

FORM: Half yearly/~~preliminary~~ final report

Name of *issuer*

PREMIUM INCOME FUND

ACN or ARBN

090 687 577

Half yearly
(tick)

Preliminary
final (tick)

✓

Half year/financial year ended
(‘Current period’)

31 December 2013

For announcement to the market

Extracts from this statement for announcement to the market (see note 1).

					\$A,000
Revenue (item 1.1)	up/down	%	To	(1,013)	
Profit (loss) for the period (item 1.9)	up/down	%	To	2,282	loss
Profit (loss) for the period attributable to security holders (item 1.11)	up/down	%	to	2,282	loss
Income Distributions		Current period		Previous corresponding period	
Cash distributions		-		0.6 CPU	
Short details of any bonus or cash issue or other item(s) of importance not previously released to the market:					
NIL					

Consolidated income statement *(The figures are not equity accounted)**(see note 3)**(In accordance with paragraphs 81-85 and 88-94 of AASB 101: Presentation of Financial Statements)*

	Current period - \$A'000	Previous corresponding period - \$A'000
1.1 Revenues <i>(item 7.1)</i>	(1,013)	(9,396)
1.2 Expenses, excluding finance costs <i>(item 7.2)</i>	(1,269)	(6,516)
1.3 Finance costs	-	(332)
1.4 Share of net profits (losses) of associates and joint ventures <i>(item 15.7)</i>	-	-
1.5 Profit (loss) before income tax	(2,282)	(16,244)
1.6 Income tax expense <i>(see note 4)</i>	-	-
1.7 Profit (loss) from continuing operations	-	-
1.8 Profit (loss) from discontinued operations <i>(item 13.3)</i>	-	-
1.9 Profit (loss) attributable to security holders for the period	(2,282)	(16,244)
1.10 Basic earnings per security <i>(item 9.1)</i>	(0.01)	(0.02)
1.11 Diluted earnings per security <i>(item 9.1)</i>	(0.01)	(0.02)
1.12 Distribution per security <i>(item 9.1)</i>	-	(0.006)

Comparison of half-year profits*(Preliminary final statement only)*

	Current period - \$A'000	Previous corresponding period - \$A'000
	31 December 2013	31 December 2012
2.1 Consolidated profit (loss) after tax attributable to security holders reported for the 1st half year <i>(item 1.11 in the half yearly statement)</i>	(2,282)	(16,244)
2.2 Consolidated profit (loss) after tax attributable to security holders for the 2nd half year	-	-

Consolidated balance sheet

(See note 5)

(as per paragraphs 68-69 of AASB 101: Financial Statement Presentation)

Assets		Current period - \$A'000 31 December 2013	Previous corresponding period - \$A'000 30 June 2013
3.1	Cash and cash equivalents	1,389	2,265
3.2	Trade and other receivables	11,976	12,000
3.3	Inventories	-	-
3.4	Financial Assets held fair value through profit or loss	5,416	6,431
3.5	Mortgage loans	500	500
3.6	Other financial assets	-	-
3.7	Total current assets	19,281	21,196
3.8	Total assets	19,281	21,196
Liabilities			
3.9	Trade and other payables	1,518	1,151
3.10	Borrowings	-	-
3.11	Other current liabilities (provide details if material)	-	-
		1,518	1,151
3.12	Liabilities directly associated with non-current assets classified as held for sale (<i>para 38 of AASB 5</i>)		
3.13	Total Liabilities	1,518	1,151
3.14	Total liabilities	1,518	1,151
3.15	Net assets	17,763	20,045
Equity			
3.16	Share capital	245,638	245,638
3.17	Other reserves	-	-
3.18	Non-controlling interest	-	-
3.19	Retained earnings	(227,875)	(225,593)
3.20	Total equity	17,763	110,486

Consolidated statement of changes in equity

(as per paragraphs 96-97 of AASB 101: Presentation of Financial Statements)

	Current period – A\$'000	Previous corresponding period – A\$'000
Revenues recognised directly in equity:	-	-
Expenses recognised directly in equity:	-	-
4.1 Net income recognised directly in equity	-	-
4.2 Profit for the period	(2,282)	(25,977)
4.3 Total recognised income and expense for the period	(2,282)	(25,977)
4.4 Effect of changes in accounting policy (as per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors):	-	-

Consolidated statement of cash flows

(See note 6)

(as per AASB 107: Cash Flow Statements)

	Current period - \$A'000	Previous corresponding period - \$A'000
Cash flows related to operating activities		
5.1 Interest, fees, investment and other income received	19	4,347
5.2 Gross proceeds from property sales	-	649
5.3 Payments to suppliers in relation to properties sold	(4)	(243)
5.4 Interest and other costs of finance paid	-	-
5.5 Payments to suppliers	(998)	(4,279)
5.6 Net cash used in operating activities	(983)	474
Cash flows related to investing activities		
5.7 Mortgage loan advances	-	(9,221)
5.8 Mortgage loan repayments	-	4,879
5.9 Other investments purchased	-	-
5.10 Other investment realised	107	343
5.11 Loans to other entities	-	-
5.12 Loans repaid by other entities	-	-
5.13 Interest and other items of similar nature received	-	-
5.14 Dividends received	-	-
5.15 Other (cash distributions received)	-	-
5.16 Net cash used in investing activities	107	(3,999)
Cash flows related to financing activities		
5.17 Proceeds from equity raised	-	-
5.18 Units redeemed	-	-
5.19 Net proceeds from borrowings	-	(407)
5.20 Repayment of borrowings	-	-
5.21 Cash payments to unitholders	-	(4,983)
5.22 Other (provide details if material)	-	-
5.23 Net cash used in financing activities	-	(5,390)
Net increase (decrease) in cash and cash equivalents	(876)	(8,915)
5.24 Cash at beginning of period (see <i>Reconciliations of cash</i>)	2,265	12,071
5.25 Exchange rate adjustments to item 5.23	-	-
5.26 Cash at end of period (see <i>Reconciliation of cash</i>)	1,389	3,156

