

Treasury Group Ltd

Annual Report 2015



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In accordance with ASX Listing Rule 4.10.3, Treasury Group's Corporate Governance Statement can be found on its website at www.treasurygroup.com/Aboutus/CorporateGovernanceResponsibility.

Results at a Glance

A transitional year from an operational and strategic perspective. Geographic and income diversification now positions the Company in a unique position going forward.

Key Financial Highlights during the year:

Normalised net profit
after tax (NPAT)

\$18.7m

Total funds
under management

\$49.0bn

Full year dividend
(fully franked)

52c

	\$	% change
Year End FUM (\$bn)	49.0	92.9
Aggregate Boutique Management Fees (\$m)	168.3	71.2
Reported NPAT (\$m)	138.7	958.7
Underlying NPAT (\$m)	18.7	33.6
Final Dividend (cps)	28.0	3.7
Full Year Dividend (cps)	52.0	4.0



About us

Treasury Group is a global multi-boutique asset manager, focused on boutique fund management companies across the world. We provide strategic capital and structure flexible partnerships, to create exceptional alignment with our fund managers.

Our philosophy

Each partnership is created with flexibility to create exceptional alignment with our boutique managers. We apply capital, strategic insight, and global distribution to support the growth and development of our partner boutiques. Our goal is to help boutique funds focus on their core business and what matters most – investing.

What we offer our boutiques

- Strategic and complementary capital – we seek to complement their business, not control
- Flexible ownership structures – our goal is to create exceptional alignment with our partners, so every partnership is uniquely tailored to fit the specific manager's needs
- Global distribution and marketing services to help grow underlying AUM at the boutique level – allowing portfolio managers to remain focused on investing
- Access to our global network and strategic insight – there are many ways we help support the development of our boutiques, specifically by providing intelligent insight and connecting them with the right people

Chairman's Report

On behalf of the Board, I am delighted to report on a transformational year at Treasury Group.



The business has undergone significant change since my last report, having successfully completed the merger with Northern Lights in November 2014. The merged group is now a well-diversified international multi-boutique funds management business, with \$49 billion in FUM through 19 funds management businesses.

During the year, the Company also successfully conducted an equity capital raising through an institutional placement and shareholder purchase plan. The Company was extremely pleased with the strong support received from existing shareholders. This exercise resulted in the Company being strongly positioned to execute our long-term strategy of retaining balance sheet flexibility and pursuing accretive future investment opportunities.

The Company's balance sheet position was also further strengthened following the announcement of the partial sell down of RARE Infrastructure to Legg Mason in July, post year-end. The \$200 million sale price represented a spectacular return on \$5 million of non-recourse debt. Treasury Group now has the cash resources to diversify aggressively.

Treasury Group's enduring success has been underpinned by its operational excellence and strong management team. In March, Chief Executive Officer, Andrew McGill, gave notice of his intention to leave the Company and he ceased employment on 28 August 2015. Tim Carver, Executive Director of Northern Lights Capital Group will succeed Mr McGill, both having worked closely since the merger of the two groups, transitioning the business effectively.

At board level we saw changes with the resignation of Reub Hayes having significantly contributed to the Company over his last 8 years in this leadership position. The Board also welcomed two new non-executive directors Gilles Guérin and Jeff Vincent, and three executive directors Paul Greenwood, Joseph Ferragina and Tim Carver.

Together, Treasury Group and Northern Lights have an extremely experienced Board and management team, and we are confident this team is well positioned to drive growth going forward.

Against a backdrop of significant change, the performance of the merged Company this year was mixed. In particular, WHV did not perform as well as expected.

However, the Company has taken a huge step from being domestic centric, where new opportunities are becoming increasingly challenging, to become a global business undertaking research on new fund managers in the North American and European markets. In addition, we have further strengthened our distribution team and have greater scale in these larger markets. This should result in greater opportunities for growth for a number of our investment managers.

Financial Results

Treasury Group's underlying net profit after tax increased to \$18.7 million, up 33.6% on the prior year. Statutory net profit after tax was \$138.7 million, an increase of 958.7%.

Funds Under Management

Funds under management increased by 93% to \$49.0 billion at year-end. This reflected the addition of the Northern Lights business to the overall group.

Dividend

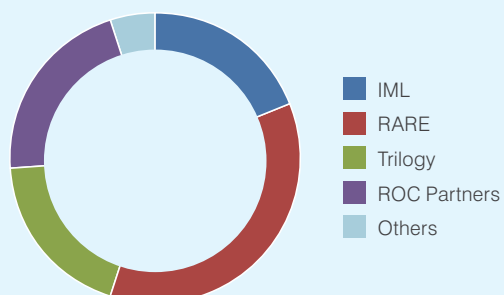
The Board declared a fully franked final dividend of 28 cents per share in August, taking the total dividends for the year to 52 cents per share. This equates to an increase of 4% on the total dividends for FY2014 and a 71% payout ratio for the year, well within the targeted range. The Board has confidence in the outlook for the business and reaffirms the targeted payout ratio band of 60%–80%.

Fund Manager Performance

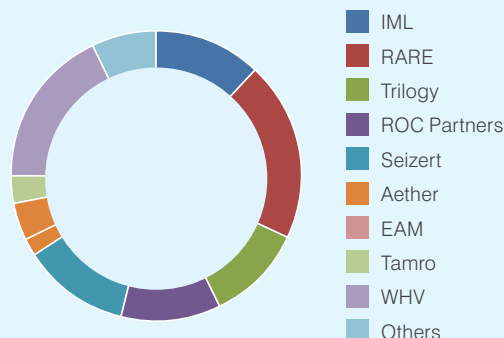
The financial results were underpinned by the positive growth in funds under management and earnings from a number of our key boutiques including, RARE, Investors Mutual, Seizert and Aether. Going forward and once the partial sale of RARE is completed, the key drivers to earnings will be IML, Seizert and Aether, reflecting the diversification that has been achieved through the merger with Northern Lights. Another element of diversification will be the exposure to businesses that deviate from the traditional long-only style of investment management and towards a range of investment management styles. This strategy is reflected in a number of our boutiques, including Aether, which have a private equity style investment strategy, and Raven that focuses on the US private credit market.



FUM at 30 June 2014



FUM at 30 June 2015



Social Responsibility

The business, from the Board down, recognises its corporate social responsibility. As such, the Company continues to support a number of very capable and hard working organisations in their efforts to bring about worthwhile social change. For a number of years, we have supported Third Link Investment Managers via the provision of investment and support services on a pro-bono basis, with all fees received being donated to the not-for-profit sector. We have also supported Social Ventures Australia, which invests in social change by increasing the impact and sustainability of a range of charities. It provides funding and strategic support to carefully selected non-profit partners. Third Link and Social Ventures are wonderful organisations and I invite you to learn more about their work by visiting www.socialventures.com.au.

Outlook

The Board and management of Treasury Group have worked hard on behalf of shareholders over the course of the 2015 financial year, to transform the Company to enable it to build the next platform for growth. The Company was evolutionary when it started the concept of backing and investing in boutique fund managers in 2001, but (from an Australian perspective) it had reached a point where the next step in its evolution was to develop a more global footprint.

The Company now has greater diversification, a stronger management team and robust global distribution from which to grow over the medium to long term.

Finally, I would like to thank all our staff, boutique partners and clients for their continued support and I look forward to continuing to work closely with you as Treasury Group embarks on this next phase of growth. In particular, I would like to thank Reub Hayes for his service and contribution to the Board over many years. Reub provided wonderful insight with his 40 years of experience. I would also like to thank Andrew McGill for his four years of service as Managing Director and CEO. Over his tenure the business saw greater levels of efficiency and became more focused on investment activities, which culminated with the merger with Northern Lights. I extend well wishes for both in their future endeavours.

Mike Fitzpatrick
Chairman

CEO's Report

Strong earnings growth, consolidation of the merger of Treasury Group Ltd ("Treasury Group") and Northern Lights Capital Group ("Northern Lights"), changes to the Board and leadership team, the partial sale of RARE Infrastructure and other events marked a year of fundamental change to the shape of Treasury Group's/Northern Lights' business.

Business Performance

2015 was a year of fundamental change for our business.

In November 2014, Treasury Group's merger with Northern Lights was completed. The merger created an international portfolio of asset management businesses increasing portfolio diversification and delivering strengthened investment and distribution capabilities. During the year, executives have adjusted to new reporting lines and, in some cases, changed scope of responsibility as two businesses have become one. Sales, Finance and Compliance teams have integrated and new reporting and management systems have been implemented. At an executive level, we have benefitted from the outset from strong cultural compatibility and positive attitude across the executive team.

Highlights for the year (and post year end) included:

- Completion of the merger of Treasury Group and Northern Lights in November;
- Consolidation of operational and management functions across 6 offices, 34 staff, 3 primary regulatory and tax jurisdictions and a portfolio of 19 boutiques;
- \$40 million capital raising completed in December/January; and
- Conditional partial sale of Treasury Group's/Northern Lights' interest in RARE Infrastructure.

These and other events have fundamentally changed the scope and shape of our business. We are now less dependent on a small number of Australian-based boutiques. We have international Sales, Investment and other executive capabilities. For the first time, we have significant amounts of capital available for investment.

Undoubtedly we have faced significant challenges during a period of such marked change. We are frustrated that, as yet, we've not been in a position to announce new investments to deploy capital allocated for this purpose. It has not been for a lack of effort by our executives. Our executives remain resolute in their focus on high quality opportunities and confident that one of more growth opportunities will be realised in the short term.

Operational and Financial Performance

Total funds under management increased significantly during the year to finish at \$49.0 billion. This was primarily due to the merger of Treasury Group and Northern Lights, but also reflected favourable market conditions for most of the year. In addition, increased FUM reflected strong investment performance at key Treasury Group/Northern Lights boutiques. Net funds inflows were experienced at Investors Mutual, whilst net funds outflows were experienced at RARE Infrastructure and WHV. Our portfolio now includes an increased proportion of FUM from closed ended investment vehicles at Alternatives boutiques such as Aether and ROC Partners, which are naturally less exposed to short term changes in FUM.

In FY2015, the average net margin earned by our boutique partners on FUM was 47 basis points. This was slightly lower than for the prior year due to the mathematical result from merging the Treasury Group and Northern Lights FUM figures.

Our financial accounts this year include a significant amount of accounting "noise" due to the scale of fundamental changes to the business. Therefore, I encourage shareholders to focus on underlying net profit after tax which was \$18.7 million, an increase of 33% versus prior year.

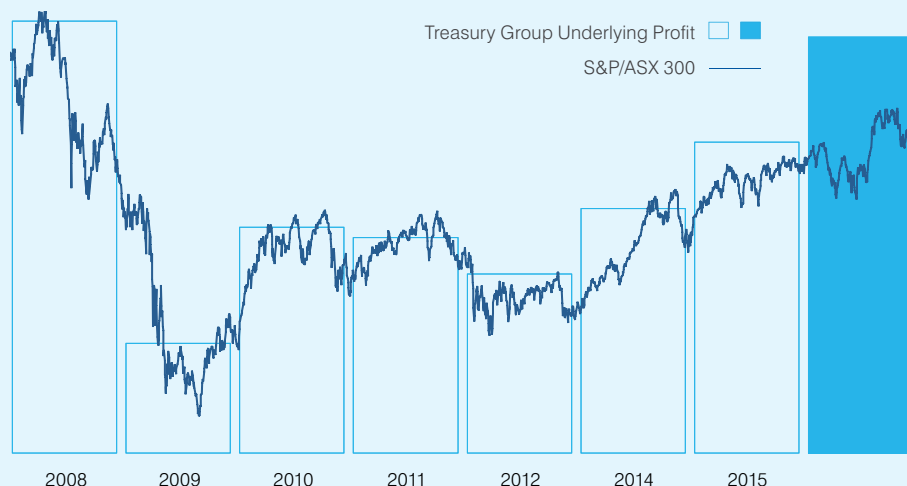
Statutory net profit after tax was \$138.7 million, significantly higher than last year, primarily due to the impact of large abnormal gains which were booked at the time of the merger when the carrying value of our boutique portfolio was marked-to-market for accounting purposes.

Whilst the merger with Northern Lights has been positive overall, we have been disappointed with WHV. Investment performance at WHV has been poor and it has lost significant FUM. For accounting purposes, the Board took the decision to write off the value of our position in WHV and our statutory results for FY2015 includes an impairment charge.

The correlation between Treasury Group's earnings and the level of listed equities markets was evident again this year as illustrated in the chart below. Whilst this relationship can be expected to endure, the more internationally diversified nature of Treasury Group/Northern Light's portfolio now will mean that international equities markets and exchange rates will be of increased influence in future.



Financial Performance



Treasury Group financial performance is correlated with the level of listed equities markets.

The S&P/ASX 300 Index increased by 1.1% during 2015.

Source:
Treasury Group,
Standard & Poor's

Market Environment

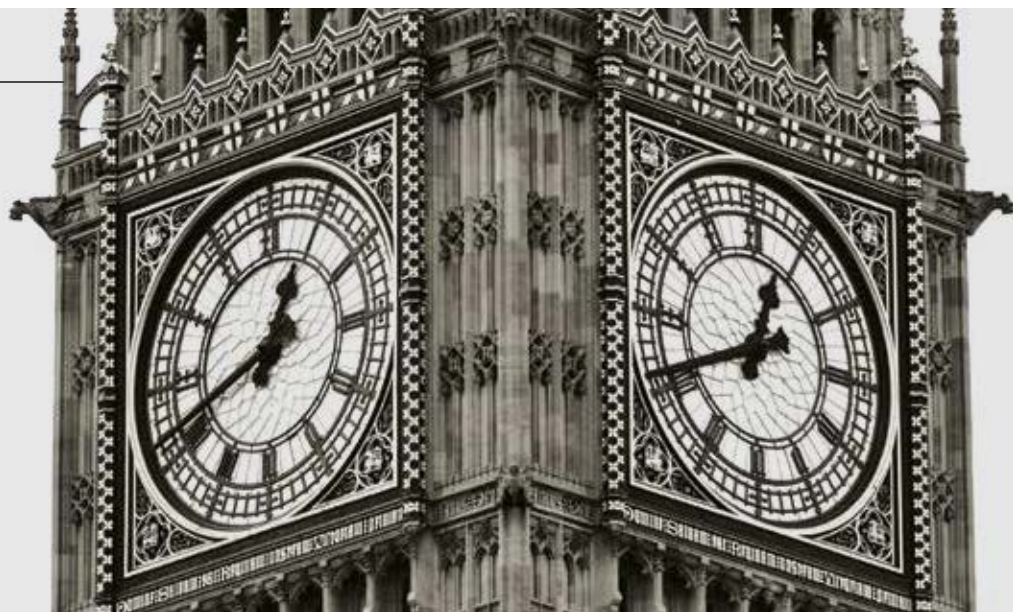
With Treasury Group's/Northern Lights' portfolio of boutiques and investment products weighted towards Equities in the US and Australia, the performance of the US and Australian economies are an important backdrop to our business. Generally speaking, the market backdrop was favourable for our portfolio of Equities funds management businesses – in the US, the Dow Jones Industrial Average increased 4.7% during the year while the NASDAQ composite increased by 12.5%. Having increased by over 10% through April, the S&P/ASX 200 Index ended the year only marginally higher, up 1.2% for the year, following significant losses in May and June. Once again, there were marked differences between the performance of Australian market sectors - the S&P/ASX 200 Resources Index fell by 20% during the year while the S&P/ASX Industrial increased by 10%.

Australian March quarter GDP statistics showed that the Australian economy grew by 2.3% year on year to that point in time. However, commentators noted that domestic consumption, an important economic driver, was soft. Also, falls in commodity prices in FY2014 and FY2015 has inevitably resulted in lower business investment in mining and resources projects. Given a somewhat uncertain economic background, it was not surprising that during the year the RBA twice lowered official interest rates and they finished the year at 2.0%, a record low.

During the year, the US economy continued its recovery with GDP growth of 2.3% in the June quarter and unemployment rates and other economic indicators generally improving with the consequence that investors now expect future rises in official US interest rates.

CEO's Report

continued



Volatility in financial markets was high driven by events such as the highly reported issues in Greece. Through the financial year, markets also reacted to the reality of the slowing Chinese economy and this was reflected in commodity prices, with iron ore collapsing approximately 50%. Commentators regard this as a dominant factor influencing the Australian dollar which declined approximately 18% during the year. Currencies were also influenced by changing interest rate relativities as central banks around the world engaged in actions designed to facilitate lower currencies and assist their respective domestic economies.

