PACIFIC CURRENT GROUP

Aurora Trust

Consolidated Financial Statements 2016

Trustee Information

ABN 98 600 880 939

Directors

M. Fitzpatrick, Chairman

P. Greenwood, Global Chief Investment Officer (CIO) and President, North America

T. Carver, Non-executive director, appointed 30 April 2016; Managing director and Chief Executive Officer (CEO), resigned as CEO 30 April 2016

A. McGill, Managing director and CEO, resigned 28 August 2015

P. Kennedy, Non-executive director

M. Donnelly, Non-executive director

J. Vincent, Non-executive director

G. Guérin, Non-executive director

T. Robinson, Executive director, appointed 30 April 2016; Non-executive director, 28 August 2015 to 30 April 2016

J. Ferragina, Finance director and Chief Operating Officer (COO)

Company Secretaries

N. Bartrop (appointed 15 September 2016)

J. Ferragina (resigned 15 September 2016)

C. Driver (resigned 3 June 2016)

Registered Office

Level 29
259 George Street
Sydney, NSW, 2000
Phone (02) 8243 - 0400
Facsimile (02) 8243 - 0410

Bankers

Westpac Banking Corporation

Auditors

Deloitte Touche Tohmatsu

Internet Address

www.paccurrent.com

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Directors' Report

The directors (Directors) of Aurora Investment Management Pty Limited (Trustee) in its capacity as the Trustee for Aurora Trust (the Trust), present their report (Report) together with the financial report of the Trust for the year ended 30 June 2016.

Directors

The names and details of the Directors of the Trustee (Board of Directors) in office during the year and until the date of this report are listed below. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

M. Fitzpatrick, (Chairman) B. Eng, BA (Oxon) Honours

Mr Fitzpatrick joined the Board on 21 November 2014. He has over 38 years experience in the financial services sector. After a career in investment banking in Australia and the Unites States of America (USA), Mr Fitzpatrick founded Hastings Funds Management Ltd (Hastings) one of the largest managers of infrastructure and alternative assets in Australia. Hastings was a pioneering infrastructure asset management company where Mr Fitzpatrick was managing director until he sold his interest to Westpac Banking Corporation. Mr Fitzpatrick is a Non-executive director of Infrastructure Capital Group, a boutique manager of $1.4 billion of energy and infrastructure assets. He also holds a number of other non-executive directorships, including the Walter & Eliza Hall Institute of Medical Research, Latam Autos Limited and Carnegie Wave Energy Limited. Mr Fitzpatrick is also the Chairman of the Australian Football League.

Mr Fitzpatrick holds a B.Eng. (Hons) degree in electrical engineering from the University of Western Australia and a B.A. (Hons) from the University of Oxford, where he was a Rhodes Scholar.

P. Greenwood, (Global CIO and President, North America) CFA, BA

Mr Greenwood joined the Board on 21 November 2014 as an executive director. He co-founded Northern Lights Capital Group, LLC (NLCG) in 2006. Prior to NLCG, he created Greenwood Investment Consulting (GIC), a firm that worked directly with investment managers on investment process and organisational issues.

Before GIC, Mr Greenwood served as director of US Equity for Russell Investment Group (Russell), where he managed all of Russell's US equity oriented portfolio management and research activities. He also served as a Russell spokesperson and authored many articles and research commentaries related to investment manager evaluation.

T. Carver, (Non-executive director, appointed 30 April 2016; Managing director and CEO, resigned as CEO 30 April 2016) BA

Mr Carver joined the Board on 21 November 2014. He is the co-founder of NLCG. Serving as managing director for 8 years prior to NLCG merger with the then Treasury Group Ltd. Mr Carver led the transaction process for NLCG and provided overall firm leadership. Prior to NLCG, he co-founded Orca Bay Partners (Orca Bay), a private equity firm that focused on investing in boutique asset managers. At Orca Bay, Mr Carver led the investments and served on the boards of Parametic Portfolio Associates and Envestnet Asset Management. Mr Carver began his career at Morgan Stanley in New York.

A. McGill, (Managing director and CEO, resigned on 28 August 2015) B Com LLB

Mr McGill joined the Board on 21 November 2014. He has more than 25 years financial markets experience, including investment and management experience within the alternative asset sector of the funds management industry. He joined Pacific Current Group Limited (PAC) as CEO in July 2011 with overall responsibility for management of the business, including investment and partnering activities. Prior to joining PAC, Mr McGill was a founding partner of Crescent Capital (Crescent), an independent mid-market private equity firm, where he led the successful development of that business from 2000 to 2010. Prior to establishing Crescent, he held senior roles within Macquarie Bank Ltd's Corporate Finance and Direct Investment teams. Previous to that, he was a strategy consultant with LEK Partnership. Mr McGill is also the Chairman of PM Capital Global Opportunities Fund Limited and serves on the Council of Kambala Girls School.

P. Kennedy, (Non-executive director) B.Ec. L.L.M.

Mr Kennedy joined the Board on 21 November 2014. He is the founding partner of the commercial law firm, Madgwicks Lawyers, and has more than 40 years experience in commercial law advising a broad range of clients across a variety of sectors. He leads the firm's Dispute Resolution practice and plays an integral role in the governance and management of the firm, having been Madgwicks' managing partner for over 10 years.

Mr Kennedy also sits on the boards of a number of companies in the manufacturing, property and retail industries. His formal qualifications include B.Ec, LL.B., LL.M (Tax), Monash University.

Directors' Report

Directors (continued)

M. Donnelly, (Non-executive director) B.C.

Ms Donnelly joined the Board on 21 November 2014. Ms Donnelly, a Chartered Accountant, is the founder and former chairperson of the Centre for Investor Education, a specialist education and consultancy firm for executives in Australian and superannuation funds, institutional investment bodies and the financial services markets. Ms Donnelly's previous work experience includes CEO of the Queensland Investment Corporation, deputy managing director of ANZ Funds Management and managing director of ANZ Trustees.

Ms Donnelly is also a director of JA Russell & Co Sdn Bhd. In addition, Ms Donnelly is a member of the Advisory Committee of the Oxford University Centre for Ageing. Previously, Ms Donnelly was deputy Chairperson of the Victorian Funds Management Corporation and a non-executive director of Ashmore Group plc.

J. Vincent, (Non-executive director) MBA, BSBA

Mr Vincent joined the Board on 21 November 2014. He has been the CEO of the Laird Norton Company, LLC diversified investment holding company, for the past 16 years. In this role, he has overseen USA investments in real estate, building materials distribution, financial services, private equity, and consumer services. His experience in the financial services area includes direct responsibility for the Pacific Northwest's largest privately wealth management. Mr Vincent has held a variety of board positions and has performed the duties of audit, compensation, and board chair.

Mr Vincent has demonstrated strong skills in mergers and acquisitions, corporate governance, executive compensation, operations and financial management. He has also led organisations through significant periods of change.

Mr Vincent currently serves on the boards of Laird Norton Company, LLC and its affiliates and JM Huber Corporation.

G. Guérin, (Non-executive director) MSc, BA

Mr Guérin joined the Board on 21 November 2014. He is the CEO of BNP Paribas Capital Partners, where he has worked for the past five years developing the alternative investment capabilities of the BNP Paribas Group. Mr. Guérin served as CEO and President of Natixis Global Associates, Executive of Natixis AM North America and held executive and senior leadership roles at HDF Finance, AlphaSimplex, IXIS AM and Commerz Financial Products.

Mr Guérin has over 20 years experience in capital markets and investment management. This includes cross asset class experience spanning the equities fixed income and commodities markets, with a specific focus on alternative strategies and hedge funds.

During his career, Mr Guérin has managed relationships with investors and distributors across the world, in particular in Europe, the USA, Japan, the Middle East and Australia. Mr Guérin has operated distribution capabilities worldwide and developed new products and investment capabilities. He has served on the board of various investment companies, including Aurora Investment Management. Throughout his career, he liaised with regulators across various jurisdictions and worked with thought leaders of the investment industry including Dr Andrew Lo and Dan Fuss.

Mr Guérin is also a director of Ginjer AM and of INNOCAP.

T. Robinson, (Executive director, appointed 30 April 2016; Non-executive director, (28 Aug 2015 to 30 April 2016))

BCom, MBA, CFA

Mr Robinson joined the Board on 28 August 2015 in the capacity of non-executive director. He has significant expertise and experience across a number of industries including banking, financial services, telecommunications, and transport. He is an experienced company director and CEO.

Mr Robinson is also a director of Bendigo and Adelaide Bank Limited and OnCard Limited and holds a number of directorships of private companies, including River Capital Ltd.

Mr Robinson's previous executive roles include managing director of IOOF Ltd and OAMPS Limited.

Directors' Report

Directors (continued)

J. Ferragina, (Finance director and COO) BCom, M App Fin, CA, FFin, GAICD

Mr Ferragina joined the Board on 31 March 2015. He is a Chartered Accountant and has worked in funds management for more than 20 years. He has gained specialised experience in a range of funds management companies including Colonial First State Investment Managers and AMP Global Investors Ltd (AMP), which led him to a position as CFO and Company secretary of Ronin Property Group, a separately listed company spun out of AMP. Prior to his appointment as CFO of PAC in October 2005, he was head of finance at DBRREEF (now Dexus).

Mr Ferragina sits on the boards of Investors Mutual Limited, Celeste Funds Management Limited, Freehold Investment Management, ROC Partners Pty Ltd and Treasury Group Investment Services Limited. He sat on the boards of RARE Infrastructure Ltd and Octis Asset Management up until they were sold during the year.

Trustee secretaries

N. Bartrop, appointed 15 September 2016
Mr Bartrop is both a qualified lawyer and Chartered Company Secretary employed by Company Matters Pty Limited. Mr Bartrop has experience with ASX listed, dual listed and unlisted entities. Mr Bartrop has been involved in the listing of a number of entities on ASX, as well as advising other listed entities in relation to ASX listing rules.

He has prior experience at ASX Ltd, where he was a Senior Listings Compliance Adviser in Sydney and Perth, responsible for advising and monitoring listed entities' compliance with the ASX listing rules.

Mr Bartrop is a Fellow of Governance Institute of Australia, in addition to being a member of the NSW State Council and the Corporate and Legal Issues Committee.

J. Ferragina, resigned 15 September 2016
Please refer to Mr Ferragina's profile under the directors section.

C. Driver, LLB(Hons), LLM, DipLP, GradDipACG, ACISA, resigned 3 June 2016
Ms Driver was appointed company secretary on 7 July 2015. Ms Driver is a Chartered Company Secretary and lawyer (admitted in Scotland). She has a Masters in Commercial Law and graduated with a Graduate Diploma in Applied Corporate Governance in January 2014. Ms Driver is an associate member of the Governance Institute of Australia. Ms Driver previously worked at Gryphon Minerals Limited as compliance officer and company secretary.

Directors' Report

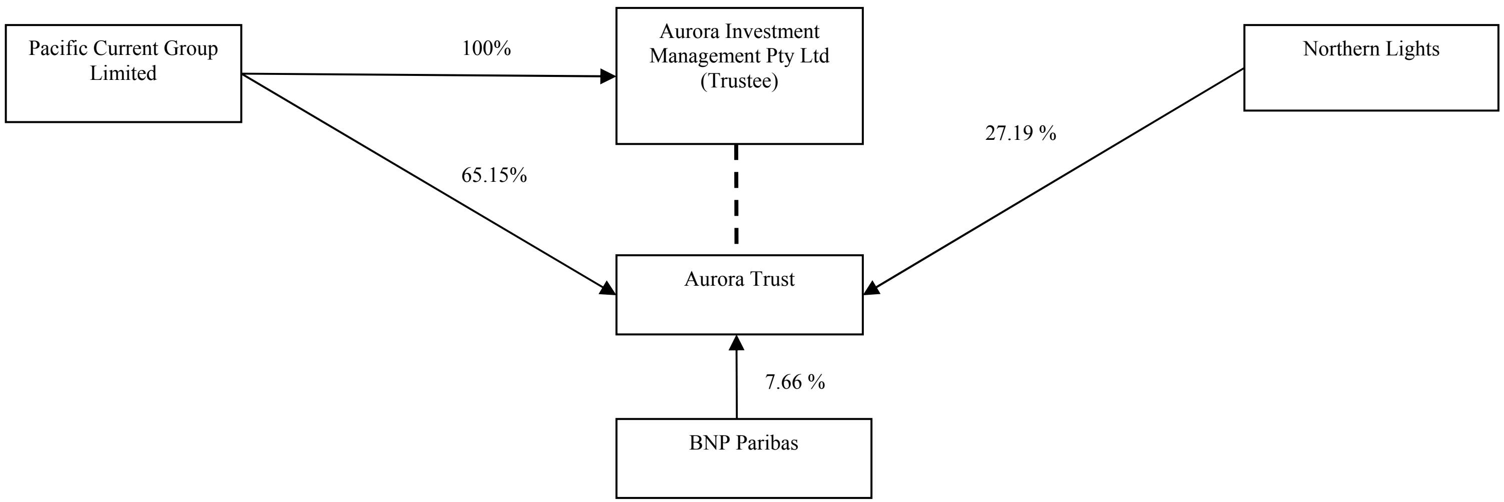
Trust structure and information

The Trust is an international multi-boutique funds management business that holds interest in 17 (2015: 19) boutiques in Australia, USA and other jurisdictions ranging from traditional equities to alternatives and private equity.

The Trust was created as a joint venture arrangement among Pacific Current Group Limited (PAC), an entity listed in Australian Securities Exchange (formerly Treasury Group Ltd); Northern Lights Capital Partners, LLC (Northern Lights) and Fund BNP Paribas Capital Partners Participations (BNP), represented by BNP Paribas Capital Partners (BNP Paribas). PAC and Northern Lights contributed their businesses to the Trust on 25 November 2014 to conduct investment activities in exchange for units and debt in the Trust. BNP Paribas was an investor in Northern Lights prior to the merger between PAC and Northern Lights. The key function of the Trust and the overall business is investment in asset managers. Former Northern Lights executives are responsible for investment analyses and recommendations as investment due diligence. Recommendations are undertaken by the investment committee which is controlled by Northern Lights. Investment decisions require approval by a majority vote of the Trustee Board.

PAC, Northern Lights and BNP have adopted one common brand following the change of name of the Treasury Group Ltd to PAC. The Trust operated as one group under the direction of parallel boards of directors at each of PAC and the Trustee. As at 30 June 2016, the Trust is jointly owned by PAC at 65.15% (2015:64.03%), Northern Lights at 27.19% (2015:27.19%) and BNP 7.66% (2015:8.78%). The Trustee of the Trust is a 100% subsidiary owned and controlled by PAC.

