Medallion Trust Series 2017-2

ABN 12 732 647 395

Special Purpose Annual Financial Report

for the period from 17 November 2017 to 30 June 2018

CommonwealthBank

Contents

The Directors of Securitisation Advisory Services Pty Limited ("the Manager") submit their report together with the Special Purpose Financial Statements ("the Financial Statements") of Medallion Trust Series 2017-2 ("the Trust"), for the financial period from 17 November 2017 to 30 June 2018.

Trust Manager and Trustee

The Manager of the Trust for the reporting period was Securitisation Advisory Services Pty Limited. The Trustee of the Trust for the reporting period was Perpetual Trustee Company Limited.

Principal activities

The Trust was established under the Commonwealth Bank of Australia ("the Bank") Medallion Trust Programme, which enables the securitisation of the Bank's own assets. The principal activities of the Trust during the financial period were the holding of loan receivables from the Bank and the issue of medium term notes ("MTNs") to fund these assets.

The issue of notes to noteholders and beneficial interest to the income unitholder occurred on 30 November 2017.

There was no significant change in the nature of these activities from the commencement of operations to the end of the financial period.

Review of operations

The Trust recorded a profit for the period of $nil. On 30 November 2017, the Trust issued $2.348 billion Class A1 Notes, $106.00 million Class A2 Notes, $53.79 million Class B Notes, $25.18 million Class C Notes, $9.27 million Class D Notes, $9.28 million Class E notes, and $8.48 million Class F Notes. Settlement of these notes also occurred on 30 November 2017.

Distribution

Distribution paid and payable to the income unitholder, the Bank, in accordance with the Trust Deed, was $nil for the period.

Significant changes in the state of affairs

The Trust commenced operations on 17 November 2017.

There have been no significant changes in the nature of these activities from commencement of operations to the end of the financial period.

Likely developments and expected results of operations

Information as to likely developments in the operations of the Trust and the expected results of those operations in subsequent financial years have not been included in this report because, in the opinion of the Directors, it would prejudice the interests of the Trust.

Environmental regulation

The Trust's operations are not subject to any particular or significant environmental regulations under Australian Commonwealth, State or Territory law.

Interests in units of the Trust

As at the date of this report, no Director has any interests in the units of the Trust.

Events subsequent to the balance sheet date

The Manager is not aware of any matter or circumstance that has occurred since the end of the financial period that has significantly affected or may significantly affect the operations, the results of those operations or the state of affairs of the Trust in subsequent years.

Rounding of amounts

The amounts contained in this report and in the Financial Statements have been rounded to the nearest thousand dollars (where rounding is applicable).

Signed for and on behalf of Securitisation Advisory Services Pty Limited as Manager of the Medallion Trust Series 2017-2.

Director

Sydney
10 October 2018

	Notes	Period from 17 November 2017 to 30 June 2018 $'000
Revenue from continuing operations	2	42,042
Finance costs	3	(40,550)
Expenses	4	(1,492)
Profit before income tax		-
Income tax expense		-
Profit for the period		-
Other comprehensive income, net of tax		-
Total comprehensive income attributable to unitholders of the Trust		-

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

Medallion Trust Series 2017-2
Balance Sheet
As at 30 June 2018

	Notes	2018 $'000
Assets		
Cash and cash equivalents	12(a)	**190**
Loans and other receivables	6	**2,298,082**
Other assets	7	**56,657**
Total assets		**2,354,929**
Liabilities		
Trade and other payables	8	**10,566**
Interest bearing liabilities	9	**2,344,363**
Total liabilities		**2,354,929**
Net assets attributable to the unitholders of the Trust		**-**
Trust capital		
Trust corpus*	11	**-**
Retained earnings		**-**
Total trust capital attributable to the unitholders of the Trust		**-**

* Trust corpus of $110 has been rounded to $nil.

The above Balance Sheet should be read in conjunction with the accompanying notes.

	Trust corpus* $'000	Retained earnings $'000	Total $'000
Balance at 17 November 2017	-	-	-
Profit for the period	-	-	-
Total comprehensive income attributable to unitholders of the Trust	-	-	-
Balance at 30 June 2018	-	-	-

* Trust corpus of $110 has been rounded to $nil.

