MAX TRUST

APPENDIX 4E

Final Report

1. Details of the reporting period

Current Period:	Financial year ended 30 June 2009
Previous Corresponding Period:	Financial year ended 30 June 2008

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

	2009 ($,000)	2008 ($,000)	% Change
Revenue from ordinary activities	(54,215)	(69,905)	(22.45)
Pre-tax profit/(loss) from ordinary activities	(79,150)	(48,499)	(63.12)
After-tax profit/(loss) for year ended 30 June	(79,150)	(48,499)	(63.12)

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.

3. Details of Distributions

Allco Funds Management Limited ('AFML') (former Investment Manager), formerly a wholly owned subsidiary of Allco Finance Group ('AFG'), waived its right to receive distributions on the 10 million units it owns in the Scheme from 1 December 2007 until 30 November 2009.

	2009 $	2009 Cents per unit	2008 $	2008 Cents per unit
Interim distributions paid	-	-	6,027,102	3.65
Final distribution payable	-	-	3,049,062	1.86
	-	-	9,076,164	5.51

4. Distribution Reinvestment Plan

Not applicable

5. Net asset backing per unit

The net asset backing per unit at 30 June 2009 was $.1015.

6. Commentary on results

1. Loss per unit	(45.1) cents
2a. Operating profit/(loss) after tax ($'000) 2b. Distributions to unitholders for current period. ($'000)	($79,150) Nil
3. Significant features of operating performance	Loss on financial instruments of $70,620,000 as a result of global economic crisis.
4. Results from segments	N/A
5. Trends in performance	Refer to part 2 above
6. Other factors that affected the results	N/A

7. Audit/review of accounts upon which this report is based

The audited financial report for the period ended 30 June 2009 has been attached to this release.

8. Qualification of audit/review

None.

Additional Appendix 4E disclosure requirements can be found in the Financial Report including the Notes attached to this release.

Max Trust
ARSN: 115 268 669

30 June 2009 Annual Report

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Directors' Report

The directors of Permanent Investment Management Limited ("PIML"), the responsible entity of Max Trust (formerly known as Allco Max Securities & Mortgage Trust) ("Scheme"), present their report, together with the financial report of the Scheme, for the year ended 30 June 2009.

As of 25 June 2009, the Responsible Entity of the Scheme is Permanent Investment Management Limited (ABN 45 003 278 831, AFSL 235150). 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

Permanent Investment Management Limited (PIML)
The Director's and Officer's of the Responsible Entity from 25 June 2009 and up to the date of this report are:

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

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

Allco Managed Investment Funds Limited (AMIFL)
Michael Brogan and Ian Tsicalas were directors of the Former Responsible Entity during the period 1 July 2008 to 25 June 2009.

The following persons were directors of the Former Responsible Entity from the date of their appointment until 25 June 2009:

- Frank Tearle – appointed on 4 December 2008.

The following persons were directors of the Former Responsible Entity from the beginning of the financial year until the date of their resignation:

- Neil Brown – resigned on 28 November 2008; and
- Michael Stefanovski – resigned on 6 August 2008.

No director of Allco Managed Investment Funds Limited Former Responsible Entity held a relevant interest in units of the Scheme during the period from 1 July 2008 to 25 June 2009.

Principal activities

The Scheme is a registered managed investment scheme which has invested in money market securities, debt securities and investment grade loans in addition to interest rate and foreign currency derivatives. There has been no change in the nature of the Scheme's activities during the financial year.

The Scheme did not have any employees during the financial year.

Review of operations

Overview
The underlying fundamentals of the Scheme are consistent with those set out in the Scheme's prospectus dated 4 August 2005.

Results
The net loss of the Scheme, as presented in the Income Statement for the financial year ended 30 June 2009, was $79,150,030 (2008: loss of $48,500,268).

Distributions
The distribution of income from the Scheme for the financial year ended 30 June 2009 was $nil (2008: $9,076,164).

Allco Funds Management Limited ("the Former Manager & Responsible Entity"), formerly a wholly owned subsidiary of Allco Finance Group Limited ("AFG"), has waived its right to receive distributions on the 10 million units it owns in the Scheme from 1 December 2007 until 30 November 2009.

	2009 $	2009 Cents per unit	2008 $	2008 Cents per unit
Interim distributions paid	-	-	6,027,102	3.65
Final distribution payable	-	-	3,049,062	1.86
	-	-	9,076,164	5.51

Assets
The Scheme held net assets of $17.9 million at 30 June 2009 (2008: $96.7 million). The basis for the valuation of the Scheme's assets is disclosed in Note 1 to the financial statements.

Significant changes in the state of affairs

Warehouse Facility
In January 2008, the Scheme was advised by its Warehouse Facility provider that it would not renew the Warehouse Facility beyond its then expiry date of 30 June 2008. Failure to repay the Warehouse Notes prior to its expiry would

expose the Scheme to the risk that the Warehouse Notes may be re-priced to a level that was not consistent with the Scheme's ongoing compliance with its Portfolio Tests.

From 21st August 2008, Standards & Poors ("S&P") downgraded the rating on the Notes issued by the Scheme in a series of downgrades from AAA to BBB- (CreditWatch Negative). As advised via ASX releases, the Scheme was in breach of certain Portfolio Tests and to remedy the breaches of the Portfolio Tests, the transaction documents called for the sale of assets by the Former Manager of the Scheme. To the extent the Former Responsible Entity was able to remedy Portfolio Test breaches via asset sales, based on prevailing market conditions during the second half of 2008, it was expected to realise significant losses, reducing the underlying capital base of the Scheme.

Allco Funds Management Ltd (AFML) Voluntary Administration & Receivership

On the 4 November 2008 voluntary administrators and receivers were appointed to the Former Investment Manager of the Scheme (Allco Funds Management Limited). As such, the Former Responsible Entity, Allco Managed Investment Funds Limited removed the Investment Manager and temporarily assumed the role prior to a replacement being appointed. The directors of the Former RE as the assumed investment manager then requested a Trading Halt until the impact of the AFML Administration and Receivership could be determined and communicated to the market.

On 7 November 2008, the trading halt was extended to a Voluntary Suspension from trading on the ASX pending resolution of the impact of the insolvency of the Scheme's Former Manager.

Appointment of Consultant

In mid November 2008, the Former Investment Manager requested the Security Trustee, the Bank of New York Mellon ("BNY") to consent to the sale of assets to remedy breaches of the Portfolio Tests. As a result of prevailing financial market circumstances, the Security Trustee, with the support of noteholders did not consent to the sale of assets and instead provided an extension to the grace period to remedy the Portfolio Tests until 31st December 2008.

On 21 November 2008, AMIFL (as Former Responsible Entity of the Scheme) appointed Medcraft Pty Ltd as a consultant to enable AMIFL to fulfil the role of interim manager of the Scheme.

Note Restructure Agreement

During 2008, credit markets were extremely volatile and as a result, suffered severely tightened conditions. These conditions materially impacted the value, credit quality and rating of the Scheme portfolio and issued debt securities. Further, these events caused the Scheme to breach numerous portfolio and debt service tests which in turn triggered lenders and noteholders rights to accelerate repayment of the Scheme's debt funding and increase margins charged on the facilities.

These events forced the Scheme into negotiations with its creditors and resulted in the Note Restructure Agreement being agreed and executed on 23 December 2008. The Scheme's units were then subsequently reinstated for trading on the ASX.

The Note Restructure agreement stipulated satisfaction of various conditions precedent with, the key amendments being as follows:-

- The legal final maturity of the Notes was extended to 31 December 2027;
- The margin of the MTN Notes was 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;
- Repayment of the Notes would be on a pro-rata basis;
- 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 the former RE announced its intention to replace itself as Responsible Entity and Investment Manager for the Scheme.

Replacement Investment Manager

On the 12 March 2008, the Former RE and temporary Investment Manager announced that Threadneedle International Limited ("Threadneedle") was appointed as Investment Manager of the Scheme effective as from11 March 2009.

Change of Name

On 13 March 2009, the name of the Scheme was changed to Max Trust. It was previously called the Allco Max Securities and Mortgage Trust. Similarly, the ASX ticker was changed from AXQ to MXQ.

Unitholder Meeting and Approval of Permanent Investment Management Limited as Replacement Responsible Entity

On 12 May 2009, the unitholders of the Scheme approved the retirement of AMIFL as Responsible Entity and appointment of Permanent Investment Management Limited (PIML). PIML is a subsidiary of Trust Company Limited and has acted as responsible entity for a number of registered managed investment schemes. PIML has substantial expertise and experience in acting as responsible entity.

As of 25 June 2009, PIML was appointed as the Responsible Entity of the Scheme replacing Allco Managed Investment Funds Limited.

