

AUSTRALIAN MASTERS CORPORATE BOND FUND NO 5 LIMITED

ABN 57 139 247 564

APPENDIX 4D – HALF-YEAR REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

(The previous corresponding period is the half-year ended 31 December 2014)

Results for announcement to the market

	Half-year to 31 December 2015	Half-year to 31 December 2014	Change from previous period	Change from previous period (%)
Revenue from ordinary activities	\$343,826	\$1,838,260	Down \$1,494,434	Down 81.30%
Profit from ordinary activities before tax attributable to shareholders	\$227,709	\$1,603,747	Down \$1,376,038	Down 85.80%
Profit from ordinary activities after tax attributable to shareholders	\$98,739	\$1,122,623	Down \$1,023,884	Down 91.20%
Net profit for the period attributable to shareholders	\$98,739	\$1,122,623	Down \$1,023,884	Down 91.20%
Basic earnings per share	\$0.13	\$1.43	Down \$1.30	Down 90.91%
Diluted earnings per share	\$0.13	\$1.43	Down \$1.30	Down 90.91%

Dividends and capital returns

During the period, the Company paid an unfranked dividend of \$0.20 per share on 18 August 2015 and a fully franked dividend of \$0.88 per share paid on 4 December 2015. The total amount of the dividends paid was \$156,493 and \$688,569 respectively.

As approved by shareholders at the Annual General Meeting held on 13 November 2014, the Company made its Seventh Capital Return of \$9.67 per share on 4 December 2015.

Explanation of operating activities

Revenue from ordinary activities of the Company for the half-year consists entirely of the Company's investment activities and is made up as follows:

	31 December 2015	31 December 2014
Interest from investments in corporate bonds	\$312,536	\$1,675,230
Interest from banks	\$31,290	\$161,837
Other income	\$0	\$1,193
Revenue from operating activities	\$343,826	\$1,838,260

	31 Dec 2015 \$/share	30 Jun 2015 \$/share
Net Tangible Assets per share (After adjustment for tax)	\$8.96	\$19.58

Results for announcement to the market

(continued)

Significant features of operating performance

The profit of the Company after providing for income tax amounted to \$98,739 (2014: \$1,122,623). The net asset value per share at 31 December 2015 was \$8.96 (30 June 2015: \$19.58).

The weighted average number of ordinary shares for the half-year was 782,465 (2014: 782,465). The basic and diluted earnings per share were \$0.13, compared to \$1.43 in the previous half-year.

Events subsequent to reporting date

On 28 January 2016, the Company announced an unfranked dividend payment of \$0.02 per share and a capital return of \$8.75 per share which represents the Final Return of Capital approved by shareholders on 25 November 2015 at the Annual General Meeting. The dividend and capital return were paid to shareholders on 15 February 2016.

On 2 February 2016, the Company submitted a request to ASX Limited (ASX) for suspension from official quotation. The board is currently considering alternatives for the Company, including putting to shareholders to wind up of the Company.

There has not been any other event of a material and unusual nature likely to significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

Other information

This report is based on the Half-Year Financial Report which has been subject to review by an independent auditor. The independent auditor's review report forms part of the Half-Year Financial Report.

All documents comprise the information required by Listing Rule 4.2A.3.

Attachments forming part of Appendix 4D

Attachment 1 – Half-Year Financial Report, including Directors' report.



Hannah Chan
Company Secretary
23 February 2016

AUSTRALIAN MASTERS CORPORATE BOND FUND NO 5 LIMITED
ABN 57 139 247 564

HALF-YEAR FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2015

AUSTRALIAN MASTERS CORPORATE BOND FUND NO 5 LIMITED
ABN 57 139 247 564

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Australian Masters Corporate Bond Fund No 5 Limited

ABN 57 139 247 564

DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

The directors present their report together with the condensed financial report of Australian Masters Corporate Bond Fund No 5 Limited ("the Company") for the half-year ended 31 December 2015.