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

	Notes	Period from 17 November 2017 to 30 June 2018 $'000
Cash flows from operating activities		
Interest received from ultimate parent entity		**37,779**
Fee income received		**212**
Finance costs paid to ultimate parent entity		**(39,390)**
Manager fees paid to related party		**(404)**
Trustee fees paid		**(82)**
Liquidity facility fees paid to ultimate parent entity		**(37)**
Other expenses paid		**(107)**
Net cash outflow from operating activities	12(c)	**(2,029)**
Cash flows from investing activities		
Loans to ultimate parent entity		**(2,342,294)**
Net cash outflow from investing activities		**(2,342,294)**
Cash flows from financing activities		
Proceeds of borrowings from ultimate parent entity		**150**
Proceeds from issue of notes	12(d)	**2,344,363**
Net cash inflow from financing activities		**2,344,513**
Net increase in cash and cash equivalents		**190**
Cash and cash equivalents at the beginning of the financial period		**-**
Cash and cash equivalents at the end of the financial period	12(a)	**190**

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

1 Summary of significant accounting policies

(a) General information

The Special Purpose Financial Statements ("the Financial Statements") of Medallion Trust Series 2017-2 ("the Trust") for the financial period from 17 November 2017 to 30 June 2018 were approved and authorised for issue by the Board of Directors of Securitisation Advisory Services Pty Limited ("the Manager") on 10 October 2018. The Directors of the Manager have the power to amend and reissue the Financial Statements.

The Trust was constituted on 17 November 2017 and established under the Master Trust Deed dated 8 October 1997 and a Series Supplement dated 17 November 2017 for the purpose of purchasing loans from the Commonwealth Bank of Australia ("the Bank") and issuing medium term notes ("MTNs") to fund such purchase. The Trustee of the Trust is Perpetual Trustee Company Limited.

The issue of notes to noteholders and beneficial interest to the income unitholder occurred on 30 November 2017.

The Trust will terminate on its Termination Date unless terminated earlier in accordance with the provisions of the Master Trust Deed and the Series Supplement. The Termination Date means the earliest of the following dates to occur:

(i) the date which is 80 years after the date of the constitution of the Trust;

(ii) the date on which the Trust terminates by operation of statute or by application of the general principles of law;

(iii) the date upon which the Trust terminates in accordance with the Master Trust Deed or the Series Supplement.

The Trust is domiciled in Australia. The address of its principal office is Ground Floor, Tower 1, 201 Sussex Street, Sydney NSW 2000, Australia.

The ultimate parent entity of the Manager and the Trust is the Commonwealth Bank of Australia ACN 123 123 124.

The principal accounting policies applied in the preparation of the Financial Statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated. The Financial Statements cover the Trust as an individual entity.

(b) Basis of preparation

In the Manager's opinion, the Trust is not a reporting entity because there are no users dependent on general purpose financial statements.

The Financial Statements have been prepared for the sole purpose of complying with the Trust Deed requirements to prepare and distribute a financial report to the Trustee and must not be used for any other purpose. The Financial Statements contain disclosures that are mandatory under the Australian Accounting Standards and the Manager has determined that the accounting policies adopted are appropriate to meet the needs of the Trustee. The Trust is a for-profit entity for the purpose of preparing the Financial Statements.

The amounts contained in the Financial Statements have been rounded to the nearest thousand dollars (where rounding is applicable).

1 Summary of significant accounting policies (continued)

(b) Basis of preparation (continued)

The functional and presentation currency of the Trust has been determined to be Australian Dollars (AUD) as this currency best reflects the economic substance of the underlying events and circumstances relevant to the Trust.

The Financial Statements have been prepared on a going concern basis under the historical cost convention as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Trust's accounting policies. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant are discussed further in Note 1 (o).

(c) New Accounting Standards and Future Accounting Developments

AASB 9 *Financial Instruments*

In December 2014, the AASB issued the Australian Accounting Standard AASB 9 *Financial Instruments* ("AASB 9"), which has replaced AASB 139 *Financial Instruments: recognition and Measurement* ("AASB 139"). The standard covers three broad topics: Impairment, Classification and Measurement and Hedging.

