Balmain (MWMT) Mortgage Trust
ARSN 112 662 987

Consolidated Annual Financial Report
Year Ended 30 June 2015

Contents

Balmain (MWMT) Mortgage Trust
ARSN 112 662 987
Directors' report

The Directors of Balmain Fund Administration Limited (the "Responsible Entity"), the responsible entity of the Balmain (MWMT) Mortgage Trust (the "Trust") present their report together with the consolidated financial report of the Trust its controlled entity (the "Consolidated Entity" or "Group") for the year ended 30 June 2015.

Balmain (MWMT) Mortgage Trust became a registered scheme under the Corporations Act 2001 on 4 February 2005. Balmain Fund Administration Limited became the responsible entity on 22 May 2009.

Responsible Entity

The registered office and principal place of business of the Responsible Entity and the Trust is Level 14, 60 Castlereagh Street, Sydney NSW 2000.

The directors of Balmain Fund Administration Limited at any time during or since the end of the financial year are:

Name and qualifications	Experience and special responsibilities
Michael Holm Director	Mr Michael Holm is the founder of Balmain NB Corporation Limited (Balmain Corporation). Starting the business in 1979, Michael has helped Balmain Corporation to grow from a one man start up to the largest commercial loan origination and loan servicer in Australia. Michael also serves as Chairman and as a Board of Director in Balmain Corporation's fund management, capital markets and loan servicing businesses. Michael has over 30 years' experience in commercial property financing.
Andrew Griffin Director	Mr Andrew Griffin commenced his career in property development in 1987 when he joined the Trafalgar Property Group holding a number of positions, and was appointed Managing Director in 1992. Andrew commenced trading as Principal of the Griffin Property Group in 1997, and successfully undertook a number of landmark developments in the Sydney region. Andrew joined Balmain Corporation as Chief Executive Officer in 2004 establishing a number of strategic investments, and has continued to be involved in both the property and finance markets for over 20 years at the highest level.
Victoria Pickles Director (resigned 11 August 2014)	Mrs Victoria Pickles joined Balmain Corporation in October 2005. Prior to this, and for the past 13 years, she has held several HR management and consulting roles in addition to line management, Sales, Marketing and Training roles in various insurance, Funds Management and Banking organisations in both Australia and New Zealand. Victoria's qualifications include Bachelor of Business (Marketing & Finance) from University of Technology, Sydney and Post Graduate Qualification in Human Resources Institute and is an active member of the HR community.
John Robles Director (appointed 11 August 2014)	Mr John Robles has over 13 years' experience in property and finance and is the Head of Finance for Balmain Corporation. Prior to joining Balmain in October 2008, John was an auditor for more than eight years at KPMG in Sydney and PWC in London. John manages statutory reporting, management accounting, fund accounting and taxation of the Group. John has a Bachelor of Commerce from Sydney University and is a member of the Institute of Chartered Accountants in Australia.

Basis of preparation of the accounts – Realisation

The financial report for the year ended 30 June 2015 is prepared on a realisation basis. The Directors of the Responsible Entity consider the Trust is not a going concern as the Responsible Entity intends (but as yet has not determined) to commence the wind up of the Trust. The wind-up is expected to commence when all loans presently held by the Group are either repaid or refinanced.

Principal Activities

The Group invests primarily in a portfolio of registered first mortgages over a diversified selection of properties in Australian capital cities and regional centres.

The Group did not have any employees during the year and prior years and is domiciled in Australia. There have been no significant changes in the activities of the Group during the financial year.

Review and results of operations

The Group's investment strategy is to invest in a diversified portfolio of loans along the east coast of Australia, secured by registered first mortgages with some exposure to short dated securities (predominantly 11 am cash investments, short term deposits) with the purpose of holding sufficient liquidity to the meet the Group's continuing obligations and redemptions.

Funds under management in the Group as at 30 June 2015 were $13,489,000 (2014: $32,548,000).

The Group's profit before distribution to unitholders for the year ended 30 June 2015 was $786,000 (2014: $860,000).

Distributions

Distributions paid or payable in respect of the financial year were:

	For the year ended 30 June 2015		For the year ended 30 June 2014	
	$'000	Cents per unit	$'000	Cents per unit
Distributions paid	196	1.24	593	2.18
Distribution payable	391	3.91	34	0.15
	587	5.15	627	2.33

Performance of the Balmain (MWMT) Mortgage Trust

Returns of the Trust as a stand alone entity have been calculated after fees and assuming reinvestment of distributions, in accordance with IFSA standard 6.00 Product Performance – calculation and presentation of returns.

Effective returns from the Balmain (MWMT) Mortgage Trust for the year to 30 June 2015, assuming monthly reinvestments, averaged 10.64% p.a. (2014: 2.78%).

The Trust had funds under management of $13,489,000 at 30 June 2015 (2014: $32,548,000).

