

MACQUARIE REFLEXION COMMODITY TRUST

ARSN 118 675 871

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011



MACQUARIE

MACQUARIE REFLEXION COMMODITY TRUST

Annual Report

for the year ended 30 June 2011

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This annual financial report covers Macquarie Reflexion Commodity Trust as an individual entity.

Responsible Entity:

Macquarie Financial Products Management Limited
ABN 38 095 135 694
No. 1, Martin Place,
Sydney,
New South Wales, 2000
AUSTRALIA

Neither the Responsible Entity, nor any member of the Macquarie Group Limited, guarantees the performance of the Macquarie Reflexion Commodity Trust, the repayments of capital or the payment of a particular rate of return on the units issued.

Macquarie Financial Products Management Limited is not an authorised deposit-taking institution for the purposes of the Banking Act (Cth) 1959, and Macquarie Financial Products Management Limited's obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542. Macquarie Bank Limited does not guarantee or otherwise provide assurance in respect of the obligations of Macquarie Financial Products Management Limited.

MACQUARIE REFLEXION COMMODITY TRUST

Directors' Report

30 June 2011

The Directors of Macquarie Financial Products Management Limited (ABN 38 095 135 694) (a wholly owned subsidiary of Macquarie Group Limited), the Responsible Entity of the Macquarie Reflexion Commodity Trust ("the Trust"), submit their report together with the financial report of the Trust, for the year ended 30 June 2011.

Principal activities

The principal activity of the Trust is to obtain investment exposures to the Diversified Commodity Forward Index (for 2006 and June 2007 offers), the Wellington Commodities Fund (for December 2007 and June 2008 original offers) and the GSCI Commodities Basket (for December 2007 and June 2008 variation offers). The Trust gains exposures to the Diversified Commodity Forward Index, Wellington Commodities Fund and the GSCI Commodities Basket ("the Underlying Investments") via Investment Linked Swaps in accordance with the provisions of the Trust's Constitution.

The Trust did not have any employees during the year.

There has been no significant change in the nature of this activity during the year.

Directors

The names of the Directors of the Responsible Entity in office during the financial year and until the date of this report are:

Antony Clubb (appointed on 11/02/2011)
Simone Alison Mosse (resigned on 11/02/2011)
Jason King
Peter Bruce Lucas
William Dudley Fox

The Directors were in office from the beginning of the financial year until the date of this report, unless otherwise stated.

Review of results and 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.

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

	Year ended	
	30 June 2011	30 June 2010
	\$	\$
Net profit before finance costs and income tax attributable to unitholders	<u>9,197,853</u>	<u>1,338,245</u>
Distribution paid	745,374	85,269
Redemption distribution paid	3,979,538	684,142

MACQUARIE REFLEXION COMMODITY TRUST

Directors' Report (continued)
30 June 2011

Significant changes in the state of affairs

In the opinion of the Directors, there were no significant changes to the state of affairs of the Trust during the year.

Significant events after the balance date

There has been no matter or circumstance that has arisen since the end of financial year that has significantly affected, or may significantly affect, the Trust's operations in future financial years, the results of those operations or the Trust's state of affairs in future financial years.

Likely developments and expected results

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's operations will be affected by a number of factors, including the performance of the Underlying Investments in which the Trust invests. 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 on likely developments in the operation of the Trust and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to 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 or Directors of Macquarie Financial Products Management Limited or the auditors of the Trust. Under the Trust Constitution, Macquarie Financial Products 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 units held in the Trust by the Responsible Entity and associates

Annual administration fees paid to the Responsible Entity out of Trust property during the year are disclosed in note 10 to the financial statements.

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

The number of units in the Trust held by Responsible Entity and its associates as at the end of the year are disclosed in note 10 to the financial statements.

MACQUARIE REFLEXION COMMODITY TRUST

Directors' Report (continued)
30 June 2011

Units on issue

The movement in units on issue in the Trust during the financial year is disclosed in note 7 to the financial statements.

The units on issue at 30 June 2011 is as disclosed in note 7 to the financial statements.

Trust Assets

The value of the Trust's assets and liabilities at 30 June 2011 is disclosed in the statement of financial position and derived using the basis set out in note 2 to the financial statements.

Environmental regulation and performance

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

Auditor's Independence Declaration

An independence declaration has been provided to the Directors by the auditor of Macquarie Reflexion Commodity Trust, Ernst & Young, and is attached to the Director's report.

Rounding of amounts

Amounts in the financial report have been rounded off to the nearest dollar unless otherwise indicated.

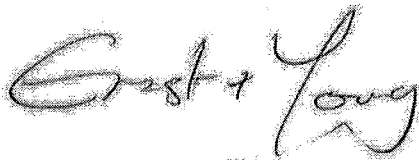
Signed in accordance with a resolution of the Directors.



.....
Director
Sydney
27th September 2011

Auditor's Independence Declaration to the Directors of Macquarie Financial Products Management Limited, as the Responsible Entity for Macquarie reFlexion Commodity Trust

In relation to our audit of the financial report of Macquarie reFlexion Commodity 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.



Ernst & Young



Darren Handley-Greaves
Partner
Sydney
27 September 2011

MACQUARIE REFLEXION COMMODITY TRUST

Statement of Comprehensive Income

for the year ended 30 June 2011

	Notes	Year ended	
		30 June 2011	30 June 2010
		\$	\$
Income			
Interest revenue	10	465,282	649,012
Distribution income		745,374	85,269
Change in fair value of Financial assets and liabilities at fair value through profit or loss	5	<u>9,198,878</u>	<u>1,339,345</u>
Total income		<u>10,409,534</u>	<u>2,073,626</u>
Expenses			
Investment Linked Swap fees	10	465,282	649,012
Responsible Entity fees	10	<u>1,025</u>	<u>1,100</u>
Total expenses		<u>466,307</u>	<u>650,112</u>
Net profit before finance costs and income tax		<u>9,943,227</u>	<u>1,423,514</u>
Finance costs			
Distributions paid to unitholders	6	(4,724,912)	(769,411)
Increase in net assets attributable to unitholders	7	<u>(5,218,315)</u>	<u>(654,103)</u>
Total finance costs		<u>(9,943,227)</u>	<u>(1,423,514)</u>
Profit/(loss) for the year		<u>-</u>	<u>-</u>
Other comprehensive income/(loss)			
Foreign exchange translation reserve for the year		(623,413)	(499,955)
Reserve movements attributable to unitholders		<u>623,413</u>	<u>499,955</u>
Total comprehensive income/(loss) for the year		<u>-</u>	<u>-</u>

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

MACQUARIE REFLEXION COMMODITY TRUST

Statement of Financial Position

at 30 June 2011

	Notes	30 June 2011 \$	30 June 2010 \$
Assets			
GST receivable		375	300
Collateral Deposit	8	27,882,022	43,793,352
Financial assets at fair value through profit or loss	9	<u>11,966,662</u>	<u>9,090,411</u>
Total assets		<u>39,849,059</u>	<u>52,884,063</u>
Liabilities			
Investment Linked Swap fees payable	10	21,275	16,101
Responsible Entity fees payable	10	5,500	4,400
Financial liabilities at fair value through profit or loss	9	<u>266,029</u>	<u>2,314,709</u>
Total liabilities (excluding net assets attributable to unitholders)		<u>292,804</u>	<u>2,335,210</u>
Net assets attributable to unitholders – liability	7	<u>39,556,255</u>	<u>50,548,853</u>
Foreign Exchange Translation Reserves			
Reserves		1,752,179	2,375,592
Reserves attributable to unitholders		<u>(1,752,179)</u>	<u>(2,375,592)</u>
		<u>-</u>	<u>-</u>

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

MACQUARIE REFLEXION COMMODITY TRUST

Statement of Changes in Equity

for the year ended 30 June 2011

	Year ended	
	30 June 2011	30 June 2010
	\$	\$
Total equity at the beginning of the year	-	-
Profit/(loss) for the year	-	-
Other comprehensive income/(loss) for the year	-	-
Total comprehensive income/(loss) for the year	-	-
Transactions with owners in their capacity as owners	-	-
Total equity at the end of the year	-	-

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a 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.

