

**trust**

PERMANENT INVESTMENT  
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26 February 2010

***MAX TRUST MXQ Half Year results***

The Max Trust (Trust) hereby releases the Trust's half report for period ending 31 December 2009.

Attached are the half-year financials and Appendix 4D.

Yours sincerely  
For and on behalf of  
Permanent Investment Management Limited as Responsible Entity of the Max  
Trust



John Diasinos  
Senior Manager Client Services

**Max Trust**

**APPENDIX 4D**

**Half-year Financial Statements**

**Details of the reporting period**

Current Period: 1 July 2009 to 31 December 2009

Previous Corresponding Period: 1 July 2008 to 31 December 2008

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

	<b>31 December 2009 (\$,000)</b>	<b>31 December 2008 (\$,000)</b>	<b>% Change</b>
Revenue from ordinary activities	14,419	35,462	down 59.3%
Pre-tax profit/(loss) from ordinary activities	23,695	(105,176)	Up 122.53%
After-tax profit/(loss) for year ended 30 June	23,695	(105,176)	Up 122.53%

The fund is not liable for income tax under the Income Tax Assessments Acts (1936), provided that its taxable income (including any assessable realised net capital gains) is fully distributed to unitholders each year.

**Brief Explanation of Results**

The revenue and profit attributable to unitholders of the scheme was primarily due to unrealised gains during the six months ended 31 December 2009. The unrealised gains resulted from the reversal of negative sentiment associated with the credit crisis which caused significant volatility in the domestic and international debt and equity markets. Certain securities and derivatives held within the Max portfolio are required to have their carried values "mark to market". The process of marking to market is conducted by independent financial institutions and is based on valuation procedures that follow accepted financial market practice. Valuation procedures are based on the assumption of a willing but not forced buyer and a willing but not forced seller.

**Net tangible asset backing per unit**

	<b>31 December 2009</b>	<b>31 December 2008</b>	<b>% Change</b>
Net tangible assets (NTA) per security	0.2618	(0.05)	Up 623.6%

**Audit status**

Independent auditor, PricewaterhouseCoopers have completed a review of the half-year financial statements on which this appendix is based. There is no review dispute or review qualification. A copy of the Max Trust Half-Year Financial Statements with PricewaterhouseCoopers review conclusion is attached.

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

**Half-Year Financial Statements**  
**31 December 2009**

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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 2009 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 Permanent Investment Managers Limited (ABN 45 003 278 831, AFSL 235150). The Responsible Entity's registered office is 35 Clarence Street, Sydney, NSW 2000.

**Max Trust  
Directors' Report  
for the half-year ended 31 December 2009**

**Directors' Report**

Permanent Investment Management Limited, ABN 45 003 278 831, AFSL 235150 ("PIML" or the responsible entity), is the responsible entity of Max Trust ("Scheme"). The Directors of PIML present their report, together with the financial statements of the Scheme, for the half-year ended 31 December 2009.

As of 25 June 2009, the Responsible Entity of the Scheme is Permanent Investment Management Limited. Prior to this date the Responsible Entity was Allco Managed Investment Funds Limited ("the Former Responsible Entity").

**Scheme information**

The Scheme was constituted on 11 July 2005 and was registered with the Australian Securities & Investments Commission ("ASIC") on 27 July 2005. The Responsible Entity is incorporated and domiciled in Australia with its registered office located at 35 Clarence Street, Sydney, NSW, 2000.

**Directors and Officers**

The Director's and Officer's of the Responsible Entity during the whole of the half-year and up to the date of this report are:

- John Atkin
- Michael Britton
- Vicki Allen
- David Grbin
- Adrian Lucchese- Company Secretary

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

**Review of operations**

Overview

On 23 December 2008, the Scheme announced the successful negotiation of the Note Restructure Agreement that contained terms to allow the extension of the debt facilities with a view to allowing the Scheme to hold assets to maturity rather than sell them into a very volatile and turbulent market. For further information, refer to Note 12 of the Financial Statements.

Results

The results of the Scheme as presented in the Statement of Comprehensive Income for the half-year ended 31 December 2009 was a net profit of \$23,695,045 (31 December 2008: loss of \$105,176,080).