The Trust adopted AASB 9 classification and measurement, and impairment requirements on 1 July 2018.

AASB 9 currently provides an option to continue to apply hedging under the AASB 139 rules, or to apply the new hedging rules provided under IFRS 9 *Financial Instruments* ("IFRS 9"). The Trust has currently elected to continue applying the hedge accounting rules under AASB 139, in line with the Commonwealth Bank of Australia Group's ("the Group") election. The Trust can commence applying the IFRS 9 hedging at the beginning of any reporting period in the future. This choice is available until the amended standard resulting from IASB's project on macro hedging is effective, at which point the IFRS 9 hedging requirements will become mandatory.

AASB 9 requirements have been applied on a retrospective basis. The Trust has adjusted the carrying amounts of financial instruments resulting from adoption of AASB 9 through opening retained earnings and reserves on 1 July 2018 as if it has always applied the new requirements. As permitted by AASB 9, the Trust will not restate the prior period comparative financial statements.

The key changes to the Trust's accounting policies and the impacts resulting from the adoption of AASB 9 are described below.

Impairment

AASB 9 has introduced an expected credit loss ("ECL") impairment model which differs significantly from the incurred loss approach under AASB 139. The ECL model is prospective and does not require evidence of an actual loss event for impairment provisions to be recognised.

1 Summary of significant accounting policies (continued)

(c) New Accounting Standards and Future Accounting Developments (continued)

The implementation of AASB 9 has required management to make a number of judgements and assumptions and has had a significant impact on the Trust's impairment methodology. A description of the key components of the Trust's AASB 9 impairment methodology is provided below.

ECL model

The ECL model uses a three stage approach to ECL recognition. Financial assets migrate through these stages based on changes in credit risk since origination:

- *Stage 1: 12 months ECL - performing financial assets*
  On recognition, an impairment provision equivalent to 12 months' ECL is recognised against financial assets, being the credit losses expected to arise from defaults occurring over the next 12 months.

- *Stage 2: Lifetime ECL - performing financial assets that have experienced a significant increase in credit risk ('SICR')*
  Financial assets that have experienced a SICR since origination are transferred to Stage 2 and recognise an impairment provision equivalent to lifetime ECL, being the credit losses expected to arise from defaults occurring over the remaining life of the financial assets. If credit quality improves in a subsequent period such that the increase in credit risk since origination is no longer considered significant, the exposure is reclassified to Stage 1, and the impairment provision reverts to 12 months ECL.

- *Stage 3 - Lifetime ECL - non-performing financial assets*
  Credit impaired financial assets recognise an impairment provision equivalent to lifetime expected credit losses.

Interest revenue is recognised on gross carrying amounts for financial assets in Stage 1 and Stage 2, and gross carrying value net of impairment provisions for financial assets in Stage 3.

The Trust will assess impairment using the above methodology for cash and cash equivalents, loans to ultimate parent entity, interest receivable and collections of principal, interest and fees receivable.

Classification and measurement

Under AASB 9 the Trust is required to differentiate between financial asset debt instruments and financial asset equity instruments.

Financial asset debt instruments

There are three classifications of financial asset debt instruments under AASB 9:

- *Amortised cost*: Financial assets with contractual cash flows that comprise the payment of principal and interest only and which are held in a business model whose objective is to collect their cash flows are measured at amortised cost

- *Fair value through other comprehensive income (FVOCI):* Financial assets with contractual cash flows that comprise the payment of principal and interest only and which are held in a business model whose objective is to both collect their cash flows and sell them are measured at FVOCI.

- *Fair value through profit or loss (FVTPL):* Other financial assets are measured at FVTPL.

1 Summary of significant accounting policies (continued)

(c) New Accounting Standards and Future Accounting Developments (continued)

Financial asset equity instruments

Similar to AASB 139, AASB 9 requires investments in financial asset equity instruments to be measured at FVTPL, but permits non-traded equity investments to be designated at FVOCI on an instrument by instrument basis. Should this election be made under AASB 9, gains or losses are not reclassified from other comprehensive income to profit or loss on disposal of the investment. These gains or losses however, may be reclassified within equity.

