

RF CAPITAL



ECLIPSE

Eclipse Prudent Mortgage Fund

ARSN 090 994 326

Half-Year 2018 Financial Report

13 March 2018

Responsible Entity and Issuer

Eclipse Prudent Mortgage Corporation Limited
(ACN 089 265 270, AFSL 238546, ACL 238546, ABN 54 089 265 270)

Level 54

Governor Phillip Tower 1 Farrer Place
SYDNEY NSW 2000

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DIRECTORS' REPORT

The Directors of Eclipse Prudent Mortgage Corporation Limited, the Responsible Entity of Eclipse Prudent Mortgage Fund ("the Scheme"), present their report on the Scheme for the half-year ended 31 December 2017.

Directors

The following persons were directors of Eclipse Prudent Mortgage Corporation Limited during the whole financial half-year and up to the date of this report, unless otherwise stated:

George Kostas	
Raymond Fazzolari	(resigned 22 December 2017)
Andrew McCasker	(resigned 13 December 2017)
James McNally	(appointed 13 December 2017)
Robert Edgar	(appointed 22 December 2017)

Principal activities

The principal activity of the Scheme during the financial period was the conduct of a registered mortgage scheme.

Operating results

The operating profit after provision for income tax for the Scheme, for the period was \$nil. All operating profit was distributed to members.

Review of operations

The Scheme was established to act as a registered mortgage scheme known as the Eclipse Prudent Mortgage Fund in accordance with the constitution of that fund and the requirements of the Australian Securities and Investments Commission. The directors consider that the Scheme operated satisfactorily during the period ended 31 December 2017 in accordance with its obligations.

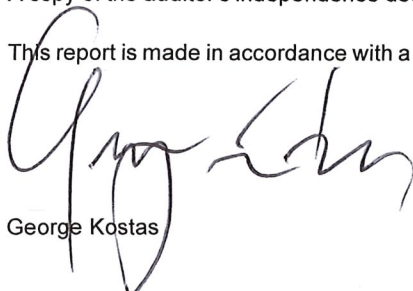
Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Scheme during the financial half year ended 31 December 2017.

Auditor's independence declaration

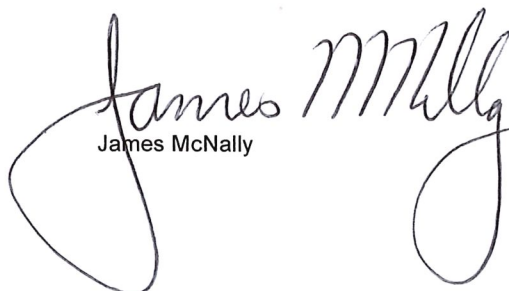
A copy of the auditor's independence declaration under section 307C is attached on the following page.

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



George Kostas

Sydney, 13 March 2018

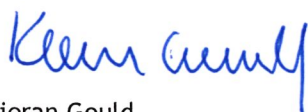


James McNally

**DECLARATION OF INDEPENDENCE BY KIERAN GOULD TO THE DIRECTORS OF ECLIPSE
PRUDENT MORTGAGE CORPORATION LIMITED**

As lead auditor for the review of Eclipse Prudent Mortgage Fund for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.



Kieran Gould
Partner

BDO East Coast Partnership

Sydney, 13 March 2018

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half year ended 31 December 2017

	Note	DEC 2017 \$	DEC 2016 \$
Revenue	5	7,951,639	7,253,502
Expenses			
Mortgage and bank interest paid to investors		(5,925,424)	(5,692,563)
<i>Responsible entity fees</i>			
Administration fees		(1,984,622)	(1,485,704)
Management fees		(41,593)	(75,235)
Total responsible entity fees		(2,026,215)	(1,560,939)
Profit before income tax expense		–	–
Income tax expense		–	–
Profit after income tax expense for the half year		–	–
Other comprehensive income for the year, net of tax		–	–
Total comprehensive income for the year		–	–

STATEMENT OF FINANCIAL POSITION

as at 31 December 2017

	Note	DEC 2017 \$	JUNE 2017 \$
Assets			
Cash and cash equivalents		39,443,847	25,233,726
Trade and other receivables		1,164,284	1,663,821
Financial assets	6	135,533,800	154,629,800
Total assets		176,141,931	181,527,347
Liabilities			
Trade and other payables		2,728,479	3,801,282
Financial liabilities	7	173,413,452	177,726,065
Total liabilities		176,141,931	181,527,347
Net assets		—	—
Total equity		—	—

STATEMENT OF CHANGES IN EQUITY

for the half year ended 31 December 2017

	Retained Earnings \$	Total \$
Balance at 1 July 2016	—	—
Total comprehensive income for the half year	—	—
Balance at 31 December 2016	—	—
Balance at 1 July 2017		
Total comprehensive income for the year	—	—
Balance at 31 December 2017	—	—

Mortgage investments shown as Financial Assets in the Balance Sheet are not held collectively for all members of the Scheme. Total amount of investment funds held within the Scheme by individual investors are classified as Financial Liabilities, consequently there is no equity for financial reporting purposes.