Performance (continued)

The following table shows the effective annual returns of the Trust for operations for the year ended 30 June 2015, using rolling monthly nominal rates, assuming monthly reinvestment of distributions and taking into account all management fees but excluding entry and exit fees. Nominal rates are the actual income earned by the Trust assuming there is no reinvestment of income distributions. Effective rates assume the reinvestment of income distributions (therefore returns reflect the compounding effect of reinvestment of income) and that interest rates remain constant. Calculations are in accordance with FSC Standard No 6.00 Product Performance – Calculation and Presentation of Returns.

The Directors assess the performance of the Trust by comparing the Trust's total return with short term investments such as cash management trusts. Calculation of performance is after all management fees, excluding exit fees, have been deducted and assumes that all distributions are reinvested during the year. The comparison for the years ended 30 June is shown below:

	2015 %	2014 %
Balmain (MWMT) Mortgage Trust		
Nominal	10.64	2.75
Effective	12.75	2.78

Future performance is not guaranteed. Investors should exercise care in using past performance as a predictor of future performance.

Likely developments

The Directors of the Responsible Entity intend (but as yet have not determined) to commence the wind up of the Trust. The wind-up is expected to commence when all loans presently held by the Group are either repaid or refinanced.

Further information about likely developments in future years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

Unit redemption price

The redemption price (ex-distribution) per unit is $1.00 as at 30 June 2015 (2014: $1.00)

Units on issue

The movement in units on issue in the Trust during the year was as follows:

	2015 No. of units '000	2014 No. of units '000
Unit on issue as at 1 July	22,722	31,452
Units redeemed	(12,721)	(8,730)
Units on issue as at 30 June	10,001	22,722

Value of the assets

	30 June 2015 $'000	30 June 2014 $'000
Value of the Trust's assets	9,879	22,446
Value of the assets attributable to non-controlling interests	3,610	10,102
Value of the Group's assets	13,489	32,548

The value of the Group's assets is derived using the basis set out in Note 3 to the financial statements.

Responsible Entity's remuneration

Fees paid to the Responsible Entity and its associates out of the Group property during the financial year are disclosed in Note 11 to the financial statements.

No fees were paid out of Group property to the Directors of the Responsible Entity during the financial year.

Interests of the Responsible Entity

The number of units held in the Group by the Responsible Entity or its associates during the financial year is disclosed in Note 11 to the financial statements.

Proceedings on behalf of the Group

No person has applied for leave of court to bring proceedings on behalf of the Group, or intervene in any proceedings to which the Group is party, for the purpose of taking responsibility on behalf of the Group for all or any part of their proceedings. The Group was not a party to any such proceedings during the year.

State of affairs

There were no significant changes in the state of affairs of the Group that occurred during the financial year under review.

Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Responsible Entity, to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Environmental regulation

The Group's operations are not subject to significant environmental regulations under either Commonwealth, State or Territory legislation in respect of its activities during the year covered by this report.

Indemnification and insurance of officers and auditors

Indemnification

Under the Trust constitution the Responsible Entity, including its officers and employees, is indemnified out of the Trust's assets for any loss, damage, expense or other liability incurred in properly performing or exercising any of its powers, duties or rights in relation to the Trust.

The Trust has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an auditor of the Trust.

Insurance premiums

No insurance premiums are paid out of the Group's assets in relation to insurance cover for the Responsible Entity, its officers and employees, the Compliance Committee or the auditors of the Group.

Auditor

Grant Thornton Audit Pty Limited continues in office as auditors in accordance with section 327 of the Corporations Act 2001.

Auditor's independence declaration

The auditor's independence declaration is set out on page 8 and forms part of the Directors' report for the year ended 30 June 2015.

Rounding Off

The Trust is of a kind referred to in ASIC Class Order 98/100 and in accordance with Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars unless otherwise stated.

Dated at Sydney this 29th day of September 2015.

Signed in accordance with a resolution of the Directors of Balmain Fund Administration Limited:

Andrew Griffin
Director

Grant Thornton

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Auditor's Independence Declaration
To the Directors of Balmain (MWMT) Mortgage Trust

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Balmain (MWMT) Mortgage Trust for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A Sheridan
Partner - Audit & Assurance

Sydney, 29 September 2015

Balmain (MWMT) Mortgage Trust
ARSN 112 662 987
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2015

	Note	2015 $'000	2014 $'000
Income			
Interest income	4	503	853
Impairment gains	13	432	-
Other income		239	861
Total income		1,174	1,714
Operating expenses			
Responsible Entity fee	11	(383)	(629)
Impairment losses		-	(196)
Other expenses		(5)	(29)
Total expenses before finance costs		(388)	(854)
Operating profit for the year before finance costs		786	860
Finance costs attributable to unitholders			
Distributions attributable to the owners of the Trust	10	(587)	(627)
Distribution attributable to non-controlling interests		(199)	(233)
		-	-
Changes in net asset attributable to unitholders		-	-
Profit/(loss) for the year		-	-
Other comprehensive income		-	-
Total comprehensive income		-	-

Statement of changes in equity

The Group's net assets attributable to unitholders are classified as a liability under AASB132 Financial Instruments: *Presentation*. As such, the Group has no equity and no changes in equity have been presented for the current or comparative years.

