BlackRock

Annual Financial Report

30 JUNE 2011

BlackRock Asset Management Australia Limited

ABN 33 001 804 566

Australian Financial Services Licence No 225398

BlackRock Scientific Global Markets Fund

ARSN 106 969 662

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Consolidated Annual Report - 30 June 2011

Contents

Directors' Report

The directors of BlackRock Asset Management Australia Limited (the "Responsible Entity"), the Responsible Entity of BlackRock Scientific Global Markets Fund (the "Fund"), present their report together with the financial statements of the Fund, and its controlled entities (collectively, the "consolidated entity") for the year ended 30 June 2011.

Fund Objectives

The Fund aims to achieve a return of 7% p.a. (net of fees) above the RBA Cash Rate Target, (the "Benchmark") over rolling 3-year periods. In order to achieve its expected return objective, we expect the Fund to incur a total risk of about 8% p.a. over a rolling 3-year period.

Principal Activities

The Fund invests in other funds managed by BlackRock Asset Management Australia Limited. Through these investments, the Fund gains exposure to various bond, equity and currency markets. The underlying funds take long and short positions in domestic and international bond and share price index exchange traded futures and achieve currency exposure through foreign exchange forward contracts.

The Fund did not have any employees during the year.

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

Directors

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

Director	Date appointed	Date resigned
D Frawley	Appointed 2 December 2009	
G A Boyle	Appointed 2 December 2009	Resigned 12 May 2011
C Tzatzakis	Appointed 2 December 2009	
R Bhagat	Appointed 16 November 2005	Resigned 9 September 2011
M S McCorry	Appointed 6 April 2009	
H Capra	Appointed 23 May 2011	

Review and Results of Operations

During the year, the Fund continued to invest funds in accordance with target asset allocations as set out in the governing documents of the Fund and in accordance with the provisions of the Fund Constitution.

Results

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

	Consolidated		**Parent**	
	Year ended		**Year ended**	
	30 June 2011	30 June 2010	**30 June 2011**	30 June 2010
	$'000	$'000	**$'000**	$'000
Operating profit/(loss) before financing costs attributable to unitholders and non-controlling interests	**5,837**	5,193	**5,837**	5,193
Distributions paid and payable	**8,136**	4,728	**8,136**	4,728

Directors' Report (continued)

Returns

The table below demonstrates the performance of the parent entity as represented by the total return.

	Parent		
	1 Year	**3 Year**	**5 Year**
	% p.a.	**% p.a.**	**% p.a.**
Fund returns after Responsible Entity fees	8.75	5.62	7.50
Fund returns before Responsible Entity fees	11.50	7.19	9.54

Reconciliation of Net Asset Value for Unit Pricing Purposes to Financial Reporting Purposes

The key differences between net assets for unit pricing and net assets attributable to unitholders as reported in the financial statements prepared under Australian Accounting Standards have been outlined below:

	Parent	
	Year ended	
	30 June 2011	30 June 2010
	$'000	$'000
Net Assets for Unit Pricing Purposes	**66,060**	68,392
Permanent Differences		
Difference between net market value (for unit pricing) and fair value (for financial statements) of securities	**(181)**	(190)
Timing Differences		
Distribution Payable	**(7,264)**	(4,151)
Net assets attributable to unitholders as at 30 June	**58,615**	64,051

Significant Changes in State of Affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Fund and the consolidated entity that occurred during the financial year under review.

Matters Subsequent to the End of the Financial Year

Except as disclosed in the financial statements, no matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect:

(i) the operations of the Fund in future financial years, or

(ii) the results of those operations in future financial years, or

(iii) the state of affairs of the Fund in future financial years.

Directors' Report (continued)

Likely Developments and Expected Results of Operations

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund and in accordance with the provisions of the Fund Constitution.

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

Further information on likely developments in the operations of the Fund and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Fund.

Indemnification and Insurance of Officers and Auditors

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

Fees Paid and Interests Held in the Fund by the Responsible Entity or its Associates

Fees paid to the Responsible Entity and its associates out of Fund property during the year are disclosed in note 11 of the financial statements.

No fees were paid out of Fund property to the directors of the Responsible Entity during the year (2010: Nil). Pursuant to ASIC Class Order relief, the Responsible Entity may individually negotiate fees with certain sophisticated or professional investors.

The number of interests in the Fund held by the Responsible Entity and its associates as at the end of the financial year are also disclosed in note 11 of the financial statements.

Interests in the Fund

The movement in units on issue in the Fund during the year is disclosed in note 6 of the financial statements.

Value of Assets

The value of the Fund's assets and liabilities is disclosed on the Balance Sheet and derived using the basis set out in note 2 of the financial statements.

Environmental Regulation

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

Rounding of Amounts to the Nearest Thousand Dollars

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

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

Directors' Report (continued)

Auditor's Independence Declaration

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

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

Director	Director
Henry Capra	Damien Frawley

Sydney
27 September 2011

Auditor's Independence Declaration

As lead auditor for the audit of BlackRock Scientific Global Markets Fund for the year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of BlackRock Scientific Global Markets Fund and the entities it controlled during period.

