

ADELAIDE MANAGED FUNDS ASSET BACKED YIELD TRUST

ARSN 120 038 002

**HALF YEAR FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

DIRECTORS' REPORT

In accordance with the Corporations Act 2001, the Directors of Adelaide Managed Funds Limited ('AMF') (ABN 81 062 274 533), the Responsible Entity of the Adelaide Managed Funds Asset Backed Yield Trust (the 'Fund') (ARSN 120 038 002), submit their report for the Fund for the half year ended 31 December 2011.

THE MANAGER

AMF has acted in the capacity of Responsible Entity of the Fund for the half year ended 31 December 2011. Bendigo and Adelaide Bank Limited ('Bendigo and Adelaide Bank') is the Custodian and Service Provider and as such has prepared these accounts.

DIRECTORS

The names of the Directors of AMF during the half year and until the date of this report (unless stated otherwise) are:

N Fox (Chairman)
S Treanor
B Speirs

PRINCIPAL ACTIVITIES

The principal activity of the Fund during the half year was the investment in notes backed by a range of loans and receivables including non-conforming residential mortgages and agricultural managed investment schemes. There has been no significant change in the nature of this activity during the period. The Fund's last remaining assets are the notes backed by loans to agricultural managed investment scheme investors. Upon the realisation of these last remaining assets, AMF will wind up and deregister the Fund.

FUND INFORMATION

The Fund is an Australian registered Trust. AMF, the Responsible Entity of the Fund, is incorporated and domiciled in Australia.

The registered office of the Responsible Entity is located at The Bendigo Centre, PO Box 480, Bendigo VIC 3552.

At 31 December 2011 the Fund had no employees.

REVIEW OF OPERATIONS

The Fund maintained its holding of asset backed securities and as at 31 December 2011 had portfolio exposure to agricultural managed investment schemes. The revenue earned by the Fund was derived solely as interest from its cash and investment holdings.

The Fund received full repayment of its investments backed by non-conforming residential mortgages in November 2011. In line with the ongoing orderly wind down of the Fund, this capital was returned to Unitholders during the period.

In accordance with the ongoing orderly wind down of the Fund (approved by Unitholders at an Extraordinary General Meeting held in September 2010), the Fund was delisted as at close of trading on 15 December 2011.

The Fund reduced the impairment provision raised against its agricultural managed investment scheme investments by \$916,756 during the period ended 31 December 2011 (31 December 2010: \$0.00). An outstanding impairment provision of \$9,387,527 still remained in place against these investments as at 31 December 2011 (31 December 2010: \$15,354,658). The resulting carrying value of the Fund's agricultural managed investment scheme investments as at 31 December 2011 was \$3,560,296 (31 December 2010: \$1,755,000).

RESULTS

The interim financial report is to be read in conjunction with the 30 June 2011 annual financial report.

The performance of the Fund for the period ended 31 December 2011 as represented by the results of its operations, was as follows:

Interest Income:	\$1,130,969
Finance Costs - Distribution to Unitholders:	\$894,069

The total value of assets held by the Fund as at 31 December 2011 was \$5,251,253 (30 June 2011: \$30,555,997).

Management fees payable to AMF during the half year ended 31 December 2011 were \$192,460 (31 December 2010: \$603,284).

The total number of Units issued as at 31 December 2011 was 94,115,809 (31 December 2010: 94,115,809).

DISTRIBUTIONS

Total income distributions for the half year to 31 December 2011 were 0.94 cents per Unit (31 December 2010: 3.90 cents per Unit).

In line with the ongoing orderly wind down of the Fund, capital totalling \$0.27 per Unit was returned to Unitholders during the period ended 31 December 2011 (31 December 2010: \$1.49 per Unit).

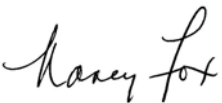
AUDITOR'S INDEPENDENCE DECLARATION

The auditor's review of this financial report is in accordance with the declaration "Auditor's Independence Declaration to the Directors of Adelaide Managed Funds Limited as Responsible Entity for Adelaide Managed Funds Asset Backed Yield Trust" on page 5.

ROUNDING

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

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



Nancy Fox
Chairman
31 January 2012
Sydney

To the Unitholders of Adelaide Managed Funds Asset Backed Yield Trust

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Adelaide Managed Funds Asset Backed Yield Trust ("the Trust"), which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration. The half-year financial report has been prepared on a liquidation basis as the Trust is in the process of winding up.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Responsible Entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Trust's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

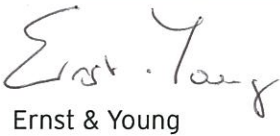
Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Trust, which has been prepared on a liquidation basis, is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Trust's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

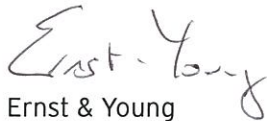
Ernst & Young

A handwritten signature in cursive script that reads 'Mark Phelps'.

