# APPENDIX 4D

## Half Year Report
## For the half-year ended 31 December 2012

| Name of entity: Max Trust |
|---|

1 **REPORTING PERIOD AND PREVIOUS CORRESPONDING PERIOD**

| **Current Reporting Period:** | **6 months to 31 December 2012** |
|---|---|
| Previous Corresponding Period: | 6 months to 31 December 2011 |

2 **RESULTS FOR ANNOUNCEMENT TO THE MARKET**

| | | 2012 ($000) | Restated 2011 ($000) |
|---|---|---|---|
| **2.1** | Revenue from ordinary activities | Up 400.96% to 16,682 | (5,543) |
| **2.2** | Profit (loss) from ordinary activities after tax attributable to members | Up 162.56% to 9,665 | (15,450) |
| **2.3** | Net profit (loss) for the period attributable to members | Up 162.56% to 9,665 | (15,450) |

| | | Amount per security | Tax deferred | Amount per security | Tax deferred |
|---|---|---|---|---|---|
| **2.4** | Distributions: | - | - | - | - |
| | Final distribution | - | - | - | - |
| | Interim distribution | - | - | - | - |

**2.5** Record date for determining entitlements to the final 2012 distribution - 31 December 2012
No distribution was declared or paid for the half-year ended 31 December 2012 (31 December 2011: $nil).

3 **NET TANGIBLE ASSETS PER SECURITY**

| | |
|---|---|
| **NTA per security as at 31 December 2012 (Ex distribution)** | **$0.40** |
| NTA per security as at 31 December 2011 (Ex distribution) – As previously reported | $0.35 |
| NTA per security as at 31 December 2011 (Ex distribution) – Restated | $0.35 |

4 **DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD**
Not applicable

5 **DETAILS OF INDIVIDUAL AND TOTAL DIVIDENDS OR DISTRIBUTIONS AND DIVIDEND OR DISTRIBUTION PAYMENTS**
No distribution was declared or paid for the half-year ended 31 December 2012 (31 December 2011: $nil)

6 **DETAILS OF ANY DIVIDEND OR DISTRIBUTION REINVESTMENT PLANS IN OPERATION**
Not applicable

7 **DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES**
Not applicable

8 **FOR FOREIGN ENTITIES, WHICH SET OF ACCOUNTING STANDARDS IS USED IN COMPILING THE REPORT**
Not applicable

9 This report is based on the half year report which has been subject to a review by PricewaterhouseCoopers.

Additional Appendix 4D disclosure requirements can be found in the notes to the half year financial report.

# Max Trust
**ARSN: 115 268 669**

## Half-Year Financial Report

## 31 December 2012

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These half-year financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2012 and any public announcements made in respect of Max Trust during the half-year period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The Responsible Entity of Max Trust is The Trust Company (RE Services) Limited (ABN 45 003 278 831, AFSL 235150). The Responsible Entity's registered office is Level 15, 20 Bond Street, Sydney, NSW 2000.

**Directors' Report**

The Trust Company (RE Services) Limited, ABN 45 003 278 831, AFSL 235150 (the "Responsible Entity") is the responsible entity of Max Trust ("Scheme"). The Directors of the Responsible Entity present their report, together with the financial report of the Scheme, for the half-year ended 31 December 2012.

**Directors**

The Directors of the Responsible Entity during the whole of the half-year and up to the date of this report unless otherwise indicated were:

- John Atkin
- Andrew Cannane
- David Grbin
- Rupert Smoker (Alternate Director for John Atkin, Andrew Cannane and David Grbin)

No director of the Responsible Entity held a relevant interest in units of the Scheme at the date of this report.

**Review of operations**

*Overview*

The underlying fundamentals of the Scheme are consistent with those set out in the Scheme's Product Disclosure Statement dated 4 August 2005 and the terms of the debt restructure announced on 22 June 2009. During the half year period approximately $49m (31 December 2011: $60m) was received as proceeds from asset sales and maturities and approximately $51m (31 December 2011: $88m) was paid down on the underlying Pass Through Notes.

