

MACQUARIE

## **MQ Gateway Trust**

### **Financial Report**

**For the year ended 30 June 2011**

ARSN 123 784 930

The Responsible Entity of MQ Gateway Trust is MQ Portfolio Management Limited  
(ACN 092 552 611)

The Responsible Entity's registered office is:  
Mezzanine Level, No. 1 Martin Place,  
Sydney, NSW 2000

MQ Portfolio Management Limited ACN 092 552 611 (Responsible Entity of MQ Gateway Trust (the "Trust") ARSN 123 784 930) is a wholly owned subsidiary of Macquarie Bank Limited ACN 008 583 542 who in turn is a wholly owned subsidiary of Macquarie Group Limited ACN 122 169 279.

Other than Macquarie Bank Limited ABN 46 008 583 542 ("MBL"), any Macquarie Group entity noted on this page is not an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia). That entity's obligations do not represent deposits or other liabilities of MBL. MBL does not guarantee or otherwise provide assurance in respect of the obligations of that entity, unless noted otherwise.

This report is not an offer or invitation for subscription or purchase, or a recommendation of securities. It does not take into account the investment objectives, financial situation and particular needs of the investor. Before making an investment in MQ Gateway Trust, the investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment adviser if necessary.

MQ Portfolio Management Limited, as Responsible Entity of the Trust, is entitled to fees for so acting. Macquarie Bank Limited and its related corporations, together with their officers and directors, may hold units in MQ Gateway Trust from time to time.

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# MQ Gateway Trust

## Directors' report

For the year ended 30 June 2011

The directors of MQ Portfolio Management Limited, a wholly owned subsidiary of Macquarie Group Limited, the Responsible Entity of MQ Gateway Trust, present their report together with the financial report of MQ Gateway Trust (the "Trust") for the year ended 30 June 2011.

## Principal activities

The Trust is comprised of several portfolios of assets and liabilities, each referable to a particular Class of Units. Each of these portfolios is called a "Class Portfolio". From the Unit Issue Date to the Maturity Date, the investment objective of each Class Portfolio is to seek capital protected exposure to the performance of underlying notional assets in a relevant Reference Basket.

The Trust did not have any employees during the year.

There were no significant changes in the nature of the Trust's activities during the year.

## Directors

The following persons held office as directors of MQ Portfolio Management Limited during the year or since the end of the year and up to the date of this report:

### Names

Bruce Neil Terry

Scot Thompson

Gervaise Robert John Heddle

## Review and results of operations

During the year, the Trust continued to be managed in accordance with the investment objective and strategy set out in the Trust's offer document and in accordance with the Trust's Constitution.

### Results

The performance of the Trust, as represented by the results of its operations, was as follows:

	Year ended	
	30 June 2011	30 June 2010
Operating profit before finance costs attributable to unitholders (\$'000)	6,459	3,608
<i>Distributions</i>		
Distribution paid and payable (\$'000)	-	35

## Significant changes in state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Trust that occurred during the year which are not otherwise disclosed in this report.

# MQ Gateway Trust

## Directors' report (continued)

For the year ended 30 June 2011

### Matters subsequent to the end of the financial year

On 25 August, the directors approved the compulsory redemption of units in classes D to G, N to X and classes AJ to AS in accordance with the Trust Constitution and Product Disclosure Statement.

No other matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect:

- (i) the operations of the Trust in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Trust in future financial years.

### Likely developments and expected results of operations

The Trust will continue to be managed in accordance with the investment objective and strategy set out in the Trust's offer document and in accordance with the Trust's Constitution.

The results of the Trust will be affected by a number of factors, including the performance of investment markets in which the component funds invest. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Further information relating to the likely developments in the operations, and the expected results of those operations in future financial years of the Trust have not been included in this report as the Responsible Entity believes it may result in unreasonable prejudice to the Trust.

### Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Trust in regards to insurance cover provided to either the officers of MQ Portfolio Management Limited or the auditors of the Trust. Under the Trust Constitution, MQ Portfolio Management Limited as Responsible Entity of the Trust is entitled to be indemnified out of the assets of the Trust for any liability incurred by it in properly performing or exercising any of its powers or duties in relation to the Trust.

### Fees paid to and interests held in the Trust by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of Trust property during the year are disclosed in Note 9 to the financial statements.

No fees were paid out of Trust property to the directors of the Responsible Entity during the year.

Interests in the Trust held by the Responsible Entity and its associates during the year are disclosed in Note 9 to the financial statements.

### Interests in the Trust

The movement in units on issue in the Trust during the year is disclosed in Note 6 to the financial statements.

The value of the Trust's assets and liabilities is disclosed on the statement of financial position and derived using the basis set out in Note 2 to the financial statements.

### Environmental regulation

The operations of the Trust are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

# MQ Gateway Trust

Directors' report (continued)

For the year ended 30 June 2011

## Rounding of amounts to the nearest thousand dollars

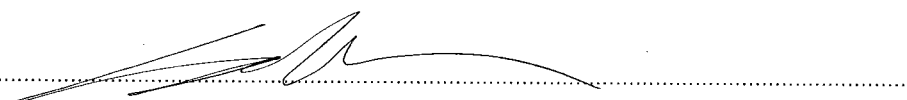
The entity is a Trust of the kind referred to in Class Order 98/0100 (as amended) issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

## Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

Signed in accordance with a resolution of the board of directors:

Director: .....

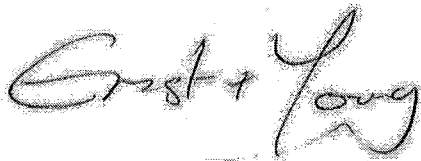


Scot Thompson  
Sydney

Dated 28 September 2011

## Auditor's Independence Declaration to the Directors of MQ Portfolio Management Limited, as the Responsible Entity for MQ Gateway Trust

In relation to our audit of the financial report of MQ Gateway Trust for the financial year ended 30 June 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script, appearing to be 'D Handley-Greaves'.

Darren Handley-Greaves  
Partner  
Sydney  
28 September 2011

# MQ Gateway Trust

## Statement of comprehensive income

For the year ended 30 June 2011

		Year ended	
		30 June	30 June
		2011	2010
	Note	\$'000	\$'000
<b>Investment income</b>			
Interest income		781	2,412
Income from Exposure Investment	9	-	35
Net gains on financial instruments held at fair value through profit or loss	5	6,458	3,573
Other operating income		58	176
<b>Total net investment income</b>		<b>7,297</b>	<b>6,196</b>
<b>Expenses</b>			
Responsible Entity fees	9	838	2,588
<b>Total operating expenses</b>		<b>838</b>	<b>2,588</b>
<b>Operating profit</b>		<b>6,459</b>	<b>3,608</b>
<b>Financing costs attributable to unitholders</b>			
Distributions to unitholders		-	(35)
Increase in net assets attributable to unitholders	6	(6,459)	(3,573)
<b>Profit/(loss) for the year</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

# MQ Gateway Trust

## Statement of financial position

As at 30 June 2011

		As at	
		30 June	30 June
		2011	2010
	Note	\$'000	\$'000
<b>Assets</b>			
Cash and cash equivalents	7	4,395	7,063
Interest receivable	9	689	974
Financial assets held at fair value through profit or loss	8	139,428	189,610
<b>Total assets</b>		<b>144,512</b>	<b>197,647</b>
<b>Liabilities</b>			
Responsible Entity fees payable	9	689	971
Redemption payable		112	313
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>801</b>	<b>1,284</b>
<b>Net assets attributable to unitholders - liability</b>	6	<b>143,711</b>	<b>196,363</b>

*The above statement of financial position should be read in conjunction with the accompanying notes.*

# MQ Gateway Trust

## Statement of changes in equity

For the year ended 30 June 2011

	Year ended	
	30 June 2011 \$'000	30 June 2010 \$'000
Total equity at the beginning of the year	-	-
Total comprehensive income for the year	-	-
Transactions with owners in their capacity as owners	-	-
<b>Total equity at the end of the year</b>	<b>-</b>	<b>-</b>

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a financial liability rather than equity. As a result there was no equity at the start or end of the year.