Reconciliation of cash provided by operating activities to profit or loss

(as per paragraph Aus20.1 of AASB 107: Cash Flow Statements)

	Current period \$A'000	Previous corresponding period \$A'000
6.1 Profit <i>(item 1.9)</i>	(2,282)	(16,244)
Adjustments for:		
6.2 Net unrealised (gain)/loss on financial instruments designated at fair value	1,019	9,867
6.3 Impairment of loans and other financial assets	10	413
6.4 Cost impairment on property sales	-	-
6.5 Net (gain)/loss on Mortgage loans	-	6,707
6.6 (Increase)/decrease in receivables	-	125
6.7 Increase/(decrease) in payables	366	(416)
6.8 Decrease in pre repayments	(96)	22
6.7 Net unrealised (gain) / loss on Mortgage loans	-	-
6.7 Net realised (gain)/loss on other financial assets	-	-
6.08 Net cash from operating activities <i>(item 5.6)</i>	(983)	474

Notes to the financial statements

Details of revenues and expenses

(see note 16)

(Where items of income and expense are material, disclose nature and amount below in accordance with paragraphs 86-87 of AASB 101: Presentation of Financial Statements)

	Current period - \$A'000	Previous corresponding period - \$A'000
Revenue		
7.1		
• Development and construction income	-	557
• Interest income	19	435
• Net gain/(loss) on financial instruments designated as at fair value through profit or loss	(1,015)	(30)
• Net loss on mortgage loans	(17)	(2,571)
• Net loss on financial assets	-	(11,124)
• Investment income	-	1
• Other operating income	-	3,336
Total Revenue	(1,013)	(9,396)
Expenses		
7.2		
• Cost of development construction and property sales	-	444
• Impairment of inventory	-	600
• Responsible entity fees	67	373
• Custodian and registry fees	253	279
• Fees and commissions expenses	-	10
• Auditors remuneration	41	373
• Finance costs	-	332
• Professional and consulting fees	350	3,158
• Insurance	19	55
• Administration expenses	539	1,224
Total Expenses	1,269	6,848
Profit (loss) before tax	(2,282)	(16,244)

Ratios

		Current period	Previous corresponding period
	Profit before tax / revenue		
8.1	Consolidated profit (loss) before tax (<i>item 1.5</i>) as a percentage of revenue (<i>item 1.1</i>)	N/A	N/A
	Profit after tax / equity interests		
8.2	Consolidated profit (loss) after tax attributable to security holders (<i>item 1.11</i>) as a percentage of equity (similarly attributable) at the end of the period (<i>item 3.37</i>)	N/A	N/A

Earnings per Security

- 9.1 Provide details of basic and fully diluted EPS in accordance with paragraph 70 and Aus 70.1 of AASB 133: Earnings per Share below:

	31/12/13	30/06/13
	\$	\$
Net loss used in calculating basic and diluted earnings per unit	(2,282)	(25,977)
Weighted average number of units used in calculating basic earnings per unit	830,533	830,533

Income distributions

- 10.1 Date the income distribution is payable

-

- 10.2 Record date to determine entitlements to the income distribution (i.e. on the basis of registrable transfers received up to 5.00 pm if paper based, or by 'End of Day' if a proper ASTC/CHESS transfer)

-

- 10.3 The *distribution plans* shown below are in operation.

Nil

The last date(s) for receipt of election notices to the *distribution plans*

N/A

10.4 Any other disclosures in relation to *distributions*

N/A

Distributions paid or provided for on all securities*(as per paragraph Aus126.4 AASB 101: Presentation of Financial Statements)*

		Current period - \$A'000	Previous corresponding period - \$A'000	Franking rate applicable
	Distributions paid or provided for during the reporting period			
10.5	Current year interim	-	-	-
10.6	Previous year final	-	-	-
10.7	Distributions paid to non-controlling interests	-	-	-

Distributions per security*(as per paragraph Aus126.4 of AASB 101: Presentation of Financial Statements)*

		Current year	Previous year	Franking rate applicable
	Distributions paid or provided for during the reporting period			
10.7	Current year interim	-		
10.8	Previous year final/cash payments	-	0.6 cup	
10.9	Distributions to non-controlling entity	-	-	
10.10	In-specie distribution	-	6.67 cpu	

Exploration and evaluation expenditure capitalised N/A

To be completed only by issuers with mining interests if amounts are material. Include all expenditure incurred regardless of whether written off directly against profit