Balmain (MWMT) Mortgage Trust
ARSN 112 662 987
Consolidated statement of financial position
As at 30 June 2015

	Note	2015 $'000	2014 $'000
Current assets			
Cash and cash equivalents	6	6,884	7,949
Trade and other receivables	7	934	4,246
Mortgage loans	8	6,303	13,913
Total current assets		14,121	26,108
Non-current assets			
Other receivables	7	-	6,642
Total non-current assets		-	6,642
Total assets		14,121	32,750
Current liabilities			
Payables	9	93	157
Distribution payable to owners of the Trust	10	391	34
Distribution payable to non-controlling interests		148	11
Total current liabilities		632	2024
Total liabilities (excluding net assets attributable to unitholders)		632	202
Net assets attributable to unitholders - liability		13,489	32,548
Net assets attributable to non-controlling interests		3,610	10,102
Net assets attributable to owners of Balmain (MWMT) Mortgage Trust	12	9,879	22,446
		13,489	32,548

Balmain (MWMT) Mortgage Trust
ARSN 112 662 987
Consolidated statement of cash flows
For the year ended 30 June 2015

	Note	2015 $'000	2014 $'000
Cash flows from operating activities			
Interest received		1,923	855
Responsible entity and related parties' fee paid		(406)	(644)
Net proceeds from discharge/(payments for settlement) of mortgage loans		8,253	3,215
Payments for other expenses		(44)	(12)
Other		418	930
Net cash inflow from operating activities	14	10,144	4,344
Cash flows from investing activities			
Loans		8,144	5,761
Net cash inflow from investing activities		8,144	5,761
Cash flows from financing activities			
Redemptions paid		(19,061)	(13,501)
Distributions paid to the owners of the Trust		(230)	(708)
Distributions paid to non-controlling interests		(62)	(272)
Net cash outflow from financing activities		(19,353)	(14,481)
Net decrease in cash and cash equivalents		(1,065)	(4,376)
Cash and cash equivalents at the beginning of the financial year		7,949	12,325
Cash and cash equivalents at the end of the financial year	6	6,884	7,949

1 Reporting entity

Balmain (MWMT) Mortgage Trust (the "Trust") is a registered managed investment scheme under the Corporations Act 2001. The consolidated financial report for the Trust and its controlled entity (the "Consolidated Entity" or "Group") is for year ended 30 June 2015.

2 Basis of preparation

(a) Realisation

The consolidated financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial report of the Group complies with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

The consolidated financial report for the year ended 30 June 2015 is prepared on a realisation basis. The Directors of the Responsible Entity consider the Trust is not a going concern as the Responsible Entity intends (but as yet has not determined) to commence the wind up of the Trust. The wind-up is expected to commence when all loans presently held by the Group are either repaid or refinanced.

The basis of measurement for the Group's assets and liabilities is detailed in the accounting policies described in Note 1 and does not include anticipated or future wind up costs of the Trust.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. Additional information regarding this is included in the relevant notes.

New and revised accounting standards applicable for the first time to the current reporting period

The financial report has been prepared in accordance with accounting standards adopted in the Trust's last annual financial statements for the year ended 30 June 2014, except for the application of the following standards as of 1 July 2015:

- AASB 2013-5 *Amendments to Australian Accounting Standards – Investment Entities*

The effects of applying these standards are described below.

AASB 2013-5 *Amendments to Australian Accounting Standards – Investment Entities*

AASB 2013-5 provides an exemption from consolidation of subsidiaries for entities that meet the definition of an "investment entity", such as certain investment funds. Instead, such entities would measure their investments in particular subsidiaries at fair value through profit and loss.

The adoption of AASB 2013-5 has had no significant impact on the Group's accounting policies, or the amounts reported during the current year.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments at fair value through profit or loss are measured at fair value.

The methods used to measure fair values are discussed further in Note 3(h).

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Group's functional currency.

The Group is of a kind referred to in ASIC Class Order 98/100 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand dollars unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make adjustments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In this financial report, provision for impairment of $921,000 was recognised (2014: $2,097,568). In accordance with AASB 139 Financial Instruments: Recognition and Measurement, the provision has been determined based on the estimated future cash flows of the loans, discounted at their original effective interest rate. This process requires estimates to be made on the timing of future cash receipts, the future selling price of the properties against which the loans are secured and the likelihood of recovering any shortfall through other guarantees and security held.

In this financial report, a provision reversal of $432,000 was recognised (2014: $nil). This arose after a contract for sale was signed on 3 July 2014 on a property which the Trust was mortgagee under possession. In the 2014 financial year this mortgage loan had a specific provision raised against it which was reversed in the 2015 financial year as the contracted sale price was higher than the estimated book value of the mortgage loan.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise stated in the following text.

(a) Principles of consolidation

The consolidated financial report for the year ended 30 June 2015 incorporate the assets and liabilities of the entity controlled by the Trust as at 30 June 2015 and the results of the controlled entity for the period then ended.

Subsidiaries are consolidated from the date the Trust obtains control until such time as control ceases. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the Trust has control. Subsidiary acquisitions are accounted for using the purchase method of accounting.

