

This is Annexure A of 14 pages containing the condensed financial statements of
Australian Masters Yield Fund No 5 Limited
ABN 87 161 255 750 referred to in Form 7051 Half-yearly Reports



Christopher Brown
Director

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED
ABN 87 161 255 750

HALF-YEAR FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2013

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED
ABN 87 161 255 750

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AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED

ABN 87 161 255 750

DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

The directors present their report together with the interim financial report of Australian Masters Yield Fund No 5 Limited ("the Company") for the half-year ended 31 December 2013.

Directors

The names of directors who held office during or since the end of the half-year:

Mr Thomas Oliver Kline – Non Executive Chairman

Mr Christopher Matthew Brown – Non Executive Director

Mr Alexander Gen MacLachlan – Non Executive Director

Directors have been in office since the start of the half-year to the date of this report unless otherwise stated.

Principal Activities

The principal activity of the Company during the financial period was investing in Australian fixed and floating income securities.

Results and Review of Operations

The profit of the Company after providing for income tax amounted to \$1,914,607 (2012: \$78,537). The net asset value of the Company at 31 December 2013 was \$102,235,439 (30 June 2013: \$101,079,113). The net asset value per share at 31 December 2013 was \$101.12 (30 June 2013: \$99.98). The primary increase in profit is due to an increase in the funds invested within the Company's portfolio and is expected to further increase during the next half-year as the Company seeks to be fully invested.

The weighted average number of shares for the half-year was 1,011,041. The basic and diluted earnings per share after tax was \$1.89.

Dividends Paid or Recommended

During the half-year, the Company paid a fully franked dividend of \$0.75 per share on 25 November 2013. The total amount of the dividend paid was \$758,281.

After Balance Date Events

On 29 January 2014, the Company announced a fully franked dividend of \$1.10 per share which was paid to shareholders on 19 February 2014.

Other than the matter discussed above, there has not arisen in the interval between the end of the financial period and the date of this report any other item, transaction or event of material and unusual nature likely, in the opinion of the directors, to significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company, in future financial years.

Auditor's Independence Declaration

The auditor's independence declaration under s.307C of the *Corporations Act 2001* is set out on page 2 for the half-year ended 31 December 2013.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001*.



Christopher Matthew Brown

Non Executive Director

Dated this 27th day of February 2014

The Board of Directors
Australian Masters Yield Fund No 5 Limited
Level 15
100 Pacific Highway
NORTH SYDNEY NSW 2060

27 February 2014

Dear Board Members

Australian Masters Yield Fund No 5 Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Australian Masters Yield Fund No 5 Limited.

As lead audit partner for the review of the financial statements of Australian Masters Yield Fund No 5 Limited for the half-year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Michael Kaplan
Partner
Chartered Accountants

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED

ABN 87 161 255 750

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

		31 December 2013	31 December 2012
	Notes	\$	\$
Revenue	2	2,533,460	121,904
Management and administration fees	8	(364,411)	(9,708)
Gain on financial assets at fair value through profit or loss		429,830	-
Accounting and audit fees		(11,258)	-
Compliance and listing fees		(2,955)	-
Other expenses		(21,314)	-
Profit before income tax		2,563,352	112,196
Income tax expense	3	(648,745)	(33,659)
Profit for the period		1,914,607	78,537
Other comprehensive income		-	-
Total other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		1,914,607	78,537
Earnings per share			
Basic earnings per share		1.89	0.32
Diluted earnings per share		1.89	0.32

The Condensed Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the condensed financial statements.