MACQUARIE REFLEXION COMMODITY TRUST

Statement of Cash Flows

for the year ended 30 June 2011

	Notes	Year ended	
		30 June 2011	30 June 2010
		\$	\$
<i>Cash flows from operating activities</i>			
Investment Linked Swap collateral withdrawn		15,587,500	7,607,664
Collateral Deposit interest received		460,108	632,911
Investment Linked Swap fee paid		(460,108)	(632,911)
Distribution income received		745,374	85,269
Realised gains on redemptions		3,979,538	684,142
<i>Net cash provided by operating activities</i>	11(a)	<u>20,312,412</u>	<u>8,377,075</u>
<i>Cash flows from financing activities</i>			
Payments for redemptions to unitholders		(15,587,500)	(7,607,664)
Distribution paid to unitholders		(4,724,912)	(769,411)
<i>Net cash used in financing activities</i>		<u>(20,312,412)</u>	<u>(8,377,075)</u>
<i>Net increase/(decrease) in cash and cash equivalents</i>		-	-
Cash and cash equivalents at the beginning of the year		-	-
<i>Cash and cash equivalents at the end of the year</i>		<u>-</u>	<u>-</u>

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

MACQUARIE REFLEXION COMMODITY TRUST

Notes to the Financial Statements
for the year ended 30 June 2011

1. Corporate information

This financial report covers Macquarie Reflexion Commodity Trust ("the Trust") as an individual entity. The Trust was constituted on 6 March 2006 and registered on 20 March 2006. The Trust is expected to terminate on 20 March 2086 unless terminated earlier in accordance with the provisions of the Trust Constitution.

Macquarie Reflexion Commodity Trust is a managed investment scheme. The Responsible Entity of the Trust is Macquarie Financial Products Management Limited ("the Responsible Entity") having its registered office at No. 1, Martin Place, Sydney, New South Wales 2000, Australia. The financial report is presented in the Australian currency.

The principal activity of the Trust is to obtain investment exposures to the Diversified Commodity Forward Index (for 2006 and June 2007 offers), the Wellington Commodities Fund (for December 2007 and June 2008 original offers) and the GSCI Commodities Basket (for December 2007 and June 2008 variation offers).

The financial statements of Macquarie Reflexion Commodity Trust for the year ended 30 June 2011 were authorised for issue in accordance with a resolution of the Board of Directors on 27th September 2011. The Directors of the Responsible Entity have the power to amend and reissue the financial report.

2. Accounting policies

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

2.1 Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with requirement of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been 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 are not distinguished between current and non-current. All balances are expected to be recovered or settled within twelve months, except for Financial assets and liabilities at fair value through profit or loss and net assets attributable to unitholders. The amount expected to be recovered or settled within twelve months in relation to these balances cannot be reliably determined.

Amounts in the financial report have been rounded off to the nearest dollar unless otherwise indicated.

Statement of Compliance with International Financial Reporting Standards

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

MACQUARIE REFLEXION COMMODITY TRUST

Notes to the Financial Statements for the year ended 30 June 2011 (continued)

2.1 Basis of preparation (continued)

New accounting standards and interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Trust for the annual reporting period ended 30 June 2011. The impact of these standards and interpretations has been assessed and to the extent applicable to the Trust are discussed below. Standards and Interpretations that are not expected to have a material impact on the Trust have not been included.

(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 and measurement of financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not traded. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. The Trust has not yet decided when to adopt AASB 9. However, management does not expect any 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, securitize, 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 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 a result of applying the revised rules.

MACQUARIE REFLEXION COMMODITY TRUST

Notes to the Financial Statements
for the year ended 30 June 2011 (continued)

2.1 Basis of preparation (continued)

New accounting standards and interpretations (continued)

(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.

(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.

MACQUARIE REFLEXION COMMODITY TRUST

Notes to the Financial Statements
for the year ended 30 June 2011 (continued)

2.2 Summary of significant accounting policies

(a) Financial instruments

(i) Classification

The Trust's investments are classified as at fair value through profit or loss. They include derivatives such as the Investment Linked Swaps and Foreign Currency Exchange Agreements, which are considered to be held for trading in accordance with Accounting Standard AASB 139. The Trust does not designate any derivatives as hedges in a hedging relationship.

(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 at fair value through profit or loss

Financial assets and liabilities at fair value through profit and 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 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.

(b) Investment Linked Swap

The net fair value of the Investment Linked Swaps is based on the valuations provided by the Swap Counterparty which is principally driven by the value of a call option and/or movement in the Underlying Investments and the break costs and/or break gains payable/receivable if the Investment Linked Swaps were redeemed before maturity. These break costs and/or break gains are passed onto the redeeming investors through the valuation of their units.

(c) Foreign Currency Exchange Agreement

Foreign Currency Exchange Agreements are primarily used by the Trust to manage against foreign currency exchange rate risk on its non-Australian denominated Cash Collateral. Under these agreements, the Trust will commit to sell the value of the Euro denominated Cash Collateral for a fixed Australian dollar amount on the maturity date. This fixed Australian Dollar amount should equal the sum of the Investment Loan Repayment obligations for all the investors in the Trust. Foreign Currency Exchange Agreements are valued at the prevailing market rate at the reporting date. The Trust recognises a gain or loss equal to the change in fair value at the reporting date.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

MACQUARIE REFLEXION COMMODITY TRUST

Notes to the Financial Statements
for the year ended 30 June 2011 (continued)

2.2 Summary of significant accounting policies (continued)

(b) Net assets attributable to unitholders

Units are redeemable at the unitholders' option and are classified as financial liabilities. Subject to sufficient liquidity within the Trust, the units can be put back to the Trust equal to a proportionate share of the Trust's net asset value. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the reporting date if unitholders exercised their right to put the units back to the Trust.

(c) 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 financial assets 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.

(d) Collateral Deposits

The Collateral Deposits are held with Macquarie Group Limited ("MGL") and wholly-owned subsidiaries of MGL and represent the credit support for the Investment Linked Swaps entered into between the Trust and the MGL and its wholly owned subsidiaries.

(e) Investment income

Interest revenue 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.

(f) Expenses

All expenses are recognised in the statement of comprehensive income on an accrual basis.

(g) Income tax

Under current Australian legislation, the Trust is not subject to income tax provided the unitholders are presently entitled to the income of the Trust and the Trust fully distributes its net taxable income.