The financial statements of the subsidiary are prepared for the same reporting period as the Trust, using consistent accounting policies. Adjustments may be made to bring into line dissimilar accounting policies that may exist. No such adjustments are necessary for the year ended 30 June 2015.

All intercompany balances and transactions, including unrealised profits from intra-group transactions, are eliminated in full.

(b) Revenue recognition

(i) Interest income

Interest income is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive income on an effective interest rate basis.

(ii) Distribution income

Distribution income is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive when the Trust's right to receive a distribution is established.

(iii) Other income

Other income is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income when the right to receive the revenue has been established.

(c) Expenses

(i) Responsible Entity fees

Fees payable to the Responsible Entity are recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accruals basis. Fees relating to specific events or transactions are charged upon completion or occurrence of the relevant service or event.

(ii) Other operating expenses

All other operating expenses are recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accruals basis.

3 Significant accounting policies (continued)

(d) Taxation

Under current legislation, the Trust is not subject to income tax as its taxable income, including assessable realised capital gains, is distributed in full to the unitholders.

The Trust fully distributes its distributable income, calculated in accordance with the Trust Constitution and applicable taxation legislation, to unitholders who are presently entitled to the income under the Trust's Constitution.

(e) Goods and services tax

Responsible Entity fees, custody fees and other expenses are recognised net of the amount of goods and services tax (GST) recoverable from the Australian Taxation Office (ATO) as a reduced input tax credit (RITC).

Payables are stated with the amount of GST included.

The net amount of GST recoverable from the ATO is included in receivables in the Consolidated Statement of Financial Position.

GST is included in the Consolidated Statement of Cash Flows on a gross basis.

(f) Payables

Payables include liabilities and accrued expenses owing by the Group which are unpaid as at the reporting date.

(g) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

(h) Financial instruments

(i) Classification

Financial instruments comprise:

- Financial assets that are classified as loans and receivables.
- Financial assets that are classified at fair value through profit or loss.
- Financial liabilities that are at fair value through profit or loss.

3 Significant accounting policies (continued)

(h) Financial instruments (continued)

(ii) Recognition

The Group recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Financial instruments are recognised using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded in profit or loss in the year in which they arise.

(iii) Measurement

Financial instruments are measured initially at fair value (transaction price) plus, in the case of a financial asset not a fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial instruments are amortised over the contractual term of the instrument. Transaction costs for financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the profit or loss.

Mortgage loans and receivables are carried at amortised cost using the effective interest method.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective interest rate.

Receivables are due for settlement no more than 30 days from the date of recognition. Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Financial liabilities arising from the redeemable units issued by the Group are carried at the redemption amount representing the investors' right to a residual interest in the Group's assets, effectively fair value at reporting date.

(iv) Interest income and expense

Interest income and expense is recognised in profit or loss as it accrues, using the effective interest method of the instrument calculated at the acquisition or origination date. Interest income and expense includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest basis. Interest income is recognised on a gross basis, including withholding tax, if any.

Interest income on debt instruments at fair value through profit or loss is accrued using the effective interest method and classified to the Interest income line item within the Statement of Profit or Loss and Other Comprehensive Income.

3 Significant accounting policies (continued)

(h) Financial instruments (continued)

(v) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with AASB 139.

The Group uses the weighted average method to determine realised gains and losses on derecognition of financial assets not at fair value.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(vi) Impairment

Financial assets that are stated at amortised cost are reviewed at each reporting date to determine whether there is objective evidence of impairment. If any such indication exists, impairment testing is carried out and an impairment loss is recognised in the profit or loss as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the profit or loss.

(i) Cash and cash equivalents

Cash comprises current deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(j) Redeemable units

All redeemable units issued by the Trust provide the investors with the right to require redemption at the end of the Trust's fixed life and give rise to a financial liability. In accordance with the PDS, the Trust is contractually obliged to redeem units at redemption price, which includes an allowance for transaction costs that would be incurred by the Trust on disposal of its assets required to fund the redemptions.

(k) Unit prices

The unit price is based on unit price accounting outlined in the Trust's Constitution and PDS.

(l) Finance costs

Distributions paid and payable on units are recognised in the profit or loss as finance costs and as a liability where not paid. Distributions paid are included in cash flows from financing activities in the Statement of Cash Flows.

3 Significant accounting policies (continued)

(m) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods and have not been early adopted by the Trust. The Directors' assessment of the impact of these new standards (to the extent relevant to the Trust) and interpretations is set out below:

AASB 9 Financial Instruments (effective from 1 January 2018)

AASB 9 Financial Instrument s addresses the classification, measurement and derecognition of financial assets and liabilities. The standards is not applicable until 1 January 2018 but is available for early adoption.

There will be no impact on the Trust's accounting for liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Trust does not have any such liabilities. The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed. The Trust has not yet decided when to adopt AASB 9.

AASB 15 Revenue from Contracts with Customers (effective 1 July 2017)

AASB 15 Revenue from Contracts with Customers replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations. The main changes are:
establishment of a new revenue recognition model.
changes to the basis for deciding whether revenue is to be recognised over time or at a point in time.

The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ended 30 June 2018.