For Treasury Group's Australian shareholders, the timing of the merger with Northern Lights has to date been fortunate in relation to foreign exchange exposures as, in essence, the merger involved trading ownership of a portfolio of boutiques which was predominantly exposed to AUD revenues for a share of larger portfolio of boutiques with exposure to both USD and AUD revenues. Currency exposures are now an important consideration for the Treasury Group board. At present, Treasury Group's/Northern Lights' AUD earnings are protected from USD currency changes due to a natural hedge with our USD denominated external debt and operating expenses. When this debt is repaid the natural hedge within our business will be significantly unwound and thereafter currency movements will, in the absence of any future hedging actions by the Treasury Group board, have greater impact on Treasury Group's/Northern Lights' earnings.

Funds management as an industry continues to provide an attractive investment opportunity for investors with mandated compulsory superannuation contributions rising and Australia remaining one of the fastest growing funds management sectors globally. Treasury Group/Northern Lights remains well placed to benefit from these strong industry fundamentals.

Conclusion

FY2015 saw earnings growth for a 4th consecutive year, significantly greater portfolio diversification, and improved internal capabilities at Treasury Group/Northern Lights including within our sales and investment teams. The completion of the Treasury Group/Northern Lights merger and the sale of RARE Infrastructure were significant events for our business. We are well capitalised with significant opportunities potentially available to us.

By the time that this letter is published, my tenure as CEO and Managing Director at Treasury Group/Northern Lights will have ended. Treasury Group's/Northern Lights' position today is very different from Treasury Group's in 2011 when I was hired by the board of Treasury Group with the brief to reconsider the business model in light of a significantly changed market environment to that which prevailed when the multi-boutique funds management model was first conceived. The events of FY2015 are milestones of a fundamental repositioning of our business that has been accomplished by the executive team and Board in recent years and I am proud to have been a part of that.

Looking forward as a shareholder of Treasury Group/Northern Lights, I am very confident in the capability of the leadership team led by Tim Carver and with the support of Paul Greenwood, Joe Ferragina and the non-executive directors. I wish Tim and the team all the very best for the continued growth and success of our business.

Finally, I would like to thank all Treasury Group/Northern Lights employees and also staff at our boutique partners for their professionalism and expertise again this year. Treasury Group's/Northern Lights' business is a people-based business model and outcomes for our shareholders are a direct result of the continued skill, expertise and diligence of our people.

Andrew McGill
Managing Director and
Chief Executive Officer

Review of Boutiques



Aether Investment Partners ("Aether")

Aether was founded in 2008 and is located in Denver, Colorado, USA. The firm is a private equity fund of funds manager focused on real assets. Examples of the real asset sectors in which it operates include oil and natural gas, metals and mining, and agriculture and timber. The two founders, Troy Schell and Sean Goodrich, have built a firm widely recognised as an industry leader. Aurora's stake in Aether was substantially increased at the time of the Northern Lights/Treasury Group merger.

Aether believes that investment returns and alignment of interests between fund managers and investors are generally better with investments in smaller funds that are managed by teams that possess deep operational and/or technical experience. The firm has \$1.17 billion of committed capital as of 30 June 2015. Aether has typically gone to market to raise additional capital every two years; its last funds being raised late 2013.

The collapse in commodity prices has had an impact on the short-term performance of Aether's funds; however, the contractual nature of the firm's management fees largely insulates Aurora (and therefore Treasury Group) from performance volatility.



AlphaShares, LLC ("AlphaShares")

Walnut Creek, California, USA - based AlphaShares produces a series of China equity indices on which numerous exchange traded funds ("ETFs") are based. Guggenheim Partners is the advisor for all of the ETFs that utilize AlphaShares' indices. Asset flows into these ETFs tend to reflect current market sentiment toward Chinese equities, and significant swings in asset levels are common. Early in 2015, assets expanded dramatically as Chinese equities soared. After the correction late in the second quarter, asset levels reverted to early 2015 levels. As of 30 June 2015, assets in AlphaShares based ETFs were \$590 million.

While AlphaShares revenues are modest, it has a very low cost structure and high margins at current revenue levels.



Aubrey Capital Management ("Aubrey")

Aubrey is a global equity growth manager based in Edinburgh, Scotland. Led by Andrew Dalrymple, the Aubrey team members are experienced global equity investors focused on concentrated portfolios of growth stocks. Aubrey is also the appointed sub manager of the GVI Global Growth and Income Funds.

Aubrey's funds under management ("FUM") finished the year ending 30 June 2015 at \$607 million. FUM benefitted from the successful launch of the Aubrey Global Emerging Markets Fund in the UK.

While markets over the financial year have been volatile, Aubrey ended the year well ahead of the benchmark for its flagship portfolio, the Global Conviction Fund.

Review of Boutiques

continued



Blackcrane Capital ("Blackcrane")

Blackcrane was founded in 2012 by Dan Kim and Aaron Bower and is located in Bellevue, Washington, USA. The firm manages concentrated international and global equity portfolios. Blackcrane's mission is to provide investors with substantial excess returns through its relatively unconstrained portfolios. The firm's investment process is focused on identifying companies undergoing significant change, where the firm believes that the behavioural biases of other investors affords Blackcrane an opportunity to outperform its benchmark through its opportunistic approach.

Northern Lights' initial investment in Blackcrane occurred in April of 2014, when funds under management were less than \$10 million. Northern Lights' (and subsequently Aurora's) distribution team has worked closely with the firm to grow FUM to \$208 million as of 30 June 2015. Interest in Blackcrane's strategies has grown dramatically, in part due to its distinctive investment approach and top percentile performance.



Celeste Funds Management ("Celeste")

Celeste is a long-only Australian equities manager based in Sydney with a focus on smaller listed companies. The Celeste team aims to provide above benchmark returns for investors who possess a conservative nature and a patient disposition. During the year, FUM fell from \$597 million to \$457 million as of 30 June 2015. While short-term performance has been behind benchmark, performance relative to the benchmark over the long term and since inception remains positive.



EAM Investors, LLC ("EAM")

In April 2014, EAM Investors, LLC ("EAM Investors"), a US equity-focused investment manager, launched its international equity management subsidiary, EAM Global. EAM Global is jointly owned by EAM Investors and Aurora, and offers emerging markets small cap, international small cap, and international micro cap strategies to institutional investors. EAM Investors and EAM Global are based in Cardiff-by-the-Sea, California, USA, and operate under the shared leadership of Travis Prentice, Montie Weisenberger, and Josh Moss who together have managed small and micro cap portfolios for institutional clients for well over a decade. The combined FUM of EAM entities as of 30 June 2015 was \$1.95 billion, of which \$155 million represents FUM of EAM Global.

Aurora's interest in the group's non-US equity products is based on its belief that the investment strategy should work well in less efficient markets outside the US. So far, this investment thesis has been validated, as EAM Global continues to post above benchmark returns in all of its non-US equity offerings. Moreover, the Aurora distribution team has begun to generate significant interest in EAM Global's strategies, and Aurora believes the growth prospects to be strong.



Freehold Investment Management (“FIM”)

FIM is a boutique investment management company based in Melbourne, Australia with key capabilities in the real estate and infrastructure sectors. It manages a range of strategies across Australian and global real estate securities, listed infrastructure securities and direct real estate. FIM is focused on providing investment opportunities within core, value-add, opportunistic and development sectors of direct and unlisted real estate.

FIM experienced strong growth in funds under management over the year, increasing from \$110 million to \$282 million. The manager continues to build on positive momentum in the retail market and now sits on a number of product platforms.

Performance of the Absolute Return Fund continues to be strong, while the flagship Freehold AREIT and Listed Infrastructure Fund is ahead of benchmark since inception and has now passed its three-year anniversary milestone.



Goodhart Partners (“Goodhart”)

Goodhart was founded in 2009 as a result of a management buyout of the multi-manager team at WestLB Asset Management. Initially focused on building unique multi-manager products employing specialist managers, London-based Goodhart now offers a suite of single-manager strategies, utilizing both in-house and select third-party managers. Goodhart acts as investment manager and global distributor to the Luxembourg-based Goodhart Partners Horizon Fund and the Goodhart Partners Longitude Fund, which Goodhart uses to launch UCITS and SIF vehicles for its in-house and partner company investment strategies. Today, Goodhart manages approximately \$624 million in assets across three strategies: Japan small and all-cap equity, emerging markets equity, and absolute return.



Investors Mutual Limited (“IML”)

Sydney based IML, led by the experienced team of Anton Tagliaferro and Hugh Giddy, employs a conservative investment style with a long-term focus that aims to deliver consistent returns for clients. It achieves this through the disciplined application of a fundamental and value-based approach to investing.

During the year ending 30 June 2015, funds under management rose to \$5.7 billion, an increase of 16.3% for the year. This was sustained by the continued institutional support, market growth and positive retail flows experienced over the year.

Performance continues to be solid across all of IML's Funds, with the flagship Australian Share Fund performing strongly against its benchmark and peers.

IML was awarded the Morningstar Fund Manager of the Year Domestic Equities, (Large Cap) for 2015. IML was determined to be the winner after coming out on top of a combination of qualitative and quantitative factors as researched by Morningstar's fund analysts. Additionally, IML was nominated as a finalist in two other categories in the 2015 Morningstar Awards: Fund Manager of the Year, Australia and Domestic Equities Small Cap Category, Australia.

Review of Boutiques

continued



Nereus Holdings ("Nereus")

Nereus is a Mumbai-based investment firm established to invest in and sponsor renewable energy infrastructure projects in India. The firm was founded in 2010 by Jonathan Winer, formerly director of D. E. Shaw's private equity practice in India. Nereus' initial investment strategy was broad-based renewable infrastructure private equity, including minority growth equity investments in independent alternative power producers and acquisitions of late-stage development projects across biomass, wind, small hydro waste-heat recovery, and solar. As the dynamics of utility scale solar have changed since 2010, Nereus is now focused almost exclusively on solar power generation. Solar projects in India are economical today on an unlevered unsubsidised basis, and demand for electricity far outweighs supply.

In August 2015, with the backing of Aurora, Nereus established Nereus Capital Investment Singapore Ltd. ("NCI"). Aurora has made a de minimus cash investment into NCI, which is being launched in partnership with Nereus and Hareon Solar Singapore Pty Ltd ("Hareon"), the Singapore affiliate of a leading manufacturer of solar PV panels in China. Hareon will provide the initial financing for NCI's sponsorship of utility-scale solar projects in India. Aurora will make a contingent commitment of no more than \$25 million, which can be called no sooner than the sixth anniversary of the closing of NCI. For its commitment, Aurora will be issued an equity interest entitling it to 50% of the economics of NCI subsequent to the redemption of Hareon's preferred shares. Aurora believes supporting Nereus in this endeavour will not only catalyse new institutional investments into the Nereus strategy, but will provide an attractive risk/return to Treasury Group shareholders.



Northern Lights Alternative Advisors ("NLAA")

NLAA is a London-based firm founded in 2009 by Tim Morgan and Dominic Trusted. The firm is a strategic partner of Aurora and provides capital formation services across the UK on behalf of a select group of private equity and hedge funds.

Aurora's investment in NLAA occurred in March of 2014. Since that time the firm has performed well and continues to attract an array of investment firms, all interested in accessing NLAA's fundraising capabilities and strategic advice. The relationship with NLAA not only brings Aurora a reliable source of market intelligence, it also generates numerous leads on potential investment opportunities.



Octis Asset Management ("Octis")

Led by Jerome Ferracci, Octis is an Asian multi-strategy hedge fund manager based in Singapore. Its investment team aims to capture growth from Asian markets whilst limiting volatility and drawdowns.

Octis utilises a number of different strategies that includes equities, futures, options, commodities and foreign exchange securities.

The performance of the flagship Octis Asia Pacific Fund had a strong 12 months with excess returns well ahead of the cash benchmark and the relevant hedge fund indices.



Orion Asset Management ("Orion")

Sydney-based Orion is focused on the distribution and administration for New York City-based Trilogy Global Advisors ("Trilogy") following the closure of its Australian equities business in the prior financial year.

The alliance between Orion and Trilogy has been productive, with Trilogy now managing over \$5.3 billion in FUM from investors across Australia, New Zealand and South East Asia. It is noted that the aggregate FUM provides relatively low fees to Aurora.



RARE Infrastructure ("RARE")

RARE, founded in 2006 by Richard Elmslie and Nick Langley and based in Sydney, specialises in the investment and management of securities in global listed infrastructure including airports, toll roads, gas, electricity and water. RARE has product offerings in North America, Europe/UK as well as Australia.

During the year, FUM grew from \$9.1 billion to \$9.9 billion as of 30 June 2015. RARE continues to attract strong support from Australian institutional and retail clients as well as offshore institutions including sovereign wealth and pension funds, with a number of new institutional mandates won from both Australian and offshore investors. RARE continued to build on its strong long-term track record with all three products (RARE Infrastructure Value, RARE Yield, and RARE Emerging Markets) delivering positive results well ahead of their respective benchmarks over the 12-months ending 30 June 2015.

Treasury Group announced in July 2015 that Aurora entered into a conditional sale and purchase agreement to sell its interest in RARE to Legg Mason for total consideration of approximately \$200 million, including upfront cash proceeds of \$112 million, an earn-out of up to \$42 million and a 10% retained equity interest in RARE that is subject to a put/call arrangement after 2 years.

This exit event, when successful, validates the business model that Treasury Group has built over many years in partnering with asset managers to enhance value and create growth. While Aurora is a reluctant seller of boutiques, this transaction provides Treasury Group/Aurora exceptional value for 75% of its holdings in RARE, as well as the opportunity to diversify its portfolio.



Raven Capital Management ("Raven")

Founded in 2007 and based in New York City, Raven is an asset-backed lending company that specialises in the primary origination, underwriting, and management of direct asset based investments. The firm's strategy is built upon three key tenets: asset based, current income, and active management. Raven believes that middle market dislocation in the United States, and a scarcity of alternative funding sources, creates an ideal environment for asset based investments, while having an actively managed portfolio allows them to generate attractive yields while protecting capital. As of 30 June 2015, Raven had committed capital across three funds of \$457 million in FUM, with additional growth likely throughout 2015.



ROC Partners ("ROC")

ROC, based in Sydney, is a specialised private equity investment and advice firm focused primarily on the Asia Pacific markets. ROC was established following the management buy-out of Macquarie Group Limited's private equity fund of funds business unit by its senior executives. The management team has now been operating as ROC for just over a year, but the team has been in continuous operation since 1996 when it began offering private equity solutions to Australian Superannuation Funds. The business has since grown to become one of the most experienced private equity investors in the Asia Pacific region, representing some of the largest institutional investors in the Australian market.

ROC has had a successful year establishing itself as an autonomous business, with Treasury Group assisting through the provision of capital and support services. Funds under management were maintained and finished the year at \$5.3 billion.

ROC has continued to build on its impressive long-term track record with its clients benefitting from strong returns across both the fund structures as well as their separate accounts. ROC continues to explore a number of new initiatives for its existing and new clients which it plans to launch in the coming financial year focusing on both Australian and Asian private equity solutions.

Review of Boutiques

continued



Seizert Capital Partners ("Seizert")

Seizert Capital was founded in 2000 and is located in Birmingham, Michigan, USA. The firm is led by Gerry Seizert and Ed Eberle. Seizert manages multiple US equity strategies across the capitalisation spectrum. All of its products have either a core or value style orientation. The investment process is intended to combine sophisticated quantitative idea generation with rigorous fundamental research and highly efficient decision-making.

Over the last year, four of the firm's five largest products underperformed their respective benchmarks.

Longer-term results are much more favourable, with all five of these products surpassing benchmark returns over the last three years.

Over the 12-months ending 30 June 2015, Seizert lost two large clients for reasons believed to be unrelated to performance. FUM finished the 30 June year-end at \$5.8 billion.



TAMRO Capital Partners, LLC ("TAMRO")

TAMRO, led by Philip Tasho and Kathleen Neumann, is an investment manager founded in June 2000 and based in Alexandria, Virginia, USA. Northern Lights' involvement with TAMRO began in 2007, when financing a management buyout of TAMRO from its prior owner, ABN AMRO Asset Management. The firm manages three separate strategies, but its flagship offering is its US Small Cap product. Its investment approach incorporates quantitative idea generation with fundamental research targeted on identifying inexpensive companies with improving prospects.

TAMRO has a strong long-term record; however, underperformance in 2013 and 2014 after seven consecutive years of Small Cap outperformance has led to a decline in FUM to \$1.56 billion as of 30 June 2015.