Financial instruments 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.

Distributable income is determined by reference to the net taxable income of the Trust.

(h) Distributions to unitholders

In accordance with the Trust Constitution, the Trust fully distributes its distributable (taxable) income to unitholders. The distributions are recognised in the statement of comprehensive income as finance costs.

MACQUARIE REFLEXION COMMODITY TRUST

Notes to the Financial Statements
for the year ended 30 June 2011 (continued)

2.2 Summary of significant accounting policies (continued)

(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.

(j) Foreign currency translation

Functional and presentation currency

Items included in the Trust's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Euro. The Australian Dollar is the Trust's presentation currency. The exchange differences arising from the translation of the assets, liabilities, income and expenses from the functional currency to the presentation currency are taken to statement of comprehensive income as other comprehensive income/(loss) for the year.

Transactions and balances

Foreign currency transactions, where applicable, are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year-end exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

The Trust does not isolate that portion of gains or losses on financial instruments and derivative financial instruments that are measured at fair value through profit or loss and which is due to changes in foreign exchange rates from that which is due to changes in the market price of securities. Such fluctuations are included with the change in net fair value on financial instruments at fair value through profit or loss.

(k) Receivables

Receivables may include amounts for interest on Collateral Deposit and Goods and Services Tax receivable from the Australian Taxation Office (ATO).

(l) Payables

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

(m) Goods and Services Tax (GST)

The GST incurred on the Responsible Entity fees has been passed onto the Trust. The Trust qualifies for Reduced Input Tax Credits (RITC) at a rate of 75% hence Responsible Entity fees has been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Responsible Entity fees payable is inclusive of GST. The net amount of GST receivable 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.

MACQUARIE REFLEXION COMMODITY TRUST

Notes to the Financial Statements
for the year ended 30 June 2011 (continued)

2.2 Summary of significant accounting policies (continued)

(n) Use of estimates (continued)

The majority of the Trust's financial instruments are over-the-counter derivatives, which 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 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.

(o) Applications and redemptions

Applications received for units by 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.

MACQUARIE REFLEXION COMMODITY TRUST

Notes to the Financial Statements
for the year ended 30 June 2011 (continued)

3. Financial risk management

The following note disclosure provides an analysis of the financial risks that are managed by the Trust. Terms presented below and followed by an '*' are defined within the Product Disclosure Statements.

Investment policy

Investment policy (For 2006 & 2007 offers)

Original offers

Under the Original offers ("the Original"), Macquarie Reflexion Commodity Trust provides investors with an exposure to the Diversified Commodity Forward Index (for 2006 and June 2007 offers) and Wellington Commodities Fund (for December 2007 offer) (being the Underlying Investments for the Trust), which is capital protected in Australian dollars ("AUD") at maturity. This index is designed to track the price performance of the blue chip stocks in the Eurozone.

Variation offer

Under the variation offer ("the Variation"), Macquarie Reflexion Commodity Trust provides investors with an exposure to the GSCI Commodities Basket (being the Underlying Investment), which is capital protected in Australian dollars ("AUD") at maturity. It consists of an equally weighted exposure to four S&P GSCI Commodities Indices.

The exposure to the Diversified Commodity Forward Index, the Wellington Commodities Fund and GSCI Commodities Basket represents "the Underlying Investments" for the Trust. The Trust does not invest directly in the Underlying Investments but instead obtains an exposure to the Underlying Investments via Investment Linked Swap Agreements with Macquarie Bank Limited (the "Swap Counterparty").

The Trust has entered into the following agreements:

- an Investment Linked Swap Agreement
- a Foreign Currency Exchange Agreement

The Investment Linked Swap Agreement is the contractual arrangement by which the Trust obtains exposures to the Underlying Investments. Each Investment Linked Swap Agreement comprise of two components:

- An Investment Linked Swap – provides the Trust with exposure to the Underlying Investments; and
- The Cash Collateral – this, in conjunction with the Foreign Currency Exchange Agreement, forms the basis of capital protection at maturity.

Investment Linked Swap

- may receive a payment from the Swap Counterparty at maturity, the amount of which will depend upon the performance of the Underlying Investment during the term;
- is required to pay to the Swap Counterparty an amount each month, equal to the amount of interest it receives from the Cash Collateral; and
- provides investors in the Trust with the potential to receive an annual distribution depending, among other things, on the performance of the Underlying Investment (only applicable for original offers).

MACQUARIE REFLEXION COMMODITY TRUST

Notes to the Financial Statements
for the year ended 30 June 2011 (continued)

3. Financial risk management (continued)

Investment policy (continued)

Cash Collateral

The Trust deposits the offer proceeds with the Swap Counterparty in Euro ("EUR") as collateral for its obligation under the Investment Linked Swap Agreements. The interest earned on the Cash Collateral is applied to make payments to the Swap Counterparty under the Investment Linked Swap. The Cash Collateral will be returned to the Trust at the maturity date, or partially if unitholders make redemptions.

Foreign Currency Exchange Agreement

The Trust has entered into Foreign Currency Exchange Agreements with wholly-owned subsidiaries of Macquarie Group Limited (the "FX Counterparty"). Under these agreements, the Trust will commit to sell the value of the Euro-denominated Cash Collateral for a fixed Australian dollar amount on the maturity date. This fixed Australian Dollar amount should be equal to the sum of the Investment Loan Repayment* obligations for all the investors in the Trust.

Investment policy (For June 2008 offers)

Original offer

Under the Original offer ("the Original"), Macquarie Reflexion Commodity Trust provides investors with an exposure to the Wellington Commodities Fund (being the Underlying Investment for the Trust), which is capital protected in Australian dollars ("AUD") at maturity. This Index is designed to track the performance of the highest dividend-paying stocks in the Eurozone.

Variation offer

Under the variation offer ("the Variation"), Macquarie Reflexion Commodity Trust provides investors with an exposure to the GSCI Commodities Basket (being the Underlying Investment), which is capital protected in Australian dollars ("AUD") at maturity. It consists of an equally weighted exposure to four S&P GSCI Commodities Indices.

The exposure to the Wellington Commodities Fund and GSCI Commodities Basket represents "the Underlying Investments" for the Trust. The Trust does not invest directly in the Underlying Investments but instead obtains an exposure to the Underlying Investments via Investment Linked Swap Arrangements.

The Trust has entered into the following agreements:

- an Investment Linked Swap Agreement ("Swap Agreement")
- a Cash Collateral Agreement ("Collateral Agreement"); and
- a Foreign Currency Exchange Agreement
-

The Swap Agreement and the Collateral Agreement together forms the "Investment Linked Swap Arrangement".

The Investment Linked Swap Arrangement is the contractual arrangement by which the Trust obtains exposures to the Underlying Investments. The Investment Linked Swap Arrangement comprises of two components:

- Swap Agreement – provides the Trust with exposure to the Underlying Investments. This agreement is made between the Trust and Macquarie Bank Limited (the "Swap Counterparty"); and
- Collateral Agreement – this, in conjunction with the Foreign Currency Exchange Agreement, forms the basis of capital protection at maturity. This agreement is made between the Trust and Macquarie Group Limited (the "Collateral Counterparty").