The governing documents of the Trust are provided under the Implementation Deed, Exchange Deed, Trust Deed and Partnership Allocation Deed. The Trust's structure at the date of this report is as follows:



Directors' Report

Review of Operations

Nature of operations and principal activities

The Trust continued its overall business of managing its investments in the asset managers in accordance with the Trust Deed. During the year, the shareholders of RARE Infrastructure Ltd (RARE) including the Trust sold their majority interest to Legg Mason Global Asset Management (Legg Mason). The proceeds from the sale of RARE provided the Trust flexibility to reposition its portfolio by partnering with outstanding asset management professionals by acquiring equity in Aperio Group, LLC (Aperio) and Strategic Capital Investors LLP (SCI), both overseas-based investment managers. The Trust has also settled its Medley Capital Corporation (Medley Capital) debt facility and Y redeemable preference units (Y-RPUs). The settlement of these external borrowings and debt instruments provided an immediate return to the financial performance by reducing the Trust's interest expense and financial gearing.

The Trust, through its Trustee, participated in the equity restructure of Investors Mutual Limited (IML) and IML Investment Partners Pty Limited (IML IP). IML merged its operations with IML IP resulting in IML owning 100% of the issued capital in IML IP. In conjunction with this merger, IML issued additional share capital to retain and lock in key staff in order to ensure continued growth and development of IML into the future. As a result, the Trust's ownership in IML reduced from 47.22% and 40% of IML IP pre-merger, to 45.44% of the new merged entity IML. The equity restructure of the IML Group is viewed to create synergies within the IML Group which have a material impact on the Trust in the long term. The IML employees' equity is held in an employee share plan. As the equity vests, the Trust's ownership will be reduced to 40.04%.

The Trust continues to review and monitor the performance of its investments. During the year, the Trust has taken impairment charges for its investments in portfolio companies, particularly Seizert Capital Partners, LLC (Seizert). The significant attribution of the impairment in Seizert is due to the continued losses in Funds Under Management (FUM). The current environment has proven challenging for the firm but Seizert has navigated similarly challenging environments in the past and continues to manage funds true to their stated value discipline. Applying a more conservative basis of assumptions in terms of expected performance and timing of flows has resulted in a reduction in the carrying value of Seizert by A$85.3m. The Trust's balance of impairment charges is attributable to changes in the assumptions used in establishing the appropriate carrying values with respect to other US portfolio companies Raven Capital Management, LLC (Raven), Nereus Capital, LLC (Nereus), AlphaShares, LLC (AlphaShares) TAMRO Capital Partners, LLC (Tamro) and Northern Lights Alternative Advisors Ltd (NLAA). Impairment charges with respect to its Australian boutiques is attributable to loss of FUM (Celeste Funds Management Limited (Celeste), Global Value Investors Limited (GVI) and Orion Asset Management (Aust) Pty Ltd (Orion)) and winding up the responsible entity business of Treasury Group Investment Services Limited (TIS).

On 7 September 2015, BNP exchanged its 487,804 class C units in the Trust for 487,804 PAC shares. Consequently, the Trust issued 487,804 Class A units to PAC, resulting in an increase in the investment of PAC in the Trust to 65.15% (2015:64.03%). The overall ownership in the Trust did not materially change during the year. As at 30 June 2016, the Trust is owned by PAC at 65.15% (2015:64.03%), Northern Lights at 27.19% (2015:27.19%) and BNP 7.66% (2015:8.78%).

Funds management/ business performance

As at 30 June 2016, the FUM of the Trust was $50.4bn (2015: $49.0bn). The increase of the FUM was due to the acquisition of an interest in Aperio, inflows from IML, market performance and positive impact of the weak Australian dollar relative to the US dollar offset by the impact of outflows from Seizert and RARE.

Directors' Report

Review of Operations (continued)

Operating results for the year

The Trust generated net loss attributable to unitholders of $120.5m (2015: $21.7m) for the year ended 30 June 2016. The performance of the Trust, as represented by the results of its operations, was as follows:

Results	CONSOLIDATED	
	2016	For the period ended 25 November 2014 to 30 June 2015 (Restated)
	$	$
Loss for the year attributable to unitholders	**(120,470,977)**	(21,711,478)
Add/ (deduct):		
- Impairment of investments (non-cash)	**121,414,591**	25,685,583
- Net gain recognised on disposal of interest in former associates	**(13,275,919)**	-
- Net gains from investments	**(2,524,646)**	-
- Write off of receivables	**1,167,676**	-
- Transaction costs for RARE	**3,677,299**	-
- Imputed interests on Redeemable Preference Units (RPUs)	**3,184,356**	2,268,804
- Foreign currency loss on repayment of Y-RPUs	**3,220,341**	-
- Amortisation of identifiable intangibles (non-cash)	**2,922,304**	1,584,084
- Prepayment penalty of Medley Capital debt/ loan origination costs write off	**1,528,714**	-
- Transaction costs at the Trust for the sale of RARE	**976,498**	-
- Employee restructuring	**887,460**	-
- Transaction costs for Aperio, SCI and GQG Partners, LLC (GQG)	**440,487**	-
- Amortisation of long term incentives (non-cash)	**228,025**	-
Total	**123,847,186**	29,538,471
Underlying profit	**3,376,209**	7,826,993

On 21 October 2015, the shareholders of RARE including the Trust sold their majority interest in RARE to Legg Mason. The total transaction consideration included upfront cash proceeds of $112.0m received, an earn-out arrangement up to four years, and 10% retained equity interest in RARE subject to a two-year differentiated option pricing: call option by Legg Mason at a fixed multiple of RARE revenues or put option by the Trust at 'fair market value'.

On 31 December 2015, PAC, Northern Lights and BNP reinvested the distributions from the sale proceeds of RARE into additional units in the Trust to fund the repayment of the Medley Capital debt facility and the acquisition of Aperio. The relative ownership of the Trust did not change as all unitholders reinvested at their respective percentage ownerships.

On 4 January 2016, the Trust paid Medley Capital debt facility in the amount of US$45.9m including a prepayment penalty of US$0.7m which represents 1.37% of the original loan.

On 4 January 2016, the Trust acquired a 23.4% minority equity in Aperio for A$44.2m (US$31.0m) with an initial investment of US$15.5m and the remainder is to be paid at the end of calendar year 2016. Aperio, based in Sausalito, California is an investment management firm with more than A$20.50bn in FUM across highly customised index-based portfolios using Aperio's expertise in tax management, factor tilts and passive investments. It is a pioneer in designing and managing custom portfolios to track index benchmarks or deliver targeted risk, factor, geographic, or industry exposures, customised to a client's specific tax situation, values and/ or desired economic exposure. Aperio works with both taxable and tax-exempt investors to track a broad range of USA and international indexes. The Trust holds two of six board seats at Aperio. The Trust treats Aperio as an associate and the principles of equity method of accounting are applied.

Directors' Report

Review of Operations (continued)

On 1 March 2016, the Trust through its Trustee participated in the equity restructure of IML and IML IP. IML merged its operations with IML IP resulting in IML owning 100% of the issued capital in IML IP. In conjunction with this merger, IML issued additional share capital to retain key staff in order to ensure continued growth and development of IML into the future. As a result, the Trust's ownership in IML was reduced from 47.22% and 40.00% of IML IP pre-merger, to 45.44% of the new merged entity IML. The equity restructure of the IML Group is viewed to create synergies within the IML Group and are expected to have a material impact on the Trust in the long term. The IML employees' equity is held in an employee share plan. As the equity vests, the Trust's ownership will be reduced to 40.04%.

On 30 April 2016, Mr T. Carver resigned as CEO. Mr T. Robinson was appointed as an Executive director. Mr P. Greenwood was appointed Global CIO and President, North America.

On 2 June 2016, the Trust entered into an agreement to launch GQG, a newly created long-only equity firm, based in Fort Lauderdale, Florida. The Trust is committed to invest up to US$4.0m in GQG and retains a minority equity interest. As at 30 June 2016, the investment in GQG was US$1.6m. While smaller than typical stakes, there is expectation that GQG could become one of the Trust's core assets. Former Trust and PAC CEO Mr T. Carver joined GQG as CEO and is responsible for all business strategy and management. GQG utilises the institutional sales and marketing capability of the Trust's affiliates in the USA and Australia and is evaluating other distribution partnerships in different geographies.

During the current financial year, additional information became available with respect to the 2015 financial year. The Trust has restated the comparatives in the consolidated financial statements to recognise the impact of the finalisation of Purchase Price Accounting (PPA) in the Trust. Details of the prior period adjustment are detailed in Note 3(w) of this financial report.

Distributions

The Board of Directors are required to make a determination of distributable income under Clause 9.2 of the Trust Deed as the aggregate of (a) the net income and gains of the Trust determined in accordance with Accounting Standards as adjusted in accordance with any determination made prior to the end of the financial year by the Trustee in accordance with the deed; and (b) an additional amount, which if available for distribution to unitholders (which in cash or as an in specie distribution), would prevent the Trustee being liable to income tax on any part of the net income of the Trust under section 99 or section 99A of the Tax Act. The distributions during the year were as follows:

	2016	For the period ended 25 November 2014 to 30 June 2015
	$	$
Distribution paid and payable	**110,576,590**	11,950,000

Financial position

As at the end of year, the Trust's current liabilities exceed current assets. This is driven by the deferred consideration due to Aperio at the end of calendar year 2016. The Board of Directors is confident of satisfying the Trust's net current liabilities through its own capacity. The Trustee continues to consider changes to the capital structure and possible asset sales to support the payment of liabilities as and when they arise.

Business strategies and prospects

The Trust continues to expand and diversify its portfolio by partnering with outstanding asset management professionals worldwide. The strategy of the Trust continues to leverage the enhanced capabilities delivered by the merger in the prior year and includes a number of elements:

Continued expansion and diversification of portfolio via value enhancing new investments

The merger resulted in a strengthened management and investment team with executives well positioned to access deal flow within international markets. In addition to partnering with early stage asset management businesses, the Trust has the scale to invest in established businesses.

Leveraged distribution capabilities to increase asset base

The Trust has sales executives across offices in Australia and the USA focused on the sale of boutique investment products and services to institutional investors, superannuation and pension funds, family offices and other classes of investors. This is expected to provide opportunities for expanded geographic sales and distribution strategies (subject to compliance with regulatory requirements).

Directors' Report

Material business risks

The material business risks faced by the Trust that are likely to have an impact on the financial prospects of the Trust and how the Trust manages these risks include:

Global market risks

The Trust has considerable exposure to different capital markets around the world. Accordingly, market fluctuations will have a direct impact on the revenues of the majority of the boutiques held by the Trust. These fluctuations are difficult to predict and arise from a variety of factors, such as economic growth, market sentiment, and government policies.

Fund manager performance

The Trust's FUM reflects the investment performance of its boutique fund managers, in addition to such other factors as funds flowing out into and out of boutique strategies and fund products. Market volatility and adverse market conditions may lead to decline in FUM and performance of the Trust's business that may adversely affect the earnings and profitability. While these risks are external and beyond the control of the Trust, a number of our boutique partners delivered exceptional performance including IML, Aether Investment Partners, LLC (Aether) and Aperio. However, market risk is at the core of the business.

Foreign currency risks

The Trust is exposed to A$/US$ exchange rate risk through its investment holdings in the USA and other foreign currency denominated investments. The Trust has adopted hedge accounting such that the impact of foreign currency translation is taken up through the foreign currency translation reserve of the Trust.

Regulatory environment

The Trust's boutique fund managers operate in highly regulated environments that are frequently subject to review and regular change of law, regulations and policies. The Trust is indirectly exposed to changes in the regulatory conditions under which its boutique fund managers operate in Australia, USA and the United Kingdom. The Trustee's highly experienced in-house risk and regulatory experts are actively managing and monitoring the Trust's regulatory compliance activities. Regulatory risk is also mitigated by the use of industry experts when the need arises. Other measures include the establishment of the Trustee's risk committee composed of executives to ensure that risk management is monitored, managed and controlled.

Significant events after the balance date

Deferment of the Trust X redeemable preferred units (X-RPUs)

On 15 September 2016, the Trustee determined to defer payment of US$42m redemption price for the Trust's class X-RPU until at least November 2017 or later. The deferment is permitted under the Trust's governing documents if the Trustee determines that certain legacy Northern Lights alternatives boutiques are unlikely to outperform certain legacy Treasury Group alternatives boutiques based on a formula. The Trustee's decision to defer payment is based on a variety of factors, including the determination that the requisite condition for payment of the redemption amount has not been met. As the Trustee could decide to defer payment to November 2017, the Trust has classified the liability as a non-current liability.

Treasury Group Investment Services Limited (TIS) return of capital

On 15 September 2016, the Board of Directors approved a resolution to restructure the capital of TIS to return $4.5m to the Trust. TIS is required to maintain a Net Tangible Assets (NTA) dollar value level in accordance with the Corporations Act in acting as a Responsible Entity. The NTA is linked to the total FUM in the number of registered managed investment schemes (Schemes) and as the number of Schemes has reduced, so has the dollar value of the NTA requirement. As a result, TIS will return surplus cash and implement an equal capital reduction (Reduction) as defined in section 256B(2) of the Corporations Act 2001 on the following terms:

(a) Present Total Capital will be reduced by $4.5m, being the surplus cash available within TIS;

(b) there being one class of share capital in TIS and a sole member (the Trust), the Reduction will apply to ordinary shares in proportion to the number of shares held by the Trust; and

(c) $4.5m will be returned to the Trust following the Reduction.

Directors' Report

Indemnification and insurance of Directors and Officers

The Trustee has entered into an agreement for the purpose of indemnifying Directors and Officers of the Trustee in certain circumstances against losses and liabilities incurred by the Directors or Officers on behalf of the Trustee.

The following liabilities, except for a liability for legal costs, are excluded from the above indemnity:

- A liability owed to the Trustee or related body corporate;
- A liability for pecuniary penalty order under section 1317G or a compensation order under section 1317H of the Corporations Act 2001;
- A liability owed to someone other than the Trustee or a related body corporate and did not arise out of conduct in good faith;
- Any other liability against which the Trustee is precluded by law from indemnifying the director.

The insurance contract prohibits the disclosure of the insurance premium for insuring officers of the company against a liability which may be incurred in that person's capacity as an officer of the Trustee.

Environmental regulation and performance

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

Signed in accordance with a resolution of the Directors.

On behalf of the Board

M. Fitzpatrick
Chairman
3 October 2016

Consolidated Statement of Profit or Loss

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016	For the period ended 25 November 2014 to 30 June 2015 (Restated)[1]
		$	$
Continuing operations			
Revenues	6(a)	**38,400,404**	29,488,357
Net gains from investments	6(b)	**2,524,646**	-
Net gains recognised on disposal of interest in former associates	6(c)	**13,275,919**	-
Share of net profits of equity accounted investments	6(d)	**10,851,048**	15,276,555
Salaries and employee benefits expenses	6(e)	**(29,012,128)**	(14,737,646)
Establishment costs	6(f)	**-**	(6,459,623)
Amortisation of other identifiable intangibles	6(g)	**(2,217,539)**	(1,111,568)
Depreciation expense	6(h)	**(278,506)**	(123,805)
Interest expense	6(i)	**(10,718,834)**	(8,070,225)
Impairment expense	6(j)	**(121,414,591)**	(25,685,583)
Other expenses	6(k)	**(19,918,991)**	(8,391,208)
Loss before tax		**(118,508,572)**	(19,814,746)
Income tax expense	7(a)	**1,975,742**	1,896,732
LOSS FOR THE YEAR		**(120,484,314)**	(21,711,478)
Attributable to:			
Unitholders		**(120,470,977)**	(21,711,478)
Non-controlling interests		**(13,337)**	-

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

[1] The consolidated financial statements of the Trust were restated to reflect changes as detailed in note 3(w).

