Interstar Millennium Series 2006-4H Trust

ABN 85 303 755 121

2015

General Purpose Financial Report

challenger

Contents

Directors' report

The Directors of Challenger Securitisation Management Pty Limited (the Manager) submit their report together with the financial report of Interstar Millennium Series 2006-4H Trust (the Trust) for the year ended 30 June 2015.

Directors and company secretaries

The names of the Directors of the Manager holding office during the financial year and up to the date of this report are as follows. The Directors were in office for this entire period unless otherwise stated:

Name	Position
A L Tobin	Director
G J Buchanan	Director
R D Willis	Director
A J Brown	Company Secretary
M D Vardanega	Company Secretary

Trust and Manager information

The Trust is an Australian registered trust. The Manager is incorporated and domiciled in Australia.

The registered office of the Manager is Level 15, 255 Pitt Street, Sydney, NSW 2000.

Principal activity and significant changes in the nature of activities

The principal activity of the Trust during the course of the financial year was the collection of interest and principal on issued residential mortgages and the servicing of securitised debt obligations.

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

Operating and financial review

The operating profit attributable to unitholders for the year ended 30 June 2015 was $2,331,000 (2014: $2,965,000). The operating profit as a percentage of the average mortgage balance for the year is 2.7% (2014: 2.5%).

Subsequent events

No matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect:

- the Trust's operations in future financial years; or
- the results of those operations in future financial years; or
- the Trust's state of affairs in future financial years.

Likely developments and expected results

The Trust will continue to manage the orderly run-off of its mortgage assets and securitised liabilities.

At this time the Directors are not aware of any developments likely to have a significant effect upon the operations of the result of the Trust in the subsequent financial year, which have not been adequately addressed in this report or in the financial report.

Indemnification and insurance of officers and directors

No insurance premiums are paid for out of the assets of the Trust in regards to insurance cover provided to either the officers of the Manager or the auditors of the Trust. So long as the officers of the Manager act in accordance with the Trust Deed and the law, the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust. The auditors of the Trust are in no way indemnified out of the assets of the Trust.

Rounding

The amounts contained in the annual financial report have been rounded off to the nearest $1,000 ($'000) under the option available to the Trust under Australian Securities & Investments Commission (ASIC) Class Order 98/100. The Trust is an entity to which the class order applies.

Building a better working world

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Auditor's Independence Declaration to the Directors of Interstar Millennium Series 2006-4H Trust

In relation to our audit of the financial report of Interstar Millennium Series 2006-4H Trust for the financial year ended 30 June 2015, 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

Ernst & Young

Darren Handley-Greaves
Partner
Sydney
23 October 2015

Auditor independence

The Directors of the Manager received the following declaration from the auditor of Interstar Millennium Series 2006-4H Trust:

Ernst & Young
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GPO Box 2646 Sydney NSW 2001

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Auditor's Independence Declaration to the Directors of Interstar Millennium Series 2006-4H Trust

In relation to our audit of the financial report of Interstar Millennium Series 2006-4H Trust for the year ended 30 June 2015, 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
23 October 2015

Authorisation

Signed in accordance with a resolution of the Directors of Challenger Securitisation Management Pty Limited.

A L Tobin
Director
Sydney
23 October 2015

Statement of comprehensive income

For the year ended 30 June	2015 $'000	2014 $'000
Interest from mortgages	5,252	7,394
Interest from cash and cash equivalents	90	103
Fee revenue	42	57
Unrealised gains on derivative financial instruments	(3)	20
Total revenue	**5,381**	**7,574**
Other expenses	334	709
Finance costs	2,716	3,900
Total expenses	**3,050**	**4,609**
Operating profit attributable to unitholders	**2,331**	**2,965**
Movement in undistributed income	(249)	(477)
Distributions to unitholders during the year	(2,082)	(2,488)
Total comprehensive income for the year	**-**	**-**

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

Statement of financial position

As at 30 June	Note	2015 $'000	2014 $'000
Assets			
Cash and cash equivalents	2	4,244	4,410
Trade and other receivables	3	388	69
Loans and receivables	7	72,329	102,624
Total assets		**76,961**	**107,103**
Liabilities			
Payables	4	166	256
Undistributed income		701	452
Interest bearing financial liabilities	5	76,077	106,382
Derivative financial liabilities	7	17	13
Total liabilities		**76,961**	**107,103**
Net assets		**-**	**-**

