ASX Announcement

28 May 2012

Manager
ASX Market Announcements
Australian Securities Exchange
Level 4, 20 Bridge Street
Sydney NSW 2000

Announcement No: POG – 06/12

Special Purpose Financial Statements for Progress 2005-1 Trust

ASX Security Code: POG

Attached are the special purpose financial statements for Progress Trust 2005-1 for the period ended 31 December 2011.

Priority One Agency Services Pty Limited
Level 24, 33 Alfred Street
Sydney NSW 2000 Australia
ABN 40 074 621 131

Progress 2005-1 Trust
ABN: 61 915 215 238

Special Purpose Financial Report
for the year ended 31 December 2011

Progress 2005-1 Trust
ABN: 61 915 215 238

Financial Report
for the year ended 31 December 2011

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PROGRESS 2005-1 TRUST

Trustee's Report

for the year ended 31 December 2011

The financial statements for the year ended 31 December 2011 have been prepared by the Trust Manager, Priority One Agency Services Pty Limited as required by the Trust Deed.

The Auditor of the Trust, Ernst & Young, who has been appointed by us in accordance with the Master Trust deed, has conducted an audit of these financial statements.

A review of the operations of the Trust and the results of those operations for the year ended 31 December 2011 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 activities of the Trust have been conducted in accordance with the 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.

For and on behalf of
Perpetual Trustee Company Limited

Sydney, 17 April 2012

PROGRESS 2005-1 TRUST

Manager's Report

for the year ended 31 December 2011

The Manager presents its report on the financial statements of the Progress 2005-1 Trust ("the Trust") for the year ended 31 December 2011.

Trust manager

The Trust Manager of the Trust for the year ended 31 December 2011 was Priority One Agency Services Pty Limited.

Principal activities

The principal activities of the Trust during the year were the holding of assets of the Trust and the distribution to the unitholders of the Trust.

Review of operations

The Trust was established under a Master Trust Deed dated 24 June 1997 and the Trust Series Notice dated 18 April 2005.

Financial results and distributions

The net liabilities attributable to the unitholders for the year ended 31 December 2011 were $2,442k (2010: $831k) following a cash distribution of $1,282k (2010: $1,550k) made to unitholders.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Trust that occurred during the year.

Environmental regulations

The Trust's operations are not subject to any particular and significant environmental regulation under a law of the Commonwealth or State or Territory.

Events occurring after the reporting date

At the date of this report, the Trust Manager is not aware of any matter or circumstance that has arisen since the end of the year that has significantly affected or may significantly affect the operations of the Trust in future years, the results of its operations in future years or its state of affairs in future years, which is not already reflected in this report.

Likely developments

In the opinion of the Trust Manager, disclosure of further information about likely developments in the operations of the Trust is commercially sensitive and would likely be detrimental and result in unreasonable prejudice to the Trust.

Indemnification and insurance of Trust manager and officers

Under its Constitution, the Trust indemnifies, to the extent permitted by law, all officers of the Trust Manager, against any liability (including the costs and expenses of defending actions for an actual or alleged liability) incurred in their capacity as an officer of the Trust.

This indemnity is not extended to current or former employees of the AMP Limited group against liability incurred in their capacity as an employee, unless approved by the Board of AMP Limited. No such indemnities have been provided during or since the end of the financial year.

During the financial year, AMP Limited agreed to insure all of the officers of the Trust Manager against certain liabilities as permitted by the Corporations Act. The insurance policy prohibits disclosure of the nature of the cover, the amount of the premium, the limit of liability and other terms.

Manager's Report (continued)

for the year ended 31 December 2011

Indemnification and insurance of Trust manager and officers (continued)

AMP Group Holdings Limited (AMPGH) has entered into a Deed of Indemnity and Access with each director of the Trust Manager. Each deed of Indemnity and Access provides that:

- the Trust Manager will have access to the books of the Trust for their period of office and for seven years after they cease to hold office;
- the Trust indemnifies the directors of the Trust Manager to the extent permitted by law;
- the indemnity covers liabilities incurred by the directors in their capacity as officers of the Trust Manager and other AMP Limited Group companies; and
- AMPGH will maintain directors' and officers' insurance cover, to the extent permitted by law, for the period of their office, and for seven years after they cease to hold office.