WHV Investment Management ("WHV")

WHV is a San Francisco, California - based asset management firm that started in 1937, and has been managing institutional client portfolios since 1945. The firm's flagship product is its International Equity product. The product has a lengthy track record that is characterised by highly volatile performance. Beginning in late 2014 performance endured a significant setback due to the strategy's overweighting in energy and materials stocks. This underperformance has been accompanied by significant client redemptions, and FUM have declined significantly over the last year to \$8.9 billion.

Despite the FUM attrition in its core product, WHV has made solid progress diversifying its product set over the last 18 months. While FUM in these new products is still modest, performance has generally been strong, resulting in improving growth prospects for these new offerings.

The economic relationship with WHV is not a typical one for Aurora, which does not have direct ownership in WHV, but rather participates only in the growth in dividends if and when declared by WHV. Given the contraction in the firm's FUM, Aurora does not expect to receive dividends this financial year.

Directors' Report

Your Directors submit their report for the year ended 30 June 2015.

Directors

The names and details of the Company's Directors in office during the financial 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 5 October 2004. He has over 37 years' experience in the financial services sector. After a career in investment banking in Australia and the US, Mike 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 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. (Honours) from the University of Oxford, where he was a Rhodes Scholar.

Mr Fitzpatrick is a member of the Board's Audit & Risk Committee, Remuneration Committee and Nominations Committee (now the Governance Committee).

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

Mr McGill joined the Board on 30 August 2013. 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 Treasury Group as Chief Executive Officer in July 2011 and has overall responsibility for management of the business, including the Company's investment and partnering activities. Prior to joining Treasury Group, Mr McGill was a founding partner of Crescent Capital, 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'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.

On 26 March 2015, Mr McGill notified the Board his intention to terminate his employment contract effective 28 August 2015.

T. Carver, (Executive Director appointed 10 December 2014) BA

Mr Carver is the co-founder of Northern Lights Capital Group. Serving as managing director for 8 years prior to Northern Lights' merger with Treasury Group, Mr Carver led the transaction process for Northern Lights and provided overall firm leadership. Prior to Northern Lights, he co-founded Orca Bay Partners, a private equity firm that focused on investing in boutique asset managers. At Orca Bay, Mr Carver led the investments and served in the boards of Parametric Portfolio Associates and Envestnet Asset Management. Mr Carver began his career at Morgan Stanley in New York.

On 26 March 2015, Mr Carver was elected to succeed Mr McGill as CEO.

P. Kennedy, (Non-Executive Director) B.Ec. L.L.M.

Mr Kennedy joined the Board on 4 June 2003. He is the founding partner of 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 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.

He is the Chairman of the Audit & Risk Committee and a member of the Remuneration Committee.

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

Ms Donnelly joined the Board on 28 March 2012. 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 and was formerly deputy chairperson of the Victorian Funds Management Corporation and non-executive director of Ashmore Group plc. In addition, Ms Donnelly is a member of the Advisory Committee of the Oxford University Centre for Ageing.

Ms Donnelly is the Chairperson of the Nomination Committee (now the Governance Committee) and a member of the Audit & Risk Committee.

Directors' Report

continued

A. Robinson, (Non-Executive Director appointed 28 August 2015) BComm, MBA, CFA

Mr Robinson has significant expertise and experience across a number of industries including banking, financial services, telecommunications, and transport. He is an experienced company director and chief executive officer.

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 included managing director of IOOF Ltd and OAMPS Limited.

R. Hayes, (Non-Executive Director, resigned 31 March 2015) SF Fin, FAICD

Mr Hayes joined the Board on 22 February 2007. Mr Hayes has over 40 years' experience in investment management and stockbroking research, and was a founder and CEO of Ausbil Dexia Limited, a specialist wholesale boutique asset management operation. Mr Hayes was also a joint founder of Barclays Bank's investment operations in Australia in 1984, and was CEO of that business for 12 years until 1996. Prior to this, Mr Hayes held senior investment roles with AMP and Westpac. Mr Hayes is a Senior Fellow of the Financial Services Institute of Australia and a Fellow of the Australian Institute of Company Directors.

J. Vincent, (Non-Executive Director appointed 10 December 2014) MBA, BSBA

Mr Vincent is the CEO of the Laird Norton Company, diversified investment holding company, for the past 15 years. In this role, he has overseen U.S. 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 held wealth management firm and board positions on investment management firms. Prior to this position, he was a subsidiary president of a consumer durables company, Chamberlain Group, where he also previously served as the chief financial officer. Mr Vincent has held a variety of significant board positions including a position on the PeoBuild Board, the U.S.' largest building distribution company, and has performed the duties of audit committee chair, compensation committee chair, and board chairman.

Mr Vincent has demonstrated strong skills in M&A, corporate governance, executive compensation, operations and financial management. He has also lead organisations through significant periods of change.

Mr Vincent also serves on the boards of Laird Norton Company, Laird Norton Properties, Laird Norton Wealth Management, and Fusion Education Group.

Mr Vincent is the Chairman of the Remuneration Committee and a member of Audit & Risk Committee.

G. Guérin, (Non-Executive Director appointed 10 December 2014) MSc, BA

Mr Guérin is 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 chief executive officer and president of Natixis Global Associates and 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, United States, 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.

Mr Guérin is a member of Remuneration Committee and Nominations Committee (now the Governance Committee).

P. Greenwood, (Executive Director and Chief Investment Officer appointed 10 December 2014), CFA, BA

Mr Greenwood co-founded Northern Lights Capital Group in 2006. Prior to Northern Lights, 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, 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.

J. Ferragina, (Finance Director and COO appointed 31 March 2015) BCom, M App Fin, CA, FFin, GAICD

Mr Ferragina is a Chartered Accountant and has worked in funds management for 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, 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 Treasury Group Limited in October 2005, he was Head of Finance at DBRREEF (now Dexus).

Company Secretaries

C. Driver, LLB(Hons), LLM, DipLP, GradDipACG, ACISA, appointed 7 July 2015

Ms Driver was appointed company secretary on 7 July 2015. Ms Driver is a chartered 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.

R. Ramswarup, BA (Justice Administration), resigned 30 June 2015

Ms Ramswarup commenced with Treasury Group Ltd in March 2008. She has worked in company secretarial roles at Wattyl and AMP and has secretariat experience in local government and professional services. Ms Ramswarup has completed the Graduate Diploma in Applied Corporate Governance and is a member of the Governance Institute of Australia.

J. Ferragina, appointed 31 July 2014

Please refer to Mr Ferragina's profile under the Directors section.

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the Directors in the shares and options/performance rights of Treasury Group Ltd were:

	Ordinary Shares	Options/ Performance rights over Ordinary Shares
M. Fitzpatrick	2,701,285	–
A. McGill	530,541	–
T. Carver	–	–
P. Kennedy	214,929	–
M. Donnelly	20,000	–
A. Ronbison	–	–
R. Hayes	–	–
J. Vincent	–	–
G. Guérin	–	–
P. Greenwood	–	–
J. Ferragina	141,400	–

Earnings Per Share

	Cents
Basic earnings per share	541.5
Diluted earnings per share	541.5

Dividends

	Cents per share	\$
Final dividend declared:		
– on ordinary shares (fully franked)	28	7,738,682
Dividends paid in the year:		
Interim for the year		
– on ordinary shares (fully franked) paid on 25 March 2015	24	6,624,995
Final for 2014 shown as declared in the 2014 report		
– on ordinary shares (fully franked) paid on 25 September 2014	27	6,398,324

Directors' Report

continued

Corporate Information

Corporate Structure

Treasury Group Ltd is a company limited by shares and is incorporated and domiciled in Australia. Treasury Group Ltd has prepared a consolidated financial report incorporating the entities that it controlled and jointly controlled during the financial year. During the year, Treasury Group entered into a merger transaction with Northern Lights to create an international multi-boutique business called Aurora Trust (Aurora). Both Treasury Group and Northern Lights sold their respective businesses including their assets (except del Rey and Celeste) and liabilities to Aurora in exchange for units in Aurora.

Aurora Investment Management Pty Ltd, the Trustee of Aurora Trust is a 100% owned and controlled by Treasury Group, thus consolidated in the accounts of Treasury Group. Aurora, on the other hand, whilst 64% owned by Treasury Group, is treated as an associate. The key function of the Trust and the overall business is the investment in asset managers. The decision making process in relation to the investments requires approval by an Executive Committee consisting nine members, the majority of whom are drawn from the former Northern Lights executives. The Executive Committee sits under the Trust and its decisions and recommendations are submitted for board approval by the directors of Aurora board.

The Group's corporate structure as at the date of this report is as follows:



Operating and Financial Review

Review of Operations

Nature of operations and principal activities

On 25 November 2014, Treasury Group and Northern Lights completed the transaction to merge both companies into an international multi-boutique funds management group. A new Australian trust, Aurora Trust, was established to hold the interest in 20 boutiques and gave effect to the merger. Post completion, Treasury Group and Northern Lights sold their respective businesses including their assets (except del Rey and Celeste) and liabilities to Aurora Trust in exchange for units and debt in Aurora. At 30 June 2015, Treasury Group owns 64.03% of Aurora Trust and adopts the equity accounting method in relation to Treasury Group's interest in the Aurora Trust.

As permitted under AASB 3 "Business Combinations", Aurora Trust has accounted for its acquisition of the businesses on a provisional basis. As a result, the investment in Aurora Trust as at 30 June 2015 and the share of profits generated from Aurora Trust for the period from 25 November 2014 to 30 June 2015 may change on finalisation of the acquisition accounting within Aurora Trust. AASB 3 requires Aurora Trust to finalise the acquisition accounting within twelve months of the acquisition date.

Employees

The consolidated entity employed 17 full time equivalent employees as at 30 June 2015 (2014: 17). The consolidated entity includes Treasury Group Ltd (parent), Aurora Investment Management Pty Ltd as the Trustee of Aurora Trust and AR Capital Management Pty Ltd. While the Trustee employs the executives and staff, Aurora effectively bears the employee costs via recharge mechanism from the Trustee.

Treasury Group owns 64.03% of Aurora Trust which has a 100% owned US subsidiary that employs 19 employees during the year.

Funds management/business performance

On 1 July 2014, the FUM of Treasury Group was \$25.4bn. On 25 November 2014, the FUM was \$49.6bn as a result of the merger between Treasury Group and Northern Lights.

As at 30 June 2015, the FUM of the Group was \$49.0bn. The slight decrease of the FUM was due to the net impact of outflows from RARE, Seizert and WHV, offset by inflows from IML, market performance and positive impact of the weak Australian dollar relative to the US dollar.

Operating Results for the Year

The Group generated net profits attributable to member of Treasury Group Ltd of \$138,723,124 for the twelve months ended 30 June 2015. This includes the \$130,834,193 net gain on sale of business to Aurora. This compares with a net profit attributable to members of Treasury Group Ltd of \$13,061,814 in prior year. The net profit after tax of the group as reported in the current year compared to the 30 June 2014 comparative result is shown in the table below reconciling the underlying profit as follows:

	Consolidated	
	2015 \$	2014 \$
Net profit attributable to members of the parent	138,723,124	13,061,814
Add/(Deduct):		
– Gain on sale of business to Aurora (net of transaction costs and income tax expense) ¹	(130,834,193)	–
– TRG share on impairment of WHV by Aurora	10,761,277	–
– Impairment of goodwill	–	252,764
– Write off of GVI DTA	–	520,000
– Impairment of investment in subsidiary (AR Capital Management)	–	41,012
– Legal fees	–	159,928
Underlying profit²	18,650,208	14,035,518

¹ This is the result of Treasury Group's sale of business to Aurora as concluded on 25 November 2014 which is determined as the difference between the carrying amount and fair value of such assets and liabilities transferred at the date of transfer.

² It includes share in the net loss of Aurora which includes non-cash interest expense on unitholders' debt (fair value adjustment) and amortisation of intangibles. Treasury Group's proportionate share in these non-cash items is \$2.4m.

The results for the twelve months to 30 June 2015 reflect the Treasury Group's stand alone result from 1 July to 24 November 2014 and the share of Treasury Group from the operations of the merged group from 25 November 2014 to 30 June 2015.

On 11 December 2014, Treasury Group undertook a placement to the value of \$30.0m offered to institutional investors at \$10.25 per share. As a result of the placement, 2,926,830 shares were issued on 18 December 2014. The proceeds from the placement were used to subscribe for additional units in Aurora.

On 23 January 2015, Treasury Group Ltd issued 979,816 fully paid ordinary shares at \$10.25 as a result of Share Purchase Plan (SPP). The proceeds from the placement were used to subscribe for additional units in Aurora.

Earnings Per Share

The earnings for the year reflect the Treasury Group's stand alone result from 1 July to 24 November 2014 and the share of Treasury Group from the operations of the merged group from 25 November 2014 to 30 June 2015.

	2015	2014
Basic earnings per share (cents)	541.5	56.6
Diluted earnings per share (cents)	541.5	55.0

Financial Position

Treasury Group Ltd has a strong balance sheet and sound capital structure. Treasury Group has no debt, however the Company has a 64.03% interest in Aurora Trust which has external borrowings as well as debt instruments issued to unitholders (i.e. Northern Lights). Net assets increased by 268% which is attributable to the investment in Aurora Trust. The Investment in Aurora is determined by the cost to acquire the units and the share in net profits of Aurora reduced by distributions received.

Treasury Group Ltd has the capacity to pay dividends to its shareholders. During the year, Treasury Group Ltd paid 51 cents per share in dividends, an increase of 11% compared to the comparative period. A final dividend of 28 cents per share was declared on 26 August 2015.

Cash Flow from Operations

Net cash flow from operating activities decreased by \$7.7m to \$4.4m or by 64% over the year. This decrease is due to the change in operations of the wider Group where the Trust receives all dividends and distributions from the managers.

Directors' Report

continued

Business Strategies and Prospects

Treasury Group continues to expand and diversify its portfolio by partnering with outstanding asset management professionals worldwide through its investment in Aurora Trust. On 25 November 2014, Treasury Group and Northern Lights announced completion of the previously announced transaction to merge both companies into an international multi-boutique funds management group. All the required regulatory approvals and other conditions were satisfied and the merger became effective on 25 November 2014. The strategy of the combined group is an extension of Treasury Group's existing strategies, leveraging the enhanced capabilities delivered by the merger and will include 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 business, the combined group have scale and financial capacity to invest in established business.

Over the past 5 years, Treasury Group and Northern Lights have completed a combined 14 investments.

Leveraged distribution capabilities to increase asset base

The merged businesses have sales executives across offices in Australia, US, and the UK 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 increased distribution of Treasury Group's boutiques into the US market, as well as providing access for Northern Lights' boutiques into the Australian market (subject to compliance with all regulatory requirements).

Efficient capital structure

The merged group will seek to drive return on equity via efficient investment structures and capital structures.

Leverage northern lights strategic relationships

BNP Paribas Asset Management, Inc. and Laird Norton Company Investment Co., LLC are cornerstone shareholders of Northern Lights. Both organisations will continue to hold equity in the merged group and are represented in Treasury Group's Board.

Material Business Risks

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

Global market risks

The diversified global portfolio that was created as a result of merger between Treasury Group and Northern Lights means that Treasury Group is exposed to an immensely larger scale of market volatility and higher degree of adverse market conditions. Major international listed equity markets continue to display volatility on both upside and downside with publicised global macro risks such as higher European growth and deflation, slower growth in China, and monetary policies in the US and Japan. Treasury Group's FUM reflects the investment performance of its boutique fund managers, in addition to such other factors as funds flowing into and out of the underlying funds. Market volatility and adverse market conditions may lead to decline in FUM and performance of Treasury Group's business which may adversely affect Treasury Group's earnings and profitability. While these risks are external and beyond the control of the Group, a number of our boutique partners delivered exceptional performance including Investors Mutual Ltd and RARE Infrastructure Ltd. Market risk is however at the core of the business.

Foreign currency risks

Treasury Group is exposed to AUD/USD exchange rate through its investment in Aurora that holds the US-denominated investments and debt and other foreign currency denominated investments via its subsidiary Northern Lights Midco LLC. The Company has adopted hedge accounting such that the impact of foreign currency translation is taken up through foreign currency translation reserve of Aurora. Treasury Group takes the share of the movement of Aurora's foreign currency translation reserve in its equity.

Regulatory environment

The business of the Group operates in a highly regulated environment that is frequently subject to review and regular change of law, regulations and policies. Treasury Group is exposed to any changes in the regulatory conditions under which it and its boutique fund managers operate in Australia, US and the UK. The Group's highly experienced in-house risk and regulatory experts are actively managing and monitoring the Group's regulatory compliance activities. Regulatory risk is also mitigated by the use of industry experts when the need arises. Other measure includes the establishment of risk committee composed of executives to ensure that risk management among others, is monitored, managed and controlled.