AJ Loveridge

A J Loveridge
Partner
PricewaterhouseCoopers

Sydney
27 September 2011

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Statements of Comprehensive Income

	Notes	Consolidated Year ended 30 June 2011 $'000	Consolidated Year ended 30 June 2010 $'000	Parent Year ended 30 June 2011 $'000	Parent Year ended 30 June 2010 $'000
Investment income					
Interest income		**102**	48	**66**	31
Dividend/distribution income		**8,688**	5,308	**8,557**	5,325
Net gains/(losses) on financial instruments held at fair value through profit or loss	4	**(1,249)**	465	**(1,083)**	465
Total net investment income/(loss)		**7,541**	5,821	**7,540**	5,821
Expenses					
Responsible Entity's fees	11	**1,703**	627	**1,703**	627
Custody movement fees		**1**	1	**-**	1
Total operating expenses		**1,704**	628	**1,703**	628
Operating profit/(loss)		**5,837**	5,193	**5,837**	5,193
Finance costs attributable to unitholders					
Distributions to unitholders of the parent entity	5	**(8,136)**	(4,728)	**(8,136)**	(4,728)
(Increase)/decrease in net assets attributable to unitholders of the parent entity	6	**2,299**	(465)	**2,299**	(465)
Profit/(loss) for the year		**-**	-	**-**	-
Other comprehensive income		**-**	-	**-**	-
Total comprehensive income		**-**	-	**-**	-

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

Balance Sheets

		Consolidated As at		Parent As at	
	Notes	**30 June 2011 $'000**	30 June 2010 $'000	**30 June 2011 $'000**	30 June 2010 $'000
Assets					
Cash and cash equivalents	13(b)	**778**	3,361	**778**	245
Receivables	7	**40**	907	**40**	5,346
Financial assets held at fair value through profit or loss	9	**65,114**	65,686	**65,114**	64,363
Margin accounts		**-**	-	**-**	-
Total assets		**65,932**	69,954	**65,932**	69,954
Liabilities					
Distribution payable		**7,264**	4,151	**7,264**	4,151
Payables	10	**53**	1,752	**53**	1,752
Total liabilities (excluding net assets attributable to unitholders)		**7,317**	5,903	**7,317**	5,903
Net assets attributable to unitholders - liability	6	**58,615**	64,051	**58,615**	64,051

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

Statements of Changes in Equity

	Consolidated		Parent	
	Year ended		Year ended	
	30 June 2011	30 June 2010	**30 June 2011**	30 June 2010
	$'000	$'000	**$'000**	$'000
Total equity at the beginning of the financial year	**-**	-	**-**	-
Profit/(loss) for the year	**-**	-	**-**	-
Other comprehensive income	**-**	-	**-**	-
Total comprehensive income	**-**	-	**-**	-
Transactions with owners in their capacity as owners	**-**	-	**-**	-
Total equity at the end of the financial year	**-**	-	**-**	-

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

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

Statements of Cash Flows

	Notes	Consolidated Year ended 30 June 2011 $'000	Consolidated Year ended 30 June 2010 $'000	Parent Year ended 30 June 2011 $'000	Parent Year ended 30 June 2010 $'000
Cash flows from operating activities					
Proceeds from sale of financial instruments held at fair value through profit or loss		**82,264**	3,891	**78,079**	1,407
Purchase of financial instruments held at fair value through profit or loss		**(83,230)**	(11,255)	**(79,913)**	(7,638)
Interest received		**99**	48	**62**	31
Dividends/distributions received		**8,688**	5,308	**12,708**	1,174
Other income received		**-**	11	**-**	11
Responsible Entity's fees paid		**(2,014)**	(442)	**(2,013)**	(442)
Net inflow/(outflow) from operating activities	13(a)	**5,807**	(2,439)	**8,923**	(5,457)
Cash flows from financing activities					
Proceeds from applications by unitholders		**14,981**	18,333	**14,981**	18,333
Payments for redemptions by unitholders		**(19,221)**	(12,017)	**(19,221)**	(12,017)
Distributions paid		**(4,150)**	(622)	**(4,150)**	(622)
Net inflow/(outflow) from financing activities		**(8,390)**	5,694	**(8,390)**	5,694
Net increase/(decrease) in cash and cash equivalents		**(2,583)**	3,255	**533**	237
Cash and cash equivalents at the beginning of the year		**3,361**	106	**245**	8
Cash and cash equivalents at the end of the year	13(b)	**778**	3,361	**778**	245
Non-cash financing activities	13(c)	**873**	577	**873**	577

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

1 General Information

These financial statements cover BlackRock Scientific Global Markets Fund (the "Fund") as an individual entity and the consolidated entity consisting of the Fund and its subsidiaries. The Fund was constituted on 6 April 2004. The Fund will terminate on the eightieth anniversary of the day the Fund commenced, unless terminated in accordance with the provisions of the Fund Constitution.

The Responsible Entity of the Fund is BlackRock Asset Management Australia Limited (the "Responsible Entity"). The Responsible Entity's registered office is Level 43, Grosvenor Place, 225 George Street, Sydney, NSW 2000.

The financial statements were authorised for issue by the directors on 27 September 2011. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 Summary of Significant Accounting Policies

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

(a) Statement of Compliance and Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001* in Australia.

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

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

Compliance with International Financial Reporting Standards

The financial statements of the Fund and the consolidated entity also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Responsible Entity has elected under Class Order 10/654 to disclose the results of the parent entity in the consolidated financial statements.

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of BlackRock Scientific Global Markets Fund (the “parent entity”) as at 30 June 2011 and the results of all subsidiaries for the year then ended. The parent entity and its subsidiaries together are referred to in this financial statements as the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Fund has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Fund controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Fund. They are de-consolidated from the date that control ceases. Investments are derecognised when the right to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Fund.

All transactions (including gains and losses) and balances between entities in the consolidated group are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Fund.

Minority interests in the results and net assets of subsidiaries are shown separately in the consolidated Statements of Comprehensive Income and Balance Sheets respectively.