Mark Phelps
Partner
Adelaide
31 January 2012

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

In relation to our review of the financial report of Adelaide Managed Funds Asset Backed Yield Trust for the half-year ended 31 December 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



Mark Phelps
Partner
Adelaide
31 January 2012

STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Note	Dec-11 \$000's	Dec-10 \$000's
INCOME			
Interest income	3(a)	1,131	4,557
Other income – reduction in impairment provision	3(b)	917	-
Total income		2,048	4,557
EXPENSES			
Operating expenses	3(c)	237	780
Total expenses		237	780
Net profit before finance costs		1,811	3,777
Finance costs: Distribution to Unitholders	3(d)	894	3,777
Net profit after finance costs		917	-
Other comprehensive income		-	-
Change in net assets attributable to Unitholders		917	-

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011

	Note	Dec-11 \$000's	Jun-11 \$000's
Assets			
Cash	4	1,638	5,054
Trade and other receivables	5	53	147
Loans and receivables	6	3,560	25,355
Total assets		5,251	30,556
Liabilities			
Management/Responsible Entity fees		89	119
Distribution payable	7	9	790
Total liabilities		98	909
Net assets attributable to Unitholders		5,153	29,647
Represented by:			
Unitholders' funds	8	8,488	33,899
Accumulated losses		(3,335)	(4,252)
Net assets attributable to Unitholders		5,153	29,647

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

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Units on issue 000's	Net assets attributable to Unitholders \$000's
Balance at 1 July 2010	94,116	152,193
Net profit attributable to Unitholders	-	3,777
Other comprehensive income	-	-
Total comprehensive income	-	3,777
Distribution to Unitholders	-	(3,777)
Capital returned to Unitholders	-	(125,174)
Balance at 31 December 2010	94,116	27,019
Balance at 1 July 2011	94,116	29,647
Net profit attributable to Unitholders	-	1,811
Other comprehensive income	-	-
Total comprehensive income	-	1,811
Distribution to Unitholders	-	(894)
Capital returned to Unitholders	-	(25,411)
Balance at 31 December 2011	94,116	5,153

The above Statement of Changes in Net Assets Attributable to Unitholders should be read in conjunction with the accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Dec-11 \$000's	Dec-10 \$000's
Cash flows from operating activities		
Interest received on investments	903	4,757
Interest received on cash deposit	125	165
Manager fee paid	(239)	(976)
GST refunded	21	74
Payments to service providers	(59)	(188)
	<hr/>	<hr/>
Net cash flows from operating activities	751	3,832
Cash flows from financing activities		
Distributions to Unitholders	(1,674)	(6,920)
Capital returned to Unitholders	(25,411)	(140,233)
	<hr/>	<hr/>
Net cash flows used in financing activities	(27,085)	(147,153)
Cash flows from investing activities		
Principal receipts from investments	22,918	127,367
	<hr/>	<hr/>
Net cash generated by investing activities	22,918	127,367
Net increase/(decrease) in cash and cash equivalents	(3,416)	(15,954)
Cash and cash equivalents held at 1 July 2011	5,054	20,743
	<hr/>	<hr/>
Cash and cash equivalents held at 31 December 2011	1,638	4,789

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 Corporate information

The financial report of the Fund for the half year ended 31 December 2011 was authorised for issue in accordance with a resolution of the Directors of the Responsible Entity on 31 January 2012.

The Fund is an Australian registered Trust, constituted in August 2006. AMF, the Responsible Entity of the Fund, is incorporated and domiciled in Australia.

The registered office of the Responsible Entity is located at The Bendigo Centre, PO Box 480, Bendigo VIC 3552.

NOTE 2 Summary of significant accounting policies

(a) Basis of preparation

This general purpose condensed financial report for the half year ended 31 December 2011 has been prepared in accordance with *AASB134 Interim Financial Reporting* and the Corporations Act 2001.

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

It is recommended that this half year financial report be read in conjunction with the annual financial report for the year ended 30 June 2011 and considered together with any public announcements made by the Fund during the half year ended 31 December 2011 in accordance with the continuous disclosure obligations of the Corporations Act 2001 and ASX Listing Rules (up until 15 December 2011).