During the audit for the year ended 30 June 2012, an error was identified with the historical accounting treatment for the swap over the VQG asset. The annual financial statements for the year ended 30 June 2012, outlines the impact of this error on previously reported accumulated losses. The impact of the error on prior period comparatives, as relevant, is disclosed in Note 16 to the financial statements.

*Results*

The results of the Scheme as presented in the Statement of Comprehensive Income for the half-year ended 31 December 2012 is a net profit of $9,665,015 (31 December 2011: net loss of $15,450,171). The main driver of the profit is an increase in the fair value of the Scheme's European investments and CDO exposures.

Following the restructure of the Scheme's debt in June 2009, the Scheme is no longer permitted to make any new investments and surplus cash flows arising from interest income on existing investments, asset sales and asset maturities are required to be used to reduce the outstanding balance on the Pass Through Notes. As such this has led to a reduction in both the face value of the Scheme's assets and in the face value of the Pass Through Notes issued by the Scheme. The reduction in these balances is the primary driver behind the lower interest income and interest expense in the half-year ended 31 December 2012 when compared with the half-year ended 31 December 2011. Both amounts have also reduced as a result of a reduction in interest rates in Australia.

*Distributions*

Distributions payable for the half-year ended 31 December 2012 is $nil (31 December 2011: $nil).

**Review of operations (continued)**

*Net Assets*

The Scheme held net assets of $70,931,522 at 31 December 2012 (30 June 2012: $61,266,507). The basis for the measurement of the Scheme's assets is disclosed in Note 1 to the financial statements.

**Events occurring after the reporting date**

Subsequent to 31 December 2012, a swap counterparty to the Scheme has exercised its right of early termination under the cross-currency swap agreements hedging the Scheme's investments in Elm BV and Generali Finance. On termination, the Scheme received proceeds of $1,842,871 and $1,170,433 respectively.

Other than the above, the Directors of the Responsible Entity are not aware of any matter or circumstance that has occurred since the reporting date that would impact the financial position of the Scheme disclosed in the Statement of Financial Position as at 31 December 2012 or the results and cash flows of the Scheme for the half-year ended on that date.

**Likely developments and expected results of operations**

Subject to certain parameters and conditions as summarised below, a tender process ("Tender") will be conducted whereby all assets of the Scheme will be offered for sale in a Tender with the first tender to be conducted on the 20 September 2013. The purpose of the Tender is to redeem the Pass Through Notes in full (including payment of the Deferred Interest Amount).

The proceeds from the sale of assets pursuant to the Tender process will be applied by the Cash Flow and Systems Manager ("Bank of New York Mellon") in accordance with the terms of the Note and Security Deed on each Payment Date. For example, the proceeds from the sale of assets on the Tender Date (20 September 2013) will be applied to repayment of the Outstanding Principal Amount (and, if applicable, the Deferred Margin) on the Payment Date on 20 December 2013.

The Tender will involve the offering for sale of each individual asset held by the Scheme. If the sale conditions prescribed by the terms of the Pass Through Notes are not met for any individual asset (including the proceeds from the sale needing to exceed 90 percent of the asset's par value), or a decision is taken that the offer received is not in the best interests of unitholders and an asset will not be sold on the Tender Date, the Investment Manager will reoffer the asset for sale by Tender on each of the following dates:

A. 20 December 2013;
B. 20 March 2014; and
C. 20 June 2014.

**Likely developments and expected results of operations (continued)**

Given that:

- a number of the Scheme's assets are currently valued at below 90 percent of par;
- it is not possible to predict the values that may be able to be achieved at a Tender process in the future;
- any sale of assets for an amount less than 90 percent of par requires the approval of Noteholders; and
- the Responsible Entity will retain the right not to sell an asset at Tender, even where the bid is for an amount in excess of 90 percent of par

at the date of this report it is not certain as to whether all of the Scheme's assets will be sold within 12 months and even if all of the assets are sold within 12 months whether the Scheme will be wound-up within 12 months. On this basis the Directors of the Responsible Entity have determined that the financial statements should be prepared on a going concern basis.