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

Statement of changes in equity

For the year ended 30 June	2015 $'000	2014 $'000
At the beginning of the financial year	-	-
At the end of the financial year	**-**	**-**

The Statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

For the year ended 30 June

	Note	2015 $'000	2014 $'000
Operating activities			
Interest received from mortgage loans		5,004	7,047
Interest paid		(2,794)	(4,016)
Payments for services rendered		(294)	(386)
Interest received from cash and cash equivalents		91	104
Net cash inflow from operating activities	6	**2,007**	**2,749**
Investing activities			
Mortgage loans repaid		30,214	33,944
Net cash inflow from investing activities		**30,214**	**33,944**
Financing activities			
Distributions paid		(2,082)	(2,488)
Repayment of financial liabilities		(30,305)	(35,365)
Net cash outflow from financing activities		**(32,387)**	**(37,853)**
Net decrease in cash and cash equivalents		**(166)**	**(1,160)**
Cash and cash equivalents at the beginning of the year		4,410	5,570
Cash and cash equivalents at the end of the year	2	**4,244**	**4,410**

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

Notes to the financial statements

1. Basis of preparation and summary of significant accounting policies

The financial report of Interstar Millennium Series 2006-4H Trust (the Trust) for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the Directors on 23 October 2015.

1.1 Basis of preparation

The Trust was established on 7 November 2006. The maturity date of the Trust is 7 November 2039.

The financial report covers the Trust as a single entity and was authorised for issue by the Directors of the Trust Manager on 23 October 2015.

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and (except where explicity stated below) has been prepared on a historic cost basis, is presented in Australian dollars and has been rounded to the nearest thousand dollars.

The accounting policies set out below have been consistently applied to all periods presented.

1.2 Statement of compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

1.3 New and Revised accounting standards and interpretations

There has been a number of new accounting standards issued but are not yet effective. The Trust has not elected to early adopt any of the new standards or amendments in this financial report. The applicable new standards, which would be applied in future periods, are the following:

AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 effective 1 July 2016.

AASB 15 Revenue from Contracts with Customers. The new revenue standard establishes a single, comprehensive framework for revenue recognition effective for annual periods beginning on or after 1 January 2017 and replaces the previous revenue standards *IAS 18 Revenue* and *IAS 11 Construction contract*. The standard does not apply to leases, financial instruments and insurance contracts. An Exposure Draft has been issued by the AASB to defer the effective date of this standard to 1 January 2018.

AASB 9 Financial Instruments effective for annual periods beginning on or after 1 January 2017; however early adoption is permitted in certain circumstances. This standard makes changes to the classification of financial assets for the purpose of determining their measurement basis, as well as to the amounts relating to fair value changes to be taken directly to equity. There are also significant changes to hedge accounting requirements and disclosures.

The Trust is currently assessing the impact of these new standards but does not expect any material impact as a result of complying with the new requirements.

1.4 Revenue and expenses

Interest revenue is recognised as it accrues using the effective interest rate method, and is shown net of movements in the credit loss provisions and realised movements on hedge derivatives. Other revenue arising from fees charged to mortgagees is recognised as services are provided.

The Servicer, Manager and the Trustee of the Trust charge fees. Payment dates are specified in the trust deed. The Servicer is entitled to a fee of 0.20% of the weighted average value of the interest bearing liability balance over the period between payment dates. The Manager fee is equal to 0.05% of the weighted average value of the interest bearing liability balance over the period between payment dates. The Trustee charges an annual fee. All amounts are recognised on an accruals basis.

1.5 Finance costs

Finance costs represent interest paid on interest bearing liabilities and are recognised using the effective interest rate method.

1.6 Cash and cash equivalents

Cash and cash equivalents can include cash on hand and at bank, bank accepted bills, short-term deposits at call and commercial paper with an original maturity of three months or less that are readily convertible to known amounts of cash, net of outstanding bank overdrafts. All amounts are recognised at historic cost.

1.7 Loans and receivables

Loans and receivables consist of mortgage loans made for terms not exceeding 30 years and secured by property mortgages based on independent valuations obtained at the inception of the loan.

Mortgage loans are initially recognised at cost, being the fair value of the amount transferred to the mortgagee plus transaction costs. After initial recognition, these investments are classified as loans and receivables and measured at amortised cost less impairment using the effective interest rate method. The loans and receivables are reviewed for impairment at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

1.8 Undistributed income

Units on issue are represented by one residual capital unit and one residual income unit issued at a face value of $10 each. The holder of the residual capital unit has the right to receive the entire beneficial interest in the Trust upon termination. The holder of the residual income unit has the right to receive all of the ongoing net profit, or residual income, of the Trust.