Consolidated Statement of Other Comprehensive Income or Loss

FOR THE YEAR ENDED 30 JUNE 2016	Notes	2016	For the period ended 25 November 2014 to 30 June 2015 (Restated)[1]
		$	$
Loss for the year:		**(120,484,314)**	(21,711,478)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**14,901,115**	21,693,519
Net fair value gain on available-for-sale investments		**(207,599)**	3,403,094
Other comprehensive income for the year		**14,693,516**	25,096,613
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		**(105,790,798)**	3,385,135
Attributable to:			
Unitholders		**(105,777,461)**	3,385,135
Non-controlling interests		**(13,337)**	-

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

[1] The consolidated financial statements of the Trust were restated to reflect the changes as detailed in note 3(w).

Consolidated Statement of Financial Position

AS AT 30 JUNE 2016	Notes	30 June 2016 $	30 June 2015 (Restated)[1] $
CURRENT ASSETS			
Cash and cash equivalents	8(a)	**20,784,134**	39,288,137
Trade and other receivables	9	**8,089,130**	28,250,418
Other current assets	10(a)	**2,017,151**	3,225,316
TOTAL CURRENT ASSETS		**30,890,415**	70,763,871
NON-CURRENT ASSETS			
Available-for-sale investments	11	**23,262,382**	27,984,771
Investments held at fair value through profit or loss	12	**37,550,000**	-
Loans and other receivables	13	**5,295,915**	6,267,067
Investments accounted for using the equity method	14	**161,332,053**	270,733,657
Deferred tax		**31,490**	29,083
Property and equipment	15	**976,586**	1,077,028
Goodwill	16	**134,395,514**	215,832,449
Other identifiable intangible assets	17	**41,605,435**	42,648,392
Other non-current assets	10(b)	**7,383,423**	1,060,823
TOTAL NON-CURRENT ASSETS		**411,832,798**	565,633,270
TOTAL ASSETS		**442,723,213**	636,397,141
CURRENT LIABILITIES			
Trade and other payables	19	**24,107,078**	32,610,553
Deferred consideration – Aperio	20	**21,874,929**	-
Y- Redeemable preference units	21	-	18,591,500
Financial liability – Medley Capital	22	-	59,859,707
TOTAL CURRENT LIABILITIES		**45,982,007**	111,061,760
NON-CURRENT LIABILITIES			
Financial liabilities	23	**73,939,097**	71,306,887
TOTAL NON-CURRENT LIABILITIES		**73,939,097**	71,306,887
TOTAL LIABILITIES		**119,921,104**	182,368,647
NET ASSETS		**322,802,109**	454,028,494
EQUITY			
Units issued	24(a)	**547,596,022**	462,593,359
Reserves	24(e)	**39,790,129**	25,096,613
Retained losses	24(d)	**(264,571,001)**	(33,661,478)
Total equity attributable to unitholders		**322,815,150**	454,028,494
Non-controlling interests		**(13,041)**	-
TOTAL EQUITY		**322,802,109**	454,028,494

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

[1] The consolidated financial statements of the Trust were restated to reflect the changes as detailed in note 3(w).

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2016

	Note	Units issued $	Investment revaluation reserve $	Foreign currency translation reserve $	Retained losses $	Non-controlling interests $	Total $
AS AT 30 JUNE 2015 (restated)[1]		**462,593,359**	**3,403,094**	**21,693,519**	**(33,661,478)**	**-**	**454,028,494**
Total comprehensive (loss)/income for the year		**-**	**(207,599)**	**14,901,115**	**(120,470,977)**	**-**	**(105,777,461)**
Impact of disposal of equity accounted investments		**-**	**-**	**-**	**138,044**	**-**	**138,044**
Units issued during the year	24(b)	**90,002,654**	**-**	**-**	**-**	**-**	**90,002,654**
Units cancelled during the year	24(b)	**(4,999,991)**	**-**	**-**	**-**	**-**	**(4,999,991)**
Distributions paid/payable	24(c)	**-**	**-**	**-**	**(110,576,590)**	**-**	**(110,576,590)**
Non-controlling interests		**-**	**-**	**-**	**-**	**(13,041)**	**(13,041)**
AS AT 30 JUNE 2016		**547,596,022**	**3,195,495**	**36,594,634**	**(264,571,001)**	**(13,041)**	**322,802,109**

FOR THE PERIOD 25 NOVEMBER 2014 TO 30 JUNE 2015 (RESTATED)

	Note	Units issued $	Investment revaluation reserve $	Foreign currency translation reserve $	Retained losses $	Non-controlling interests $	Total $
AS AT 25 NOVEMBER 2014 (restated)[1]		417,550,244	-	-	-	-	417,550,244
Total comprehensive income/(loss) for the period		-	3,403,094	12,814,552	(12,832,511)	-	3,385,135
Units issued	24(b)	45,043,115	-	-	-	-	45,043,115
Distributions paid/payable	24(c)	-	-	-	(11,950,000)	-	(11,950,000)
AS AT 30 JUNE 2015		462,593,359	3,403,094	12,814,552	(24,782,511)	-	454,028,494
Impact of restatement	3(w)	-	-	8,878,967	(8,878,967)	-	-
AS AT 30 JUNE 2015 (restated)[1]		462,593,359	3,403,094	21,693,519	(33,661,478)	-	454,028,494

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

[1] The consolidated financial statements of the Trust were restated to reflect the changes as detailed in note 3(w).

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2016	Notes	2016 $	For the period ended 25 November 2014 to 30 June 2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**57,934,888**	49,781,923
Payments to suppliers and employees		**(67,340,937)**	(78,164,412)
Dividends and distributions received		**20,851,511**	14,522,329
Interest received		**230,451**	215,518
Interest repayment		**(4,444,308)**	(4,849,561)
Income tax paid[1]		**(2,701,823)**	(35,093)
NET CASH FLOWS GENERATED BY/(USED IN) OPERATING ACTIVITIES	8(b)	**4,529,782**	(18,529,296)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		**(125,015)**	(486,670)
Proceeds from disposal of property and equipment		**-**	2,761
Proceeds from disposal of available-for-sale investments		**-**	2,161,708
Purchase of available-for-sale investments		**(6,382,243)**	(2,234,039)
Repayment of loans by equity accounted investments		**1,352,194**	218,750
Advances to equity accounted investments		**-**	(1,550,000)
Payment for acquisition of a subsidiary		**-**	(9,499,344)
Purchase of equity accounted investments		**(23,666,063)**	(254,544)
Proceeds from disposal of equity accounted investments		**112,522,341**	-
Repayment of advance from related party		**(1,444,363)**	-
Net cash inflow from business combination		**-**	26,359,166
NET CASH FLOWS GENERATED BY INVESTING ACTIVITIES		**82,256,851**	14,717,788
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributions paid		**(20,899,927)**	-
Proceeds from issue of units		**-**	43,878,813
Repayment of borrowings		**(84,238,991)**	(1,490,398)
NET CASH FLOWS (USED IN)/GENERATED BY FINANCING ACTIVITIES		**(105,138,918)**	42,388,415
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(18,352,285)**	38,576,907
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**39,288,137**	-
EXCHANGE DIFFERENCES IN TRANSLATING FOREIGN CURRENCY		**(151,718)**	711,230
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	8(a)	**20,784,134**	39,288,137

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

Non-cash operating activities during the year were the settlement of distribution payable in the form of units and financing activities were the reinvestment of the distributions for the same amount of $85,002,663 (2015: acquisition of investments and other financial assets in exchange for issue of debt amounting to $76,869,029 and units amounting to $417,550,244).

[1] The income tax paid and reported is the income tax expense due from Australian subsidiaries such as TIS, GVI and Treasury RARE Holdings Pty Ltd (Treasury RARE) as detailed in note 3(g).

Notes to the Financial Statements

For the year ended 30 June 2016

1. General Information

These consolidated financial statements cover the Trust as an individual economic entity and the entities under its control (Group). The Trust is domiciled in Australia. The term of the Trust will end on the earlier of the date determined by direction of the unitholders as the date on which the Trust is to be terminated and the date on which the Trust is terminated under the Trust Deed or by law.

The Trustee for the Trust is Aurora Investment Management Pty Limited. The Trustee's registered office is Level 29, 259 George St Sydney NSW 2000.

The nature of operations and principal activities of the Trust are described in the Directors' Report.

2. Application of new and revised Accounting Standards

a. Amendments to Australian Accounting Standards Board (AASBs) and the new Interpretation that are mandatorily effective for the current year

In the current year, the Trust has applied two amendments to AASBs issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2015.

AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	This amendment completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing the Standard to effectively be withdrawn.
AASB 2015-4 'Amendments to Australian Accounting Standards - Financial Reporting Requirements for Australian Groups with a Foreign Parent'	The amendments to AASB 128 align the relief available in AASB 10 and AASB 128 in respect of the financial reporting requirements for Australian groups with a foreign parent. The amendments require that the ultimate Australian entity shall apply the equity method in accounting for interests in associates and joint ventures if either the entity or the group is a reporting entity, or both the entity and group are reporting entities.

The application of these amendments did not have any material impact on the disclosures or amounts recognised in the Trust's consolidated financial statements.

b. Standards and interpretations in issue not yet adopted

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers' and the relevant amending standards	1 January 2018	30 June 2019
AASB 16 'Leases'	1 January 2019	30 June 2020
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture', AASB 2015-10 'Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128'	1 January 2018	30 June 2019

At the date of this report, the potential effect of the standards and interpretations in issue not yet adopted in the financial statements has not yet been determined.

c. Early adoption of accounting standards

AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'

This Standard applies to annual reporting periods beginning on or after 1 January 2016. Earlier application is permitted for annual reporting periods beginning on or after 1 January 2005 but before 1 January 2016. The amendments to AASB 101 give some guidance on how to apply the concept of materiality in practice.

The Trust has elected to early adopt the requirements of the Standard for the year ended 30 June 2016. In applying this Standard the Trust has, taking into consideration all relevant facts and circumstances, reviewed and determined how it aggregates information and includes specific disclosures in the consolidated financial statements, which include the notes to the financial statements.

Notes to the Financial Statements

For the year ended 30 June 2016

3. Summary of significant accounting policies

a. Statement of compliance

These consolidated financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements and comply with other requirements of the law.

The consolidated financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Trust is a for-profit entity.

The consolidated financial statements were authorised for issue by the Board of Directors on 3 October 2016.

b. Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. Specifically, the Trust issued debts and units in the prior year in exchange for the respective businesses including their assets (except Celeste and del Rey Global Investments, LLC (del Rey)) of PAC and Northern Lights. All amounts are presented in Australian dollars, unless otherwise stated.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or is from estimates using another valuation technique. In estimating the fair value of an asset or a liability, the Trust takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2 'Share-based Payments', leasing transactions that are within the scope of AASB 117 'Leases' and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 'Inventories' or value in use in AASB 136 'Impairment of Assets'.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Trust and the entities under its control. Control is achieved when the Trust:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Trust reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Trust has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Trust considers all relevant facts and circumstances in assessing whether or not the Trust's voting rights in an investee are sufficient to give it power, including:

- the size of the Trust's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Trust, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Trust has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Notes to the Financial Statements

For the year ended 30 June 2016

3. Summary of significant accounting policies (continued)

c. Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Trust obtains control over the subsidiary and ceases when the Trust loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and consolidated statement of other comprehensive income or loss from the date the Trust gains control until the date when the Trust ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income or loss are attributed to the unitholders of the Trust and to the non-controlling interests. Total comprehensive income or loss of subsidiaries is attributed to the unitholders of the Trust and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Trust's accounting policies. The financial statements of the Australian and US subsidiaries are prepared for the same reporting period as the Trust (30 June) except SCI whose reporting period is 31 March. For consolidation purposes, the Trust consolidates the results of SCI by taking up results of 9 months to 31 March and pro-rata 3 months to 30 June to align its financial information as the Trust’s consolidated financial statements.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Trust are eliminated in full on consolidation.

d. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Service fees
Fees charged for providing administrative services to related companies are recognised as revenue as services are provided.

Management fees
Management fees on asset management activities are accrued as services are provided.

Interest income
Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Trust and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount on initial recognition.

Dividends and distributions
Dividends and distributions income from investments is recognised when the shareholder’s right to receive payment has been established. Dividends or distributions received from equity accounted investments in associates are not recognised in the profit or loss but are reduced from the equity accounted investments’ carrying values.

Carried interest
Carried interest is recognised when the services are provided and shareholder’s right to receive payment has been established.

e. Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating leases

Operating lease payments are recognised as an expense in the consolidated statement of profit or loss on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

f. Borrowing costs

Borrowing costs directly attributable to the acquisition of investment assets are capitalised as part of the loan and amortised over the term of the loan.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the Financial Statements

For the year ended 30 June 2016

3. Summary of significant accounting policies (continued)

g. Income tax

Under the Australian legislation, the Trust (as an individual entity) is not subject to income tax provided the taxable income of the Trust is fully distributed either by way of cash or reinvestment to its unitholders. The income of the Trust will be taxed in the hands of its unitholders. On this basis, no tax expense or deferred taxes are therefore recognised by the Trust.

The income tax expense reported in the consolidated statement of profit or loss and other comprehensive income or loss is the income tax expense of Australian subsidiaries such as TIS, GVI and Treasury RARE until it was sold on 21 October 2015.

The deferred tax asset reported in the consolidated statement of financial position are the deferred tax assets of the of Australian subsidiaries, TIS and GVI.

Deferred tax assets are calculated at the tax rates that are expected to apply to the period when the asset is realised and their measurement also reflects the manner in which management expects to recover the carrying amount of the related asset.

The provision for income tax reported in the consolidated statement of financial position is the income tax liability of Australian subsidiaries such as TIS, GVI and Treasury RARE.

On the other hand, Northern Lights MidCo, LLC (Midco) and its 100% owned subsidiaries are not residents for Australian tax purposes, therefore, the revenues and expenses of Midco are non-assessable non-exempt, thus, no income tax expense nor deferred tax assets and deferred tax liabilities are recognised.

h. Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value that is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity instruments issued by the Trust in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 ‘Income Taxes’ and AASB 119 ‘Employee Benefits’ respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Trust entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 ‘Share-based Payment’ at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 ‘Non-current Assets Held for Sale and Discontinued Operations’ are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Where the consideration transferred by the Trust in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the ‘measurement period’ (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139 ‘Financial Instruments: Recognition and Measurement’, or AASB 137 ‘Provisions, Contingent Liabilities and Contingent Assets’, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Trust’s previously held equity interest in the acquiree is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income or loss are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Notes to the Financial Statements

For the year ended 30 June 2016

3. Summary of significant accounting policies (continued)

h. Business combination (continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Trust reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Goodwill acquired in business combination

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business.