MACQUARIE REFLEXION COMMODITY TRUST

Notes to the Financial Statements
for the year ended 30 June 2011 (continued)

3. Financial risk management (continued)

Investment policy (continued)

Swap Agreement

The Swap Agreement is a contract under which the Trust:

- may receive a payment from the Swap Counterparty at maturity, the amount of which will depend upon the performance of the Underlying Investments during the term;
- is required to pay to the Swap Counterparty an amount at each six months period, equal to the amount of interest it receives from the Cash Collateral;
- may be required to pay an amount to the Swap Counterparty or receive an amount from the Swap Counterparty (depending on market conditions) if all or part of the Swap Agreement is terminated or unwound early; and
- provides investors in the Trust with the potential to receive an annual distribution depending, among other things, on the performance of the Underlying Investment (only applicable for original offers).

Collateral Agreement

The Trust deposits the offer proceeds with the Collateral Counterparty in Euro ("EUR") as collateral for its obligation under the Swap Agreements. The interest earned on the Cash Collateral is applied to make payments to the Swap Counterparty under the Swap Agreements. The Cash Collateral will be returned to the Trust at the maturity date, or partially if unitholders make redemptions.

Foreign Currency Exchange Agreement

The Trust has entered into Foreign Currency Exchange Agreements with Macquarie Bank Limited (the "FX Counterparty"). Under such agreements, the Trust will commit to sell the value of the EUR-denominated Cash Collateral for a fixed Australian Dollar amount on the maturity date. This fixed Australian Dollar amount should be equal to the sum of the Investment Loan Repayment* obligations for all the investors in the Trust.

Risk management

The Trust's activities expose it to a variety of financial risks: market risk (including market price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk arising from the financial instruments it holds. The risk management policies employed by the Trust to manage these risks are discussed below.

(a) Market risk

Market risk is the exposure to adverse changes in the value of the Trust's investment portfolios as a result of changes in market prices or volatility. The Trust is exposed to the following risks in each of the major markets in which it trades:

MACQUARIE REFLEXION COMMODITY TRUST

Notes to the Financial Statements
for the year ended 30 June 2011 (continued)

3. Financial risk management (continued)

(i) Market price risk

The Trust is exposed to market price risk on its investment in Investment Linked Swaps. The value of the Trust's investment in the Investment Linked Swaps is –

- based on a call option over the Diversified Commodity Forward Index for 2006 and June 2007 offers;
- linked to the Wellington Commodities Fund for December 2007 and June 2008 original offers and
- based on a call option over the GSCI Commodities Basket for December 2007 and June 2008 variation offers

These Underlying Investments are impacted by the changes in prices of underlying listed equity securities. As the Investment Linked Swaps are denominated in EUR, these are also affected by movements in the AUD/EUR exchange rates. The maximum risk exposure to the Trust at the reporting date is determined by the fair value of the Investment Linked Swaps as disclosed within note 9.

This risk is managed by the Swap Counterparty through the application of Threshold Management* (only for December 2007 & June 2008 original offers). The Threshold Management technique involves allocating part of the investment exposure to higher risk assets, like the Underlying Investment, and part to a lower risk asset like a cash deposit. Therefore, the Trust may not always be exposed to 100% of the movements in the Underlying Investment although the maximum exposure of the Trust to the Underlying Investment could be 100%. The Trust does not directly hold the Underlying Investment and/or the cash deposit, but instead achieves exposure to these assets through the Investment Linked Swap Agreements. The Investment Linked Swaps are impacted by movements in the prevailing interest rates (only for December 2007 & June 2008 original offers) in their cash deposits allocation.

At the reporting date, as a result of the application of Threshold Management* (applicable for December 2007 and June 2008 original offers), 100% of the underlying exposure of the Investment Linked Swaps were allocated to cash deposits or assets with a similar market price risk profile. No market price risk analysis is presented due to the Responsible Entity's assessment that such risks are insignificant as there is no exposure to the Underlying Index at the reporting date.

For call option based offers, the analysis is based on assumptions that the Underlying Investment increased/decreased by 15% (2010: 15%) with all other variables held constant. The impact arises from reasonably possible change in the fair value of the Investment Linked Swaps. 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 levels of changes in underlying funds investment unit price. 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 underlying fund invests. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

	30 June 2011		30 June 2010	
	Impact on profit or (loss) attributable to unitholders**		Impact on profit or (loss) attributable to unitholders**	
Change in Underlying Investments	+15%	-15%	+15%	-15%
	\$		\$	
<i>Investment Linked Swap</i>				
<i>June 2006 offer</i>	662,094	(662,094)	114,583	(114,583)
<i>December 2006 offer</i>	662,680	(622,680)	416,181	(416,181)
<i>June 2007 offer</i>	1,048,447	(1,048,447)	1,250,011	(1,250,011)
Total	2,333,221	(2,333,221)	1,780,775	(1,780,775)

MACQUARIE REFLEXION COMMODITY TRUST

Notes to the Financial Statements
for the year ended 30 June 2011 (continued)

3. Financial risk management (continued)

(i) Market price risk (continued)

	30 June 2011		30 June 2010	
	Impact on profit or (loss) attributable to unitholders**		Impact on profit or (loss) attributable to unitholders**	
Change in Underlying Investments	+15%	-15%	+15%	-15%
	\$		\$	
<i>Investment Linked Swap</i>				
<i>December 2007 variation offer</i>	640,076	(393,006)	109,348	(131,859)
<i>June 2008 variation offer</i>	2,968,246	(1,972,133)	643,666	(769,781)
Total	3,608,322	(2,365,139)	753,014	(901,640)

** Positive numbers indicate increase in profit and negative numbers indicate decrease in profit due to movement in Underlying Investments. There is no effect on other comprehensive income as the Trust has no assets classified as available for sale or designated hedging instruments.

The table below indicates the impact that a +/- 15% (2010: +/- 10%) change in foreign currency exchange rates would have on the market price of the Trust's investment in the Investment Linked Swaps and therefore profit and loss attributable to unitholders. As the functional currency of the Trust is the Euro, the movement presented is based on a movement in the Australian Dollar ("AUD") relative to the Euro. The reasonable possible movement in the exchange rate has been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in foreign exchange rates and market volatility.

	30 June 2011		30 June 2010	
	Impact on profit or (loss) attributable to unitholders***		Impact on profit or (loss) attributable to unitholders***	
Change in currency rates	+15 %	-15 %	+10 %	-10 %
	\$		\$	
<i>EUR-AUD exchange rate</i>				
<i>June 2006 offer</i>	-	-	240,619	(240,619)
<i>December 2006 offer</i>	-	-	125,540	(125,540)
<i>June 2007 offer</i>	-	-	266,181	(266,181)
<i>December 2007 original offer</i>	-	-	6,832	(6,832)
<i>June 2008 original offer</i>	-	-	6,173	(6,173)
<i>December 2007 variation offer</i>	(33,833)	33,833	17,115	(17,115)
<i>June 2008 variation offer</i>	(181,892)	181,892	14,700	(14,700)
Total	(215,725)	215,725	677,160	(677,160)

*** Positive numbers indicate decrease in profit and negative numbers indicate increase in profit due to movement in foreign currency exchange rates. There is no effect on other comprehensive income as the Trust has no assets classified as available for sale or designated hedging instruments.