Further information on likely developments in the operations of the Scheme and the expected results of those operations have not been included in this report because the Directors of the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Scheme.

**Rounding off**

The Scheme is a registered scheme of a kind referred to in Class Order 98/100 (as amended) issued by ASIC relating to the "rounding off" of amounts in the directors' report and financial statements. Amounts in the directors' report and financial statements have been rounded to the nearest one thousand dollars in accordance with that Class Order, unless otherwise indicated.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6.

This report is made in accordance with a resolution of the Directors of the Responsible Entity.

David Grbin
Director
Sydney
22 February 2013

# Auditor's Independence Declaration

As lead auditor for the review of Max Trust for the half year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Max Trust during the period.

Chris Cooper
Partner
PricewaterhouseCoopers

Sydney
22 February 2013

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**Max Trust**

**Statement of Comprehensive Income**

**for the half-year ended 31 December 2012**

| | Note | 31 December 2012 $'000 | 31 December 2011 $'000 (Restated) |
|---|---|---|---|
| **Investment Income** | | | |
| Interest and yield related income | | 3,548 | 8,729 |
| Net gain/(loss) on financial instruments | 4 | 13,134 | (14,272) |
| **Total Investment Income/(loss)** | | 16,682 | (5,543) |
| | | | |
| **Expenses** | | | |
| Finance costs | | 6,058 | 8,723 |
| Other operating expenses | 5 | 855 | 1,045 |
| Auditor's remuneration | | 104 | 139 |
| **Total Expenses** | | 7,017 | 9,907 |
| | | | |
| **Net Profit/(loss) for the year attributable to Unitholders of the Scheme** | | 9,665 | (15,450) |
| | | | |
| Other Comprehensive Income | | - | - |
| | | | |
| **Total Comprehensive Income** | | 9,665 | (15,450) |
| | | Cents | Cents |
| **Earnings per unit for profit:** | | | |
| Basic & Diluted earnings per unit | 7 | 5.48 | (8.76) |

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

**Max Trust**
**Statement of Financial Position**
**as at 31 December 2012**

| | Note | 31 December 2012 $'000 | 30 June 2012 $'000 |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | 8 | 11,155 | 11,428 |
| Trade and other receivables | 9 | 1,323 | 2,164 |
| Financial assets at fair value through profit or loss | 10(a) | 98,432 | 131,517 |
| Derivative financial instruments at fair value through profit or loss | 11 | 3,575 | 4,669 |
| Loan and receivables held at amortised cost | 10(b) | 26,716 | 28,923 |
| **Total assets** | | 141,201 | 178,701 |
| **Liabilities** | | | |
| Trade and other payables | | 407 | 475 |
| Derivative financial instruments at fair value through profit or loss | 11 | 6,587 | 7,301 |
| Interest-bearing loans and borrowings | 12 | 63,275 | 109,658 |
| **Total liabilities** | | 70,269 | 117,434 |
| **Net assets** | | 70,932 | 61,267 |
| **Equity** | | | |
| Issued capital | | | |
| - Ordinary units | 13(a) | 154,413 | 154,413 |
| Accumulated losses | 13(b) | (83,481) | (93,146) |
| **Total equity** | | 70,932 | 61,267 |