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED
 ABN 87 161 255 750
 CONDENSED STATEMENT OF FINANCIAL POSITION
 AS AT 31 DECEMBER 2013

	Notes	31 December 2013 \$	30 June 2013 \$
Assets			
<i>Current</i>			
Cash and cash equivalents		15,037,977	40,936,584
Other receivables		806,221	302,834
Prepayments		305,152	-
Total Current Assets		16,149,350	41,239,418
<i>Non-current</i>			
Financial assets	5	86,733,850	59,826,584
Deferred tax assets	6	222,750	420,120
Total Non-current Assets		86,956,600	60,246,704
Total Assets		103,105,950	101,486,122
Liabilities			
<i>Current</i>			
Other payables		30,899	18,772
Current tax liabilities		839,612	388,237
Total Current Liabilities		870,511	407,009
Total Liabilities		870,511	407,009
Net Assets		102,235,439	101,079,113
Equity			
Issued capital	7	99,791,648	99,791,648
Retained earnings		2,443,791	1,287,465
Total Equity		102,235,439	101,079,113

The Condensed Statement of Financial Position is to be read in conjunction with the notes to the condensed financial statements.

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED

ABN 87 161 255 750

CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Notes	Issued capital \$	Retained earnings \$	Total \$
Balance at				
Incorporation		-	-	-
Profit for the period		-	78,537	78,537
Other comprehensive income		-	-	-
Total comprehensive income for the period		-	78,537	78,537
Shares issued		101,104,001	-	101,104,001
Issue costs (net of tax)		(1,312,353)	-	(1,312,353)
Balance at				
31 December 2012		99,791,648	78,537	99,870,185
Balance at				
1 July 2013		99,791,648	1,287,465	101,079,113
Profit for the period		-	1,914,607	1,914,607
Other comprehensive income		-	-	-
Total comprehensive income for the period		-	1,914,607	1,914,607
Dividends paid	4	-	(758,281)	(758,281)
Balance at				
31 December 2013		99,791,648	2,443,791	102,235,439

The Condensed Statement of Changes in Equity is to be read in conjunction with the notes to the condensed financial statements.

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED

ABN 87 161 255 750

CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Notes	31 December 2013 \$	31 December 2012 \$
Cash flows from operating activities			
Receipts from ATO		49,402	-
Interest received from bank		412,156	-
Interest received from financial assets		1,076,155	-
Dividends received		284,036	-
Management fees paid		(654,961)	(345,693)
Payments to suppliers		(88,364)	(142,805)
Net cash flows provided by operating activities		1,078,424	(488,498)
Cash flows from investing activities			
Payments for purchase of investments		(26,218,750)	(7,419,375)
Net cash flows (used in) investing activities		(26,218,750)	(7,419,375)
Cash flows from financing activities			
Proceeds from share issues		-	101,104,001
Issue costs paid		-	(1,874,790)
Dividends paid	4	(758,281)	-
Net cash flow (used in)/provided by financing activities		(758,281)	99,229,211
Net (decrease)/increase in cash and cash equivalents		(25,898,607)	91,321,338
Cash and cash equivalents			
at beginning of the period		40,936,584	-
Cash and cash equivalents			
at end of the period		15,037,977	91,321,338

The Condensed Statement of Cash Flows is to be read in conjunction with the notes to the condensed financial statements.

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED

ABN 87 161 255 750

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

1. Statement of Significant Accounting Policies

a. Basis of Preparation

These general purpose condensed financial statements for the interim half-year reporting period ended 31 December 2013 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with AASB 134: Interim Financial Reporting ensures that the condensed financial statements and notes also comply with IAS 34: Interim Financial Reporting.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Australian Masters Yield Fund No 5 Limited ("the Company"). It is therefore recommended that this interim financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2013.

Except as noted below, the same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The comparative period is for the period from 15 November 2012 (date of incorporation) to 31 December 2012.

The condensed financial statements have been prepared on an accrual basis and are based on historical cost with the exception of financial assets, which are measured at either amortised cost or fair value, as appropriate. All amounts are presented in Australian dollars, unless otherwise noted.

The interim financial report was authorised for issue on 27 February 2014 by the board of directors.

New or revised Standards and Interpretations that are first effective in the current reporting period

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Company include AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'.