Any public announcements made by the Fund during the half year ended 31 December 2011 are available on the AMF website (www.adelaidemanagedfunds.com.au).

(b) Changes in accounting policies

The financial statements for the half year ended 31 December 2011 have been prepared on a liquidation basis. The financial statements in the most recent annual financial report were also prepared on a liquidation basis.

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

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

NOTE 3 Income, expenses and distribution to Unitholders

	Dec-11 \$000's	Dec-10 \$000's
(a) Interest income		
Income from investments	1,152	4,620
Capitalised costs	(21)	(63)
Total interest income	1,131	4,557
(b) Other income – reduction in impairment provision		
Reduction in impairment provision	917	-
Total other income	917	-
<p>A reduction in the impairment provision noted against the Fund's agricultural managed investment scheme investment of \$916,756 was recognised as other income during the period ended 31 December 2011 (31 December 2010: \$0.00).</p>		
(c) Operating expenses		
Custodian fee	2	6
Manager's remuneration	192	603
Other operating expenses	43	171
Total operating expenses	237	780
(d) Finance costs - distribution to Unitholders		
Accrued distribution at beginning of the period	(790)	(3,673)
Distributions paid during the period	1,675	6,920
Accrued distribution proposed and payable	-	424
Accrued distribution payable to Unitholders	9	106
	894	3,777

NOTES TO THE FINANCIAL STATEMENTS (CONT)

NOTE 4 Cash	Dec-11 \$000's	Jun-11 \$000's
Reconciliation of cash		
For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash comprises:		
Cash at bank balance	1,638	5,054
Average balance	4,817	5,411
Average interest rate	4.63%	4.63%
Maturity analysis based on remaining term to maturity at 31 December 2011:		
At call	1,638	5,054
NOTE 5 Trade and other receivables		
Other receivables	13	3
Accrued interest	40	144
	53	147
Maturity analysis based on remaining term to maturity at 31 December 2011:		
Less than 3 months	53	147
NOTE 6 Loans and receivables		
Loans and receivables at amortised cost	12,948	35,866
Acquisition costs	-	21
Provision for impairment - specific	(9,388)	(10,532)
	3,560	25,355
Provision for impairment - specific		
Opening balance	10,532	15,781
Decrease in specific impairment provision	(917)	4,509
Unwind of impairment provision	(227)	(740)
Closing balance	9,388	10,532

A total impairment provision of \$9,387,527 is noted against the Fund's agricultural managed investment scheme investment as at 31 December 2011 (30 June 2011: \$10,532,220), due to reasonable doubt over the collectability of the full principal balance and the interest owing to the Fund. This estimate of future losses is subject to a number of variables, including borrower behaviour, recovery of losses and assumed timing of cash flows.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

NOTE 7 Distribution payable

	Dec-11 \$000's	Jun-11 \$000's
The distribution payable is as follows:		
Unit distribution proposed for the period	-	790
Accrued distribution payable to Unitholders	9	-
	9	790

	Cents per Unit	Cents per Unit
Unit distribution proposed for the period	-	0.84

NOTE 8 Unitholders' funds

Unit issued	192,107	192,107
Unit buy back	(8,678)	(8,678)
Capitalised issue costs	(7,416)	(7,416)
Capital returned to Unitholders	(167,525)	(142,114)
	8,488	33,899

NOTE 9 Related party disclosures

The Responsible Entity of the Fund is AMF whose immediate and ultimate holding company is Bendigo and Adelaide Bank.

As at 31 December 2011, the Fund had \$1,637,656 invested in an at call account with Bendigo and Adelaide Bank. There are no fees payable on the account and the applicable interest rate is equivalent to the Reserve Bank of Australia cash rate.

All remuneration and fees have been calculated in accordance with the Trust Deed/Constitution. Manager/Responsible Entity remuneration amounted to \$192,460 for the period ended 31 December 2011 (31 December 2010: \$603,284).

NOTE 10 Segment information

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

NOTE 11 Subsequent events

Since 31 December 2011 there has not been any matter or circumstances not otherwise dealt with in the financial report that has significantly affected or may significantly affect the Fund.

DIRECTORS' DECLARATION

In the opinion of the Directors of AMF:

- (a) The financial statements and notes of the Fund, which have been prepared on a liquidation basis, are in accordance with the Corporations Act 2001, including:
- (i) giving a true and fair view of the Fund's financial position as at 31 December 2011 and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard '*AASB 134 Interim Financial Reporting*' and the Corporations Regulations 2001.
- (b) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

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



Nancy Fox
Chairman
31 January 2012
Sydney