	Current period \$A'000	Previous corresponding period \$A'000
11.1 Opening balance	-	-
11.2 Expenditure incurred during current period		
11.3 Expenditure written off during current period		
11.4 Acquisitions, disposals, revaluation increments, etc.		
11.5 Expenditure transferred to Development Properties		
11.6 Closing balance as shown in the consolidated balance sheet (item 3.10)	-	-

Development properties**N/A**

(To be completed only by issuers with mining interests if amounts are material)

	Current period \$A'000	Previous corresponding period \$A'000
12.1 Opening balance	-	-
12.2 Expenditure incurred during current period		
12.3 Expenditure transferred from exploration and evaluation		
12.4 Expenditure written off during current period		
12.5 Acquisitions, disposals, revaluation increments, etc.		
12.6 Expenditure transferred to mine properties		
12.7 Closing balance as shown in the consolidated balance sheet (item 3.11)	-	-

Discontinued Operations**N/A**

(see note 18)

(as per paragraph 33 of AASB 5: Non-current Assets Held for Sale and Discontinued Operations)

	Current period – A\$'000	Previous corresponding period – A\$'000
13.1 Revenue	-	-
13.2 Expense	-	-
13.3 Profit (loss) from discontinued operations before income tax	-	-
13.4 Income tax expense <i>(as per para 81 (h) of AASB 112)</i>	-	-
13.5 Gain (loss) on sale/disposal of discontinued operations	-	-
13.6 Income tax expense <i>(as per paragraph 81(h) of AASB 112)</i>	-	-

Movements in Equity

(as per paragraph 97 of AASB 101: Financial Statement Presentation)

		Number issued	Number listed	Paid-up value (cents)	Current period – A\$'000	Previous corresponding period – A\$'000
14.1	Preference securities <i>(description)</i>	N/A				
14.2	Balance at start of period					
14.3	a) Increases through issues					
14.4	a) Decreases through returns of capital, buybacks etc.					
14.5	Balance at end of period	-	-	-	-	-
14.6	Ordinary securities <i>(description)</i>					
14.7	Balance at start of period	830,533	830,533	100	-	830,533
14.8	a) Increases through issues	-	-	-	-	-
14.9	b) Decreases through returns of capital, buybacks etc.	-	-	-	-	-
14.10	Balance at end of period	830,533	830,533	100	-	830,533
14.11	Convertible Debt Securities <i>(description & conversion factor)</i>	N/A				
14.12	Balance at start of period					
14.13	a) Increases through issues					
14.14	b) Decreases through maturity, converted.					
14.15	Balance at end of period					

		Number issued	Number listed	Paid-up value (cents)	Current period – A\$'000	Previous corresponding period – A\$'000
14.16	Options <i>(description & conversion factor)</i>	N/A				
14.17	Balance at start of period					
14.18	Issued during period					
14.19	Exercised during period					
14.20	Expired during period					
14.21	Balance at end of period					
14.22	Debentures <i>(description)</i>	N/A				
14.23	Balance at start of period					
14.24	a) Increases through issues					
14.25	b) Decreases through maturity, converted					
14.26	Balance at end of period					
14.27	Unsecured Notes <i>(description)</i>	N/A				
14.28	Balance at start of period					
14.29	a) Increases through issues					
14.30	b) Decreases through maturity, converted					
14.31	Balance at end of period					
14.32	Total Securities	830,533	830,533	100	-	830,533

		Current period – A\$'000	Previous corresponding period – A\$'000
Reserves			
14.33	Balance at start of period		
14.34	Transfers to/from reserves		
14.35	Total for the period		
14.36	Balance at end of period		
14.37	Total reserves		
Retained earnings			
14.38	Balance at start of period	(225,593)	(195,540)
14.39	Changes in accounting policy	-	-
14.40	Restated balance	-	-
14.41	Loss for the balance	(2,282)	(16,244)
14.42	Total for the period	(227,875)	(211,784)
14.43	Dividends/cash payments	-	-
14.44	Balance at end of period	(227,875)	(211,784)

Details of aggregate share of profits (losses) of associates and joint venture entities

(equity method)

(under AASB 128: Investments in Associates paragraph Aus 37.1 and AASB 131: Interests in Joint Ventures paragraph Aus 57.3)

Name of associate or joint venture entity

(1) Harbour Street Development Trust
(2) Dole Property Trust

Reporting entities percentage holding

(1) 57.5% (to 28/2/13)
(2) 91.8% (to 17/4/13)

		Current period - \$A'000	Previous corresponding period - \$A'000
15.1	Profit (loss) before income tax	-	(351)
15.2	Income tax	-	-
15.3	Profit (loss) after tax	-	(351)
15.4	Impairment losses	-	-
15.5	Reversals of impairment losses	-	-
15.6	Share of non-capital expenditure contracted for (excluding the supply of inventories)	-	-
15.7	Share of net profit (loss) of associates and joint venture entities	-	(351)

Control gained over entities having material effect

(See note 8)

16.1 Name of *issuer* (or *group*)

N/A

16.2 Consolidated profit (loss) after tax of the *issuer* (or *group*) since
the date in the current period on which control was acquired

