of the Fund, capital totalling \$1.49 per Unit was returned to Unitholders during the period ended 31 December 2010 (31 December 2009: 0.00 cents per Unit).

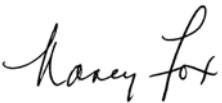
AUDITOR'S INDEPENDENCE DECLARATION

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 10.

ROUNDING

The amounts contained in this report and the financial report have been rounded to the nearest thousand where rounding is applicable, under the option available to the Fund under ASIC Class Order 98/0100. The Fund is an entity to which this Class Order applies.

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



Nancy Fox
Chairman
10 February 2011
Adelaide

To the Unitholders of Adelaide Managed Funds Asset Backed Yield Trust

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Adelaide Managed Funds Asset Backed Yield Trust ("the Trust"), which comprises the statement of financial position as at 31 December 2010, 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 the directors' declaration.

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 Interim and Other Financial Reports 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 entity's financial position as at 31 December 2010 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 the 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.

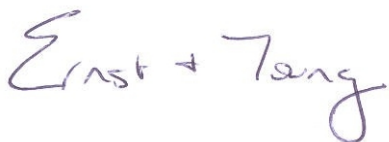
Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Responsible Entity 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 2010 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 Act 2001.

A handwritten signature in blue ink that reads 'Ernst + Young'.

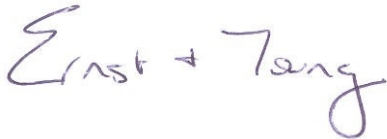
Ernst & Young

A handwritten signature in blue ink that reads 'Mark Phelps'.

Mark Phelps
Partner
Adelaide
10 February 2011

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 review of the financial report of Adelaide Managed Funds Asset Backed Yield Trust for the half-year ended 31 December 2010, 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.

A handwritten signature in blue ink that reads 'Ernst + Young'.

Ernst & Young

A handwritten signature in blue ink that reads 'Mark Phelps'.

Mark Phelps
Partner
Adelaide
10 February 2011

STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	Note	Dec-10 \$000's	Dec-09 \$000's
INCOME			
Interest income	3(a)	4,557	8,051
Total income		4,557	8,051
EXPENSES			
Operating expenses	3(b)	780	1,153
Impairment provision	3(c)	-	12,318
Total expenses		780	13,471
Net profit/(loss) before finance costs and income tax		3,777	(5,420)
Finance costs: Distribution to Unitholders	3(d)	3,777	7,055
Net profit/(loss) for the half year		-	(12,475)
Other comprehensive income		-	-
Change in net assets attributable to Unitholders		-	(12,475)
		Cents per Unit	Cents per Unit
Earnings per Unit – basic and diluted		4.01	(5.76)
Distributable earnings per Unit – basic and diluted		4.01	7.50

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2010

	Note	Dec-10 \$000's	Jun-10 \$000's
Assets			
Cash	4	4,789	20,743
Trade and other receivables	5	120	849
Loans and receivables	6	22,836	149,851
Total assets		27,745	171,443
Liabilities			
Manager/Responsible Entity fees		196	518
Distribution payable	7	530	3,673
Provision for capital return		-	15,059
Total liabilities		726	19,250
Net assets attributable to Unitholders		27,019	152,193
Represented by:			
Unitholders' funds	8	35,780	160,954
Retained earnings/(accumulated losses)		(8,761)	(8,761)
Net assets attributable to Unitholders		27,019	152,193

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	Units on issue 000's	Net assets attributable to Unitholders \$000's
Balance at 1 July 2009	94,116	179,570
Unit buy back	-	-
Decrease in net assets attributable to Unitholders from transactions in Units	-	-
Net profit/(loss) attributable to Unitholders	-	(5,420)
Distribution to Unitholders	-	(7,055)
Capital returned to Unitholders	-	-
Balance at 31 December 2009	94,116	167,095
Balance at 1 July 2010	94,116	152,193
Unit buy back	-	-
Decrease in net assets attributable to Unitholders from transactions in Units	-	-
Net profit/(loss) attributable to Unitholders	-	3,777
Distribution to Unitholders	-	(3,777)
Capital returned to Unitholders	-	(125,174)
Balance at 31 December 2010	94,116	27,019

STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	Dec-10 \$000's	Dec-09 \$000's
Cash flows from operating activities		
Interest received on investments	4,757	8,227
Interest received on cash deposit	165	72
Manager fee paid	(976)	(1,048)
GST refunded	74	79
Payments to service providers	(188)	(139)
	<hr/>	<hr/>
Net cash flows from operating activities	3,832	7,191
Cash flows from financing activities		
Distributions to Unitholders	(6,920)	(7,881)
	<hr/>	<hr/>
Net cash flows used in financing activities	(6,920)	(7,881)
Cash flows from investing activities		
Principal receipts from investments	127,367	1,651
Capital returned to Unitholders	(140,233)	-
	<hr/>	<hr/>
Net cash provided by financing activities	(12,866)	1,651
Net increase/(decrease) in cash and cash equivalents	(15,954)	961
Cash and cash equivalents held at 1 July 2010	20,743	5,164
	<hr/>	<hr/>
Cash and cash equivalents held at 31 December 2010	4,789	6,125

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 Corporate information

The financial report of the Fund for the half year ended 31 December 2010 was authorised for issue in accordance with a resolution of the Directors of the Responsible Entity on 10 February 2011.