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

## Statement of Changes in Equity
## for the half-year ended 31 December 2012

| | Note | Accumulated Losses $'000 | Issued Capital $'000 | Total $'000 |
|---|---|---|---|---|
| **Balance at 1 July 2011 (Restated)** | | (80,131) | 154,413 | 74,282 |
| Profit/(loss) for the half-year to 31 December 2011 | | (15,048) | - | (15,048) |
| Correction of error | 16 | (402) | - | (402) |
| Restated total comprehensive income for the half-year ended 31 December 2011 | | (15,450) | - | (15,450) |
| **Balance at 31 December 2011 (Restated)** | | **(95,581)** | **154,413** | **58,832** |
| Profit/(loss) for the half-year to 30 June 2012 | | 2,435 | - | 2,435 |
| **Balance at 30 June 2012** | | **(93,146)** | **154,413** | **61,267** |
| Profit/(loss) for the half-year to 31 December 2012 | | 9,665 | - | 9,665 |
| **Balance at 31 December 2012** | | **(83,481)** | **154,413** | **70,932** |

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

## Max Trust
## Statement of Cash Flows
## for the half-year ended 31 December 2012

| | 31 December 2012 $'000 | 31 December 2011 $'000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Interest income received | 4,338 | 8,911 |
| Payments to suppliers | (976) | (1,080) |
| **Net cash from operating activities** | 3,362 | 7,831 |
| | | |
| **Cash flows from investing activities** | | |
| Proceeds from sales and redemptions of investments | 48,806 | 60,288 |
| **Net cash from investing activities** | 48,806 | 60,288 |
| | | |
| **Cash flows from financing activities** | | |
| Repayment of borrowings | (50,879) | (88,451) |
| Interest paid | (1,562) | (5,054) |
| **Net cash used in financing activities** | (52,441) | (93,505) |
| | | |
| **Net (decrease) in cash and cash equivalents** | (273) | (25,386) |
| Cash and cash equivalents at the beginning of the half-year | 11,428 | 42,226 |
| Effect of exchange rate fluctuations on cash and cash equivalents | - | 22 |
| **Cash and cash equivalents at the end of the half-year** | 11,155 | 16,862 |
| | | |
| **Non-cash financing activities** | - | - |

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

## 1. Significant accounting policies

### Basis of Preparation & Statement of Compliance

The Trust Company (RE Services) Limited ("Responsible Entity") is the responsible entity for Max Trust ("Scheme"). This general purpose financial report for the half-year ended 31 December 2012 has been prepared in accordance with accounting standard *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial statements were authorised for issue by the Directors of the Responsible Entity on 22 February 2013.

This half-year financial report does not include all the information required for full annual financial statements. Accordingly, this report is to be read in conjunction with the most recent annual financial statements and any public announcements made by the Scheme during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The Scheme is a registered scheme of a kind referred to in Class Order 98/100 (as amended) issued by ASIC relating to the "rounding off" of amounts in the directors' report and financial statements. Amounts in the directors' report and financial statements have been rounded to the nearest one thousand dollars in accordance with that Class Order, unless otherwise indicated.

The accounting policies and methods of computation adopted in the presentation of the half-year financial report are consistent with those adopted and disclosed in the Scheme's 2012 annual financial report for the year ended 30 June 2012. These accounting standards are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

### a) New accounting standards and interpretations in issue not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2012 reporting periods. The directors' assessment of the impact of these new standards (to the extent relevant to the Scheme) and interpretations is set out below:

*(i) AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendment to Australia Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2015)*

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. AASB 9 permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not traded. The Scheme has not yet decided when to adopt AASB 9. Management does not expect this will have a significant impact on the Scheme's financial statements.

## 1. Significant accounting policies (continued)

### a) New accounting standards and interpretations in issue not yet effective (continued)

*(ii) AASB 10 Consolidated Financial Statements (effective from 1 January 2013)*

AASB 10 requires a parent to present consolidated financial statements as those of a single economic entity, replacing the previously contained AASB 127 'Consolidated and Separate Financial Statements' and INT-112 'Consolidation – Special Purpose Entities'. The Standard identified the principles of controls, determines how to identify whether an investor controls an investee and therefore must consolidate the investee, and sets out the principles for the preparation of consolidated financial statements. The Scheme has a number of investments in securitisation trusts which may meet the definition of control under the Standard. The Scheme has not yet adopted AASB 10 and management is currently evaluating the impact of the adoption of AASB 10 on the Scheme's financial statements, however does not anticipate that this standard will have a significant impact on the Scheme.