Directors

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

Mr Alexander Gen MacLachlan – Non Executive Chairman (appointed as Chairman on 25 November 2015)

Mr Daryl Albert Dixon – Non Executive Director

Mr Christopher Matthew Brown – Non Executive Director

Mr Maximilian Sean Walsh – Non Executive Chairman (retired on 25 November 2015)

Mr Alan Cochrane Dixon – Non Executive Director (retired on 25 November 2015)

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 corporate bonds.

Dividends Paid or Recommended

During the period, the Company paid an unfranked dividend of \$0.20 per share on 18 August 2015 and a fully franked dividend of \$0.88 per share paid on 4 December 2015. The total amount of the dividends paid was \$156,493 and \$688,569 respectively.

Results and Review of Operations

The Company has invested in a portfolio of Australian dollar denominated corporate bonds.

The profit of the Company after providing for income tax amounted to \$98,739 (2014: \$1,122,623). The net assets of the Company have decreased by \$8,312,760 from \$15,321,390 at 30 June 2015 to \$7,008,630 at 31 December 2015. The net asset value per share at 31 December 2015 was \$8.96 (30 June 2015: \$19.58). The decline in the Company's profit was primarily driven by the reduction of the income producing assets of the Company as financial investments matured during the period with the proceeds being paid out as capital returns to investors.

The weighted average number of shares for the half-year was 782,465. The basic and diluted earnings per share after tax was \$0.13 (2014: \$1.43).

As approved by shareholders at the Annual General Meeting held on 13 November 2014, the Company made its Seventh Capital Return of \$9.67 per share on 4 December 2015.

After Balance Date Events

On 28 January 2016, the Company announced an unfranked dividend payment of \$0.02 per share and a capital return of \$8.75 per share which represents the Final Return of Capital approved by shareholders on 25 November 2015 at the Annual General Meeting. The dividend and capital return were paid to shareholders on 15 February 2016.

On 2 February 2016, the Company submitted a request to ASX Limited (ASX) for suspension from official quotation. The board is currently considering alternatives for the Company, including putting to shareholders to wind up of the Company.

Australian Masters Corporate Bond Fund No 5 Limited

ABN 57 139 247 564

DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

Other than the matters discussed above, 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.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Company that occurred during the half-year.

Auditor's Independence Declaration

The auditor's independence declaration under s.307C of the *Corporations Act 2001* is set out on page 3 for the period ended 31 December 2015.

This report is signed in accordance with a resolution of the Board of Directors pursuant to s.306(3) of the *Corporations Act 2001*.



Mr Alexander Gen MacLachlan

Dated this 23rd day of February 2016

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

23 February 2016

Dear Board Members

Australian Masters Corporate Bond 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 Corporate Bond Fund No 5 Limited.

As lead audit partner for the review of the financial statements of Australian Masters Corporate Bond Fund No 5 Limited for the half-year ended 31 December 2015, 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


Weng W Ching
Partner
Chartered Accountants

Australian Masters Corporate Bond Fund No 5 Limited

ABN 57 139 247 564

CONDENSED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

		31 December 2015	31 December 2014
	Notes	\$	\$
Revenue	2	343,826	1,838,260
Management and administration fees	8	(80,399)	(188,852)
Listing and registry fees		(17,914)	(26,583)
Legal and compliance expenses		(2,986)	(2,995)
Other expenses		(14,818)	(16,083)
Profit before income tax		227,709	1,603,747
Income tax expense	3	(128,970)	(481,124)
Profit for the period		98,739	1,122,623
Other comprehensive income		-	-
Total other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		98,739	1,122,623
Earnings per share			
Basic earnings per share		0.13	1.43
Diluted earnings per share		0.13	1.43

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 Corporate Bond Fund No 5 Limited