MACQUARIE REFLEXION COMMODITY TRUST

Notes to the Financial Statements
for the year ended 30 June 2011 (continued)

3. Financial risk management (continued)

(i) Market price risk (continued)

As explained above, some part of the Underlying Investment could be allocated to a lower risk asset like a cash deposit as a part of Threshold Management* (only for December 2007 & June 2008 original offers). This Cash deposit is interest bearing and is impacted by movements in interest rate.

The table below summarises the impact of an increase/decrease of interest rates on the Trust's profit and loss attributable to unitholders at 30 June 2011 for December 2007 and June 2008 original offers. As a separate Investment Linked Swap Agreement has been entered into for each class of Units, and each Investment Linked Swap Agreement has different levels of exposure to the Underlying Investment, the table below discloses the impact for each Agreement.

The analysis is based on the assumption that interest rates changed by +/- 25 basis points (2010: +/-25 basis points) from the year end rates with all variables including participation rates held constant. The impact mainly arises from changes in the value of Collateral Deposits placed under the application of Threshold Management* (only for December 2007 & June 2008 original offers).

	30 June 2011		30 June 2010	
	Impact on profit or (loss) attributable to unitholders****		Impact on profit or (loss) attributable to unitholders****	
Change in interest rates	+25 basis points	-25 basis points	+25 basis points	-25 basis points
	\$		\$	
December 2007 original offer	(6,777)	6,861	(11,191)	11,357
June 2008 original offer	(17,878)	18,098	(28,424)	28,845
Total	(24,655)	24,959	(39,615)	40,202

**** Positive numbers indicate increase in profit and negative numbers indicate decrease in profit due to movement in foreign currency exchange rates. There is no effect on other comprehensive income as the Trust has no assets classified as available for sale or designated hedging instruments.

The Trust is also exposed to price risk on the value its investment in Foreign Currency Exchange Agreements. The Trust has entered into these agreements to hedge its Foreign Exchange exposure on the balance of the Cash Collateral Agreements, which is denominated in EUR. No Market Price risk analysis has been presented due to the Responsible Entity's assessment that such risks are insignificant as any price movement in the Foreign Currency Exchange Agreements would be materially offset by movements in the Cash Collateral balance.

MACQUARIE REFLEXION COMMODITY TRUST

Notes to the Financial Statements
for the year ended 30 June 2011 (continued)

3. Financial risk management (continued)

(ii) Foreign exchange risk

In accordance with the Australian Accounting Standards, foreign exchange risk only arises on monetary financial instruments denominated in a currency other than EUR, being the functional currency of the Trust.

The Trust's only monetary financial instrument is the Cash Collateral, which is denominated in the EUR. Therefore, the Trust is not exposed to foreign exchange risk per the Australian Accounting Standards.

(iii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or its cash flows will fluctuate due to changes in market interest rates.

All assets and liabilities are non-interest bearing with the exception of the Collateral Deposits. Interest income and swap fee expense may fluctuate in amount due to changes in interest rates. No interest rate risk analysis is presented due to the Responsible Entity's assessment that such risks are insignificant as the amount of interest income is offset by the swap fee expense under the Investment Linked Swap Agreements.

(b) Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part, under a contract. Potential areas of credit risk consist of the Collateral Deposits and the Financial assets at fair value through profit or loss. These areas of credit risk include exposures to the Swap Counterparty, the Collateral Counterparty and the FX Counterparty. The Trust manages its exposure to credit risk by dealing with well established financial institutions that the Responsible Entity has assessed to have a high quality credit standing. The credit standing of these counterparties is monitored on a regular basis.

Maximum exposure to credit risk

The carrying amount of financial assets best represents the maximum credit risk exposure at the reporting date. The table below details the concentration of credit exposure of the Trust's assets to significant geographical locations and counterparty types. The amounts shown represent the maximum credit risk of the Trust's assets equal to the carrying value of the assets.

As at 30 June 2011	Financial assets at fair value through profit or loss	EUR Collateral Deposits	Total
	\$	\$	\$
Australia			
Financial institutions	11,966,662	27,882,022	39,848,684
Total Australia	11,966,662	27,882,022	39,848,684
Total Gross credit risk	11,966,662	27,882,022	39,848,684

MACQUARIE REFLEXION COMMODITY TRUST

Notes to the Financial Statements
for the year ended 30 June 2011 (continued)

3. Financial risk management (continued)

(b) Credit risk (continued)

As at 30 June 2010	Financial assets at fair value through profit or loss	EUR Collateral Deposits	Total
	\$	\$	\$
Australia			
Financial institutions	9,090,411	43,793,352	52,883,763
Total Australia	9,090,411	43,793,352	52,883,763
Total Gross credit risk	9,090,411	43,793,352	52,883,763

Credit quality of financial assets

The credit quality of financial assets is managed by the Trust using external credit ratings, where available. Where a financial guarantee has been provided over the performance of a counterparty, the credit quality of the provider of the guarantee is considered in assessing the overall credit quality of the exposure. The exposure to credit risk for Collateral Deposits and Financial assets at fair value through profit or loss is low as all counterparties have a rating of at least A- (2010: A-) as determined by Standards and Poor's rating agency.

(c) 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 semi-annual redemptions of units. The Trust manages this risk by entering into the Investment Linked Swap and Collateral Deposit Agreements which allows the Trust to partially redeem its investment by providing the counterparty at least 5 business days notice before the redemption date. By partially redeeming its investment, the Trust will receive a portion of the Collateral Deposit plus any uplift, if any, in the value of the Investment Linked Swaps.

The Trust has entered into derivatives contracts, which are not traded in an organised market and may be illiquid. As a result, the Trust may not be able to quickly liquidate its investments in these instruments at amounts close to their fair value to meet its liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer or counterparty. The Trust manages its exposure to liquidity risk by monitoring the credit worthiness of all the Trust's counterparties on a regular basis.

The table on the next page analyses the Trust's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. As unitholders have the choice of redeeming units before maturity, the table reflects the earliest date on which redemption would be permitted. In addition, as redemption of units would result in the Trust partially redeeming its investment in the Investment Linked Swaps and Foreign Currency Exchange Agreements, these balances, to the extent they represent a liability, are also included in the table based on the earliest date on which redemption would be permitted. Balances due within 12 months equal their carrying amounts, as the impact of discounting is not viewed by the Responsible Entity as significant.