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

# MQ Gateway Trust

## Statement of cash flows

For the year ended 30 June 2011

	Note	Year ended	
		30 June 2011 \$'000	30 June 2010 \$'000
<b>Cash flows from operating activities</b>			
Proceeds from sale of financial instruments held at fair value through profit or loss		59,111	419,542
Interest received		946	4,572
Responsible Entity fees paid		(1,121)	(4,810)
Exposure Investment income received		-	35
Other income received		175	233
<b>Net cash inflow from operating activities</b>	10	<b>59,111</b>	<b>419,572</b>
<b>Cash flows from financing activities</b>			
Payments for redemptions by unitholders		(61,779)	(413,131)
Distributions paid		-	(35)
<b>Net cash outflow from financing activities</b>		<b>(61,779)</b>	<b>(413,166)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(2,668)</b>	<b>6,406</b>
Cash and cash equivalents at the beginning of the year		7,063	657
<b>Cash and cash equivalents at the end of the year</b>	7	<b>4,395</b>	<b>7,063</b>

The above statement of cash flows should be read in conjunction with the accompanying notes.

# MQ Gateway Trust

## Notes to the financial statements

For the year ended 30 June 2011

### 1 General information

This financial report covers MQ Gateway Trust ("the Trust") as an individual entity. The Trust was constituted on 15 February 2007. The Trust is a registered managed investment scheme domiciled in Australia.

The Responsible Entity of the Trust is MQ Portfolio Management Limited (the "Responsible Entity"). The Responsible Entity's registered office is Mezzanine Level, 1 Martin Place, Sydney, NSW 2000. The financial report is presented in the Australian currency.

The principal activity of the Trust is to gain exposure to the performance of a Reference Basket of assets by entering into an Exposure Investment with Macquarie Bank Limited. The Trust is comprised of several portfolios of assets and liabilities, each referable to a particular Class of Units. Each of these portfolios is called a "Class Portfolio". From the Unit Issue Date to the Maturity Date, the investment objective of each Class Portfolio is to seek capital protected exposure to the performance of underlying notional assets in a relevant Reference Basket.

During the year, the Trust continued to be managed in accordance with the investment objective and strategy set out in the Trust's offer document and in accordance with the Trust's Constitution.

The financial statements were authorised for issue by the directors on 28 September 2011. The directors of the Responsible Entity have the power to amend and reissue the financial report.

### 2 Summary of significant accounting policies

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### (a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001* in Australia.

The financial report is prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders. The amount expected to be recovered or settled within twelve months after the end of each reporting period cannot be reliably determined.

#### *Compliance with International Financial Reporting Standards*

The financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

# MQ Gateway Trust

## Notes to the financial statements (continued)

For the year ended 30 June 2011

### 2 Summary of significant accounting policies (continued)

#### (b) Financial instruments

##### (i) Classification

The Trust's investments are categorised as at fair value through profit or loss. They comprise:

- Financial instruments designated at fair value through profit or loss upon initial recognition

These include financial assets that are not held for trading purposes and which may be sold, such as investments in Exposure Investments.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Trust's documented investment strategy. The Trust's policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

Loans and receivables/payables comprise amounts due to or from the Trust.

The Trust's only financial instruments are the Exposure Investments ("EI"). The Exposure Investments are transacted with Macquarie Bank Limited and provides the Trust with exposure to the performance of a Reference Basket of notional assets, particular to each Class Portfolio, during the "Term" (the period from the Investment date to the Capital Protection Date) and with Capital Protection on the Capital Protection Date. The Reference Basket is a basket of notional assets used as a reference point for determining the value of the Exposure Investment. The Exposure Investment does not contain physical assets and liabilities and is designated at fair value through profit or loss upon initial recognition.

##### (ii) Recognition/derecognition

The Trust recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Trust has transferred substantially all risks and rewards of ownership.

##### (iii) Measurement

###### (a) Financial assets and liabilities held at fair value through profit or loss

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the statement of comprehensive income.

Details on how the fair value of financial instruments is determined are disclosed in Note 3.

- Fair value in an active market

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the statement of financial position date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

# MQ Gateway Trust

## Notes to the financial statements (continued)

For the year ended 30 June 2011

### 2 Summary of significant accounting policies (continued)

#### (b) Financial instruments (continued)

##### (iii) Measurement (continued)

##### (a) *Financial assets and liabilities held at fair value through profit or loss (continued)*

- Fair value in an inactive or unquoted market

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used in a market rate at the statement of financial position date applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the statement of financial position date.

##### (b) *Loans and receivables*

Loan assets are measured initially at fair value plus transaction costs and subsequently amortised using the effective interest rate method, less impairment losses if any. Such assets are reviewed at each statement of financial position date to determine whether there is objective evidence of impairment.

If any such indication of impairment exists, an impairment calculation is undertaken and any impairment loss is recognised in the statement of comprehensive income as the difference between the asset's carrying amount and the present value of the revised estimated future cash flows discounted at the 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 statement of comprehensive income.

#### (c) Net assets attributable to unitholders

Units are redeemable at the unitholders' option and are therefore classified as financial liabilities. The units can be put back to the Trust monthly for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the statement of financial position date if unitholders exercised their right to put the units back to the Trust.

# MQ Gateway Trust

## Notes to the financial statements (continued)

For the year ended 30 June 2011

### 2 Summary of significant accounting policies (continued)

#### (d) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash includes cash on hand and deposits held at call with financial institutions. Cash equivalents include other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash, which 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. Bank overdrafts, if any, are shown separately on the statement of financial position.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Trust's main income generating activity.

#### (e) Investment income

Interest income is recognised in the statement of comprehensive income for all financial instruments that are not held at fair value through profit or loss using the effective interest method.

Exposure Investment income is recognised in the statement of comprehensive income on an entitlements basis.

#### (f) Expenses

All expenses, including Responsible Entity fees, are recognised in the statement of comprehensive income on an accruals basis.

#### (g) Income tax

Under current legislation, the Trust is not subject to income tax provided the taxable income of the Trust is fully distributed either by way of cash or reinvestment (i.e. unitholders are presently entitled to the income of the Trust).

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Trust is not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Trust to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

The benefits of imputation credits and foreign tax paid are passed on to unitholders.

#### (h) Distributions

In accordance with the Trust Constitution, the Trust fully distributes its distributable (taxable) income, and any other amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. The distributions are recognised in the statement of comprehensive income as finance costs attributable to unitholders.

#### (i) Increase/decrease in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the statement of comprehensive income as finance costs.

# MQ Gateway Trust

## Notes to the financial statements (continued)

For the year ended 30 June 2011

### 2 Summary of significant accounting policies (continued)

#### (j) Receivables

Receivables may include amounts for income from the Exposure Investment and interest. Exposure Investment income is accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment in accordance with the policy set out in Note 1(e) above. Amounts are generally received within 30 days of being recorded as receivables.

Receivables include such items as Reduced Input Tax Credits (RITC).