As the Trust has a defined termination date, both units are classed as debt instruments and, as such, the Trust has no equity. As a result, the funds contributed by the unitholder are recognised as a liability. In addition, all the profit, or residual income, of the Trust payable to the residual income unitholder is classified as an undistributed income liability at the Statement of financial position date.

1.9 Payables

Payables represent unsecured non-derivative non-interest bearing financial liabilities in respect of goods and services provided to the Trust prior to the end of the financial year. They include amounts payable to related parties, interest payable, accruals, trade and other creditors that are recognised at amortised cost.

1.10 Interest bearing financial liabilities

The interest bearing financial liabilities of the Trust are debt instruments securitised via the mortgage assets of the Trust. These notes are initially recognised at cost, being the fair value of the consideration received net of issue costs. After initial recognition, these notes are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

1.11 Derivative financial instruments

The Trust enters into derivative financial instruments to hedge its exposures to foreign currency and interest rate changes. The Trust does not use derivative financial instruments for speculative purposes. All derivative financial instruments are stated at fair value.

1.12 Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST except when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables are stated with the amount of GST included.

The gross amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of financial position. Cash flows are included in the Statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

2. Cash and cash equivalents

	30 June 2015 $'000	30 June 2014 $'000
Cash at bank and on hand	67	227
Overnight deposits	4,177	3,183
Term deposits	-	1,000
	4,244	4,410

3. Trade and other receivables

	30 June 2015 $'000	30 June 2014 $'000
GST receivable	13	18
Accrued interest	-	1
Amounts receivable from related parties	375	32
Other	-	18
	388	69

4. Payables

	30 June 2015 $'000	30 June 2014 $'000
GST payable	13	16
Accrued trustee fee	1	2
Accrued manager and servicer fee	18	24
Prepaid interest	16	18
Interest payable	118	196
	166	256

5. Interest bearing financial liabilities

	30 June 2015 $'000	30 June 2014 $'000
Class A2 Notes	55,528	77,648
Class AB Notes	10,081	14,096
Class B Notes	10,468	14,638
	76,077	106,382

6. Reconciliation of operating profit to net cash inflow from operating activities

	30 June 2015 $'000	30 June 2014 $'000
Operating profit attributable to unitholders	2,331	2,965
Decrease in operating receivables	6	6
Decrease in interest payable	(78)	(117)
Decrease in other operating payables	(11)	(12)
Movement in provisions	(289)	(398)
Add back loan write offs	45	325
Unrealised loss/(gain) on derivative financial instruments	3	(20)
Net cash inflow from operating activities	**2,007**	**2,749**

7. Financial risk management

The principal activity of the Trust is to offer residential mortgage finance funded via the issuance of collateralised securities. The Trust manages the yield on the mortgage loan assets so as to ensure sufficient capital resources exist to enable payment of all expense obligations as and when they fall due.

The type and nature of financial risks the operations of the Trust are exposed to are detailed below:

7.1 Interest rate risk

Fluctuations in the bank bill swap rate (BBSW) impact the cost of funding and therefore the net interest margin (i.e. the difference between interest charged and interest incurred) earned by the Trust.

The Manager manages this risk by actively adjusting the interest rate charged to borrowers if there is a sustained adverse differential between rates charged and rates incurred. However, this can only be applied to floating rate mortgages; to the extent that customers fix their interest rates, the Trust remains exposed to any adverse margin spread.

To mitigate this risk, the Trust enters into interest rate derivatives that swap the fixed rate for a floating rate on a notional value equal to the fixed rate mortgages.

The Trust's sensitivity to movements in interest rates in relation to the value of interest bearing financial assets and liabilities is shown in the table below. All material underlying exposures and related hedges are included in the analysis:

	Impact on operating profit	
	30 June 2015 $'000	**30 June 2014 $'000**
Movement in weighted average cost of funds:		
+ 100 basis points (bps)	(63)	(89)
- 100 basis points (bps)	63	89

The methodology applied in the sensitivity analysis did not change from the previous period. As shown above, a 100 bps movement in interest rates would affect the Trust's operating profit; however, exposure would be limited to approximately one month as the Manager has the opportunity to reprice the variable loans in the mortgage portfolio and derivatives could be purchased to match the fixed portion.