Distributions

The distribution of income from the Scheme for the half-year ended 31 December 2009 was \$nil (2008: \$nil).

**Max Trust  
Directors' Report  
for the half-year ended 31 December 2009**

**Events occurring after the reporting date**

The directors are not aware of any matter or circumstance that has occurred since balance sheet date that would impact the financial position of the Scheme disclosed in the Statement of Financial Position as at 31 December 2009 or on the results and cash flows of the Scheme of the half-year ended on that date.

**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 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 5.

This report is made in accordance with a resolution of the directors of Permanent Investment Management Limited.



Director

Sydney

26 February 2010

PricewaterhouseCoopers  
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### Auditor's Independence Declaration

As lead auditor for the audit of Max Trust for the half year ended 31 December 2009, 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 half-year.



CPG Cooper  
Partner  
PricewaterhouseCoopers

Sydney  
26 February 2010

**Max Trust**  
**Statement of Comprehensive Income**  
**for the half-year ended 31 December 2009**

		31 December 2009 \$,000	31 December 2008 \$,000
	Note		
<b>Investment Income</b>			
Interest and yield related income		14,419	35,462
Net (loss)/gain on financial instruments	4	34,534	(107,610)
<b>Total Investment Income</b>		<u>48,953</u>	<u>(72,148)</u>
<b>Expenses</b>			
Finance costs		22,605	31,593
Other operating expenses		2,553	1,392
Auditor's remuneration		100	43
<b>Total Expenses from Operating Activities</b>		<u>25,258</u>	<u>33,029</u>
<b>Net Profit/(Loss) attributable to Unitholders of the Scheme</b>		<u>23,695</u>	<u>(105,177)</u>
Other Comprehensive Income		-	-
<b>Total Comprehensive Income/(Loss)</b>		<u>23,695</u>	<u>(105,177)</u>
		Cents	Cents
<b>Earnings per share for profit/(loss) from continuing operations:</b>			
Basic & Diluted loss per unit	6	13.43	(59.90)
<b>Earnings per share for profit/(loss):</b>			
Basic & Diluted loss per unit	6	13.43	(59.90)

*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 2009**

		31 December 2009 \$,000	30 June 2009 \$,000
	Note		
<b>Assets</b>			
Cash and cash equivalents	7	20,185	18,648
Trade and other receivables	8	5,475	6,704
Financial assets at fair value through profit or loss	9(a)	481,149	499,208
Derivative financial instruments	10	8,243	15,964
Loan assets held at amortised cost	9(b)	71,152	180,357
<b>Total assets</b>		<u>586,204</u>	<u>720,881</u>
<b>Liabilities</b>			
Derivative financial instruments	10	9,562	34,575
Trade and other payables	11	21,729	12,503
Interest-bearing loans and borrowings	12	508,713	651,299
<b>Total liabilities</b>		<u>540,004</u>	<u>698,377</u>
<b>Net assets</b>		<u>46,200</u>	<u>22,504</u>
<b>Equity</b>			
Issued capital			
- Ordinary unit capital	13(a)	154,413	154,413
(Accumulated Losses)	13(b)	(108,213)	(131,909)
<b>Total equity</b>		<u>46,200</u>	<u>22,504</u>

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

**Max Trust**  
**Statement of Changes in Equity**  
**for the half-year ended 31 December 2009**

	Accumulated Losses \$,000	Authorised Capital \$,000	TOTAL \$,000
Balance at 1 July 2008	(57,354)	154,074	96,720
Profit/(Loss) for the half-year to 31 December 2008	(105,177)	339	(104,838)
<b>Balance at 31 December 2008</b>	<b>(162,531)</b>	<b>154,413</b>	<b>(8,118)</b>
Profit/(Loss) for the half-year to 30 June 2009	30,622	-	30,622
<b>Balance at 30 June 2009</b>	<b>(131,909)</b>	<b>154,413</b>	<b>22,504</b>
Profit/(Loss) for the half-year to 31 December 2009	23,695	-	23,695
<b>Balance at 31 December 2009</b>	<b>(108,213)</b>	<b>154,413</b>	<b>46,200</b>