Rounding

The amounts in the accompanying financial report have been rounded off to the nearest thousand Australian dollars unless stated otherwise.

Attorney

Date: 17.4.12

Attorney

Date: 17.4.12

Executed by Julie Ellis and Robert Slocombe as joint attorneys for Priority One Agency Services Pty Ltd (ABN 40 074 621 131) under the power of attorney dated 18 November 2010, without notice of revocation, in the presence of:

Witness signature

AIMEE GARSUIA

Witness name (Print)

PROGRESS 2005-1 TRUST

Statement of comprehensive income

for the year ended 31 December 2011

	Notes	2011 $'000	2010 Restated[1] $'000
Interest income	3	12,106	14,219
Interest expense	3	(10,747)	(12,420)
Net interest income		**1,359**	**1,799**
Fee and commission income		151	239
Impairment expenses		(12)	(38)
Other income/ (expenses)	4	(1,611)	2,188
Operating expenses	5	(440)	(574)
Profit/(loss) before income tax		**(553)**	**3,614**
Income tax expense	6	-	-
Distributions to unitholders		(1,058)	(1,426)
Net profit/(loss)		**(1,611)**	**2,188**
Total comprehensive income/(loss)		**(1,611)**	**2,188**

Footnote:

[1] Certain amounts shown here do not correspond with the 2010 financial statements and reflect disclosure adjustments made as detailed in note 1(q).

Statement of financial position

as at 31 December 2011

	Notes	2011 $'000	2010 Restated(1) $'000
Assets			
Cash and cash equivalents	14(b)	1,392	1,761
Receivables from related parties		6,190	6,873
Loans to related parties	7	143,920	178,412
Other assets	8	7	27
Total assets		**151,509**	**187,073**
Liabilities			
Derivative financial liabilities		2,443	831
Debt securities on issue	9	150,383	185,613
Other liabilities	10	1,125	1,460
Total liabilities		**153,951**	**187,903**
Net liabilities attributable to unitholders		**(2,442)**	**(831)**
Represented by			
Accumulated losses attributable to unitholders		**(2,442)**	**(831)**

Footnote:

(1) Certain amounts shown here do not correspond with the 2010 financial statements and reflect disclosure adjustments made as detailed in note 1(q).

PROGRESS 2005-1 TRUST

Statement of changes in equity

for the year ended 31 December 2011

	Accumulated losses [1] Restated[2] $'000	Total Restated[2] $'000
2011		
Balance at the beginning of the period	(831)	(831)
Total comprehensive income/(loss)	(1,611)	(1,611)
Balance at the end of the period	**(2,442)**	**(2,442)**
2010		
Balance at the beginning of the period	(3,019)	(3,019)
Total comprehensive income/(loss)	2,188	2,188
Balance at the end of the period	**(831)**	**(831)**

Footnotes:

[1] Total comprehensive loss recognised in accumulated losses comprises the change in net liabilities attributable to the unitholders of Progress 2005-1 Trust of $1,611k loss (2010: $2,188k profit).

[2] Certain amounts shown here do not correspond with the 2010 financial statements and reflect disclosure adjustments made as detailed in note 1(q).