Significant Changes in State Affairs

On 25 November 2014, Treasury Group and Northern Lights completed the transaction to merge both companies into an international multi-boutique funds management group. A new Australian trust, Aurora Trust, was established to hold the interest in 20 boutiques and gave effect to the merger. Post completion, Treasury Group and Northern Lights sold their respective businesses including their assets (except del Rey and Celeste) and liabilities to Aurora Trust in exchange for units and debt in Aurora. At 30 June 2015, Treasury Group owns 64.03% of Aurora Trust and adopts the equity accounting method in relation to Treasury Group's interest in the Aurora Trust.

As permitted under AASB 3 "Business Combinations", Aurora Trust has accounted for its acquisition of the businesses on a provisional basis. As a result, the investment in Aurora Trust as at 30 June 2015 and the share of profits generated from Aurora Trust for the period from 25 November 2014 to 30 June 2015 may change on finalisation of the acquisition accounting within Aurora Trust. AASB 3 requires Aurora Trust to finalise the acquisition accounting within twelve months of the acquisition date.

On 10 December 2014, the Board appointed Mr Vincent and Mr Gu erin as non-executive directors of Treasury Group. Mr Carver and Mr Greenwood were appointed as executive directors of Treasury Group.

On 11 December 2014, Treasury Group undertook a placement to the value of \$30.0m offered to institutional investors at \$10.25 per share. As a result of the placement, 2,926,830 shares were issued on 18 December 2014. On 23 January 2015, Treasury Group Ltd issued 979, 816 fully paid ordinary shares at \$10.25 as a result of Share Purchase Plan (SPP). The proceeds from the placement were used to subscribe for additional units in Aurora.

On 26 March 2015, Mr McGill gave his notice to the Board to terminate his employment contract effective 28 August 2015.

On 31 March 2015, Mr Hayes resigned as a member of the Board and Mr Ferragina was appointed as Finance Director and Chief Operating Officer of Treasury Group.

Significant Events after the Balance Date

On 29 July 2015, the shareholders of RARE Infrastructure Ltd (RARE) including Aurora Trust have entered into a binding agreement to sell the majority interest in RARE to Legg Mason.

Under the proposed structure, the total transaction consideration is approximately \$200m, with an upfront cash proceeds of \$112m to be received on November 2015; a three-year earn-out of up to \$42m and 10% retained equity interest in RARE subject to two- year differentiated option pricing: call option by Legg Mason at a fixed multiple of RARE revenues or put option by Aurora Trust at "fair market value".

On 26 August 2015, the Directors of Treasury Group Ltd declared a final dividend on ordinary shares in respect of the 2015 financial year. The total amount of the dividend is \$7,738,682 which represents a fully franked dividend of 28 cents per share. The dividend has not been provided for in the 30 June 2015 financial statements.

Performance Rights

There were no performance rights issued to executives and employees during the year. The performance rights outstanding as at 30 June 2015 represent the 139,981 performance rights issued to certain employees in prior years. The performance rights on issue were valued based on the valuation made by RSM Bird Cameron using a hybrid monte-carlo/binomial option pricing model. The value of each right at issue was \$1.64. The value of outstanding performance rights is \$164,000 amortised over three years from the grant date.

As part of the merger between Treasury Group and Northern Lights, a commitment was made to grant Mr Carver and Mr Greenwood with 500,000 performance rights each to be split into three tranches vesting over two, three and four years. Following his performance review in July 2014, Treasury Group made the commitment to grant Mr Ferragina 165,000 performance rights. On his promotion to Finance Director in April 2015, Treasury Group made a commitment to grant Mr Ferragina an additional 140,000 performance rights. As at the date of this report, these performance rights have not yet been granted. The Remuneration Committee anticipates that these awards will be issued in the coming year. Full details of these performance rights will be disclosed in a future Remuneration Report once granted.

The amount of performance rights amortisation expense for the period was \$91,886 (2014: \$427,150).

Indemnification and Insurance of Directors and Officers

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

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

- A liability owed to the Company 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 Company or a related body corporate and did not arise out of conduct in good faith;
- Any other liability against which the Company 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 Company.

Directors' Report

continued

Remuneration Report

Message from the Remuneration Committee

Dear Shareholders:

We are pleased to present our Remuneration Report for the financial year ending 30 June 2015. We have streamlined the format of the attached report to assist shareholders in better understanding its contents. New sections of the report have been added to provide additional details regarding Treasury Group's remuneration policy and structure. Also, during the past year, as referred to in the Directors' Report, Treasury Group entered into a merger transaction with Northern Lights to create an international multi-boutique business called Aurora Trust (Aurora). Both Treasury Group and Northern Lights sold their respective businesses to Aurora (except del Rey and Celeste) in exchange for units and debt in Aurora. The operations of Aurora commenced on 25 November 2014, and the employment costs of the key management personnel (KMP) and all other staff are borne by Aurora, effective on that date. The remuneration of KMP presented in this report includes the remuneration paid by Treasury Group from July to November, and remuneration effectively paid by Aurora from 25 November 2014 to June 2015. Treasury Group's total remuneration costs are effectively the costs it paid and its 64% share of the remuneration paid by Aurora. For accounting purposes, Treasury Group treats Aurora as an associate, and the principles of equity accounting are applied. The composition of KMP changed as a result of the merger transaction discussed above. The KMP are made up of the TRG Board of Directors, who are also the Board of Directors of Aurora Investment Management Pty Ltd., the Trustee of Aurora Trust and the key executive officers of Aurora. Five KMP are based in Australia, and the other four are based outside of Australia. The new merged group generates approximately 38% of its revenues in Australia and 62% in North America. Aurora is domiciled in Australia, with operations in five countries and an ongoing expansion plan to other jurisdictions.

Given the above changes in KMP, the Remuneration Committee conducted a review of the Company's remuneration structure and individual employment packages of Executive KMP. Changes in remuneration were based on the Company's new structure, increased responsibilities, job size and local market conditions. As a result, the Remuneration Committee decided to update the Company's approach to remuneration for Executive KMP to ensure that the above factors were reflected in their remuneration packages.

Financial year 2015 is viewed as the transition year for the new management team. As such, KMP total fixed remuneration is larger than the previous year. Going forward, the size of the KMP and their corresponding fixed remuneration will be smaller as a result of Mr. McGill's departure, effective on 28 August 2015.

There was no long term incentive (LTI) awarded to the Executive KMP during the financial year. During the year, a commitment was made to grant performance rights to Executive KMP. Full details are in pages 25 and 26. On 12 July 2014, LTIs in the form of Performance Rights awarded to KMP in 12 July 2011 have vested at 96%. Accordingly, Treasury Group shares were allocated to Executive KMP.

Finally, the short-term incentive (STI) is designed to reward Executive KMP for achievement of Treasury Group's business objectives. The STI is determined by the Remuneration Committee and is primarily based on the achievement of the executives' individual key performance indicators associated with financial targets and other non-quantitative measures set by the Board. However, the STI program remains fully discretionary in the hands of the Remuneration Committee, and the Committee reserves the right to use its judgement when determining final awards to KMP.

In view of the above summary, we believe that the employment packages we offer are attractive, competitive and represent the core values of Treasury Group.

We welcome feedback on our remuneration philosophy and practices, or any remuneration matter included in this report.

Yours faithfully,



J. Vincent

Chairman, Remuneration Committee

Treasury Group Ltd

This letter does not form part of the audited remuneration report.

Remuneration Report (Audited)

About this report

This remuneration report, which forms part of the directors' report, outlines the remuneration arrangements of Treasury Group Ltd's Key Management Personnel (KMP) for the financial year ended 30 June 2015, in accordance with the requirements of the Corporations Act 2001 and its Regulations. It also provides the remuneration disclosures required by paragraphs Aus 29.4 to Aus 29.7.2 of AASB 124 Related Party Disclosures, which have been transferred to the Remuneration Report in accordance with Corporations Regulation 2M.6.04.

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1. Defined terms used in this report
2. Key management personnel
3. Remuneration philosophy
4. Remuneration outcomes for 2015
5. Relationship between the remuneration philosophy and company performance
6. Remuneration of key management personnel
7. Key terms of employment contracts of KMP
8. Remuneration of non-executive directors

Defined terms used in this report

EPS	Earnings per share for the purpose of determining performance against LTI performance targets. When measuring the growth in EPS to determine the vesting of the long-term incentive awards, we define EPS as net profit after tax divided by the weighted average number of issued shares during the year.
Fixed Remuneration	Generally comprises cash salary, superannuation contribution and the remainder as nominated benefits. Fixed remuneration is determined on the basis of the role of the individual employee, including responsibility and job complexity, performance and local market conditions. It is reviewed annually based on individual performance and market data.
KMP	Key Management Personnel. Those people who have the authority and responsibility for planning, directing and controlling the activities of Treasury Group Ltd and the Group, directly or indirectly. KMP disclosed in this report are Non-Executive Directors, Managing Director, Executive Directors, Chief Executive Officer (CEO), Chief Investment Officer (CIO) and Chief Operating Officer (COO).
KPI	Key performance indicators. These are based on operational targets, growth and business development targets as well as operational management.
LTI	Long Term Incentive. It is awarded in the form of Performance Rights to executives and employees for the purpose of retention and to align the interests of employees with shareholders.
STI	Short-term Incentive. The purpose of the STI is to provide financial rewards to Executives in recognition of performance aligned with business and personal objectives. The STI is a cash based incentive paid on an annual basis and is paid at the discretion of the board.
TSR	Total Shareholder Return is defined as share price growth plus dividends paid over the measurement period.

Key Management Personnel

Below is Treasury Group's KMP during or since the end of the financial year were:

Non-executive Directors

M. Fitzpatrick	Chairman, Non-executive Director
P. Kennedy	Non-executive Director
R. Hayes	Non-executive Director, resigned 31 March 2015
M. Donnelly	Non-executive Director
J. Vincent	Non-executive Director, appointed 10 December 2014
G. Guérin	Non-executive Director, appointed 10 December 2014

Executive directors and KMP

A. McGill	Managing Director & CEO
T. Carver	Executive Director appointed 10 December 2014
P. Greenwood	Executive Director and CIO, appointed 10 December 2014
J. Ferragina	Finance Director, COO, appointed 31 March 2015 & Company Secretary

Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year.

Directors' Report

continued

Remuneration Philosophy

The performance of the Company depends upon the quality of its Directors and Executives. Treasury Group aims to provide market competitive pay and rewards to successfully attract, motivate and retain the highest quality individuals. Our remuneration and benefits are structured to reward people for their individual and collective contribution to our success for demonstrating our values, and for creating and enhancing value for all Treasury Group stakeholders.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value; and
- Significant portion of Executive remuneration 'at risk', dependent upon meeting pre-determined performance benchmarks.

Remuneration Committee

The Remuneration Committee is a Committee of the Board established by the Board.

The objective of the Committee is to assist the Board in the establishment of remuneration and incentive policies and practices for, and in discharging the Board's responsibilities relative to the remuneration setting and review of, the Company's Chief Executive Officer and other senior executives and directors.

The list of responsibilities of the Committee is laid out in its charter available on the Treasury Group website.

Remuneration Structure

In accordance with best practice corporate governance, the remuneration structure of Non-executive director, executive directors and officers is separate and distinct.

Executive Remuneration

Objective

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- Reward executives for company, business unit and individual performance targets set by reference to appropriate benchmarks;
- Align the interests of executives with those of shareholders;
- Link reward with the strategic goals and performance of the Company; and
- Ensure total remuneration is competitive by market standards.

Structure

Remuneration consists of the following key elements:

- Fixed Remuneration
- Variable Remuneration
 - Short Term Incentive (STI); and
 - Long Term Incentive (LTI)

The proportion of fixed remuneration and variable remuneration is established by the Remuneration Committee.

Fixed Remuneration

Objective

The level of fixed remuneration is set so as to provide a base level of remuneration that is both appropriate to the position and is competitive in the market.

The Remuneration Committee reviews fixed remuneration annually, and considers performance, relevant comparative remuneration in the market and advice on policies and practices.

Structure

Generally comprises cash salary, superannuation contribution/401K benefits and the remainder as nominated benefits.

Variable Remuneration – Short Term Incentive (STI)

Objective

The objective of the STI plan is to link the achievement of the Company's operational targets with the remuneration received by the Executives charged with meeting those targets. The STI is fully discretionary in the hands of the Remuneration Committee. The Remuneration Committee receives a recommendation from the CEO on executive performance. The CEO bases his report on a number of tailored Key Performance Indicators (KPI) for each Executive and Officers. The total potential STI available is set at a level so as to provide sufficient incentive to the Executive to achieve the operational targets such that the cost to the Company is reasonable.

Structure

The Board sets annual KPIs for the CEO against which performance is measured. The KPIs are based on financial targets, growth and business development targets as well as operational management.

The focus of the KPIs is to drive decision making in a manner that increases returns to shareholders in the short and longer term. The financial targets are heavily weighted in the STI calculation. The board also considers the general value add to the business and the company's stakeholders through areas such as investor relations, deal origination and strategy.

Following were the CEO's KPIs for 2015:

- Achievement of EPS growth targets
- Completion of targeted deal opportunities (TRG/NL merger)
- Achievement of strategic plan milestones
- Qualitative assessment of management of staff
- Qualitative assessment of effectiveness of communications with market
- Discretionary element

While the CEO may have achieved his KPIs for the FY 2015, his STI is fully discretionary in the hands of the Remuneration Committee and the Committee had exercised this discretion to award zero.

Variable Remuneration – Long Term Incentive (LTI)

Objective

The objective of the LTI plan is to reward Executives and Officers in a manner that aligns this element of remuneration with the creation of shareholder wealth. The awarding of the LTIs is fully discretionary in the hands of the Remuneration Committee and granted under the same governance process as detailed for STI's above.

Structure

LTI grants are delivered in the form of performance rights/options or shares and are subject to service conditions and performance target measures over a three-year period.

Performance rights

Following the merger of Treasury Group and Northern Lights, a long term incentive plan is under review by the Remuneration Committee for the Executive Directors. It is expected that an LTI scheme will consist of TRG performance rights. The vesting structure and competitor group against which performance is measured will reflect the post transaction structure of the group. The new competitor group will include both Australian and overseas listed companies.

On 7 July 2014, the performance rights that were granted to Executives and Officers on 7 July 2011 vested. The performance rights have been split into two equal tranches and each tranche is subject to different total shareholder return (TSR) performance hurdles. TSR measures the return to a shareholder over the Performance period in terms of changes in the market value of the shares plus the value of any dividends paid on the shares. Each TSR hurdle compares the TSR performance of Treasury Group with the TSR performance of each of the entities in a comparator group described below:

Tranche 1 – S & P ASX 300 comparator Group

50% of the performance rights are subject to the TSR hurdle that compares the TSR performance of Treasury Group at the end of the performance period with the growth in TSR over the same period of the S&P ASX 300 companies.

Tranche 2 – selected comparator group

50% of the performance rights will be subject to a TSR hurdle that compares the TSR performance of Treasury Group at the end of the performance period with the growth in TSR over the same period of a selected comparator group of companies. Each company in the comparator group is weighted equally. The comparator group comprises:

- BT Investment Management Ltd
- Perpetual Limited
- K2 Asset Management Holdings Limited
- Hunter Hall International Limited
- Platinum Asset Management Limited
- Magellan Financial Group
- IOOF Holdings Limited

The percentage of performance rights which vest (if any) will be determined by the Board in reference to the percentile ranking achieved by the company over the performance period compared to the comparator group applying under the relevant TSR hurdle for the tranche:

Directors' Report

continued

TSR growth – percentile ranking

75th percentile or above
Between 50th and 75th percentile

50th percentile
Below 50th percentile

Performance rights that vest (%)

100%
Progressive pro rata vesting from 50% at 2% for every one percentile increase above the 50th percentile
50%
Nil

Upon vesting of the performance rights a share is allocated for each performance right. The shares will rank equally and have the same voting rights and dividend eligibility as other ordinary shares in the company.

Lapse of Performance Rights

Performance rights lapse to the extent that performance conditions are not satisfied. These include:

- Cessation of employment before the end of the vesting period
- Contravention of dealing restrictions
- Acting dishonestly or fraudulently

Change of Control

Generally in the event of a change of control whether through takeover, scheme of arrangement or any other transaction that the Board determines is likely to result in a change of control, the performance rights may vest at the Board's discretion.