#### (k) Payables

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

The distribution amount payable to unitholders as at the reporting date is recognised separately on the statement of financial position when unitholders are presently entitled to the distributable income under the Trust's Constitution.

#### (l) Applications and redemptions

Applications received for units in the Trust are recorded net of any entry fees payable prior to the issue of units in the Trust. Redemptions from the Trust are recorded gross of any exit fees payable after the cancellation of units redeemed.

#### (m) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Trust by third parties such as investment management fees have been passed onto the Trust. The Trust qualifies for RITC at a rate of at least 75% hence investment management fees and other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

#### (n) Use of estimates

The Trust makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the majority of the Trust's financial instruments, quoted market prices are readily available. However certain financial instruments such as unquoted securities are fair valued using valuation techniques. Where valuation techniques (for example pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Responsible Entity, independent of the area that created them. Models are calibrated by back-testing to actual transactions to ensure that outputs are reliable.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain other financial instruments, including amounts due from/to brokers and accounts payable, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

# MQ Gateway Trust

## Notes to the financial statements (continued)

For the year ended 30 June 2011

### 2 Summary of significant accounting policies (continued)

#### (o) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2011 reporting period. The directors' assessment of the impact of these new standards (to the extent relevant to the Trust) and interpretations is set out below:

(i) *AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010 Amendment to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013)*

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption.

AASB 9 permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not traded.

The Trust has not yet decided when to adopt AASB 9. Management does not expect this will have a significant impact on the Trust's financial statements as the Trust does not hold any available-for sale investments.

(ii) *Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective from 1 January 2011)*

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Trust will apply the amended standard from 1 July 2011. The amendments will not have any effect on the Trust's financial statements.

(iii) *AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets (effective for annual reporting periods beginning on or after 1 July 2011)*

In November 2010, the AASB issued AASB 2010-6 Disclosures on Transfers of Financial Assets which amends AASB 1 First-time Adoption of Australian Accounting and AASB 7 Financial Instruments: Disclosures to introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. The amendments will not have any impact on the Trust's disclosures. The Trust intends to apply the amendment from 1 July 2011.

(iv) *Amendments to AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective for annual reporting periods beginning on or after 1 July 2010 / 1 January 2011)*

In June 2010, the AASB made a number of amendments to Australian Accounting Standards as a result of the IASB's annual improvements project. The Trust does not expect that any adjustments will be necessary as the result of applying the revised rules.

(v) *IFRS 10 Consolidated Financial Statements*

IFRS 10 establishes a new control model that applies to all entities. It replaces parts of IAS 27 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and SIC-12 *Consolidation – Special Purpose Entities*.

This standard is yet to be approved by the Australian Accounting Standards Board and has not been issued in Australia. The standard is not applicable until 1 January 2013 but is available for early adoption.

The Trust has not yet decided when to adopt IFRS 10. Management does not expect this will have a significant effect on the Trust's financial statements.

# MQ Gateway Trust

## Notes to the financial statements (continued)

For the year ended 30 June 2011

### 2 Summary of significant accounting policies (continued)

#### (o) New accounting standards and interpretations (continued)

##### (vi) IFRS 12 Disclosures of Interests in Other Entities

IFRS 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.

This standard is yet to be approved by the Australian Accounting Standards Board and has not been issued in Australia. The standard is not applicable until 1 January 2013 but is available for early adoption.

The Trust has not yet decided when to adopt IFRS 12. Management does not expect this will have a significant effect on the Trust's financial statements.

##### (vii) IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for determining the fair value of assets and liabilities. IFRS 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value under IFRS when fair value is required or permitted by IFRS. Application of this definition may result in different fair values being determined for the relevant assets.

IFRS 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.

This standard is yet to be approved by the Australian Accounting Standards Board and has not been issued in Australia. The standard is not applicable until 1 January 2013 but is available for early adoption.

The Trust has not yet decided when to adopt IFRS 13. Management does not expect this will have a significant effect on the Trust's financial statements.

### 3 Financial risk management

#### (a) Strategy in using financial instruments

The Trust's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk.

The Responsible Entity adopted the following investment objectives, policies and processes for managing the Trust's financial risk and capital:

##### Investment objectives

The Trust's investment objective is capital appreciation. The Trust seeks to achieve its investment objective through gaining exposure to the Reference Basket by entering into an Exposure Investment (EI) with Macquarie Bank Limited on a capital protected basis. The Reference Basket varies by class and is exposed to market risk (interest rate risk and price risk), credit risk and liquidity risk.

Capital protection is dependant on investors redeeming their investment on a specified date (capital protection date). If investors decide to redeem their investments before or after this date, they do not receive the benefit of capital protection. The redemption price will be the value of the investment as calculated on the last business day of the month in which the withdrawal request is processed.

Macquarie Bank Limited as issuer of the EI is responsible for making, monitoring and managing all investments and exposures, to which it collectively provides exposure under the EI. The risk management process undertaken by Macquarie Bank Limited is performed in compliance with policies approved by the Board of directors of the Responsible Entity. The Trust receives reports from Macquarie Bank Limited, which enables it to monitor the key risks applicable to the Reference Basket.

# MQ Gateway Trust

## Notes to the financial statements (continued)

For the year ended 30 June 2011

### 3 Financial risk management (continued)

#### (a) Strategy in using financial instruments (continued)

##### Investment objectives (continued)

The methods utilised to measure the different types of risk exposures include sensitivity analysis for market risks and ratings analysis for credit risk.

The Trust trades in regulated financial markets. The laws and regulations that govern these markets may change in away that adversely affect the ability of the Trust to meet its investment objective.

#### (b) Market risk

##### (i) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, other than those changes caused by interest rate or foreign exchange risk, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

The Trust is exposed to price risk on investments in the EI. MQ Portfolio Management Limited manages the price risk on the underlying investments which provide the return under the EI. The Trust's sensitivity analysis in relation to price risk is disclosed in Note 3(c).

##### (ii) Foreign exchange risk

The Trust is not exposed to foreign exchange risk as all assets are denominated in Australian dollars.

##### (iii) Interest rate risk

The Trust's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis as disclosed in Note 3(c).

#### (c) Summarised sensitivity analysis

At 30 June 2011, the Trust's market risk is affected by changes in market prices. The following table summarises the sensitivity of the Trust's operating profit and net assets attributable to unitholders to market risk. It shows the effect a reasonably possible movement in the value of the Exposure Investment would have on the Trust's operating profit/net assets attributable to unitholders. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical level of changes in interest rates, historical correlation of the Trust's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Reference Basket invests. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

Reasonable possible movements in the risk variables for price risk is 10% (2010: 10%) and for interest rate risk is 25 basis points (2010: 100 basis points).

