

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



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Thomas Kline  
Director

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

**HALF-YEAR FINANCIAL REPORT**  
**FOR THE HALF-YEAR ENDED**  
**31 DECEMBER 2014**

**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 2014**

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 2014.

**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 \$1,051,826 (31 December 2013: \$1,914,607). The net asset value of the Company at 31 December 2014 was \$86,437,398 (30 June 2014: \$101,996,976). The net asset value per share at 31 December 2014 was \$85.49 (30 June 2014: \$100.88). The decrease in the Company's profit was primarily driven by an unfavourable movement in fair value of investments.

The weighted average number of shares for the half-year was 1,011,041. The basic and diluted earnings per share after tax was \$1.04 (31 December 2013: \$1.89).

**Dividends Paid or Recommended**

During the half-year, the Company paid a fully franked dividend of \$1.20 per share on 18 August 2014 and \$0.73 per share on 5 December 2014. The total amount of the dividend paid was \$1,213,249 and \$738,060 respectively.

**After Balance Date Events**

On 27 January 2015, the Company announced a fully franked dividend of \$0.90 per share which was paid to shareholders on 12 February 2015.

There has not been any other events of a 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 2014.

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



Thomas Oliver Kline

Non Executive Chairman

Dated this 19th day of February 2015

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

19 February 2015

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 2014, 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 2014

		31 December 2014	31 December 2013
	Notes	\$	\$
Revenue	2	2,459,957	2,533,460
Change in fair value of financial assets at fair value through profit or loss		(630,448)	429,830
Management and administration fees	8	(357,952)	(364,411)
Accounting and audit fees		(11,735)	(11,258)
Compliance and listing fees		(3,108)	(2,955)
Other expenses		(28,683)	(21,314)
<b>Profit before income tax</b>		<b>1,428,031</b>	<b>2,563,352</b>
Income tax expense	3	(376,205)	(648,745)
<b>Profit for the period</b>		<b>1,051,826</b>	<b>1,914,607</b>
<b>Other comprehensive income</b>		-	-
<b>Total other comprehensive income for the period, net of tax</b>		-	-
<b>Total comprehensive income for the period</b>		<b>1,051,826</b>	<b>1,914,607</b>
<b>Earnings per share</b>			
<b>Basic earnings per share</b>		<b>1.04</b>	<b>1.89</b>
<b>Diluted earnings per share</b>		<b>1.04</b>	<b>1.89</b>

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 2014

	Notes	31 December 2014 \$	30 June 2014 \$
<b>Assets</b>			
<i>Current</i>			
Cash and cash equivalents		1,230,925	1,755,342
Other receivables		697,726	15,684,121
Prepayments		307,935	-
Financial assets	5	7,661,047	-
<b>Total Current Assets</b>		<b>9,897,633</b>	<b>17,439,463</b>
<i>Non-current</i>			
Financial assets	5	76,638,782	84,860,098
Deferred tax assets	6	246,831	108,303
<b>Total Non-current Assets</b>		<b>76,885,613</b>	<b>84,968,401</b>
<b>Total Assets</b>		<b>86,783,246</b>	<b>102,407,864</b>
<b>Liabilities</b>			
<i>Current</i>			
Other payables		65,918	33,537
Current tax liabilities		279,930	377,351
<b>Total Current Liabilities</b>		<b>345,848</b>	<b>410,888</b>
<b>Total Liabilities</b>		<b>345,848</b>	<b>410,888</b>
<b>Net Assets</b>		<b>86,437,398</b>	<b>101,996,976</b>
<b>Equity</b>			
Issued capital	7	85,131,553	99,791,648
Retained earnings		1,305,845	2,205,328
<b>Total Equity</b>		<b>86,437,398</b>	<b>101,996,976</b>

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 2014

	Notes	Issued capital \$	Retained earnings \$	Total \$
<b>Balance at</b>				
<b>1 July 2013</b>		<b>99,791,648</b>	<b>1,287,465</b>	<b>101,079,113</b>
Profit for the period		-	1,914,607	1,914,607
Other comprehensive income		-	-	-
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>1,914,607</b>	<b>1,914,607</b>
Dividends paid	4	-	(758,281)	(758,281)
<b>Balance at</b>				
<b>31 December 2013</b>		<b>99,791,648</b>	<b>2,443,791</b>	<b>102,235,439</b>
<b>Balance at</b>				
<b>1 July 2014</b>		<b>99,791,648</b>	<b>2,205,328</b>	<b>101,996,976</b>
Profit for the period		-	1,051,826	1,051,826
Other comprehensive income		-	-	-
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>1,051,826</b>	<b>1,051,826</b>
Dividends paid	4	-	(1,951,309)	(1,951,309)
Capital returns paid	7	(14,660,095)	-	(14,660,095)
<b>Balance at</b>				
<b>31 December 2014</b>		<b>85,131,553</b>	<b>1,305,845</b>	<b>86,437,398</b>