For the purposes of impairment testing, goodwill is allocated to each of the Trust' cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Trust's policy for goodwill arising on the acquisition of an associate is described in note 3(k) below.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

Other identifiable intangible assets (with finite lives) acquired in a business combination

Other identifiable intangible assets with finite lives acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, other identifiable intangible assets with finite lives acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. These are amortised on straight line basis over their estimated useful life.

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Trust reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Trust estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is equal to the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Notes to the Financial Statements

For the year ended 30 June 2016

3. Summary of significant accounting policies (continued)

h. Business combination (continued)

Impairment of tangible and intangible assets other than goodwill (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

i. Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position consist of cash at bank and in hand and short-term deposits with an original maturity of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

j. Trade and other receivables

Trade receivables, which are generally on 30 days terms, are recognised at fair value and subsequently valued at amortised cost using the effective interest method, less any allowance for uncollectible amounts. Cash flows relating to short term receivables are not discounted as any discount would be immaterial.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Trust will not be able to collect the debt. Financial difficulties of the debtor or default payments are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

k. Investments in associates

An associate is an entity over which the Trust has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5 ‘Non-current Assets Held for Sale and Discontinued Operations’. Under the equity method, an investment in an associate is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the Trust's share of the profit or loss and other comprehensive income or loss of the associate. When the Trust’s share of losses of an associate exceeds the Trust’s interest in that associate (which includes any long-term interests that, in substance, form part of the Trust's net investment in the associate), the Trust discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Trust has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Trust’s share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Trust's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of AASB 139 ‘Financial Instruments: Recognition and Measurement’ are applied to determine whether it is necessary to recognise any impairment loss with respect to the Trust’s investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 ‘Impairment of Assets’ as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

Notes to the Financial Statements

For the year ended 30 June 2016

3. Summary of significant accounting policies (continued)

k. Investments in associates (continued)

The Trust discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Trust retains an interest in the former associate and the retained interest is a financial asset, the Trust measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with AASB 139. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Trust accounts for all amounts previously recognised in other comprehensive income or loss in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income or loss by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Trust reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Trust continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When an entity transacts with an associate of the Trust, profits and losses resulting from the transactions with the associate are recognised in the Trust's consolidated financial statements only to the extent of interests in the associate that are not related to the Trust.

The financial statements of the equity accounted investments that are domiciled in Australia are prepared for in the same reporting period as the Trust (30 June). For the US domiciled equity accounted investments, their reporting period varies between 31 December and 31 March. For equity accounting purposes, the Trust takes up the proportionate share of the net profits/losses of these US domiciled investments based on their pro-rata financial statements to align the period covered of the proportionate share of their net profits/losses to be the same as the Trust.

l. Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Major depreciation methods and periods are:

Furniture & fittings:	5 – 10 years	straight line
Office equipment:	3 – 5 years	straight line
Leasehold improvements:	1 – 5 years	straight line

Property and equipment are depreciated based on the cost of the assets over their useful lives, which range from three to ten years, with the exception of leasehold improvements that are depreciated using straight-line methods over the shorter of their useful lives or the lease term.

The assets’ residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

Disposal

An item of property and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Notes to the Financial Statements

For the year ended 30 June 2016

3. Summary of significant accounting policies (continued)

m. Financial instruments

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

(i) Financial assets at FVTPL

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Trust's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item. Fair value is defined as a market-based measurement, not an entity-specific measurement.

(ii) AFS financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) FVTPL.

The Trust has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value (because the directors consider that fair value can be reliably measured). Fair value is defined as above. Gains and losses arising from changes in fair value are recognised in other comprehensive income or loss and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Trust's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income or loss.

Notes to the Financial Statements

For the year ended 30 June 2016

3. Summary of significant accounting policies (continued)

m. Financial instruments (continued)

(iii) Loans receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

(iv) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity instruments, including listed or unlisted shares, objective evidence of impairment includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of the security below its cost is considered to be an objective evidence of impairment for unlisted shares classified as available-for-sale.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- breach of contract, such as a default or delinquency in interest or principal repayments;
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Trust's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income or loss are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income or loss and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Notes to the Financial Statements

For the year ended 30 June 2016

3. Summary of significant accounting policies (continued)

m. Financial instruments (continued)

(v) Derecognition of financial assets

The Trust derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Trust neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Trust recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Trust retains substantially all the risks and rewards of ownership of a transferred financial asset, the Trust continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income or loss and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Trust retains an option to repurchase part of a transferred asset), the Trust allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income or loss is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income or loss is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities and equity instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

(i) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Trust are recognised at the proceeds received, net of direct issue costs. Repurchase of the Trust’s own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Trust’s own equity instruments.

(ii) Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition

(iii) Derecognition of financial liabilities

The Trust derecognises financial liabilities when, and only when, the Trust’s obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Notes to the Financial Statements

For the year ended 30 June 2016

3. Summary of significant accounting policies (continued)

m. Financial instruments (continued)

Hedges of net investments in foreign operations

Debt instruments such as Seizert Notes Payable and X-RPU are designated as hedged instruments in respect of foreign currency risk as hedge of net investments in foreign operation.

At the inception of the hedge relationship, the relationship between the hedged instruments (Seizert Notes Payable and X-RPU) and the hedged item (net investment of Midco) all of which are based in USD, along with its risk management objectives and the strategy for undertaking various hedge transactions are documented. Furthermore, at the inception of the hedge and on an ongoing basis, the documentation shows whether the hedged instruments are highly effective in offsetting the changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income or loss and accumulated under the heading of foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.

n. Trade and other payables

Trade payables and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Trust prior to the end of the financial year that are unpaid and arise when the Trust becomes obliged to make future payments in respect of the purchase of the goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

o. Provisions

Provisions are recognised when the Trust has a present obligation (legal or constructive) as a result of a past event, it is probable that the Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

p. Goods and services tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

q. Y- Redeemable preference units (Y- RPUs)

A liability is recognised at fair value of the consideration received. After initial recognition, the Y-RPU is subsequently measured at amortised cost using the effective interest yield method, with interest accrued and recognised in the statement of profit or loss.

r. X- Redeemable preference units (X- RPUs)

A liability is recognised at fair value of the consideration received. The X-RPU instrument is periodically fair valued and the interest is subsequently measured at amortised cost using the effective interest yield method.

Notes to the Financial Statements

For the year ended 30 June 2016

3. Summary of significant accounting policies (continued)

s. Units issued for A and B

Units on issue (Class A and B) are classified as equity.

The following are the rights of Class A units:

- One vote per Class A unit
- Entitlement to the "PAC Initial Return" on the winding up of the Trust where the RPUs have been fully redeemed and to the extent that it is not inconsistent with section 6.2 of the Partnership Allocation Deed
- Entitlement to receive tax advances to fund the payment of the unitholder's tax liabilities
- Entitlement to annual Trust distributions in accordance with clause 9 of the Trust Deed

The following are the rights of Class B units:

- One vote per Class B unit;
- Entitlement to the "Class B Initial Return" on the winding up of the Trust where the RPUs have been fully redeemed and to the extent that it is not inconsistent with section 6.2 of the Partnership Allocation Deed
- Entitlement to receive tax advances to fund the payment of the unitholder's tax liabilities
- Entitlement to annual Trust distributions in accordance with clause 9 of the Trust Deed
- Subject to certain conditions and adjustments as set out in the Exchange Deed and Article IX of the Partnership Allocation Deed, Class B Units are exchangeable (at the holder's election) to PAC shares at the following ratios:
  - Any time from 24 November 2014 – 2 PAC shares for every 3 Class B units or B-1 units
  - Any time from 24 November 2017 – 5 PAC shares for every 6 Class B units or B-1 units
  - In the event of takeover – 1 PAC share for each Class B units
  - In the event of Qualified Public Offering (QPO) does not occur during QPO period, for an exchange occurring on and from the expiration of the QPO period – 1 PAC share for each Class B units

t. Units issued for A-1 and B-1

The following are the features of Class A-1 units:

- Class A-1 units are subject to vesting, which will be deemed to occur when PAC shares are issued in respect of the "PAC Performance Rights" corresponding to each relevant Class A-1 Unit. Prior to vesting, Class A-1 Units are not entitled to any distributions of distributable cash. However, once vested, Class A-1 units have the same rights, preferences and privileges as Class A units.

The following are the features of Class B-1 units:

- Class B-1 units do not have rights to vote;
- Class B-1 units are subject to vesting. As set out in section 4 of Schedule 4 of the Trust Deed, vesting occurs at specified rates upon the exchange of Class B units and a Liquidity Event;
- Entitlement to receive tax advances to fund the payment of the unitholder's tax liabilities;
- Entitlement to annual Trust distributions in accordance with clause 9 of the Trust Deed; and
- Vested Class B-1 units may be exchanged for PAC shares in substantially the same way as Class B units. No unvested Class B-1 unit may be exchanged.

Notes to the Financial Statements

For the year ended 30 June 2016

3. Summary of significant accounting policies (continued)

u. Foreign currencies

The consolidated financial statements of the Trust are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of the Trust are expressed in Australian dollars (A$), which is the functional currency of the Trust and the presentation currency for the consolidated financial statements.

In preparing the consolidated financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income or loss and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Trust's foreign operations are translated into A$ using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income or loss and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Trust's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the Trust are reclassified to profit or loss.

For partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Trust losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income or loss.

v. Going concern

Notwithstanding the Trust has a net current liability position as at 30 June 2016, the Board of Directors believes that the Trust remains a going concern on the basis that it can satisfy its obligations through its own capacity. The Trustee continues to consider changes to the capital structure and possible asset sales to support the payment of liabilities as and when they arise.

w. Comparatives and restatement of financial information

During the current financial year, additional information became available with respect to the 2015 financial year. The Trust has restated the comparatives in the consolidated financial statements to recognise the following adjustment:

Finalisation of PPA of the Trust

There was a PPA adjustment in the determination of net assets of the Trust that were contributed by Northern Lights. The liabilities brought to the Trust were understated by A$8.9m (US$7.0m). As a consequence, there was an adjustment to the fair value of the AFS investment securities acquired from Northern Lights, indicating the fair value of one specific AFS investment security's fair value was not supportable at period end. An impairment of the AFS investment security was recognised by the Trust.

	Previously stated 2015 $	Adjustment 2015 $	Restated 2015 $
Impairment expense	16,806,616	8,878,967	25,685,583
(Losses) for the period attributable to unitholders	(12,832,511)	(8,878,967)	(21,711,478)
Foreign currency translation reserve	12,814,552	8,878,967	21,693,519
Retained losses for the period	(24,782,511)	(8,878,967)	(33,661,478)

Notes to the Financial Statements

For the year ended 30 June 2016

4. Financial risk management objectives and policies

The Trust's principal financial instruments comprise of cash and cash equivalents, available-for-sale investments, investments held at fair value through profit and loss, receivables and payables.

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the consolidated financial statements.

Risk exposures and responses

Interest rate risk

The Trust's direct exposure to market interest rates relates primarily to the Trust's cash and cash equivalents.

At the balance date, the Trust had the following financial assets exposed to global variable interest rate risk:

	2016	2015
	$	$
Financial assets		
Cash and cash equivalents	**20,784,134**	39,288,137
	20,784,134	39,288,137

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance date.

If interest rates had moved during the year as illustrated in the table below (using an average cash balance), with all other variables held constant, profit/(losses) would have been affected as follows:

	Pre-tax profit/(losses)	
	Higher /(lower)	
	2016	2015
	$	$
Consolidated		
+0.75% [2015:0.75%]/ (75 basis points), [2015:75 basis points]	**339,057**	152,046
- 0.75% [2015:0.75%]/ (75 basis points), [2015:75 basis points]	**(339,057)**	(152,046)

The movements in profit/(losses) are due to higher/lower interest income from cash and cash equivalents.

The Trust's profit and reserves do not have any significant sensitivity to fixed interest rate risk as the loans made by the Trust to its related parties, which are the only assets or liabilities exposed to fixed interest rate risk, are carried at amortised cost.

Credit risk

Credit risk arises from the financial assets of the Trust, which comprise cash and cash equivalents and trade and other receivables. The Trust's exposure to credit risk arises from potential default of the counterparty, with the maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Trust does not hold any credit derivatives to offset its credit exposure.

The Trust trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Trust's policy to securitise its trade and other receivables.

Receivables balances and loans made to related entities are monitored on an ongoing basis at Board level and remain within approved levels, with the result that the Group's exposure to bad debts is not significant.

Liquidity risk

As at the end of year, the Trust's current liabilities exceed current assets. This is driven by the deferred consideration due to Aperio at the end of the calendar year 2016. The Board of Directors is confident of satisfying the Trust's net current liabilities through its own capacity. The Trustee continues to consider changes to the capital structure and possible asset sales to support the payment of liabilities as and when they arise.

Price risk

For the investments that are classified as available-for-sale, movements in market value are captured in an investment revaluation reserve and do not impact reported profit unless they are deemed to be impaired at reporting date.

For the investments that are classified as FVTPL, movements in market value are captured in the profit or loss as unrealised gains or losses.

Notes to the Financial Statements

For the year ended 30 June 2016

4. Financial risk management objectives and policies (continued)

Foreign currency risk

Consolidated statement of financial position

The Trust is an international multi-boutique business with operations primarily attributable to Australia and the USA and the impact of foreign currency translations are taken up in the equity reserves of the Trust as disclosed in note 3(u) to the consolidated financial statements.

Consolidated statement of profit or loss

Profits and losses are translated at an average exchange rate. A falling A$ relative to the US dollar results in a higher net profit in the Trust. The day to day expenses in Australia and USA operations are funded within the local operations.

Fair value measurements recognised in the statement of financial position

Some of the Trust's available-for-sale assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these available-for-sale assets of the Trust is determined (in particular, the valuation techniques and inputs used):

Financial assets/financial liabilities	Fair values at		Fair value Hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable input
	2016 $	2015 $				
1. Units in managed investment trusts	**100**	800	Level 2	The fair value of the unlisted available-for-sale investments is based on the current unit price of the investments that is determined by the value of the underlying investments of the unit trust.	Not required	Not required
2. Investment in Aubrey Capital Management (Aubrey) - convertible preference shares	**1,313,005**	775,602	Level 3	The 2016 fair value represents the proposed sale price. For 2015, the fair value is based on discounted cash flow. Future cash flows are determined based on current FUM of the business using various growth rates discounted at 18%.	Not required 18% discount rate. Long term revenue growth rates, taking into account management's experience and knowledge of market conditions of the specific industries.	Not required The higher the discount rate, the lower the fair value. The higher the growth rate, the higher the fair value.
3. Investment in Freehold Investment Management (FIM) – warrants and options	-	702,658	Level 3	2016 - this became an associate in the current year, hence no longer fair valued. For 2015, the fair value is based on discounted cash flow. Future cash flows are determined based on current FUM of the business using various growth rates discounted at 18%.	Not required 18% discount rate. Long term revenue growth rates, taking into account management's experience and knowledge of market conditions of the specific industries.	Not required The higher the discount rate, the lower the fair value. The higher the growth rate, the higher the fair value.