Debt Restructure

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 all notes is extended to 20 December 2039. (Noteholders agreed a further extension past the previous maturity date of. 31 December 2027).
- The margin payable on the A1 PT Notes (i.e. notes held by the former warehouse facility provider) will be maintained at 2.15%pa.
- The margin payable on the A2 PT Notes (i.e. notes held by other investors) will be increased to 0.75%pa.
- In addition, a deferred margin amount will accrue on outstanding notes at a rate of 6.0%pa for the A1 PT Notes and 2.0%pa on the A2 PT Notes. 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:-
  i. 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; or
  ii. pay any cash distributions to the Scheme's 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.
- 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 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.

Likely developments

The Scheme will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Scheme and in accordance with the provisions of the Scheme Constitution.

Further information about likely developments in the operations of the Scheme and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Scheme.

Events occurring after the balance sheet date

The Scheme had previously provided loans by way of subscribing for notes issued by a special purpose vehicle (Max Realty Pty Limited) ("Max Realty") which had in turn provided loans to CRC Bridge Street Pty Limited in connection with the financing of the ASX Building at 20 Bridge Street, Sydney (Bridge Street Transaction).

PIML as responsible entity for the Scheme advised the ASX that Max Realty had entered into a Substitution Agreement (dated 15 September 2009) pursuant to which it had been agreed to assign all its rights, title and interest in the documents relating to the Bridge Street Transaction to BOS International (Australia) Limited (the Substitution Agreement).

The terms of the consent provided by PIML to Max Realty required the proceeds received under the Substitution Agreement by Max Realty to be used to redeem the notes issued to the Scheme in respect of the Bridge Street Transaction.

Settlement occurred on 21 September 2009 and resulted in the receipt by the Scheme of $100,118,678.77 which represents all balances owing to the transaction which were applied to repay the Scheme's indebtedness to noteholders.

The Scheme had also provided an additional loan to the special purpose vehicle established for the purpose of refinancing a further Record Realty Trust (ASX: RRT) property transaction, being the Gosford Workcover Head office (Gosford, NSW) and have been monitoring the progress of the Receivership of this property.

Environmental regulation

The Scheme's operations are not subject to any particular or significant environmental regulation under Commonwealth, State or Territory legislation.

Indemnification and insurance of officers and auditors

No insurance premiums are paid out of the Scheme's assets in relation to insurance cover for the former or current Responsible Entity, its officers and employees, or the auditors of the Scheme. Under the Scheme Constitution, the officers of the Responsible Entity remain indemnified out of the assets of the Scheme against losses, damage, expense or liability incurred while acting on behalf of the Scheme.

The Scheme has not indemnified any auditor of the Scheme.

Fees paid to and interests held in the Scheme by the responsible entity or its associates

Fees paid to the Former Responsible Entities and its associates out of Scheme property during the financial year are disclosed in Note 16 of the financial statements.

The Former Responsible Entity waived its right to earn management fees from 1 December 2007 until 30 November 2009 of an amount equal to $1.9 million per annum.

Each of AFML and AMIFL waived its pro rata share of the annual fees due to it as a percentage of the total aggregate annual fees paid to AMFL as the Former Investment Manager of the Scheme and AMIFL as the Former Responsible Entity of the Scheme.

AMIFL as the former temporary investment manager is not entitled, and has not been paid, investment management fees that would otherwise have been paid to the Former Manager if it were not terminated. There is no provision in the Scheme's Constitution that would allow AMIFL as the Former Responsible Entity, to earn fees other than those fees it is entitled to receive as the Former Responsible Entity.

Since November 2008 when AFML was replaced as investment manager and up to 25 June 2009, AMFIL the Former Responsible Entity continued to receive reduced responsible entity fees, calculated in the same way as they were calculated pre replacement of AFML.

No fees were paid out of Scheme property to the directors of the Former Responsible Entity during the financial year.

The number of interests in the Scheme held by the Former Responsible Entity or its associates as at the end of the financial year are disclosed in Note 16 of the financial statements.

Interests in the Scheme

The movement in the ordinary units on issue in the Scheme during the financial year is set out below:

	2009 No.	2008 No.
Ordinary units on issue at the start of the year	173,928,062	171,496,706
Ordinary units issued during the year	-	-
Ordinary units reinvested during the year (DRP)	2,511,462	2,431,356
Ordinary units on issue at the end of the year	176,439,524	173,928,062

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 report. Amounts in the directors' report and financial report 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 11.

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

Michael Britton
Director

Sydney
30 September 2009

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Auditors' Independence Declaration

As lead auditor for the audit of Max Trust for the year ended 30 June 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 audit; and
b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

E A Barron
Partner
PricewaterhouseCoopers

Sydney
30 September 2009

Max Trust
Income Statement
for the year ended 30 June 2009

	Note	2009 $,000	2008 $,000
Investment Income			
Interest and yield related income	3	54,215	69,905
Net (loss)/gain on financial instruments held at fair value through profit or loss		(71,773)	(59,505)
Net (loss)/gain on financial instruments held for trading		-	37
Total Investment Income		(17,558)	10,437
Expenses			
Finance costs	4(a)	58,730	56,246
Other operating expenses	4(b)	2,781	2,535
Auditor's remuneration	5	81	156
Total expenses from operating activities		61,592	58,937
(Loss)/profit for the year attributable to unitholders of the Scheme		(79,150)	(48,500)
		Cents	Cents
Basic & Diluted loss per unit	17	(45.1)	(28.2)

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

Max Trust
Balance Sheet
as at 30 June 2009

	Note	2009 $,000	2008 $,000
Assets			
Cash and cash equivalents	6	18,648	57,392
Trade and other receivables	7	3,707	4,946
Financial assets at fair value through profit or loss	8(a)	499,209	599,495
Derivative financial instruments	9	-	25,378
Loan assets held at amortised cost	8(b)	179,926	171,236
Total assets		701,490	858,447
Liabilities			
Derivative financial instruments	9	20,923	-
Trade and other payables	10	11,359	2,356
Distributions Payable	13	-	3,049
Interest-bearing loans and borrowings	11	651,299	756,322
Total liabilities		683,581	761,727
Net assets		17,909	96,720
Equity			
Issued capital			
- Ordinary share capital	12(a)	154,413	154,074
(Accumulated losses)	14	(136,504)	(57,354)
Total equity		17,909	96,720

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

Max Trust
Statement of Changes in Equity
for the year ended 30 June 2009

	Note	2009 $,000	2008 $,000
Total equity at the beginning of the year		96,722	153,426
(Loss)/profit for the year		(79,150)	(48,500)
Total recognised income and expense for the year		(79,150)	(48,500)
Transactions with equity holders in their capacity as equity holders			
Contributions of equity, net of transaction costs and tax	19	339	870
Distributions provided for or paid	13	-	(9,076)
		339	(8,206)
Total equity at the end of the year		17,911	96,722

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

Cash Flow Statement

for the year ended 30 June 2009

	Note	2009 $,000	2008 $,000
Cash flows from operating activities			
Interest income received		52,982	69,021
Interest paid		(49,549)	(54,647)
GST received		(81)	86
Payments to suppliers and employees		(2,147)	(3,596)
Net cash from operating activities	18	1,205	10,864
Cash flows from investing activities			
Payments for approved investments		-	(108,326)
Payments for advances of loans		-	(36,000)
Proceeds from sale of approved investments		-	15,077
Proceeds from redemptions of approved investments		67,744	45,664
Proceeds from repayments of loans		-	3,678
Net cash from investing activities		67,744	(79,907)
Cash flows from financing activities			
Proceeds from the issue of units		-	-
Proceeds from borrowings		-	123,100
Repayment of borrowings		(105,024)	-
Distributions paid		(2,709)	(7,610)
Net cash from financing activities		(107,733)	115,490
Net increase in cash and cash equivalents		(38,784)	46,447
Cash and cash equivalents at 1 July		57,392	10,814
Effect of exchange rate fluctuations on cash and cash equivalents		40	131
Cash and cash equivalents at 30 June		18,648	57,392
Non-cash financing activities	19	339	870

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

1. Significant accounting policies

This general purpose financial report for the year ended 30 June 2009 covers Max Trust (formerly know as Allco Max Securities & Mortgage Trust) ("the Scheme"). The principal accounting policies adopted in the preparation of this financial report are set out below, and have been consistently applied to all periods presented, unless otherwise stated.

The financial report was authorised for issue by the directors on 30 September 2009.

(a) Statement of compliance

This financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. The Scheme's financial statements and notes comply with IFRSs and the interpretations adopted by the International Accounting Standards Board.

(b) Basis of preparation

The financial report is prepared on the historical cost basis except those financial assets and liabilities that are stated at fair value through profit or loss.

The Scheme is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 (as amended) by ASIC relating to the "rounding off" of amounts in the directors' report and the financial report. Amounts in the directors' report and financial reports have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Other than the items detailed in the accounting policies below there are no differences in actual and estimated results.