4 Interest income

	2015 $'000	2014 $'000
Cash at bank	199	370
Mortgage loans	304	483
	503	853

5 Auditor's remuneration

	2015 $	2014 $
Audit services:		
Audit and review of the financial report:		
Grant Thornton Audit Pty Limited	62,850	61,000
Non-audit services:		
Grant Thornton Audit Pty Limited	8,600	8,320
	71,450	69,320

The auditors' remuneration is paid by Balmain Funds Management Pty Limited, the management company of the Group.

6 Cash and cash equivalents

	2015 $'000	2014 $'000
Cash at bank	6,884	7,949
	6,884	7,949

7 Trade and other receivables

	2015 $'000	2014 $'000
Current:		
Accrued interest	270	2,317
Loans and receivables	649	1,735
Other receivables	15	194
	934	4,246
Non-current:		
Other receivables	-	6,642
	934	6,642

Other receivables are non-interest bearing and expected to be recovered within 12 months of the reporting date. There are no receivables past due or impaired as of the reporting date.

8 Mortgage loans

	2015 $'000	2014 $'000
Current mortgage loans	7,224	16,010
Impairment allowance for mortgage loans	(921)	(2,097)
	6,303	13,913

9 Payables

	2015 $'000	2014 $'000
Fees payable to the Responsible Entity	22	45
Other payables	17	56
Redemption payable	54	56
	93	157

All payables are non-interest bearing and expected to be settled within 12 months of the reporting date.

10 Distributions

The distributions were paid/payable as follows:

	2015 $'000	2015 Cents/unit	2014 $'000	2014 Cents/unit
July distribution paid	34	0.17	83	0.28
August distribution paid	30	0.15	80	0.27
September distribution paid	25	0.12	86	0.29
October distribution paid	18	0.10	72	0.26
November distribution paid	12	0.06	48	0.18
December distribution paid	18	0.10	53	0.20
January distribution paid	14	0.09	47	0.19
February distribution paid	15	0.15	33	0.13
March distribution paid	10	0.10	29	0.12
April distribution paid	10	0.10	32	0.14
May distribution paid	10	0.10	30	0.12
June distribution payable	391	3.91	34	0.15
	587	5.15	627	2.33

The final distribution was paid on 16th July 2015.

11 Related party disclosures

Responsible Entity

The Responsible Entity of the Trust is Balmain Fund Administration Limited (ABN 98 134 526 604), a wholly owned subsidiary of Balmain NB Corporation Limited (ABN 86 107 505 760), which is the ultimate holding company.

Balmain Funds Management Pty Limited (ABN 36 134 652 707) is the investment manager of the Trust and is a related party to the ultimate parent company Balmain NB Corporation Limited.

Key management personnel

The Group does not employ personnel in its own right. However it is required to have an incorporated Responsible Entity to manage the activities of the Group. The Directors of the Responsible Entity are the key management personnel of that entity and their names are:

Name of Director
Michael Holm
Andrew Griffin
Victoria Pickles (resigned 11 August 2014)
John Robles (appointed 11 August 2014)

No compensation is paid to directors or directly by the Group to any of the key management personnel of the Responsible Entity.

Remuneration of directors of the Responsible Entity

Directors are not entitled to any equity interests in the Trust, or any rights to or options for equity interests in the Trust.

Remuneration of the directors is paid directly by the Responsible Entity. The directors are not provided with any remuneration by the Trust itself, and there are no agreements in place between the directors and the Trust to this effect.

The Responsible Entity determines remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced directors.

Responsible Entity's remuneration

In accordance with the Trust Constitution, Balmain Fund Administration Limited is entitled to receive:

(i) An ongoing fee which accrues daily and is payable monthly in arrears by reference to the net asset value of the assets of the Trust at 1.0% per annum (inclusive of GST and net of RITC);

(ii) Reimbursement of Trust expenses incurred by the Responsible Entity on behalf of the Trust; and

(iii) An additional administration fee in respect of loans in default.

The Trust has not directly paid any fees to the Responsible Entity during the period. However, through its unit holding in the Balmain (MMT) Mortgage Trust it pays fees of 1%.

11 Related party disclosures (continued)

Management fees and other transactions

The fees paid or payable by Balmain (MMT) Mortgage Trust to the Responsible Entity and management fees paid or payable to Balmain Funds Management Pty Limited, the Trust manager during the year:

	2015 $	2014 $
Management fees	261,992	455,491
Other reimbursable fees	121,276	173,495
Total	383,068	628,986
The following amounts are included in payables as management fees at reporting date	21,885	45,044

The fees charged to Balmain (MMT) Mortgage Trust during the financial year include those charged by the Responsible Entity directly for the management of the assets, plus investment manager, registry and custodial fees.

Expenses excluded are those that would have ordinarily been incurred by a direct investor in the underlying assets of the Trust, such as brokerage, transaction costs and government expenses.

Responsible Entity's holdings of units

Neither Balmain NB Corporation Limited nor its directors have direct holdings of units. Balmain Fund Administration Limited as Responsible Entity of the Trust indirectly holds units in Balmain (MMT) Mortgage Trust. As at 30 June 2015 no key management personnel held units in the Trust. Details of these related party unit holdings are discussed below.