Notes to the Financial Statements

For the year ended 30 June 2016

4. Financial risk management objectives and policies (continued)

Fair value measurements recognised in the statement of financial position (continued)

Financial assets/financial liabilities	Fair values at		Fair value Hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable input
	2016 $	2015 $				
4. Investment in EAM Global Investors, LLC (EAM)	**14,539,994**	14,777,847	Level 3	Discounted cash flow. Future cash flows are determined based on current FUM of the business using various growth rates discounted at 15%.	15% discount rate Long term revenue growth rates, taking into account management's experience and knowledge of market conditions of the specific industries.	The higher the discount rate, the lower the fair value. The higher the growth rate, the higher the fair value.
5. Investment in Nereus	**5,259,498**	11,727,864	Level 3	Discounted cash flow. Future cash flow are determined from expected proceeds from the sale of the solar business in 2018.	17% discount rate The sale of solar business in 2018 with a proceeds based on an assumed 12% annualised return on equity for the buyer, employing leverage through 14- year loan with a 10.5% interest rate and straight line amortisation.	The higher the discount rate, the lower the fair value. The higher the growth rate, the higher the fair value.
6. Investment in GQG	**2,149,785**	-	Level 3	Cost. This was acquired on 2 June 2016 hence acquisition cost is determined to be the best estimate of fair value.	Not required	Not required
7. Investment in RARE	**37,550,000**	-	Level 3	Discounted cash flow. Future cash flows are determined based on current FUM of the business using various growth rates discounted at 12%.	12% discount rate Long term revenue growth rates, taking into account management's experience and knowledge of market conditions of the specific industries.	The higher the discount rate, the lower the fair value. The higher the growth rate, the higher the fair value.
8. Contingent debt instrument (X-RPU)	**(43,562,157)**	(47,694,362)	Level 3	Discounted cash flow. Future cash flows are determined based on current FUM of the businesses using various growth rates, expected forecasts and expected timing. For further details, refer to note 5 on significant accounting, estimates and assumptions for contingent debt instrument.	6% discount rate Long term revenue growth rates, expected forecasts and expected timing of settlement of instrument taking into account management's experience and knowledge of market conditions of the specific industries.	The higher the discount rate, the lower the fair value. The higher the growth rate, the higher the fair value.

Notes to the Financial Statements

For the year ended 30 June 2016

4. Financial risk management objectives and policies (continued)

Fair value measurements recognised in the statement of financial position (continued)

The fair values of the available-for-sale assets included in the level 2 and 3 categories have been determined in accordance with generally accepted pricing models based a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

The available-for-sale investments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as market prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between any levels.

5. Critical accounting judgments and key sources of estimation uncertainty

The preparation of the consolidated financial statements requires the Trustee to make judgments, estimates and assumptions that affect the reported amounts in the consolidated financial statements. The Trustee continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. The Trustee bases its judgments and estimates on experience and other factors, including expectations of future events that may have an impact on the Trust. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to the Trustee. Actual results may differ from the judgments, estimates and assumptions.

Significant accounting judgments, estimates and assumptions

Significant judgments, estimates and assumptions made by the Trustee in the preparation of these consolidated financial statements are outlined below:

Valuation of investments

In preparing the consolidated financial statements of the Trust, the Trustee needs to exercise significant judgment in areas that are highly subjective. The valuation of assets and the assessment of carrying values of investments requires that a detailed valuation be undertaken which reflects assumptions on markets, manager performance and expected growth to project future cash flows that are discounted at a rate that imputes relative risk and cost of capital considerations.

Impairment of investments and goodwill

At the end of each reporting period, the Trustee is required to assess the carrying values and the level of goodwill of each of the underlying assets of the Trust. Should assets underperform or not meet expected growth targets from prior expectations, a resulting impairment of the investments and goodwill is recognised if that deterioration in performance is deemed not be derived from short term factors such as market volatility. Factors that are considered in assessing possible impairment in addition to financial performance include changes to key investment staff, significant investment underperformance and litigation. Impairments of goodwill cannot be reversed if a business recovers or exceeds previous levels of financial performance. Impairment of goodwill that forms part of equity accounted investment carrying value can be reversed in limited circumstances. A significant or prolonged decline in the fair value of equity accounted associate below its cost is also an objective evidence of impairment.

Notes to the Financial Statements

For the year ended 30 June 2016

5. Critical accounting judgments and key sources of estimation uncertainty (continued)

Significant accounting judgments, estimates and assumptions (continued)

PPA

During the prior year and in any subsequent acquisition of assets by the Trust, the Trustee ensures that the investments are originally accounted as required under Purchase Price Allocation. Typically, the Trustee will engage an independent expert to determine identifiable intangible assets such as customer relationships, brand and trademarks and intellectual property in addition to goodwill.

Useful lives of other identifiable intangibles

The estimated useful lives of other identifiable intangibles are determined at acquisition through an external expert valuation process.

Contingent debt instrument X-RPU

The X-RPU is issued to the members of Northern Lights. The value is contingent on the relative financial performance of the legacy Northern Lights alternative investments managers (Raven, Nereus, Goodhart Partners LLP (UK), EAM, Blackcrane Capital, LLC (Blackcrane) and NLAA) compared to the expected financial performance of the legacy Treasury Group alternative investment managers (ROC Partners Pty Limited (Roc Partners) and Aubrey)) over a period of seven years from 21 November 2014. This instrument is periodically fair valued and the determination of the fair value is subject to significant assumptions about future growth in the earnings of the managers which operate in different asset classes and geographical markets. Refer note 23 for further details on X-RPU.

Discount rate on contingent debt instrument X-RPU and Y-RPU

The determination of the discount rate of 6% applied to the debt instruments (contingent debt and Y-RPU) is subject to significant judgment. This is based on the assessment of the Trustee by benchmarking the RPUs against the external debts outstanding as at 1 July 2015 (Medley Capital debt subject to an interest rate of three-month LIBOR + 9.5% and the Seizert Notes Payable issued as deferred consideration for the Seizert acquisition which is subject to an interest of twelve-month LIBOR + 5%). The external debt are instruments negotiated on an arm’s length basis and demonstrate pricing of such debt when there is reduced familiarity and information symmetry between the issuer and holder.

When comparing the assessment of risk and the pricing of debt, the asymmetry in the knowledge and familiarity with the business will have a direct impact on the pricing of the different forms of debt. An external lender would typically overlay a higher cost of debt to a newly merged business where there are a number of conditions precedent for the deal to be completed and no previous track record or relationship with management or underlying assets.

The X-RPU unitholders will be required to fund the interest cost of any borrowing that the Trust undertakes to repay the RPU. If it is likely that the threshold event is unlikely to be achieved, the Trustee is not required to redeem the X-RPU class and the terms can therefore be extended. By implication of these features, the risk premium reflected in the discount rate applied by the Trust must be significantly less that than that applied by the external debt provider. It is arguable that the discount to the margin applied to the interbank rate would be in the range of 30%-50%.

The interbank rate used is twelve-month LIBOR which is approximately 1.5%. Based on the holders of RPU debt also being unitholders and the economic and risk exposure of the two, a premium over LIBOR of 4.5% is applied.

Estimation of repayment obligation on contingent debt instrument X-RPU

The contingent debt X-RPU is discounted at 6%. Discount period is two years and discounted further for the likelihood that the redemption price would be required to be repaid within seven years after 24 November 2014. To determine the likelihood of the repayment, consideration was given to the earnings projections of the Northern Lights legacy alternative portfolio as compared to the Treasury Group legacy alternative portfolio and the relative spread between the earnings of the two groups over each of the seven years following the transaction.

Notes to the Financial Statements

For the year ended 30 June 2016

	2016	For the period ended 25 November 2014 to 30 June 2015
	$	$
6. REVENUES AND EXPENSES		
(a) Revenues		
Fee income		
Fund management fees	**33,387,799**	21,371,040
Service fees	**1,041,278**	4,830,005
Total fee income	**34,429,077**	26,201,045
Dividends and distributions		
Dividends from investments	**1,241,419**	-
Total dividends and distributions	**1,241,419**	-
Interest		
Related parties - Associates	**422,447**	286,132
Other persons/corporations	**191,023**	151,876
Total interest	**613,470**	438,008
Other income		
Commission revenue	**1,014,695**	928,323
Retainer revenue	**818,696**	592,989
Other income	**283,047**	1,327,992
Total other income	**2,116,438**	2,849,304
Total revenues	**38,400,404**	29,488,357

(b) Net gains from investments		
Net gain on equity restructure of IML	**1,534,613**	-
Gain on revaluation of 10% FVTPL investment in RARE	**715,819**	-
Gain on equity restructure of FIM	**272,639**	-
Gain on disposal of Treasury Group Nominees Pty Ltd (TGN)	**1,575**	-
Total net gains from investments	**2,524,646**	-

Notes to the Financial Statements

For the year ended 30 June 2016

	Notes	2016	For the period ended 25 November 2014 to 30 June 2015
		$	$
6. REVENUES AND EXPENSES (continued)			
(c) Net gains recognised on disposal of interest in former associates			
Net gain on disposal of equity accounted investment in RARE		**13,081,836**	-
Gain on disposal of equity accounted investment in Octis		**202,288**	-
Loss on disposal of equity accounted investment in Orion		**(8,205)**	-
Total net gains recognised on disposal of interest in former associates		**13,275,919**	-
(d) Share of net profits of equity accounted investments			
Share of net profits of associates		**10,851,048**	15,276,555
Total share of net profits of equity accounted investments		**10,851,048**	15,276,555
(e) Salaries and employee benefits expenses			
Salaries and employee benefits		**29,012,128**	14,737,646
Total salaries and employee benefits expenses		**29,012,128**	14,737,646
(f) Establishment costs			
Establishment costs		**-**	6,459,623
Total establishment costs		**-**	6,459,623
(g) Amortisation of other identifiable intangibles			
Management rights	17	**1,999,984**	1,002,070
Brand and trademark	17	**-**	-
Customer relationship	17	**217,555**	109,498
Total amortisation of other identifiable intangibles		**2,217,539**	1,111,568
(h) Depreciation expense			
Furniture & fittings	15	**42,987**	17,387
Office equipment	15	**108,879**	32,944
Leasehold improvements	15	**114,122**	61,888
Software	15	**12,518**	11,586
Total depreciation expense		**278,506**	123,805

Notes to the Financial Statements

For the year ended 30 June 2016

	2016	For the period ended 25 November 2014 to 30 June 2015
	$	$
6. REVENUES AND EXPENSES (continued)		
(i) Interest expense		
Medley Capital long term liability[1]	**6,070,609**	4,167,127
Notes payable – Seizert	**1,208,937**	753,311
Y- RPU[2]	**1,049,405**	637,729
X-RPU	**2,134,951**	1,631,075
Unwind of discount relating to share of retention payments to RARE	**254,932**	-
Loan from PAC[3]	-	880,983
Total interest expense	**10,718,834**	8,070,225

[1] The Medley Capital debt facility was fully paid on 4 January 2016.

[2] The Y-RPU debt instrument was paid on 23 May 2016.

[3] The loan from PAC was paid on 13 April 2015.

(j) Impairment expense		
Impairment of available-for-sale investments:		
- Nereus	**11,212,884**	8,878,967
- WHV Investment Management (WHV)	-	16,806,616
Impairment of equity accounted investments:		
- Raven	**9,659,917**	-
- Celeste	**4,829,314**	-
- AlphaShares	**3,030,325**	-
- TAMRO	**1,713,430**	-
- Orion	**1,299,173**	-
- NLAA	**368,815**	-
Impairment of goodwill:		-
- Seizert	**85,307,202**	-
- TIS	**3,284,537**	-
- GVI	**698,568**	-
Other	**10,426**	-
Total impairment expense	**121,414,591**	25,685,583

Notes to the Financial Statements

For the year ended 30 June 2016

	2016	For the period ended 25 November 2014 to 30 June 2015
	$	$
6. REVENUES AND EXPENSES (continued)		
(k) Other expenses		
Legal and compliance fees	**4,398,188**	1,654,880
Commission and sales and marketing expenses	**834,759**	1,043,637
Insurance expense	**980,400**	919,454
Rent expense	**1,679,832**	875,203
Travel and entertainment	**2,662,680**	841,134
Auditors' remuneration	**1,792,710**	825,536
Write-off of other receivables – Raven	**1,167,676**	-
Net foreign exchange loss/(gain)	**3,132,897**	(711,230)
Other expenses	**3,269,849**	2,942,594
Total other expenses	**19,918,991**	8,391,208

Notes to the Financial Statements

For the year ended 30 June 2016

	2016	For the period ended 25 November 2014 to 30 June 2015
	$	$
7. INCOME TAX		
(a) Income tax expense recognised in the statement of profit or loss		
The major components of income tax expense are:		
Current tax		
In respect of the current year	**1,036,760**	1,829,249
In respect of the prior year[1]	**941,389**	-
Deferred tax		
In respect of the current year	**(2,407)**	67,483
Total income tax expense recognised in the statement of profit or loss	**1,975,742**	1,896,732

[1] This arose as a result of the timing of recognition of distribution income between accounting and tax purposes at Treasury RARE during the year 2015.

(b) Reconciliation between aggregate income tax expense recognised in the statement of profit or loss and income tax expense calculated per the statutory income tax rate		
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Australian domiciled subsidiaries applicable income tax rate is as follows:		
Accounting loss before income tax:	**(118,508,572)**	(19,814,746)
At prima-facie income tax expense based on income tax rate of 30% (2015:30%)	**(35,552,572)**	(5,944,424)
Non-taxable losses of the Trust	**2,606,173**	2,563,540
Exempt losses of a non-resident subsidiary of the Trust	**33,980,752**	5,277,616
Under provision in the prior year	**941,389**	-
Income tax expense recognised in the statement of profit or loss	**1,975,742**	1,896,732

Notes to the Financial Statements

For the year ended 30 June 2016

	2016	2015
	$	$
8. CASH AND CASH EQUIVALENTS		
(a) Reconciliation of cash and cash equivalents		
Cash balance comprises:		
– cash at bank and on hand	**20,784,134**	39,288,137
Closing cash balance	**20,784,134**	39,288,137
(b) Reconciliation		
Loss for the year	**(120,484,314)**	(21,711,478)
Adjustments for		
Share of net profits of equity accounted investments	**(10,851,048)**	(15,276,555)
Dividends and distributions received from equity accounted investments	**18,146,470**	15,329,539
Impairment expense	**121,414,591**	25,685,583
Net gains recognised on disposal of interest in former associates	**(13,275,919)**	-
Net gains from investments	**(2,524,646)**	-
Write off of other receivables	**1,167,676**	-
Amortisation of other identifiable intangibles	**2,217,539**	1,111,568
Non-cash transaction costs	**-**	1,164,300
Depreciation expense	**278,506**	123,805
Net foreign exchange loss/(gain)	**3,132,897**	(711,230)
Non-cash interest on loans to equity accounted investments	**(381,042)**	(218,491)
Non-cash interest on debt facility	**2,389,883**	198,549
Others	**223,280**	(139,981)
Changes in assets and liabilities		
Decrease/(increase) in trade and other receivables	**20,161,288**	(16,988,871)
Decrease/(increase) in other current assets	**1,208,165**	(762,288)
(Increase) in deferred tax	**(2,407)**	(67,483)
(Increase) in other non-current assets	**(6,322,600)**	(488,315)
(Decrease) in trade and other payables	**(13,177,474)**	(6,531,260)
Increase in accrued interest on notes payable to Seizert	**1,208,937**	753,312
Net cash flows generated by/(used in) operating activities	**4,529,782**	(18,529,296)

NON-CASH TRANSACTIONS

Non-cash operating activities during the year were the settlement of distribution payable in the form of units and financing activities were the reinvestment of the distributions for the same amount of $85,002,663 (2015: acquisition of investments and other financial assets in exchange for issue of debt amounting to $76,869,029 and units amounting to $417,550,244).