STATEMENT OF CASH FLOWS

for the half year ended 31 December 2017

	DEC 2017 \$	DEC 2016 \$
Cash flows from operating activities		
Cash receipts in course of operations (including GST)	74,362,027	79,444,450
Interest received	352,193	212,002
Cash payments in course of operations (including GST)	(60,504,099)	(65,772,741)
Net cash from operating activities	14,210,121	13,883,711
Net Increase (decrease) in cash held	14,210,121	13,883,711
Cash at beginning of period	25,233,726	12,632,258
Cash at end of period	39,443,847	26,515,969

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard AASB 134: Interim Financial Reporting and the *Corporations Act 2001* as appropriate for for-profit entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the Scheme during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements and corresponding interim reporting period.

New, revised or amending Accounting Standards and Interpretations adopted

The Scheme has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the Scheme from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Scheme.

2. EVENTS SUBSEQUENT TO REPORTING DATE

Since 31 December 2017, no event has arisen that would be likely to materially affect the operations of the Scheme, or the state of affairs of the Fund not otherwise disclosed in the Scheme's financial report.

3. CONTINGENT LIABILITIES

The directors are not aware of any contingent liabilities.

4. SEGMENT INFORMATION

The scheme operates in one segment being the management of a registered mortgage scheme. The company operates in Sydney and Port Macquarie in the State of New South Wales.

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2017

5. REVENUE

	DEC 2017 \$	DEC 2016 \$
Mortgage interest	5,614,824	5,555,796
Cash account interest	352,193	212,002
Fee income	1,984,622	1,485,704
Total revenue	7,951,639	7,253,502

6. FINANCIAL ASSETS

	DEC 2017 \$	JUNE 2017 \$
Loans and receivables		
Mortgage Investments	135,533,800	154,629,800
	135,533,800	154,629,800

Mortgage investments shown in the Statement of Financial Position are not held collectively for all members of the Scheme. The Eclipse Prudent Mortgage Fund is a syndicated mortgage scheme whereby each mortgage investment is owned legally and beneficially by the individual syndicate members. It is an ASIC requirement that the mortgages are disclosed as assets of the Scheme.

Mortgage investments are secured by a legal mortgage over real property. The mortgage is registered with the relevant authority in the state or territory as determined by the location of the security taken. The security taken is identified in the individual syndicate PDS provided to the members of the syndicate. The mortgage provides the investor with a power of sale over the property and with priority over subsequent registered and unregistered mortgages and any other non-secured creditors of the borrower.

7. MOVEMENTS IN INVESTORS' FUNDS

	31 DEC 2017 \$	JUNE 2017 \$
Movements in investors' funds		
Interests in the Scheme at the beginning of the period	177,726,065	158,134,198
Interests issued during the period	9,913,157	39,401,059
Withdrawals from the Scheme during the period	(14,225,770)	(19,809,192)
Allowance for impairment	-	-
Total investor capital at end of period	173,413,452	177,726,065

Interests in the scheme held by the responsible entity or its associates as at 31st December 2017 was \$1,220,000.00.

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2017

8. FAIR VALUE DISCLOSURE

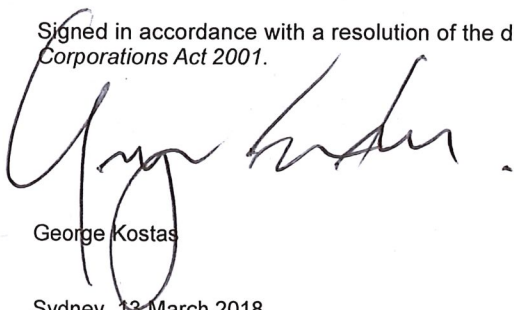
The scheme has a number of financial instruments which are not measured at fair value in the statement of financial position, including cash, trade & other receivables, mortgage investments, and trade & other payables. The fair value of these financial assets and financial liabilities approximates their carrying amount.

DIRECTORS' DECLARATION

In the opinion of the Directors of Eclipse Prudent Mortgage Corporation Limited:

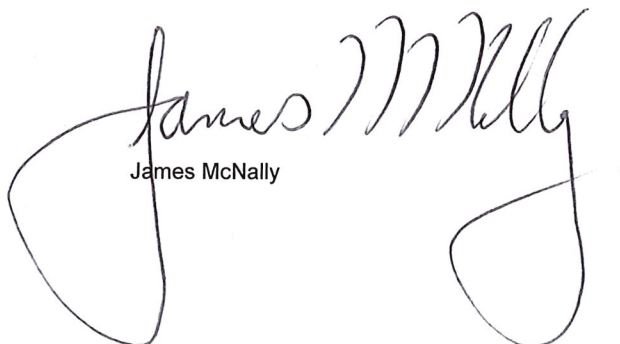
- the attached financial statements and notes thereto comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the Scheme's financial position as at 31 December 2017 and of its performance for the financial half-year ended that date; and;
- there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to section 303(5) of the *Corporations Act 2001*.



George Kostas

Sydney, 13 March 2018



James McNally

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Eclipse Prudent Mortgage Fund

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Eclipse Prudent Mortgage Fund (the Scheme), which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year then ended, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Scheme is not in accordance with the *Corporations Act 2001* including:

- A. Giving a true and fair view of the Scheme's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and
- B. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Directors' responsibility for the Half-Year Financial Report

The directors of the Responsible Entity (the directors) are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Scheme's financial position as at 31 December 2017 and its performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Scheme, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Responsible Entity, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO East Coast Partnership

BDO
Kieran Gould

Kieran Gould
Partner

Sydney, 13 March 2018