*(iii) AASB 12 Disclosure of Interests in Other Entities (effective from 1 January 2013)*

AASB 12 requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. The Scheme has not yet adopted AASB 12 and management is currently evaluating the impact of the adoption of AASB 12 on the Scheme's financial statements, however does not anticipate that this standard will have a significant impact on the Scheme.

*(iv) AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective from 1 January 2013)*

AASB 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The Scheme has not yet adopted AASB 13 and management is currently evaluating the impact of the adoption of AASB 13 on the Scheme's financial statements, however does not anticipate that this standard will have a significant impact on the Scheme.

**Impacts of the IFRS annual improvement project**

The annual improvements process is a timely and efficient way to make amendments to IFRS and address inconsistencies within or between standards and areas where the standards are unclear. In most cases the improvements do not change the meaning of the standards, but some may result in changes to the way particular transactions or balances are accounted for by the Scheme. If this is the case, the Scheme may be required to amend certain of its accounting policies.

## 2. Going concern

Notwithstanding the accumulated losses of $83,481,447 (30 June 2012: $93,146,462) the financial statements have been prepared on a going concern basis. Under the terms of the Pass Through Notes, principal on the notes is only required to be repaid to the extent that cash is received from underlying investments. Consequently, the Scheme is only required to repay principal on the notes to the extent that it has sufficient cash to do so. The legal maturity of the Pass Through Notes A1 and A2 is 20 December 2039.

Subject to certain parameters and conditions as summarised below, a tender process ("Tender") will be conducted whereby all assets of the Scheme will be offered for sale in a Tender with the first tender to be conducted on the 20 September 2013. The purpose of the Tender is to redeem the Pass Through Notes in full (including payment of the Deferred Interest Amount).

The proceeds from the sale of assets pursuant to the Tender process will be applied by the Cash Flow and Systems Manager ("Bank of New York Mellon") in accordance with the terms of the Note and Security Deed on each Payment Date. For example, the proceeds from the sale of assets on the Tender Date (20 September 2013) will be applied to repayment of the Outstanding Principal Amount (and, if applicable, the Deferred Margin) on the Payment Date on 20 December 2013.

The Tender will involve the offering for sale of each individual asset held by the Scheme. If the sale conditions prescribed by the terms of the Pass Through Notes are not met for any individual asset (including the proceeds from the sale needing to exceed 90 percent of the asset's par value), or a decision is taken that the offer received is not in the best interests of unitholders and an asset will not be sold on the Tender Date, the Investment Manager will reoffer the asset for sale by Tender on each of the following dates:

A. 20 December 2013;
B. 20 March 2014; and
C. 20 June 2014.

Given that:

- a number of the Scheme's assets are currently valued at below 90 percent of par;
- it is not possible to predict the values that may be able to be achieved at a Tender process in the future;
- any sale of assets for an amount less than 90 percent of par requires the approval of Noteholders; and
- the Responsible Entity will retain the right not to sell an asset at Tender, even where the bid is for an amount in excess of 90 percent of par

at the date of this report it is not certain as to whether all of the Scheme's assets will be sold within 12 months and even if all of the assets are sold within 12 months whether the Scheme will be wound-up within 12 months. On this basis the Directors of the Responsible Entity have determined that the financial statements should be prepared on a going concern basis.

### 3. Segment reporting

The Scheme is organised into one main business segment which operates in the business of credit arbitrage by borrowing money to lend and invest in different countries and across different industries. The Responsible Entity regularly reviews the results of the Scheme in aggregate, together with relevant information for individual investments. As such, there are no operating segments for segment information disclosure purposes.

*Entity-wide disclosures*

While the scheme operates in Australia only, the Scheme has investment exposures in different countries and across different industries. The Scheme does not have revenue from external customers from products or services and does not have property, plant and equipment denominated in foreign currencies, or located in foreign jurisdictions.