16.3 Date from which profit (loss) in *item* 16.2 has been calculated

16.4 Profit (loss) after tax of the *issuer* (or *group*) for the whole of the
previous corresponding period

\$A'000

Loss of control of entities having material effect

(See note 8)

17.1	Name of <i>issuer</i> (or <i>group</i>)	(1) Harbour Street Development Trust (2) Dole Property Trust
17.2	Consolidated profit (loss) after tax of the entity (or <i>group</i>) for the current period to the date of loss of control	\$A'000 -
17.3	Date from which the profit (loss) in <i>item</i> 17.2 has been calculated	(1) 28 February 2013 (2) 17 April 2013
17.4	Consolidated profit (loss) after tax of the entity (or <i>group</i>) while controlled during the whole of the previous corresponding period	-
17.5	Contribution to consolidated profit (loss) from sale of interest leading to loss of control	(1) N/A

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities.

	Percentage of ownership interest (ordinary securities, units etc) held at end of period or date of disposal		Contribution to profit (loss) (<i>item</i> 1.9)	
	Current period	Previous corresponding period	Current period \$A'000	Previous corresponding period \$A'000
18.1 Equity accounted associated entities			<i>Equity accounted</i>	
18.2 Total				
18.3 Other material interests			Non equity accounted (i.e. part of <i>item</i> 1.9)	
18.4 Total				

Reports for industry and geographical segments N/A

Information on the industry and geographical segments of the entity must be reported for the current period in accordance with AASB 114: Segment Reporting. Because of the different structures employed by entities, a pro forma is not provided. Segment information should be completed separately and attached to this statement. However, the following is the personation adopted in the Appendices to AASB 114 and indicates which amount should agree with items included elsewhere in this statement.

	Current period - \$A'000	Previous corresponding period - \$A'000
Segments		
Revenue:		
19.1 External sales		
19.2 Inter-segment sales		
19.3 Total (consolidated total equal to item 1.1)		
19.4 Segment result		
19.5 Unallocated expenses		
19.6 Operating profit (equal to item 1.5)		
19.7 Interest expense		
19.8 Interest income		
19.9 Share of profits of associates		
19.10 Income tax expense		
19.11 Net profit (consolidated total equal to item 1.9)		
Other information		
19.12 Segment assets		
19.13 Investments in equity method associates		
19.14 Unallocated assets		
19.15 Total assets (equal to item 3.18)		
19.16 Segment liabilities		
19.17 Unallocated liabilities		
19.18 Total liabilities (equal to item 3.32)		
19.19 Capital expenditure		
19.20 Depreciation		
19.21 Other non-cash expenses		

NTA Backing

(see note 7)

20.1	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	\$0.02	\$0.04

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.

21.1	Nil
------	-----

International Financial Reporting Standards

Under paragraph 39 of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards, an entity's first Australian-equivalents-to-IFRS's financial report shall include reconciliations of its equity and profit or loss under previous GAAP to its equity and profit or loss under Australian equivalents to IFRS's. See IG63 in the appendix to AASB 1 for guidance.

22.1	N/A
------	-----

Under paragraph 4.2 of AASB 1047: Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards, an entity must disclose any known or reliably estimable information about the impacts on the financial report had it been prepared using the Australian equivalents to IFRSs or if the aforementioned impacts are not known or reliably estimable, a statement to that effect.

22.2	N/A
------	-----

Comments by directors

Comments on the following matters are required by the Exchange or, in relation to the half yearly statement, by AASB 134: Interim Financial Reporting. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) but may be incorporated into the directors' report and statement. For both half yearly and preliminary final statements, if there are no comments in a section, state NIL. If there is insufficient space in comment, attach notes to this statement.

Basis of accounts preparation

If this statement is a half yearly statement, it is a general purpose financial report prepared in accordance with the listing rules and AASB 134: Interim Financial Reporting. It should be read in conjunction with the last annual report and any announcements to the market made by the issuer during the period. This report does not include all notes of the type normally included in an annual financial report [Delete if inapplicable.]

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible). In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations (as per paragraphs 16(b), 16(b) and Aus 16.1 of AASB 134: Interim Financial Reporting)

N/A

Any other factors which have affected the results in the period, or which are likely to affect results in the future, including those where the effect could not be quantified.

N/A

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

N/A

Changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows.

(Disclose changes in the half yearly statement in accordance with paragraph 16(a) of AASB 134: Interim Financial Reporting. Disclose changes in the preliminary final statement in accordance with paragraphs 28-29 of 108: Accounting Policies, Changes in Accounting Estimates and Errors.)

An issuer shall explain how the transition from previous GAAP to Australian equivalents to IFRS' affected its reported financial position, financial performance and cash flows. (as per paragraph 38 of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards)

N/A

Revisions in estimates of amounts reported in previous periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous annual reports if those revisions have a material effect in this half year (as per paragraph 16(d) of AASB 134: Interim Financial Reporting)

N/A

Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last annual report (as per paragraph 16(j) of AASB 134: Interim Financial Reporting)

N/A

The nature and amount of items affecting assets, liabilities, equity, profit or loss, or cash flows that are unusual because of their nature, size or incidence (as per paragraph 16(c) of AASB 134: Interim Financial Reporting)

N/A

Effect of changes in the composition of the entity during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinued operations (as per paragraph 16(i) of AASB 134: Interim Financial Reporting)

N/A

Annual meeting*(Preliminary final statement only)*

The annual meeting will be held as follows:

Place

N/A

Date

N/A

Time

N/A

Approximate date the annual report will be available

N/A

Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the *Corporations Act* or other standards acceptable to the Exchange (see note 13).