Notes to the Financial Statements

For the year ended 30 June 2016

	2016	2015
	$	$
9. TRADE AND OTHER RECEIVABLES		
Trade receivables	**5,944,494**	20,184,495
Other receivables[1]	**-**	1,167,676
Interest receivables	**2,833**	3,999
Related party receivables		
- Associates - Dividend	**2,038,383**	3,208,800
- Distribution	**39,919**	3,018,480
- Others	**63,501**	666,968
	8,089,130	28,250,418

[1] Receivables from Raven were written off as at 30 June 2016.

Related party receivables

For terms and conditions of related party receivables refer to Note 29.

10. OTHER CURRENT AND NON-CURRENT ASSETS

(a) Other current assets

	2016	2015
Prepayments	**1,995,662**	3,197,844
Other current assets	**21,489**	27,472
	2,017,151	3,225,316

(b) Other non-current assets

	2016	2015
Security deposit – HSBC shareholder guarantee[1]	**6,718,173**	-
Other security deposits	**665,250**	1,060,823
	7,383,423	1,060,823

[1] Pursuant to and in connection with the Aurora Share Subscription and Assignment Deed, dated 28 July 2015, by and between Hareon Solar Singapore Private Limited (Hareon), the Trustee, Nereus Capital Investments (Singapore) Pte. Ltd (NCI), and Nereus Holdings LP (Nereus), whereby the Trust agreed to make a contingent "Additional Contribution" to NCI of up to US$25,000,000, the Trust further agreed to place US$5,000,000 in an escrow account with the Hongkong and Shanghai Banking Corporation Limited Singapore (the Escrow Account). The amounts can be drawn upon by NCI if and when certain prescribed thresholds with regard to annual revenues of NCI are not achieved. The Trust shall contribute additional amounts to the Escrow Account equal to any amounts drawn down by NCI pursuant to the previous sentence, so that the balance of the Escrow Account will be US$5,000,000. The account will be closed and all funds distributed to the Trust at the redemption of the Class H Shares of NCI, which are held by Hareon. NCI currently expects to redeem all Class H Shares in January 2018.

Notes to the Financial Statements

For the year ended 30 June 2016

	2016	2015
	$	$
11. AVAILABLE-FOR-SALE INVESTMENTS		
- Investment in Aubrey[1]	**1,313,005**	775,602
- Investment in FIM[2]	**-**	702,658
- Investment in EAM[3]	**14,539,994**	14,777,847
- Investment in Nereus*	**5,259,498**	11,727,864
- Investment in GQG˜	**2,149,785**	-
- Investment in WHV	**-**	-
- Unlisted shares in other corporations	**100**	800
Total available-for-sale investments	**23,262,382**	27,984,771

[1] The fair value as at 30 June 2016 represented the proposed sale price of this investment.

[2] The investment in FIM was recognised as equity accounted associate as at 30 June 2016 due to impact of equity restructure in FIM.

[3] The fair value as at 30 June 2016 was based on net present value of the discounted cash flows of this investment. The change in fair value reflects movement in fair value between reporting periods, including movements of foreign exchange rates.

* The fair value was based on the net present value of discounted cash flows of this investment. Future cash flows were determined from expected proceeds from the sale of the solar business in 2018. The change in fair value reflects movement in fair value between reporting periods, including movements of foreign exchange rates.

˜ The fair value as at 30 June 2016 was the acquisition cost which is determined to be the best estimate of fair value. This security was acquired on 2 June 2016.

2016	Beginning balance	Additions	Reclassification /redemption	Mark to market valuation	Impairment	Foreign currency movement	Total
Investment in Aubrey	**775,602**	**-**	**-**	**537,403**	**-**	**-**	**1,313,005**
Investment in FIM[2]	**702,658**	**-**	**(702,658)**	**-**	**-**	**-**	**-**
Investment in EAM	**14,777,847**	**-**	**-**	**(571,759)**	**-**	**333,906**	**14,539,994**
Investment in Nereus	**11,727,864**	**4,232,435**	**-**	**(69,516)**	**(11,212,884)**	**581,599**	**5,259,498**
Investment in GQG	**-**	**2,149,808**	**-**	**-**	**-**	**(23)**	**2,149,785**
Unlisted shares in other corporations	**800**	**-**	**(700)**	**-**	**-**	**-**	**100**
Balance	**27,984,771**	**6,382,243**	**(703,358)**	**(103,872)**	**(11,212,884)**	**915,482**	**23,262,382**

2015 (Restated)	Beginning balance	Additions	Redemption	Mark to market valuation	Impairment	Foreign currency movement	Total
Investment in Aubrey	775,602	-	-	-	-	-	775,602
Investment in FIM	702,658	-	-	-	-	-	702,658
Investment in EAM	10,329,314	-	-	3,103,837	-	1,344,696	14,777,847
Investment in Nereus	16,383,416	2,234,039	-	69,516	(8,878,967)	1,919,860	11,727,864
Investment in WHV	15,314,378	-	-	-	(16,806,616)	1,492,238	-
Investment in Octis	2,161,540	-	(2,161,540)	-	-	-	-
Unlisted shares in other corporations	900	-	(100)	-	-	-	800
Balance	45,667,808	2,234,039	(2,161,640)	3,173,353	(25,685,583)	4,756,794	27,984,771

Notes to the Financial Statements

For the year ended 30 June 2016

	2016	2015
	$	$
12. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)		
Investment in RARE Infrastructure Ltd (RARE)	**37,550,000**	-
	37,550,000	-

On 21 October 2015, the shareholders of RARE including the Trust sold their majority interests in RARE to Legg Mason. The total transaction consideration included upfront cash proceeds of $112,002,542 received, an earn-out arrangement up to four years and 10% retained equity interest in RARE subject to a two-year differentiated option pricing: call option by Legg Mason at a fixed multiple of RARE revenues or put option by the Trust at ‘fair market value’. The 10% residual interest in RARE with an attached option is classified as investments held at fair value through profit or loss which satisfies the definition under the accounting standards.

13. LOANS AND OTHER RECEIVABLES

	2016	2015
Loans receivables due from:		
Associates	**4,695,915**	5,667,067
Advances to other related party	**600,000**	600,000
	5,295,915	6,267,067

All amounts are receivable in Australian Dollars and are not considered past due or impaired.

Loans

The balance of the loan receivable from associates as at 30 June 2016 represents the loan to Roc Partners (2015: subordinated loan to RARE and loan to Roc Partners). Maturity date is 5 years from first drawdown date which is 29 May 2014.

The loan to RARE was subordinated to all other creditors as a condition of their Australian Financial Services Licence as agreed with the Australian Securities and Investments Commission (ASIC). On 21 October 2015, RARE paid the outstanding subordinated loan in the amount of $1,250,000.

Interest rates on the loans vary between 7.5% to 12%.

The advances to other related party has a maturity date of 16 May 2018.

2016	Beginning balance	Additions	Interest accrued	Repayment	Total
Associates	**5,667,067**	**-**	**381,042**	**(1,352,194)**	**4,695,915**
Advances to other related party	**600,000**	**-**	**-**	**-**	**600,000**
Balance	**6,267,067**	**-**	**381,042**	**(1,352,194)**	**5,295,915**

2015	Beginning balance	Additions	Interest accrued	Repayment	Total
Associates	4,117,326	1,550,000	218,491	(218,750)	5,667,067
Advances to other related party	600,000	-	-	-	600,000
Balance	4,717,326	1,550,000	218,491	(218,750)	6,267,067

Notes to the Financial Statements

For the year ended 30 June 2016

	Notes	2016	2015
		$	$
14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD			
Investments in associates	14(b)	**161,332,053**	270,733,657
		161,332,053	270,733,657

(a) Interests in associates

	Ownership interest held by consolidated entity	
Name	**2016**	2015
	%	%
Investors Mutual Limited – ordinary shares[1]	**45.44**	47.22
IML Investment Partners Pty Limited – ordinary shares[1]	**-**	40.00
Roc Partners Pty Ltd – ordinary shares	**31.10**	31.10
Roc Management Services Trust – units	**15.03**	15.03
Roc Partners (Cayman) Limited – ordinary shares	**15.03**	15.03
Celeste Funds Management Ltd – ordinary shares[2]	**39.09**	39.17
Freehold Investment Management Ltd – ordinary shares[3]	**30.89**	-
RARE IP Trust (RIP Trust) – units[≠]	**-**	40.00
RARE Infrastructure Limited – ordinary shares[≠]	**-**	40.00
Orion Asset Management (Aust) Pty Ltd – ordinary shares[≈]	**-**	49.99
Octis Asset Management Pte Ltd[≈]	**-**	20.00
AlphaShares, LLC	**31.03**	31.03
Aperio Group, LLC*	**23.38**	-
Blackcrane Capital, LLC	**25.00**	25.00
Goodhart Partners, LLP (UK)	**18.81**	18.81
Northern Lights Alternative Advisors Ltd	**20.00**	20.00
Raven Capital Management, LLC	**25.00**	25.00
TAMRO Capital Partners, LLC	**24.00**	24.00

[1] On 1 March 2016, Investors Mutual Limited (IML) merged its operations with IML Investment Partners Pty Limited (IML IP) resulting in IML owning 100% of the issued capital in IML IP. In conjunction with this merger, IML issued additional share capital to retain and lock in key staff in order to ensure continued growth and development of IML into the future. As a result, the Trust's ownership reduced from 47.22% of IML and 40% of IML IP pre-merger, to 45.44% of the new merged entity IML. The equity restructure of the IML Group is viewed to create synergies within the IML Group and are expected to have a material impact on the Trust in the long term. The IML employees' equity is held in an employee share plan. As the equity vests, the Trust's ownership will be reduced to 40.04%.

[2] Whilst PAC is the legal owner of the 38.09% shares held (the Trust legally owns the remaining 1%) in Celeste, the equity holding in Celeste is subject to synthetic arrangement with the economic benefits flowing to the Trust.

[3] The investment in FIM was recognised as equity accounted investment as at 30 June 2016 due to impact of equity restructure in FIM.

[≠] On 21 October 2015, the shareholders of RARE including the Trust sold their majority interest in RARE to Legg Mason. The total transaction consideration included upfront cash proceeds of $112,002,542 received, an earn-out arrangement up to four years and 10% retained equity interest in RARE subject to a two-year differentiated option pricing: call option by Legg Mason at a fixed multiple of RARE revenues or put option by the Trust at 'fair market value'. Accordingly, the investment in RARE ceased to be an associate and the residual 10% interest in RARE is classified as FVTPL as at 21 October 2015.

[≈] These were sold during the year.

* On 4 January 2016, the Trust acquired a 23.4% minority equity in Aperio for A$44,200,000 (US$31,010,422) with an initial investment of US$15,505,211 and the remainder is to be paid at the end of calendar year 2016. Aperio, based in Sausalito, California is an investment management firm with more than A$20.50bn in FUM across highly customised index-based portfolios using Aperio's expertise in tax management, factor tilts and passive investments. It is a pioneer in designing and managing custom portfolios to track index benchmarks or deliver targeted risk, factor, geographic, or industry exposures, customised to a client's specific tax situation, values and/ or desired economic exposure. Aperio works with both taxable and tax-exempt investors to track a broad range of USA and international indexes. The Trust holds two of six board seats at Aperio.

Notes to the Financial Statements

For the year ended 30 June 2016

	2016	2015
	$	$
14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)		
(b) Carrying amount of investments accounted for using the equity method		
Balance at the beginning of the year	**270,733,657**	270,604,342
Acquisition	**49,988,950**	254,544
Share of net profits of associates	**10,851,048**	15,276,555
Share of unrealised gains reserve of an associate	**(103,727)**	229,740
Dividends and distributions received/receivable	**(16,256,692)**	(20,545,802)
Impairment of investment in associates	**(20,900,974)**	-
Disposal of investments in associates	**(134,503,552)**	-
Foreign currency movement	**1,523,343**	4,914,278
Balance at the end of the year	**161,332,053**	270,733,657

(c) Details of each of the Trust's material associates at the end of the reporting period are as follows:

Name of associate	Principal Activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Trust	
			2016	2015
(i) IML	Funds Management	Australia	**45.44%**	47.22%
(ii) IMLIP	Funds Management	Australia	-	40.00%
(iii) Aperio	Funds Management	USA	**23.38%**	-
(iv) RARE	Funds Management	Australia	-	40.00%
(v) RIP Trust	Funds Management	Australia	-	40.00%

Notes to the Financial Statements

For the year ended 30 June 2016

	2016	2015
	$	$
15. PROPERTY AND EQUIPMENT		
Carrying amounts of		
Furniture & fittings	**148,278**	187,496
Office equipment	**215,938**	190,577
Leasehold improvements	**596,846**	675,657
Software	**15,524**	23,298
Balance	**976,586**	1,077,028

2016	Beginning balance, net of accumulated depreciation	Additions	Disposals	Depreciation expense	Foreign currency movement	Total
Furniture & fittings	**187,496**	**7,464**	**-**	**(42,987)**	**(3,695)**	**148,278**
Office equipment	**190,577**	**131,960**	**(11,595)**	**(108,879)**	**13,875**	**215,938**
Leasehold improvements	**675,657**	**335**	**-**	**(114,122)**	**34,976**	**596,846**
Software	**23,298**	**5,355**	**(12,952)**	**(12,518)**	**12,341**	**15,524**
Balance	**1,077,028**	**145,114**	**(24,547)**	**(278,506)**	**57,497**	**976,586**

2015	Beginning balance, net of accumulated depreciation	Additions	Disposals	Depreciation expense	Foreign currency movement	Total
Furniture & fittings	86,998	112,563	-	(17,387)	5,322	187,496
Office equipment	139,089	77,780	-	(32,944)	6,652	190,577
Leasehold improvements	427,913	296,327	-	(61,888)	13,305	675,657
Software	33,554	-	-	(11,586)	1,330	23,298
Balance	687,554	486,670	-	(123,805)	26,609	1,077,028

Property and equipment are depreciated based on the cost of the assets over their useful lives, which range from three to ten years, with the exception of leasehold improvements that are depreciated using straight-line methods over the shorter of their useful lives or the lease term.