The balance sheet presents assets and liabilities in decreasing order of liquidity and does not distinguish between current and non-current items.

(c) Reporting currency

All balances are reported in Australian dollars unless otherwise stated.

Significant accounting policies (continued)

(d) Foreign currency transactions and balances

Transactions in foreign currencies are initially translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items that are outstanding at reporting date are translated at the foreign exchange rate prevailing at that date.

Foreign exchange gains and losses arising on translation are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the exchange rates prevailing at the dates the fair value was determined.

(e) Revenue

Revenue is income that arises in the course of ordinary activities of the Scheme and is recognised at the fair value of the consideration received or receivable. It is recognised when it is probable that future economic benefits will flow to the scheme and these benefits can be measured reliably.

Interest income
Interest income is recognised in the income statement on an accruals basis, using the effective interest method. Upfront loan fee income is amortised over the expected life of the loan on a basis that represents an effective interest rate. Accrued coupons, amortisation of premiums and accretion of discounts are brought to account as interest income on a yield-to-maturity basis in accordance with the terms of the security.

Included in interest are arrangement fees charged on lending transactions that are deferred and recognised on a basis that represents an effective interest method.

(f) Finance costs

Finance costs comprise interest expense on borrowings calculated using the effective interest rate method that is recognised in the income statement.

(g) Income tax

Under current legislation, the Scheme is not liable for income tax provided all of its taxable income is distributed to unitholders.

1. Significant accounting policies (continued)

(h) Goods and services tax

The GST incurred on the costs of various services provided to the responsible entity by third parties such as audit fees, unit registry fees and regulatory exchange costs have been passed onto the Scheme.

The Scheme qualifies for Reduced Input Tax Credits (RITC's) at a rate of 75%; hence unit registry fees, regulatory exchange costs and responsible entity fees have been recognised in the income statement net of the amount of GST recoverable from the Australian Tax Office ("ATO"). Accounts payable are inclusive of GST. The net amount recoverable from the ATO is included in receivables in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with financial institutions with original maturities of three months or less.

(j) Interest and other receivables

Interest and other receivables are stated at their amortised cost less impairment losses.

(k) Investments and other financial assets

The Scheme classifies its financial assets in the following categories: financial assets at fair value through profit or loss and loans and receivables at amortised cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at each reporting date.

The Scheme recognises financial assets and financial liabilities on the date the investment is settled.

1. Significant accounting policies (continued)

Financial assets at fair value through profit or loss:

Financial assets are initially recognised at fair value, typically represented by cost excluding transaction costs, the latter being expensed as incurred. Investments are at fair value at reporting date. Gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are included in the income statement in the period in which they arise. The following represent the basis of valuation for financial reporting purposes:

Category A – Third Party Mark

Wherever possible, Threadneedle ("the investment manager") uses independent price information sourced from a third party, principally the banks and investment banks that have either arranged the transaction or have sold the position to the scheme.

Category B – Comparable Securities

For a number of securities, it is not possible to obtain third party marks. These securities are illiquid with no recent evidence of trades in the market. In these instances, the investment manager has estimated the market spread of these securities using many factors including, among others:

- comparable securities of similar rating quality;
- industrial classification;
- underlying asset category;
- currency; and
- tenor

Category C – Accepted Market Methodology

The Category C assets include only the private transactions in the scheme's portfolio where there is no third party mark available and if there is no comparable securities to which estimate a market price.

These private transactions which have been valued as Category C include:

- Max Realty Loan Notes (Bridge Street and Gosford);
- Mobius NCM04 Stand Along Trust ("SAT"); and
- Mobius AMT Class M1 ("Warehouse line");
- Qantas VQG (Asset Financing)

The scheme historically has adopted a methodology of marking these Category C exposures to Par unless; the exposure has experienced permanent impairment. The investment manager has adopted this methodology in the marking of the Category C assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Scheme provides money, goods or services directly to a debtor with no intention of selling the receivable. Loans and receivables are held at amortised cost using the effective interest rate method.

1. Significant accounting policies (continued)

Loans and receivables are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use, applying discounted cash flows to calculate the fair value and any provision for doubtful debts.

(l) Hedging and derivative financial instruments

The Scheme uses derivative financial instruments including forward currency contracts and interest rate swaps to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Scheme does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (refer below).

Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Where the underlying asset is a loan or receivable (hedged item), the Scheme documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as the risk management objective and strategy for undertaking various hedge transactions. The Scheme also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values of hedged items.

Fair value hedge
Where the underlying asset is a loan or receivable (hedged item), changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

During the year the Scheme ceased making an assessment of the effectiveness of the derivatives used for hedge transactions. The fair value of the hedged assets at the date fair value hedge accounting ceased are being amortised using the effective interest rate method.

Derivatives that do not qualify for hedge accounting
Certain derivative instruments (hedge instruments) do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

1. Significant accounting policies (continued)

(m) Trade and other payables

These amounts represent liabilities owing by the Scheme prior to the end of the period, which remain outstanding at balance date. Creditors are stated at cost, are unsecured, and are usually paid within 30 days of recognition.

(n) Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are recognised initially at fair value less attributable transaction costs, which include legal and advisory fees, bank charges and any other ancillary borrowing costs. Fair value is calculated based on discounted expected future principal and interest cash flows. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Interest bearing liabilities are stated net of debt program establishment costs which are amortised to the income statement on the weighted average term of the borrowings which is currently assessed at 5 years.

(o) Issued capital

Ordinary units are classified as equity. Incremental costs directly attributable to the issue of new shares are accounted for as a deduction from equity, net of tax.

(p) Earnings per unit

Basic earnings per unit
Basic earnings per unit is calculated by dividing the profit attributable to unitholders of the Scheme, excluding any costs of servicing equity other than ordinary units, by the weighted average number of ordinary units outstanding during the year.

Diluted earnings per share
Diluted earnings per unit adjusts the figures used in the determination of basic earnings per unit by taking into account amounts unpaid on ordinary units and any reduction in earnings per unit that would arise from the exercise of options outstanding during the financial period.

(q) Segment reporting

A segment is a distinguishable component of the Scheme that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

1. Significant accounting policies (continued)

(r) Critical accounting estimates and judgements

The Scheme makes estimates and assumptions concerning the future. The resulting accounting estimate will, by definition, seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Category C – Accepted Market Methodology
The Category C assets include only the private transactions in the scheme's portfolio where there is no third party mark available and if there is no comparable securities to which estimate a market price.

These private transactions which have been valued as Category C include:

- Max Realty Loan Notes (Bridge Street and Gosford);
- Mobius NCM04 Stand Along Trust ("SAT"); and
- Mobius AMT Class M1 ("Warehouse line");
- Qantas VQG (Asset Financing)

The scheme historically has adopted a methodology of marking these Category C exposures to Par unless; the exposure has experienced permanent impairment. The investment manager has adopted this methodology in the marking of the Category C assets.

(s) New standards and interpretations not yet adopted

Certain new accounting standards, amendments to standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The following standards and amendments are available for early adoption but have not been applied by the Scheme in these financial statements:

- Revised AASB 101 Presentation of Financial Statement introduces as a financial statement (formerly "primary" statement) the "statement of comprehensive income". The revised standard does not change the recognition, measurement or disclosure of transactions and events that required by other AASBs. The revised AASB 101 will become mandatory for the 30 June 2010 financial statements. The Scheme has not yet determined the potential effect of the revised standard on its disclosures;
- AASB 8 Operating Segments (effective from 1 July 2009). This standard will require the Scheme to adopt the "management approach" to disclosing information about its reportable segments. Generally, the financial information will be reported on the same basis as it is used internally by the chief decision maker for evaluating operating segment performance and deciding how to allocate resources to operating segments. Such information may be prepared using different measures to that used in preparing the income statement and balance sheet, in which case reconciliations of certain items will be required;

1. Significant accounting policies (continued)

(t) Distributions

In accordance with the Scheme Constitution, the Scheme fully distributes its distributable income to unitholders by cash or reinvestment. The distributions are payable on the last business day of the quarters ended March, June, September and December.

Post restructure, no distributions via units will be made until all noteholders are repaid in full.

(u) Undistributed income

Undistributed income is transferred directly to equity and may consist of accrued income not yet assessable; expenses provided or accrued which are not yet deductible, net capital losses, and tax free or tax deferred income. Net capital gains on the realisation of investments (including any adjustments for tax deferred income previously taken directly to undistributed income and accrued income not yet assessable) will be included in the determination of distributable income in the same financial year in which it becomes assessable for tax. Undistributed income includes any unrealised gains/(losses) not assessable for tax purposes.

2. Segment reporting

A segment is a distinguishable component of the Scheme that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the Scheme's business segments, which are the primary basis of segment reporting. The business segment reporting format is based on the Scheme's management and internal reporting structure.

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.