Hedging

As previously disclosed, the Trust has currently elected to continue applying the hedge accounting rules under AASB 139, in line with the Group's election.

AASB 9 implementation and impact

Impairment

The Bank, as ultimate parent entity of the Trust, has developed and tested AASB 9 models, which the Trust will use to calculate impairment provisions. Models have been independently validated and approved by the Group's Loan Loss Provisioning Committee and the Board Audit Committee. Prior to adoption on 1 July 2018, the Group completed parallel runs of the models, which included testing, calibration and analysis of models, processes and outputs.

The Trust is in the process of implementing changes required to finance systems and controls to ensure compliance with the disclosure requirements introduced by AASB 9.

The impact to the Trust's financial statements upon adoption of AASB 9 will result in a one-off decrease to opening retained earnings of $1,261K, and a corresponding increase to impairment provisions recognised on the balance sheet of $1,261K.

Classification and measurement

The Trust has completed the accounting analysis of its financial assets, and where necessary, has implemented or is in the process of implementing changes to finance systems and controls required to ensure financial asset measurement and presentation is compliant with external reporting requirements.

There is no impact to the Trust's classification of financial assets as a result of adopting this part of the standard.

Hedging

The Trust has elected to continue applying AASB 139 hedging in line with the Group's election.

AASB 15 *Revenue from contracts with customers*

The Trust has adopted AASB 15 *Revenue from Contracts with Customers* ("AASB 15") from 1 July 2018, replacing the previous standard, AASB 118 *Revenue* ("AASB 118"). AASB 118 focused on revenue recognition upon the transfer of risks and rewards from the seller to the buyer. AASB 15 has introduced a single, principle-based five step recognition and measurement model for revenue recognition with a focus on when the performance obligations of the contract are satisfied.

Where there is variable consideration in calculating a transaction price, revenue will only be recognised if it is highly probable that a significant revenue reversal will not subsequently occur. AASB 15 applies to contracts with customers except for revenue arising from items such as financial instruments, insurance contracts and leases.

1 Summary of significant accounting policies (continued)

(c) New Accounting Standards and Future Accounting Developments (continued)

There is no impact to the Trust upon adoption of the standard, as the Trust has assessed that there will be no change to the recognition of its revenues under AASB 15.

AASB 16 *Leases*

AASB 16 *Leases* ("AASB 16") amends the accounting for leases and will replace AASB 117 *Leases* ("AASB 117"). Lessees will be required to bring both operating and finance leases on Balance Sheet as a right of use asset along with the associated lease liability. Interest expense will be recognised in profit or loss using the effective interest rate method, and the right of use asset will be depreciated. Lessor accounting remains largely unchanged. AASB 16 is not mandatory until 1 July 2019. The Trust does not expect any financial impact upon adoption of the standard.

Other amendments to existing standards that are not yet effective are not expected to result in significant changes to accounting policies.

(d) Offsetting

Income and expenses are only offset in the Statement of Comprehensive Income if permitted under the relevant accounting standard. Financial assets and liabilities are offset and the net amount is presented in the Balance Sheet if, and only if, there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(e) Revenue and expense recognition

Revenue is recognised and measured at the fair value of consideration received or receivable.

The Trust recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Trust, and specific criteria have been met for each of the Trust's activities as described below.

(i) Interest income

Interest income is recognised on an accrual basis using the effective interest method and includes fees integral to the establishment of financial instruments. Fee income and direct costs relating to loan origination are deferred and amortised to interest earned on loans and other receivables over the life of the loan using the effective interest method.

(ii) Fee income

Fee income is recognised on an accrual basis.

(iii) Finance costs

Finance costs relating to the MTNs and related borrowings are recognised on an accrual basis using the effective interest method.

(iv) Other expenses

Other expenses are recognised on an accrual basis.

1 Summary of significant accounting policies (continued)

(f) Income tax

Under current income tax legislation, the Trust is not liable for income tax provided its taxable income is fully distributed to the income unitholder.

(g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of any amount of GST recoverable from, or payable to, the taxation authority.