Furniture & fittings:	5 – 10 years	straight line
Office equipment:	3 – 5 years	straight line
Leasehold improvements:	1 – 5 years	straight line

Notes to the Financial Statements

For the year ended 30 June 2016

	2016	2015
	$	$
16. GOODWILL		
Cost	**223,813,530**	215,832,449
Accumulated impairment losses	**(89,290,307)**	-
Others	**(127,709)**	-
	134,395,514	215,832,449
Cost		
Beginning balance of year	**215,832,449**	191,455,569
Effect of foreign currency differences	**7,981,081**	24,376,880
Balance at end of year	**223,813,530**	215,832,449
Accumulated impairment losses		
Beginning balance of year	-	-
Impairment losses recognised in the year	**(89,290,307)**	-
Balance at end of year	**(89,290,307)**	-

The impairment losses recognised in the year (refer note 6(j)) relate to funds management and responsible entity cash generating unit.

2016	Beginning balance	Impairment	Others	Foreign currency movement	Total
The goodwill arose in the acquisition of the following subsidiaries:					
Seizert[1]	**122,223,807**	**(85,307,202)**	**-**	**5,423,888**	**42,340,493**
Aether	**89,404,511**	**-**	**(127,709)**	**2,557,193**	**91,833,995**
TIS[2]	**3,284,537**	**(3,284,537)**	**-**	**-**	**-**
GVI[3]	**919,594**	**(698,568)**	**-**	**-**	**221,026**
Balance	**215,832,449**	**(89,290,307)**	**(127,709)**	**7,981,081**	**134,395,514**

[1] The significant attribution of the impairment in Seizert is due to the continued losses in FUM. The current environment has proven challenging for the firm but Seizert has navigated similarly challenging environments in the past and continues to manage funds true to their stated value discipline. Applying a more conservative basis of assumptions in terms of expected performance and timing of flows has resulted in a reduction in the carrying value of Seizert by A$85,307,202. Should difficult economic environment continue to exist that would impact performance beyond current expected forecast horizon, it is not unlikely that future impairment charges will be recognised.

[2] Impairment charges relating to TIS was attributed to the winding up of the responsible entity business.

[3] Impairment charges relating to GVI was attributed to loss in FUM.

2015	Beginning balance	Impairment	Foreign currency movement	Total
The goodwill arose in the acquisition of the following subsidiaries:				
Seizert	108,145,186	-	14,078,621	122,223,807
Aether	79,106,252	-	10,298,259	89,404,511
TIS	3,284,537	-	-	3,284,537
GVI	919,594	-	-	919,594
Balance	191,455,569	-	24,376,880	215,832,449

Notes to the Financial Statements

For the year ended 30 June 2016

	2016	2015
	$	$
17. OTHER IDENTIFIABLE INTANGIBLE ASSETS		
Carrying amounts of		
Management rights	**14,535,186**	16,110,034
Brand and trademark	**24,857,155**	24,165,948
Customer relationships	**2,213,094**	2,372,410
	41,605,435	42,648,392

2016	Beginning balance	Amortisation	Foreign currency movement	Total
Management rights	**16,110,034**	**(1,999,984)**	**425,136**	**14,535,186**
Brand and trademark	**24,165,948**	**-**	**691,207**	**24,857,155**
Customer relationship	**2,372,410**	**(217,555)**	**58,239**	**2,213,094**
Balance	**42,648,392**	**(2,217,539)**	**1,174,582**	**41,605,435**

2015	Beginning balance	Amortisation	Foreign currency movement	Total
Management rights	15,141,008	(1,002,070)	1,971,096	16,110,034
Brand and trademark	21,382,339	-	2,783,609	24,165,948
Customer relationship	2,196,024	(109,498)	285,884	2,372,410
Balance	38,719,371	(1,111,568)	5,040,589	42,648,392

The following useful lives are used in the calculation of amortisation:

	Aether	Seizert
Management rights	9 years	Not applicable
Customer relationship	Not applicable	12 years

18. SUBSIDIARIES

(a) Details of the Trust's material subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	**Principal Activity**	**Place of incorporation and operation**	**Proportion of ownership interest and voting power held by the Trust**	
			2016	2015
(i) Aether	Funds Management	USA	**100%**	100%
(ii) Seizert[1]	Funds Management	USA	**50%**	50%
(iii) Treasury RARE[2]	Funds Management	Australia	-	100%

[1] The Trust owns 50% of the common units which are entitled to the 50% voting rights and the 100% of the preferential units which have a preference in the allocation of income, which is the basis of control and therefore the treatment of Seizert as a subsidiary.

[2] This entity was a holding company for the 40% interest in RARE. As a result of the sale of the majority shares in RARE to Legg Mason, Treasury RARE was deconsolidated during the year.

Notes to the Financial Statements

For the year ended 30 June 2016

	2016	2015
	$	$
19. TRADE AND OTHER PAYABLES		
Trade payables	**1,971,050**	11,449,582
Provision for income tax	**1,013,634**	1,757,898
Advances by unitholders	-	1,404,860
Distribution payable	**16,624,001**	11,950,000
Other payables	**4,498,393**	6,048,213
	24,107,078	32,610,553

	2016	2015
20. DEFERRED CONSIDERATION - APERIO		
Deferred consideration – Aperio[1]	**21,874,929**	-
	21,874,929	-

[1] On 4 January 2016, the Trust acquired a 23.4% equity in Aperio for A$44,200,000 (US$31,010,422) with an initial investment of US$15,505,211 and the remainder is to be paid at the end of the calendar year 2016. The Trust treats Aperio as an associate and the principles of equity method of accounting are applied.

	2016	2015
21. Y- REDEEMABLE PREFERENCE UNITS		
Y–RPU[2]	-	18,591,500
	-	18,591,500
Beginning balance	**18,591,500**	15,885,684
Imputed interest	**1,049,405**	637,729
Foreign currency movement	**1,152,253**	2,068,087
Repayment	**(20,793,158)**	-
Balance	-	18,591,500

[2] The Y– RPU debt instrument was paid on 23 May 2016.

	2016	2015
22. FINANCIAL LIABILITY- MEDLEY CAPITAL		
Medley Capital long term liability[3]	-	59,859,707
	-	59,859,707
Beginning balance	**59,859,707**	54,322,700
Foreign currency movement	**3,586,126**	7,027,405
Repayment	**(63,445,833)**	(1,490,398)
Balance	-	59,859,707

[3] The Medley Capital debt facility was paid on 4 January 2016.

Notes to the Financial Statements

For the year ended 30 June 2016

	2016	2015
	$	$
23. FINANCIAL LIABILITIES		
Notes payable – Seizert[1]	**25,479,866**	23,612,525
X– RPU[2]	**43,562,157**	47,694,362
Share of retention payments to RARE[3]	**4,897,074**	-
	73,939,097	71,306,887

2016	Beginning balance	Provision	Interest accrued/ Imputed interest	Fair value adjustment	Foreign currency movement	Total
Notes payable – Seizert	**23,612,525**	**-**	**1,208,937**	**-**	**658,404**	**25,479,866**
X – RPU	**47,694,362**	**-**	**2,134,951**	**(6,536,681)**	**269,525**	**43,562,157**
Share of retention payments to RARE	**-**	**4,642,142**	**254,932**	**-**	**-**	**4,897,074**
Balance	**71,306,887**	**4,642,142**	**3,598,820**	**(6,536,681)**	**927,929**	**73,939,097**

2015	Beginning balance	Provision	Interest accrued/ Imputed interest	Fair value adjustment	Foreign currency movement	Total
Notes payable – Seizert	20,226,070	-	753,311	-	2,633,144	23,612,525
X- redeemable preference units	40,757,275	-	1,631,075	-	5,306,012	47,694,362
Balance	60,983,345	-	2,384,386	-	7,939,156	71,306,887

[1] The Trust issued notes for A$20,226,070 (US$17,500,000) to the former owners of Seizert as part of the consideration for the acquisition by Midco for the equity interest in Seizert. The interest rate associated with the note equals the twelve-month LIBOR rate plus 5%. The note is subject to two repayment dates, 50% of the total outstanding due and payable on 24 November 2018 and the remaining 50% due and payable on 24 November 2019.

[2] On 24 November 2014, the Trust issued a debt instrument, X-RPU (42,000,000 units) of A$40,757,275 (US$35,264,010) to the members of Northern Lights. X-RPUs relate to Northern Lights' contribution of the legacy Northern Lights alternative portfolio to the Trust via MidCo. The Trust has an obligation to redeem the X-RPU at par as soon as is practical after Completion (24 November 2014) no later than the initial maturity date of the XRPUs, being 24 months after Completion (may be extended not later than 7 years after Completion which is 24 November 2021). As outlined in note 27, subsequent to year end, the Trustee determined that the Trustee determined to defer payment of US$42,000,000 redemption price for the Trust's class X-RPU until at least November 2017 or later. The deferment is permitted under the Trust's governing documents if the Board of Directors determines that certain legacy Northern Lights alternatives boutiques are unlikely to outperform certain legacy Treasury Group alternatives boutiques based on a formula. The Trustee's decision to defer payment is based on a variety of factors, including the determination that the requisite condition for payment of the redemption amount has not been met. As the Trustee could decide to defer payment to November 2017, the Trust has classified the liability as a non-current liability.

Northern Lights members will have a repayment obligation equal to the face amount of A$48,543,689 (US$42,000,000) of the RPUs as at the date of issue, reduced by the amount of any proceeds from a sale of the Trust's securities in the legacy Northern Lights alternatives portfolio or from carried interest or performance fees received by the Trust from the legacy Northern Lights alternatives payable upon the seventh anniversary of Completion.

The Northern Lights Threshold Amount is defined as the aggregate profits before taxes (excluding abnormal income and performance fees / carry) of the Trust's interest in Northern Lights alternatives portfolio less the aggregate profits before taxes of the Trust's interest in legacy Treasury Group alternatives portfolio multiplied by 12.75. When the Northern Lights Threshold equals/exceeds the Repayment Amount (US$42,000,000 less performance fees/carry), the obligation to repay is triggered. If the Northern Lights Threshold does not exceed the Repayment amount within 7 years after the closing, the difference between the Northern Lights Threshold and Repayment Amount is to be paid by the members Northern Lights to the Trust in cash.

The legacy Northern Lights alternatives portfolio consists of the Trust's interests in Raven, Nereus, Goodhart, NLAA, Blackcrane and EAM. The legacy Treasury Group alternatives portfolio consists of the Trust's interests in Roc Partners and Aubrey.
This instrument is discounted at 6% for two years and discounted further for the likelihood that the redemption price would be required to be repaid within seven years after 24 November 2014. To determine the likelihood of the repayment, consideration was given to the earnings projections of the Northern Lights alternative portfolio as compared to the legacy Treasury Group alternative portfolio and the relative spread between the earnings of the two groups over each of the seven years following the transaction.

[3] This represents the 40% share of the Trust in the committed retention amounts payable to certain RARE investment team. This agreement was a side agreement amongst the former owners of RARE to lock in the employment of the investment team with RARE for a certain number of years.

Notes to the Financial Statements

For the year ended 30 June 2016

	2016	2015
	$	$
24. EQUITY ATTRIBUTABLE TO UNITHOLDERS	**AURORA TRUST**	
(a) Units issued	**547,596,022**	462,593,359
	547,596,022	462,593,359

(b) Movements in units on issue

2016	Beginning balance	Units issued during the year	Units cancelled during the year	Total
	$	$	$	$
Class A	**295,667,384**	**60,381,630**	**-**	**356,049,014**
Class B	**161,925,984**	**29,621,024**	**-**	**191,547,008**
Class C	**4,999,991**	**-**	**(4,999,991)**	**-**
Balance	**462,593,359**	**90,002,654**	**(4,999,991)**	**547,596,022**

2016	Beginning balance	Units issued during the year	Units cancelled during the year	Total
	Number of units			
Class A	**27,744,125**	**5,939,011**	**-**	**33,683,136**
Class B	**15,099,925**	**2,915,593**	**-**	**18,015,518**
Class C	**487,804**		**(487,804)**	**-**
Balance	**43,331,854**	**8,854,604**	**(487,804)**	**51,698,654**

2015	Beginning balance	Units issued during the year	Units cancelled during the year	Total
	$	$	$	$
Class A	255,624,260	40,043,124	-	295,667,384
Class B	161,925,984	-	-	161,925,984
Class C	-	4,999,991	-	4,999,991
Balance	417,550,244	45,043,115	-	462,593,359

2015	Beginning balance	Units issued during the year	Units cancelled during the year	Total
	Number of units			
Class A	23,837,479	3,906,646	-	27,744,125
Class B	15,099,925	-	-	15,099,925
Class C	-	487,804	-	487,804
Balance	38,937,404	4,394,450	-	43,331,854

Notes to the Financial Statements

For the year ended 30 June 2016

24. EQUITY ATTRIBUTABLE TO UNITHOLDERS (continued)

(c) Capital management

The Trustee's capital management policies focus on unitholders' equity. When managing capital, Management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to unitholders and benefits to other stakeholders.

During the year, distributions declared by the Trust was $110,576,590 (2015: $11,950,000). PAC, Northern Lights and BNP reinvested the distributions from the sale proceeds of RARE into additional units in the Trust to fund the repayment of the Medley Capital debt facility and the acquisition of Aperio. The relative ownership of the Trust did not change as all unitholders reinvested at their respective percentage ownerships.

As at 30 June 2016, the Trust has on issue Class B units which are exchangeable (at the holders' election) to PAC shares at the following fixed ratios:

(i) Any time from 24 November 2014 – 2 PAC shares for every 3 Class B units or B-1 units

(ii) Any time from 24 November 2017 – 5 PAC shares for every 6 Class B units or B-1 units

(iii) In the event of takeover – 1 PAC share for each Class B unit

(iv) In the event a Qualified Public Offering ('QPO') does not occur during the QPO period, for an exchange occurring on and from the expiration of the QPO period – 1 PAC share for each Class B unit

If the takeover and QPO events in (iii) and (iv) above were to occur, the Trust Class B units would be cancelled and PAC would issue ordinary shares. As a consequence, the Trust would issue Class A units to PAC and become a fully owned and controlled subsidiary of PAC.

On 7 September 2015, BNP which owned the Class C Units of the Trust exchanged its 487,804 class C units for 487,804 PAC shares. On 7 September 2015, PAC issued 487,804 fully paid ordinary shares to BNP and the Trust consequently issued 487,804 Class A units to PAC.