	2009 $,000	2008 $,000
Total segment revenue	(17,558)	10,437
Total segment profit/(loss)	(79,150)	(48,500)
Total segment assets	701,490	858,447
Total segment liabilities	683,581	761,727

3. Interest and yield related income

	2009 Average Balance $,000	2009 Interest $,000	2009 Average Rate %	2008 Average Balance $,000	2008 Interest $,000	2008 Average Rate %
Cash and cash equivalents	93,289	4,019	4.31%	25,604	1,568	6.12%
Financial assets at fair value through profit or loss	680,240	39,557	5.82%	666,389	56,153	8.43%
Loans and receivables	169,807	10,639	6.27%	156,729	12,184	7.77%
		54,215			69,905	

This table shows the average balance for each of the major categories of interest-bearing assets, the amount of interest revenue and the average interest rate. The average balances are calculated using daily balances.

4. Expenses

(a) Finance costs

	2009 $,000	2008 $,000
Interest and finance charges paid or payable	57,589	55,119
Amortisation of Debt Establishment Costs	1,141	1,127
	58,730	56,246

(b) Operating expenses

	2009 $,000	2008 $,000
Administration fees	-	328
Investment manager's fees	102	630
Managed portfolio management fees	156	303
Responsible entity's fees	118	65
Treasury management fees	369	501
Legal expenses	1,045	165
Other expenses	991	543
	2,781	2,535

5. Auditor's remuneration

During the year the following fees were paid or payable for services provided by the auditor of the Scheme:

	2009 $	2008 $
Audit Services:		
PricewaterhouseCoopers		
Audit and review of financial reports	105,000	136,561
Other regulatory audit services	6,500	18,260
Other Services:		
PricewaterhouseCoopers		
Other non-assurance services	18,700	
Taxation services	-	1,650
	130,200	156,471

It is the Scheme policy to employ PricewaterhouseCoopers on assignments additional to its statutory audit duties where PricewaterhouseCoopers expertise and experience with the Scheme are important. These assignments are principally accounting and tax advice, or where PricewaterhouseCoopers is awarded assignments on a competitive basis.

6. Cash and cash equivalents – current assets

	2009 $,000	2008 $,000
Cash at bank and on hand	18,648	57,392
Cash and cash equivalents in the statement of cash flows	18,648	57,392

Subsequent to the debt restructure, two reserves were established as follows:

Liquidity Reserve of $17,660,000

Unscheduled Expense Reserve of $1,000,000

7. Receivables – current assets

	2009 $,000	2008 $,000
Interest receivable	3,568	4,676
Other receivables	139	270
	3,707	4,946

8. Financial assets

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

	2009 $,000	2008 $,000
Money Market Securities	33,555	47,200
Debt Securities	465,654	552,296
	499,209	599,496

(b) Loans and receivables held at amortised cost

	2009 $,000	2008 $,000
Loans and receivable assets	179,926	171,236
	179,926	171,236

(c) Classification

	2009 $,000	2008 $,000
Current	253,708	69,724
Non-current	425,427	701,008
	679,135	770,732

8. Financial assets (continued)

(d) Underlying Investments

	S&P Rating 30 June 2009	Fair Value 30 June 2009	Fair Value 30 June 2008
Money Market Securities			
Apollo 2007-1E	AAA	2,623,486	3,466,043
HBOS Swan Series	AAA	3,222,901	4,387,793
Progress Trust 2006-1	AAA	5,047,203	6,874,998
REDS Trust	AAA	6,994,999	9,601,677
SMHL	AAA	6,655,411	9,752,078
Torrens Trust	AAA	9,010,834	13,117,541
		33,554,835	**47,200,130**
Debt Securities			
AerCo Limited	A-	3,175,932	4,277,588
AMR Corporation	BBB	5,669,040	4,841,115
Bear Stearns Co Inc	A+	16,979,840	16,486,475
Belo Plc	AAA - AA+	10,800,113	10,696,907
Bishopsgate CDO Limited	AA	4,351,000	4,684,220
Centro SC Securities	BB	6,245,291	8,455,000
CFS Retail Property Trust	A	22,794,150	25,023,850
Challenger Treasury Limited	BBB+	4,787,900	4,903,050
Coca-Cola Amatil Limited	A-	5,404,575	5,416,439
Continental Airlines Inc	A- - BBB	13,442,573	11,435,986
Countrywide Financial	A	14,214,150	18,717,765
CSMS		-	4,216,455
CSR Limited		-	9,818,680
Elm BV	A-	9,215,640	12,975,827
Evergreen CDO	A+	8,216,699	7,472,877
Fountain Pl Trust	BBB+	15,538,741	14,273,212
Gasnet Australia Ops		-	9,972,960
Generali Finance	A-	12,867,120	14,247,258
Glitnir Bank		-	8,008,120
Goldman Sachs Group Inc	A	4,945,900	4,835,100
GPT RE Limited	BBB+	9,201,500	9,569,960
Hannover Re	A	6,742,719	8,615,462
Herald Limited Series 24	B+	2,257,000	3,359,210
Khamsin Credit Products	CCC - CCC-	6,785,000	15,931,000
Lease Investment Flight	B+	5,769,458	6,845,354
Macquarie Bank Limited	A-	14,219,016	15,766,138
Merrill Lynch & Co	A	9,808,600	9,089,800
Mobius AllMortgage Trust	#	30,000,000	30,000,000
Mobius NCM-03	A - BBB	29,160,265	27,939,144
Mobius NCM-04	BBB+ - CCC+	36,473,944	36,179,237
Mobius NCM-04	#	17,000,000	17,000,000
Morgan Stanley	A	17,140,000	18,249,700
National Capital Instruments	A+	4,564,350	6,620,320
National Capital Trust	A+	8,250,000	11,000,000
Northwest Airlines	A-	9,334,572	10,483,882
Obelisk Trust 2005-3 Mica	BB+	4,371,250	5,184,940
Obelisk Trust 2006-1 Eden	CCC-	2,524,500	2,054,790
Obelisk Trust 2006-3 Eden		-	4,427,280
Balance carried forward		372,250,836	439,075,101

8. Financial assets (continued)

(d) Underlying investments (continued)

		Fair Value 30 June 2009	Fair Value 30 June 2008
Debt Securities (continued)			
Balance brought forward		372,250,836	439,075,101
Paragon Mortgages PLC	AA	2,173,500	7,812,800
Pepper Trust No 7	AAA	5,454,574	8,504,152
Rainbow ABS CDO 2003	A	5,878,883	6,793,024
Rock & Rubble	BBB	9,895,570	9,785,150
Sapphire IV NZ	A	3,221,983	4,756,200
SLM Corporation	BBB-	8,452,900	18,180,090
Tabcorp Holdings	BBB+	9,884,000	9,220,370
Telstra Corp Limited	A	20,362,200	19,526,680
Transurban Finance	A-	11,507,400	11,543,280
Westfield Management	A-	9,941,850	9,386,890
Wide Bay Trust	BBB-	1,740,656	2,779,368
Woolworths Limited	A-	4,889,500	4,932,900
		465,653,851	**552,296,005**
Loans & Receivable Assets			
Bridge Street CRC	#	100,510,891	100,525,413
Gosford CRC	#	37,757,727	35,035,988
Qantas Airways Limited	#	41,657,220	35,674,131
		179,925,838	**171,235,532**
		679,134,524	**770,731,667**

- These investments have a private rating. For further disclosure refer to Note 15(b).

9. Derivative financial instruments

In the normal course of business the Scheme enters into transactions in various derivative financial instruments with certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include a wide assortment of instruments, such as forwards, futures and options. Derivatives are considered to be part of the investment process. The use of derivatives is an essential part of the Scheme's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Scheme against a fluctuation in market values or to reduce volatility;
- and adjusting asset exposures within the parameters set in the investment strategy.

9. Derivative financial instruments (continued)

	2009 $'000	2008 $'000
Derivative financial instruments – current assets		
Interest Rate Swaps – Fair Value Hedges	-	1,743
Interest Rate Swaps - Held for Trading		23,635
	-	25,378
Derivative financial instruments - current liabilities		
Interest Rate Swaps - Fair Value through Profit and Loss	20,923	-
	20,923	-

10. Trade and other payables – current liabilities

	2009 $,000	2008 $,000
Interest payable	10,801	1,620
Other accrued expenses	557	646
Other payables	1	90
	11,359	2,356

11. Interest-bearing loans and borrowings

(a) Loans and Borrowings

	2009 $,000	2008 $,000
Short term notes (net of debt establishment costs)	-	223,100
Medium term notes (net of debt establishment costs)	652,100	535,000
Debt related initial costs	(801)	(1,778)
	651,299	756,322

(b) Classification

	2009 $,000	2008 $,000
Current	253,708	69,724
Non-Current	397,591	686,598
	651,299	756,322

11. Interest-bearing loans and borrowings (continued)

Prior to the debt restructure, the Scheme had two primary sources of debt funding: short term note purchase facility ("warehouse facility") and the Medium Term Note ("MTN") program. The Scheme originally funded the acquisition of assets by drawing down on the warehouse facility and periodically issuing MTNs under the MTN program. Funds received from the issue of MTNs under the MTN program were used to repay the warehouse facility, thus freeing up the warehouse facility to enable the Scheme to acquire additional assets. All debt issued under the debt facilities or the MTN program was secured by a charge over the Scheme's assets.