# MQ Gateway Trust

Notes to the financial statements (continued)

For the year ended 30 June 2011

## 3 Financial risk management (continued)

### (c) Summarised sensitivity analysis (continued)

Price risk

Impact on operating profit/net assets attributable to unitholders:

Class	2011	2011	2010	2010	Class	2011	2011	2010	2010
	-10% EI*	+10% EI*	-10% EI*	+10% EI*		-10% EI*	+10% EI*	-10% EI*	+10% EI*
	\$'000	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000	\$'000
A	(224)	225	(270)	307	AP	-	-	(47)	77
B	(357)	357	(437)	497	AQ	-	-	(48)	79
C	-	-	-	-	AR	-	-	-	-
I	-	-	-	-	AS	-	-	-	1
J	-	-	-	-	AT	(1)	2	(5)	7
L	(976)	1,193	(819)	1,325	AU	-	-	(1)	1
M	(773)	944	(594)	959	AV	(6)	8	(13)	19
N	-	-	-	-	AW	-	-	(1)	1
O	-	-	-	-	AX	(17)	40	(9)	19
P	-	-	-	-	AY	-	1	-	1
Q	-	-	-	-	AZ	-	1	(1)	2
R	-	-	-	-	BA	-	1	(1)	1
S	-	-	-	-	BB	(2)	17	(2)	3
T	-	-	-	-	BC	(1)	4	(1)	1
U	-	-	-	-	BD	(59)	95	(140)	188
V	-	-	-	-	BE	(8)	14	(22)	30
W	-	-	-	-	BF	(120)	157	(194)	271
X	-	-	-	-	BG	(39)	50	(55)	77
AA	(181)	257	(246)	404	BH	(124)	199	(141)	214
AB	(103)	146	(283)	463	BI	(37)	60	(35)	54
AJ	-	-	(1)	17	BJ	(25)	48	(1)	1
AK	-	-	(1)	18	BK	(3)	7	-	-
AL	-	-	(5)	18	BL	(84)	135	(43)	65
AM	-	-	(4)	14	BM	(25)	40	(14)	21
AN	-	-	(1)	17					
AO	-	-	(1)	18	Total	(3,165)	4,001	(3,436)	5,190

# MQ Gateway Trust

## Notes to the financial statements (continued)

For the year ended 30 June 2011

### 3 Financial risk management (continued)

#### (c) Summarised sensitivity analysis (continued)

##### Interest rate risk

Impact on operating profit/net assets attributable to unitholders

Class	2011	2011	2010	2010	Class	2011	2011	2010	2010
	-25 basis points	+25 basis points	-100 basis points	+100 basis points		-25 basis points	+25 basis points	-100 basis points	+100 basis points
	EI*	EI*	EI*	EI*		EI*	EI*	EI*	EI*
	\$'000	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000	\$'000
A	18	(17)	135	(132)	AL	-	-	31	(31)
B	18	(17)	133	(129)	AM	-	-	16	(16)
C	-	-	-	-	AN	-	-	28	(27)
D	-	-	-	-	AO	-	-	18	(17)
E	-	-	-	-	AP	-	-	23	(23)
F	-	-	-	-	AQ	-	-	15	(14)
G	-	-	-	-	AR	-	-	15	(14)
H	-	-	-	-	AS	-	-	11	(11)
I	-	-	-	-	AT	1	(1)	14	(14)
J	-	-	-	-	AU	-	-	2	(2)
K	-	-	-	-	AV	1	(1)	17	(16)
L	34	(34)	288	(283)	AW	-	-	1	(1)
M	18	(18)	134	(135)	AX	1	(1)	11	(11)
N	-	-	-	-	AY	-	-	-	-
O	-	-	-	-	AZ	-	-	5	(5)
P	-	-	-	-	BA	-	-	2	(2)
Q	-	-	-	-	BB	1	(1)	16	(16)
R	-	-	-	-	BC	-	-	3	(3)
S	-	-	-	-	BD	35	(34)	354	(349)
T	-	-	-	-	BE	3	(3)	36	(36)
U	-	-	-	-	BF	23	(22)	233	(227)
V	-	-	-	-	BG	5	(5)	43	(42)
W	-	-	-	-	BH	14	(15)	163	(159)
X	-	-	-	-	BI	3	(3)	25	(24)
AA	16	(16)	175	(170)	BJ	15	(15)	164	(160)
AB	7	(6)	139	(135)	BK	2	(2)	14	(14)
AJ	-	-	20	(20)	BL	29	(28)	292	(286)
AK	-	-	14	(13)	BM	6	(6)	63	(62)
					<b>Total</b>	<b>250</b>	<b>(245)</b>	<b>2,653</b>	<b>(2,599)</b>

\* EI refers to the Exposure Investment with Macquarie Bank Limited as set out in note 2(b)(i) and 3(a).

# MQ Gateway Trust

## Notes to the financial statements (continued)

For the year ended 30 June 2011

### 3 Financial risk management (continued)

#### (d) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss.

The Trust is primarily exposed to credit risk on the balance of the Exposure Investment with Macquarie Bank Limited. Macquarie Bank Limited is exposed to credit risk on the financial assets that form part of the Reference Basket. The maximum exposure of the Trust to credit risk on the Exposure Investment with Macquarie Bank Limited at the reporting date is the carrying amount of the financial assets. The exposure to credit risk on the Exposure Investment with Macquarie Bank Limited is low as Macquarie Bank Limited has a credit rating of A (2010: A) as determined by Standard & Poor's rating agency.

Other credit risk arises from cash and cash equivalents. The exposure to credit risk on the Exposure Investment with Macquarie Bank Limited is low as Macquarie Bank Limited has a credit rating of A (2010: A) as determined by Standard & Poor's rating agency.

Other than for the cash and cash equivalents and the investment in the Exposure Investment with Macquarie Bank Limited the Trust does not have a concentration of a credit risk that arises from an exposure to a single counterparty. Furthermore, the Trust does not have a material exposure to a group of counterparties which are expected to be affected similarly by changes in economic or other conditions.

In accordance with the Trust's policy, the risk management department of the Investment Manager monitors the credit position of the Trust on a daily basis. The Compliance Committee of the Responsible Entity reviews any identified exceptions to internal risk policies and procedures on a quarterly basis. Credit risk is not monitored on a consolidated basis.

#### (e) Liquidity Risk

Liquidity risk is the risk that the Trust will encounter difficulty in meeting obligations associated with financial liabilities.

The Trust is exposed to liquidity risk on all of its investments. Investment of the Trust's assets in relatively illiquid investments may restrict the ability of the Trust to dispose of its investments at a price and time that it wishes to do so. Consequently, the Trust may not be able to satisfy monthly redemption requests (in whole or in part) until it is able to redeem its investment in the Exposure Investments. Redeeming unitholders will bear the risk of any decline in the value of those component funds until the redemption is able to be fully effected.

In accordance with the Trust's policy, the risk management area of the Investment Manager monitors the Trust's liquidity position on a continual basis to enable them to close out of positions at any point in time. Further, prior to any derivative position being entered into, the relationship between the likely liquidity and the size of the position is considered.

The Compliance Committee of the Responsible Entity reviews any identified exceptions to internal risk policies and procedures on a quarterly basis.

Subject to the Trust's Constitution, redeemable units are redeemed on demand at the unitholder's option. All other liabilities are payable within 30 days.

# MQ Gateway Trust

## Notes to the financial statements (continued)

For the year ended 30 June 2011

### 3 Financial risk management (continued)

#### (f) Fair value estimation

The carrying amounts of all the Trust's financial assets and financial liabilities at the end of each reporting period approximated their fair values as all financial assets and liabilities not fair valued are short term in nature.

The Trust classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Responsible Entity. The Responsible Entity considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The table below sets out the Trust's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2011 and 30 June 2010.

As at 30 June 2011	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total balance \$'000
<b>Financial assets</b>				
Financial assets held at fair value through profit or loss:				
- Exposure Investments held with Macquarie Bank Limited	-	-	139,428	139,428
<b>Total</b>	-	-	139,428	139,428

As at 30 June 2010	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total balance \$'000
<b>Financial assets</b>				
Financial assets held at fair value through profit or loss:				
- Exposure Investments held with Macquarie Bank Limited	-	-	189,610	189,610
<b>Total</b>	-	-	189,610	189,610

# MQ Gateway Trust

## Notes to the financial statements (continued)

For the year ended 30 June 2011

### 3 Financial risk management (continued)

#### (f) Fair value estimation (continued)

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently.