MACQUARIE REFLEXION COMMODITY TRUST

Notes to the Financial Statements
for the year ended 30 June 2011 (continued)

3. Financial risk management (continued)

(c) Liquidity risk (continued)

As at 30 June 2011	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Total
	\$	\$	\$	\$	\$	\$
Financial liabilities at fair value through profit or loss	-	-	266,029	-	-	266,029
Investment Linked Swap Fees payable	-	-	21,275	-	-	21,275
Responsible Entity fees payable	5,500	-	-	-	-	5,500
Net assets attributable to unitholders	-	-	39,556,255	-	-	39,556,255
Total undiscounted financial liabilities	5,500	-	39,843,559	-	-	39,849,059
Foreign Currency Exchange Agreement – notional amounts						
Buy AUD	-	-	40,459,646	-	-	40,459,646
Sell EUR (AUD-equivalent)	-	-	(27,860,747)	-	-	(27,860,747)

As at 30 June 2010	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Total
	\$	\$	\$	\$	\$	\$
Financial liabilities at fair value through profit or loss	-	-	2,314,709	-	-	2,314,709
Investment Linked Swap Fees payable	-	-	16,101	-	-	16,101
Responsible Entity fees payable	4,400	-	-	-	-	4,400
Net assets attributable to unitholders	-	-	50,548,853	-	-	50,548,853
Total undiscounted financial liabilities	4,400	-	52,879,663	-	-	52,884,063
Foreign Currency Exchange Agreement – notional amounts						
Buy AUD	-	-	58,822,893	-	-	58,822,893
Sell EUR (AUD-equivalent)	-	-	(43,777,252)	-	-	(43,777,252)

MACQUARIE REFLEXION COMMODITY TRUST

Notes to the Financial Statements
for the year ended 30 June 2011 (continued)

3. Financial risk management (continued)

(d) Fair value of financial assets and liabilities

(i) Fair value estimation

The carrying amounts of the Trust's assets and liabilities at the reporting date approximate their fair values. The following methods and significant assumptions have been applied in determining the fair values of financial instruments:

The fair value of the Foreign Currency Exchange Agreements is estimated at the amount that the Trust would receive or pay to terminate the contract at the reporting date taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties.

The fair value of the Investment Linked Swaps is based on pricing provided by the Swap Counterparty who is the calculation agent to the Investment Linked Swap Agreements. The pricing is based on the value of a call option and/or movement in the Underlying Investments and/or on a formula agreed to by both parties and takes into account the percentage of the Investment Linked Swap exposed to the Underlying Investments, the valuation of the Underlying Investments and the cash deposits.

(ii) Fair value hierarchy

AASB 7 requires the Trust to classify 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:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in which instruments are classified in the hierarchy is based on the lowest level input that is significant to the fair value measurement in its entirety. Assessment of the significance of an input requires judgement after considering factors specific to the instrument.

MACQUARIE REFLEXION COMMODITY TRUST

Notes to the Financial Statements
for the year ended 30 June 2011 (continued)

3. Financial risk management (continued)

(d) Fair value of financial assets and liabilities

(ii) Fair value hierarchy (continued)

The following table shows financial instruments recorded at fair value, analysed for the levels of fair value hierarchy.

	30 June 2011	30 June 2010
	Level 2	Level 2
	\$	\$
Financial assets at fair value through profit or loss		
<i>Financial assets held for trading</i>		
Investment Linked Swaps	4,119,258	3,524,754
Foreign Currency Exchange Agreements	7,847,404	5,565,657
	<u>11,966,662</u>	<u>9,090,411</u>
Financial liabilities at fair value through profit or loss		
<i>Financial liabilities held for trading</i>		
Investment Linked Swaps	266,029	2,314,709
	<u>266,029</u>	<u>2,314,709</u>

Fair value of the Trust's financial instruments which include Foreign Currency Exchange Agreements and Investment Linked Swaps is estimated on the basis of inputs based on observable market data and accordingly Trust's financial assets and liabilities are classified within level 2.

There have been no transfers between levels for the year ended 30 June 2011.

MACQUARIE REFLEXION COMMODITY TRUST

Notes to the Financial Statements
for the year ended 30 June 2011 (continued)

4. Auditor's remuneration

	Year ended	
	30 June 2011	30 June 2010
	\$	\$
Amounts received or due and receivable by Ernst & Young for:		
- an audit and review of the financial report of the Trust	5,140	5,010
- an audit of compliance plan	310	290
	<u>5,450</u>	<u>5,300</u>

No non-audit fees were paid/payable during the year (2010: \$Nil).

The Responsible Entity pays fees to the auditor on behalf of the Trust. It is not the intention of the Responsible Entity to recharge the fees to the Trust, as permitted by the Constitution. No contingent liability has been recognised by the Trust in relation to fees.

5. Change in fair value of Financial assets and liabilities at fair value through profit or loss

	Year ended	
	30 June 2011	30 June 2010
	\$	\$
Net change in fair value of Investment Linked Swaps	6,220,499	2,524,989
Net change in fair value Foreign Currency Exchange Agreements	6,187,414	8,669,097
Net foreign currency translation on unitholders funds	(3,209,035)	(9,854,741)
Net change in fair value of Financial assets and liabilities at fair value through profit or loss	<u>9,198,878</u>	<u>1,339,345</u>

MACQUARIE REFLEXION COMMODITY TRUST

Notes to the Financial Statements
for the year ended 30 June 2011 (continued)

6. Distributions to unitholders*

The distributions paid/payable to unitholders for the year is as follows:

	Distributions \$	2011 Number of units	Distributions per unit cents/unit	Distributions \$	2010 Number of units	Distributions per unit cents/unit
June'06 original offer						
Distribution paid	145,326	4,858,800	2.99	-	-	-
Redemption distributions paid	1,229,049	3,472,000	35.40	163,310	960,000	17.01
	<u>1,374,375</u>	<u>8,330,800</u>	-	<u>163,310</u>	<u>960,000</u>	-
December'06 original offer						
Distribution paid	164,826	4,247,999	3.88	-	-	-
Redemption distributions paid	213,958	639,000	33.48	54,185	361,000	15.01
	<u>378,784</u>	<u>4,886,999</u>	-	<u>54,185</u>	<u>361,000</u>	-
June'07 original offer						
Distribution paid	435,222	5,206,000	8.36	85,269	10,361,000	0.82
Redemption distributions paid	2,321,006	5,155,000	45.02	775,432	3,464,000	22.39
	<u>2,756,228</u>	<u>10,361,000</u>	-	<u>860,701</u>	<u>13,825,000</u>	-
December'07 original offer						
Redemption distributions recovered	(6,182)	217,000	(2.85)	(35,100)	393,664	(8.92)
	<u>(6,182)</u>	<u>217,000</u>	-	<u>(35,100)</u>	<u>393,664</u>	-
December'07 variation offer						
Redemption distributions paid/(recovered)	25,058	551,000	4.55	(22,702)	245,000	(9.27)
	<u>25,058</u>	<u>551,000</u>	-	<u>(22,702)</u>	<u>245,000</u>	-
June'08 original offer						
Redemption distributions recovered	(21,848)	447,500	(4.88)	(159,720)	1,421,000	(11.24)
	<u>(21,848)</u>	<u>447,500</u>	-	<u>(159,720)</u>	<u>1,421,000</u>	-
June'08 variation offer						
Redemption distributions paid/(recovered)	218,497	5,106,000	4.28	(91,263)	763,000	(11.96)
	<u>218,497</u>	<u>5,106,000</u>	-	<u>(91,263)</u>	<u>763,000</u>	-
Grand Total	<u>4,724,912</u>		-	<u>769,411</u>		-

* Positive numbers indicates break gain on redemption paid to unitholders and negative number indicate break cost received from unitholders.

MACQUARIE REFLEXION COMMODITY TRUST

Notes to the Financial Statements
for the year ended 30 June 2011 (continued)

7. Net assets attributable to unitholders

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. The Trust has issued units to investors in ten different offers and units of each offer constitute a separate class of units. Each unit of a particular class has the same rights attached to it as all other units of that particular class.