The warehouse facility was a revolving note purchase facility provided by a trust (the "Purchaser") advised by SG Australia Limited. The facility had a limit of $300 million (subject to reductions in certain circumstances) and as outlined above was designed to be repaid via the issue of MTNs. The facility was renewable for successive one-year terms or such other period as agreed with the consent of SG Australia Limited. The interest rate attached to the short term notes on issue as at 30 June 2009 was 8.50% (2008: 6.73%).

The obligation to use its best endeavours to redeem the warehouse notes under paragraph 1 above did not require the Scheme to use cash, sell assets or issue new notes to repay the warehouse facility if to do so would have led to a breach of the portfolio tests contained in the documentation for the Scheme's debt programme and support the Standard & Poor's ("S&P") 'AAA' rating on the Scheme's senior obligations.

During the 2008 year a number of adjustments were made to the estimated maturity dates of certain assets in the portfolio. These adjustments resulted in a breach of the MTN Liquidity test as at 30 June 2008. The MTN Liquidity Test required the (adjusted) principal receipts of assets in the Scheme's portfolio, together with free liquidity assets (money market securities), to exceed the aggregated balance of MTN's by final legal maturity.

The Scheme failed to correct this and other breaches of the Portfolio Tests within the permitted grace period, which resulted in it seeking and receiving an extension of the cure periods sufficient to allow it to renegotiate its debt facilites.

On 23 December 2008, the Scheme 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.

for the Scheme

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:

11. Interest-bearing loans and borrowings (continued)

- 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.
- 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:-

Class	**Rating (S&P)**	**Amount Outstanding**	**Coupon**	**Deferred Margin**	**Maturity**	**Ranking**
A1	A-	$166,364,432.03	BBSW + 2.15%	6.00%	20 December 2039	Pari Passu
A2	A-	$485,735,567.97	BBSW + 0.75%	2.00%	20 December 2039	Pari Passu
		$652,100,000.00				

12. Issued capital

(a) Unitholder Funds

	2009 Units	2008 Units	2009 $	2008 $
Ordinary units fully paid	176,439,524	173,928,062	154,412,969	154,073,692
	176,439,524	173,928,062	154,412,969	154,073,692

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 2007	171,496,706		153,203,933
Units reinvested, 31 August 2007	364,838	$ 0.78	283,654
Units reinvested, 30 November 2007	244,741	$ 0.65	159,180
Units reinvested, 28 February 2008	547,737	$ 0.36	198,165
Units reinvested, 30 May 2008	1,274,040	$ 0.18	228,637
Closing balance at 30 June 2008	**173,928,062**		**154,073,569**
Undistributed income			(57,353,961)
Total equity 30 June 2008			**96,719,608**
Movement in ordinary units			
Opening balance 1 July 2008	173,928,062		154,073,569
Units reinvested	2,511,462	$ 0.14	339,400
Closing balance at 30 June 2009	**176,439,524**		**154,412,969**
Undistributed income			(136,503,992)
Total equity 30 June 2009			**17,908,977**

(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 losses of $56,088,333 (30 June 2008: $59,246,444), 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 $12,400,904 (30 June 2008: $222,067), available to offset future assessable capital gains.

13. Distributions paid and payable

	2009 $,000	2009 Cents per unit	2008 $,000	2008 Cents per unit
Timing distributions				
30 September quarter paid*	-	-	1,805	1.05
31 December quarter paid*	-	-	1,945	1.20
31 March quarter paid*	-	-	2,277	1.40
30 June final payable*	-	-	3,049	1.86
	-	-	9,076	5.51

* Allco Funds Management Limited ("AFML") Former Responsible Entity , formerly a wholly owned subsidiary of Allco Finance Group Limited ("AFG"), waived its right to receive distributions on the 10 million units held in the Scheme from 1 December 2007 until 30 November 2009. The cents per unit is based on units on issue excluding AFML's 10 million units.

14. Accumulated Losses

	2009 $,000	2008 $,000
Opening balance	(57,354)	222
Net loss for the year	(79,150)	(48,500)
Distributions paid	-	(9,076)
Closing balance	**(136,504)**	**(57,354)**

15. Financial risk management and financial instruments

Overview

The Scheme's activities expose it to a variety of financial risks - market risk, credit risk, and liquidity risk.

Following the Note Restructure, the Scheme became a static, triggerless investment vehicle holding a range of debt securities with a hold to maturity strategy. Subject to meeting certain criteria, assets may be sold prior to maturity, but no new investments will be made.

Threadneedle (the Investment Manager) will manage and conduct surveillance on the asset portfolio and report to the Responsible Entity and noteholders on a regular basis.

The following summarises the key principles of the monitoring and reporting to be conducted by Threadneedle (the investment manager). The key principles are as follows:

1. **Portfolio monitoring**
   The investment manager will undertake continuous monitoring and surveillance activities for all individual assets in the Scheme Portfolio.

15. Financial risk management and financial instruments (continued)

2. Reporting

The investment manager, is responsible for the day to day operation of the Scheme with the primary responsibilities for post restructure including:

- Asset Surveillance
- Monitoring of existing asset hedges of the Scheme portfolio
- Execution any Sale of Assets in accordance with the restriction outlined in restructure documents
- Monthly NTA calculations (marks derived from 3rd parties)
- Monthly Reporting to Noteholders, Creditors and Responsible Entity
- Providing payment directions to the Cashflow and Systems Manager ("CSM") in relation to assets, liabilities and hedge payments
- Maintaining the Note Restructure Cashflow Model

(a) Market Risk

Market risk refers to the potential changes in the market value of the Scheme's investment positions or earnings stream. There are various types of market risks including exposures associated with interest rates, foreign currencies and traded credit risk.

(i) Interest rate risk

Threadneedle as investment manager of the Scheme manages interest rate exposure by entering into fixed to floating interest rate swaps to match interest rate profiles of its financial assets to financial liabilities, ensuring 100% of its interest rates on financial assets and liabilities are floating. Borrowings issued at variable rates expose the Scheme to cash flow interest rate risk. Borrowings issued at fixed rates also expose the Scheme to fair value interest rate risk.

The Scheme manages interest rate exposure by adjusting the ratio of fixed interest debt to variable interest debt to the target rates, as required by the debt management policy. Where the actual interest rate profile on the physical debt profile differs substantially from the desired target, interest rate swaps are used to manage the Scheme's exposure to interest rate risk. The majority of the derivative financial instruments are fixed-to-floating interest rate swaps. Such derivative financial instruments have the economic effect of converting assets and liabilities from fixed interest rate to variable interest rate. Under the interest rate swaps, the Scheme agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

Interest rate swaps currently in place cover approximately 59% (2008: 59%) of the asset principal outstanding and are timed to expire at the maturity or matched to the amortisation of the underlying assets. The variable rates are between 0.26% and 1.6% (2008: 0.26% and 1.6%) above the 90 day bank bill rate which at balance date was 3.19% (2008: 7.84%). The swaps mature over the next ten years following the maturity of the related loans.

15. Financial risk management and financial instruments (continued)

The interest rate swap contracts require settlement of interest receivable on a gross basis each 90 days. The settlement dates of the interest payable on the contracts are made on a gross basis and coincide with the dates on which interest is receivable on the underlying financial assets.

Sensitivity analysis

A 100 bps change in interest rates at 30 June 2009 would have increased/(decreased) the net assets attributable to unitholders and profit or loss from operating activities by the amounts shown below. This analysis assumes that all other variables held constant. The analysis is performed on the same basis for 2008.

Impact on net profit movement:	**2009 $,000**	**2008 $,000**
100 bp increase	465	972
100 bp decrease	(465)	(972)

A sensitivity of 100 basis points has been selected as this is considered reasonable given the current level of interest rate and the volatility observed both on an historical basis and market expectations for future movement.

(ii) Currency risk

The Scheme is exposed to currency risk as a result of investments in financial instruments denominated in a currency other than the respective functional currency (Australian dollars) of the Scheme. The Scheme is exposed to foreign currency risk from fluctuations in the United States dollar, New Zealand dollar and the Euro. The Scheme has adopted a risk management policy to fully hedge financial instruments denominated in foreign currencies by entering into cross currency interest rate swaps. The Australian dollar income stream of the hedged instrument does not fluctuate for the life of the investment as a result of this hedging policy. The Scheme's exposure to currency risk is in relation to the Euro and the United States Dollar which at 30 June 2009 were EURO€31,281,096 and USD$57,358,657 (2008: EURO€70,572,218 and USD$73,091,421).

