

# AUSTRALIAN MASTERS YIELD FUND NO 3 LIMITED

ABN 58 149 790 545

## 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	\$2,222,308	\$3,097,359	Down \$875,051	Down 28.25%
Profit from ordinary activities before tax attributable to shareholders	\$1,773,971	\$3,055,093	Down \$1,281,122	Down 41.93%
Profit from ordinary activities after tax attributable to shareholders	\$1,241,780	\$2,195,847	Down \$954,067	Down 43.45%
Net profit for the period attributable to shareholders	\$1,241,780	\$2,195,847	Down \$954,067	Down 43.45%
Basic earnings per share	\$1.27	\$2.25	Down \$0.98	Down 43.56%
Diluted earnings per share	\$1.27	\$2.25	Down \$0.98	Down 43.56%

#### Dividends

During the half-year, the Company paid fully franked dividends of \$0.82 per share on 18 August 2015 and \$0.46 per share on 10 December 2015. The total amount of the dividends paid was \$800,637 and \$449,138 respectively.

As approved by shareholders at the Annual General Meeting held on 25 November 2015, the Company made its Fourth Capital Return of \$3.17 per share on 10 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 financial assets	\$2,021,494	\$2,803,346
Interest from banks	\$23,689	\$103,075
Dividend income	\$177,125	\$190,938
<b>Total</b>	<b>\$2,222,308</b>	<b>\$3,097,359</b>

	31 Dec 2015 \$/share	30 Jun 2015 \$/share
<b>Net tangible assets per share</b> <i>(After adjustment for tax)</i>	71.72	74.90

## Results for announcement to the market

(continued)

### *Significant features of operating performance*

The Company is currently invested in Australian fixed and floating income securities, with a total face value of \$68.9 million, there are no maturities within the next 12 months of the balance date.

The profit of the Company after providing for income tax amounted to \$1,241,780 for the half-year ended 31 December 2015 (31 December 2014: \$2,195,847). The net asset value of the Company at 31 December 2015 was \$70,026,272 (30 June 2015: \$73,129,411). The net asset value per share at 31 December 2015 was \$71.72 (30 June 2015: \$74.90). 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 prior periods, in addition to sales in the current period with the proceeds being paid out as capital returns to investors.

The weighted average number of shares for the half-year was 976,386. The basic and diluted earnings per share after tax was \$1.27 (2014: \$2.25).

### *Events subsequent to reporting date*

During the half-year, the Company paid fully franked dividends of \$0.82 per share on 18 August 2015 and \$0.46 per share on 10 December 2015. The total amount of the dividends paid was \$800,637 and \$449,138 respectively. As approved by shareholders at the Annual General Meeting held on 25 November 2015, the Company made its Fourth Capital Return of \$3.17 per share on 10 December 2015.

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 YIELD FUND NO 3 LIMITED**  
**ABN 58 149 790 545**

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

**AUSTRALIAN MASTERS YIELD FUND NO 3 LIMITED**  
**ABN 58 149 790 545**

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## AUSTRALIAN MASTERS YIELD FUND NO 3 LIMITED

ABN 58 149 790 545

### DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

The directors present their report together with the interim financial report of Australian Masters Yield Fund No 3 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 half-year 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 \$1,241,780 for the half-year ended 31 December 2015 (31 December 2014: \$2,195,847). The net asset value of the Company at 31 December 2015 was \$70,026,272 (30 June 2015: \$73,129,411). The net asset value per share at 31 December 2015 was \$71.72 (30 June 2015: \$74.90). 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 prior periods, in addition to sales in the current period with the proceeds being paid out as capital returns to investors.

The weighted average number of shares for the half-year was 976,386. The basic and diluted earnings per share after tax was \$1.27 (2014: \$2.25).

As approved by shareholders at the Annual General Meeting held on 25 November 2015, the Company made its Fourth Capital Return of \$3.17 per share on 10 December 2015.

#### Dividends Paid or Recommended

During the half-year, the Company paid fully franked dividends of \$0.82 per share on 18 August 2015 and \$0.46 per share on 10 December 2015. The total amount of the dividends paid was \$800,637 and \$449,138 respectively.

#### After Balance Date Events

On 28 January 2016, the Company announced a fully franked dividend payment of \$0.86 per share which was paid to shareholders on 15 February 2016.

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.

AUSTRALIAN MASTERS YIELD FUND NO 3 LIMITED

ABN 58 149 790 545

DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

**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 half-year ended 31 December 2015.

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



Mr Alexander Gen MacLachlan

Non Executive Chairman

Dated this 23<sup>rd</sup> day of February 2016

The Board of Directors  
Australian Masters Yield Fund No 3 Limited  
Level 15  
100 Pacific Highway  
NORTH SYDNEY NSW 2060

23 February 2016

Dear Board Members

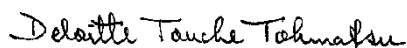
### **Australian Masters Yield Fund No 3 Limited**

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 3 Limited.