7.2 Liquidity risk

Liquidity risk is the risk that the Trust will not have sufficient available cash resources to meet payments as and when they fall due. The Trust is not exposed to significant liquidity risk as (subject to the comments below in respect of settlement risk) payments of interest and principal to note holders are only made on receipt of principal and interest from mortgage holders. Surplus capital is maintained in liquid cash and cash equivalent investments to meet payments to suppliers.

The table below summarises the expected maturity profile of the Trust's undiscounted financial liability repayments:

30 June 2015 ***Financial liabilities***	1 year or less $'000	1-3 years $'000	3-5 years $'000	> 5 years $'000	Total $'000
Payables	166	-	-	-	166
Interest bearing financial liabilities	21,963	28,239	15,952	18,144	84,298
Derivative financial liabilities	7	9	3	-	19
	22,136	28,248	15,955	18,144	84,483
30 June 2014					
Financial liabilities					
Payables	256	-	-	-	256
Interest bearing financial liabilities	29,098	39,421	22,702	27,024	118,245
Derivative financial liabilities	9	2	-	-	11
	29,363	39,423	22,702	27,024	118,512

7.3 Credit risk exposures

Credit risk includes both default and counterparty risk. Default risk is the risk that the mortgage holders fail to remit payment. Principal and interest receivables against mortgage assets are 100% covered by primary lender's mortgage insurance (LMI) policies. These insurance policies insure the Trust against the risk of default by mortgage holders. Principal and interest receivables may not be covered by LMI in circumstances where the LMI provider disputes the claim. The Trust maintains sufficient cash and other resources to meet the residual credit default risk and to protect note holders from the liquidity impact of the timing difference between lodgement and receipt of LMI claims.

Counterparty risk is the risk of losses resulting from a default by either LMI insurers or counterparties to the Trust's derivatives contracts. The financial strength of each LMI insurer is at least A+, as rated by Standard & Poor's. Derivatives were only entered into with AA- or higher rated financial institutions. However, over time these institutions have suffered downgrades. As a result derivatives are currently provided by BBB- or higher rated financial institutions. At reporting date, the Trust knows of no significant concentrations of counterparty risk.

The Trust is funded via securitised residential mortgage-backed securities (RMBS). As a result, the trust is not exposed to significant credit risk on its mortgage assets as this is borne by the RMBS holders. The credit risk of the mortgage loans has therefore been taken as being equivalent to that of the RMBS.

The table below provides information regarding the maximum credit risk exposure of the Trust at the balance date. The analysis classifies the assets according to the internal credit ratings. Investment grade assets are rated above BBB- (based on Standard & Poor's methodology).

	Equivalent credit rating Investment grade			
30 June 2015	**AAA $'000**	**AA $'000**	**AA- $'000**	**Total $'000**
Cash and cash equivalents	4,244	-	-	4,244
Loans and receivables	62,377	-	9,952	72,329
	66,621	-	9,952	76,573
30 June 2014				
Cash and cash equivalents	4,410	-	-	4,410
Loans and receivables	88,503	-	14,121	102,624
	92,913	-	14,121	107,034

The credit quality of all financial instruments is consistently monitored in order to identify any adverse changes.

The following table gives information regarding the carrying value of the Trust's mortgages that are neither past due nor impaired, an ageing analysis of those mortgages that are past due but not impaired and those mortgages that are past due and impaired at the Statement of financial position date:

		Past due but not impaired					
	Neither past due nor impaired $'000	0-1 months $'000	1-3 months $'000	3-6 months $'000	Past due and impaired $'000	Total $'000	Fair value of collateral held[1] $'000
30 June 2015							
Loans and receivables	66,064	3,676	1,712	877	-	72,329	109,756
30 June 2014							
Loans and receivables	94,135	4,887	1,346	2,256	-	102,624	150,696

1 Represented by the weighted average loan to value ratio of property held as collateral at reporting periods.

Impairment losses are recognised if there is objective evidence of one or more loss events having occurred after the initial recognition of the loan, and the impact of the loss event can be reliably measured.

The impairment loss is estimated as the difference between the carrying amount of the loan and the present value of future expected cash flows discounted at the loan's original effective interest rate, adjusted for LMI coverage.

In the event of default, in compliance with the terms of the mortgage contract, the Trust may take possession of the mortgaged property; the Trust can subsequently sell the property as a recovery action towards settlement of the outstanding mortgage.

7.4 Fair values

Fair value reflects the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value of financial assets and liabilities that are actively traded in organised financial markets are determined by reference to quoted market bid and ask prices at the close of business at Statement of financial position date.