Related party transactions

From time to time Balmain Fund Administration Limited or its director related entities may invest in or withdraw from the Trust. These investments or withdrawals are on the same terms and conditions as those entered into by other Trust investors and are minimal in nature. All related party transactions are conducted on normal commercial terms and conditions.

Other transactions within the Trust

Apart from those details disclosed in this note, no director has entered into a material contract with the Trust since the end of the previous year and there were no material contracts involving directors' interests subsisting at year end.

12 Net asset attributable to unitholders

The Group considers its capital to be unitholders' Funds. The Group manages its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability.

The objective of the Group is to provide unitholders with returns in accordance with the PDS. The Group aims to deliver this objective mainly through investing in units of Balmain (MMT) Mortgage Trust which in turn invests in mortgage loans.

The Trust strives to invest in products that meet the Trust's investment objectives while maintaining sufficient liquidity to meet unitholders' redemptions.

	2015 No. of units '000	2015 $'000	2014 No. of units '000	2014 $'000
Opening balance	22,722	22,446	31,452	31,070
Redemptions	(12,721)	(12,567)	(8,730)	(8,624)
Change in net assets attributable to owner of the trust	-	-	-	-
Closing balance	10,001	9,879	22,722	22,446

Existing unit holders are subject to a compulsory 4% redemption per quarter.

13 Financial instruments

The Group's investing activities expose it to the following risks from its use of financial instruments:

- market risk
- credit risk
- liquidity risk

The nature and extent of the financial instruments employed by the Group are discussed below. The Responsible Entity has overall responsibility for the establishment and oversight of the Group's risk management framework.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

Market risk
Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Group's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

The Group's strategy on the management of the investment risk is driven by the Group's investment objective. This investment objective stipulates that the Group is to invest primarily in a diversified portfolio of loans initially on the east coast of Australia, secured by registered first mortgages with some exposure to short dated securities and deposits with banks and other financial institutions, the purpose of which are to enhance liquidity.

13 Financial instruments (continued)

Interest rate risk

Interest rate risk consists of cash flow interest rate risk (the risk that future cash flows of financial instrument will vary due to changes in market interest rates) and fair value interest rate risk (the risk that the value of a financial instrument will vary due to changes in market interest rates).

Management of interest rate risk

The Group's interest bearing financial assets mature or reprice in the short-term, no longer than twelve months. As a result, the Group is subject to limited exposure to fair value interest rate risk due to the fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents of the Group are invested in short-term deposits with the term to maturity of up to six months.

Exposure to interest rate risk

As at the reporting date the interest rate profile of the Group's interest bearing instruments was:

		2015 $'000	2014 $'000
Variable rate instruments			
Cash and cash equivalents	AA	6,884	7,949
Mortgage loans (current)	n/a	6,303	13,913
Loans and receivables	n/a	649	8,377
		13,836	30,239

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. The analysis is performed on the same basis for 2015.

	2015 Profit or loss		2014 Profit or loss	
	100bp increase	100bp decrease	100bp increase	100bp decrease
Variable rate instruments				
Cash and cash equivalents	69	(69)	79	(79)
Mortgage loans (current)	63	(63)	139	(139)
Loans and receivables	6	(6)	84	(85)
Cash flow sensitivity (net)	138	(138)	302	(302)

As the Group does not hold any assets and liabilities in foreign currencies, the Group does not consider that it has exposure to currency risk.

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group. The Group's Investment Manager has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

13 Financial instruments (continued)

Management of credit risk

The Group minimises concentrations of credit risk by undertaking transactions with a large number of customers, and by ensuring that the counterparties have acceptable credit ratings determined by recognised ratings agencies where applicable. The investment policy of the Group is to invest primarily in a diversified portfolio of loans initially in Australian capital cities and regional centres, secured by registered first mortgages with some exposure to short-dated securities and deposits with banks and other financial institutions, the purpose of which is to enhance liquidity.

The Group is required to implement credit policies, procedures and lending guidelines set out by the Board of Directors of the investment management company, Balmain Funds Management Pty Limited ("BFM") with formalised loan approval authorities in place.

The BAFL and Balmain Fund Management Pty Limited (BFM) Boards have established a Credit and Investment Committee ("CIC") for BMMT. The CIC is responsible for the assessment and approval of loan transactions in accordance with the Group's lending guidelines and lending authorities.

The directors of the Responsible Entity retain overall responsibility for the quality and performance of the Group's credit portfolios and for monitoring and controlling all credit risks in the Group's portfolios. This includes managing the risk concentrations by market sector, geography and product. A lending system is in place to enable the Group to control and monitor credit risk exposures.

Credit exposure

The carrying amount of the Group's financial assets represent the maximum credit exposure before taking into account any collateral held or other credit enhancements unless such credit enhancements meet the offsetting requirements.