Identify other standards used

N/A

2. This statement, and the financial statements under the *Corporations Act* (if separate), use the same accounting policies.
3. This statement does/~~does not~~* (*delete one*) give a true and fair view of the matters disclosed (see note 2).
4. This statement is based on financial statements to which one of the following applies:
- ☒ The financial statements have been audited. ☐ The financial statements have been subject to review by a registered auditor (or overseas equivalent).
- ☐ The financial statements are in the process of being audited or subject to review. ☐ The financial statements have *not* yet been audited or reviewed.
5. If the accounts have been or are being audited or subject to review and the audit report is not attached, details of any qualifications are attached/will follow immediately they are available* (*delete one*). (*Half yearly statement only - the audit report must be attached to this statement if the statement is to satisfy the requirements of the Corporations Act.*)
6. The issuer has/does not have* (*delete one*) a formally constituted audit committee.

Sign here:

Jenny Hutson
(Director/Company secretary)

Date: 21 February 2014

Print name: Jennifer Joan Hutson



Wellington

Half Year Financial Report

Premium Income Fund

ARSN 090 687 577

for the half-year ended 31 December 2013

Contents

DIRECTORS' REPORT	2
AUDITORS INDEPENDENCE DECLARATION	4
STATEMENT OF COMPREHENSIVE INCOME.....	5
BALANCE SHEET.....	6
STATEMENT OF CASH FLOWS.....	7
STATEMENT OF CHANGES IN EQUITY	8
NOTES TO THE FINANCIAL STATEMENTS	9
DIRECTORS' DECLARATION.....	13
INDEPENDENT AUDITOR'S REVIEW	14

This financial report covers the Premium Income Fund as a single entity.

The responsible entity of the Premium Income Fund is Wellington Capital Limited ACN 114 248 458. The responsible entity's registered office is Level 22, 307 Queen Street, Brisbane, Queensland, 4000.

This half-year financial report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2013 and any public announcements made in respect of the Premium Income Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.



Directors' Report

The Directors of Wellington Capital Limited, the responsible entity of the Premium Income Fund (the 'Fund'), present their report for the Fund for the half-year ended 31 December 2013.

Responsible entity

The responsible entity of the Premium Income Fund is Wellington Capital Limited (ABN 45 114 248 458 and Australian Financial Services Licence No. 291562). The registered office of Wellington Capital Limited is located at Level 22, 307 Queen Street, Brisbane, QLD, 4000.

Directors

The names of the Directors of Wellington Capital Limited during the half-year and until the date of this report are:

- Jennifer Hutson
- Robert Pitt
- Mary-Anne Greaves

Review and results of operations

The primary assets of the Fund are receivables. Other assets include the investment holding in Asset Resolution Limited and a mortgage loan.

A change in market conditions on some individual assets within the asset backed securities, managed investment schemes and fixed interest securities has resulted in the full impairment of these assets.

It is the Directors' intention to continue to manage the remaining asset portfolio and cash flows so as to maximise the net asset backing of a unit thereby maximising returns to Unitholders.

The Directors are of the view that the Fund is a going concern and the financial statements have been prepared on that basis.

The performance of the Fund, as reported in the Statement of Comprehensive Income, was as follows:

	Half-year to 31 December 2013 \$000's	Half-year to 31 December 2012 (Consolidated) \$000's
Net Loss for the half year	(2,282)	(16,244)
Cash payments:		
Cash paid	-	4,983
Cash payment (cents per unit)	-	0.6

At 31 December 2013 the asset allocation of the Fund was as follows:

	31 December 2013	30 June 2013
Mortgage Loans	6.8%	5.4%
Management Investment Schemes	-%	1.7%
Alternative Investments	74.1%	68.0%
Cash Investments	19.1%	24.6%
Fixed Interest Investments	-%	0.3%



Directors Report (continued)

Due to the reduction in the assessed carrying value of the Fund's investment portfolio, these asset allocations are outside the target allocation guidelines contained in the Product Disclosure Statement which was issued on 2 July 2007 ('PDS'). The definitions of each of the above asset categories are set out in the PDS.

Interests of the responsible entity

Neither the responsible entity, nor any of its associates, held any interests in the Fund during, or since, the end of the financial period.

Matters subsequent to the end of the financial period

Since 31 December 2013 there has not been any matter or circumstance not otherwise dealt with in the financial report that has significantly affected or may significantly affect the Fund.

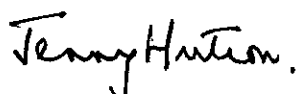
Rounding of amounts to the nearest thousand dollars

The Fund is an entity of a kind referred to in Class Order 98/100 (as amended) issued by the Australian Securities & Investments Commission relating to the 'rounding off' of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is included in this Financial Report.

Signed in accordance with a resolution of the
Directors of Wellington Capital Limited.