The following table shows a reconciliation of the movement in fair value of the level 3 investments held as at 30 June 2011 and 30 June 2010:

	EI held with Macquarie Bank Limited	
	30 June 2011 \$'000	30 June 2010 \$'000
Opening balance	189,610	612,328
Net gain/(loss)	8,929	(3,176)
Sales	(59,111)	(419,542)
Closing balance	<u>139,428</u>	<u>189,610</u>

During the year, there were no transfers between Level 1 and 2 or into/out of Level 3 (2010: nil).

### 4 Auditor's remuneration

During the year the following fees were paid or payable for services provided by the auditor of the Trust:

	30 June 2011 \$	30 June 2010 \$
<b>Audit services</b>		
Audit of financial reports	12,000	10,200
Other audit work under the <i>Corporations Act 2001</i>	310	290
Total remuneration for audit services	<u>12,310</u>	<u>10,490</u>

Audit fees are paid out of the Responsible Entity's own resources. All other expenses are paid by the Trust.

### 5 Net gains on financial instruments held at fair value through profit or loss

Net gains on financial instruments held at fair value through profit or loss:

	30 June 2011 \$'000	30 June 2010 \$'000
Net gains on financial instrument designated at fair value through profit or loss	<u>6,458</u>	<u>3,573</u>
	6,458	3,573

# MQ Gateway Trust

## Notes to the financial statements (continued)

For the year ended 30 June 2011

### 6 Net assets attributable to unitholders

Movements in number of units and net assets attributable to unitholders during the year were as follows:

As stipulated within the Trust Constitution, each unit represents a right to an individual unit in the Trust and does not extend to a right to the underlying assets of the Trust. Each class invests in EIs invested by Macquarie Bank Limited which provides each class of units with exposure to the returns derived from a different reference basket of assets.

	2011 Class A Units No.'000	2011 Class B Units No.'000	2011 Class C Units No.'000	2011 Class D Units No.'000	2011 Class E Units No.'000	2011 Class F Units No.'000	2011 Class G Units No.'000
Opening balance	9,102	11,215	-	510	85	45	85
Applications	-	-	-	-	-	-	-
Redemptions	(670)	(1,174)	-	(315)	(20)	(10)	(40)
Closing Balance	8,432	10,041	-	195	65	35	45

	2011 Class H Units No.'000	2011 Class I Units No.'000	2011 Class J Units No.'000	2011 Class K Units No.'000	2011 Class L Units No.'000	2011 Class M Units No.'000	2011 Class N Units No.'000
Opening balance	-	-	-	-	16,557	9,348	362
Applications	-	-	-	-	-	-	-
Redemptions	-	-	-	-	(2,735)	(820)	(242)
Closing Balance	-	-	-	-	13,822	8,528	120

	2011 Class O Units No.'000	2011 Class P Units No.'000	2011 Class Q Units No.'000	2011 Class R Units No.'000	2011 Class S Units No.'000	2011 Class T Units No.'000	2011 Class U Units No.'000
Opening balance	702	492	818	315	610	542	1,404
Applications	-	-	-	-	-	-	-
Redemptions	(462)	(302)	(580)	(250)	(392)	(372)	(964)
Closing Balance	240	190	238	65	218	170	440

	2011 Class V Units No.'000	2011 Class W Units No.'000	2011 Class X Units No.'000	2011 Class AA Units No.'000	2011 Class AB Units No.'000	2011 Class AJ Units No.'000	2011 Class AK Units No.'000
Opening balance	393	740	1,160	10,100	9,550	2,353	2,020
Applications	-	-	-	-	-	-	-
Redemptions	(323)	(205)	(1,100)	(3,050)	(6,225)	(2,248)	(1,770)
Closing Balance	70	535	60	7,050	3,325	105	250

# MQ Gateway Trust

Notes to the financial statements (continued)

For the year ended 30 June 2011

## 6 Net assets attributable to unitholders (continued)

	2011 Class AL Units No.'000	2011 Class AM Units No.'000	2011 Class AN Units No.'000	2011 Class AO Units No.'000	2011 Class AP Units No.'000	2011 Class AQ Units No.'000	2011 Class AR Units No.'000
Opening balance	3,719	2,365	3,240	2,555	2,532	1,995	1,676
Applications	-	-	-	-	-	-	-
Redemptions	(3,574)	(2,145)	(3,065)	(2,160)	(2,457)	(1,815)	(1,656)
Closing Balance	145	220	175	395	75	180	20

	2011 Class AS Units No.'000	2011 Class AT Units No.'000	2011 Class AU Units No.'000	2011 Class AV Units No.'000	2011 Class AW Units No.'000	2011 Class AX Units No.'000	2011 Class AY Units No.'000
Opening balance	1,650	1,250	175	1,465	60	1,015	30
Applications	-	-	-	-	-	-	-
Redemptions	(1,490)	(205)	(75)	(225)	-	(55)	(10)
Closing Balance	160	1,045	100	1,240	60	960	20

	2011 Class AZ Units No.'000	2011 Class BA Units No.'000	2011 Class BB Units No.'000	2011 Class BC Units No.'000	2011 Class BD Units No.'000	2011 Class BE Units No.'000	2011 Class BF Units No.'000
Opening balance	445	190	1,360	285	24,517	3,100	15,517
Applications	-	-	-	-	-	-	-
Redemptions	(185)	(10)	(220)	(95)	(4,065)	(730)	(3,225)
Closing Balance	260	180	1,140	190	20,452	2,370	12,292

	2011 Class BG Units No.'000	2011 Class BH Units No.'000	2011 Class BI Units No.'000	2011 Class BJ Units No.'000	2011 Class BK Units No.'000	2011 Class BL Units No.'000	2011 Class BM Units No.'000
Opening balance	3,499	10,894	2,057	11,132	1,190	19,604	5,144
Applications	-	-	-	-	-	-	-
Redemptions	(387)	(2,712)	(216)	(2,115)	(150)	(2,544)	(1,007)
Closing Balance	3,112	8,182	1,841	9,017	1,040	17,060	4,137

	2011 Class Y Units No.'000	2011 Class Z Units No.'000	2011 Total Units No.'000
Opening balance	-	-	201,169
Applications	-	-	-
Redemptions	-	-	(60,862)
Closing Balance	-	-	140,307

# MQ Gateway Trust

## Notes to the financial statements (continued)

For the year ended 30 June 2011

### 6 Net assets attributable to unitholders (continued)

	2010 Class A Units No.'000	2010 Class B Units No.'000	2010 Class C Units No.'000	2010 Class D Units No.'000	2010 Class E Units No.'000	2010 Class F Units No.'000	2010 Class G Units No.'000
Opening balance	10,182	12,293	3,619	11,279	4,655	1,387	2,173
Applications	-	-	-	-	-	-	-
Redemptions	(1,080)	(1,078)	(3,619)	(10,769)	(4,570)	(1,342)	(2,088)
Closing Balance	9,102	11,215	-	510	85	45	85

	2010 Class H Units No.'000	2010 Class I Units No.'000	2010 Class J Units No.'000	2010 Class K Units No.'000	2010 Class L Units No.'000	2010 Class M Units No.'000	2010 Class N Units No.'000
Opening balance	14,175	10,975	4,725	4,125	18,868	11,438	23,379
Applications	-	-	-	-	-	-	-
Redemptions	(14,175)	(10,975)	(4,725)	(4,125)	(2,311)	(2,090)	(23,017)
Closing Balance	-	-	-	-	16,557	9,348	362