Sensitivity analysis

A 10% currency movement at 30 June 2009 would have increased/ (decreased) the net assets attributable to unitholders and profit or loss from operating activities by the amounts shown below. Given that the Scheme hedges its assets (with the exception of cash), the impact on the profit or loss from operating activities would be mitigated due to the existence of the swap. This analysis assumes that all other variables held constant. The analysis was performed on the same basis for 2008.

15. Financial risk management and financial instruments (continued)

Total exposure to foreign currency:	2009 EUR $,000	2009 USD $,000	2008 EUR $,000	2008 USD $,000
10 percent increase of AUD				
Cash and cash equivalents	-	(13)	(21)	(18)
Financial assets at fair value through profit or loss	(5,439)	(5,768)	(7,045)	(6,265)
Loan assets held at amortised cost	-	(1,288)	-	(1,027)
10 percent decrease of AUD				
Cash and cash equivalents	-	13	21	18
Financial assets at fair value through profit or loss	5,439	5,768	7,045	6,265
Loan assets held at amortised cost	-	1,288	-	1,027

A sensitivity of 10% has been selected as this is considered reasonable given the current exchange rates and the volatility observed both on an historical basis and market expectations for future movement.

New Zealand Dollar assets have not been included in this table as they represent less than 1% of financial assets.

(iii) Traded credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Scheme. Traded credit risk is no longer considered a risk as the portfolio held by the scheme is static.

(b) Credit risk (Receivable risk)

At the balance sheet date 12.9% of the Scheme's gross assets relate to an exposure to investment grade loans provided to CRC Bridge St Pty Limited. These loans are indirectly secured by a registered charge over the 20 Bridge St Sydney property.

At the balance sheet date 15.5% of the Scheme's gross assets relate to an exposure to investment grade loans provided to Mobius Financial Services Pty Limited. These loans are secured by a registered charge over the mortgage assets within NCM 03, NCM 04, NCM 04 Support Trust and AllMortgage Trust. Other than the loan to CRC Bridge St Pty Limited and Mobius Financial Services Pty Limited there are no other significant concentrations of credit risk, assessed as any counterparty positions in excess of 10%. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

With regards to ratings for debt instruments, refer to Note 8 (d).

15. Financial risk management and financial instruments (continued)

The following table summarises the credit risk of the Scheme's financial assets by assessing the age of financial assets. It also details financial assets that are individually impaired and a description of collateral held where relevant.

	Total	Neither past due nor impaired	Past due but not impaired < 30 days	30-60 days	60-90 days	>120 days	Collectively impaired	Individually impaired
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2009								
Cash and cash equivalents	18,648	18,648	-	-	-	-	-	-
Trade and other receivables	3,707	3,707	-	-	-	-	-	-
Financial assets at fair value through profit or loss	499,209	499,209	-	-	-	-	-	-
Loan assets held at amortised cost	179,926	179,926	-	-	-	-	-	-
- fixed interest rate	44,650	44,650						
- floating interest rate	135,276	135,276						
Derivative financial instruments	-	-	-	-	-	-	-	-
Other financial assets	-	-	-	-	-	-	-	-
Total	701,490	701,490	-	-	-	-	-	-
2008								
Cash and cash equivalents	57,392	57,392	-	-	-	-	-	-
Trade and other receivables	4,946	4,946	-	-	-	-	-	-
Financial assets at fair value through profit or loss	599,495	599,495	-	-	-	-	-	-
Loan assets held at amortised cost	171,236	171,236	-	-	-	-	-	-
- fixed interest rate	35,024	35,024						
- floating interest rate	136,212	136,212						
Derivative financial instruments	25,378	25,378	-	-	-	-	-	-
Other financial assets	-	-	-	-	-	-	-	-
Total	858,447	858,447	-	-	-	-	-	-

Of the loan assets of $180,014,000 (2008: $171,342,000), $154,045,557 (2008: $146,949,000) are supported by collateral of $266,900,000 (2008: $269,924,000).

(c) Liquidity risk

Liquidity risk includes the risk that the Scheme will not be able to meet its financial obligations as they fall due. The Scheme's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses.

15. Financial risk management and financial instruments (continued)

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions.

The Scheme addresses liquidity risk through:

- Cashflow waterfalls set out in the Note and Security Trust Deed. In this way, expenses and costs will be determined and paid in the documented order of priorities. The waterfalls also contain mechanisms to top up the various funding reserves if their balances reduce below the target level;
- Maintenance of a minimum balance of $17,660,000 in a Liquidity Reserve comprised of cash and cash equivalents. This reserve will be maintained until the PT Note Balance is fully repaid;
- Maintenance of a minimum balance of $1,000,000 in an Unscheduled Expense Reserve. As set out above, this reserve is topped up at each payment date if its balance falls below the $1,000,000 target balance; and
- Matching asset and liability maturities where possible.

The following table analyses the Scheme's financial liabilities and net settled derivative financial instruments into relevant maturity groupings based on the remaining contractual maturity period at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows (includes both interest and principal cash flows), except interest rate swaps which are disclosed at a net basis. The total of these amounts is the gross nominal cash flows. The table below discloses these amounts in various time frames. The forward foreign exchange contracts that will be settled on a gross basis are also disclosed into relevant maturity groupings based on the remaining period at the balance sheet date.

			Residual contractual maturities				
	Carrying Amount $'000	Gross nominal $'000	Less than 1 $'000	1-3 months $'000	3 months to 1 year $'000	1-5 years $'000	>5 years $'000
2009							
Trade and other payables	11,359	11,359	558	-	-	-	10,801
Interest-bearing loans and borrowings	651,298	2,096,711	2,335	4,670	21,016	112,087	1,956,603
Derivative financial instruments	20,923	22,123	196	54	4,121	9,856	7,896
	683,580	2,130,193	3,089	4,724	25,137	121,943	1,975,300
2008							
Trade and other payables	2,357	2,357	312	1,308	-	-	-
Interest-bearing loans and borrowings	756,322	-	-	223,100	-	535,000	-
- limited recourse loans	-	-	-	-	-	-	-
Distributions Payable	3,049	-	-	3,049	-	-	-
	761,728	2,357	312	227,457	-	535,000	-

15. Financial risk management and financial instruments (continued)

Capital risk management

Following the Note Restructure, the Scheme became a static, triggerless investment vehicle holding a range of debt securities with a hold to maturity strategy. Subject to meeting certain criteria, assets may be sold prior to maturity, but no new investments will be made.

Accordingly, the majority of capital management tasks have been removed from the investment manager's discretion.

Going forward, the investment manager will manage and conduct surveillance on the asset portfolio and report to the Responsible Entity and noteholders on a regular basis.

16. Related parties

(a) Responsible entity

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.

(b) Key management personnel

Key management personnel include persons who were directors of the Responsible Entity at any time during the reporting period, as follows:

Directors and Officers

Permanent Investment Management Limited

The Director's of the Responsible Entity from 25 June 2009 and up to the date of this report are:

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

The Former Responsible Entity Allco Managed Investment Funds Limited

Michael Brogan and Ian Tsicalas were directors of the Former Responsible Entity during the period 1 July 2008 to 25 June 2009.

The following persons were directors of the Former Responsible Entity from the date of their appointment until 25 June 2009:

- Frank Tearle – appointed on 4 December 2008.

16. Related parties (continued)

The following persons were directors of the Former Responsible Entity from the beginning of the financial year until the date of their resignation:

- Neil Brown – resigned on 28 November 2008; and
- Michael Stefanovski – resigned on 6 August 2008.

The Scheme does not directly employ any key management personnel. Instead, the provision of management services, including that provided by the Fund Manager, is and was provided by the investment manager Threadneedle and Former investment manager Allco Funds Management Ltd for which it is and was entitled to receive a management fee. The level of the management fee is unrelated to the remuneration of the key management personnel. None of the directors of the Former Responsible Entity and current Responsible Entity are remunerated by the Scheme. Details of fees paid to the Former investment manager and Threadneedle appear at Note 16(c) and related party unitholdings at Note 16(e). No further disclosures regarding management remuneration are included in this report.

(c) Transactions with the responsible entity and its associates

Responsible entity's fees and other transactions

Under the terms of the Scheme Constitution dated 11 July 2005, the Former Responsible Entity was entitled to a fee of 0.10% of the subscribed capital of the Scheme per annum. The Former Responsible Entity up to 25 June 2009 Allco Managed Investments Funds Limited waived its right to receive its Responsible Entity fee from the Scheme for the period 1 December 2007 until 30 November 2009.

As replacement Responsible Entity, PIML will receive a flat fixed fee of $330,000 per annum paid monthly in arrears.