Jennifer Hutson

Director

Brisbane

21 February 2014





PITCHER PARTNERS

ACCOUNTANTS • AUDITORS • ADVISORS

Level 30
345 Queen Street
Brisbane
Queensland 4000

Postal Address:
GPO Box 1144
Brisbane
Queensland 4001

Tel: 07 3222 8444
Fax: 07 3221 7779

www.pitcher.com.au
info@pitcherpartners.com.au

Pitcher Partners is an association of independent firms
Brisbane | Melbourne | Sydney | Perth | Adelaide | Newcastle

ROSS WALKER
KEN OGDEN
NIGEL FISCHER
TERESA HOOPER
MARK NICHOLSON
PETER CAMENZULI
JASON EVANS
CHRIS BALL
IAN JONES
KYLIE LAMPRECHT
NORMAN THURECHT
BRETT HEADRICK
WARWICK FACE
NIGEL BATTERS

Auditor's Independence Declaration

As lead auditor for the audit of Premium Income Fund for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

PITCHER PARTNERS

NIGEL BATTERS
Partner

Brisbane, Queensland
21 February 2014



Statement of Comprehensive Income

For the Half-Year Ended 31 December 2013

	Half-year ended	
	31 December 2013	31 December 2012
	\$000's	(Consolidated)* \$000's
REVENUE AND INVESTMENT INCOME		
Development and construction revenue	-	557
Interest income	19	435
Net gain/(loss) on financial instruments designated as at fair value through profit or loss	(1,015)	(30)
Net loss on other financial assets	-	(11,124)
Net loss on mortgage loans	(17)	(2,571)
Investment income	-	1
Other operating income	-	3,336
Distributions from controlled entities	-	-
Total revenues and investment income / (loss)	(1,013)	(9,396)
EXPENSES		
Cost of development, construction and property sales	-	1,044
Responsible entity's fees	67	373
Custodian and registry fees	253	279
Fees and commission expense	-	10
Auditor's remuneration	41	373
Finance costs	-	332
Consulting, compliance and professional fees	350	3,158
Insurance	19	55
Stock exchange listing fees	23	26
Other direct Fund expenses	516	1,198
Total expenses	1,269	6,848
NET LOSS FOR THE HALF YEAR	(2,282)	(16,244)
Other comprehensive income	-	-
TOTAL COMPREHENSIVE LOSS	(2,282)	(16,244)
Profit / (loss) attributable to:		
Unitholders	(2,282)	(15,893)
Non-controlling interest	-	(351)
	(2,282)	(16,244)
EARNINGS PER UNIT		
Basic and diluted earnings / (loss) per unit	(0.01)	(0.02)

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

*Comparative figures previously reported for the 31 December 2012 Half-Year cover the Fund as a consolidated entity incorporating the parent entity and its controlled entities.



Balance Sheet

As at 31 December 2013

	Note	31 December 2013 \$000's	30 June 2013 \$000's
ASSETS			
Cash and cash equivalents		1,389	2,265
Receivables		11,976	12,000
Other financial assets	3	-	-
Financial assets held at fair value through profit or loss	4	5,416	6,431
Mortgage loans	5	500	500
TOTAL ASSETS		19,281	21,196
LIABILITIES			
Payables		1,518	1,151
TOTAL LIABILITIES		1,518	1,151
NET ASSETS		17,763	20,045
EQUITY			
Contributed equity		245,638	245,638
Accumulated losses		(227,875)	(225,593)
TOTAL EQUITY		17,763	20,045

The Balance Sheet should be read in conjunction with the accompanying notes.

The Fund considers its contributed equity as capital. There are no externally imposed capital requirements.



Statement of Cash Flows

For the Half-Year Ended 31 December 2013

	Half-year ended	
	31 December 2013	31 December 2012
	\$000's	(Consolidated)* \$000's
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest, fees and investment income received	19	4,347
Gross proceeds from property sales	-	649
Costs and payments to suppliers of properties sold	(4)	(243)
Other cash payments in the course of business	(998)	(4,279)
Net cash inflow/(outflow) from operating activities	(983)	474
CASH FLOWS FROM INVESTING ACTIVITIES		
Mortgage loan advances	-	(9,221)
Mortgage loan repayments	-	4,879
Distributions received from controlled entities	-	-
Other investments (purchased) / realised	120	29
Other investments realised	(13)	314
Net cash inflow/(outflow) from investing activities	107	(3,999)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash payments to Unitholders	-	(4,983)
Proceeds / (repayments) from bank loan	-	(407)
Net cash outflow from financing activities	-	(5,390)
Net increase/(decrease) in cash and cash equivalents	(876)	(8,915)
Cash equivalents at the beginning of the period	2,265	12,071
CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	1,389	3,156

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

*Comparative figures previously reported for the 31 December 2012 Half-Year cover the Fund as a consolidated entity incorporating the parent entity and its controlled entities.