2 Summary of Significant Accounting Policies (continued)

(b) Principles of Consolidation (continued)

Investment in subsidiaries are measured in accordance with note 2(c).

(c) Financial Instruments

(i) Classification

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

- Financial instruments held for trading

  Derivative financial instruments such as futures, forward currency contracts, options and swaps are included under this classification. The Fund does not designate any derivatives as hedges in a hedging relationship.

- Financial instruments held at fair value through profit or loss.

  These include financial assets that are not held for trading purposes and which may be sold. These are investments in listed equity, listed unit trusts, unlisted trusts, and fixed interest securities.

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

(ii) Recognition/derecognition

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

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

(iii) Measurement

Financial assets and liabilities held at fair value through profit or loss

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

- Fair value in an active market

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

- Fair value in an inactive or unquoted market

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

  Accordingly, there may be a difference between the fair value at initial recognition and amounts determined using a valuation technique. If such a difference exists, the Fund recognises the difference in the Statements of Comprehensive Income to reflect a change in factors, including time, that market participants would consider in setting a price.

2 Summary of Significant Accounting Policies (continued)

(c) Financial Instruments (continued)

Investments in other unlisted unit trusts are recorded at the redemption value per unit as reported by the Responsible Entity of such trusts.

(d) Business combinations

Business combinations relate to the acquisition by the Fund of controlling interests in other entities. The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the consideration given plus costs directly attributable to the acquisition.

(e) Net Assets Attributable to Unitholders

Units are redeemable at the unitholders' option and are therefore classified as financial liabilities. The units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value. The fair value of redeemable units is measured at the redemption amount that is payable at the balance sheet date if unitholders exercised their right to put the units back to the Fund. Because the Fund's redemption unit price is based on different valuation principles to that applied in financial reporting, a valuation difference may exist. Changes in the value of this financial liability are recognised in the Statements of Comprehensive Income as they arise.

(f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown as liabilities on the Balance Sheets.

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

(g) Margin Accounts

Margin accounts comprise cash held as collateral for short sales.

(h) Investment Income

Interest income and expenses are recognised in the Statement of Comprehensive Income for all fixed interest securities using the effective interest method. Interest income on assets held at fair value through profit or loss is included in the net gains/(losses) on financial instruments. Other changes in fair value for such instruments are recorded in accordance with the policies described in note 2(c).

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows, considering all contractual terms of the financial instrument (for example, prepayment options), but do not consider future credit losses.

The calculation includes all fees and points paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Dividend income is recognised on the ex-dividend date. The Fund may incur withholding tax imposed by certain countries on investment income. Such income is recorded net of withholding tax on the Statements of Comprehensive Income. If a portion of the foreign withholding taxes is reclaimable, it is recorded as an asset.

Dividends declared on securities sold short are recorded as a dividend expense on the ex-dividend date.

Trust distributions are recognised on an entitlements basis.

2 Summary of Significant Accounting Policies (continued)

(i) Expenses

All expenses, including Responsible Entity's fees, are recognised in the Statements of Comprehensive Income on an accruals basis.

(j) Income Tax

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

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

The Fund currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded net of withholding tax in the Statements of Comprehensive Income.

(k) Distributions

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

(l) Increase/Decrease in Net Assets Attributable to Unitholders

Non-distributable income is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the Statements of Comprehensive Income as financing costs.

(m) Foreign Currency Translation

(i) Functional and presentation currency

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian Dollar, which reflects the currency of the economy in which the Fund competes for funds and is regulated. The Australian Dollar is also the Fund's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statements of Comprehensive Income.

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

Non monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

2 Summary of Significant Accounting Policies (continued)

(n) Receivables

Receivables may include amounts for dividends, interest, trust distributions and amounts due from brokers. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the balance sheet date from the time of the last payment using the effective interest rate method. Amounts due from brokers represent receivables for securities that have been contracted for but not yet delivered by balance sheet date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the Statements of Comprehensive Income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Statements of Comprehensive Income.

(o) Payables

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at the end of the reporting period.

Trades are recorded on trade date, and normally settled within three business days. Purchases of financial instruments that are unsettled at reporting date are included in payables.

The distribution amount payable to unitholders as at the reporting date is recognised separately on the Balance Sheets when unitholders are presently entitled to the distributable income under the Fund Constitution.

(p) Applications and Redemptions

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

Unit redemption prices are determined by reference to the net assets for unit pricing purposes of the Fund, divided by the number of units on issue at or immediately prior to close of business each day. Issues and redemptions of units are processed simultaneously.

(q) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as custodial services and investment management fees have been passed onto the Fund. The Fund qualify for Reduced Input Tax Credits (RITC) at a rate of 75% hence investment management fees, custodial fees and other expenses have been recognised in the Statements of Comprehensive Income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the Balance Sheets. Cash flows relating to GST are included in the Statements of Cash Flows on a gross basis.

2 Summary of Significant Accounting Policies (continued)

(r) New Accounting Standards and Interpretations

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

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

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

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

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

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

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

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

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

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

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

(v) IFRS 13 *Fair Value Measurement* (effective 1 January 2013)

IFRS 13 was released in May 2011. The AASB is expected to issue an equivalent Australian standard shortly. IFRS 13 explains how to measure fair value and aims to enhance fair value disclosures. The Fund has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The Fund does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

(vi) IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IFRS 12 *Disclosure of Interests in Other Entities* and Revised IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (effective 1 January 2013)

In May 2011, the IASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures. The AASB is expected to issue equivalent Australian standards shortly.