As lead audit partner for the review of the financial statements of Australian Masters Yield Fund No 3 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 YIELD FUND NO 3 LIMITED

ABN 58 149 790 545

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	2,222,308	3,097,359
Change in fair value of financial assets through profit or loss		(58,987)	(354,090)
Net (loss)/gain on disposal/redemption of financial assets		(26,539)	727,862
Management and administration fees	8	(266,430)	(331,187)
Accounting and audit fees		(12,145)	(11,735)
Share registry fees		(14,104)	(14,481)
Listing fees		(41,355)	(44,209)
Other expenses		(28,777)	(14,426)
<b>Profit before income tax</b>		<b>1,773,971</b>	<b>3,055,093</b>
Income tax expense	3	(532,191)	(859,246)
<b>Profit for the period</b>		<b>1,241,780</b>	<b>2,195,847</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>1,241,780</b>	<b>2,195,847</b>
<b>Earnings per share</b>			
<b>Basic earnings per share</b>		<b>1.27</b>	<b>2.25</b>
<b>Diluted earnings per share</b>		<b>1.27</b>	<b>2.25</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 3 LIMITED**  
**ABN 58 149 790 545**  
**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2015**

		31 December 2015	30 June 2015
	Notes	\$	\$
<b>Assets</b>			
<i>Current</i>			
Cash and cash equivalents		1,989,878	2,747,721
Other receivables		5,170	5,360
Prepayments		221,430	-
Current tax assets		137,249	-
<b>Total Current Assets</b>		<b>2,353,727</b>	<b>2,753,081</b>
<i>Non-current</i>			
Financial assets	5	67,716,914	70,473,838
Deferred tax assets	6	104,728	143,759
<b>Total Non-current Assets</b>		<b>67,821,642</b>	<b>70,617,597</b>
<b>Total Assets</b>		<b>70,175,369</b>	<b>73,370,678</b>
<b>Liabilities</b>			
<i>Current</i>			
Other payables		149,097	119,984
Current tax liabilities		-	121,283
<b>Total Current Liabilities</b>		<b>149,097</b>	<b>241,267</b>
<b>Total Liabilities</b>		<b>149,097</b>	<b>241,267</b>
<b>Net Assets</b>		<b>70,026,272</b>	<b>73,129,411</b>
<b>Equity</b>			
Issued capital	7	68,804,359	71,899,503
Retained earnings		1,221,913	1,229,908
<b>Total Equity</b>		<b>70,026,272</b>	<b>73,129,411</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 3 LIMITED

ABN 58 149 790 545

CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Notes	Issued capital \$	Retained earnings \$	Total \$
<b>Balance at</b>				
<b>1 July 2014</b>		<b>89,533,034</b>	<b>2,213,630</b>	<b>91,746,664</b>
Profit for the period		-	2,195,847	2,195,847
Other comprehensive income		-	-	-
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>2,195,847</b>	<b>2,195,847</b>
Dividends paid	4	-	(2,343,326)	(2,343,326)
<b>Balance at</b>				
<b>31 December 2014</b>		<b>89,533,034</b>	<b>2,066,151</b>	<b>91,599,185</b>
<b>Balance at</b>				
<b>1 July 2015</b>		<b>71,899,503</b>	<b>1,229,908</b>	<b>73,129,411</b>
Profit for the period		-	1,241,780	1,241,780
Other comprehensive income		-	-	-
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>1,241,780</b>	<b>1,241,780</b>
Dividends paid	4	-	(1,249,775)	(1,249,775)
Capital returns	7	(3,095,144)	-	(3,095,144)
<b>Balance at</b>				
<b>31 December 2015</b>		<b>68,804,359</b>	<b>1,221,913</b>	<b>70,026,272</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 3 LIMITED

ABN 58 149 790 545

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

		31 December 2015	31 December 2014
	Notes	\$	\$
<b>Cash flows from operating activities</b>			
Receipts from ATO		37,494	49,517
Interest received from bank		24,205	20,176
Interest received from investments in financial assets		1,569,831	2,141,027
Dividends received		177,125	190,937
Management fees paid		(475,264)	(597,636)
Payments to suppliers		(117,685)	(117,952)
Net income tax paid		(751,691)	(755,068)
Net cash flows provided by operating activities		464,015	931,001
<b>Cash flows from investing activities</b>			
Proceeds from investment disposals/redemptions		3,123,061	21,395,997
Net cash flows provided by investing activities		3,123,061	21,395,997
<b>Cash flows from financing activities</b>			
Dividends paid	4	(1,249,775)	(2,343,326)
Capital returns paid	7	(3,095,144)	-
Net cash flows (used in) financing activities		(4,344,919)	(2,343,326)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(757,843)</b>	<b>19,983,672</b>
<b>Cash and cash equivalents</b>			
<b>at beginning of the period</b>		<b>2,747,721</b>	<b>1,372,937</b>
<b>Cash and cash equivalents</b>			
<b>at end of the period</b>		<b>1,989,878</b>	<b>21,356,609</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 3 LIMITED