Statement of Changes in Equity

For the Half-Year Ended 31 December 2013

	Issued Capital \$000's	Accumulated Losses \$000's	Non- controlling Entity \$000's	Total \$000's
HALF-YEAR ENDED 31 DECEMBER 2013				
Balance at the beginning of the period	245,638	(225,593)	-	20,045
Net profit / (loss) for the period	-	(2,282)	-	(2,282)
Cash payments to Unitholders	-	-	-	-
In-specie distribution of ARL shares to Unitholders	-	-	-	-
Balance at the end of the period	245,638	(227,875)	-	17,763

HALF-YEAR ENDED 31 DECEMBER 2012

***CONSOLIDATED**

Balance at the beginning of the period	306,026	(201,633)	6,093	110,486
Net profit / (loss) for the period	-	(15,893)	(351)	(16,244)
Cash payments to Unitholders	(4,983)	-	-	(4,983)
In-specie distribution of ARL shares to Unitholders	(55,405)	-	-	(55,405)
Balance at the end of the period	245,638	(217,526)	5,742	33,854

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

*Comparative figures previously reported for the 31 December 2012 Half-Year cover the Fund as a consolidated entity incorporating the parent entity and its controlled entities.



Notes to the Financial Statements

For the Half-Year Ended 31 December 2013

NOTE 1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL REPORT

This financial report covers the Premium Income Fund (the 'Fund') as a single entity for the half-year ended 31 December 2013. The Fund was constituted on 22 December 1999 and is a listed registered managed investment scheme.

The responsible entity of the Fund is Wellington Capital Limited. The responsible entity's registered office is Level 22, 307 Queen Street, Brisbane, Qld, 4000.

The half-year financial report of the Fund complies with IAS 34 Interim Financial Reporting as issued and amended by the International Accounting Standards Board (IASB).

This general purpose financial report for the half-year reporting period ended 31 December 2013 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim financial report does not include all notes of the type normally included within the annual financial report. Therefore, this report is to be read in conjunction with the annual report for the year ended 30 June 2013 and any public announcements made during the interim reporting period in accordance with continuous disclosure requirements of the *Corporations Act 2001*.

For the purposes of preparing the half-year financial report, the half-year has been treated as a discrete reporting period. These financial statements cover the Fund as an individual entity. Comparative figures for the 31 December 2012 half year are shown for the Fund as a consolidated entity as previously reported. During the reporting period ending 30 June 2013 the controlled entities were sold as reported in the 30 June 2013 Annual Report. Other than this the accounting policies adopted are consistent with those of previous interim reporting periods.

The Fund is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

The financial report is presented in Australian currency.

Critical accounting estimate – uncertainty around property valuations on mortgage loans and other financial assets

The Fund makes use of estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements included in the financial statements are based on historical knowledge and best available current information. Estimates assume reasonable expectation of future events and are based on current trends and economic data, obtained both externally and from within the Fund.

Mortgage Loans made to borrowers formerly represented a major asset of the Fund. Where a borrower has defaulted the Fund has taken steps to secure the underlying security and become mortgagee-in-possession. Security for the loans include registered mortgages over real property, mortgages over company assets and directors guarantees.

The value of the underlying security property has been assessed with reference to contracts of sale and independent valuations and assessments of the properties in comparison to similar properties. Contracts of sale provide the best evidence of fair value. For those properties that have not been sold, formal external valuations provide the next best comparison. The independent valuations provide a reference for the effective interest rate calculations undertaken to determine the carrying value of the mortgage loans. Where the carrying value of an asset has resulted in impairment, the loss is recognised in the Statement of Comprehensive Income.

The value of the underlying security property has been based on Directors assessments of fair value of the property in comparison to similar properties. Fair value of underlying security for mortgage loans – in default or mortgagee-in-possession – is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. A 'willing seller' is not a forced seller prepared to sell at any price.

Whilst this represents the best estimates of fair value as at reporting date, the current market uncertainty in relation to market drivers and valuation inputs means that if the property is sold, the price achieved may vary from the most recent estimate of fair value. The period of time needed to negotiate a sale in this environment may also be significantly prolonged.



Notes to Financial Statements (continued)

For the Half-Year Ended 31 December 2013

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker who is responsible for allocating resources and assessing performance has been identified as the Managing Director of the responsible entity.

New and revised accounting requirements applicable to the current half-year reporting period

For the half-year reporting period to 31 December 2013, a number of new and revised accounting standards and interpretations requirements became mandatory for the first time, some of which are relevant to the Fund. The adoption of all the new and revised standards and interpretations has not resulted in any changes to the Fund's accounting policies and have had no effect on the amounts reported for the current or comparison half years.

NOTE 2. CASH PAYMENTS TO UNITHOLDERS

	31 December 2013 \$000's	31 December 2012 \$000's
Cash payments to Unitholders	-	4,983

Any further cash payments will be paid only when the Directors believe cashflows permit.

NOTE 3. OTHER FINANCIAL ASSETS

	31 December 2013 \$000's	30 June 2013 \$000's
Asset backed investments	39,217	39,217
Provision for impairment	(39,217)	(39,217)
Written down value of other financial assets	-	-

Reconciliation of Provision for Impairment – Other financial assets

Balance at the beginning of the financial period	39,217	45,583
Net loss on other financial assets	-	17,893
Impairment provision reversed during the period	-	(24,259)
Balance at the end of the financial period	39,217	39,217

The Fund principally invests in two forms of asset backed investments:

- Secured debt facilities; and
- Direct equity investments for capital growth.