PROGRESS 2005-1 TRUST

Statement of cash flows

for the year ended 31 December 2011

	Notes	2011 $' 000	2010 Restated[1] $' 000
Cash flows from operating activities			
Interest received		12,221	14,261
Interest paid		(10,803)	(12,439)
Fees and commissions received		151	239
Other operating expenses paid		(440)	(574)
Cash flows from operating profit before changes in operating assets and liabilities		**1,129**	**1,487**
Changes in assets and liabilities arising from cash flow movements			
Net funds received/(paid) with respect to:			
Loans to related parties		34,367	50,750
Receivables from related parties		683	2,720
Other assets		20	5
Payables to related parties		(110)	(2,207)
Net cash flows from operating activities	14(a)	**36,089**	**52,755**
Cash flows used in financing activities			
Payments on redemption of debt securities on issue		(35,176)	(51,674)
Distribution to unitholders		(1,282)	(1,550)
Net cash flows (used in) financing activities		**(36,458)**	**(53,224)**
Net (decrease in) cash held		(369)	(469)
Cash and cash equivalents at the beginning of the period		1,761	2,230
Cash and cash equivalents at the end of the period	14(b)	**1,392**	**1,761**

Footnote:

[1] Certain amounts shown here do not correspond with the 2010 financial statements and reflect disclosure adjustments made as detailed in note 1(q).

Notes to the financial statements

for the year ended 31 December 2011

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the special purpose financial report are set out below. These policies have been consistently applied to the current year and the comparative period unless otherwise stated. The financial report consists of financial statements for the Progress 2005-1 Trust ("the Trust") as a single entity.

a) Basis of preparation

Progress 2005-1 Trust was constituted on 18 April 2005 and will terminate on 22 April 2035, in accordance with the provisions of the Master Trust Deed.

The entity is not a reporting entity because in the opinion of the Trust Manager (Priority One Agency Services Pty Limited) users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs are unlikely to exist. Accordingly, this special purpose financial report has been prepared in accordance with the Master Trust Deed.

The financial report has been prepared in accordance with the recognition and measurement basis of accounting specified by Australian Accounting Standards and disclosure requirements of the following Australian Accounting Standards:

- AASB 101 *Presentation of Financial Statements*;
- AASB 107 *Cash Flow Statements*;
- AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*;

The financial report has been rounded to the nearest thousand Australian dollars unless stated otherwise.

Where necessary, comparative information has been reclassified to be consistent with current period disclosures.

The financial report has been prepared on the historical cost basis, except for derivative financial liabilities which are at fair value.

Changes in accounting policy

Since 1 January 2011, the Trust has adopted a number of Australian Accounting Standards and Interpretations which were mandatory for annual periods beginning on or after 1 January 2011. Adoption of these Standards and Interpretations has not had any effect on the financial position or performance of the Trust.

The main standards adopted since 1 January 2011 were:

- AASB 2010-3 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* and AASB 2010-4 *Further amendments to Australian Accounting Standards arising from the Annual Improvements Project*. These standards make series of minor amendments to various accounting standards; however there are no specific changes to the Trust disclosures.

Australian Accounting Standards issued but not yet effective/Early adoption of Australian Accounting Standards

A number of new accounting standards have been issued but are not yet effective. The Trust has not elected to early adopt any of those new standards or amendments in the financial report. These new standards, when applied in future periods, are not expected to have a material impact on the financial position or performance of the Trust other than the following:

- AASB 9 *Financial instruments:* This standard makes significant changes to the way financial assets are classified for the purpose of determining their measurement basis and also to the amounts relating to fair value changes which are to be taken directly to equity. AASB 9 is mandatory for adoption by the Trust in the year ending 31 December 2013. The financial impact to the Trust of adopting this standard has not yet been quantified.
- AASB 13 *Fair Value Measurement*: AASB 13 centralises the definition and guidance for calculating fair values where required to be applied by various other accounting standards and removes some minor inconsistencies that previously existed between the guidance for determining fair value in these standards The new standard requires quantative and qualitative disclosures of all fair value measurements. AASB 13 is mandatory for adoption by the Trust in the year ending 31 December 2013. The financial impact on the Trust of adopting AASB 13 has not yet been quantified.
- Revised AASB 101 *Presentation of financial statements*: The revised AASB 101 requires Items in the Statement of comprehensive income to be segregated between those that will be eventually realised in the Statement of comprehensive income in future periods and those that will not. The revised AASB 101 is mandatory for adoption by the Trust in the year ending 31 December 2013. The changes to AASB 101 relate to presentation only and are not expected to have a financial impact on the Trust.