(h) Cash and cash equivalents

Cash and cash equivalents presented in the Financial Statements comprise cash at bank and money at short call with an original maturity of three months or less. They are measured at the face value or the gross value of the outstanding balance. Cash at bank earns interest at a floating rate based on daily deposit rates.

Extraordinary Expense Reserve

Extraordinary Expense Reserve was provided to meet possible shortfalls in the payment of interest on the notes and senior expenses in the event where all available facilities have been exhausted. This is an interest bearing account and interest will be recognised in the Statement of Comprehensive Income. The Extraordinary Expense Reserve is $150K.

(i) Financial assets and liabilities

The Trust classifies its financial assets and liabilities in the following categories:

- Loans and other receivables
- Liabilities at amortised cost - interest bearing liabilities
- Derivative assets/liabilities

(i) Loans and other receivables

Loans and other receivables are financial assets with fixed and determinable payments that are not quoted in an active market. They include loans to the ultimate parent entity. Loans and other receivables are initially recognised at fair value including direct and incremental costs and are subsequently measured at amortised cost using the effective interest method.

1 Summary of significant accounting policies (continued)

(i) Financial assets and liabilities (continued)

Under Australian Accounting Standards, securitised loans originated by the Bank and held by the Trust, are not permitted to be derecognised from the books of the Bank. Accordingly, transactions and balances have been classified as intra-group assets, liabilities, revenues and expenses. This applies to transactions which have taken place with either the Bank or entities within the the Group.

Securitised mortgage loans are classified as amounts due from the ultimate parent entity.

(ii) Interest bearing liabilities

Interest bearing liabilities comprise of Australian dollar denominated medium term notes issued by the Trust. Interest bearing liabilities are subsequently measured at amortised cost using the effective interest method.

(iii) Derivative financial instruments

The Trust holds derivative financial instruments that comprise of interest rate swaps to manage exposures to interest rate risk.

Derivative financial instruments are used to hedge certain assets and liabilities.

Under Australian Accounting Standards, the securitised mortgage loans held by the Trust are not permitted to be derecognised from the financial statements of the originator. Derecognition is not permitted because the Bank provides interest rate swaps to the Trust and as a result retains exposure to substantially all the risks and rewards of the securitised loans. Under AASB 139 *Financial Instruments: Recognition and Measurement*, the Bank and the Trust should therefore not separately recognise the interest rate swaps in its entity-level Financial Statements.

Interest rate swaps and associated payments/receipts are therefore treated as imputed loans and intra-group interest.

Derecognition of financial assets and liabilities

The derecognition of a financial asset takes place when the Trust no longer controls the contractual rights that comprise the financial asset, which is normally the case when it is sold, or all the cash flows attributable to the asset are passed through to an independent third party and the risks and rewards have substantially been transferred.

The derecognition of a financial liability takes place when, and only when, it is extinguished, which is when the obligation specified in the contract is discharged, cancelled or expires.

(j) Other assets

Other assets include collections of principal, interest and fees receivable from the ultimate parent entity, prepaid expenses and other unrealised income receivable. These assets are recorded at the cash value to be realised when settled.

(k) Trade and other payables

Trade and other payables are recognised on an accrual basis and represent liabilities for goods and services provided to the Trust prior to the end of the financial year and arise when the Trust becomes obliged to make future payments in respect of the purchase of these goods and services.

1 Summary of significant accounting policies (continued)

(l) Provisions

A provision is recognised in the Balance Sheet when the Trust has a present obligation (legal, equitable or constructive) as a result of a past event, and where it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably measured.

(m) Excess servicing fee payable to the income unitholder

Excess servicing fee payable to the income unitholder is accrued on a monthly basis as the excess income after all expenses have been accrued, except for unrealised gains or losses arising from fair value of financial instruments.

Excess servicing fee income represents the residual income of the Trust payable to the sole income unitholder, the Bank. Such income is offset with the interest income received on loans to the ultimate parent entity in the Financial Statements.

In accordance with the Trust Deed, the Trust distributes its distributable (taxable) income, and any other amounts determined by the Manager, to the income unitholder, the Bank.