ABN 57 139 247 564

CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

		31 December 2015	30 June 2015
	Notes	\$	\$
Assets			
<i>Current</i>			
Cash and cash equivalents		7,088,020	2,313,593
Other receivables		6,791	2,271
Prepayments		35,399	-
Current tax assets		25,807	81,388
Financial assets	5	-	13,035,383
Deferred tax assets	6	1,950	3,885
Total Current Assets		7,157,967	15,436,520
Total Non-current Assets		-	-
Total Assets		7,157,967	15,436,520
Liabilities			
<i>Current</i>			
Other payables		149,337	115,130
Total Current Liabilities		149,337	115,130
Total Liabilities		149,337	115,130
Net Assets		7,008,630	15,321,390
Equity			
Issued capital	7	6,871,351	14,437,788
Retained earnings		137,279	883,602
Total Equity		7,008,630	15,321,390

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

Australian Masters Corporate Bond Fund No 5 Limited

ABN 57 139 247 564

CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

		Issued Capital	Retained Earnings	Total
		\$	\$	\$
Balance at				
1 July 2014		55,869,310	1,189,882	57,059,192
Profit for the period		-	1,122,623	1,122,623
Other comprehensive income		-	-	-
Total comprehensive income for the period		-	1,122,623	1,122,623
Dividends paid	4	-	(1,267,593)	(1,267,593)
Capital returns paid	7	(12,237,753)	-	(12,237,753)
Balance at				
31 December 2014		43,631,557	1,044,912	44,676,469
Balance at				
1 July 2015		14,437,788	883,602	15,321,390
Profit for the period		-	98,739	98,739
Other comprehensive income		-	-	-
Total comprehensive income for the period		-	98,739	98,739
Dividends paid	4	-	(845,062)	(845,062)
Capital returns paid	7	(7,566,437)	-	(7,566,437)
Balance at				
31 December 2015		6,871,351	137,279	7,008,630

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

Australian Masters Corporate Bond Fund No 5 Limited

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**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	31 December 2015	31 December 2014
Notes	\$	\$
Cash flows from operating activities		
Receipts from ATO	6,873	25,471
Interest received from bank	26,608	176,235
Interest received from investments	337,921	1,850,061
Management fees paid	(75,978)	(282,857)
Payments to suppliers	(48,045)	(73,784)
Net income tax paid	(71,453)	(429,749)
Net cash flows provided by operating activities	175,926	1,265,377
Cash flows from investing activities		
Proceeds from disposal/redemption of investments	13,010,000	20,830,000
Net cash flows provided by investing activities	13,010,000	20,830,000
Cash flows from financing activities		
Dividends paid	4 (845,062)	(1,267,593)
Capital returns paid	7 (7,566,437)	(12,237,753)
Net cash flows (used in) financing activities	(8,411,499)	(13,505,346)
Net increase in cash and cash equivalents	4,774,427	8,590,031
Cash and cash equivalents at beginning of the period	2,313,593	2,150,226
Cash and cash equivalents at end of the period	7,088,020	10,740,257

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

Australian Masters Corporate Bond Fund No 5 Limited

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

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 2015 have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures that the financial statements and notes also comply with International Financial Reporting Standard 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 Corporate Bond 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 2015.

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 financial statements have been prepared on a non-going concern basis as the Company has paid the Final Capital Return on 15 February 2016. The board is currently considering alternatives for the Company, including putting to shareholders to wind up of the Company. Under the non-going concern basis, the assets have been valued at their expected net realisable value and liabilities are stated at their contractual values. All amounts are presented in Australian dollars, unless otherwise noted.

The interim financial report was authorised for issue on 23 February 2016 by the board of directors.

b. 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 have any impact on the disclosures or the amounts recognised in the financial statements.

c. Operating Segments

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

Australian Masters Corporate Bond Fund No 5 Limited
ABN 57 139 247 564
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

2. Revenue

	31 December 2015	31 December 2014
	\$	\$
Interest from investments in corporate bonds	312,536	1,675,230
Interest from banks	31,290	161,837
Other income	-	1,193
	343,826	1,838,260

3. Income Tax Expense

The components of tax expense comprise:

Current tax	66,629	471,006
Deferred tax	1,935	10,118
Franking deficit tax	60,406	-
	128,970	481,124