Transactions between the Scheme and other entities associated with the Former Responsible Entity

Under the terms of the Product Disclosure Document dated 4 August 2005, the Former investment manager Allco Funds Management Limited, a wholly owned subsidiary of Allco Finance Group, was entitled to an administration fee of 0.40% of the subscribed capital of the Scheme per annum.

Under the terms of the Product Disclosure Document dated 4 August 2005, the Former investment manager Allco Funds Management Limited, a wholly owned subsidiary of Allco Finance Group, was entitled to a management fee calculated by reference to the average daily gross portfolio value of the Scheme on a sliding scale per annum as follows:

- 0.15% per annum charged on the first $1,500,000,000 of gross portfolio value;
- 0.125% per annum charged on the next $1,000,000,000 of gross portfolio value; and
- 0.10% per annum charged on any gross portfolio value thereafter

16. Related parties (continued)

Under the terms of the Product Disclosure Document dated 4 August 2005, the Former investment manager Allco Funds Management Limited a wholly owned subsidiary of Allco Finance Group Limited, was entitled to a performance fee of 20% on any excess returns earned on total invested equity per annum. Excess returns are defined as the return (after deducting certain fees and expenses) above the sum of the average 90 day mid-rate bank bill rate plus a margin of 1% per annum multiplied by the number of ordinary units of the Scheme assuming an issue price of $1.

The former Responsible Entity has advised that all related party transactions were conducted on normal commercial terms and conditions. As from the 25 June 2009 other than those mentioned in the financial report, PIML has no related party transactions.

Aggregate impacts on the income statement for the year relating to the above transactions with the Scheme:

The Former investment manager Allco Funds Management Limited ("AFML"), formerly a wholly owned subsidiary of AFG, waived its right to receive its administration fee and management fee from the Scheme for the period 1 December 2007 until 30 November 2009.

Following the completion of the Note Restructure, PIML has been appointed as Responsible Entity of the Scheme. PIML does not derive fees or income from the Scheme other than the agreed Responsible Entity Fees.

No performance fees were paid during the year to the Former investment manager

(d) Transactions with the Former responsible entity and its associates

	2009 $	2008 $
Amounts recognised as expense		
Responsible entity administration fees - Allco Managed Investment Funds Limited	63,081	65,411
Investment manager administration fees	-	328,115
Investment manager management fees - Allco Managed Investment Funds Limited	77,067	630,482
Investment manager management fees - Threadneedle	39,940	
	180,088	1,024,008

Aggregate amounts of assets and liabilities at balance date relating to the above transactions with the Scheme:

	2009 $	2008 $
Liabilities		
Responsible entity administration fees - Allco Managed Investment Funds Limited	6,640	-
Investment manager administration fees	-	-
Investment manager management fees	-	-
Fees paid by Allco Finance Group on behalf of Max Trust	990	990
	7,630	990

(e) Transactions with other related parties

The Scheme provided loans to a related party of the Former Responsible Entity Allco Aviation Finance Pty Limited, a wholly owned subsidiary of Allco Holdings Pty Limited. As at 30 June 2009 the closing loan balance was $36,046,954 (2008: $36,063,154). The debt funding has been provided during the year at interest rates ranging at margins of 0.70% to 1.30% over the 90 day bank bill rate, which at the balance date was 3.19% (2008: 7.84%). The Scheme earned income of $2,380,684 (2008: $2,531,778) in relation to these loans during the financial year. As at 30 June 2009 $107,910 (2008: $108,948) was receivable under these facilities.

The Scheme subscribed for loans issued by the Mobius NCM 03 Trust, an associated entity of the Former Responsible Entity, Allco Managed Investments Funds Limited. As at 30 June 2009, the closing loan balance was $31,150,000 (2008: $27,939,144).The debt funding has been provided during the year at interest rates ranging at margins of 0.85% to 1.50% over the 90 day bank bill rate, which at the balance date was 3.19% (2008: 7.84%). The Scheme earned income of $1,896,302 (2008: $2,553,455) in relation to these loans during the financial year. As at 30 June 2009, $61,606 (2008: $114,056) was receivable under these facilities.

The Scheme subscribed for loans issued by the Mobius NCM 04 Trust, an associated entity of the Former Responsible Entity, Allco Managed Investments Funds Limited. As at 30 June 2009, the closing loan balance was $42,387,916 (2008: $36,668,428). The debt funding has been provided during the year at interest rates ranging at margins of 0.85% to 4.00% over the 90 day bank bill rate, which at the balance date was 3.19% (2008: 7.84%). The Scheme earned income of $2,595,997 (2008: $3,556,565) in relation to these loans during the financial year. As at 30 June 2009, $75,323 (2008: $154,009) was receivable under these facilities.

The Scheme subscribed for loans issued by the Mobius NCM 04 Support Trust, an associated entity of the Former Responsible Entity, Allco Managed Investments Funds Limited. As at 30 June 2009, the closing loan balance was $17,000,000 (2008: $17,000,000).The debt funding has been provided during the year at an interest rate being a margin of 1.20% over the 90 day bank bill rate, which at the balance date was 3.19% (2008: 7.84%). The Scheme earned income of $1,158,402 (2008: $1,420,143) in relation to these loans for the year. As at 30 June 2009, $185,917 (2008: $4,210) was receivable under these facilities.

The Scheme subscribed for loans issued by the Mobius AllMortgage Trust, an associated entity of the Former Responsible Entity, Allco Managed Investments Funds Limited. As at 30 June 2009, the closing loan balance was $30,000,000 (2008: $30,000,000).The debt funding has been provided during the year at an interest rate being a margin of 1.50% over the 90 day bank bill rate, which at the balance date was 3.19% (2008: 7.84%). The Scheme earned income of $1,968,576 (2008: $2,578,838) in relation to these loans during the financial year. As at 30 June 2009, $7,644 (2008: $29,891) was receivable under these facilities.

16. Related parties (continued)

The Scheme provided loans to Bridge St CRC Pty Limited via investing in notes issued by Max Realty Pty Limited, both of which are wholly owned subsidiaries of Allco Holdings Pty Limited. As at 30 June 2009 the closing loan balance was $100,500,000 (2008: $100,500,000). The debt funding has been provided during the year at an interest rate being a margin of between 0.62% and 2.00% over the 90 day bank bill rate, which at the balance date was 3.19% (2008: 7.84%). The Scheme earned income of $6,047,036 (2008: $7,969,380) in relation to these loans during the financial year. As at 30 June 2009 $350,731 (2008: $721,831) was receivable under these facilities. Refer to Note 20 for further details on repayment of Loan Series for Bridge Street.

During the year ended 30 June 2009, the Scheme provided loans to Gosford CRC Pty Limited, via investing in notes issued by Max Realty Pty Limited, both of which are wholly owned subsidiaries of Allco Holdings Pty Limited. As at 30 June 2009 the closing loan balance was $34,666,667 (2008: $35,555,555). The debt funding has been provided during the year at an interest rate being a margin of 0.72% over the 30 day bank bill rate, which at the balance date was 3.19% (2008: 7.84%). The Scheme earned income of $2,799,103 (2008: $1,584,417) in relation to these loans during the financial year. As at 30 June 2009 $172,273 (2008: $132,603) was receivable under these facilities.

The former Responsible Entity has advised that all related party transactions were conducted on normal commercial terms and conditions. As from the 25 June 2009 other than those mentioned in the financial report, PIML has no related party transactions.

(e) Related party unitholdings in the Scheme

The Former Responsible Entity, its affiliates and other schemes managed by the Former Responsible Entity, held units in the Scheme as follows:

(i) Former Investment Manager unitholdings

Allco Funds Management Limited held units in the Scheme as follows:

Unitholder	Number of units at the start of the year	Number of units acquired during the year	Number of units disposed of during the year	Balance at the end of the year	Distributions paid/payable by the Scheme	Interest held %
2009						
Allco Funds Management Limited	10,000,000	-		10,000,000	-	5.67
2008						
Allco Funds Management Limited	10,000,000	-	-	10,000,000	105,000	5.75
Allco Principals Residual Holdings Pty Limited	5,120,144	-	(5,120,144)	-	115,203	-

16. Related parties (continued)

(f) Key management personnel remuneration

Key management personnel were paid by the Former Responsible Entity Allco Managed Investment Funds Limited, a wholly owned subsidiary of Allco Funds Management Limited. Payments made from the Scheme to the Former Responsible Entity did not include any amounts directly attributable to key management personnel remuneration.

17. Earnings per unit

Basic and diluted earnings per unit are both calculated using the net loss of $79,150,030 for the financial year ended 30 June 2008 (2007: $48,500,268).