1. Summary of significant accounting policies (continued)

b) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank that is available on demand and deposits that are held at call with financial institutions. Cash and cash equivalents are measured at fair value, being the principal amount and interest receivable.

c) Receivables

Receivables from related parties are recognised at amortised cost and are non-interest bearing assets.

d) Financial assets

Loans to related parties
Loans to related parties are financial assets initially recognised at fair value, net of directly attributable incremental transaction costs. After initial recognition, financial asset loans are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of comprehensive income over the period of the loan using the effective interest method. Loans with no stated interest rates, which are held at call, are recognised at their nominal amount.

e) Other assets

Other assets comprise sundry receivables.

f) Recognition and derecognition of financial assets and financial liabilities

Financial assets and financial liabilities are recognised at the date the Trust becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred. A transfer usually occurs when substantially all the risks and returns of ownership the financial asset are passed to an unrelated third party. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

g) Impairment of assets

Assets measured at fair value, where changes in value are reflected in the Statement of comprehensive income, are not subject to impairment testing. All other financial assets are reviewed each reporting date to determine whether there is objective evidence of impairment.

An impairment expense is recognised in the Statement of comprehensive income, being the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Loans to related parties

The Trust manager assesses at each reporting date whether there is any objective evidence of impairment. If there is objective evidence that an impairment loss on loans to related parties 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 financial asset's original effective interest rate. Short term balances are not discounted.

Loans to related parties are presented net of provisions for loan impairment. The Trust manager has individually assessed impairment loan loss provisions. Individually assessed impairment loan provisions are made when there is clear evidence that the Trust will suffer a loss with little chance of recovery and the amount of the loss is measurable. This provision is also reviewed quarterly and recommendations made to the AMP Bank Limited's Audit Committee.

h) Taxes

Income tax
Under current income tax legislation, the Trust is not liable to pay income tax on that part of taxable income which is distributed to beneficiaries of the Trust. Taxable losses cannot be distributed to beneficiaries of the Trust.

Goods and services tax
All income, expenses and assets are recognised net of any GST paid, except where they relate to products or services which are input taxed for GST purposes or where the GST incurred is not recoverable from the relevant tax authorities. In such circumstances, the GST paid is recognised as part of the cost of acquisition of the asset or as part of the particular expense.

1. Summary of significant accounting policies (continued)

h) Taxes (continued)

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to the tax authorities is included as either a receivable or payable in the Statement of financial position.

Cash flows are reported on a gross basis reflecting any GST paid or collected. The GST component of cash flows arising from investing or financing activities, which are recoverable from, or payable to, the local tax authorities are classified as operating cash flows.

i) Financial liabilities

Financial liabilities are initially recognised at fair value net of directly attributable incremental transaction costs. After initial recognition, financial liabilities are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of comprehensive income over the life of the financial liability using the effective interest method.

Debt securities on issue

The Trust issues long term debt in wholesale debt markets as part of its securitisation activities. Premiums, discounts and associated issue expenses are recognised using the effective interest method through the Statement of comprehensive income from the date of issue to ensure that securities attain their redemption values by maturity date.

Other liabilities

Other liabilities include payables to related parties. These are measured at the nominal amount payable. Given the short term nature of most payables, the nominal amount approximates fair value.

j) Derivative financial assets, derivative financial liabilities and hedging

The Trust is exposed to changes in interest rates. To mitigate the risk arising from this exposure the Trust uses derivative financial instruments such as basis swaps. Derivative financial liabilities are held for risk and asset management purposes within mandates only and not for the purpose of speculation. The Trust does not hold a derivative trading portfolio.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured to their fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Changes in the fair value of any derivative financial instruments are recognised in the statement of comprehensive income in the year in which they arise.