4. Dividends

Distributions paid

Fully franked dividend of \$0.63 per share paid on 18 August 2014	-	492,953
Fully franked dividend of \$0.99 per share paid on 20 November 2014	-	774,640
Unfranked dividend of \$0.20 per share paid on 18 August 2015	156,493	-
Fully franked dividend of \$0.88 per share paid on 4 December 2015	688,569	-
	845,062	1,267,593
Total dividends per share for the period	1.08	1.62

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

Australian Masters Corporate Bond Fund No 5 Limited
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NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

5. Financial Assets

	31 December 2015	30 June 2015
	\$	\$
Current		
Corporate bonds at amortised cost	-	13,035,383
	-	13,035,383

6. Deferred Tax Assets

Non-current		
Deferred tax assets:	1,950	3,885
	1,950	3,885

7. Issued Capital

(a) Issued capital

Balance at beginning of the period	14,437,788	55,869,310
Fourth capital return of \$15.64 per share paid 20 November 2014	-	(12,237,752)
Fifth capital return of \$10.84 per share paid 12 February 2015	-	(8,481,921)
Sixth capital return of \$26.47 per share paid 12 May 2015	-	(20,711,849)
Seventh capital return of \$9.67 per share paid 4 December 2015	(7,566,437)	-
Balance at end of the period	6,871,351	14,437,788

(b) Movement in ordinary shares

	No.	No.
Balance at beginning of the period	782,465	782,465
Balance at end of the period	782,465	782,465

Australian Masters Corporate Bond Fund No 5 Limited
ABN 57 139 247 564
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

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 Alexander Gen MacLachlan – Non Executive Chairman (appointed as Chairman on 25 November 2015)

Mr Daryl Albert Dixon – Non Executive Director

Mr Christopher Matthew Brown – Non Executive Director

Mr Maximilian Sean Walsh – Non Executive Chairman (retired on 25 November 2015)

Mr Alan Cochrane Dixon – Non Executive Director (retired on 25 November 2015)

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

Walsh & Company Asset Management Pty Limited

Mr Alexander MacLachlan is a director of the Company and director of the Manager, Walsh & Company Asset Management Pty Limited (“the Manager”).

The Manager is entitled to receive a management fee of 0.45% (excluding GST) per annum of the Value of the Portfolio. During the half-year ended 31 December 2015, Walsh & Company Asset Management Pty Limited was paid in advance an annual management fee of \$75,977 (2014: \$282,857), inclusive of GST. Of the total management fee, \$35,399 is included in prepayments at 31 December 2015 (2014: \$131,786).

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 2015 were \$45,000 (2014: \$57,066), 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.

10. Events Subsequent to Reporting Date

On 28 January 2016, the Company announced an unfranked dividend payment of \$0.02 per share and a capital return of \$8.75 per share which represents the Final Return of Capital approved by shareholders on 25 November 2015 at the Annual General Meeting. The dividend and capital return were paid to shareholders on 15 February 2016.

On 2 February 2016, the Company submitted a request to ASX Limited (ASX) for suspension from official quotation. The board is currently considering alternatives for the Company, including putting to shareholders to wind up of the Company.

Other than the matters discussed above, 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 Corporate Bond Fund No 5 Limited

ABN 57 139 247 564

DIRECTORS' DECLARATION

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

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 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

Director



Mr Alexander MacLachlan

23rd February 2016

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

We have reviewed the accompanying half-year financial report of Australian Masters Corporate Bond Fund No 5 Limited, which comprises the condensed statement of financial position as at 31 December 2015, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 4 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 as they apply on a non-going concern basis as disclosed in Note 1 in the financial statements 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 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 Australian Masters Corporate Bond Fund No 5 Limited's financial position as at 31 December 2015 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 Corporate Bond 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 Corporate Bond 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 Corporate Bond 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 2015 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

DELOITTE TOUCHE TOHMATSU



Weng W Ching

Partner

Chartered Accountants

Sydney, 23 February 2016