	2009 Cents	2008 Cents
Basic loss per unit	(45.1)	(28.2)
Diluted loss per unit	(45.1)	(28.2)
	Number of units	**Number of units**
Weighted average number of ordinary units used in the calculation of basic earnings per unit	175,532,010	172,229,181
Weighted average number of ordinary units used in the calculation of diluted earnings per unit	175,532,010	172,229,181
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	175,532,010	172,229,181
Net Profit/(Loss)	(79,150,030)	(48,500,268)

18. Reconciliation of cash flows from operating activities

	2009 $,000	2008 $,000
(Loss)/profit for the year	(79,150)	(48,500)
Expenses paid but capitalised	-	(150)
Amortisation of capitalised expenses	893	937
Amortisation of deferred income	(136)	(136)
Net foreign exchange (gains) / losses	-	82
GST recovered	(81)	86
Net (gain)/loss on financial assets held at fair value through profit or loss	69,437	59,246
Changes in operating assets and liabilities		
- (Increase) decrease in receivables	1,239	(244)
- Increase (decrease) in trade and other payables	9,003	(457)
Net cash flow from operating activities	**1,205**	**10,864**

19. Non-cash investing and financing activities

	2009 $,000	2008 $,000
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	339	870
	339	870

20. Events occurring after balance sheet date

The Scheme has provided loans to special purpose vehicles established for the purpose of refinancing two Record Realty Trust (ASX: RRT) property transactions (the ASX Building (20 Bridge Street, Sydney) and the Gosford Workcover Head office (Gosford, NSW)) and have been monitoring the progress of the Receivership of these two properties.

Subsequent to the balance sheet date, Threadneedle (the investment manager) has continued to monitor the sale programme being undertaken by the Receiver & Manager of each property.

The Scheme had previously provided loans by way of subscribing for notes issued by a special purpose vehicle (Max Realty Pty Limited) ("Max Realty") which had in turn provided loans to CRC Bridge Street Pty Limited in connection with the financing of the ASX Building at 20 Bridge Street, Sydney (Bridge Street Transaction).

PIML as responsible entity for the Scheme advised the ASX that Max Realty had entered into a Substitution Agreement (dated 15 September 2009) pursuant to which it had been agreed to assign all its rights, title and interest in the documents relating to the Bridge Street Transaction to BOS International (Australia) Limited (the Substitution Agreement).

The terms of the consent provided by PIML to Max Realty required the proceeds received under the Substitution Agreement by Max Realty to be used to redeem the notes issued to Max in respect of the Bridge Street Transaction.

Settlement occurred on 21 September 2009 and resulted in the receipt by the Scheme of $100,118,678.77 which represents all balances owing to the transaction which have been applied to repay the Scheme's indebtedness to noteholders.

The Scheme had also provided an additional loan to special purpose vehicle established for the purpose of refinancing a further Record Realty Trust (ASX: RRT) property transaction, being the Gosford Workcover Head office (Gosford, NSW) and have been monitoring the progress of the Receivership of this property.

21. Contingencies

There are no outstanding contingent assets and liabilities or commitments at 30 June 2009.

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 11 to 42, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the Company and the Scheme as at 30 June 2009 and of their performance, as represented by the results of their operations and cash flows, for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company 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 30 September 2009

Signed in accordance with a resolution of the directors:

Michael Britton
Director

PRICEWATERHOUSECOOPERS

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Independent auditor's report to the members of Max Trust

Report on the financial report

We have audited the accompanying financial report of Max Trust (the registered scheme), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Max Trust.

Directors' responsibility for the financial report

The directors of Permanent Investment Management Limited (the Responsible Entity) are responsible for the preparation and fair presentation of the 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 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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

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

PRICEWATERHOUSECOOPERS

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of Max Trust is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the registered scheme's financial position as at 30 June 2009 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;* and

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

PricewaterhouseCoopers

PricewaterhouseCoopers

E A Barron
Partner

Sydney
30 September 2009

Corporate Governance Statement

PIML is currently tailoring its Corporate Governance Statement for the Scheme and will release it on completion. Further emphasis will be placed on enhancing internal controls and compliance plan requirements for the Scheme.

Investment Management Agreement

Under the investment management agreement dated 11 March 2009 (IMA) with the previous responsible entity (Allco Managed Investment Funds Limited and subsequently novated to PIML on 25 June 2009 upon PIML's appointment as replacement responsible entity), Threadneedle International Limited (Threadneedle) was appointed as investment manager for the Scheme to manage the Scheme's portfolio of investments in accordance with the investment objectives as set out in the IMA. The proposed investment objectives and strategies have been advised to unit holders at the unit holder meeting held on 12 May 2009. Threadneedle may retire as investment manager by giving 60 days written notice to PIML and if the retirement is within five years of its appointment, Threadneedle must procure the appointment of a replacement manager reasonably acceptable to the responsible entity and bears the costs of doing so.

A description of the fees payable to the investment manager is set out in Note 16 to the financial statements of the Scheme. PIML must pay, out of the assets of the Scheme, all taxes, costs, charges and expenses properly incurred by the manager in connection with the investment or management of the Scheme. Upon termination of the IMA, the investment manager is entitled to any accrued but unpaid fees and expenses.

Under the IMA, PIML has agreed to indemnify the manager against any losses or liabilities incurred by the manager in connection with any negligence, default, fraud or dishonesty of PIML or its agents (except to the extent that any such loss or liability is caused by the negligence, default, fraud or dishonesty of the manager or its agents). PIML is not otherwise liable to Threadneedle.

The IMA gives PIML the right to remove Threadneedle as investment manager if Threadneedle becomes insolvent, ceases to have a place of business in Australia, breaches the Key Men clause or materially breaches the IMA and fails to remedy the breach in 20 business days. In any event, PIML may do so by giving Threadneedle 60 days written notice.

Other Information

All data below is quoted as at the end of trading on 28 August 2009.

Distribution of ordinary units

Range	Holders	Units	% Capital
1-500	247	26,203	0.01%
501-1,000	47	35,762	0.02%
1,001-5,000	288	1,015,791	0.58%
5,001-10,000	422	3,700,518	2.10%
10,001-100,000	1,265	44,473,290	25.21%
100,000+	211	127,187,960	72.08%
Total	**2,280**	**176,439,524**	**100.00%**

Largest unitholders

The names of the 20 largest holders of ordinary units.

Name	Units	% Capital	Rank
HSBC Custody Nominees (Australia) Limited	12,467,983	7.07%	1
Allco Funds Management Limited	10,000,000	5.67%	2
Capri Trading Pty Ltd	10,000,000	5.67%	3
Equity Trustees Limited	4,461,031	2.63%	4
Dahlenburg Superannuation Pty Ltd	4,000,000	2.27%	5
Bond Street Custodians Limited	3,395,131	1.92%	6
Mr Rodney Pryor & Mrs Jennifer Pryor	3,000,000	1.70%	7
Citicorp Nominees Pty Ltd	2,762,999	1.57%	8
Mr James Meloy	2,733,923	1.55%	9
CIMB-GK Securities Pty Ltd	2,089,166	1.18%	10
Mr Huy Dinh Tran	2,000,000	1.13%	11
Mr Anthony Wilson & Ms Linda Black	1,610,000	0.91%	12
Ashford Pty Ltd	1,500,000	0.85%	13
Mr Vassie Gerard Fitzgerald & Mrs Labriani Fitzgerald	1,500,000	0.85%	14
Leopard Asset Management Pty Ltd	1,500,000	0.85%	15
Leopard Asset Management Pty Ltd	1,500,000	0.85%	16
Mr Anthony Wilson	1,453,147	0.82%	17
Hibbs Nominees Pty Ltd	1,306,858	0.74%	18
Fortis Clearing Nominees Pty Ltd	1,299,500	0.74%	19
RBC Dexia Investor Services Australia Nominees Pty Ltd	1,140,231	0.65%	20

Substantial holders

As disclosed in substantial holder notices lodged with the ASX.

Name	Units	
Fortis Clearing Nominees Pty Ltd	13,124,707	7.71%
Credit Suisse Holdings (Australia) Limited	11,032,022	6.25%
Allco Funds Management Ltd	10,000,000	7.75%
Capri Trading Pty Ltd	10,000,000	5.80%

Voting rights
Ordinary unit holders are entitled to one vote.

Buy back
There is no current on market buy back.

Marketable parcels
The number of holders with less than a marketable parcel of ordinary units is 517.

Unquoted securities
There are no unquoted securities on issue.

Stock exchanges
Max Trust (MXQ) securities are only listed on the Australian Securities Exchange.

Secretary
Permanent Investment Management Limited (PIML) is the responsible entity of Max Trust.
Mr Adrian Lucchese is the Company Secretary of PIML.

Voluntary escrow
There are no restricted securities of Max Trust or securities subject to voluntary escrow.

Registered office of Responsible Entity
Permanent Investment Management Limited
Level 4, 35 Clarence Street
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Telephone: 02 8295 8100

Share register
Computershare Investor Services Pty Limited
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