

# **ADELAIDE MANAGED FUNDS ASSET BACKED YIELD TRUST**

ARSN 120 038 002

## **REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2008 RESULTS FOR ANNOUNCEMENT TO THE MARKET**

**Release date – 16 February 2009**

**Prepared in accordance with ASX Listing Rule 4.2A3  
Appendix 4D**

It is recommended that the half year financial report is read in conjunction with any public announcements made by Adelaide Managed Funds Asset Backed Yield Trust for the half year ending 31 December 2008 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

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## Media Release

16 February 2009

### AYT ANNOUNCES 16% INCREASE IN HALF YEAR EARNINGS

#### HIGHLIGHTS

- > 1H09 Earnings per Unit up 16% over previous corresponding period
- > Yield forecast of between BBSW + 4.0% and BBSW + 4.5% for FY09 reiterated
- > Credit quality remains sound
- > Net Asset Value remains strong at \$1.95 per Unit<sup>1</sup>

Adelaide Managed Funds Asset Backed Yield Trust (AYT) has reported a \$10.6 million net profit for the six months to 31 December 2008, in its half-year result released today. This result represents earnings of 11.16 cents per Unit, which is a 16% increase when compared to the 1H08 results.

According to the Chief Executive Officer of Adelaide Managed Funds, Bruce Speirs, AYT's investments continue to perform well.

"AYT has continued to achieve a return to Unitholders in line with its guidance of between 400 and 450 basis points above the average 30-day BBSW for the full year, despite significant volatility in global financial markets."

"This result continues AYT's strong history of performance established since listing in 2006," said Mr Speirs.

"We have established a track record of delivering strong yield to AYT Unitholders, and we remain confident in the quality of the underlying investments," he said.

As at 31 December 2008, the Net Asset Value of AYT was equal to \$1.95 per Unit, after paying a quarterly distribution of 5.5 cents per Unit, and there has been no loss or reduction in the value of any of the investments.

#### For further information, please contact:

**Mr Bruce Speirs**  
Chief Executive Officer  
Adelaide Managed Funds  
08 8300 6194

**Mr Kym Masters**  
Chief Investment Officer  
Adelaide Managed Funds  
08 8220 7258

<sup>1</sup>As at 31 December 2008

## APPENDIX 4D

The Directors of Adelaide Managed Funds Limited (ABN 81 062 274 533), the Responsible Entity of the Adelaide Managed Funds Asset Backed Yield Trust (the Fund) (ARSN 120 038 002), are pleased to announce the results of the Fund for the half year ended 31 December 2008. This report covers the reporting period beginning 1 July 2008 to 31 December 2008. This announcement is to be read in conjunction with the attached Financial Report for the half-year ended 31 December 2008.

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

The consolidated profit before tax for the period to 31 December 2008 attributable to the Unitholders of the Fund was \$10,586,000 (31 December 2007: \$10,943,000). The Fund derived a profit before tax of \$10,586,000 (31 December 2007: \$10,943,000). The following table provides a summary of the main line items reported in the income statement.

	Dec-08 A\$000's	Dec-07 A\$000's	% change
Interest income	11,958	12,002	-
Revenue from second instalment <sup>1</sup>	-	1,365	-100%
Earnings before interest and tax (EBIT)	10,803	12,215	-12%
Net profit for the period attributable to Unitholders	10,586	10,943	-3%
Distributable Income for the period	10,586	9,578	10%
Distributions payable for the period to Unitholders	10,586	9,578	10%

### DISTRIBUTIONS FOR THE PERIOD

On 18 December 2008, the Directors of Adelaide Managed Funds resolved to pay a quarterly distribution of 5.50 cents per Unit, in line with its earlier estimates (refer announcement on 18 December 2008). This brings total distributions for the half year to 31 December 2008 to 11.00 cents per Unit (31 December 2007: 9.50 cents per Unit (half yearly)). A summary of this is presented below:

	Amount per security (cents)	Franked amount per security (cents)
Interim distribution - record date 31 December 2008 - payable date 14 January 2009	5.50	-

### NET TANGIBLE ASSET BACKING PER SECURITY

	31 December 2008 \$ per security	31 December 2007 \$ per security
Net tangible asset backing per security	\$1.951 <sup>2</sup>	\$1.927 <sup>3</sup>

### COMPARATIVE INFORMATION

The comparative figures from 1 July 2007 to 31 December 2007 have been included.