The Group's maximum exposure to credit risk at the reporting date was:

	Credit rating	2015 $'000	2014 $'000
Cash and cash equivalents	A	6,884	7,949
Trade and other receivables (current)	n/a	934	4,246
Trade and other receivables (non-current)	n/a	-	6,642
Mortgage loans (current)	n/a	6,303	13,913
Mortgage loans (non-current)	n/a	-	-
		14,121	**32,750**

The Group's maximum exposure to credit at the reporting date by type of sector was:

	2015 $'000	2014 $'000
Commercial	1,410	1,920
Industrial	-	-
Residential	4,554	12,863
Retail	-	-
Office	-	-
Vacant Land	1,260	1,227
Banking	6,884	7,949
Other	285	2,511
Other (indirect residential)	649	8,377
Less: Provision for impairment	(921)	(2,097)
Total gross credit risks	**14,121**	**32,750**

13 Financial instruments (continued)

Credit exposure (continued)

Loan sizes are limited to alleviate a concentration of assets. The maximum individual loan represented 58.46% of total assets (2014: 47.30%). The average loan size was $1,444,726 (2014: $1,178,000). Loans were spread geographically as shown in the table below:

States	**2015**	**2014**
	%	%
New South Wales	82.56	83.76
Queensland	17.44	8.21
South Australia	-	-
Victoria	-	2.60
Western Australia	-	5.43
	100.00	**100.00**

Credit quality

The aging of the Group's mortgage loans at the reporting was:

	2015 Gross	**2015 Impairment**	**2014 Gross**	**2014 Impairment**
Not past due	-	-	416	-
Past due 0-30 days	-	-	-	-
Past due 31-60 days	-	-	-	-
Past due 61-90 days	-	-	-	-
Past due more than 90 days	7,224	(921)	15,594	(2,097)
	7,224	(921)	16,010	(2,097)

Movement in allowance for specific impairment:

	2015	**2014**
	$'000	**$'000**
Opening balance	(2,097)	(3,756)
Allowance for the period	-	(196)
Amounts written off	744	1,855
Provision reversed	432	-
Closing balance	(921)	(2,097)

Impairment provisions were assessed for loans overdue at 30 June 2015. The assessment takes into account the estimated future cash flows from the loans including estimated realisable value of collateral discounted at the financial asset's original effective interest rate. The estimated realisable value of collateral includes costs to obtain and dispose, as well as movements in the fair value of collateral property. The difference between discounted cash flows and the carrying amount of the loan is provided as an allowance for impairment. Further an assessment of the portfolio is made to consider if there are impairment losses existing within the portfolio which have not yet emerged.

13 Financial instruments (continued)

Collateral and other credit enhancements

The Group's loan assessment policy is fundamentally based on collateral, debt repayment capacity and credit standing. Collateral can be an important mitigation of credit risk and the majority of the loan to valuation ratio ("LVR") is up to 70% at acceptance and confirmed via compliance sign off prior to settlement of the advance.

The Group is required to implement guidelines on the acceptability of specific classes of collateral or credit risk mitigation, and determine suitable valuation parameters. Such parameters are expected to be conservative, reviewed regularly and supported by empirical evidence. Security structures and legal covenants are required to be subject to regular review to ensure that they continue to fulfil their intended purpose and remain in line with local market practice. Independent valuations of the total collateral for the mortgaged loans is $7 million (2014: $15 million).

The fair value of the collateral held against loans past due, supported by independent valuations, as at 30 June 2015 is $7 million (2014:$ 14 million).

	30 June 2015			30 June 2014		
LVR Profile	Total no. of loans	Total % portfolio	Outstanding loans	Total no. of loans	Total % portfolio	Outstanding loans
0.00% - 10.00%	-	-	-	2	0.61%	98,452
10.00% - 20.00%	-	-	-	-	-	-
20.01% - 30.00%	-	-	-	-	-	-
30.01% - 40.00%	-	-	-	-	-	-
40.01% - 50.00%	-	-	-	-	-	-
50.01% -60.00%	-	-	-	-	-	-
60.01% - 70.00%	-	-	-	1	2.60%	416,000
70.01% - 80.00%	1	19.52%	1,409,767	2	14.14%	2,263,375
80.01% - 100.00%	3	80.48%	5,813,863	4	82.65%	13,232,533
	4	100%	7,223,630	9	100%	16,010,360

The Trust has loans which are mortgage in possession totalling $1,260,000 (2014: $2,085,000). The Trust held collateral to these loans in the form of real property to the value of $460,000 (2014: $1,660,000) at balance date.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

Management of liquidity risk

In ordinary circumstances the Group expects to have sufficient liquidity to pay monthly distributions and fund withdrawal requests. The Group also believes that there will be a market for the Group's assets and that they could be sold if additional liquidity is required.

The Treasury Function assists in better monitoring and managing the liquidity of the Group and taking to account:

- the term of loans offered by the Group to borrowers.
- the projected liquidity of the Group after allowing for payments of both distributions and projected redemptions.