Accounting for hedges

Derivatives that do not qualify for hedge accounting

Certain derivative financial instruments do not qualify for hedge accounting. Changes in the fair value of any derivative financial instrument that does not qualify for hedge accounting are recognised in the Statement of comprehensive income in the period in which they arise.

Fair value estimation

The fair value of financial instruments that are not traded in an active market (for example over the counter derivatives) is determined using valuation techniques. Valuation Techniques include net present value techniques, discounted cash flow models and comparison to quoted market prices or dealer quotes for similar instruments.

k) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is a legally enforceable right to offset the recognised amount and there is an intention to settle on a net basis, or realise the asset and liability simultaneously.

Notes to the financial statements (continued)

for the year ended 31 December 2011

1. Summary of significant accounting policies (continued)

l) Interest income and expense

Interest income and expense for all financial instruments measured at amortised cost is recognised in the Statement of comprehensive income using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, cash flows are estimated based upon all contractual terms of the financial instrument (for example, prepayment options) but do not consider future credit losses. The calculation includes all fees and other amounts paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

m) Fees and commissions income

Fees and commission income includes service fees from mortgages and are generally recognised as incurred.

n) Operating expenses

Operating expenses are expensed as incurred.

o) Other income/ (expenses)

Other income/ (expenses) mainly include the gain or loss from changes in fair value of derivatives.

p) Going concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal trading operations and the realisation of assets and settlement of liabilities in the ordinary course of business.

The ability of the Trust to continue to pay its debts as and when they fall due is dependent upon the continuing financial support from financiers' positive cash flows and profitable operations. Given that the Trust and its related parties have sufficient financing facilities, the Trust Manager is of the opinion that the Trust is a going concern and can pay its debts as and when they fall due.

q) Distributions to unitholders

In prior years, the Distribution to unitholders in the Statement of comprehensive income was only disclosed if the accumulated losses in the Statement of changes in equity reverses (from accounting losses made in prior years) to a profitable position. As cash distributions was made by the Trust in 2010 of $1,550k, which is disclosed separately in the Statement of cash flows, appropriate changes have been made to the disclosures relating to Distribution to unitholders in the Statement of comprehensive income, Statement of financial position and Statement of changes in equity for 2010, including Receivables from related parties. The Distribution to unitholders in the Statement of comprehensive income has been restated from $3,614 to $1,426k and Receivables from related parties in the Statement of financial position has been restated from $7,706k to $6,873k resulting in Net liabilities attributable to unitholders changing from $nil to $831k. In the Statement of changes in equity, the Accumulated losses at the end of 2010 has been restated from $nil to $831k to agree to the Net liabilities attributable to unitholders as per the Statement of financial position.

2. Significant accounting judgements, estimates and assumptions

The making of judgements, estimates and assumptions is a necessary part of the financial reporting process and these judgements, estimates and assumptions can have a significant effect on the reported amounts in the financial statements. Estimates and assumptions are determined based on information available to management at the time of preparing the financial report and actual results may differ from these estimates and assumptions. Had different estimates and assumptions been adopted, this may have had a significant impact on the financial statements. Significant accounting judgements, estimates and assumptions are re-evaluated at each reporting period in the light of historical experience and changes to reasonable expectations of future events. Significant accounting judgements, estimates and assumptions include but are not limited to:

a) Fair value of investments in financial assets and financial liabilities

The Trust manager measures investments in financial assets and some financial liabilities at fair value through profit or loss. Quoted market prices for the same or similar instruments are used to determine fair value, where available. Where there is no market price available for an instrument, a valuation technique is used. The Trust manager applies judgement in selecting valuation techniques and setting valuation assumptions.

b) Provisions

Provisions for impairment

The accounting policy, as explained in Note 1(g) relating to impairment of assets, requires the Trust manager to assess impairment at least each reporting date. The impairment provisions represent the Trust manager's best estimate of the losses incurred in the Loans to related parties at reporting date based on experienced judgement.