ABN 58 149 790 545

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: 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 3 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 condensed financial statements have been prepared on an accruals basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. 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.

**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.

**b. Operating Segments**

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 3 LIMITED

ABN 58 149 790 545

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 financial assets	2,021,494	2,803,346
Interest from banks	23,689	103,075
Dividend income	177,125	190,938
	<b>2,222,308</b>	<b>3,097,359</b>

**3. Income Tax Expense**

The components of tax expense comprise:

Current tax	493,159	879,628
Deferred tax	39,032	(20,382)
	<b>532,191</b>	<b>859,246</b>

**4. Dividends Paid**

**Dividends paid**

Fully franked dividend of \$1.20 per share paid on 18 August 2014	-	1,171,663
Fully franked dividend of \$1.20 per share paid on 5 December 2014	-	1,171,663
Fully franked dividend of \$0.82 per share paid on 18 August 2015	800,637	-
Fully franked dividend of \$0.46 per share paid on 10 December 2015	449,138	-
	<b>1,249,775</b>	<b>2,343,326</b>
Total dividends per share for the period	<b>1.28</b>	<b>2.40</b>

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

AUSTRALIAN MASTERS YIELD FUND NO 3 LIMITED

ABN 58 149 790 545

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

5. Financial Assets

	31 December 2015	30 June 2015
	\$	\$
<b>Non-current</b>		
Investments in financial assets - at amortised cost	62,822,901	62,371,238
Investments in financial assets - at fair value	4,894,013	8,102,600
	<b>67,716,914</b>	<b>70,473,838</b>
	<b>67,716,914</b>	<b>70,473,838</b>

6. Deferred Tax Assets

**Non-current**

Deferred tax assets comprise:

Transaction costs on equity issue	54,043	108,086
Fair value of financial assets	47,820	30,123
Other	2,865	5,550
	<b>104,728</b>	<b>143,759</b>

**AUSTRALIAN MASTERS YIELD FUND NO 3 LIMITED**

ABN 58 149 790 545

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

**7. Issued Capital**

	<b>31 December 2015</b>	<b>30 June 2015</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Issued Capital</b>		
Balance at the beginning of the period	71,899,503	89,533,034
Second Capital Return of \$5.13 per share paid 3 March 2015	-	(5,008,860)
Third Capital Return of \$12.93 per share paid 12 May 2015	-	(12,624,671)
Fourth Capital Return of \$3.17 per share paid 10 December 2015	(3,095,144)	-
Balance at the end of the period	<b>68,804,359</b>	<b>71,899,503</b>
	<b>No.</b>	<b>No.</b>
<b>(b) Movement in ordinary shares</b>		
Balance at beginning of the period	976,386	976,386
Balance at end of the period	<b>976,386</b>	<b>976,386</b>

**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 0.59% (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 \$475,264 (2014: \$597,636), inclusive of GST. Of the total management fee, \$221,430 is included in prepayments at 31 December 2015 (2014: \$278,444).

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: \$52,744), exclusive of GST.

AUSTRALIAN MASTERS YIELD FUND NO 3 LIMITED

ABN 58 149 790 545

NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

**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 2015 \$	Fair Value 30 June 2015 \$	Fair Value Hierarchy	Valuation Approach	Key unobservable inputs	Relationship of unobservable inputs to fair value
Hybrid Convertible Preference Shares	4,894,013	8,102,600	Level 1	Quoted bid prices in an active market	N/A	N/A

Level 1 fair values for listed hybrid 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 2015.

**10. Events Subsequent to Reporting Date**

On 28 January 2016, the Company announced a fully franked dividend payment of \$0.86 per share which was paid to shareholders on 15 February 2016.

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 3 LIMITED

ABN 58 149 790 545

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 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

Director



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Mr Alexander MacLachlan

23<sup>rd</sup> February 2016

## **Independent Auditor's Review Report to the members of Australian Masters Yield Fund No 3 Limited**

We have reviewed the accompanying half-year financial report of Australian Masters Yield Fund No 3 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 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 Australian Masters Yield Fund No 3 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 Yield Fund No 3 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 3 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 3 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