13 Financial instruments (continued)

Exposure to liquidity risk

The table below presents cash flows payable by the Group by remaining contractual maturities at the balance sheet date. The amounts disclosed are the contractual, undiscounted cash flows:

	Note	Carrying amount $'000	Contractual amount $'000	At call	0-6 months
2015					
Financial liabilities					
Payables	9	93	93	-	93
Distribution payable to owners of the Trust	10	391	391	-	391
Distribution payable to non-controlling interests		148	148	-	148
Net asset attributable to unit holders	12	13,489	13,489	13,489	-
		14,121	**14,121**	**13,489**	**632**
2014					
Financial liabilities					
Payables	9	157	157	-	157
Distribution payable to owners of the Trust	10	34	34	-	34
Distribution payable to non-controlling interests		11	11	-	11
Net asset attributable to unit holders	12	32,548	32,548	32,548	-
		32,750	**32,750**	**32,548**	**202**

14 Reconciliation of profit/(loss) for the year to net cash inflow from operating activities

	30 June 2015 $'000	30 June 2014 $'000
Operating profit before finance costs	786	860
Adjustment for:		
Impairment allowance for mortgage loans	(432)	196
Change in assets and liabilities during the financial year:		
Increase in trade and other receivables	1,599	71
(Decrease)/Increase in payables	(62)	2
Decrease/(Increase) in mortgage loans	8,253	3,215
Net cash inflow from operating activities	**10,144**	**4,344**
Non-cash transactions		
Unit reinvested	**-**	**-**
Assignment of mortgage loan to sub trust of DMIT	**416**	**575**

15 Parent entity disclosure

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2015 $'000	2014 $'000
Result of parent entity		
Profit for the year before finance costs	587	627
Profit for the year after finance costs	-	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year	-	-
Financial position of parent entity at year end		
Current assets	10,270	22,480
Total assets	10,270	22,480
Current liabilities	391	34
Total liabilities	391	34
Net assets attributable to unitholders – liability	9,879	22,446

(b) Guarantees entered into by parent entity

No guarantees were entered into by the parent entity during the financial year (2014: nil).

(c) Contingent liabilities of the parent

The parent entity did not have any contingent liabilities as at 30 June 2015 (2014: nil).

(d) Contractual commitments

The parent entity did not have any contractual commitments as at 30 June 2015 (2014: nil)

16 Subsidiaries

The consolidated financial statements incorporate the assets and liabilities and results of the following principle subsidiaries in accordance with the accounting policy described in Note 3.

Name of Entity	Country of Establishment	Equity Holding 2015	Equity Holding 2014
Balmain (MMT) Mortgage Trust	Australia	**73%**	69%

17 Contingent liabilities and contingent assets

There are no contingent assets or contingent liabilities as at 30 June 2015 (2014: nil).

18 Events subsequent to the reporting date

There have been no events subsequent to the reporting date which would have a material effect on the Trust's financial statements as at 30 June 2015.

19 Trust details

Balmain (MWMT) Mortgage Trust, registered and domiciled in Australia, is a registered managed investment scheme.

The address of the registered office is:
Level 14, 60 Castlereagh Street
Sydney NSW 2000, AUSTRALIA

The Responsible Entity had no employees at the end of the year.

Balmain (MWMT) Mortgage Trust

ARSN 112 662 987

Directors' Declaration

In the opinion of the directors of Balmain Fund Administration Limited, the responsible entity of Balmain (MWMT) Mortgage Trust ("the Trust"):

(a) the financial statements and notes, set out on pages 9 to 30 are in accordance with the Corporations Act 2001, including:

 (i) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2015 and of its performance for the year ended 30 June 2015; and

 (ii) complying with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting standards; and

(b) the consolidated financial statements for the year ended 30 June 2015 are prepared on a realisation basis. The Directors of the Responsible Entity consider the Trust is not a going concern as the Responsible Entity intends (but as yet has not determined) to commence the wind up of the Trust. The wind-up is expected to commence when all loans presently held by the Group are either repaid or refinanced. Notwithstanding this there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable; and

(c) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a);

Dated at Sydney this 29th day of September 2015.

Signed in accordance with a resolution of the Directors of Balmain Funds Administration Limited:

Andrew Griffin
Director

Grant Thornton

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Independent Auditor's Report
To the Members of Balmain (MWMT) Mortgage Trust

We have audited the accompanying financial report of Balmain (MWMT) Mortgage Trust (the "Trust"), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Trust and the entity it controlled at the year's end or from time to time during the financial year.

Directors of the Responsible Entity' responsibility for the financial report

The Directors of the Responsible Entity of the Trust are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors of the Responsible Entity's responsibility also includes such internal control as the Directors of the Responsible Entity determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors of the Responsible Entity also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

Grant Thornton

In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors of the Responsible Entity, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

a the financial report of Balmain (MWMT) Mortgage Trust is in accordance with the Corporations Act 2001, including:

  i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Emphasis of matter – Realisation basis of accounting

Without modifying our opinion, we draw attention to the Basis of Preparation (realisation basis) in the notes to the financial report, which indicated that the directors of the Responsible Entity intend to commence the wind up of the Trust following repayment/refinance of all presently outstanding loans as referred to in the Notes to the financial statements. Accordingly, the financial report has been prepared on a realisation basis.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A Sheridan
Partner - Audit & Assurance

Sydney, 29 September 2015