<sup>1</sup> The revenue on the second instalment represents the accounting entry required under AIFRS as a result of discounting the proceeds of the second instalment to the allotment date. It is not a cash item for the period to 31 December 2007, and accordingly was subtracted to calculate the Distributable Income.

<sup>2</sup> Excludes the quarterly distribution equal to 5.50 cents per Unit paid on 14 January 2009

<sup>3</sup> Excludes the half yearly distribution equal to 9.50 cents per Unit paid on 14 January 2008

# **ADELAIDE MANAGED FUNDS ASSET BACKED YIELD TRUST**

ARSN 120 038 002

**HALF YEAR FINANCIAL REPORT  
FOR HALF YEAR ENDED 31 DECEMBER 2008**

## DIRECTORS' REPORT

In accordance with the Corporations Act 2001, the Directors of Adelaide Managed Funds Ltd ('AMF') (ABN 81 062 274 533), the Responsible Entity of the Adelaide Managed Funds Asset Backed Yield Trust (the 'Fund') (ARSN 120 038 002), submit their report for the Fund for the half year ended 31 December 2008.

### THE MANAGER

Adelaide Managed Funds Ltd has acted in the capacity of Responsible Entity of the Fund for the half year ended 31 December 2008. Bendigo and Adelaide Bank Ltd ('Bendigo and Adelaide Bank') is the Custodian and Service Provider and as such has prepared these accounts.

### DIRECTORS

The names of the Directors of Adelaide Managed Funds Ltd during the year and until the date of this report (unless stated otherwise) are:

J L Dawson (Chairman)  
J McPhee  
S Treanor  
N Fox  
A Baum

### PRINCIPAL ACTIVITIES

The principal activity of the Fund during the half year was the investment in notes backed by a range of assets including margin loans, non-conforming residential mortgages, agricultural managed investment schemes, medical equipment loans and leases. There has been no significant change in the nature of this activity during the period.

### FUND INFORMATION

The Fund is an Australian registered Trust. Adelaide Managed Funds Ltd, the Responsible Entity of the Fund, is incorporated and domiciled in Australia.

The registered office of the Responsible Entity is located at 169 Pirie St, Adelaide, SA, 5000.

At 31 December 2008 the Fund had no employees.

### REVIEW OF OPERATIONS

The Fund maintained its holding of asset backed securities, with portfolio exposure to margin loans, non-conforming residential mortgages, agricultural managed investment schemes and medical equipment loans and leases. The revenue earned by the Fund was derived solely as interest from its cash and investment holdings.

### RESULTS

The interim financial report is to be read in conjunction with the 30 June 2008 annual financial report.

The performance of the Fund for the period ended 31 December 2008, as represented by the results of its operations, was as follows:

Interest income:	\$11,957,958
Finance costs - Distribution to Unitholders:	\$10,585,854

The total value of assets held by the Adelaide Managed Funds Asset Backed Yield Trust as at 31 December 2008 was \$193,386,763 (June 2008: \$198,964,442). Management fees payable to Adelaide Managed Funds Ltd during the financial half year were \$1,012,297 (December 07: \$1,018,484).

The total number of units issued as at 31 December 2008 was 94,881,846 (December 2007: 100,000,000).

## DISTRIBUTIONS

On 31 December 2008, the Directors resolved to pay a quarterly distribution of 5.50 cents per unit on 14 January 2009, for the period ended 31 December 2008. This brings total distributions for the half year to 31 December 2008 to 11.00 cents per unit (December 2007: 9.50 cents per unit (half yearly)).