*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 2009**

Note	31 December 2009 \$,000	31 December 2008 \$,000
<b>Cash flows from operating activities</b>		
Interest income received	12,717	40,487
Interest paid	(13,582)	(30,449)
Payments to suppliers	(1,961)	(1,708)
<b>Net cash from operating activities</b>	<u>(2,826)</u>	<u>8,330</u>
<b>Cash flows from investing activities</b>		
Payments for approved investments	-	28,103
Proceeds from approved investments	146,898	-
<b>Net cash from investing activities</b>	<u>146,898</u>	<u>28,103</u>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(143,074)	-
Distributions paid	-	(2,710)
<b>Net cash from financing activities</b>	<u>(143,074)</u>	<u>(2,710)</u>
<b>Net increase in cash and cash equivalents</b>	998	33,723
Cash and cash equivalents at the beginning of the half-year	18,648	57,392
Effect of exchange rate fluctuations on cash and cash equivalents	539	52
<b>Cash and cash equivalents at the end of the half-year</b>	<u>20,185</u>	<u>91,167</u>
<b>Non-cash financing activities</b>	<u>-</u>	<u>339</u>

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

**1. Significant accounting policies**

Permanent Investment Management Limited ("PIML" or "Responsible Entity") is the responsible entity for Max Trust ("the Scheme"). These general purpose financial statements for the half-year ended 31 December 2009 covers the Scheme and 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 on 26 February 2010.

**(a) Statement of compliance**

These half-year financial Statements do not include all the information required for full annual financial statements. Accordingly, these statements are 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 director's report and financial statements have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

**(b) Accounting standards not previously applied**

The scheme has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period. Disclosures required by these standards that are deemed material have been included in these financial statements on the basis that they represent a significant change in information from that previously made available.

*Presentation of Financial Statements*

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in these financial statements include:

- the replacement of the Income Statement with statement of Comprehensive Income;
- the adoption of the separate single statement approach to the presentation of the Statement of Comprehensive Income; and
- other financial statements are renamed in accordance with the Standard; and

*Segment reporting*

The Scheme has adopted AASB 8 *Operating Segments* from 1 July 2009 whereby segment information is presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the responsible entity who have overall decision making responsibility, decision based on recommendations made by the investment manager.

**Max Trust**  
**Notes to the Financial Statements**  
**for the half-year ended 31 December 2009**

**2. Going Concern**

Notwithstanding the accumulated losses of \$108,212,552 the financial statements have been prepared on a going concern basis. The directors of the Scheme believe that the Scheme will be able to continue as a going concern with the continued support of note holders. Under the terms of the debt restructure (refer Note 12) excess cash flow will be used to repay debt.

**3. Segment Reporting**

The Scheme is organised into one main business segment which operates solely in the business of credit arbitrage by borrowing money to lend and invest within Australia. While the Scheme operates from Australia only (the geographical segment), the Scheme may have investment exposures in different countries and across different industries.

	31 December 2009 \$,000	31 December 2008 \$,000
Total segment revenue	48,953	(72,148)
Total segment profit/(loss)	23,695	(105,177)
Total segment assets	586,204	720,881
Total segment liabilities	540,004	698,377

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

	31 December 2009 \$,000	31 December 2008 \$,000
Unrealised (loss)/gain on financial instruments held at fair value through profit or loss	34,573	(105,416)
Realised (loss)/gain on financial instruments held at fair value through profit or loss	(39)	(2,194)
	34,534	(107,610)

**5. Distributions paid and payable**

	31 December 2009 \$,000	31 December 2009 Cents per unit	31 December 2008 \$,000	31 December 2008 Cents per unit
Timing distributions				
30 September quarter paid	-	-	-	-
31 December quarter payable	-	-	-	-

**Max Trust**  
**Notes to the Financial Statements**  
**for the half-year ended 31 December 2009**

**6. Earnings per unit**

Basic and diluted earnings per unit are both calculated using the net profit of \$23,695,045 for the half-year ended 31 December 2009 (2008: loss of \$105,176,080).