The Company has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of AASB 2 'Share-based Payment', leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

AASB 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Company has not made any new disclosures required by AASB 13 for the 2012 comparative period. The application of AASB 13 has not had any material impact on the amounts recognised in the condensed financial statements, but has changed certain disclosures (refer Note 9).

No further new or revised Standards and Interpretations effective for the period under review are considered to be applicable to the Company.

b. Operating segment

The Company is engaged in investing activities conducted in Australia and derives its income predominantly from fixed and floating interest financial assets.

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED

ABN 87 161 255 750

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

2. Revenue

	31 December 2013	31 December 2012
	\$	\$
Interest from investments in financial assets	1,784,759	14,957
Interest from banks	464,665	106,947
Dividend income	284,036	-
	2,533,460	121,904

3. Income Tax Expense

The components of tax expense comprise:

Current tax	451,375	17,589
Deferred tax	197,370	16,070
	648,745	33,659

4. Dividends Paid

Dividends paid

Fully franked dividend of \$0.75 per share paid on 25 November 2013	758,281	-
	758,281	-
Total dividends per share for the period	0.75	-

The tax rate at which paid dividends have been franked is 30% (2012: 30%).

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED

ABN 87 161 255 750

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

5. Financial Assets

	31 December 2013	30 June 2013
	\$	\$
Non-current		
Investments in financial assets - at amortised cost	60,762,189	40,209,753
Investments in financial assets - at fair value	25,971,661	19,616,831
	86,733,850	59,826,584

6. Deferred Tax Assets

Non-current

Deferred tax assets comprise:

Transaction costs on equity issue	393,706	449,949
Fair value adjustment of financial assets	(128,949)	(35,049)
Others	(42,007)	5,220
	222,750	420,120

7. Issued Capital

(a) Issued Capital

Balance at the beginning of the period	99,791,648	-
1 fully paid ordinary share for \$1.00	-	1
1,011,041 fully paid ordinary shares	-	101,104,000
Issue costs	-	(1,874,790)
Tax effect on issue costs	-	562,437
Balance at the end of the period	99,791,648	99,791,648

(b) Movement in ordinary shares

	No.	No.
Balance at the beginning of the period	1,011,041	-
15 November 2012	-	1
20 December 2012	-	1,011,040
Balance at the end of the period	1,011,041	1,011,041

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED

ABN 87 161 255 750

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

8. Related Party Transactions

The names of persons who were directors of the Company at any time during the half-year and to the date of these financial statements are:

Mr Thomas Oliver Kline – Non Executive Chairman

Mr Christopher Matthew Brown – Non Executive Director

Mr Alexander Gen MacLachlan – Non Executive Director

Transactions between related parties are on normal commercial terms and conditions unless otherwise stated and are as follows:

Walsh & Company Asset Management Pty Ltd

Mr Tom Kline and Mr Alex MacLachlan are directors of the Company and directors of the Manager, Walsh & Company Asset Management Pty Ltd. Mr Christopher Brown is a director of Dixon Advisory Group Limited, parent of the Manager.

The Manager is entitled to receive an annualised management fee of 0.59% (excluding GST) of the Value of the Portfolio. For the half-year ended 31 December 2013, as Manager of the Company, Dixon Advisory & Superannuation Services Limited was paid in advance a management fee of \$654,961, inclusive of GST. Of the total management fee, \$305,152 is included in prepayments at 31 December 2013.

Australian Fund Accounting Services Pty Limited

Effective from 1 July 2013, Australian Fund Accounting Services Pty Limited, a wholly-owned subsidiary of Dixon Advisory Group Limited, the parent of the Manager, provides fund administration services under an agreement with the Manager. These services include net asset valuation, management accounting, statutory reporting, capital management and taxation.

Total fund administration fees paid or payable for the half-year ended 31 December 2013 were \$55,223, exclusive of GST.