	2010 Class O Units No.'000	2010 Class P Units No.'000	2010 Class Q Units No.'000	2010 Class R Units No.'000	2010 Class S Units No.'000	2010 Class T Units No.'000	2010 Class U Units No.'000
Opening balance	16,346	42,528	26,010	24,694	13,436	102,289	39,094
Applications	-	-	-	-	-	-	-
Redemptions	(15,644)	(42,036)	(25,192)	(24,379)	(12,826)	(101,747)	(37,690)
Closing Balance	702	492	818	315	610	542	1,404

	2010 Class V Units No.'000	2010 Class W Units No.'000	2010 Class X Units No.'000	2010 Class AA Units No.'000	2010 Class AB Units No.'000	2010 Class AJ Units No.'000	2010 Class AK Units No.'000
Opening balance	37,922	14,160	2,140	10,600	10,800	4,678	2,325
Applications	-	-	-	-	-	-	-
Redemptions	(37,529)	(13,420)	(980)	(500)	(1,250)	(2,325)	(305)
Closing Balance	393	740	1,160	10,100	9,550	2,353	2,020

	2010 Class AL Units No.'000	2010 Class AM Units No.'000	2010 Class AN Units No.'000	2010 Class AO Units No.'000	2010 Class AP Units No.'000	2010 Class AQ Units No.'000	2010 Class AR Units No.'000
Opening balance	5,604	3,085	3,910	3,105	3,367	2,260	2,971
Applications	-	-	-	-	-	-	-
Redemptions	(1,885)	(720)	(670)	(550)	(835)	(265)	(1,295)
Closing Balance	3,719	2,365	3,240	2,555	2,532	1,995	1,676

# MQ Gateway Trust

## Notes to the financial statements (continued)

For the year ended 30 June 2011

### 6 Net assets attributable to unitholders (continued)

	2010 Class AS Units No.'000	2010 Class AT Units No.'000	2010 Class AU Units No.'000	2010 Class AV Units No.'000	2010 Class AW Units No.'000	2010 Class AX Units No.'000	2010 Class AY Units No.'000
Opening balance	1,940	1,550	175	1,465	60	1,415	60
Applications	-	-	-	-	-	-	-
Redemptions	(290)	(300)	-	-	-	(400)	(30)
Closing Balance	1,650	1,250	175	1,465	60	1,015	30

	2010 Class AZ Units No.'000	2010 Class BA Units No.'000	2010 Class BB Units No.'000	2010 Class BC Units No.'000	2010 Class BD Units No.'000	2010 Class BE Units No.'000	2010 Class BF Units No.'000
Opening balance	745	190	1,860	345	27,057	3,990	17,282
Applications	-	-	-	-	-	-	-
Redemptions	(300)	-	(500)	(60)	(2,540)	(890)	(1,765)
Closing Balance	445	190	1,360	285	24,517	3,100	15,517

	2010 Class BG Units No.'000	2010 Class BH Units No.'000	2010 Class BI Units No.'000	2010 Class BJ Units No.'000	2010 Class BK Units No.'000	2010 Class BL Units No.'000	2010 Class BM Units No.'000
Opening balance	4,044	11,759	2,167	11,747	1,340	22,083	5,884
Applications	-	-	-	-	-	-	-
Redemptions	(545)	(865)	(110)	(615)	(150)	(2,479)	(740)
Closing Balance	3,499	10,894	2,057	11,132	1,190	19,604	5,144

	2010 Class Y Units No.'000	2010 Class Z Units No.'000	2010 Total Units No.'000
Opening balance	3,789	3,455	628,999
Applications	-	-	-
Redemptions	(3,789)	(3,455)	(427,830)
Closing Balance	-	-	201,169

# MQ Gateway Trust

## Notes to the financial statements (continued)

For the year ended 30 June 2011

### 6 Net assets attributable to unitholders (continued)

	2011 Class A \$'000	2011 Class B \$'000	2011 Class C \$'000	2011 Class D \$'000	2011 Class E \$'000	2011 Class F \$'000	2011 Class G \$'000
Opening balance	9,264	10,709	-	514	85	45	86
Applications	-	-	-	-	-	-	-
Redemptions	(710)	(1,181)	-	(323)	(20)	(10)	(41)
Increase in net assets attributable to unitholders	688	996	-	15	3	2	2
Closing Balance	9,242	10,524	-	206	68	37	47

	2011 Class H \$'000	2011 Class I \$'000	2011 Class J \$'000	2011 Class K \$'000	2011 Class L \$'000	2011 Class M \$'000	2011 Class N \$'000
Opening balance	-	-	-	-	17,357	9,311	367
Applications	-	-	-	-	-	-	-
Redemptions	-	-	-	-	(2,906)	(820)	(246)
Increase in net assets attributable to unitholders	-	-	-	-	619	337	7
Closing Balance	-	-	-	-	15,070	8,828	128

	2011 Class O \$'000	2011 Class P \$'000	2011 Class Q \$'000	2011 Class R \$'000	2011 Class S \$'000	2011 Class T \$'000	2011 Class U \$'000
Opening balance	649	494	742	325	580	542	1,264
Applications	-	-	-	-	-	-	-
Redemptions	(430)	(304)	(531)	(260)	(376)	(374)	(875)
Increase in net assets attributable to unitholders	14	11	16	5	13	10	28
Closing Balance	233	201	227	70	217	178	417

	2011 Class V \$'000	2011 Class W \$'000	2011 Class X \$'000	2011 Class AA \$'000	2011 Class AB \$'000	2011 Class AJ \$'000	2011 Class AK \$'000
Opening balance	393	666	1,043	9,906	8,658	2,383	1,843
Applications	-	-	-	-	-	-	-
Redemptions	(324)	(186)	(991)	(2,997)	(5,655)	(2,244)	(1,584)
Increase/(decrease) in net assets attributable to unitholders	5	25	5	197	78	(34)	(33)
Closing Balance	74	505	57	7,106	3,081	105	226

# MQ Gateway Trust

## Notes to the financial statements (continued)

For the year ended 30 June 2011

### 6 Net assets attributable to unitholders (continued)

	2011 Class AL \$'000	2011 Class AM \$'000	2011 Class AN \$'000	2011 Class AO \$'000	2011 Class AP \$'000	2011 Class AQ \$'000	2011 Class AR \$'000
Opening balance	3,734	2,114	3,274	2,319	2,647	1,858	1,733
Applications	-	-	-	-	-	-	-
Redemptions	(3,571)	(1,928)	(3,058)	(1,940)	(2,526)	(1,709)	(1,654)
Increase/(decrease) in net assets attributable to unitholders	(18)	12	(41)	(23)	(44)	21	(59)
Closing Balance	145	198	175	356	77	170	20

	2011 Class AS \$'000	2011 Class AT \$'000	2011 Class AU \$'000	2011 Class AV \$'000	2011 Class AW \$'000	2011 Class AX \$'000	2011 Class AY \$'000
Opening balance	1,497	1,200	153	1,427	53	1,006	27
Applications	-	-	-	-	-	-	-
Redemptions	(1,339)	(200)	(66)	(221)	-	(56)	(9)
Increase in net assets attributable to unitholders	(13)	38	3	45	1	32	1
Closing Balance	145	1,038	90	1,251	54	982	19