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

	Units on issue		Unitholders' Funds	
	30 June 2011 No. of units	30 June 2010 No. of units	30 June 2011 \$	30 June 2010 \$
June 06 original offer				
Opening balance	8,330,800	9,290,800	9,459,743	10,625,561
Redemptions	(3,472,000)	(960,000)	(3,472,000)	(960,000)
Increase in net assets attributable to unitholders	-	-	395,305	75,822
Reserve movements attributable to unitholders	-	-	(82,394)	(281,640)
Closing balance	4,858,800	8,330,800	6,300,654	9,459,743
December 06 original offer				
Opening balance	4,886,999	5,247,999	5,468,452	5,940,765
Redemptions	(639,000)	(361,000)	(639,000)	(361,000)
Increase in net assets attributable to unitholders	-	-	806,074	52,828
Reserve movements attributable to unitholders	-	-	(132,347)	(164,141)
Closing balance	4,247,999	4,886,999	5,503,179	5,468,452
June 07 original offer				
Opening balance	10,361,000	13,825,000	12,179,904	16,620,674
Redemptions	(5,155,000)	(3,464,000)	(5,155,000)	(3,464,000)
Increase/(decrease) in net assets attributable to unitholders	-	-	619,444	(250,532)
Reserve movements attributable to unitholders	-	-	(227,628)	(726,238)
Closing balance	5,206,000	10,361,000	7,416,720	12,179,904
December 07 original offer				
Opening balance	1,165,336	5,264,000	1,083,115	4,627,455
Redemptions	(217,000)	(393,664)	(217,000)	(393,664)
Transfer to December 07 variation offer	-	(3,705,000)	-	(3,256,976)
Increase in net assets attributable to unitholders	-	-	83,490	73,303
Reserve movements attributable to unitholders	-	-	(8,778)	32,997
Closing balance	948,336	1,165,336	940,827	1,083,115

MACQUARIE REFLEXION COMMODITY TRUST

Notes to the Financial Statements
for the year ended 30 June 2011 (continued)

7. Net assets attributable to unitholders (continued)

	Units on issue		Unitholders' Funds	
	30 June 2011 No. of units	30 June 2010 No. of units	30 June 2011 \$	30 June 2010 \$
December 07 variation offer				
Opening balance	3,460,000	-	3,184,174	-
Transfer from December 07 original offer	-	3,705,000	-	3,256,976
Redemptions	(551,000)	(245,000)	(551,000)	(245,000)
Increase in net assets attributable to unitholders	-	-	485,005	81,280
Reserve movements attributable to unitholders	-	-	(30,787)	90,918
Closing balance	2,909,000	3,460,000	3,087,392	3,184,174
June 08 original offer				
Opening balance	2,889,500	23,604,500	2,619,967	20,187,914
Transfer to June 08 variation offer	-	(19,294,000)	-	(16,501,328)
Redemptions	(447,500)	(1,421,000)	(447,500)	(1,421,000)
Increase in net assets attributable to unitholders	-	-	209,634	265,625
Reserve movements attributable to unitholders	-	-	(28,965)	88,756
Closing balance	2,442,000	2,889,500	2,353,136	2,619,967
June 08 variation offer				
Opening balance	18,531,000	-	16,553,498	-
Transfer from June 08 original offer	-	19,294,000	-	16,501,328
Redemptions	(5,106,000)	(763,000)	(5,106,000)	(763,000)
Increase in net assets attributable to unitholders	-	-	2,619,363	355,777
Reserve movements attributable to unitholders	-	-	(112,514)	459,393
Closing balance	13,425,000	18,531,000	13,954,347	16,553,498
Grand Total	34,037,135	49,624,635	39,556,255	50,548,853

Capital risk management

The Trust considers 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 semi-annual basis as the Trust is subject to periodic applications (depending upon subsequent offers made by the Responsible Entity) and semi-annual redemptions that are at the discretion of unitholders. However, no repurchase of unitholders funds will be allowable for 1 year from the date of the issuance of that Unit (with exceptions in severely limited circumstances as decided by the Responsible Entity).

MACQUARIE REFLEXION COMMODITY TRUST

Notes to the Financial Statements
for the year ended 30 June 2011 (continued)

7. Net assets attributable to unitholders (continued)

The Trust aims to capital protect investors' Investment Loan Repayment (as defined within the Product Disclosure Statement for each offer of the Trust) when held to maturity. The Trust seeks to achieve this by placing Australian Dollar ("AUD") cash inflows from investor contributions on deposit with the counterparty to the Investment Linked Swap Agreements in Euro (the "Collateral Deposit"). Under the Investment Linked Swap Agreements, the counterparty will return the Collateral Deposit to the Trust at maturity plus any uplift if any, in the Underlying Investments. The Trust has separately entered into Foreign Currency Exchange Agreements with a subsidiary of Macquarie Group Limited (the "FX Counterparty") to sell the value of the Euro-denominated Collateral Deposit for a fixed Australian Dollar amount at maturity. This fixed Australian Dollar amount should equal the value of the investor's Investment Loan Repayment. The ability of the Trust to meet its objectives is dependent on investors not redeeming units before their maturity and on the performance of the counterparties to the Investment Linked Swap Agreements and the Foreign Currency Exchange Agreements.

As stated above, the Trust does allow investors to redeem some or all of their units before maturity semi-annually. If an investor redeems their units before maturity, the Trust no longer has the objective to capital protect the investors' Investment Loan Repayment. The Trust can partially redeem its Investment Linked Swap semi-annually by providing the counterparty at least 5 business days notice. The Trust will be obligated to pay any break costs on the Investment Linked Swap Agreement and on the Foreign Currency Exchange Agreement. In addition, the Trust will be exposed to movements in the AUD/EUR foreign exchange rate if units are redeemed before maturity. These exposures are passed onto the redeeming investors through the valuation of their units.

During the year, Macquarie Bank Limited, a related party of the Responsible Entity, redeemed 711,000 units (2010: 655,000) on behalf of investors, pursuant to the terms and conditions of the Product Disclosure Statement and the investment loan contract.

8. Collateral Deposits

	30 June 2011	30 June 2010
	\$	\$
Collateral Deposits	27,860,747	43,777,251
Interest receivable on Collateral Deposits	21,275	16,101
	<u>27,882,022</u>	<u>43,793,352</u>

MACQUARIE REFLEXION COMMODITY TRUST

Notes to the Financial Statements
for the year ended 30 June 2011 (continued)

9. Financial assets and liabilities at fair value through profit & loss

	30 June 2011		30 June 2010	
	Investment Linked Swaps \$	Foreign Currency Exchange Agreements \$	Investment Linked Swaps \$	Foreign Currency Exchange Agreements \$
Financial assets at fair value through profit or loss				
<i>Financial assets held for trading</i>				
June 06 original offer	1,083,540	1,393,352	980,386	1,426,814
December 06 original offer	1,005,746	1,093,640	591,508	664,903
June 07 original offer	1,971,489	999,317	1,952,860	709,451
December 07 original offer	-	245,430	-	163,542
December 07 variation offer	-	752,851	-	500,487
June 08 original offer	-	517,552	-	283,340
June 08 variation offer	58,483	2,845,262	-	1,817,120
Total Financial assets at fair value through profit or loss	4,119,258	7,847,404	3,524,754	5,565,657
Financial liabilities at fair value through profit or loss				
<i>Financial liabilities held for trading</i>				
June 06 original offer	-	-	-	-
December 06 original offer	-	-	-	-
June 07 original offer	-	-	-	-
December 07 original offer	71,780	-	94,723	-
December 07 variation offer	20,093	-	328,840	-
June 08 original offer	174,156	-	221,313	-
June 08 variation offer	-	-	1,669,833	-
Total Financial liabilities at fair value through profit or loss	266,029	-	2,314,709	-

MACQUARIE REFLEXION COMMODITY TRUST

Notes to the Financial Statements
for the year ended 30 June 2011 (continued)

10. Related party disclosures

(a) Responsible Entity

The Responsible Entity of the Macquarie Reflexion Commodity Trust is Macquarie Financial Products Management Limited, whose immediate and ultimate holding company is Macquarie Group Limited.