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.

The Fund is listed on the Australian Stock Exchange.

NOTE 2 Summary of significant accounting policies

(a) Basis of preparation

This general purpose condensed financial report for the half year ended 31 December 2010 has been prepared in accordance with *AASB134 Interim Financial Reporting* and the Corporations Act 2001.

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

It is recommended that the half year financial report be read in conjunction with the annual report for the year ended 30 June 2010 and considered together with any public announcements made by the Fund during the half year ended 31 December 2010 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

(b) Changes in accounting policies

Following the outcome of the Extraordinary General Meeting on 17 September 2010, at which Unitholders approved the implementation of an orderly wind down of the Fund, the financial statements for the half year ended 31 December 2010 have been prepared on a liquidation basis. The Directors continue to work through various scenarios with regards to the timing of the wind down.

The financial statements in the most recent annual financial report were prepared on a going concern basis.

The balance sheet 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 Interest income and distribution to Unitholders

	Dec-10 \$000's	Dec-09 \$000's
(a) Finance income		
Income from investments	4,620	8,114
Capitalised costs	(63)	(63)
Total finance income	4,557	8,051
(b) Operating expenses		
Custodian fee	6	10
Manager's remuneration	603	969
Other operating expenses	171	174
Total operating expenses	780	1,153
(c) Impairment provision		
Impairment provision	-	12,318
	-	12,318
(d) Finance costs - distribution to Unitholders		
Accrued distribution at beginning of the period	(3,673)	(4,450)
Distributions paid during the period	6,920	7,881
Accrued distribution proposed and payable on 14 January 2011	424	3,624
Accrued distribution payable to Unitholders	106	-
	3,777	7,055

A total impairment provision of \$15,354,658 is noted against the Fund's agricultural managed investment scheme investment as at 31 December 2010 (31 December 2009: \$16,345,000), due to reasonable doubt over the collectability of the principal balance and the interest owing in accordance with the securitisation documentation. This estimate of future losses is subject to a number of variables, including borrower behaviour, recovery of losses and assumed timing of cash flows.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

NOTE 4 Cash and cash equivalents

Dec-10
\$000's

Jun-10
\$000's

Reconciliation of cash and cash equivalents

For the purposes of the balance sheet and cash flow statement, cash and cash equivalents comprise:

Cash at bank balance	4,789	20,743
Average balance	4,901	5,368
Average interest rate	4.58%	3.75%

Maturity analysis based on remaining term to maturity at 31 December 2010:

At call **4,789** **20,743**

NOTE 5 Trade and other receivables

Other receivables	13	14
Accrued interest	107	835
	120	849

Maturity analysis based on remaining term to maturity at 31 December 2010:

Less than 3 months **120** **849**

NOTE 6 Loans and receivables

Loans and receivables at amortised cost	38,119	165,486
Acquisition costs	72	146
Provision for impairment - specific	(15,355)	(15,781)
	22,836	149,851

Provision for impairment - specific

Opening balance	15,781	4,335
Increase in specific impairment provision	-	12,318
Discount of provision	(426)	(872)
Closing balance	15,355	15,781

A total impairment provision of \$15,354,658 is noted against the Fund's agricultural managed investment scheme investment as at 31 December 2010 (31 December 2009: \$16,345,000), due to reasonable doubt over the collectability of the principal balance and the interest owing in accordance with the securitisation documentation. This estimate of future losses is subject to a number of variables, including borrower behaviour, recovery of losses and assumed timing of cash flows.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

NOTE 6 Loans and receivables (continued)

	Dec-10 \$000's	Jun-10 \$000's
Investment in margin lending programs	-	125,109
Investment in non-conforming mortgage programs	21,009	21,009
Investment in MIS programs (net of provisions)	1,755	3,587
Acquisition costs	72	146
	22,836	149,851
Average balance of investments	116,060	186,057
Average interest rate	7.32%	8.42%

NOTE 7 Distributions proposed

The distribution payable is as follows:

Interim Unit distributions proposed for the period	424	3,673
Accrued distribution payable to Unitholders	106	-
	530	3,673

	Cents per Unit	Cents per Unit
Interim Unit distributions proposed for the period	0.45	3.90

NOTE 8 Unitholders funds

Unit issued	192,107	192,107
Unit buy back	(8,678)	(8,678)
Capitalised issue costs	(7,416)	(7,416)
Provision for capital return	-	(15,059)
Capital returned to Unitholders	(140,233)	-
	35,780	160,954

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

At its meeting on 10 February 2011, the Directors resolved to return 2.00 cents per Unit of capital to Unitholders on 8 March 2011.

Since 31 December 2010 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.

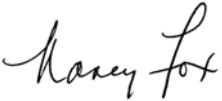
DIRECTORS' DECLARATION

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

In the opinion of the Directors:

- (a) The financial statements and notes of the Fund, which have been prepared on a liquidation basis, 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 2010 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.

Signed for and on behalf of the Board of Directors and in accordance with a resolution of the Directors.



Nancy Fox
Chairman
10 February 2011
Adelaide