2 Summary of Significant Accounting Policies (continued)

(r) New Accounting Standards and Interpretations (continued)

IFRS 10 replaces all of the guidance on control and consolidation in IAS 27 *Consolidated and Separate Financial Statements*, and SIC-12 *Consolidation – special purpose entities*. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. There is also new guidance on participating and protective rights and on agent/principal relationship. While the Fund does not expect the new standard to have a significant impact on its composition, it has yet to perform detailed analysis of the new guidance in the context of its various investees that may or may not be controlled under the new rules.

IFRS 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or joint venture. Joint ventures are accounted for using the equity method, and the choice to the proportionately consolidate will no longer be permitted. Parties to a joint operation will account their shares of revenues, expenses, assets and liabilities in much the same way as under the previous standard. IFRS 11 also provides guidance for parties that participate in joint arrangement but do not share joint control. As the Fund is not party to any joint arrangements, this standard will not have any impact on its financial statements.

IFRS 12 sets out the required disclosures for entities reporting under the two new standards, IFRS 10 and IFRS 11, and replaces the disclosure requirements currently found in IAS 28. Application of this standard by the Fund will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Fund's investments.

IAS 27 is renamed Separate Financial Statements and is now a standard dealing solely with separate financial statements. Application of this standard by the consolidated entity and parent entity will not affect any of the amounts recognised in the financial statements, but may impact the type of information disclosed in relation to the parent's investments in the separate parent entity financial statements.

Amendments to IAS 28 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. The Fund is still assessing the impact of these amendments.

The Fund does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting ending 30 June 2014.

(s) Use of Estimates

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

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

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

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

2 Summary of Significant Accounting Policies (continued)

(t) Rounding of Amounts

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

(u) Collateralised Borrowing

Short positions are taken on securities which have relatively poor return expectations. To facilitate settlement, securities are borrowed with collateral requirements. These requirements are satisfied with cash and/or other securities. Cash used to satisfy collateral requirements are disclosed in margin accounts.

3 Financial Risk Management

The Fund's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk (including price risk, currency risk and interest rate risk). The Fund's overall risk management programme focuses on ensuring compliance with the Fund's Product Disclosure Statements and seeks to maximise the returns derived for the level of risk to which the Fund are exposed. The Fund may use derivative financial instruments to moderate and create certain risk exposures. Financial risk management is carried out by the Investment Risk Management Committee (IRMC) under policies approved by the Board of Directors of the Responsible Entity (the Board).

The Fund use different methods to measure different types of risk to which it is exposed. These methods include Value at Risk ("VaR") analysis in the case of interest rate, foreign exchange and other price risks and ratings analysis for credit risk. VaR analysis is explained in note 3(b).

(a) Market Risk

(i) Price Risk

The Fund is exposed to price risk. This arises from investments held by the Fund for which prices in the future are uncertain. They are classified on the Balance Sheets as fair value through profit or loss. Where non monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates. Note 3 (a) (ii) below sets out how this component of price and risk is managed and measured. Investments are classified in the Balance Sheets as at fair value through profit or loss. All securities investments present a risk of loss of capital. Except for equities sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from equities sold short can be unlimited.

Market risk is managed and monitored by the Responsible Entity on a portfolio basis, with risks managed through ensuring that investment activities are undertaken in accordance with the Fund's investment model which is reviewed and updated regularly.

The Responsible Entity continuously monitors the Fund's holdings relative to the recommended portfolio, and the exposure of the Fund is monitored to ensure that it remains within designated ranges or asset allocation constraints, taking into account any derivative position being used to manage risks.

In addition, the IRMC regularly reviews the Fund to ensure the Fund is following the appropriate investment model, its portfolio is in accordance with its stated guidelines and restrictions, and the performance of the Fund remains in expected bounds.

The summarised VaR analysis in note 3(b) explains how the risk is measured and summarises the potential exposure of the Fund’s net assets attributable to unitholders.

3 Financial Risk Management (continued)

(a) Market Risk (continued)

(ii) Foreign Exchange Risk

The direct investments held by the Fund do not have any direct exposure to foreign exchange risk. This disclosure has not been made on a look through basis for investments held indirectly through underlying investments. The disclosure of foreign exchange risk may not present the true foreign exchange risk profile of the Fund where the underlying investments have significant exposure to foreign exchange risk.

The summarised VaR analysis in note 3(b) explains how the risk is measured and summarises the potential exposure of the Fund's net assets attributable to unitholders.

(iii) Interest Rate Risk

The Fund's exposure to interest rate risk is limited to its cash and margin account balances, which are floating rate interest bearing investments. As at 30 June 2011 the total investment in cash and margin accounts of the Fund and consolidated entity were $777,583 (2010: $245,486) and $777,583 (2010: $3,361,227) respectively. The disclosure has not been made on a look through basis for any indirect investments that may be held through underlying funds. The disclosure of interest rate risk may not present the true interest rate risk profile of the Fund where the underlying fund has significant exposure to interest rate risk.

Interest rate risk is mitigated through ensuring activities are transacted in accordance with mandates, overall investment strategy and within approved limits. The summarised VaR analysis in note 3(b) explains how the risk is measured and summarises the potential exposure of the Fund's net assets attributable to unitholders.

(b) Summarised VaR Analysis

Value at Risk (VaR) is a risk model used to estimate the potential losses that could occur on the Fund's net asset value position due to movements in interest rates, currency and market prices over a given period and for a specified degree of confidence.

BlackRock uses VaR analysis and/or tracking error estimates to measure and manage risk as these are commonly used and understood models, are easily interpreted and are consistent across different types, asset classes and types of funds. For the purpose of these accounts VaR analysis has been presented, in some classes derived from tracking estimates. The objective in all cases is to estimate potential losses and manage the downside risk.