(b) Details of Key Management Personnel

(i) Directors

The Directors of the Responsible Entity are considered to be Key Management Personnel of the Trust. The Directors of the Responsible Entity in office during the year and up to the date of the report are:

Antony Clubb (appointed on 11/02/2011)
Simone Alison Mosse (resigned on 11/02/2011)
Jason King
Peter Bruce Lucas
William Dudley Fox

(ii) Other Key Management Personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the Trust, directly or indirectly, during the financial year.

(iii) Compensation of Key Management Personnel

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.

Compensation is paid to the Responsible Entity in the form of fees and is disclosed in note below.

(c) Unitholdings of Related party and Key Management Personnel

Details of the units held in the Trust by the parties related to the Trust (including the Responsible Entity, its Directors, its affiliates and other Trusts managed by the Responsible Entity), are set out below:

2011						
Unitholders	Number of units held opening (Units)	Number of units held closing (Units)	Units held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid or payable by the Trust (\$)
Peter Bruce Lucas	30,000	-	-	-	30,000	10,044
William Dudley Fox	200	200	0.00%	-	-	6
2010						
Unitholders	Number of units held opening (Units)	Number of units held closing (Units)	Units held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid or payable by the Trust (\$)
Peter Bruce Lucas	30,000	30,000	0.06%	-	-	-
William Dudley Fox	200	200	0.00%	-	-	-

MACQUARIE REFLEXION COMMODITY TRUST

Notes to the Financial Statements
for the year ended 30 June 2011 (continued)

10. Related party disclosures (continued)

(d) Related party transactions

(i) Related parties

Macquarie Group Limited ("MGL") and its wholly owned subsidiaries, related parties of the Responsible Entity, have undertaken various transactions with, and performed various services for the Trust as follows:

The Trust has entered into Investment Linked Swap Agreements with Macquarie Bank Limited ("MBL"), a wholly-owned subsidiary of MGL. The fair value of these Investment Linked Swap Agreements is disclosed in note 9 and the gain or loss for the financial year is disclosed in note 5 to the financial statements. Under the Investment Linked Swap Agreements, MBL received Investment Linked Swap fees from the Trust which is as disclosed below.

	30 June 2011 \$ Macquarie Bank Limited	30 June 2010 \$ Macquarie Bank Limited
Investment Linked Swap fees expense	465,282	649,012
Investment Linked Swap fees payable	21,275	16,101

The Trust holds its Collateral Deposits with MGL and MBL. The carrying value of these Collateral Deposits is disclosed in note 8 and the interest earned on these deposits is as disclosed below:

	30 June 2011 \$ Macquarie Bank Limited	30 June 2010 \$ Macquarie Bank Limited	30 June 2011 \$ Macquarie Group Limited	30 June 2010 \$ Macquarie Group Limited
Interest income on Collateral Deposits	(259,322)	(378,925)	(205,960)	(270,087)
Interest receivable on Collateral Deposits	-	-	21,275	16,101

The interest earned on the deposits is paid back to MGL and MBL through the Investment Linked Swap Agreements.

The Trust has entered into Foreign Currency Exchange Agreements with MBL and Macquarie Capital Products Limited ("MCPL"), both wholly-owned subsidiaries of MGL, to exchange foreign currency. The fair value of these Foreign Currency Exchange Agreements is disclosed in note 9 to the financial statements.

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.

The Trust has not made, guaranteed or secured, directly or indirectly, any loans to the Responsible Entity, its affiliates and other Trusts managed by the Responsible Entity at any time during the financial year.

All related party transactions are made on normal commercial terms and conditions.

MACQUARIE REFLEXION COMMODITY TRUST

Notes to the Financial Statements
for the year ended 30 June 2011 (continued)

10. Related party disclosures (continued)

(d) Related party transactions

(ii) Key Management Personnel

The Trust has not made, guaranteed or secured, directly or indirectly, any loans to the Directors or their personally related entities at any time during the financial year.

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 financial year and there were no material contracts involving Directors' interests existing at year end.

(e) Fees

The Responsible Entity is entitled to an administration fee from the Trust during the year ended 30 June 2011.

The transactions during the financial year and amounts payable at year end between the Trust and the Responsible Entity were as follows:

	30 June 2011	30 June 2010
	\$	\$
Administration fees for the financial year incurred as an expense by the Trust to the Responsible Entity	1,025	1,100
Administration fees payable by the Trust to the Responsible Entity	5,500	4,400

11. Statement of cash flows reconciliation

	Year ended	
	30 June 2011	30 June 2010
	\$	\$
(a) Reconciliation of net profit/(loss) to net cash provided by operating activities		
Profit/(loss) for the year	-	-
Increase in net assets attributable to unitholders	5,218,315	654,103
Net unrealised change in financial instruments at fair value through profit or loss	(5,219,340)	(655,203)
Decrease in Collateral Deposits	15,911,330	16,714,609
Increase in receivables	(75)	-
Increase in payables	6,274	17,201
Distribution paid for the year	4,724,912	769,411
Net foreign exchange differences	(329,004)	(9,123,046)
Net cash provided by operating activities	<u>20,312,412</u>	<u>8,377,075</u>

(b) Non-cash financing activities

The Trust did not engage in any non-cash financing and investment activities during the financial year (2010: Nil).

MACQUARIE REFLEXION COMMODITY TRUST

Notes to the Financial Statements
for the year ended 30 June 2011 (continued)

12. Commitments and contingencies

There are no commitments or contingencies at the reporting date (2010: none).

13. Events after year end

Since 30 June 2011 there have been no other matter or circumstances not otherwise dealt with in the financial report that have significantly affected or may affect the Trust (2010: none).

MACQUARIE REFLEXION COMMODITY TRUST

Directors' 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 37 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 2.1).

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



.....
Director
Sydney
27th September 2011

Independent auditor's report to the unitholders of Macquarie reFlexion Commodity Trust

We have audited the accompanying financial report of Macquarie reFlexion Commodity 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 Macquarie Financial Products 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.

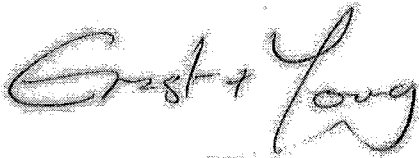
Independence

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 Macquarie reFleXion Commodity 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 a cursive script.

Ernst & Young

A handwritten signature of Darren Handley-Greaves, written in a cursive script.

Darren Handley-Greaves
Partner
Sydney
27 September 2011