Remuneration outcomes for 2015

In consideration for the increased responsibilities as a result of the merger between Treasury Group and Northern Lights, the Remuneration Committee had reviewed the fixed remuneration of executives and officers. Below provides a summary of actual remuneration received by the Managing Director and Executive KMP during the year 2015:

- Short-term incentives relating to FY 2015 were awarded to Mr Greenwood and Mr Ferragina
- The deferred component of short-term incentives for the performance of Mr McGill and Mr Ferragina in FY 2014 was paid in June 2015
- Fixed remuneration of Mr Ferragina had increased following his promotion to Finance Director effective 1 April 2015
- New compensation packages were drawn for Mr Carver and Mr Greenwood effective 25 November 2014
- Fixed remuneration of Mr McGill had increased effective 1 July 2014
- The LTIs in the form of performance rights awarded to Mr McGill and Mr Ferragina in FY 2011 vested in July 2014 at 96%. Treasury Group shares were allocated accordingly.

LTI plan for 2015

There were no LTIs awarded to executive KMP during the financial year. The Remuneration Committee anticipates that new awards will be issued in the coming year.

Relationship Between The Remuneration Philosophy and Company Performance

The table below sets out summary information about the Group's earnings and movements in shareholder wealth for the five years to 30 June 2015. Bonuses are paid based on individual and Company performance. The Remuneration Committee has ultimate discretion in determining the amount of bonus pool:

	2015 \$	2014 \$	2013 \$	2012 \$	2011 \$
Revenue	6,714,712	2,323,656	4,303,143	3,944,594	4,492,981
Net profit before tax ¹	199,881,011	15,187,652	10,803,395	6,415,796	9,889,480
Net profit after tax	138,723,124	13,061,814	10,390,514	6,751,757	10,005,104
Share price at start of year (\$)	9.57	7.07	4.09	3.96	5.06
Share price at end of year (\$)	9.50	9.57	7.07	4.09	3.96
Interim dividend (cps) ²	24	23	17	14	14
Final dividend (cps) ²	28	27	23	20	20
EPS	541.5	56.6	45.0	29.3	43.4
Diluted EPS	541.5	55.0	45.3	29.3	43.4
KMP bonuses (\$)	576,185 ³	629,500	539,200	502,166	992,443

¹ This is driven by the gain on the sale of business to Aurora.

² Franked to 100% at 30% corporate income tax.

³ Awarded to Mr Greenwood and Mr Ferragina. These awards were recommended by the CEO-elect and approved by the Remuneration Committee based on their individual performances.

Remuneration of Key Management Personnel

Details of the nature and amount of each element of the remuneration of each Director of the Group and each of the key management personnel of the Company and the consolidated entity for the financial year are as follows:

	Short term		Post employment	Share based payments		Other	Total	Performance related
	Salary & fees \$	Cash Bonus \$	Super-annuation/ 401K \$	Shares \$	Options/ Performance rights \$	Others \$		
Non-executive Directors								
M. Fitzpatrick – Chairman								
2015	114,417	–	10,870	–	–	–	125,287	–
2014	114,679	–	10,608	–	–	–	125,287	–
P. Kennedy – Non-executive Director								
2015	120,000	–	–	–	–	–	120,000	–
2014	120,000	–	–	–	–	–	120,000	–
R. Hayes – Non-executive director, resigned 31 March 2015								
2015	53,154	–	9,922	–	–	–	63,076	–
2014	68,807	–	6,365	–	–	–	75,175	–
M. Donnelly – Non-executive Director								
2015	97,626	–	9,274	–	–	–	106,900	–
2014	68,632	–	6,348	–	–	–	74,980	–
J. Vincent – Non-executive director, appointed 10 December 2014 ¹								
2015	–	–	–	–	–	–	–	–
2014	–	–	–	–	–	–	–	–
G. Guérin – Non-executive director, appointed 10 December 2014 ¹								
2015	–	–	–	–	–	–	–	–
2014	–	–	–	–	–	–	–	–
Executive Directors and Officers								
A. McGill – Managing Director & Chief Executive Officer								
2015	631,217	–	18,783	–	8,986	–	658,986	–
2014	425,575	373,500	17,775	–	273,333	–	1,090,183	34%
T. Carver – Executive director, appointed 10 December 2014 ² & CEO-elect								
2015	479,660	–	9,884	–	–	–	489,544	–
2014	–	–	–	–	–	–	–	–
P. Greenwood, Executive director, appointed 10 December 2014 ² & Chief Investment Officer								
2015	480,898	253,685	10,174	–	–	–	744,757	–
2014	–	–	–	–	–	–	–	–
J. Ferragina – Finance Director & Chief Operating Officer, appointed 31 March 2015 (previously Chief Financial Officer)								
2015	379,773	322,500	18,783	–	2,516	–	723,572	45%
2014	302,225	256,000	17,775	–	76,533	–	652,533	39%
Total remuneration: Key Management Personnel								
2015	2,356,745	576,185	87,690	–	11,502	–	3,032,122	–
2014	1,099,918	629,500	58,871	–	349,866	–	2,138,155	29%

These are reported in Australian Dollars. Total compensation paid to KMP is the sum paid by Treasury Group from July to November 2014 and the 64.03% share on remuneration effectively paid by Aurora via the recharge mechanism with Aurora Investment Management Pty Ltd from 25 November 2014 to June 2015. No key management personnel appointed during the period received a payment as part of his consideration for agreeing to hold the position.

¹ They will receive compensation effective 1 July 2015.

² Their compensation is USD, converted to AUD based on average FX Rate.

Directors' Report

continued

The relative proportions of those elements of remuneration of key management personnel that are linked to performance:

Executives	Maximum potential of short-term incentive based on fixed remuneration		Actual short-term incentive based on fixed remuneration linked to performance ¹	
	2015	2014	2015	2014
A. McGill	100%	100%	– ²	83%
T. Carver	100%	–	– ²	–
P. Greenwood	100%	–	50%	–
J. Ferragina	100%	80%	100%	80%

¹ Each year, KMP bonuses are paid in two instalments being 50% on August and 50% on June the following year. For the current year, only the 50% payable on August is provided for as at 30 June 2015. For the comparative period, 50% was provided in June 2014 and the remaining 50% was paid in June 2015.

² In its discretion, the Remuneration Committee decided to not award Mr McGill any STI in 2015. In his 2015 STI recommendations to the Committee, Mr Carver volunteered to not receive a STI in 2015, and the Remuneration Committee approved his STI recommendations.

Key Terms of Employment Contracts of KMP

Key Terms of Employment Contract of Managing Director and Chief Executive Officer

Contract Details	Andrew McGill, Managing Director & CEO
Term of Contract	Ongoing until notice is given by either party
Fixed Remuneration	AUD\$650,000
STI	<p>Mr McGill is eligible for a STI based on a number of clearly defined KPIs. The STI is for up to 100% of base salary and paid in two equal instalments over a two year period.</p> <p>Mr McGill may have achieved his KPIs for FY 2015, however his STI is fully discretionary in the hands of the Remuneration Committee and the Committee had exercised this discretion to award zero for his performance in FY2015.</p> <p>Mr McGill's deferred component of short-term incentives for his performance in FY 2014 was paid in June 2015.</p>
LTI	<p>On 12 July 2014, 96% of the 500,000 performance rights that have been awarded to Mr McGill on 12 July 2011 vested. Accordingly, Mr. McGill was allocated 480,000 Treasury Group shares on the same date.</p> <p>There were no LTIs awarded to Mr McGill for the FY 2015.</p>
Termination of Employment	<p>Under the terms of the contract, Mr McGill or Treasury Group may terminate the contract giving six months written notice with no termination benefits.</p> <p>The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs, Mr McGill is only entitled to that portion of remuneration that is fixed, and only up to the date of termination.</p> <p>Where employment is terminated with notice, no further payments will be paid by the Company except unpaid salary accrued to the date of termination and accrued annual leave. Where employment is terminated with notice, deferred short-term incentives will also be paid. However, the Board retains the discretion to determine that some or all unvested performance rights vest or lapse with effect from or after the cessation date.</p> <p>On 26 March 2015, Mr McGill notified the Board his intention to terminate his employment contract effective 28 August 2015.</p>

Key Terms of Employment Contract of Executive Director

Contract Details	Tim Carver, Executive Director
Term of Contract	Ongoing until notice is given by either party
Fixed Remuneration	USD\$600,000
STI	<p>Mr Carver is eligible for a STI based on a number of clearly defined KPIs. The STI is for up to 100% of base salary and paid in two equal instalments over a two year period.</p> <p>In his 2015 STI recommendations to the Remuneration Committee, Mr Carver volunteered to not receive a STI in 2015, and the Committee approved his STI recommendations.</p>
LTI	<p>There were no LTIs awarded to Mr Carver for the FY 2015.</p> <p>As part of the merger between Treasury Group and Northern Lights, a commitment was made to grant Mr Carver with 500,000 performance rights to be split into three tranches vesting over two, three and four years. As at the date of this report, these performance rights have not yet been granted. Full details of these performance rights will be disclosed in a future Remuneration Report once granted.</p>
Termination of Employment	<p>Termination for Cause/Resignation for other than Good Reason</p> <p>Under the terms of the contract, the Company may terminate Mr Carver's employment for "Cause" (which includes serious misconduct) without notice and Mr Carver may resign his employment for "Good Reason" or otherwise by giving six (6) months' prior written notice. In either of these situations, Mr Carver will be entitled to receive that portion of remuneration which is fixed (and only up to the date of termination); accrued but untaken annual leave, vested but unpaid amounts owed to Mr Carver under the Company's retirement, non-qualified deferred compensation or incentive compensation plans; and any other applicable bonus/incentive payments as per the terms of the contract and grant or plan documents.</p> <p>Termination upon death or permanent disability</p> <p>If Mr Carver suffers a permanent disability or dies during the term of his contract, Mr Carver (or his estate, as applicable) will be entitled to receive the same benefits as payable in a "Termination for Cause/Resignation for other than Good Reason scenario, plus twelve (12) months' continuation coverage under the Company's group health plans under which Mr Carver and his dependents participated immediately prior to Mr Carver's date of termination.</p> <p>Termination without Cause/Resignation for Good Reason</p> <p>Under the terms of the contract, the Company may terminate Mr Carver's employment without Cause by giving six (6) months' prior written notice, and Mr Carver may resign his employment for Good Reason without notice. In either of these situations, Mr Carver will be entitled to the same benefits as payable in a "Termination upon death or permanent disability scenario, plus a lump sum severance payment equal to twelve (12) months' base salary.</p>

Directors' Report

continued

Key Terms of Employment Contract of Executive Director and Chief Investment Officer

Contract Details	Paul Greenwood, Executive Director and Chief Investment Officer
Term of Contract	Ongoing until notice is given by either party
Fixed Remuneration	USD\$600,000
STI	<p>Mr Greenwood is eligible for a STI based on a number of clearly defined KPIS. The STI is for up to 100% of base salary and paid in two equal instalments over a two year period.</p> <p>Mr Greenwood was awarded 50% STI for his performance for FY 2015 as recommended by the CEO-elect to the Remuneration Committee.</p>
LTI	<p>There were no LTIs awarded to Mr Greenwood for the FY 2015.</p> <p>As part of the merger between Treasury Group and Northern Lights, a commitment was made to grant Mr Greenwood with 500,000 performance rights to be split into three tranches vesting over two, three and four years. As at the date of this report, these performance rights have not yet been granted. Full details of these performance rights will be disclosed in a future Remuneration Report once granted.</p>
Termination of Employment	<p>Termination for Cause/Resignation for other than Good Reason</p> <p>Under the terms of the contract, the Company may terminate Mr Greenwood's employment for "Cause" (which includes serious misconduct) without notice and Mr Greenwood may resign his employment for "Good Reason" or otherwise by giving six (6) months' prior written notice. In either of these situations, Mr Greenwood will be entitled to receive that portion of remuneration which is fixed (and only up to the date of termination); accrued but untaken annual leave, vested but unpaid amounts owed to Mr Greenwood under the Company's retirement, non-qualified deferred compensation or incentive compensation plans; and any other applicable bonus/incentive payments as per the terms of the contract and grant or plan documents.</p> <p>Termination upon death or permanent disability</p> <p>If Mr Greenwood suffers a permanent disability or dies during the term of their respective contracts, Mr Greenwood (or his estate, as applicable) will be entitled to receive the same benefits as payable in a "Termination for Cause/Resignation for other than Good Reason scenario, plus twelve (12) months' continuation coverage under the Company's group health plans under which Mr Greenwood and his dependents participated immediately prior to Mr Greenwood's date of termination.</p> <p>Termination without Cause/Resignation for Good Reason</p> <p>Under the terms of the contract, the Company may terminate Mr Greenwood's employment without Cause by giving six (6) months' prior written notice, and Mr Greenwood may resign his employment for Good Reason without notice. In either of these situations, Mr Greenwood will be entitled to the same benefits as payable in a "Termination upon death or permanent disability scenario, plus a lump sum severance payment equal to twelve (12) months' base salary.</p>

Key Terms of Employment Contract of Finance Director and Chief Operating Officer

Contract Details	Joseph Ferragina, Finance Director and COO
Term of Contract	Ongoing until notice is given by either party
Fixed Remuneration	AUD\$450,000
STI	<p>Mr Ferragina is eligible for a STI based on a number of clearly defined KPIs. The STI is for up to 100% of base salary and paid in two equal instalments over a two year period.</p> <p>Mr Ferragina was awarded 100% STI for his performance for FY 2015 as recommended by the CEO-elect to the Remuneration Committee.</p> <p>Mr Ferragina's deferred component of short-term incentives for his performance in FY 2014 was paid in June 2015</p>
LTI	<p>There were no LTIs awarded to Mr Ferragina for the FY 2015.</p> <p>Following his performance review in July 2014, Treasury Group made a commitment to grant Mr Ferragina 165,000 performance rights. On his promotion to Finance Director in April 2015, Treasury Group made a commitment to grant Mr Ferragina an additional 140,000 performance rights.</p> <p>On 12 July 2014, 96% of the 140,000 performance rights that have been awarded to Mr Ferragina on 12 July 2011 vested. Accordingly, Mr. Ferragina was allocated 134,400 Treasury Group shares on the same date.</p>
Termination of Employment	<p>Under the terms of the contract, Mr Ferragina or Treasury Group may terminate the contract giving three months written notice with no termination benefits.</p> <p>The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs, Mr Ferragina is only entitled to that portion of remuneration which is fixed, and only up to the date of termination. On termination with cause, any unvested performance rights will immediately be forfeited.</p> <p>Where employment is terminated with notice, no further payments will be paid by the Company except unpaid salary accrued to the date of termination and accrued annual leave. Where employment is terminated with notice, deferred short-term incentives will also be paid. However, the Board retains the discretion to determine that some or all unvested performance rights vest or lapse with effect from or after the cessation date.</p>

Directors' Report

continued

Remuneration of Non-executive Directors

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest caliber, whilst incurring a cost which is acceptable to shareholders.

Structure

In accordance with the ASX Listing Rules the aggregate remuneration of Non-Executive Directors is determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination was at the General Meeting held on 15 November 2006 when shareholders approved an aggregate remuneration of \$650,000 per year for services of Directors as directors of the Company and its subsidiaries.

The amount of aggregate remuneration requires shareholder approval and the manner in which it is apportioned amongst Directors is reviewed annually. Non-executive directors do not receive performance-based bonuses from Treasury Group Ltd.

Following is the schedule of non-executive directors fees:

	FY 2015 \$	FY 2014 \$
Chairman	100,000	100,000
Non- Executive Director	60,000	60,000
Audit Committee Chair	20,000	20,000
Audit Committee Member	15,000	15,000
Remuneration Committee Member (includes Chair, no fee difference between member and chair)	10,000	10,000
Nominations Committee (now Governance Committee) Member (includes Chair, no fee difference between member and chair)	3,000*	Nil

* Effective 12 November 2014.

The fees above are inclusive of superannuation contributions. Total fees paid to Non-Executive Directors in FY 15 were \$415,263. Refer to page 25 for details.

Bonuses and Share-Based Payments Granted As A Compensation for The Current Financial Year

Cash Bonuses

No other cash bonuses were granted to KMP during 2015.

Employee Share Option Plan

A Long Term Incentive Plan has been established where Treasury Group Ltd, at the discretion of the Board of Directors, awards performance rights to Directors, executives and certain members of staff of the Group. Each performance right at the time of grant represents one Treasury Group Ltd share if it vests.

Each employee performance right converts into one ordinary share of Treasury Group Ltd on vesting date. No amounts are paid or payable by the recipient of the performance rights on vesting date. The performance rights carry neither rights to dividends nor voting rights.

The number of performance rights granted is calculated in accordance with the performance-based formula approved by the Remuneration Committee.

The performance rights vest after three years from grant date.