The table below summarise the outputs of the VaR model in relation to interest rate, currency and price risk exposures. The total VaR figures are not the sum of individual risk components as this does not include correlations between different risk factors.

BlackRock calculate the VaR relative to the Fund's benchmark. The analysis implies that the Manager can be 95% confident that the value of the portfolio will not decrease by any more than the figures in the table below relative to a portfolio of the same value as the Fund's portfolios which replicates the composition of the benchmark over the 5 day period from 30 June.

Parent

	2011		2010	
	$'000^	**%**	$'000^	%
Total Portfolio Risk	**911**	**1.38**	873	1.27

^ VaR has been calculated on Net Assets Attributable to Unitholders before rounding.

3 Financial Risk Management (continued)

(b) Summarised VaR Analysis (continued)

Detailed information about the models

There are a number of different VaR models used within the Funds Management industry. BlackRock uses one or more of ex-ante and ex-post estimates of portfolio risk relevant to benchmark and the Monte Carlo simulation model depending on the fund type. Models are calculated using historical data and a covariance matrix where applicable.

The models used by BlackRock have the following features:

- VaR is calculated to a 95 per cent confidence level. VaR at a confidence level identifies the maximum expected loss under that confidence level;

- VaR is calculated for a 5 day holding. The time horizon of five days is selected to coincide with the period used to analyse the portfolio positions. The risk data is examined in various daily, weekly and monthly forums; and

- The portfolio VaR is not the simple sum of individual asset stand alone VaRs; the correlations among assets in the portfolio are considered.

Although VaR is a valuable risk management tool it should be interpreted, as with all predictive models, with consideration to its assumptions and limitations. The main assumptions and limitations are listed below:

- Models assume certain financial variables are normally distributed: The normality assumption allows BlackRock to scale portfolio risk estimates to the appropriate confidence levels. The normality assumption is derived from statistical analysis for examining sample populations of observations and the implications of not assuming normality would preclude the use of most statistical tools including mainstream commercial models for risk measurement.

- The use of historical returns and correlations between assets would not take into account future potential events: It is a commonly stated and well-recognised limitation that past performance is not a reliable indicator of future performance.

- Model risk, in general terms, is a known limitation that includes: the quality or accuracy of the underlying data, where significant events occur within the data, the changing sensitivity of the Fund's assets to external market factors over time, and appreciating that using only one model may be limiting in itself to obtaining the best understanding of a Fund's risk position.

BlackRock acknowledges these limitations and thus compares ex-ante and ex-post risk estimates to review expectations versus actual outcomes. Should ex-post values differ significantly from ex-ante returns, an assessment of the reasons for this will be made.

The Fund's risk is managed with constant review of both performance and risk numbers by the investment professionals within the business. These reviews consist of:

- Weekly meetings between the global members of Risk & Quantitative Analysis (RQA). These meetings include RQA Australia.

- Monthly meetings between RQA and the Fund Managers.

- Monthly meetings between RQA and the Chief Investment Officer.

- Ad hoc presentations to the Investment Risk Management Committee (IRMC) to keep IRMC abreast of RQA processes and latest updates.

- Daily report of performance figures along with a comparison of ex-ante versus ex-post returns sent to RQA London.

- RQA professionals sitting and working closely with the Fund Managers every day.

3 Financial Risk Management (continued)

(c) Credit Risk Exposure

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part, when they fall due.

Credit risk primarily arises from investments in debt instruments and from trading derivative products. Other credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions and amounts due from brokers. None of these assets are impaired nor past due but not impaired.

Market prices generally incorporate credit risk assessments into valuations and risk of loss is implicitly provided for in the carrying value of financial assets and liabilities as they are marked to market.

(i) Interest Bearing Securities

The majority of the Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates.

(ii) Derivatives

All exchange traded derivatives are executed through brokers, and cleared through a clearing broker and approved by the IRMC. Over the counter derivative transactions are conducted only with approved counterparties, who meet the applicable specific Fund requirements and where trading documentation is in place.

To minimise credit risk, the Fund only transacts with counterparties of investment grade quality (BBB- or above as rated by Standard & Poor's). BlackRock has a process in place to assess the creditworthiness of counterparties and assess that the risk is evenly distributed. Matters arising in relation to counterparties are reviewed regularly by the IRMC.

(iii) Settlement of Securities Transactions

All transactions are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

(iv) Other Credit Risk

Exposure to credit risk on cash and cash equivalents and, margin accounts considered to be minimal due to the high credit rating of the relevant financial institution. VaR analysis is also used to manage and measure the credit risk of the Fund.

The clearing and depository operations for the Fund's security transactions are mainly concentrated with one counterparty, namely JP Morgan Chase Bank NA ("J.P. Morgan"). J.P. Morgan is a member of a major securities exchange, and at 30 June 2011 had a credit rating of "A-1+" (2010: "A-1+"). At 30 June 2011, substantially all cash and cash equivalents, balances due from brokers and investments are held in custody by J.P. Morgan.

(d) Liquidity and Cash Flow Risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to daily cash redemptions of redeemable units and daily margin calls on derivatives. The liquidity risks associated with the need to satisfy unitholders' requests for redemptions are mitigated by maintaining adequate liquidity to satisfy usual redemption volumes and restricting the investment activities of the Fund to securities that are actively traded and highly liquid. The Fund also maintains continuous monitoring of forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Responsible Entity staff consider and maintain the liquidity of the Fund, in the context of the investment objectives and liquidity requirements of the Fund. Operational procedures are in place to review margin requirements on futures contracts. IRMC reviews liquidity reports to ensure the Fund has sufficient liquidity to pay client redemptions and meet margin calls as required.