	2011 Class AZ \$'000	2011 Class BA \$'000	2011 Class BB \$'000	2011 Class BC \$'000	2011 Class BD \$'000	2011 Class BE \$'000	2011 Class BF \$'000
Opening balance	430	167	1,301	246	23,769	2,756	15,776
Applications	-	-	-	-	-	-	-
Redemptions	(181)	(9)	(212)	(83)	(3,959)	(652)	(3,338)
Increase in net assets attributable to unitholders	10	3	46	8	439	25	736
Closing Balance	259	161	1,135	171	20,249	2,129	13,174

	2011 Class BG \$'000	2011 Class BH \$'000	2011 Class BI \$'000	2011 Class BJ \$'000	2011 Class BK \$'000	2011 Class BL \$'000	2011 Class BM \$'000
Opening balance	3,338	11,371	2,038	10,519	1,020	18,843	4,521
Applications	-	-	-	-	-	-	-
Redemptions	(376)	(2,890)	(222)	(2,029)	(130)	(2,473)	(892)
Increase in net assets attributable to unitholders	177	623	150	594	69	525	90
Closing Balance	3,139	9,104	1,966	9,084	959	16,895	3,719

# MQ Gateway Trust

## Notes to the financial statements (continued)

For the year ended 30 June 2011

### 6 Net assets attributable to unitholders (continued)

	2011 Class Y \$'000	2011 Class Z \$'000	2011 Total \$'000
Opening balance	-	-	196,363
Applications	-	-	-
Redemptions	-	-	(59,111)
Increase in net assets attributable to unitholders	-	-	6,459
Closing balance	-	-	143,711

	2010 Class A \$'000	2010 Class B \$'000	2010 Class C \$'000	2010 Class D \$'000	2010 Class E \$'000	2010 Class F \$'000	2010 Class G \$'000
Opening balance	10,110	11,469	4,411	11,183	4,621	1,377	2,154
Applications	-	-	-	-	-	-	-
Redemptions	(1,096)	(1,035)	(4,567)	(10,760)	(4,566)	(1,341)	(2,086)
Increase in net assets attributable to unitholders	250	275	156	91	30	9	18
Closing Balance	9,264	10,709	-	514	85	45	86

	2010 Class H \$'000	2010 Class I \$'000	2010 Class J \$'000	2010 Class K \$'000	2010 Class L \$'000	2010 Class M \$'000	2010 Class N \$'000
Opening balance	14,009	10,823	4,703	4,080	19,528	11,335	23,452
Applications	-	-	-	-	-	-	-
Redemptions	(14,173)	(10,974)	(4,725)	(4,125)	(2,408)	(2,084)	(23,327)
Increase in net assets attributable to unitholders	164	151	22	45	237	60	242
Closing Balance	-	-	-	-	17,357	9,311	367

	2010 Class O \$'000	2010 Class P \$'000	2010 Class Q \$'000	2010 Class R \$'000	2010 Class S \$'000	2010 Class T \$'000	2010 Class U \$'000
Opening balance	15,031	42,437	23,703	25,153	12,696	101,441	35,232
Applications	-	-	-	-	-	-	-
Redemptions	(14,448)	(42,168)	(22,864)	(25,141)	(12,181)	(101,649)	(33,923)
Increase/(decrease) in net assets attributable to unitholders	66	225	(97)	313	65	750	(45)
Closing Balance	649	494	742	325	580	542	1,264

# MQ Gateway Trust

## Notes to the financial statements (continued)

For the year ended 30 June 2011

### 6 Net assets attributable to unitholders (continued)

	2010 Class V \$'000	2010 Class W \$'000	2010 Class X \$'000	2010 Class AA \$'000	2010 Class AB \$'000	2010 Class AJ \$'000	2010 Class AK \$'000
Opening balance	37,585	12,767	2,012	10,297	9,804	4,446	2,005
Applications	-	-	-	-	-	-	-
Redemptions	(37,470)	(12,077)	(875)	(486)	(1,124)	(2,212)	(264)
Increase/(decrease) in net assets attributable to unitholders	278	(24)	(94)	95	(22)	149	102
Closing Balance	393	666	1,043	9,906	8,658	2,383	1,843

	2010 Class AL \$'000	2010 Class AM \$'000	2010 Class AN \$'000	2010 Class AO \$'000	2010 Class AP \$'000	2010 Class AQ \$'000	2010 Class AR \$'000
Opening balance	5,469	2,763	3,842	2,809	3,413	2,145	2,910
Applications	-	-	-	-	-	-	-
Redemptions	(1,839)	(638)	(657)	(492)	(843)	(247)	(1,268)
Increase/(decrease) in net assets attributable to unitholders	104	(11)	89	2	77	(40)	91
Closing Balance	3,734	2,114	3,274	2,319	2,647	1,858	1,733

	2010 Class AS \$'000	2010 Class AT \$'000	2010 Class AU \$'000	2010 Class AV \$'000	2010 Class AW \$'000	2010 Class AX \$'000	2010 Class AY \$'000
Opening balance	1,746	1,483	155	1,440	55	1,405	56
Applications	-	-	-	-	-	-	-
Redemptions	(259)	(284)	-	-	-	(398)	(28)
Increase/(decrease) in net assets attributable to unitholders	10	1	(2)	(13)	(2)	(1)	(1)
Closing Balance	1,497	1,200	153	1,427	53	1,006	27

	2010 Class AZ \$'000	2010 Class BA \$'000	2010 Class BB \$'000	2010 Class BC \$'000	2010 Class BD \$'000	2010 Class BE \$'000	2010 Class BF \$'000
Opening balance	738	176	1,757	296	26,470	3,649	17,798
Applications	-	-	-	-	-	-	-
Redemptions (Decrease)/increase in net assets attributable to unitholders	(288)	-	(472)	(51)	(2,479)	(812)	(1,811)
	(20)	(9)	16	1	(222)	(81)	(211)
Closing Balance	430	167	1,301	246	23,769	2,756	15,776

# MQ Gateway Trust

## Notes to the financial statements (continued)

For the year ended 30 June 2011

### 6 Net assets attributable to unitholders (continued)

	2010 Class BG \$'000	2010 Class BH \$'000	2010 Class BI \$'000	2010 Class BJ \$'000	2010 Class BK \$'000	2010 Class BL \$'000	2010 Class BM \$'000
Opening balance	3,986	11,879	2,073	11,019	1,155	21,130	5,220
Applications	-	-	-	-	-	-	-
Redemptions (Decrease)/increase in net assets attributable to unitholders	(540)	(900)	(110)	(579)	(129)	(2,373)	(652)
Closing Balance	3,338	11,371	2,038	10,519	1,020	18,843	4,521

	2010 Class Y \$'000	2010 Class Z \$'000	2010 Total \$'000
Opening balance	3,727	3,704	612,332
Applications	-	-	-
Redemptions Increase/(decrease) in net assets attributable to unitholders	(3,789)	(3,455)	(419,542)
Closing Balance	62	(249)	3,573
	-	-	196,363

The Trust's classes AJ-AS matured during the year (2010: Classes D-G and N-X) and are no longer exposed to the Exposure Investment. As the investors have decided to remain in the classes their investment is now held as cash by the Trust.

#### Capital risk management

The Trust manages its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a monthly basis as the Trust is subject to monthly redemptions at the discretion of unitholders.

The Trust requires that any withdrawal requests are received at least 10 days before the end of a calendar month. The Trust will generally pay the redemption proceeds from withdrawal requests within 30 business days after the end of the relevant month. This allows the Trust to liquidate the required amount from the Exposure Investment. While the Trust will generally pay withdrawal proceeds as soon as practicable after it receives the corresponding proceeds from its investment in the Exposure Investment, the Trust is only required to pay withdrawal proceeds within 60 days after the date as at which the applicable withdrawal price is calculated.