(n) Trust capital

Trust corpus - the beneficial interest in the Trust is divided into two units: one capital unit and one income unit. The income unit is a separate class of unit to the capital unit.

Capital unit

The capital unitholder in the Trust is the Bank.

The beneficial interest in the Trust represented by the capital unit is in each asset of the Trust (other than the beneficial interests in the asset represented by the income unit).

Income unit

The income unitholder in the Trust is the Bank. The beneficial interest represented by the income unit is limited to due but unpaid excess distribution.

(o) Critical judgements and estimates

The application of the Trust's accounting policies requires the use of judgement, estimates and assumptions. The estimates and associated assumptions are based on historical experience and other factors, including expectations of future events, that are considered to be relevant, and are reviewed on an ongoing basis. Actual results may differ from these estimates, which could impact the Trust's net assets and profit. No transactions or balances were subject to critical estimates or judgements during the financial period.

2 Revenue from continuing operations

	Period from 17 November 2017 to 30 June 2018 $'000
Interest income - ultimate parent entity	**41,791**
Fee income	**251**
Total revenue from continuing operations	**42,042**

3 Finance costs

	Period from 17 November 2017 to 30 June 2018 $'000
Interest expense on notes	**40,550**
Total finance costs	**40,550**

4 Expenses

	Period from 17 November 2017 to 30 June 2018 $'000
Arranger fees - related party	**845**
Manager fees - related party	**416**
Liquidity facility fees - ultimate parent entity	**38**
Trustee fees	**83**
Other expenses	**110**
Total expenses	**1,492**

5 Remuneration of auditor

	Period from 17 November 2017 to 30 June 2018 $
Audit fees	**19,612**

6 Loans and other receivables

	2018 $'000
Loans to ultimate parent entity	2,298,082
Total loans and other receivables	**2,298,082**

7 Other assets

	2018 $'000
Interest receivable - to ultimate parent entity	3,901
Collections of principal, interest and fees receivable from ultimate parent entity	52,693
Prepaid expenses	63
Total other assets	**56,657**

8 Trade and other payables

	2018 $'000
Interest payable - medium term notes	1,160
Excess servicing fees payable - ultimate parent entity	8,331
Manager fees payable - related party	12
Arranger fees payable - related party	845
Liquidity facility fees payable - ultimate parent entity	1
Trustee fees payable	1
Extraordinary expense reserve payable to ultimate parent entity	150
Other payables	66
Total trade and other payables	**10,566**

9 Interest bearing liabilities

	2018 $'000
Medium term notes	2,344,363
Total interest bearing liabilities	**2,344,363**

10 Distribution

Distribution paid and payable to the income unitholder, the Bank, for the period 17 November 2017 to 30 June 2018 was $nil.

11 Trust corpus

Trust corpus as at 30 June 2018 was $110, which is rounded to $nil.

12 Notes to the Statement of Cash Flows

(a) Reconciliation of cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents includes cash at bank and money at short call.

	2018 $'000
Cash at bank	190
Cash and cash equivalents at the end of the financial period	**190**

(b) Financing facilities

The Trust has access to financing facilities from the Bank. An agreement exists between the entities for the advance to be on an 'at call' basis and for as long as it may be required. A liquidity facility is provided by the Bank for the purpose of funding certain income shortfalls in the Trust up to the facility limit of $19.9 million. The amount drawn under this facility at period end was $nil.

(c) Reconciliation of profit to net cash outflow from operating activities

	2018 $'000
Profit	-
Change in operating assets and liabilities:	
Increase in other assets	(12,445)
Increase in interest payable	1,160
Increase in other payables	9,256
Net cash outflow from operating activities	**(2,029)**

(d) Reconciliation of liabilities arising from financing activities

	Medium term notes $'000	Extraordinary expense reserve payable $'000	Total $'000
Balance at 17 November 2017	-	-	-
Changes from financing cash flows			
Proceeds from borrowings	2,344,363	-	2,344,363
Proceeds from loans	-	150	150
Balance at 30 June 2018	**2,344,363**	**150**	**2,344,513**

13 Contingent liabilities, contingent assets and commitments

There were no outstanding contingent liabilities, contingent assets or commitments as at 30 June 2018.