The use of judgements and reasonable estimates is considered by the Trust manager to be an essential part of the process for calculating impairment provisions.

3. Net interest income

	2011 $'000	2010 $'000
Interest income		
Cash and cash equivalents	80	95
Receivables from related parties	240	281
Loans to related parties	11,786	13,843
Total interest income	**12,106**	**14,219**
Interest expense		
Derivatives	(2,203)	(2,748)
Debt securities on issue	(8,544)	(9,672)
Total interest expense	**(10,747)**	**(12,420)**
Net interest income	**1,359**	**1,799**

4. Other income/ (expenses)

	2011 $'000	2010 $'000
Gain/(loss) on fair value of derivatives	(1,611)	2,188
Total other income/(expenses)	**(1,611)**	**2,188**

5. Operating expenses

	2011 $'000	2010 $'000
Trust Manager fees	(26)	(62)
Service fees	(343)	(441)
Trustee fees	(27)	(33)
Other expenses	(44)	(38)
Total operating expenses	**(440)**	**(574)**

6. Income tax

There is no income tax expense in 2011 (2010: $nil).

7. Loans to related parties

	2011 $'000	2010 $'000
Loans to related parties	143,920	178,412
Total loans to related parties	**143,920**	**178,412**

Loans to related parties represent loans receivable from AMP Bank Limited.

Under the terms of the Master Trust Deed, AMP Bank Limited assigns mortgage loan assets from AMP Bank Limited to the Warehouse Trusts. The mortgage loan assets were transferred from the Warehouse Trusts to the other Progress Trusts.

Although the loans have been equitably assigned to the Trust, the majority of the risks and rewards relating to these assets have been assessed as remaining with AMP Bank Limited.

7. Loans to related parties (continued)

Accordingly, the assignment of the mortgage loans from AMP Bank Limited to the Trust does not meet the derecognition requirements set out in current accounting standards. For the year ended 31 December 2011 the loans have been recognised as mortgage loan assets in the financial statements of AMP Bank Limited with a corresponding liability payable to the Trust. The recognition of these amounts as loans to related parties in the Trust ensures consistency in reporting.

The terms, conditions and maturity profile of the loans receivable from AMP Bank Limited are consistent to those of the mortgage loan assets.

As Progress 2005-1 Trust has been equitably assigned the mortgage loans, the Trust has entered into, in accordance with the Master Trust Deed, various facilities and arrangements relating to the mortgage loans including a redraw facility.

8. Other assets

	2011 $'000	2010 $'000
Sundry receivables	7	27
Total other assets	**7**	**27**

9. Debt securities on issue

	2011 $'000	2010 $'000
Term borrowings [1]	150,383	185,613
Total debt securities on issue	**150,383**	**185,613**

Footnote:

[1] Term borrowings consist of Class A and Class B floating rate notes which are at BBSW plus a specified margin.
As security for the obligations to the note holders, the Trustee grants a charge over the assets of the Trust to the Security Trustee.

10. Other liabilities

	2011 $'000	2010 $'000
Payables to related parties	1,125	1,460
Total other liabilities	**1,125**	**1,460**

11. Units on issue

	2011 Number	2011 $	2010 Number	2010 $
Residual capital units	10	50	10	50
Residual income units	1	5	1	5

Residual capital units

The beneficial interest held by the holders of the residual capital units is limited to the Trust and each asset of the Trust (other than any asset of the Trust on Trust for the holders of residual income units). Residual capital units have no right to receive distributions in respect of the Trust other than the right to receive on the termination of the Trust the issue price paid for the residual capital unit and the entire beneficial interest of the Trust subject to the right of the holders of residual income units.

Residual income units

The beneficial interest held by the holder of a residual income unit is limited to the right to receive distributions. A residual income unit must not be issued to any person unless that person is also then the holder of a residual capital unit.

12. Auditor's remuneration

The audit fee for the Trust is $19k (2010: $19k).