### 4. Net gain/(loss) on financial instruments

| | 31 December 2012 $'000 | 31 December 2011 $'000 (Restated) |
|---|---|---|
| Unrealised gain/(loss) on financial instruments held at fair value through profit or loss | 14,623 | (13,395) |
| Realised loss on financial instruments held at fair value through profit or loss | (1,489) | (877) |
| | 13,134 | (14,272) |

### 5. Other operating expenses

| | 31 December 2012 $'000 | 31 December 2011 $'000 |
|---|---|---|
| Investment manager fees | 410 | 390 |
| Custodian fees | 64 | 56 |
| Responsible entity fees | 175 | 242 |
| General operating expenses | 128 | 231 |
| Accounting and tax fees | 61 | 72 |
| Legal expenses | 17 | 54 |
| | 855 | 1,045 |

### 6. Distributions paid and payable

There were no distributions paid or payable for the current or comparative period.

## 7. Earnings per unit

Basic and diluted earnings per unit are both calculated using the net profit of $9,665,015 for the half-year ended 31 December 2012 (2011: net loss of $15,450,171).

| | 31 December 2012 Cents | 31 December 2011 Cents (Restated) |
|---|---|---|
| Basic earnings per unit | 5.48 | (8.76) |
| Diluted earnings per unit | 5.48 | (8.76) |
| Weighted average number of ordinary units used in the calculation of basic earnings per unit | 176,439,524 | 176,439,524 |
| Weighted average number of ordinary units used in the calculation of diluted earnings per unit | 176,439,524 | 176,439,524 |
| Net Profit/(loss) ($) | 9,665,015 | (15,450,171) |

## 8. Cash and cash equivalents

| | 31 December 2012 $'000 | 30 June 2012 $'000 |
|---|---|---|
| Cash at bank and on hand | 11,155 | 11,428 |
| Cash and cash equivalents in the statement of cash flows | 11,155 | 11,428 |

The $11.2 million (30 June 2012: $11.4 million) cash at bank and on hand disclosed in this note includes the following two reserves which have been established as part of the 2009 debt restructure.

Liquidity Reserve of $9,020,980 (30 June 2012: $9,023,339); and
Unscheduled Expense Reserve of $1,002,217 (30 June 2012: $948,146).

The Liquidity Reserve is required to be maintained at a minimum of $9,000,000, and comprises of cash and cash equivalents and will be maintained until the Pass Through Notes balance is fully repaid (see Note 12). The Unscheduled Expense Reserve is for payment of unforeseen expenditure and is topped up at each payment date if the balance falls below the target balance of $1,000,000.

## 9. Trade and other receivables - current asset

| | 31 December 2012 $'000 | 30 June 2012 $'000 |
|---|---|---|
| Interest receivable | 1,320 | 2,110 |
| Other receivables | - | 51 |
| GST receivable | 3 | 3 |
| | 1,323 | 2,164 |

## 10. Financial assets

### (a) Financial assets at fair value through profit or loss

| | 31 December 2012 $'000 | 30 June 2012 $'000 |
|---|---|---|
| *Held for Trading Securities* | | |
| Debt securities | 98,432 | 131,517 |
| | 98,432 | 131,517 |

### (b) Loan and receivables held at amortised cost

| | 31 December 2012 $'000 | 30 June 2012 $'000 |
|---|---|---|
| Loans and receivable assets | 26,716 | 28,923 |
| | 26,716 | 28,923 |

The fair value of loans and receivable asset at 31 December 2012 was $23,482,634 (June 2012: $24,902,428). The difference in the fair value and amortised cost of loans and receivables is as a result of gains recognised upon the discontinuation of hedge accounting during the 2009 financial year which are being amortised over the remaining useful life of each asset.