	31 December 2009 Cents	31 December 2008 Cents
Basic earnings per unit	13.43	(59.90)
Diluted earnings per unit	13.43	(59.90)
	Number of units	Number of units
Weighted average number of ordinary units used in the calculation of basic earnings per unit	176,439,524	175,593,271
Weighted average number of ordinary units used in the calculation of diluted earnings per unit	176,439,524	175,593,271
Weighted average number of fully paid ordinary units		
Potential ordinary units:		
- Options	-	-
Total weighted average number of ordinary units and potential ordinary units used in the calculation of diluted earnings per unit	176,439,524	175,593,271
Net Profit/(Loss)	23,695,045	(105,176,080)

**7. Cash and cash equivalents – current asset**

	31 December 2009 \$,000	30 June 2009 \$,000
Cash at bank and on hand	20,185	18,648
Cash and cash equivalents in the statement of cash flows	20,185	18,648

**8. Trade and other Receivables – current asset**

	31 December 2009 \$,000	30 June 2009 \$,000
Interest receivable	5,312	6,565
Other receivables	163	139
	5,475	6,704

**Max Trust**  
**Notes to the Financial Statements**  
**for the half-year ended 31 December 2009**

**9. Financial Assets**

**(a) Financial assets at fair value through profit and loss**

	31 December 2009 \$,000	30 June 2009 \$,000
Money Market Securities	28,523	33,555
Debt Securities	452,626	465,653
	<u>481,149</u>	<u>499,208</u>

**(b) Loan assets at amortised cost**

	31 December 2009 \$,000	30 June 2009 \$,000
Loans and receivable assets	71,152	180,357
	<u>71,152</u>	<u>180,357</u>

**(c) Classification**

	31 December 2009 \$,000	30 June 2009 \$,000
Current	123,448	253,708
Non-current	428,853	425,857
	<u>552,301</u>	<u>679,565</u>

**10. Derivative financial instruments**

	31 December 2009 \$'000	30 June 2009 \$'000
<b>Derivative financial instruments – current assets</b>		
Interest Rate Swaps – Fair Value through Profit and Loss	8,243	15,964
	<u>8,243</u>	<u>15,964</u>
<b>Derivative financial instruments - current liabilities</b>		
Interest Rate Swaps - Fair Value through Profit and Loss	9,562	34,575
	<u>9,562</u>	<u>34,575</u>

**11. Trade and other payables – current liabilities**

	31 December 2009 \$,000	30 June 2009 \$,000
Interest payable	20,965	11,945
Other accrued expenses	763	557
Other payables	1	1
	<u>21,729</u>	<u>12,503</u>

**Max Trust**  
**Notes to the Financial Statements**  
**for the half-year ended 31 December 2009**

**12. Interest-bearing loans and borrowings**

**(a) Loans and Borrowings**

	31 December 2009 \$,000	30 June 2009 \$,000
Pass Through Notes - Principal	509,027	652,100
Debt related initial costs	(314)	(801)
	<u>508,713</u>	<u>651,299</u>

**(b) Classification**

	2009 \$,000	2009 \$,000
Current	123,448	253,708
Non-Current	385,265	397,591
	<u>508,713</u>	<u>651,299</u>

As previously advised, the Scheme had two primary sources of debt funding: short term note purchase facility (warehouse facility) and the Medium Term Note (MTN) program.

On 23 December 2008, Allco Managed Investment Funds Limited (AMIFL), the Scheme's Former Responsible Entity announced the successful negotiation of the Note Restructure Agreement that contained terms to allow the extension of the debt facilities with a view to allowing the Scheme to hold assets to maturity rather than sell them into a very volatile and turbulent market. The key amendments agreed to in the Note Restructure Agreement were:

- The legal final maturity of the Notes was extended to 31 December 2027;
- The margin of the MTN Notes was to be increased to 0.75%;
- Introduction of a deferred margin of 6.00% on the Warehouse Facility and 2.00% on the MTN Notes. The accrued margin would be subordinate to all other amounts owing on the Warehouse Facility and MTN Notes.
- Certain limitations were introduced on asset disposals and cash distributions to unitholders;
- A restructure of the Portfolio Tests was announced but required further consultation with the key stakeholders; and
- AMIFL announced its intention to replace itself as Responsible Entity and Investment Manager.