The financial report has been prepared on a historic cost basis with the exception of derivative financial instruments. The difference between the carrying amount (i.e. amortised cost) and fair value for loans and receivables and interest bearing liabilities is disclosed below. Fair value is determined using a discounted cash flow model adjusting expected future mortgage and liability cash flows for prepayment and other assumptions as well as applying current applicable credit margins to the discount rates used. The carrying value of all other assets and liabilities approximate fair value.

Difference between amortised cost (carrying value) and fair value	Carrying value 30 June 2015 $'000	Fair value 30 June 2015 $'000	Carrying value 30 June 2014 $'000	Fair value 30 June 2014 $'000
Loans and receivables	72,329	74,321	102,624	105,477
Interest bearing liabilities	76,077	73,665	106,382	102,998

7.5 Derivative financial instruments

The fair value of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on each Statement of financial position date. Where no such market exists, valuation models that utilise both internal and external inputs are used to determine fair value. Financial instruments are split into the following categories depending on the level of

- Level 1 unadjusted quoted prices in active markets.
- Level 2 valuation inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirect (i.e. derived from prices).
- Level 3 valuation inputs or liability that are not based on observabable market data (unobservable inputs).

The fair value of derivative financial instruments as described previously have been classified as Level 2 based on the availability of observable Inputs used to determine their fair value.

The derivative financial instruments are traded over the counter so, whilst they are not exchange traded, there is a market observable price.

As described above, the Trust hedges exposure to interest rate risk using interest rate swaps. The Trust holds the following derivative financial instruments:

				Maturity Profile of Fair Value			
	Notional value $'000	Fair value assets $'000	Fair value liabilities $'000	<1yr $'000	1-3yrs $'000	3-5yrs $'000	>5yrs $'000
30 June 2015							
Interest rate swaps	1,188	-	(17)	(1)	(9)	(7)	-
30 June 2014							
Interest rate swaps	1,783	-	(13)	(9)	(4)	-	-

8. Related parties

The Manager of the Trust is Challenger Securitisation Management Pty Limited, the Servicer is Challenger Mortgage Management Pty Limited and the Trustee is Perpetual Trustees Victoria Limited. Fees paid to these related parties were as follows:

	2015 $'000	2014 $'000
Servicer fees	188	255
Manager fees	47	64
Trustee fees	23	31

The key management personnel are the Directors of the Manager:

G J Buchanan
A L Tobin
R D Willis

The Trust pays no compensation to key management personnel.

Current amounts receivable from related parties (as disclosed in Note 3 Trade and other receivables) are amounts due from the central bank account used to manage mortgagee payments for the Interstar Millennium Series Trusts.

As at the Statement of financial position date, CMM NIM Trust No.2 (a commonly-controlled entity with both the Manager and the Servicer) holds the residual income unit in the Trust.

9. Subsequent events

No matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect:

- the Trust's operations in future financial years; or
- the results of those operations in future financial years; or
- the Trust's state of affairs in future financial years.

10. Auditor's remuneration

All audit fees paid and payable are incurred by a commonly-controlled entity with the Manager.

Directors' declaration

In accordance with a resolution of the Directors of Challenger Securitisation Management Pty Limited (the Manager), we declare that, in the opinion of the Directors:

(a) the financial statements, and notes of Interstar Millennium Series 2006-4H Trust (the Trust):

  (i) give a true and fair view of the financial position of the Trust as at 30 June 2015 and of its performance for the year ended on that date; and

  (ii) comply with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent described in Note 1.

(b) the financial report of the Trust also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board as disclosed in Note 1.2 Statement of compliance;

(c) there are reasonable grounds to believe that the Trust will be able to pay its debts as when they become due and payable.

On behalf of the Board

AL Tobin
Director
Sydney
23 October 2015

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Independent auditor's report to the Unitholders of Interstar Millennium Series 2006-4H Trust

We have audited the accompanying financial report of Interstar Millennium Series 2006-4H Trust, which comprises the statement of financial position as at 30 June 2015, 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 Challenger Securitisation Management Pty Limited (the 'Trust Manager') 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 1, 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 entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 trust a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

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Opinion

In our opinion:

a. the financial report of Interstar Millennium Series 2006-4H 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 2015 and of its performance for the year ended on that date; and

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

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Ernst & Young

Ernst & Young

Darren Handley-Greaves
Partner
Sydney
23 October 2015