The Trust may further extend the period for processing a withdrawal in certain circumstances such as if:

- the Trust has taken all reasonable steps to realise sufficient assets to satisfy a withdrawal request but is not able to do so; or
- the Trust believes it is not in the best interests of investors as a whole to realise assets; or
- the Trust is unable to calculate the redemption price or fairly determine the Net Asset Value due to one or more circumstances outside the Trust's control.

The Trust may also stagger the processing of withdrawal requests over a number of withdrawal periods where the withdrawal requests received for a month exceed 10% of the units on issue.

If the Trust becomes illiquid (as defined in the Corporations Act 2001), withdrawals will only be allowed if the Trust makes an offer of withdrawal. If the Trust makes an offer of withdrawal, unitholders may only be able to withdraw part of their investment.

# MQ Gateway Trust

## Notes to the financial statements (continued)

For the year ended 30 June 2011

### 7 Cash and cash equivalents

	30 June 2011 \$'000	30 June 2010 \$'000
Cash at bank	4,395	7,063
Total	<u>4,395</u>	<u>7,063</u>

### 8 Financial assets held at fair value through profit or loss

	30 June 2011 \$'000	30 June 2010 \$'000
<b>Designated at fair value through profit or loss</b>		
Exposure Investments with Macquarie Bank Limited	139,428	189,610
Total financial assets held at fair value through profit or loss	<u>139,428</u>	<u>189,610</u>

A detailed overview of the risk exposures relating to financial assets held at fair value through profit or loss is included in Note 3.

### 9 Related party disclosures

#### (a) Responsible Entity

The Responsible Entity of MQ Gateway Trust is MQ Portfolio Management Limited (MQPML), a wholly owned subsidiary of Macquarie Group Limited.

#### (b) Key management personnel

The following persons held office as directors of MQPML during the year or since the end of the year and up to the date of this report:

Bruce Neil Terry  
Scot Thompson  
Gervaise Robert John Heddle

No amount is paid by the Trust directly to the directors of the Responsible Entity. Consequently, no compensation as defined in AASB 124 *Related Party Disclosures* is paid by the Trust to the directors as key management personnel.

#### (c) Key management personnel unitholdings

At 30 June 2011, no key management personnel held units in the Trust (2010: nil).

#### (d) Key management personnel loan disclosures

The Trust has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

# MQ Gateway Trust

## Notes to the financial statements (continued)

For the year ended 30 June 2011

### 9 Related party disclosures (continued)

#### (e) Responsible Entity fees and other transactions

For the year ended 30 June 2011 and 30 June 2010, in accordance with the Trust Constitution, the Responsible Entity received a total fee of either 0.2% or 0.5% per annum, as stated in the Product Disclosure Statement (PDS) for the particular Class, of the unitholder's application amount reduced to reflect any withdrawals in a Class of Units at each month end.

A withdrawal fee is charged, if proceeds are withdrawn before the Capital Protection Date, as detailed in the PDS for each Class.

All expenses in connection with the preparation of accounting records and the maintenance of the unit register have been fully borne by the Responsible Entity.

Aggregate amounts included in the determination of profit from ordinary activities that resulted from transactions with Macquarie Bank Limited are as follows:

	2011	2010
	\$	\$
Interest income	780,558	2,411,843
Net gain on financial instrument held at fair value through profit or loss	6,458,311	3,572,837
Income from Exposure Investment	-	34,800

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the year incurred by the Trust and paid/payable to the Responsible Entity are listed below:

	2011	2010
	\$	\$
Responsible Entity fees	837,688	2,588,319

Aggregate amounts receivable from, and payable to, each class of other related parties at reporting date:

	2011	2010
	\$	\$
<b>Current Assets</b>		
Macquarie Bank Limited (Exposure Investment held at fair value through profit or loss)	139,428,015	189,610,079
Macquarie Bank Limited (Cash and cash equivalents)	4,394,630	7,063,226
Macquarie Bank Limited (Income receivable from Exposure Investment)	633,013	798,499
<b>Current Liabilities</b>		
Responsible Entity fees payable	689,396	971,185

#### (f) Investments

The Trust's only investments are the Exposure Investments held with Macquarie Bank Limited.

#### (g) Other transactions within the Trust

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

The bank accounts for the Trust are held with Macquarie Bank Limited. Fees and expenses are negotiated on an arm's length basis for all transactions with related parties.

# MQ Gateway Trust

Notes to the financial statements (continued)

For the year ended 30 June 2011

## 10 Reconciliation of profit/(loss) to net cash inflow from operating activities

### (a) Reconciliation of profit/(loss) to net cash inflow from operating activities

	30 June 2011 \$'000	30 June 2010 \$'000
Profit/(loss) for the year	-	-
Increase in net assets attributable to unitholders	6,459	3,573
Proceeds from sale of financial instrument held at fair value through profit or loss	59,111	419,542
Net gains on financial instrument held at fair value through profit or loss	(6,458)	(3,573)
Distributions to unitholders	-	35
Net change in receivables and other assets	281	2,216
Net change in payables and other liabilities	(282)	(2,221)
<b>Net cash inflow from operating activities</b>	<b>59,111</b>	<b>419,572</b>

## 11 Events occurring after year end

On 25 August, the directors approved the compulsory redemption of units in classes D to G, N to X and classes AJ to AS in accordance with the Trust Constitution and Product Disclosure Statement.

No other significant events have occurred since year end which would impact on the financial position of the Trust disclosed in the statement of financial position as at 30 June 2011 or on the results and cash flows of the Trust for the year ended on that date.

## 12 Contingent assets, contingent liabilities and commitments

The Trust has no outstanding contingent assets, contingent liabilities or commitments as at 30 June 2011 and 30 June 2010.

# MQ Gateway Trust

## Director's declaration

30 June 2011

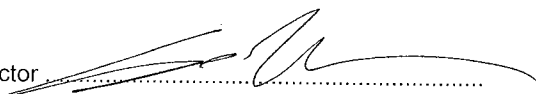
In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 6 to 34 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Trust's financial position as at 30 June 2011 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The directors declare that the notes to the financial statements include an explicit and unreserved statement of compliance with the International Financial Reporting Standards (see Note 2(a)).

This declaration is made in accordance with a resolution of the directors.

Director



Scot Thompson

Dated 28 September 2011

## Independent auditor's report to the unitholders of MQ Gateway Trust

We have audited the accompanying financial report of MQ Gateway Trust (the "trust"), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and 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.

### Directors' responsibility for the financial report

The directors of MQ Portfolio Management Limited, 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* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that 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 that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the 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 responsible entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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.

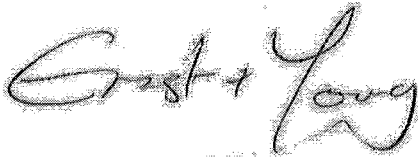
### Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the responsible entity a written Auditor's Independence Declaration, a copy of which is included with the directors' report.

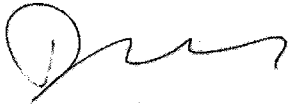
## Opinion

In our opinion:

- a. the financial report of MQ Gateway Trust is in accordance with the *Corporations Act 2001*, including:
  - i giving a true and fair view of the trust's financial position as at 30 June 2011 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 Note 2.

A stylized, handwritten signature of the Ernst & Young firm, written in dark ink.

Ernst & Young

A handwritten signature of Darren Handley-Greaves, written in dark ink.

Darren Handley-Greaves  
Partner  
Sydney  
28 September 2011