Notes to the Financial Statements

For the year ended 30 June 2016

	2016	2015 (Restated)
	$	$
24. EQUITY ATTRIBUTABLE TO UNITHOLDERS (continued)		
(d) Retained losses		
Beginning balance	**(33,661,478)**	-
Loss for the year	**(120,470,977)**	(21,711,478)
Impact of disposal of equity accounted investments	**138,044**	-
Distributions	**(110,576,590)**	(11,950,000)
Balance at end of year	**(264,571,001)**	(33,661,478)
(e) Reserves		
Investment revaluation reserve		
Beginning balance	**3,403,094**	-
Unrealised gains reserve of available-for-sale investments	**(103,872)**	3,173,353
Share of after-tax gain on available for sale investments of associates	**(103,727)**	229,741
Balance at end of year	**3,195,495**	3,403,094
Foreign currency translation reserve		
Beginning balance	**21,693,519**	-
Net exchange differences arising from translating the foreign operations	**14,901,115**	21,693,519
Balance at end of year	**36,594,634**	21,693,519
Total Reserves	**39,790,129**	25,096,613

The investment revaluation reserve represents the cumulative gains and losses arising on the revaluation of available-for-sale financial assets that have been recognised in other comprehensive income or loss, net of amounts reclassified to profit or loss when those assets have been disposed of or determined to be impaired.

The exchange differences relating to the translation of the results and net assets of the Trust's foreign operations from their functional currency (US$) to the Trust's presentation currency (A$) are recognised directly in other comprehensive income or loss and accumulated in the foreign currency translation reserve. Gains and losses on hedging instruments that are designated as hedging instruments for hedges of net investments in foreign operations are included in the foreign currency translation reserve. These include the debt instruments such as Seizert Notes Payable and X-RPU that are designated as hedging instruments in respect of foreign currency risk as hedge of net investments in foreign operation. At the inception of the hedge relationship, the relationship between the hedged instruments (Seizert Notes Payable and X-RPU) and the hedged item (net investment of Midco) all of which are based in USD, along with its risk management objectives and the strategy for undertaking various hedge transactions are documented. The hedge fund relationship is reviewed periodically for any changes in hedging instruments.

Exchange differences previously accumulated in the foreign currency translation reserve (in respect of translating both the net assets of foreign operations and hedges of foreign operations) are reclassified to profit or loss on the disposal of the foreign operation. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income or loss and accumulated under the heading of foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item. Any gain or loss on the hedging instruments that remain outstanding at end of year are deferred and formed part under the foreign currency translation reserve.

Notes to the Financial Statements

For the year ended 30 June 2016

25. COMMITMENTS AND CONTINGENCIES

Operating lease commitments

The Group has entered into commercial property leases to meet its office accommodation requirements. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	2016	2015
	$	$
Future minimum rentals:		
Minimum lease payments		
- not later than one year	**870,766**	882,704
- later than one year and not later than five years	**1,822,477**	2,231,241
- later than five years	**540,840**	843,481
Aggregate lease expenditure contracted for at reporting date	**3,234,083**	3,957,426
Amounts not provided for:		
- rental commitments	**3,324,083**	3,957,426
Total not provided for	**3,324,083**	3,957,426
Aggregate lease expenditure contracted for at reporting date	**3,324,083**	3,957,426

26. AUDITORS' REMUNERATION

	2016	For the period ended 25 November 2014 to 30 June 2015
	$	$
Amounts received or due and receivable by Deloitte Touche Tohmatsu:		
- an audit or review of the financial report of the entity and any other entity in the consolidated group	**616,350**	273,000
- additional audit fees for 30 June 2015	**300,000**	-
- tax advisory and compliance services	**298,463**	162,660
Amounts received or due and receivable by Deloitte member firms:		
- an audit or review of the financial report of an entity in the consolidated group	**104,714**	-
- tax compliance services	**56,272**	-
Amounts received or due and receivable by other firms:		
- an audit or review of the financial report of the entity and any other entity in the consolidated group	**416,911**	389,876
Total auditors' remuneration	**1,792,710**	825,536

Notes to the Financial Statements

For the year ended 30 June 2016

27. SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Deferment of the Trust X-RPUs

On 15 September 2016, the Trustee determined to defer payment of US$42,000,000 redemption price for the Trust's class X-RPU until at least November 2017 or later. The deferment is permitted under the Trust's governing documents if the Trustee determines that certain legacy Northern Lights alternatives boutiques are unlikely to outperform certain legacy Treasury Group alternatives boutiques based on a formula. The Trustee's decision to defer payment is based on a variety of factors, including the determination that the requisite condition for payment of the redemption amount has not been met. As the Trustee could decide to defer payment to November 2017, the Trust has classified the liability as a non-current liability.

Treasury Group Investment Services Limited (TIS) return of capital

On 15 September 2016, the Board of Directors approved a resolution to restructure the capital of TIS to return $4,500,000 to the Trust. TIS is required to maintain a Net Tangible Assets (NTA) dollar value level in accordance with the Corporations Act in acting as a Responsible Entity. The NTA is linked to the total FUM in the number of registered managed investment schemes (Schemes) and as the number of Schemes has reduced, so has the dollar value NTA requirement. As a result, TIS will return surplus cash and implement an equal capital reduction (Reduction) as defined in section 256B(2) of the Corporations Act 2001 on the following terms:

(a) Present Total Capital will be reduced by $4,500,000, being the surplus cash available within TIS;

(b) there being one class of share capital in TIS and a sole member (the Trust), the Reduction will apply to ordinary shares in proportion to the number of shares held by the Trust; and

(c) $4,500,000 will be returned to the Trust following the Reduction.

Notes to the Financial Statements

For the year ended 30 June 2016

28. KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES

(a) Details of KMP

(i) Non-executive directors

M. Fitzpatrick	Chairman, non-executive
P. Kennedy	Non-executive director
M. Donnelly	Non-executive director
J. Vincent	Non-executive director
G. Guérin	Non-executive director
T. Carver	Non-executive director from 30 April 2016 after resigning as CEO

(ii) Executives & KMP

P. Greenwood	Global CIO and President, North America, appointed 30 April 2016
T. Robinson	Executive director, appointed 30 April 2016. Formerly a Non-executive director appointed 28 August 2015
J. Ferragina	Finance director and COO

(iii) Former KMP

T. Carver	Managing director and CEO, resigned 30 April 2016
A. McGill	Managing director and CEO, resigned 28 August 2015

(b) Compensation for KMP

The aggregate compensation made to Directors and other members of the KMP of the Trustee and the Group is set out below:

	2016	2015[1]
	$	$
Compensation to Directors and other members of the KMP of the Trustee and the Group	**5,032,054**	3,032,122
	5,032,054	3,032,122

[1] Compensation to Directors and other members of the KMP of the Trustee and the Group is from 24 November 2014 to 30 June 2015.

(c) Transactions with director - related entity

There were no transactions with the directors during the year (2015: Nil).

(d) Loans to KMP

No loans have been advanced to KMP at any stage during the financial year ended 30 June 2016 (2015: Nil).

Notes to the Financial Statements

For the year ended 30 June 2016

29. RELATED PARTY DISCLOSURES

The consolidated financial statements include the financial statements of Aurora Trust and the controlled entities in the following list:

	Percentage of equity interest held by the consolidated entity	
	2016	2015
Companies		
Treasury Group Investment Services Ltd	**100%**	100%
Global Value Investors Ltd	**100%**	100%
Treasury RARE Holdings Pty Ltd[1]	-	100%
Treasury Group Nominees Pty Ltd[2]	-	100%
Treasury Evergreen Pty Ltd	**100%**	100%
Treasury Capital Management Pty Ltd	**100%**	100%
Northern Lights MidCo, LLC (Midco)	**100%**	100%
Northern Lights Capital Group, LLC	**100%**	100%
NLCG Distributors, LLC	**100%**	100%
Northern Lights Capital Partners (UK) Ltd	**100%**	100%
Aether Investment Partners, LLC (Aether)	**100%**	100%
Seizert Capital Partners, LLC (Seizert)[3]	**50%**	50%
Strategic Capital Investments, LLP (SCI)*	**54%**	-

[1] This entity was a holding company for the 40% interest in RARE. As a result of the sale of the majority shares in RARE to Legg Mason, Treasury RARE was deconsolidated during the year.
[2] This entity wound up during the year.
[3] The Trust owns 50% of the common units which are entitled to the 50% voting rights and the 100% of the preferential units which have a preference in the allocation of income, which is the basis of control and therefore the treatment of Seizert as a subsidiary.
* The Trust acquired 54% voting rights of this company during the year.

Transactions with related parties – PAC and Northern Lights

In the prior year, the Trust issued units and debt to PAC and Northern Lights in exchange for both parties selling their respective businesses including their assets (except legal interest in Celeste and del Rey) and liabilities to the Trust. The Trust was created as a result of the joint venture arrangement among PAC, Northern Lights and BNP. The consideration received by the Trust in exchange for the units and debt was based on the fair values of the assets and liabilities contributed by the related parties. Details are as per note 30.

Cost Recovery

In the prior year, the Trust reimbursed PAC and Northern Lights, the formation costs of $6,459,623 incurred in establishing the Trust.

In the prior year, PAC incurred transaction costs amounting to $1,164,300 in relation to issuance of its shares. These transaction costs were reimbursed by the Trust in the form of units.

Debt

In the prior year, the Trust issued debt instruments Y-RPU with a face value of US$15,000,000 and X-RPU with a face value of US$42,000,000 to the members of Northern Lights. The Y-RPUs related to Northern Lights' contribution of US$15,000,000 cash from the Redwood sale proceeds and were secured by all of the assets of the Trust and ranked after the external debt but before the XRPU. X-RPUs were related to Northern Lights' contribution of the Northern Lights alternative portfolio to the Trust via MidCo. On 23 May 2016, the Trust paid the Y-RPU debt instrument in full.

At 30 June 2016, the value of X-RPU owed by the Trust was $43,562,157 (2015: $47,694,362).

Distributions

At 30 June 2016, the distribution paid and payable by the Trust to the unitholders is $110,576,590 (2015: $11,950,000).

Notes to the Financial Statements

For the year ended 30 June 2016

29. RELATED PARTY DISCLOSURES (continued)

The following transactions with the related parties were on normal terms and conditions. There were no doubtful debts expense during the year (2015: $nil) and no provision of doubtful debts as at year end (2015: $nil).

Transactions with PAC

Loans

In the prior year, the Trust received a loan of $38,878,821 from PAC. Interest on the loan was at commercial rate. Both principal of $38,878,821 and interest of $880,983 were paid by the Trust on 13 April 2015.

During the year and as at 30 June 2016, there were no loans from PAC.

Service fees

During the year, PAC provided management and administrative services to the Trust. Management fees during the year were $1,142,451 (2015: $202,724).

Payables

At 30 June 2016, the Trust has an outstanding payable of $849,146 (2015: $nil).

Transactions with the Trustee

Service fees

During the year, the Trustee provided management and administrative services to the Trust. Management fees during the year were $4,007,802 (2015: $3,296,512).

Payables

At 30 June 2016, the Trust has an outstanding payable of $125,920 (2015: $959,535) relating to the Trustee.

Transactions with subsidiaries

Loans

In the prior year, the Trust received advances from TIS of $2,454,756. This was paid by the Trust on 29 September 2015.

During the year, the Trust made advances to Midco of $97,964,899 (2015: $12,857,174).

Transactions with equity accounted investments

Dividends and distribution

During the year, dividends and distributions of $16,256,692 (2015: $20,545,802) were received or receivable from the associates. These are disclosed in notes 9 and 14 of the financial report.

Loans and other receivables

As at 30 June 2016, the total loans to equity accounted investments was $4,695,915 (2015: $5,667,067). On 21 October 2015, the subordinated loan to RARE of $1,352,194 including interest was paid in full.

As at 30 June 2016, the total other receivables were $41,821 (2015: $nil).

As at 30 June 2016, receivables from Raven of $1,167,676 (2015: nil) were written off.

Notes to the Financial Statements

For the year ended 30 June 2016

30. ACQUISITION OF BUSINESS

Details of the acquisition in the prior period are as follows:

(a) Assets acquired, liabilities assumed and debts issued at the date of acquisition

	Received from PAC	Received from Northern Lights (Restated)	Total
	$	$	$
Cash and cash equivalents	12,170,833	14,188,333	26,359,166
Available-for-sale investments[1]	3,640,700	42,027,108	45,667,808
Loans and other receivables	4,717,326	-	4,717,326
Investments accounted for using the equity method	232,879,578	37,724,764	270,604,342
Property and equipment	51,536	636,018	687,554
Goodwill	4,204,132	187,251,437	191,455,569
Other indentifiable intangible assets	-	38,719,371	38,719,371
Other assets	2,529,312	11,496,511	14,025,823
Trade and other payables[1]	(4,569,157)	(38,925,829)	(43,494,986)
Financial liability – Medley Capital	-	(54,322,700)	(54,322,700)
Notes payable to former owners of Seizert	-	(20,226,070)	(20,226,070)
Y- RPUs	-	(15,885,684)	(15,885,684)
X- RPUs	-	(40,757,275)	(40,757,275)
Total	**255,624,260**	**161,925,984**	**417,550,244**

(b) Consideration transferred – Class A & B units issued

	Class A Units	Class B Units	Total
	$	$	$
PAC	255,624,260	-	255,624,260
Northern Lights	-	126,346,809	126,346,809
BNP Paribas	-	35,579,175	35,579,175
Total	**255,624,260**	**161,925,984**	**417,550,244**

(c) Consideration transferred – Class A & B units issued

	Class A Units	Class B Units
	Number of units	
PAC	23,837,479	-
Northern Lights	-	11,782,095
BNP Paribas	-	3,317,830
Total	**23,837,479**	**15,099,925**

(d) Consideration transferred – Y and X RPUs issued

	Y- RPUs	X- RPUs	Y- RPUs	X- RPUs
	$		Number of units	
Northern Lights Capital Group	11,704,127	32,771,555	11,704,127	32,771,555
BNP Paribas Asset Management Inc.	3,295,873	9,228,445	3,295,873	9,228,445
Total	**15,000,000**	**42,000,000**	**15,000,000**	**42,000,000**

[1] The AFS investments and trade and other payables contributed by Northern Lights were understated by A$8.9m (US$7.0m). As a consequence, there was an adjustment to the fair value of the AFS investment securities acquired from Northern Lights, indicating the fair value of one specific AFS investment security's fair value was not supportable at period end.

Directors' Declaration

In accordance with a resolution of the Board of Directors, I state that:

In the opinion of the Directors:

(a) the consolidated financial statements and notes:

(i) give a true and fair view of the Trust's consolidated financial position as at 30 June 2016 and of its performance for the year ended on that date

(ii) complying with Accounting Standards

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

Signed in accordance with a resolution of the Directors.

On behalf of the Board

M Fitzpatrick
Chairman

3 October 2016

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Independent Auditor's Report to the Unitholders of Aurora Trust

We have audited the accompanying financial report of Aurora Trust (the Trust), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income or loss, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and directors' declaration of the consolidated entity comprising the trust and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 13 to 61.

Directors' Responsibility for the Financial Report

The directors of Aurora Investment Management Limited as trustee of the Trust are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, and for such internal control as directors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

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 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 control 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 control. 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.

Opinion

In our opinion, the financial report of Aurora Trust presents fairly, in all material respects, the consolidated entity’s financial position as at 30 June 2016 and its financial performance for the year then ended in accordance with Australian Accounting Standards - Reduced Disclosure Requirements.

DELOITTE TOUCHE TOHMATSU

Declan O’Callaghan
Partner
Chartered Accountants
Sydney, 3 October 2016