Asset backed investments are generally limited to investments that are secured debt facilities of a commercial nature possessing a character closely approximating that of a commercial loan portfolio.



Notes to Financial Statements (continued)

For the Half-Year Ended 31 December 2013

31 December 2013
\$000's

30 June 2013
\$000's

NOTE 4. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

Equity securities	-	157
Fixed interest securities	-	24
Shares held in unlisted securities	5,416	6,250
	5,416	6,431

The valuation technique used in respect of the unlisted securities is by reference to the investee company's most recently published financial reports which was at 30 June 2013.

NOTE 5. MORTGAGE LOANS

Mortgage loans – non-performing	2,628	2,624
Provision for impairment	(2,128)	(2,124)
	500	500

Reconciliation of Provision for impairment – Mortgage loans

Balance at the beginning of the financial period	2,124	148,954
Provision for impairment recognised during the period	4	125
Impairment provision reversed during the period	-	(154,703)
Net (gain)/Loss on Assets realised during the period	-	7,748
Balance at the end of the financial period	2,128	2,124

All mortgage loans are secured by registered mortgages. The recoverability of mortgage loans or their potential refinance with other lenders, has been unfavourably affected by the tightening in global credit markets and a general decline in property valuations across Australia. Assets are classified as mortgage loans in default or mortgagee-in-possession when the Fund has issued default notices to the borrower under the terms of the lending arrangements. When a loan defaults, the interest charges cause the loan balance to increase beyond the value of the secured property. Interest charges are not recorded on non-performing loans.

The Directors have made an assessment of each mortgage loan to determine the likelihood of recovery and the extent of any possible impairment in the value of these investments. Where, in the opinion of the Directors, an asset's value is impaired, the asset has been written down to the Director's assessment of its fair value. The estimates completed by the Directors are considered having regard to the critical accounting estimate outlined in Note 1. The current market volatility in pricing assumptions and market drivers means that there is less certainty in regard to valuations and the assumptions applied to valuation inputs. In the current market, the time taken to negotiate a sale is significantly prolonged. While this represents the best estimate of fair value as at the Balance Sheet date, the current market uncertainty means that if the property is sold in the future the price attained may vary to the most recent valuation, or vary to the current fair value assessment recorded in the financial statements.



Notes to Financial Statements (continued)

For the Half-Year Ended 31 December 2013

NOTE 6. RELATED PARTY TRANSACTIONS

The following table provides the total amount of transactions (including GST) that were entered into with related parties for the half-year ended 31 December 2013.

Related party	Purchases from related parties		Amounts owed to related parties	
	Half-year ended 31 December		As at 31 December	
	2013 \$	2012 \$	2013 \$	2012 \$
Responsible entity – Wellington Capital Limited: fees	67,094	1,024,633	-	40,000
Associate – Armstrong Registry Services Pty Ltd: Registry Fees	238,331	234,510	-	-

NOTE 7. SEGMENT INFORMATION

A segment is a distinguishable component of the Fund that is engaged either in a business segment or within a particular geographical segment, which are subject to risks and rewards that are different from those of other segments.

The Fund is organised into one main segment which operates solely in the business of investment management within Australia. Consequently, no segment reporting is provided in the Fund's financial statements.

The Fund operates in Australia and all directly held assets are predominantly Australian. Some of these assets may themselves hold overseas assets.

The Fund also invests in certain securities which are listed both on the Australian and international stock exchanges.

NOTE 8. EVENTS OCCURRING AFTER BALANCE DATE

Since 31 December 2013 there has not been any matter, event or circumstance not otherwise dealt with in the financial report that has materially affected or may materially affect the Fund.



Directors' Declaration

In accordance with a resolution of the Directors of Wellington Capital Limited, we declare that:

In the opinion of the Directors of the responsible entity:

- (a) the financial statements and notes of the Premium Income Fund ('Fund') 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 Fund's financial position as at 31 December 2013 and of its performance for the period ended on that date; and
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

On behalf of the Board
Wellington Capital Limited



Jennifer Hutson
Director

Brisbane
21 February 2014





PITCHER PARTNERS
ACCOUNTANTS • AUDITORS • ADVISORS

Level 30
345 Queen Street
Brisbane
Queensland 4000

Postal Address:
GPO Box 1144
Brisbane
Queensland 4001

Tel: 07 3222 8444
Fax: 07 3221 7779

www.pitcher.com.au
info@pitcherpartners.com.au

Pitcher Partners is an association of independent firms
Brisbane | Melbourne | Sydney | Perth | Adelaide | Newcastle

ROSS WALKER
KEN OGDEN
NIGEL FISCHER
TERESA HOOPER
MARK NICHOLSON
PETER CAMENZULI
JASON EVANS
CHRIS BALL
IAN JONES
KYLIE LAMPRECHT
NORMAN THURECHT
BRETT HEADRICK
WARWICK FACE
NIGEL BATTERS

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Premium Income Fund,

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Premium Income Fund, which comprises the balance sheet as at 31 December 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2013 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 Premium Income Fund, 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.



an independent member of
BAKER TILLY
INTERNATIONAL

Independence


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

Conclusion

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

- a) giving a true and fair view of the Trust's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.


PITCHER PARTNERS


NIGEL BATTERS
Partner

Brisbane, Queensland
21 February 2014