9. Financial Instruments

The fair value of financial assets and financial liabilities approximates their carrying amounts at the reporting date.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- c) Level 3: inputs for the asset or liabilities that are not based on observable market data (unobservable inputs).

The table below analyses financial instruments measured at fair value on a recurring basis at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

31 December 2013	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss	\$	\$	\$	\$
Investments in convertible preference shares	10,635,548	-	4,600,834	15,236,382
Investments in loan notes	-	-	10,735,279	10,735,279
Total	10,635,548	-	15,336,113	25,971,661

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED

ABN 87 161 255 750

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

9. Financial Instruments (cont.)

30 June 2013 Financial assets measured at fair value through profit or loss	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Investments in convertible preference shares	4,504,050	-	4,500,000	9,004,050
Investments in loan notes	-	-	10,612,781	10,612,781
Total	4,504,050	-	15,112,781	19,616,831

Level 1 fair values for listed convertible preference shares are based on quoted bid prices on the Australian Securities Exchange.

31 December 2013	30 June 2013
\$	\$

**Reconciliation of Level 3 fair value measurements of
financial assets**

Opening balance	15,112,781	-
Purchases	-	15,000,000
Gains or losses in profit or loss	223,332	112,781
Closing balance	15,336,113	15,112,781

The table below sets out information about significant observable inputs used at half-year end in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Type	Fair Value	Valuation Approach	Key unobservable inputs	Inter-relationship
Loan Notes	\$10,735,279	Discounted cash flow	Coupon rate	Higher coupon rate results in lower fair value measurement.
Convertible Preference Shares	\$4,600,834	Discounted cash flow	Dividend yield	Higher dividend yield results in lower fair value measurement.

If the required coupon rate attaching to the loan notes were to increase/decrease by 2%, the fair value would decrease/increase by approximately \$870,000. If the required franked dividend yield attaching to the convertible preference shares were to increase/decrease by 4%, the fair value would decrease/increase by approximately \$830,000.

The directors have assessed no change in the coupon rate and dividend yield applied to the Loan Notes and Convertible Preference Shares, respectively, during the period to 31 December 2013. If the instrument coupon rate or dividend yield were to change by the amounts noted above, the directors do not consider the resultant fair value impact would be material to the Fund at 31 December 2013.

The Company recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the transfer has occurred. There were no transfers between fair value hierarchy levels during the half-year ended 31 December 2013.

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED

ABN 87 161 255 750

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

10. Events Subsequent to Reporting Date

On 29 January 2014, the Company announced a fully franked dividend of \$1.10 per share which was paid to shareholders on 19 February 2014.

Other than the matter discussed above, there has not arisen in the interval between the end of the financial period and the date of this report any other item, transaction or event of material and unusual nature likely, in the opinion of the directors, to significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company, in future financial years.

11. Contingent Liabilities and Capital Commitments

No material amounts of contingent liabilities or capital commitments exist at balance date.

AUSTRALIAN MASTERS YIELD FUND NO 5 LIMITED

ABN 87 161 255 750

DIRECTORS' DECLARATION

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

The directors of the Company declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached condensed financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company.

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

On behalf of the Directors



Mr. Christopher Matthew Brown

Director

Sydney, 27th February 2014

Independent Auditor's Review Report to the members of Australian Masters Yield Fund No 5 Limited

We have reviewed the accompanying half-year financial report of Australian Masters Yield Fund No 5 Limited, which comprises the condensed statement of financial position as at 31 December 2013, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration as set out on pages 3 to 13.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company 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 control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Australian Masters Yield Fund No 5 Limited's financial position as at 31 December 2013 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 Australian Masters Yield Fund No 5 Limited, 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.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Australian Masters Yield Fund No 5 Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Deloitte.

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 Australian Masters Yield Fund No 5 Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2013 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*.


DELOITTE TOUCHE TOHMATSU



Michael Kaplan
Partner
Chartered Accountants
Sydney, 27 February 2014