14 Events subsequent to the balance sheet date

The Manager is not aware of any matter or circumstance that has occurred since the end of the financial period that has significantly affected or may significantly affect the operations of the Trust, the results of those operations or the state of affairs of the Trust in subsequent financial years.

In the opinion of the Manager:

(a) the Financial Statements and Notes thereto comply with applicable Accounting Standards to the extent described in Note 1 and the Master Trust Deed dated 8 October 1997;

(b) the Financial Statements and notes thereto give a true and fair view of the Trust's financial position as at 30 June 2018 and of its performance for the period from 17 November 2017 to 30 June 2018, in accordance with the bases of accounting set out in Note 1;

(c) the Trust operated during the period from 17 November 2017 to 30 June 2018 in accordance with the provisions of the Master Trust Deed; and

(d) in the opinion of the Manager, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable

Signed for and on behalf of Securitisation Advisory Services Pty Limited as Manager of Medallion Trust Series 2017-2.

Director
Sydney
10 October 2018

The Special Purpose Financial Statements for the financial year ended 30 June 2018 have been prepared by the Trust Manager, Securitisation Advisory Services Pty Limited as required by the Master Trust Deed.

The Auditor of the Trust, PricewaterhouseCoopers, who has been appointed by us in accordance with the Master Trust Deed, has conducted an audit of these Financial Statements.

A review of operations of the Trust and the results of those operations for the reporting period is contained in the Manager's Report.

Based on our ongoing program of monitoring the Trust, the Trust Manager and our review of the Financial Statements, we believe that:

(i) the Trust has been conducted in accordance with the Master Trust Deed; and

(ii) the Financial Statements have been appropriately prepared and contain all relevant and required disclosures.

We are not aware of any material matter or significant change in the state of affairs of the Trust occurring up to the date of this report that requires disclosure in the Financial Statements and the Notes thereto that has not already been disclosed.

Signed for and on behalf of Perpetual Trustee Company Limited as Trustee of Medallion Trust Series 2017-2.

Sydney
10 October 2018

Independent auditor's report

To the unitholders of Medallion Trust Series 2017-2

Our opinion

In our opinion the accompanying financial report gives a true and fair view of the financial position of Medallion Trust Series 2017-2 (the Trust) as at 30 June 2018 and of its financial performance and its cash flows for the year then ended in accordance with Master Trust Deed dated 8 October 1997 and a Series Supplement dated 17 November 2017.

What we have audited

The financial report comprises:

- the balance sheet as at 30 June 2018
- the statement of comprehensive income for the period 17 November 2018 to 30 June 2018
- the statement of changes in equity for the period 17 November 2017 to 30 June 2018
- the statement of cash flows for the period 17 November 2017 to 30 June 2018
- the notes to the financial statements, which include a summary of significant accounting policies
- the Manager's Statement.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

We are independent of the Trust in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of matter - basis of accounting and restriction on distribution and use

We draw attention to Note 1 in the financial report, which describes the basis of accounting. The financial report has been prepared to assist Medallion Trust Series 2017-2 to meet the requirements of the Master Trust Deed dated 8 October 1997 and a Series Supplement dated 17 November 2017. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for Medallion Trust Series 2017-2 and should not be distributed to or used by parties other than Medallion Trust Series 2017-2. Our opinion is not modified in respect of this matter.

Other information

The Manager of the Trust is responsible for the other information. The other information comprises the information included in the Annual Financial Report for the year ended 30 June 2018, including

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the Manager's Report and the Trustee's Report but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Trust Manager for the financial report

The Manager of the Trust is responsible for the preparation of the financial report that gives a true and fair view in accordance with Master Trust Deed dated 8 October 1997 and a Series Supplement dated 17 November 2017, and this includes determining that the basis of preparation as described in Note 1 is an acceptable basis of preparation in the circumstances. The Manager of the Trust is also responsible for such internal control as the Manager of the Trust determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Manager of the Trust is responsible for assessing the ability of the Trust to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager of the Trust either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

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Ashley Wood

A S Wood
Partner

Sydney
10 October 2018