### (c) Classification

| | 31 December 2012 $'000 | 30 June 2012 $'000 |
|---|---|---|
| Current | 33,121 | 47,733 |
| Non-current | 92,027 | 112,707 |
| | 125,148 | 160,440 |

The classification of current / non-current assets shown above is based on the estimated timing of cash flows into the Scheme from redemptions and / or collection of income in respect of the Scheme's assets, and does not take into consideration the impact of asset sales that may be achieved during the scheduled auction process due to uncertainties around the results and timing of sales that may be achieved.

## 11. Derivative financial instruments at fair value through profit or loss

| | 31 December 2012 $'000 | 30 June 2012 $'000 |
|---|---|---|
| **Derivative financial instruments-current assets** | | |
| Interest rate and cross currency swaps - Fair Value through Profit or Loss | 3,575 | 4,669 |
| | 3,575 | 4,669 |
| **Derivative financial instruments-current liabilities** | | |
| Interest rate and cross currency swaps - Fair Value through Profit or Loss | 6,587 | 7,301 |
| | 6,587 | 7,301 |

## 12. Interest - bearing loans and borrowings

### (a) Loans and borrowings

| | 31 December 2012 $'000 | 30 June 2012 $'000 |
|---|---|---|
| Pass Through Notes - Principal | 23,812 | 74,691 |
| Interest payable - Pass Through Notes | 33 | 104 |
| Interest payable - Cumulative Deferred Margin | 39,758 | 35,323 |
| Debt related initial costs | (328) | (460) |
| | 63,275 | 109,658 |

The current estimate of the deferred margin expected to be paid in the future once all the principal amounts of notes have been repaid is $42,155,311 (30 June 2012: $41,164,867). This amount has been discounted back to a present value of $39,758,015 (30 June 2012: $35,322,625).

### (b) Classification

| | 31 December 2012 $'000 | 30 June 2012 $'000 |
|---|---|---|
| Current | 33,121 | 47,733 |
| Non-Current | 30,154 | 61,925 |
| | 63,275 | 109,658 |

Under the terms of the Pass Through Notes, principal on the notes is only required to be repaid to the extent that cash is received from underlying investments. Consequently, the Scheme is only required to repay principal on the notes to the extent that it has sufficient cash to do so. The legal maturity of the Pass Through Notes A1 and A2 is disclosed at the table below. The classification of current / non-current liabilities shown above is based on the estimated timing of cash flows into the Scheme from redemptions and /or collection of income in respect of the Scheme's assets.

A summary of the amended debt facility terms and conditions as at 31 December 2012 are:

| Class | Amount Outstanding $'000 | Coupon | Deferred Margin | Maturity | Ranking |
|---|---|---|---|---|---|
| A1 | 6,075 | BBSW + 2.15% | 6.00% | 20 December 2039 | Pari Passu |
| A2 | 17,737 | BBSW + 0.75% | 2.00% | 20 December 2039 | Pari Passu |
| | 23,812 | | | | |

Comparative information at 30 June 2012:

| Class | Amount Outstanding $'000 | Coupon | Deferred Margin | Maturity | Ranking |
|---|---|---|---|---|---|
| A1 | 19,055 | BBSW + 2.15% | 6.00% | 20 December 2039 | Pari Passu |
| A2 | 55,636 | BBSW + 0.75% | 2.00% | 20 December 2039 | Pari Passu |
| | 74,691 | | | | |

## 13. Issued capital

### (a) Unitholder Funds

| | 31 December 2012 Units | 30 June 2012 Units | 31 December 2012 $'000 | 30 June 2012 $'000 |
|---|---|---|---|---|
| Ordinary units fully paid | 176,439,524 | 176,439,524 | 154,413 | 154,413 |
| | 176,439,524 | 176,439,524 | 154,413 | 154,413 |

Ordinary units entitle the holder to participate in distributions and the proceeds on winding up of the Scheme in proportion to the number of units held. The holders of ordinary units are entitled to one vote per unit at meetings of the Scheme.