3 Financial Risk Management (continued)

(d) Liquidity and Cash Flow Risk (continued)

The table below analyses the Fund's financial liabilities and derivative asset balances (as appropriate) into relevant maturity groupings based on the remaining period to the earliest possible contractual maturity date as at balance date. The amounts in the table are contractual undiscounted cash flows.

Consolidated

	Less than 12 months	**1- 3 years**	**3 - 5 years**	**>5 years**	**On call**
At 30 June 2011	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Distribution payable	**(7,264)**	**-**	**-**	**-**	**-**
Payables	**(53)**	**-**	**-**	**-**	**-**
Net assets attributable to unitholders	**-**	**-**	**-**	**-**	**(58,615)**
Total	**(7,317)**	**-**	**-**	**-**	**(58,615)**

Consolidated

	Less than 12 months	1- 3 years	3 - 5 years	>5 years	On call
At 30 June 2010	$'000	$'000	$'000	$'000	$'000
Distribution payable	(4,151)	-	-	-	-
Payables	(1,752)	-	-	-	-
Net assets attributable to unitholders	-	-	-	-	(64,051)
Total	(5,903)	-	-	-	(64,051)

Parent

	Less than 12 months	**1- 3 years**	**3 - 5 years**	**>5 years**	**On call**
At 30 June 2011	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Distribution payable	**(7,264)**	**-**	**-**	**-**	**-**
Payables	**(53)**	**-**	**-**	**-**	**-**
Net assets attributable to unitholders	**-**	**-**	**-**	**-**	**(58,615)**
Total	**(7,317)**	**-**	**-**	**-**	**(58,615)**

3 Financial Risk Management (continued)

(d) Liquidity and Cash Flow Risk (continued)

Parent

	Less than 12 months	1- 3 years	3 - 5 years	>5 years	On call
At 30 June 2010	$'000	$'000	$'000	$'000	$'000
Distribution payable	(4,151)	-	-	-	-
Payables	(1,752)	-	-	-	-
Net assets attributable to unitholders	-	-	-	-	(64,051)
Total	(5,903)	-	-	-	(64,051)

(e) Fair Values of Financial Assets and Liabilities

The carrying amounts of the Fund's assets and liabilities at the end of each reporting period approximate their fair values.

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statements of Comprehensive Income.

(i) Fair value in an active market

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The Fund values its investments in accordance with the accounting policies set out in note 2(c). For the majority of its investments, the Fund rely on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Fund is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price. When the Fund hold derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open positions, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual regularly occurring market transactions on an arm's length basis.

(ii) Fair value in an inactive or unquoted market

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

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the balance sheet date. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Fund would receive or pay to terminate the contract at the balance sheet date taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date.

3 Financial Risk Management (continued)

(e) Fair Values of Financial Assets and Liabilities (continued)

Investments in other unlisted unit trusts are recorded at the redemption value per unit as reported by the Responsible Entity of such funds.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

(f) Fair Value Hierarchy

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

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

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

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

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

Consolidated	**Level 1**	**Level 2**	**Level 3**	**Total**
At 30 June 2011	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets				
Financial assets held at fair value through profit or loss:				
Unlisted unit trusts	-	65,114	-	65,114
Total	-	65,114	-	65,114

Consolidated	**Level 1**	**Level 2**	**Level 3**	**Total**
At 30 June 2010	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets				
Financial assets held at fair value through profit and loss:				
Unlisted unit trusts	-	65,686	-	65,686
Total	-	65,686	-	65,686

3 Financial Risk Management (continued)

(f) Fair Value Hierarchy (continued)

Parent **At 30 June 2011**	**Level 1** **$'000**	**Level 2** **$'000**	**Level 3** **$'000**	**Total** **$'000**
Financial Assets				
Financial assets held at fair value through profit and loss:				
Unlisted unit trusts	**-**	**65,114**	**-**	**65,114**
Total	**-**	**65,114**	**-**	**65,114**

Parent **At 30 June 2010**	**Level 1** **$'000**	**Level 2** **$'000**	**Level 3** **$'000**	**Total** **$'000**
Financial Assets				
Financial assets held at fair value through profit and loss:				
Unlisted unit trusts	-	64,363	-	64,363
Total	-	64,363	-	64,363

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities, trusts, exchange traded derivatives, and semi-government securities.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include investment-grade corporate bonds, certain listed equities, certain unlisted unit trusts, and over-the-counter derivatives. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified within level 3 have significant unobservable inputs, as they are infrequently traded. As observable prices are not available for these securities, the Responsible Entity has used valuation techniques to derive fair value.

The consolidated entity did not hold any Level 3 instruments during the year ended 30 June 2011 (30 June 2010: Nil).