## AUDITOR'S INDEPENDENCE DECLARATION

The auditor's review of this financial report is in accordance with the declaration "Auditor's Independence Declaration to the Directors of Adelaide Managed Funds Ltd as Responsible Entity for Adelaide Managed Funds Asset Backed Yield Trust" on page 10.

## ROUNDING

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

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



Jennifer Lynn Dawson  
Chairman  
16 February 2009  
Melbourne

To the Unitholders of Adelaide Managed Funds Asset Backed Yield Trust

## Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Adelaide Managed Funds Asset Backed Yield Trust ("the Trust"), which comprises the Balance Sheet as at 31 December 2008, and the Income Statement, Statement of Changes in Net Assets Attributable to Unitholders and Cash Flow Statement for the half-year ended on that date, other selected explanatory notes and the Directors' Declaration.

## Directors' Responsibility for the Half-Year Financial Report

The directors of the Responsible Entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is 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 report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fund's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Adelaide Managed Funds Asset Backed Yield Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Responsible Entity a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.



## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Adelaide Managed Funds Asset Backed Yield Trust is not in accordance with the *Corporations Act 2001*, including:

- i giving a true and fair view of the Trust's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- ii complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script, likely belonging to Colin Dunsford.

Colin Dunsford  
Partner  
Adelaide  
16 February 2009

## **Auditor's Independence Declaration to the Directors of Adelaide Managed Funds Limited as Responsible Entity for Adelaide Managed Funds Asset Backed Yield Trust**

In relation to our review of the financial report of Adelaide Managed Funds Asset Backed Yield Trust for the half-year ended 31 December 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

A stylized, handwritten signature of the Ernst & Young firm, written in dark ink.

Ernst & Young

A handwritten signature of Colin Dunsford, written in dark ink.

Colin Dunsford  
Partner  
Adelaide  
16 February 2009

# INCOME STATEMENT

## FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	<b>Note</b>	<b>Dec-08 \$000's</b>	<b>Dec-07 \$000's</b>
<b>INCOME</b>			
Interest Income	3(a)	11,958	12,002
Interest Income from Second Instalment		-	1,365
Total Interest Income		11,958	13,367
<b>EXPENSE</b>			
Operating expenses	3(b)	1,155	1,152
Earnings before interest and taxation		10,803	12,215
Net interest expense	3(d)	217	1,272
Net profit attributable to Unitholders		10,586	10,943
Finance costs:			
Distribution to Unitholders	3(c)	10,586	9,578
Change in net assets attributable to Unitholders		-	1,365
Earnings per Unit - Basic and Diluted		Cents per Unit 11.157	Cents per Unit 9.578

## BALANCE SHEET

### AS AT 31 DECEMBER 2008

	Note	Dec-08 \$000's	Jun-08 \$000's
<b>Assets</b>			
Cash	4	5,786	6,656
Trade and other receivables	5	1,037	1,285
Loans and receivables	6	186,564	191,023
<b>Total assets</b>		<b>193,387</b>	<b>198,964</b>
<b>Liabilities</b>			
Trade and other payables	7	577	584
Interest bearing liabilities	8	2,500	1,250
Distribution payable	9	5,413	6,344
<b>Total liabilities excluding net assets attributable to Unitholders</b>		<b>8,490</b>	<b>8,178</b>
<b>Net assets attributable to Unitholders</b>		<b>184,897</b>	<b>190,786</b>
<b>Represented by:</b>			
Unitholders funds	10	177,005	182,894
Undistributed income		7,892	7,892
<b>Net assets attributable to Unitholders</b>		<b>184,897</b>	<b>190,786</b>

# STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	<b>Dec-08 \$000's</b>	<b>Dec-07 \$000's</b>
<b>Net assets attributable to Unitholders at the beginning of the period</b>	190,786	191,298
Unit buy back	(5,889)	-
Capitalised issue costs	-	(79)
Net profit attributable to Unitholders	10,586	10,943
Distribution to Unitholders	(10,586)	(9,578)
<b>Net assets attributable to Unitholders at the end of the period</b>	<b>184,897</b>	<b>192,584</b>

## CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	<b>Dec-08 \$000's</b>	<b>Dec-07 \$000's</b>
<b>Cash flows from operating activities</b>		
Interest received on investments	12,019	11,496
Interest received on cash deposit	189	367
Interest expense on borrowings	(208)	(1,286)
Manager fee paid	(1,096)	(1,067)
GST refunded	64	64
Payments to Service Providers	(105)	(176)
<b>Net cash flows from operating activities</b>	<b>10,863</b>	<b>9,398</b>
<b>Cash flows from financing activities</b>		
Receipts from Unitholders	-	102,700
Unit buyback	(5,889)	-
Distributions to Unitholders	(11,516)	(5,910)
Proceeds from borrowings	5,000	1,000
Repayment of borrowings	(3,750)	(102,400)
<b>Net cash flows used in financing activities</b>	<b>(16,155)</b>	<b>(4,610)</b>
<b>Cash flows from investing activities</b>		
Loans and receivables repayments	4,422	3,529
<b>Net cash provided by financing activities</b>	<b>4,422</b>	<b>3,529</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(870)</b>	<b>8,317</b>
<b>Cash and cash equivalents held at the beginning of the half year</b>	<b>6,656</b>	<b>6,217</b>
<b>Cash and cash equivalents held at the end of the half year</b>	<b>5,786</b>	<b>14,534</b>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1 Corporate Information

The financial report of Adelaide Managed Funds Asset Backed Yield Trust for the half year ended 31 December 2008 was authorised for issue in accordance with a resolution of the directors of the Responsible Entity on 16 February 2009.

Adelaide Managed Funds Asset Backed Yield Trust is an Australian registered Trust, constituted in August 2006. Adelaide Managed Funds Ltd, the Responsible Entity of the Fund, is incorporated and domiciled in Australia. The registered office of the Responsible Entity is located at 169 Pirie St, Adelaide, SA, 5000. The Fund is listed on the Australian Stock Exchange.

### NOTE 2 Summary of significant accounting policies

(a) Basis of accounting

This general purpose condensed financial report for the half year ended 31 December 2008 has been prepared in accordance with AASB134 Interim Financial Reporting and the Corporations Act 2001.

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

It is recommended that the half year financial report be read in conjunction with the annual report for the year ended 30 June 2008 and considered together with any public announcements made by Adelaide Managed Funds Asset Backed Yield Trust during the half year ended 31 December 2008 in accordance with the continuous disclosure obligations of the ASX Listings rules.

(b) Changes in accounting policies

The accounting policies and method of computation are the same as those adopted in the most recent annual financial report.

## NOTES TO THE FINANCIAL STATEMENTS (CONT)

### NOTE 3 Interest income and distribution to Unitholders

	Dec-08 \$000's	Dec-07 \$000's
<b>(a) Finance income</b>		
Income from investments	12,021	11,958
Interest income	-	106
Amortisation capitalised costs	(63)	(62)
	<b>11,958</b>	<b>12,002</b>
<b>(b) Operating expenses</b>		
Custodian fee	10	10
Manager's remuneration	1,012	1,018
Other operating expenses	133	124
	<b>1,155</b>	<b>1,152</b>
<b>(c) Finance costs - distribution to Unitholders</b>		
Accrued distribution at beginning of the period	(6,344)	(5,952)
Distributions paid during the period	11,516	5,910
Accrued distribution proposed and payable on the 14 January 2009	5,219	9,500
Accrued distribution payable to Unitholders	195	120
	<b>10,586</b>	<b>9,578</b>

#### Note restatement

Finance costs - distribution to Unitholders note has been restated for December 2007 to reflect consistent presentation with June 2008 and December 2008 financial statements.