Details of share-based payments/performance rights granted as compensation to key management personnel during the current financial year:

	During the financial year					% of compensation for the year consisting of performance rights
	Option series	Numbers granted	Numbers vested	% of grant vested	% of grant forfeited	
Executive KMP						
A. McGill	2011	–	480,000	96%	4%	–
T. Carver	–	–	–	–	–	–
P. Greenwood	–	–	–	–	–	–
J. Ferragina	2011	–	134,400	96%	4%	–

Directors' Report

continued

Key Management Personnel Equity Holdings

Fully paid ordinary shares of Treasury Group Ltd

30 June 2015	Balance 1 July 2014	Granted as remuneration	Received on vesting of performance rights/options ¹	Net change other	Balance held nominally
Non-executive Directors					
M. Fitzpatrick	2,701,285	–	–	–	2,701,285
P. Kennedy	213,487	–	–	1,442	214,929
M. Donnelly	20,000	–	–	–	20,000
J. Vincent ²	–	–	–	–	–
G. Guérin ²	–	–	–	–	–
Executive KMP					
A. McGill	50,000	–	480,000	541	530,541
T. Carver ³	–	–	–	–	–
P. Greenwood ³	–	–	–	–	–
J. Ferragina	7,000	–	134,400	–	141,400

30 June 2014	Balance 1 July 2013	Granted as remuneration	Received on vesting of performance rights/options	Net change other	Balance held nominally
Non-executive Directors					
M. Fitzpatrick	2,701,285	–	–	–	2,701,285
P. Kennedy	213,487	–	–	–	213,487
R. Hayes	–	–	–	–	–
M. Donnelly	–	–	–	20,000	20,000
Executive KMP					
A. McGill	50,000	–	–	–	50,000
J. Ferragina	22,404	–	–	(15,404)	7,000

¹ The performance rights granted on 11 July 2011 vested on 11 July 2014. As a result, Mr McGill and Mr Ferragina received Treasury Group shares with a market value of \$4,752,000 and \$1,330,560, respectively. The market value of the shares on 11 July 2014 was \$9.90 per share.

² Both Mr Vincent and Mr Guérin represent stakeholders who are Class B & C unitholders in Aurora. These Class B and C units are exchangeable to fully paid ordinary shares in Treasury Group. In the event that exchange notices are delivered to convert such Class B or C unitholdings as at the date of this report, the stakeholders whom Mr Vincent and Mr Giles represent will receive fully paid ordinary shares in Treasury Group Ltd of 2,298,266 and 2,699,691 respectively. Refer to page 70 for the conversion multiple.

³ Class B and B-1 unitholders in Aurora. Class B or B-1 units are exchangeable to fully paid ordinary shares in Treasury Group. In the event that exchange notices are delivered to convert such Class B or B-1 unitholdings as at the date of this report, Mr Carver and Mr Greenwood will receive fully paid ordinary shares in Treasury Group Ltd of 465,900 and 820,959 respectively. Refer to page 70 for the conversion multiple.

Performance rights of Treasury Group Ltd

	Balance at 1 July	Granted as compensation	Received on vesting of performance rights/options	Net change other	Balance At 30 June	Balance Vested at 30 June	Vested but not exercisable	Vested and exercisable	Performance rights vested	
30 June 2015	No.	No.	No.	No.	No.	No.	No.	No.	No.	
Executive KMP										
A. McGill	500,000	–	–	–	–	–	–	480,000	480,000	
T. Carver	–	–	–	–	–	–	–	–	–	
P. Greenwood	–	–	–	–	–	–	–	–	–	
J. Ferragina	140,000	–	–	–	–	–	–	134,400	134,400	

	Balance at 1 July	Granted as compensation	Received on vesting of performance rights/options	Net change other	Balance At 30 June	Balance Vested at 30 June	Vested but not exercisable	Vested and exercisable	Performance rights vested	
30 June 2014	No.	No.	No.	No.	No.	No.	No.	No.	No.	
Executive KMP										
A. McGill	500,000	–	–	–	500,000	–	–	–	–	
J. Ferragina	140,000	–	–	–	140,000	–	–	–	–	

Directors' Meetings

The number of meetings of Directors (including meetings of Committees of Directors) held during the year and the number of meetings attended by each Director were as follows:

	Directors Meetings		Audit & Risk Committee Meetings		Remuneration Committee Meetings		Nomination Committee (now Governance Committee) Meetings	
	Meetings eligible to attend	Meetings Attended	Meetings eligible to attend	Meetings Attended	Meetings eligible to attend	Meetings Attended	Meetings eligible to attend	Meetings Attended
M. Fitzpatrick	11	11	4	4	5	5	2	2
A. McGill	11	11	0	0	0	0	0	0
T. Carver*	6	6	0	0	0	0	0	0
P. Kennedy	11	11	4	4	5	4	0	0
M. Donnelly	11	11	4	4	0	0	2	2
R. Hayes*	9	9	3	2	4	4	0	0
J. Vincent*	6	6	2	2	1	1	2	2
G. Guérin*	6	6	0	0	2	2	2	2
P. Greenwood*	6	6	0	0	0	0	1	1
J. Ferragina*	2	2	0	0	0	0	0	0

* They were not Directors for the full year.

Directors' Report

continued

Committee Membership

As at the date of this report, the Company had an Audit & Risk Committee, a Remuneration Committee and a Nomination Committee (now Governance Committee) of the Board of Directors.

Members acting on the Committees of the Board during the year were:

Audit & Risk	Remuneration	Nomination (now Governance Committee)
P. Kennedy (Chairman)	J. Vincent (Chairman)	M. Donnelly (Chairperson)
M. Fitzpatrick	M. Fitzpatrick	M. Fitzpatrick
M. Donnelly	P. Kennedy	G. Guérin
J. Vincent	G. Guérin	

Tax Consolidation

On 24 July 2014, Aurora Trust and Aurora Investment Management Pty Ltd as the Trustee of Aurora Trust, joined the tax consolidated group. On 25 November 2014, Aurora Trust, Treasury Group Investment Services and Global Value Investors exited from the tax consolidated group. As at the date of this report, Treasury Group, the Trustee and AR Capital Management Pty Ltd are the members of the tax consolidated entity.

Environmental Regulation and Performance

The Group's operations are not presently subject to significant environmental regulation under the law of the Commonwealth and State.

Non-Audit Services

The Directors are satisfied that the provision of non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Auditor Independence

The Directors received an independence declaration from the auditors of Treasury Group Ltd. A copy of the declaration is set out on the next page.

Signed in accordance with a resolution of the Directors.



M. Fitzpatrick
Chairman

31 August 2015

Auditor's Independence Declaration

To the Directors of Treasury Group Ltd



Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
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Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

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The Board of Directors
Treasury Group Ltd
Level 14, 39 Martin Place
Sydney NSW 2000

31 August 2015

Dear Board Members

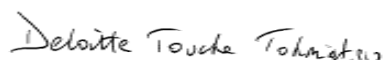
Treasury Group Ltd

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Treasury Group Ltd.

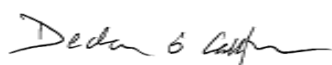
As lead audit partner for the audit of the financial statements of Treasury Group Ltd for the financial year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely,



DELOITTE TOUCHE TOHMATSU



Declan O'Callaghan
Partner
Chartered Accountants

Consolidated Income Statement

for the year ended 30 June 2015

	Notes	Consolidated	
		2015 \$	2014 \$
Continuing Operations			
Revenues	5(a)	6,714,712	2,323,656
Net gain on investments	5(b)	195,410,403	845,156
Salaries and employee benefits expenses	5(c)	(5,266,779)	(4,466,383)
Other expenses	5(c)	(1,991,791)	(3,286,577)
Share of net profits of equity accounted investments	5(d)	5,014,466	19,771,800
Profit before income tax		199,881,011	15,187,652
Income tax (expense)	6(c)	(61,157,887)	(2,109,758)
Profit for the year		138,723,124	13,077,894
Attributable to:			
Non-controlling interest		–	16,080
Members of the parent	18(e)	138,723,124	13,061,814
Earnings per share (cents per share)			
– basic for profit for the year attributable to ordinary equity holders of the parent	8	541.5	56.6
– diluted for profit for the year attributable to ordinary equity holders of the parent	8	541.5	56.6
Franked dividends paid per share (cents per share) for the financial year	7(b)	51	46

The above consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2015

	Consolidated	
	2015 \$	2014 \$
Profit for the year	138,723,124	13,077,894
Other Comprehensive Income		
Items that may be reclassified to profit and loss		
Net unrealised (losses) on available-for-sale investments taken to equity	–	(213,894)
Income tax relating to items reclassified	–	64,169
Reversal of net unrealised losses on available-for-sale sold during the year	(213,684)	–
Share of associate's foreign currency translation reserve (after tax)	(4,458,846)	–
Share of associate's gain on available-for-sale investments (after tax)	147,103	(13,250)
Other comprehensive (loss) for the year	(4,525,427)	(162,975)
Total comprehensive income for the year	134,197,697	12,914,919
Attributable to:		
Non-controlling interest	–	16,080
Members of the parent	134,197,697	12,898,839

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

Consolidated Statement of Financial Position

as at 30 June 2015

	Notes	Consolidated	
		2015 \$	2014 \$
Current assets			
Cash and cash equivalents	9(a)	1,056,243	12,860,219
Trade and other receivables	10	8,829,670	11,117,179
Other assets		–	1,093,163
Total current assets		9,885,913	25,070,561
Non-current assets			
Trade and other receivables	10	–	833,073
Investments accounted for using the equity method	11(b)	275,341,759	29,242,193
Deferred tax	6(d)	–	781,881
Available-for-sale investments	12	–	11,005,105
Loans and other receivables	13	–	4,797,624
Plant and equipment	14	–	61,447
Intangibles	15	–	12,540
Total non-current assets		275,341,759	46,733,863
Total assets		285,227,672	71,804,424
Current liabilities			
Trade and other payables	16	2,002,211	7,671,969
Provisions	17	328,765	221,903
Total current liabilities		2,330,976	7,893,872
Non-current liabilities			
Provisions	17	207,445	135,882
Deferred tax	6(d)	58,769,498	–
Total non-current liabilities		58,976,943	135,882
Total liabilities		61,307,919	8,029,754
Net assets		223,919,753	63,774,670
Equity			
Equity attributable to equity holders of the parent			
Contributed equity	18(a)	69,500,943	29,594,265
Reserves	18(f)	(1,373,280)	4,088,120
Retained profits	18(e)	155,792,090	30,092,285
Total equity		223,919,753	63,774,670

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

Consolidated Statement of Changes in Equity

for the year ended 30 June 2015

	Note	Consolidated				Retained earnings \$	Total \$
		Ordinary shares \$	Share options reserve \$	Net unrealised gains reserve \$	Foreign Currency Translation Reserve \$		
As at 1 July 2014		29,594,265	3,874,436	213,684	–	30,092,285	63,774,670
Total comprehensive income for the year		–	–	(66,581)	(4,458,846)	138,723,124	134,197,697
Issuance of shares due to vesting of performance rights		1,027,859	(1,027,859)	–	–	–	–
Issuance of shares		38,878,819	–	–	–	–	38,878,819
Share-based payments		–	91,886	–	–	–	91,886
Dividends paid	7(b)	–	–	–	–	(13,023,319)	(13,023,319)
At 30 June 2015		69,500,943	2,938,463	147,103	(4,458,846)	155,792,090	223,919,753

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

	Note	Consolidated				Non-controlling interest \$	Total \$
		Ordinary shares \$	Share options reserve \$	Net unrealised gains reserve \$	Retained earnings \$		
As at 1 July 2013		29,594,265	3,447,286	376,659	27,643,019	16,196	61,077,425
Total comprehensive income for the year		–	–	(162,975)	13,061,814	16,080	12,914,919
Share-based payments		–	427,150	–	–	–	427,150
Share bought back for non-controlling interest		–	–	–	–	(32,276)	(32,276)
Dividends paid	7(b)	–	–	–	(10,612,548)	–	(10,612,548)
At 30 June 2014		29,594,265	3,874,436	213,684	30,092,285	–	63,774,670

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

Consolidated Statement of Cash Flows

for the year ended 30 June 2015

	Notes	Consolidated	
		2015 \$	2014 \$
Cash flows from operating activities			
Receipts from customers		19,269,533	20,675,949
Payments to suppliers and employees		(24,544,608)	(27,016,738)
Dividends and distributions received		7,872,346	17,885,459
Interest received		1,821,573	615,407
Net cash flows from operating activities	9(b)	4,418,844	12,160,077
Cash flows from investing activities			
Proceeds from disposal of available-for-sale investments		6,900,946	3,281,492
Purchase of available-for-sale investments		–	(2,300,000)
Repayment of loans by associates		2,270,505	1,889,028
Advances to associates		(4,631,511)	(2,450,000)
Advances to other related party		–	(600,000)
Proceeds from disposal of investment accounted for under equity method		–	235,960
Purchase of investment accounted for under the equity method		(44,828,548)	(811,420)
Purchase of plant and equipment		–	(15,224)
Purchase of intangible assets		–	(1,817)
Cash held by deconsolidated entities		(1,789,712)	–
Net cash flows (used in) investing activities		(42,078,320)	(771,981)
Cash flows from financing activities			
Issue of shares, net of transaction costs		38,878,819	–
Equity dividends paid on ordinary shares		(13,023,319)	(10,612,548)
Shares bought back for non-controlling interest		–	(32,276)
Net cash flows from/(used in) financing activities		25,855,500	(10,644,824)
Net (decrease)/increase in cash and cash equivalents		(11,803,976)	743,272
Cash and cash equivalents at beginning of year		12,860,219	12,116,947
Cash and cash equivalents at end of year	9(a)	1,056,243	12,860,219

The above statement of cash flows should be read in conjunction with the accompanying notes. The non-cash investing items in relation to acquisition of units in Aurora is \$248,862,193.

Notes to the Financial Statements

for the year ended 30 June 2015

1. Corporate Information

The financial report of Treasury Group Ltd (the 'Company' or the 'Group') for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the Directors on 31 August 2015.

Treasury Group Ltd is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX).

The nature of operations and principal activities of the Group are disclosed in the Directors' Report.

2. Summary of Significant Accounting Policies

a. Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for financial assets held at fair value through profit and loss, and available-for-sale investments, which have been measured at fair value.

The financial report is presented in Australian dollars.

Treasury Group Ltd is a for-profit entity.

b. Compliance with IFRS

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

Application to AASBs and the new Interpretation that are mandatorily effective for the current year

In the current year, the Group has applied a number of amendments to AASBs and a new Interpretation issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2014, and therefore relevant for the current year end.

Standards affecting presentation and disclosure

Standard/Interpretation	Summary
<i>AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'</i>	<p>The amendments to AASB 136 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by AASB 13 'Fair Value Measurements'.</p> <p>The application of these amendments does not have any material impact on the disclosures in the Group's consolidated financial statements.</p>
<i>AASB 2014-1 'Amendments to Australian Accounting Standards' (Part A: Annual Improvements 2010–2012 and 2011–2013 Cycles)</i>	<p>The Annual Improvements 2010-2012 has made number of amendments to various AASBs, which are summarised below.</p> <ul style="list-style-type: none"> – The amendments to AASB 2(i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to AASB 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014. – The amendments to AASB 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of AASB 9 or AASB 139 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to AASB 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

Notes to the Financial Statements

continued

2. Summary of Significant Accounting Policies (Cont.)

Standard/Interpretation	Summary
	<ul style="list-style-type: none"> – The amendments to AASB 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker. – The amendments to the basis for conclusions of AASB 13 clarify that the issue of AASB 13 and consequential amendments to AASB 139 and AASB 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. – The amendments to AASB 116 and AASB 138 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses. – The amendments to AASB 124 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required

The Annual Improvements 2011-2013 has made number of amendments to various AASBs, which are summarised below:

- The amendments to AASB 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements in the financial statements of the joint arrangement itself.
- The amendments to AASB 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, AASB 139 or AASB 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within AASB 132.
- The amendments to AASB 140 clarify that AASB 140 and AASB 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:
 - the property meets the definition of investment property in terms of AASB 140; and
 - the transaction meets the definition of a business combination under AASB 3.