4 Net Gains/(Losses) on Financial Instruments Held at Fair Value Through Profit or Loss

The net gains/(losses) recognised in relation to financial assets and financial liabilities held at fair value through profit or loss:

	Consolidated		**Parent**	
	Year ended		**Year ended**	
	30 June 2011 $'000	30 June 2010 $'000	**30 June 2011 $'000**	30 June 2010 $'000
Financial assets				
Net gain/(loss) on financial assets held at fair value through profit or loss	**(1,249)**	465	**(1,083)**	465
Net gains/(losses) on financial assets held at fair value through profit or loss	**(1,249)**	465	**(1,083)**	465
Total net gains/(losses) on financial instruments held at fair value through profit or loss	**(1,249)**	465	**(1,083)**	465

5 Distributions to Unitholders

The distributions during the year were as follows:

	Parent			
	Year ended			
	30 June 2011		30 June 2010	
	$'000	**CPU**	$'000	CPU
30 June final paid/payable	**8,136**	**12.28**	4,728	6.78
	8,136		4,728	

6 Net Assets Attributable to Unitholders of the Parent

As stipulated within the Fund Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

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

	Parent As at			
	30 June 2011	30 June 2010	**30 June 2011**	30 June 2010
	No. '000	No. '000	**$'000**	$'000
Opening balance	**70,404**	63,396	**64,051**	56,923
Applications	**14,071**	20,579	**13,787**	19,527
Redemptions	**(18,191)**	(14,201)	**(17,797)**	(13,441)
Units issued upon reinvestment of distributions	**998**	630	**873**	577
Increase/(decrease) in net assets attributable to unitholders	**-**	-	**(2,299)**	465
Closing balance	**67,282**	70,404	**58,615**	64,051

Capital Risk Management

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

The Fund monitors the level of daily applications and redemptions relative to the liquid assets in the Fund. As of 30 June 2011 the capital of the Fund is represented in the net assets attributable to unitholders table.

In the event of a significant redemption, the Fund Constitution allows the delay of payment beyond the usual redemption timeframe but no later than the maximum number of days specified in the Constitution for satisfying redemption requests. Further, in certain circumstances such as disrupted markets, the Constitution allows payment to be delayed beyond the maximum number of days.

7 Receivables

	Consolidated As at		**Parent As at**	
	30 June 2011	30 June 2010	**30 June 2011**	30 June 2010
	$'000	$'000	**$'000**	$'000
Applications receivable	**-**	905	**-**	1,194
Interest receivable	**5**	2	**5**	1
Dividends/distributions receivable	**-**	-	**-**	4,151
Other receivables	**35**	-	**35**	-
	40	907	**40**	5,346

8 Investments in Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2.

		Consolidated			
Name of Entity	**Country of Domicile**	**Fair Value**		**Equity Holding**	
		30 June 2011	30 June 2010	**30 June 2011**	30 June 2010
		$'000	$'000	**%**	%
BlackRock Global Markets Fund	Australia	-	64,363	-	100.00
Total		-	64,363	-	100.00

On 24 August 2010, the directors of the Responsible Entity approved the commencement of wind up procedures for the BlackRock Global Markets Fund. The BlackRock Scientific Global Markets Fund made its final redemption from the BlackRock Global Markets Fund on 30 November 2010 for a consideration of $68,727,198.

9 Financial Assets Held at Fair Value Through Profit or Loss

	Consolidated As at		**Parent As at**	
	30 June 2011 Fair Value	30 June 2010 Fair Value	**30 June 2011 Fair Value**	30 June 2010 Fair Value
	$'000	$'000	**$'000**	$'000
Held at fair value through profit or loss				
Unlisted unit trusts	**65,114**	65,686	**65,114**	64,363
Total held at fair value through profit or loss	**65,114**	65,686	**65,114**	64,363
Total financial assets held at fair value through profit or loss	**65,114**	65,686	**65,114**	64,363

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

10 Payables

	Consolidated As at		**Parent As at**	
	30 June 2011	30 June 2010	**30 June 2011**	30 June 2010
	$'000	$'000	**$'000**	$'000
Redemptions payable	-	1,424	-	1,424
Responsible Entity fees payable	**53**	328	**53**	328
	53	1,752	**53**	1,752

11 Related Party Transactions

Subsidiaries

Interests in subsidiaries are set out in note 8.

Responsible Entity

The Responsible Entity of the Fund is BlackRock Asset Management Australia Limited whose ultimate holding company is BlackRock, Inc.

Key management personnel

Directors

Key management personnel includes persons who were directors of the Responsible Entity at any time during the financial year as follow:

Director	Date appointed	Date resigned
D Frawley	Appointed 2 December 2009	
G A Boyle	Appointed 2 December 2009	Resigned 12 May 2011
C Tzatzakis	Appointed 2 December 2009	
R Bhagat	Appointed 16 November 2005	Resigned 9 September 2011
M S McCorry	Appointed 6 April 2009	
H Capra	Appointed 23 May 2011	

Key management personnel unitholdings

At 30 June 2011 no key management personnel held units in the Fund (2010: Nil).

Key management personnel compensation

Key management personnel are paid by the Responsible Entity. Payments made from the Fund to the Responsible Entity do not include any amounts attributable to the compensation of key management personnel.

Key management personnel loan disclosures

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

Responsible Entity's fees and other transactions

During the financial year the Responsible Entity rendered services in accordance with the Fund Constitution. In accordance with the Fund Constitution, the Responsible Entity is entitled to a management fee of 1.03% per annum of the net asset value of the Fund plus 20.5% alpha when compared to the RBA Cash Rate Target (2010: 1.03% plus 20.5% of alpha) assessed and payable on a quarterly basis. Where monies are invested into other funds managed by Responsible Entity the management fees charged in those funds are rebated to the Fund and offset against the expense in the Statement of Comprehensive Income.