### (b) Movements in unitholder funds

Movements in number of units and equity during the period were as follows:

| | Number of units | $'000 |
|---|---|---|
| Movement in ordinary units | | |
| Opening balance 1 July 2011 | 176,439,524 | 154,413 |
| **Closing balance at 30 June 2012** | **176,439,524** | **154,413** |
| Undistributed losses | | (93,146) |
| **Total equity 30 June 2012** | | 61,267 |
| | | |
| Movement in ordinary units | | |
| Opening balance 1 July 2012 | 176,439,524 | 154,413 |
| **Closing balance at 31 December 2012** | **176,439,524** | 154,413 |
| Undistributed losses | | (83,481) |
| **Total equity 31 December 2012** | | 70,932 |

### (c) Distribution reinvestment plan

The Scheme undertakes not to pay any cash distributions to the Scheme unitholders until all amounts owing to noteholders have been paid in full. The Scheme will retain the ability to make distributions to unitholders by issuing new units to unitholders in accordance with its constitution.

## 14. Events occurring after the reporting date

Subsequent to 31 December 2012, a swap counterparty to the Scheme has exercised its right of early termination under the cross-currency swap agreements hedging the Scheme's investments in Elm BV and Generali Finance. On termination, the Scheme received proceeds of $1,842,871 and $1,170,433 respectively.

Other than the above, the Directors of the Responsible Entity are not aware of any matter or circumstance that has occurred since the reporting date that would impact the financial position of the Scheme disclosed in the Statement of Financial Position as at 31 December 2012 or the results and cash flows of the Scheme for the half-year ended on that date.

## 15. Contingencies and commitments

There are no outstanding contingent assets and contingent liabilities or commitments as at 31 December 2012 or at 30 June 2012.

## 16. Correction of prior period error

The historical accounting treatment for the swap over the VQG asset has not been correct. The accounting treatment error for the swap dates back to early 2009, when the Scheme discontinued hedge accounting. Since that time the Scheme's financial statements have not reflected the full fair value of this swap, as required by Australian Accounting Standards.

The annual financial statements for the year ended 30 June 2012, outlines the impact of this error on previously reported accumulated losses. The impact of the error on prior period comparatives, as relevant, is disclosed in the table below. The error resulted in the accumulated losses for the half year ended 31 December 2011 to be understated by $2.6 million.

| | 31 December 2011 | | |
|---|---|---|---|
| | **Previously Stated $'000** | **Adjustments $'000** | **Restated $'000** |
| **Statement of Comprehensive Income** | | | |
| Net (loss) on financial instruments | (13,870) | (402) | (14,272) |
| (Loss) for the half-year attributable to unitholders of the Scheme | (15,048) | (402) | (15,450) |
| Basic & Diluted earnings per unit (cents) | (8.53) | | (8.76) |
| **Statement of Financial Position** | | | |
| Derivative financial instruments at fair value through profit or loss (liabilities) | 3,035 | 2,574 | 5,609 |
| Accumulated losses | (93,007) | (2,574) | (95,581) |
| Net assets | 61,406 | (2,574) | 58,832 |

Associated changes have been made to the following notes listed below.

Note 2 – Going Concern

Note 4 – Net gain/(loss) on financial instruments

Note 7 – Earnings per unit

# Directors' Declaration

In the opinion of the Directors of the Responsible Entity of the Scheme:

(a) the financial statements and notes, set out on pages 7 to 19, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the Scheme as at 31 December 2012 and of its performance, as represented by the results of its operations and cash flows, for the half-year ended on that date; and

(ii) complying with Australian Accounting Standard *AASB 134 Interim Financial Reporting* and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

David Grbin
Director
Sydney
22 February 2013

# Independent auditor's review report to the members of Max Trust

## Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Max Trust (the registered scheme), which comprises the balance sheet as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Max Trust.

*Directors' responsibility for the half-year financial report*

The directors of the registered scheme are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is 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 an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the registered scheme's financial position as at 31 December 2012 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 Max 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*.

*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 Max Trust is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the registered scheme's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

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(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Chris Cooper
Partner

Sydney
22 February 2013