On 22 June 2009 the Scheme announced to the market that it had affected a restructure of its debt on 19 June 2009.

The key terms of the restructure are as follows:

- The debt facilities were restructured into two classes of Pass-Through Notes (PT Notes). The former Warehouse Facility has been converted into A1 PT Notes, while the two series of MTN's issued have been aggregated into a single class titled, A2 PT Notes.
- The legal final maturity date of the notes held by the warehouse facility provider and other investors will be extended to 20 December 2039. (Noteholders agreed a further extension past the previous maturity date of 31 December 2027).
- The margin payable on the notes held by the warehouse facility provider will be 2.15%pa (which is the margin presently payable on those notes).
- The margin payable on the notes held by other investors will be increased to 0.75%pa.



**12. Interest-bearing loans and borrowings (continued)**

- In addition, a deferred margin amount will accrue on outstanding notes at a rate of 6.0%pa (in the case of notes held by the warehouse facility provider) and 2.0%pa (in the case of notes held by other investors). The deferred margin amount is only payable following the repayment in full of the principal amount of the notes and then only to the extent the Scheme has excess cash flow or if the legal final maturity date or an event of default has occurred. This additional amount will be subordinated to all other secured amounts owed by the Scheme (including other interest owing on the notes) but will be paid ahead of distribution to unitholders.
- The principal amount outstanding on the notes will be repaid on a pro-rata basis during the term of the notes to the extent the Scheme has excess cash flow (after senior fees and expenses).
- The Scheme undertakes not to dispose of assets at less than certain specified percentages of par value and unless certain other conditions are met, unless the approval of the noteholders is obtained.
- In income years where the Scheme has net income to which the unitholders are presently entitled for tax purposes, unitholders will be liable to tax on that net income irrespective of whether they receive the amount of the net income as a cash distribution.
- 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.
- The portfolio tests under the Scheme's debt programme will be restructured such that the Scheme expects to be able to maintain compliance with the portfolio tests provided that it establishes and maintains certain liquidity and expense reserves.

A summary of the amended debt facility terms and conditions are:-

<b>Class</b>	<b>Rating (S&amp;P)</b>	<b>Amount Outstanding</b>	<b>Coupon</b>	<b>Deferred Margin</b>	<b>Maturity</b>	<b>Ranking</b>
A1	A-	\$129,863,462.38	BBSW + 2.15%	6.00%	20 December 2039	Pari Passu
A2	A-	\$379,163,393.78	BBSW + 0.75%	2.00%	20 December 2039	Pari Passu
		<hr/> <b>\$509,026,856.15</b> <hr/>				

**Max Trust**  
**Notes to the Financial Statements**  
**for the half-year ended 31 December 2009**

**13. Issued capital**

**(a) Unitholder Funds**

	31 December 2009 Units	30 June 2009 Units	31 December 2009 \$	30 June 2009 \$
Ordinary units fully paid	176,439,524	176,439,524	154,412,969	154,412,969
	<u>176,439,524</u>	<u>176,439,524</u>	<u>154,412,969</u>	<u>154,412,969</u>

Ordinary units entitle the holder to participate in distributions and the proceeds on winding up of the Scheme in proportion to the number of and amounts paid on the 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	Issue Price	\$
Movement in ordinary units			
Opening balance 1 July 2008	173,928,062		154,073,569
Units reinvested, 31 August 2008	2,511,462	\$ 0.14	339,400
<b>Closing balance at 30 June 2009</b>	<u><b>176,439,524</b></u>		<b>154,412,969</b>
Accumulated losses			(131,908,992)
<b>Total equity 30 June 2009</b>			<u><b>22,503,977</b></u>
Movement in ordinary units			
Opening balance 1 July 2009	176,439,524		154,412,969
Units reinvested, 31 August 2009	-	\$ -	-
Units reinvested, 30 November 2009	-	\$ -	-
<b>Closing balance at 31 December 2009</b>	<u><b>176,439,524</b></u>		<b>154,412,969</b>
Undistributed income			(108,212,553)
<b>Total equity 31 December 2009</b>			<u><b>46,200,416</b></u>

**(c) Distribution reinvestment plan**

The Scheme has established a distribution reinvestment plan under which holders of ordinary units may elect to have all or part of their distribution entitlements satisfied by the issue of new ordinary units rather than by being paid in cash. Currently, units issued under the plan are at a 0% discount to the market price.