	Consolidated and Parent	
	Year ended	
	30 June 2011	30 June 2010
	$	$
Fee for the year paid/payable by the Fund	**1,703,339**	626,768

11 Related Party Transactions (continued)

Investments

The consolidated entity held investments in the following schemes which were also managed by the Responsible Entity or its related parties:

Consolidated

30 June 2011	Number of units held at year end Units	Fair value of units held at year end $	Value of units purchased during the year $	Value of units sold during the year $	Interest held in related funds at year end %	Distribution received/ receivable from the related scheme during the year $
BlackRock Global Ascent Fund	**32,055,951**	**45,212,694**	**55,601,615**	**4,300,000**	**14.87**	**7,671,625**
BlackRock Cash Fund	**19,546,605**	**19,900,105**	**23,997,074**	**3,800,000**	**2.23**	**885,674**

Consolidated

30 June 2010	Number of units held at year end Units	Fair value of units held at year end $	Value of units purchased during the year $	Value of units sold during the year $	Interest held in related funds at year end %	Distribution received/ receivable from the related scheme during the year $
BlackRock Global Ascent Fund	31,679,031	47,007,918	2,100,000	559,356	13.08	4,557,340
BlackRock Cash Fund	18,310,186	18,677,748	3,224,283	3,007,817	2.39	750,711

Parent

30 June 2011	Number of units held at year end Units	Fair value of units held at year end $	Value of units purchased during the year $	Value of units sold during the year $	Interest held in related funds at year end %	Distribution received/ receivable from the related scheme during the year $
BlackRock Global Markets Fund	-	-	**314,332**	**69,691,459**	-	-
BlackRock Global Ascent Fund	**32,055,951**	**45,212,694**	**55,601,615**	**4,300,000**	**14.87**	**7,671,625**
BlackRock Cash Fund	**19,546,605**	**19,900,105**	**23,997,074**	**3,800,000**	**2.23**	**885,674**

11 Related Party Transactions (continued)

Investments (continued)

Parent

30 June 2010	Number of units held at year end Units	Fair value of units held at year end $	Value of units purchased during the year $	Value of units sold during the year $	Interest held in related funds at year end %	Distribution received/ receivable from the related scheme during the year $
BlackRock Global Markets Fund	61,767,939	64,363,000	7,638,050	1,081,796	100.00	5,324,831

Related party schemes' unit holdings

The Responsible Entity and its associates did not hold units in the Fund as at 30 June 2011 (30 June 2010: Nil).

Other transactions with the Fund

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund since the end of the previous financial year and there were no material contracts involving key management personnel interests subsisting at year end.

12 Remuneration of Auditors

The audit fees paid or payable are discharged by the Responsible Entity from the fees earned from the Fund and consolidated entity.

13 Reconciliation of Profit/(Loss) to Net Cash Inflow/(Outflow) from Operating Activities

	Consolidated		Parent	
	Year ended		Year ended	
	30 June 2011	30 June 2010	**30 June 2011**	30 June 2010
	$'000	$'000	**$'000**	$'000
(a) Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities				
Operating profit/(loss) for the year	**5,837**	5,193	**5,837**	5,193
Net (gains)/losses on financial instruments held at fair value through profit or loss	**1,249**	(465)	**1,083**	(465)
Proceeds from sale of financial instruments held at fair value through profit or loss and derivative financial instruments	**82,264**	3,891	**78,079**	1,407
Purchases of financial instruments held at fair value through profit or loss and derivative financial instruments	**(83,230)**	(11,255)	**(79,913)**	(7,638)
Net change in receivables and other assets	**(38)**	12	**4,112**	(4,139)
Net change in accounts payable and accrued liabilities	**(275)**	185	**(275)**	185
Net cash inflow/(outflow) from operating activities	**5,807**	(2,439)	**8,923**	(5,457)
(b) Components of cash and cash equivalents				
Cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the Balance Sheet as follows:				
Cash and cash equivalents	**778**	3,361	**778**	245
	778	3,361	**778**	245
(c) Non-cash financing activities				
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	**873**	577	**873**	577

As described in note 2(l), income not distributed is included in net assets attributable to unitholders. The change in this amount each year (as reported in (a) above) represents a non-cash financing cost as it is not settled in cash until such time as it becomes distributable (i.e. taxable).

14 Segment Information

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

15 Events Occurring After the Reporting Period

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund and consolidated entity disclosed in the Balance Sheets as at 30 June 2011 or on the results and cash flows of the Fund and consolidated entity for the year ended on that date.

16 Contingent Assets and Liabilities and Commitments

There are no outstanding contingent assets and liabilities or commitments as at 30 June 2011 (30 June 2010: Nil).

Directors' Declaration

In the opinion of the directors of the Responsible Entity:

(a) the financial statements and notes set out on pages 6 to 31 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 and consolidated entity's financial positions as at 30 June 2011 and of their performance, as represented by the results of its operations; changes in equity and its cash flows, for the financial year ended on that date;

(b) the financial statements also comply with International Financial Reporting Standards as disclosed in note 2(a); and

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

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

	D. Frawley
Director	Director
Henry Capra	Damien Frawley

Sydney
27 September 2011

Independent auditor's report to the unitholders of BlackRock Scientific Global Markets Fund

Report on the financial report

We have audited the accompanying financial report of BlackRock Scientific Global Markets Fund, which comprises the Balance Sheets as at 30 June 2011, the Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both the BlackRock Scientific Global Markets Fund ("the Fund") and the consolidated entity. The consolidated entity comprises the Fund and the entities it controlled at the year end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Responsible Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of BlackRock Scientific Global Markets Fund 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 judgement, 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 Fund's preparation and fair presentation of the financial report 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 Fund'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.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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Independent auditor's report to the members of
BlackRock Scientific Global Markets Fund (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of BlackRock Scientific Global Markets Fund is in accordance with the *Corporations Act 2001*, including:

 (i) giving a true and fair view of the Fund's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

 (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;* and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(a).

PricewaterhouseCoopers

PricewaterhouseCoopers

A J Loveridge

A J Loveridge
Partner

Sydney
27 September 2011