Notes to the financial statements (continued)

for the year ended 31 December 2011

13. Commitments

	2011 $'000	2010 $'000
Commitments to provide credit facilities[1]	68,752	47,424
Total commitments	**68,752**	**47,424**

Footnote:

[1] Commitments to provide credit facilities include all obligations on the Trust to provide credit facilities . As facilities may expire without being drawn upon, the notional amounts do not necessarily reflect future cash payments.

14. Notes to the statement of cash flows

	2011 $'000	2010 Restated[1] $'000
a) Reconciliation of profit/ (loss) after income tax to net cashflows from operating activities		
Profit/ (loss) after tax, before distribution	(553)	3,614
(Deduct) add non cash items in the statement of comprehensive income:		
(Gain)/ loss on derivatives held at fair value	1,611	(2,188)
Impairment expenses	12	38
Decrease in interest receivable	115	42
(Decrease) in interest payable	(56)	(19)
Changes in operating assets and liabilities arising from cash flow movements	34,960	51,268
Net cash flows from operating activities	**36,089**	**52,755**
b) Reconciliation of cash and cash equivalents		
Cash at bank and cash on deposits	1,392	1,761
Balance at the end of the period	**1,392**	**1,761**

Footnote:

[1] Certain amounts shown here do not correspond with the 2010 financial statements and reflect disclosure adjustments made as detailed in note 1(q).

15. Events occurring after the reporting date

At the date of this report, the Trust Manager is not aware of any matter or circumstance that has arisen since the end of the year that has significantly affected or may significantly affect the operations of the Trust, the results of its operations or its state of affairs, which is not already reflected in this report.

Manager's Declaration

for the year ended 31 December 2011

As detailed in Note 1 to the financial statements, the Trust is not a reporting entity because in the opinion of the Trust Manager there are unlikely to exist users of the financial report who are unable to command the preparation of the reports tailored so as to satisfy specifically all of their information needs. Accordingly, this 'special purpose financial report' has been prepared to satisfy the Trust Manager's reporting requirements under the Trust Deed.

In accordance with a resolution, the Trust Manager declares that:

(a) in the opinion of Trust Manager the financial statements presents fairly the financial performance and the cash flows for the year ended 31 December 2011, and the financial position of the Trust as at 31 December 2011;

(b) in the opinion of the Trust Manager, the Trust has operated during the year ended 31 December 2011 in accordance with the provisions of the Master Trust Deed dated 24 June 1997; and

(c) in the opinion of the Trust 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.

Attorney

Date: 17·4·12

Attorney

Date: 17·4·12

Executed by Julie Ellis and Robert Slocombe as joint attorneys for Priority One Agency Services Pty Ltd (ABN 40 074 621 131) under the power of attorney dated 18 November 2010, without notice of revocation, in the presence of:

Witness signature

AIMEE GARCITA

Witness name (Print)

Ernst & Young Centre
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
www.ey.com/au

Independent auditor's report to the unitholders of Progress 2005-1 Trust

We have audited the accompanying special purpose financial report of Progress 2005-1 Trust, which comprises the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Trust Manager's declaration.

Trust Manager's Responsibility for the Financial Report

The Trust Manager is responsible for the preparation of the financial report and has determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the financial reporting requirements of the Master Trust Deed and is appropriate to meet the needs of the unitholders. The Trust Manager is also responsible for such controls as they determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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 our 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, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trust Manager, 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 Australian professional accounting bodies.

Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of Progress 2005-1 Trust as of 31 December 2011 and its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

ERNST & YOUNG

Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 1 to the financial report which describes the basis of accounting. The financial report is prepared to assist Progress 2005-1 Trust to meet the requirements of the Master Trust Deed. As a result the financial report may not be suitable for another purpose. Our report is intended solely for unitholders of Progress 2005-1 Trust and should not be distributed to parties other than the unitholders of Progress 2005-1 Trust.

Ernst & Young

Ernst & Young
Sydney
17 April 2012