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 2014

	Notes	31 December 2014 \$	31 December 2013 \$
<b>Cash flows from operating activities</b>			
Receipts from ATO		51,863	49,402
Interest received from bank		161,042	412,156
Interest received from financial assets		1,895,047	1,076,155
Dividends received		319,151	284,036
Management fees paid		(660,934)	(654,961)
Payments to suppliers		(67,029)	(88,364)
Income tax paid		(612,154)	-
Net cash flows provided by operating activities		1,086,986	1,078,424
<b>Cash flows from investing activities</b>			
Repayments from investments		15,000,000	-
Proceeds from disposal/redemption of investments		-	(26,218,750)
Net cash flows provided by/(used in) investing activities		15,000,000	(26,218,750)
<b>Cash flows from financing activities</b>			
Dividends paid	4	(1,951,309)	(758,281)
Capital Returns paid	7	(14,660,094)	-
Net cash flow (used in) financing activities		(16,611,403)	(758,281)
<b>Net (decrease) in cash and cash equivalents</b>		<b>(524,417)</b>	<b>(25,898,607)</b>
<b>Cash and cash equivalents</b>			
<b>at beginning of the period</b>		<b>1,755,342</b>	<b>40,936,584</b>
<b>Cash and cash equivalents</b>			
<b>at end of the period</b>		<b>1,230,925</b>	<b>15,037,977</b>

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 2014

**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 2014 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 2014.

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 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 19 February 2015 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.

No new or revised Standards and Interpretations effective for the period under review are considered to materially impact the Company.

**b. Operating segment**

The Company is engaged in investing activities conducted in Australia and derives its income from income securities, predominantly 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 2014

**2. Revenue**

	31 December 2014	31 December 2013
	\$	\$
Interest from investments in financial assets	1,965,226	1,784,759
Interest from banks	175,580	464,665
Dividend income	319,151	284,036
	<b>2,459,957</b>	<b>2,533,460</b>

**3. Income Tax Expense**

The components of tax expense comprise:

Current tax	454,696	451,375
Deferred tax	(138,528)	197,370
Underprovision of financial year 2014 tax expense	60,037	-
	<b>376,205</b>	<b>648,745</b>

**4. Dividends Paid**

Fully franked dividend of \$0.75 per share paid on 25 November 2013	-	758,281
Fully franked dividend of \$1.20 per share paid on 18 August 2014	1,213,249	-
Fully franked dividend of \$0.73 per share paid on 5 December 2014	738,060	-
	<b>1,951,309</b>	<b>758,281</b>
Total dividends per share for the period	<b>1.93</b>	<b>0.75</b>

The tax rate at which paid dividends have been franked is 30% (2013: 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 2014

**5. Financial Assets**

	<b>31 December 2014</b>	<b>30 June 2014</b>
	\$	\$
<b>Current</b>		
Investments in financial assets - at amortised cost	7,661,047	-
	<b>7,661,047</b>	<b>-</b>
<b>Non-current</b>		
Investments in financial assets - at amortised cost	61,175,146	68,766,014
Investments in financial assets - at fair value	15,463,636	16,094,084
	<b>76,638,782</b>	<b>84,860,098</b>
	<b>84,299,829</b>	<b>84,860,098</b>

**6. Deferred Tax Assets**

**Non-current**

Deferred tax assets/(liabilities) comprise:

Transaction costs on equity issue	281,218	337,463
Unrealised fair value of financial assets	(45,425)	(234,560)
Other	11,038	5,400
	<b>246,831</b>	<b>108,303</b>

**7. Issued Capital**

**(a) Issued Capital**

Balance at the beginning of the period	99,791,648	99,791,648
First capital return of \$14.50 per share paid on 5 December 2014	(14,660,095)	-
Balance at the end of the period	<b>85,131,553</b>	<b>99,791,648</b>

**(b) Movement in ordinary shares**

	<b>No.</b>	<b>No.</b>
Balance at the beginning of the period	1,011,041	1,011,041
Balance at the end of the period	<b>1,011,041</b>	<b>1,011,041</b>

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 2014

**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 Thomas Kline, Mr Christopher Brown and Mr Alexander MacLachlan are directors of the Company and directors of the Manager, Walsh & Company Asset Management Pty Limited ("the Manager").

The Manager is entitled to receive an annualised management fee of 0.59% (excluding GST) of the Value of the Portfolio. During the half-year ended 31 December 2014, Walsh & Company Asset Management Pty Limited was paid in advance an annual management fee of \$660,934 (2013: \$654,961), inclusive of GST. Of the total management fee, \$307,935 (2013: \$305,152) is included in prepayments at 31 December 2014.

Australian Fund Accounting Services Pty Limited

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 2014 were \$50,017 (31 December 2013: \$55,223), exclusive of GST.

**9. Fair Value of Financial Instruments**

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

The note below provides information about how the Company determines fair values of various financial assets measured at fair value through profit or loss.

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).

Financial Asset	Fair Value 31 December 2014 \$	Fair Value 30 June 2014 \$	Fair Value Hierarchy	Valuation Approach	Key unobservable inputs	Relationship of unobservable inputs to fair value
Convertible Preference Shares	\$15,463,636	\$16,094,084	Level 1	Quoted bid prices in an active market	N/A	N/A

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 2014

**9. Financial Instruments (cont.)**

Level 1 fair values for listed convertible preference shares are based on quoted bid prices on the Australian Stock Exchange which is an active market.

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 2014.

**10. Events Subsequent to Reporting Date**

On 27 January 2015, the Company announced a fully franked dividend of \$0.90 per share which was paid to shareholders on 12 February 2015.

There has not been any other events of a 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 2014

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. Thomas Oliver Kline

Director

Sydney, 19th February 2015

## **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 2014, 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 12.

### *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 2014 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.

*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 2014 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, 19 February 2015