**(d) Unrealised gains/(losses)**

At the reporting date, the Scheme had net unrealised gains of \$34,573,131 (30 June 2009 loss: \$62,175,037), which if realised are available for offset against future taxable income.

**(e) Realised gains/(losses)**

At the reporting date, the Scheme had realised taxable capital losses of \$38,986 (30 June 2009 loss: \$12,400,904), available to offset future assessable capital gains.

**Max Trust**  
**Notes to the Financial Statements**  
**for the half-year ended 31 December 2009**

**14. Events occurring after the reporting date**

The directors of the Responsible Entity are not aware of any matter or circumstance that has occurred since balance sheet date that would impact the financial position of the Scheme disclosed in the balance sheet as at 31 December 2009 or on the results and cash flows of the Scheme of the half-year ended on that date.

**15. Contingencies**

There are no outstanding contingent assets and liabilities or commitments at 31 December 2009.

**16. Correction of Prior Period Error**

During the preparation of the December 2009 half year accounts, issues were identified with the accuracy of prior period end accounting estimates in relation to the carrying values of derivative financial assets and liabilities, loans at amortised cost, and interest receivable or payable.

This has resulted in restatements to gross up the balance sheet in relation to derivatives which were previously presented on a net basis, as well as adjustments to the previously reported net carrying values of derivatives, loans and trade receivables and payables. There are also corresponding adjustments in the prior year income statement in relation to interest income/ expense and net losses on financial instruments. The effect of these restatements is summarised below. Opening accumulated losses as at 1 July 2009 have been reduced by \$4.6m, which is the amount of the adjustment relating to the 6 months ended 30 June 2009.

There was no impact on the comparative half year income statement and no impact on the statement of cash flows as a result of the restatement.

	30 June 2009		
	Previously Stated	Adjustments	Restated
	\$,000	\$,000	\$,000
<b>Statement of Comprehensive Income</b>			
Interest and yield related income	54,215	(347)	53,868
Net (loss)/gain on financial instruments	(71,773)	6,087	(65,686)
Finance Costs	(58,730)	(1,144)	(59,874)
(Loss)/profit for the year attributable to unitholders of the Scheme	(79,150)	4,596	(74,554)
Basic & Diluted loss per unit	(45.1)	2.6	(42.5)

	30 June 2009		
	Previously Stated	Adjustments	Restated
	\$,000	\$,000	\$,000
<b>Statement of Financial Position</b>			
Loan assets held at amortised cost	179,926	431	180,357
Trade and other receivables	3,707	2,997	6,704
Derivative financial instruments - assets	-	15,964	15,964
Trade and other payables	(11,359)	(1,144)	(12,503)
Derivative financial instruments - liabilities	(20,923)	(13,652)	(34,575)
Accumulated Losses	136,504	(4,596)	131,909

## **Directors' declaration**

In the opinion of the directors of Permanent Investment Management Limited, the responsible entity of Max Trust:

- (a) the financial statements and notes, set out on pages 6 to 16, 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 2009 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.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

Dated at Sydney this 26 day of February 2010.

Signed in accordance with a resolution of the directors:



Director

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

### **Report on the Half-Year Financial Statements**

We have reviewed the accompanying half-year financial statements of Max Trust (the Registered Scheme), which comprise the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration for Max Trust.

#### *Directors' responsibility for the half-year financial statements*

The directors of the Permanent Investment Management Limited (the Responsible Entity) are responsible for the preparation and fair presentation of the half-year financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial statements 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 statements are not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the entity's financial position as at 31 December 2009 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 statements.

A review of a half-year financial statement consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial statements to determine whether it contains any material inconsistencies with the financial statements. 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.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

**Independent auditor's review report to the members of  
Max Trust (continued)**

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

*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 statements of Max Trust are not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of Max Trust's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

*PricewaterhouseCoopers*

PricewaterhouseCoopers



CPG Cooper  
Partner

Sydney  
26 February 2010