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

Standards and Interpretations affecting the reported results or financial position

There are no new and revised Standards and Interpretations adopted in these financial statements that affected the reporting results or financial position.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
<i>AASB 9 'Financial Instruments', and the relevant amending standard</i>	1 January 2018	30 June 2019
<i>AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'</i>	1 January 2017	30 June 2018

At the date of authorisation of the financial statements, there have been no IASB or IFRIC Interpretations that are issued but not effective.

c. Revenue Recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

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

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividends and distributions

Revenue is recognised when the Group's right to receive the payment is established.

d. Recognition of Gain or Loss on Sale of Investments

Gain or loss is recognised in the Income Statement, which is determined as the difference between the carrying amount and fair value of the assets and liabilities being transferred or deemed sold.

e. Basis of Consolidation

The consolidated financial statements comprise Treasury Group Ltd and its subsidiaries as at 30 June each year (the Group). Control is achieved when the Company:

- 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 over the investee to affect the amount of the investor's returns

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Interests in associates are equity accounted and are not part of the consolidated Group (see notes (i) and (j) below).

Notes to the Financial Statements

continued

2. Summary of Significant Accounting Policies (Cont.)

f. Cash and Cash Equivalents

Cash and short-term deposits in the Statement of Financial Position comprise 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 Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

g. Trade and Other Receivables

Trade receivables, which are generally on 30 day 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 Group 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. The Group did not have any impaired trade receivables (2014: Nil).

h. Impairment of Available-for-Sale Financial Assets

The Group assesses at each balance date whether a financial asset or group of financial assets is impaired.

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in the Income Statement, is transferred from equity to the Income Statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. The Group would consider that there was objective evidence of impairment if there was a significant or prolonged decline in market value to below cost.

i. Investments in Associates

The Group's investment in Aurora Trust is accounted for using the equity method of accounting in the consolidated financial statements. The associates are entities in which the Group has significant influence and which are neither a subsidiary nor a joint venture.

Under the Accounting Standards, significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control of those policies.

The Group generally deems they have significant influence if they have the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Under the equity method, the investments in the associates are carried in the Statement of Financial Position at cost plus post-acquisition changes in the Group's share of net assets of the associates.

Goodwill acquired in a business combination represents payment made by the acquirer in anticipation of future economic benefits from assets that are not capable of being individually identified and separately recognised. It is initially measured as cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Goodwill relating to the associates is included in the carrying amount of the investments and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associates.

The Group's share of its associates' post-acquisition profits or losses is recognised in the Income Statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates in the consolidated financial statements reduce the carrying amount of the investment.

The reporting dates of the associates and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

The requirements of AASB 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group'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.

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

j. Investments in Joint Ventures

Investments in which the Group has joint control are accounted for under the equity method in the consolidated financial statements similar to investments in associates as described in Note 2(i).

k. Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) 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 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 amount of goodwill attributable is included in the determination of the profit or loss on disposal. The Group's policy for goodwill arising on the acquisition of an associate is described at Note (i).

l. Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Major depreciation methods and periods are:

2015 & 2014

Furniture & fittings:	5 – 10 years	diminishing value
Office equipment:	3 – 10 years	diminishing value
Leasehold improvements:	1 – 6 years	straight line

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

Disposal

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

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.

m. Intangibles

Intangible assets acquired separately are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end.

n. Financial Assets

Financial assets are classified into the following 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 required delivery of assets within the time frame established by regulation or convention in the marketplace.

When financial assets are recognised initially they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

All regular way purchases of sales of financial assets are recognised on the trade date, i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or been transferred.

i. Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit and loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit.

The fair value of financial assets at fair value through profit or loss is determined by reference to quoted market bid prices at the close of business on that balance date.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the loan and receivables are derecognised or impaired, as well as through the amortisation process.

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

Notes to the Financial Statements

continued

2. Summary of Significant Accounting Policies (Cont.)

iii. Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three other categories. After initial recognition, available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on that balance date.

o. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income measured at the amounts expected to be paid to or recovered from the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

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

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

The group has applied the Stand-Alone Taxpayer approach in determining the appropriate amount of current taxes to allocate to members of the tax consolidated group. The tax funding agreement provides each member of the tax consolidated group to pay a tax equivalent amount to or from the parent in accordance with their current tax liability or current tax asset. Such amounts are reflected in amounts receivable from or payable to the parent company in their accounts and are settled as soon as practicable after lodgment of the consolidated return and payment of the tax liability.

The deferred taxes are allocated to members of the tax consolidated group in accordance with the principles of AASB 112.

Tax Consolidation

On 24 July 2014, Aurora Trust and Aurora Investment Management Pty Ltd as the Trustee of Aurora Trust, joined the tax consolidated group. On 25 November 2014, Aurora Trust, Treasury Group Investment Services and Global Value Investors exited from the tax consolidated group. As at the date of this report, Treasury Group, the Trustee and AR Capital Management Pty Ltd are the members of the tax consolidated entity.

Members of the tax consolidated group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly-owned entities on a pro-rata basis. Under a tax funding agreement, each member of the tax consolidated group is responsible for funding their share of any tax liability. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote.

p. Other Taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

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

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

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

q. Impairment of Non-financial Assets Other Than Goodwill

Amortising intangible assets and property, plant and equipment are tested for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

r. 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 Group prior to the end of the financial year that are unpaid and arise when the Group 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.

s. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group 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.

t. Employee Leave Benefits**i. Short term and long term employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration date expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

u. Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

v. 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.

Notes to the Financial Statements

continued

2. Summary of Significant Accounting Policies (Cont.)

Operating leases

Operating lease payments are recognised as an expense in the Income Statement 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.

w. Earnings Per Share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends), if any;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses;
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; and
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element, if any.

x. Share-based Payments

Equity-settled transactions:

The Group provides benefits to employees (including Senior Executives and Directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

During the year, there were two plans in place to provide these benefits:

- i. The Treasury Group LTI Plan had been established where Treasury Group Ltd, at the discretion of the Board of Directors, awards performance rights to Directors, executives and certain members of staff of the Group. Each performance right at the time of grant represents one Treasury Group Ltd share if it vests.
- ii. The Employee Share Plan, which provides the opportunity to the employees (including Directors) of the Group to purchase shares in the parent company at a discount. On 22 July 2015, the plan was terminated in accordance with the Trust Deed.

The cost of the equity-settled Treasury Group LTI Plan is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a binomial model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Treasury Group Ltd (market conditions), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-based transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The Income Statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No cumulative expense is recognised for awards that do not ultimately vest due to the non-fulfilment of a non-market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it has vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award as described in the previous paragraph.

The dilutive effect, if any, of outstanding options and performance rights are reflected as additional share dilution in the computation of earnings per share.

y. Foreign Currency Translation

i. Functional and presentation currency

Both the functional and presentation currency of Treasury Group Ltd and its subsidiaries are Australian dollars (\$).

ii. Transactions & balances

Transactions in foreign currencies are initially recorded in the functional currency by applying an average spot exchange rate for the period. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

Non-monetary items are measured in terms of historical cost in a foreign currency and are translated using the exchange rate at the date the fair value was determined.

z. Comparatives

Where necessary, comparative information has been immaterially reclassified and repositioned for consistency with current year disclosures.

3. Financial Risk Management Objectives and Policies

Due to the change of business structure and operation, Treasury Group's investments are mainly the units held in Aurora Trust. The following risk management objectives and policies apply in the comparative period.

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 is disclosed in Note 2 to the financial statements.

Risk Exposures and Responses

Interest rate risk

The Group's direct exposure to market interest rates relates primarily to the Group's cash and short term investments.

At balance date, the Group had the following mix of financial assets exposed to Australian variable interest rate risk:

	Consolidated	
	2015 \$	2014 \$
Financial Assets		
Cash at bank and on hand	1,056,243	12,860,219
	1,056,243	12,860,219

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, post tax profit and reserves would have been affected as follows:

	Post Tax Profit Higher/(Lower)	
	2015 \$	2014 \$
Consolidated		
+0.75% [2014:0.75%]/(75 basis points), [2014:75 basis points]	51,960	69,762
-0.75% [2014:0.75%]/(75 basis points), [2014:75 basis points]	(51,960)	(69,762)

The movements in profit are due to higher/lower interest income from cash and short term deposit balances.

Credit risk

Credit risk arises from the financial assets of the Company, which comprise cash and cash equivalents and trade and other receivables. The Company'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 Group does not hold any credit derivatives to offset its credit exposure.

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

Notes to the Financial Statements

continued

3. Financial Risk Management Objectives and Policies (Cont.)

Liquidity risk

Treasury Group has sufficient current assets to meet its current obligations. As such, management is of the opinion that it does not face significant liquidity risk. However, it has a 64.03% interest in Aurora which has external borrowings as well as debt instruments issued to unitholders (i.e., Northern Lights). Aurora Trust may have liquidity risk however, management prepares cash flow forecasts of Aurora on a monthly basis to ensure that it has sufficient liquid assets to meet its liabilities and existing cash are allocated to intended purposes.

Price risk

Equity security price risk arises from investments in unlisted managed trusts, which mainly invest their funds in equities listed on the ASX, except Aubrey Conviction Fund which invest their fund on various global stock markets. Members of the Group made the investments for the purpose of seeding new products. Equity securities price risk also arises from investments in equity markets made by any funds that are consolidated.

During the comparative period, a simple analysis has been conducted to provide some perspective when considering the determination of a reasonably possible change.

As at year end, the Group had the following exposure to equity security price risks:

	Consolidated	
	2015	2014
	\$	\$
Available-for-sale investments		
– Units in managed investment trusts	–	8,174,164
– Unlisted shares in other corporations	–	900
	–	8,175,064

If the price for the Group's investments had moved, as illustrated in the table below, with all other variables held constant, post tax profit and reserves would have been affected in the comparative year as follows:

	Reserves Higher/(Lower)	
	2015	2014
	\$	\$
Consolidated		
MSCI World index +10%	–	572,254
MSCI World index -10%	–	(572,254)

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

As at 30 June 2015, the Group has no investments at fair value through profit or loss.

The Group does not have any significant transactional currency exposures.

Foreign Currency Risk

2015 Balance Sheet

Treasury Group's exposure to foreign currency is through its Investment in Aurora. Aurora is an international multi-boutique business with an operation in five countries and the impact of foreign currency translations are taken up in the equity reserves of Aurora. Treasury Group takes up its proportionate share of Aurora's foreign currency translation reserve through Treasury Group's equity reserves.

2014 Balance Sheet

The Board individually approved Treasury Group's prior year investments in foreign currency. The Group has not hedged its foreign currency exposure.

A simple analysis has been conducted to provide some perspective when considering the determination of a reasonably possible change.

The Group had the following exposure to foreign currency in the comparative year:

	Consolidated	
	2015 \$	2014 \$
Available-for-sale investments – British Pound	–	1,393,261
	–	1,393,261

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

For the comparative year, had the Australian Dollar moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	Equity Higher/(Lower)	
	2015 \$	2014 \$
Consolidated		
AUD/GBP +10%	–	97,528
AUD/GBP -10%	–	(97,528)

2014 Profit and Loss

Treasury Group has an indirect exposure to foreign exchange movements that arise from the translation of profits predominantly in USD. Profits are translated at an average exchange rate. A falling Australian dollar relative to the US Dollar results in a higher net profit in Aurora and correspondingly in Treasury Group. The day to day expenses in Australia and US operations are funded within the local operations

Notes to the Financial Statements

continued

3. Financial Risk Management Objectives and Policies (Cont.)

Fair value measurements recognised in the Statement of Financial Position

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

Financial assets/financial liabilities	Fair values at		Fair value Hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable input
	2015	2014				
1. Investments in unlisted unit trusts	–	8,175,064	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 Freehold Investment Management - Options	–	1,436,780	Level 3	Cost	Unlisted equity instrument where value cannot be reliably measured. Start up investment and impairment assessment undertaken by management against initial acquisition milestones. Milestones include future FUM inflows, stability of management team, business costs and discount rates.	Not required
3. Investments in Aubrey Capital Management -convertible preference shares	–	1,393,261	Level 3	Discounted cash flow. Future cash flows are determined based on current Funds Under Management of the business using various growth rates discounted at 18%.	18% 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.

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.

Fair value measurements recognised in the Statement of Financial Position

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.

Significant assumptions in determining fair value of financial assets and liabilities in the comparative period:

The fair value of the options in the comparative period is estimated using a discounted cash flow model, which includes some assumptions that are not supportable by observable market prices or rates. In determining the fair value, a revenue growth derived from FUM growth factors ranging from 3-10% has been used with appropriate probabilities assigned to each. In addition, expense growth of 3-10% has been used and a discount factor of 20% has been applied. If these revenue and expense inputs to the valuation model were 10% higher/lower while all the other variables were held constant, the carrying amount of the options would decrease/increase by \$121,765.

The fair value of the convertible preference shares in the comparative period is estimated using a discounted cash flow model, which includes some assumptions that are not supportable by observable market prices or rates. In determining the fair value, a revenue growth derived from FUM growth factors ranging from 0-50% has been used with appropriate probabilities assigned to each. In addition expense growth of 5% has been used and a discount factor of 18% has been applied. If these revenue and expense inputs to the valuation model were 10% higher/lower while all the other variables were held constant, the carrying amount of the shares would decrease/increase by \$139,326.

Reconciliation of Level 3 fair value measurements of financial assets

	30 June 2015 Available for sale Level 3
Opening balance	2,830,041
Sale of Aubrey and FIM to Aurora Trust	(2,830,041)
Total	–

	30 June 2014 Available for sale Level 3
Opening balance	1,323,955
Revaluation of Aubrey and acquisition of FIM	1,506,086
Total	2,830,041

Notes to the Financial Statements

continued

4. Significant Accounting Judgments, Estimates and Assumptions

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

i. Significant Accounting Judgments

Taxation

Judgment is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the Statement of Financial Position.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future income, operating costs, dividends and other capital management transactions. Judgments are also required about the application of income tax legislation. These judgments and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the Statement of Financial Position and the amount of other tax losses and temporary differences not yet recognised.

In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the income statement.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences to the extent that management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

Classification of and valuation of investments

The Group classified investments in Aurora as investment accounted under equity method. The investment in Aurora is determined by the cost to acquire the units and the share in net profits of Aurora reduced by distributions received.

Impairment of non-financial assets

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include performance, technological, economic and political environments and future product expectations. If an impairment trigger exists the recoverable amount of the asset is determined. This involves value in use calculations, which incorporate a number of key estimates and assumptions.

ii. Significant Accounting Estimates and Assumptions

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using hybrid monte-carlo/binomial option pricing model with the assumptions detailed in Note 21. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Long service leave provision

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at balance date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

5. Revenue and Expenses

	Notes	Consolidated	
		2015 \$	2014 \$
a. Revenues from continuing operations			
Fee income			
Fund management fees		9,636	423,461
Service fees		4,285,442	1,229,355
Total fee income		4,295,078	1,652,816
Dividends and distributions			
Unit trust distributions		–	147,947
Total dividends and distributions		–	147,947
Interest			
Related parties			
– Associates		1,011,220	323,329
Other persons/corporations		244,114	199,564
Total interest		1,255,334	522,893
Other Income			
Cost recovery from Aurora		1,164,300	–
Total other income		1,164,300	–
Total revenues		6,714,712	2,323,656
b. Gains on investments			
Net gain on sale of investments to Aurora Trust ¹		195,104,042	–
Net gain on disposal of available-for-sale investments		306,361	886,168
Impairment of investment in subsidiary (AR Capital Management)		–	(41,012)
Total gains on investments		195,410,403	845,156

¹ This is the gain on sale of investment is the result of the sale of Treasury Group's business to Aurora on 25 November 2014 which is determined as the difference between the carrying amount and fair value of such assets and liabilities transferred at the time of transfer, net of transaction costs related to the merger. The fair value of Treasury Group's assets on 25 November 2014 was \$247,697,894. The amount of income tax expense on the net gain is \$64,269,849.