### (d) Borrowing costs

Interest expense on borrowings	217	1,272
	<b>217</b>	<b>1,272</b>

### NOTE 4 Cash and Cash Equivalents

	Dec-08 \$000's	Jun-08 \$000's
<b>(a) Reconciliation of cash and cash equivalents</b>		
For the purposes of the Balance Sheet and Cash Flow Statement, cash and cash equivalents comprise:		
Cash At Bank Balance	5,786	6,656
Average balance	5,963	7,289
Average interest rate	6.17%	7.16%
Maturity analysis based on remaining term to maturity at 31 December 2008		
At call	5,786	6,656



## NOTES TO THE FINANCIAL STATEMENTS (CONT)

### NOTE 5 Trade and other receivables

	Dec-08 \$000's	Dec-07 \$000's
Receivables other	13	12
Accrued interest	1,024	1,273
	<b>1,037</b>	<b>1,285</b>
Maturity analysis based on remaining term to maturity at 31 December 2008		
Less than 3 months	<b>1,037</b>	<b>1,285</b>

### NOTE 6 Loans and receivables

	Dec-08 \$000's	Dec-07 \$000's
Loans and receivables at amortised cost	186,202	190,626
Acquisition costs	362	397
	<b>186,564</b>	<b>191,023</b>
Investments in margin lending programs	125,109	125,109
Investment in non conforming mortgage programs	21,469	22,742
Investment in Medical Finance programs	13,953	14,253
Investment in MIS Programs	25,672	28,522
Acquisition costs	362	397
	<b>186,565</b>	<b>191,023</b>
Average balance of Investments	194,474	196,595
Average interest rate	12.20%	12.56%

### NOTE 7 Trade and other receivables

	Dec-08 \$000's	Dec-07 \$000's
Interest payable	34	37
Manager/Responsible Entity fee	543	547
	<b>577</b>	<b>584</b>

### NOTE 8 Interest Bearing Liabilities

	Dec-08 \$000's	Dec-07 \$000's
Borrowings	2,500	1,250
	<b>2,500</b>	<b>1,250</b>

The borrowings are unsecured notes with interest payable monthly in arrears based on a floating monthly rate.

## NOTES TO THE FINANCIAL STATEMENTS (CONT)

### NOTE 9 Distributions proposed

The distribution payable is as follows:

Interim unit distributions proposed for the period ended  
31 December 2008

Accrued distribution payable to Unitholders

Dec-08 \$000's	Dec-07 \$000's
5,219	6,275
194	69
<b>5,413</b>	<b>6,344</b>

Interim unit distributions proposed for the period ended  
31 December 2008

(Payable 14 January 2009)

Cents per unit	Cents per unit
5.50	6.35

### NOTE 10 Unitholders funds

Unit issue - 31 August 2006

Unit issue – Second Instalment received 31 August 2007

Unit buy back

Capitalised issue costs

100,000	100,000
92,107	92,107
(7,686)	(1,797)
(7,416)	(7,416)
<b>177,005</b>	<b>182,894</b>

### NOTE 11 Segment information

The Fund operates in one business segment, being investment management. The Fund also operates from one geographic location, being Australia, from where its investing activities are managed. Revenue is derived from interest/distributions on investments.

### NOTE 13 Contingent Liabilities

No material contingent liabilities exist.

### NOTE 14 Subsequent Events

Since 31 December 2008 there has not been any matter or circumstances not otherwise dealt with in the financial report that has significantly affected or may significantly affect the Fund.

## DIRECTORS' DECLARATION

In the opinion of the Directors of Adelaide Managed Funds Ltd:

- (a) The financial statements and notes of the Fund are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Fund's financial position as at 31 December 2008 and of its performance for the half year ended on that date; and
  - (ii) complying with Accounting Standard '*AASB 134 Interim Financial Reporting*'.
- (b) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

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



Jennifer Lynn Dawson  
Chairman  
16 February 2009  
Melbourne