Notes to the Financial Statements

continued

5. Revenue and Expenses (Cont.)

	Notes	Consolidated	
		2015 \$	2014 \$
c. Expenses			
Salaries and employee benefits			
Salaries and employee benefits		5,174,893	4,039,233
Share-based payment expense arising from equity-settled share-based payment transactions		91,886	427,150
		5,266,779	4,466,383
Depreciation and amortisation			
Furniture & fittings	14(a)	597	1,747
Office equipment	14(a)	18,221	20,916
Leasehold improvements	14(a)	1,679	1,384
Software	15(a)	2,878	7,717
Total depreciation and amortisation of non-current assets		23,375	31,764
Other expenses			
Accounting & audit fees		62,561	259,657
Operating lease rental – minimum lease payments		375,086	375,529
Marketing & communication expenses		49,411	138,845
Travel & accommodation costs		99,059	242,191
Payroll tax		148,648	122,514
Legal & compliance fees		129,130	165,742
Consulting fee & IT charges		486,351	791,152
Insurance charges		56,610	151,283
Directors' fees (non-executives)		375,491	375,439
Share registry & ASX fees		89,924	116,567
Subscriptions and training expenses		55,515	142,812
Impairment of goodwill		–	252,764
Other expenses		40,630	120,318
		1,968,416	3,254,813
Total other expenses		1,991,791	3,286,577
d. Share of net profits of equity accounted investments			
Share in net loss of Aurora (from 25 November 2014 to 30 June 2015)		(4,197,027)	–
Share in net profits from associates (from 1 July to 24 November 2014)		9,211,493	19,771,800
Total share in net profits of equity accounted investments		5,014,466	19,771,800

6. Income Tax

	Consolidated	
	2015 \$	2014 \$
a. Income tax benefit		
The major components of income tax benefit are:		
Income Statement		
<i>Current income tax</i>	–	–
Adjustments in respect of current income tax charge of previous years	(304,424)	(375,936)
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	61,680,096	(106,134)
Relating to utilisation of tax losses	–	(1,169,352)
Write off deferred tax asset in subsidiary (Global Value Investors)	–	(520,000)
Benefit from previously unrecognised difference/tax loss	–	61,664
Adjustments in respect of deferred income tax charge of previous years	(217,784)	–
Income tax expense reported in the Income Statement	61,157,887	(2,109,758)
b. Amounts charged directly to other comprehensive income		
<i>Deferred income tax related to income charged or credited directly to other comprehensive income</i>		
Unrealised loss on available-for-sale investments	–	173,668
Share of associate's foreign currency translation reserve*	1,910,934	–
Income tax benefit reported in other comprehensive income	1,910,934	173,668
c. Reconciliation between aggregate tax benefit recognised in the income statement and tax expense calculated per the statutory income tax rate		
A reconciliation between tax benefit and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting (profit) before income tax:	(199,881,011)	(15,187,652)
At the Group's statutory income tax rate of 30% (2014: 30%)	(59,964,303)	(4,556,295)
Share-based payments	(27,566)	(128,145)
Reversal of share in net profit of associates	1,504,340	5,931,540
Trust distributions received	(2,256,250)	–
Imputation credit received	(7,302,570)	(6,151,605)
Dividend difference	6,245,115	3,017,876
Expenditure not allowable for income tax purposes	(650)	(7,913)
Adjustments in respect of current income tax charge of previous years	522,209	(375,936)
Others	121,788	160,720
Aggregate income tax (expense)	(61,157,887)	(2,109,758)

* To take up origination of deferred tax through equity on \$6,369,781 being Treasury Group's share of associate's foreign currency translation reserve.

Notes to the Financial Statements

continued

6. Income Tax (Cont.)

	Statement of Financial Position		Income Statement	
	2015 \$	2014 \$	2015 \$	2014 \$
d. Recognised deferred tax assets and liabilities				
Deferred income tax at 30 June relates to the following:				
<i>Consolidated</i>				
Deferred tax assets				
Tax losses	4,505,517	634,390	4,175,552	(1,127,091)
Tax losses of acquired subsidiaries	–	–	–	(562,261)
Revaluation of available-for-sale investments at fair value charged to equity	–	105,752	–	3,793
Impairment of investment in ARCM	217,017	217,017	–	108,657
Impairment of investment accounted for under the equity method	–	–	–	(240,000)
Accruals and provisions	426,192	375,751	50,441	(29,696)
Deductible capital expenditures	960,307	87,919	872,390	45,265
	6,109,033	1,420,829		
Deferred tax liabilities				
Investment in Aurora	(64,868,741)	–	(66,779,674)	–
Revaluation of convertible notes to fair value	–	(551,230)	–	–
Revaluation of available-for-sale investments at fair value charged to equity	–	(76,730)	–	11,990
Receivables	(9,790)	(10,988)	1,195	(6,143)
	(64,878,531)	(638,948)		
Deferred tax	(58,769,498)	781,881	(61,680,096)	(1,795,486)

e. Tax consolidation

On 24 July 2014, Aurora Trust and Aurora Investment Management Pty Ltd as the Trustee of Aurora Trust, joined the tax consolidated group. On 25 November 2014, Aurora Trust, Treasury Group Investment Services and Global Value Investors exited from the tax consolidated group. As at the date of this report, Treasury Group, Trustee and AR Capital Management Pty Ltd are the members of the tax consolidated entity.

Treasury Group Ltd is the head entity of the tax consolidated group. Members of the tax consolidated group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly-owned entities on a pro-rata basis. Under a tax funding agreement, each member of the tax consolidated group is responsible for funding their share of any tax liability. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote.

Tax effect accounting by members of the tax consolidated group

Members of the tax consolidated group allocate current taxes to members of the tax consolidated group in accordance with their accounting profit for the period, while deferred taxes are allocated to members of the tax consolidated group in accordance with the principles of AASB 112 Income Taxes. Allocations are made at the end of each half year.

The allocation of taxes is recognised as an increase/decrease in the subsidiaries' inter-company accounts with the tax consolidated group head company, Treasury Group Ltd. The Group has applied the group allocation approach in determining the appropriate amount of current taxes to allocate to members of the tax consolidated group.

7. Dividends Paid and Proposed

	Treasury Group Ltd	
	2015 \$	2014 \$
a. Dividends proposed and not recognised as a liability*		
Final fully franked dividend of 28 cents per share (2014: 27 cents per share)	7,738,682	6,398,324
b. Dividends paid during the year		
<i>Current year interim</i>		
Fully franked dividend (24 cents per share) (2014: 23 cents per share)	6,625,283	5,306,274
<i>Previous year final</i>		
Fully franked dividend (27 cents per share) (2014: 23 cents per share)	6,398,036	5,306,274
Total paid during the year (51 cents per share) (2014:46 cents per share)	13,023,319	10,612,548
* Calculation based on the ordinary shares on issue as at 26 August 2015		
c. Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
– franking account balance as at the end of the financial year at 30% (2014: 30%)	5,195,799	9,597,667
– franking credits that will arise from the receipt of distributions recognised as receivables at the reporting date	5,056,214	607,114
	10,252,013	10,204,781
The amounts of franking credits available for future reporting periods:		
– impact on the franking account of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the year	(3,316,578)	(2,742,139)
Franking credits carried forward after payment of final dividend	6,935,435	7,462,642

The tax rate at which paid dividends have been franked is 30% (2014: 30%).

Dividends proposed will be franked at the rate of 30% (2014: 30%).

Notes to the Financial Statements

continued

8. Earnings Per Share

	Consolidated	
	2015 \$	2014 \$
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Net profit attributable to ordinary equity holders of Treasury Group	138,723,124	13,061,814
	Weighted average number of shares	
Weighted average number of ordinary shares used in calculating basic earnings per share:	25,617,169	23,070,755
Effect of dilutive securities:		
Dilutive effect of potential ordinary shares – share options and performance rights	–	–
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	25,617,169	23,070,755
Earnings per share (cents per share):		
Basic for profit for the year attributable to ordinary equity holders of the parent	541.5	56.6
Diluted for profit for the year attributable to ordinary equity holders of the parent	541.5	56.6

Performance rights do not have a diluted effect on the Earnings per Share calculation as the vesting conditions of these rights have not been met as at 30 June 2015.

On 6 August 2014, Treasury Group issued 626,743 ordinary shares on exercise of 626,743 performance rights issued under the Treasury Group Long Term Incentive Plan for its executives. As a result of this share issue, \$1,027,859 was transferred from the equity-settled share option reserve to issued capital.

On 18 December 2014, Treasury Group Ltd issued 2,926,830 fully paid ordinary shares at \$10.25 as a result of institutional placement. Cost of share issue was \$1,164,300. The proceeds from the placement were used to subscribe for additional units in Aurora.

On 23 January 2015, Treasury Group Ltd issued 979,816 fully paid ordinary shares at \$10.25 as a result of Share Purchase Plan (SPP). The proceeds from the placement were used to subscribe for additional units in Aurora Trust.

9. Cash and Cash Equivalents

	Consolidated	
	2015 \$	2014 \$
a. Reconciliation of cash and cash equivalents		
Cash balance comprises:		
– cash at bank and on hand	1,056,243	12,860,219
Closing cash balance	1,056,243	12,860,219
b. Reconciliation		
Profit for the year	138,723,124	13,077,894
<i>Adjustments for</i>		
Share of associates' net profits	(5,014,466)	(19,771,800)
Dividend and distribution received from associates	11,544,906	19,805,351
Impairment of investment in subsidiary	–	41,012
(Gain) on sale of investments to Aurora Trust	(195,104,042)	–
(Gain) on sale of available-for-sale investments	(306,361)	(886,168)
Depreciation and amortisation of non-current assets	23,375	31,764
Impairment of goodwill	–	252,764
Non-cash distributions, dividends and other income	(1,164,300)	(147,946)
Non-cash interest	(158,692)	(28,874)
Share-based payments	91,996	427,150
Foreign exchange loss	–	5,900
Others	(2,490,487)	85,416
Changes in assets and liabilities		
Decrease/(increase) in trade and other receivables	2,287,509	(3,538,493)
Decrease/(increase)/decrease in other assets	1,926,236	(1,027,046)
Decrease in deferred tax assets	781,881	1,978,233
(Decrease)/increase in trade and other payables	(5,669,758)	1,809,987
Increase in current provisions	106,862	8,701
Increase in non-current provisions	71,563	36,232
Increase in deferred tax liability	58,769,498	–
Net cash flow from operating activities	4,418,844	12,160,077

At reporting date, Treasury Group Ltd did not have any financing facilities available.

Notes to the Financial Statements

continued

10. Trade and Other Receivables

	Consolidated	
	2015 \$	2014 \$
Current		
Trade receivables	1,035,681	6,500,907
Sundry receivables	64,828	3,988
Other receivables	–	161,265
Related party receivables		
– Associates		
— Dividend	–	1,416,600
— Distribution	7,729,161	2,640,000
— Other	–	394,419
	8,829,670	11,117,179

a. Allowance for impairment loss

Trade receivables are non-interest bearing and generally on 30 day terms. An allowance for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. No allowance for impairment losses has been made.

	Total \$	0-30 days \$	31-60 days PDNI* \$	61-90 days PDNI* \$	+91 days PDNI* \$
2015	8,829,670	8,201,184	–	216,028	412,458
2014	11,117,179	10,550,171	40,252	17,100	509,656

* Past due not impaired ('PDNI')

Receivables past due but not impaired is \$628,486 (2014: \$567,008). All overdue amounts as at 30 June 2014 have been received in full. Management is satisfied that payment will be received in full.

b. Related party receivables

For terms and conditions of related party receivables refer to Note 25.

c. Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

Trade receivables in the comparative year represent the Group's outstanding invoices for management fees. As the fees are receivable from large investment and superannuation funds, management regards the credit risk as very low.

	Consolidated	
	2015 \$	2014 \$
Non-current		
Security deposits	–	833,073
	–	833,073

The amount receivable is in Australian Dollars, non-interest bearing and is not considered past due or impaired.

11. Investments Accounted for Using the Equity Method

	Note	Consolidated	
		2015 \$	2014 \$
Investments in Aurora	11(b)	275,341,759	–
Investments in associates ¹		–	29,242,193
		275,341,759	29,242,193

On 25 November 2014, Treasury Group and Northern Lights completed the transaction to merge both companies into an international multi-boutique funds management group. A new Australian trust, Aurora Trust, was established to hold the interest in 20 boutiques and gave effect to the merger. Post completion, Treasury Group and Northern Lights sold their respective businesses including their assets (except del Rey and Celeste) and liabilities to Aurora Trust in exchange for units and debt in Aurora. At 30 June 2015, Treasury Group owns 64.03% of Aurora Trust and adopts the equity accounting method in relation to Treasury Group's interest in the Aurora Trust.

As permitted under AASB 3 "Business Combinations", Aurora Trust has accounted for its acquisition of the businesses on a provisional basis. As a result, the investment in Aurora Trust as at 30 June 2015 and the share of profits generated from Aurora Trust for the period from 25 November 2014 to 30 June 2015 may change on finalisation of the acquisition accounting within Aurora Trust. AASB 3 requires Aurora Trust to finalise the acquisition accounting within twelve months of the acquisition date.

Investment in Aurora is comprised of the following:

Cash Investment	44,628,432	–
Non-cash investment	248,862,193	–
Share in net loss for the period	(4,197,027)	–
Distribution received/receivable	(7,729,161)	–
Share in unrealised foreign currency translation reserve	(6,369,781)	–
Share in net unrealised gain reserve	147,103	–
Total	275,341,759	–

Notes to the Financial Statements

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11. Investments Accounted for Using the Equity Method (Cont.)

a. Interests in associates

Name	Balance date	Ownership interest held by consolidated entity	
		2015 %	2014 %
Aurora Trust - units	30 June	64.03	–
Investors Mutual Ltd – ordinary shares	30 June	–	47.22
Orion Asset Management (Aust) Pty Ltd - ordinary shares	30 June	–	49.99
RARE IP Trust – units	30 June	–	40.00
RARE Infrastructure Ltd – ordinary shares	30 June	–	40.00
IML Investment Partners Ltd – ordinary shares	30 June	–	40.00
Celeste Funds Management Ltd – ordinary shares ¹	30 June	39.17	39.17
Octis Asset Management Pte Ltd – ordinary shares	30 June	–	20.00
ROC Partners	30 June	–	15.03

i. Principal activity

- Aurora is a global investment management trust. It holds interest on 20 boutiques ranging from traditional equities to alternatives and private equity.
- Investors Mutual Ltd provides a funds management capability to both institutional and retail investors.
- Orion Asset Management (Aust) Pty Ltd is the parent company of Orion Asset Management Ltd, a wholesale fund management company in Australia.
- RARE IP Trust and RARE Group [RARE Infrastructure Ltd, RARE North America, RARE Infrastructure Sovereign Enterprise, RARE Infrastructure (Europe) Ltd, RARE Infrastructure (UK) Ltd, RARE Infrastructure (USA) Inc.] are funds management businesses specialising in listed global infrastructure assets.
- IML Investment Partners Ltd provides investment sub advisory services to Investors Mutual Ltd.
- Celeste Funds Management Limited is an Australian equity manager with a smaller companies focus.
- Octis Asset Management Pte Ltd is an Asian multi strategy equity manager based in Singapore.
- ROC Partners is an Australian and Asian private equity investment and advice business.

These entities, except Octis Asset Management Pte Ltd, are incorporated and domiciled in Australia.

¹ While Treasury Group remains the legal owner of shares in Celeste, the investment value is zero as the economic rights in Celeste were transferred to Aurora.

	Consolidated	
	2015 \$	2014 \$
b. Carrying amount of investments accounted for using the equity method		
Balance at the beginning of the year	29,242,193	30,633,054
– acquisition of associate	293,690,741	811,420
– disposal of an associates	(34,838,057)	(2,155,480)
– share of associates' net profits for the year	5,014,466	19,771,800
– trust distribution received/receivable from an associate	(10,209,213)	(10,445,762)
– dividends received from associates	(1,335,693)	(9,359,589)
– share on exchange differences on translating foreign operations of an associate	(6,369,781)	–
– share of after-tax unrealised gains reserve of associate	147,103	(13,250)
Balance at the end of the year	275,341,759	29,242,193
c. Share of associates' balance sheet		
Current assets	45,223,301	32,524,868
Non-current assets	346,691,615	1,596,128
Current liabilities	(19,981,005)	(16,440,196)
Non-current liabilities	(95,890,107)	(1,638,890)
Net assets	276,043,804	16,041,910
d. Share of associates' revenues		
Revenues	18,885,234	43,405,089
e. Share of associates' net income		
Profit before income tax	8,962,249	24,842,644
Income tax expense	(3,947,783)	(5,070,844)
Profit after income tax	5,014,466	19,771,800

f. Details of each of the Group'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 Group	
			2015	2014
Aurora Trust	Funds management	Australia	64.03%	–
IML	Funds Management	Australia	–	47.22%
IML Investment Partners Ltd	Funds Management	Australia	–	40%
RARE Infrastructure Ltd	Funds Management	Australia	–	40%
RARE IP Trust	Funds Management	Australia	–	40%

All of the above associates are accounted for using the equity method in the consolidated financial statements.

Notes to the Financial Statements

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11. Investments Accounted for Using the Equity Method (Cont.)

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amount shows in associate's financial statements in accordance with the Accounting Standards.

2015	Aurora Trust	Investors Mutual Group	RARE Group
Current assets	70,628,301	–	–
Non-current assets	541,451,843	–	–
Current liabilities	(31,205,692)	–	–
Non-current liabilities	(149,758,094)	–	–
Net assets	431,116,357	–	–
Goodwill	216,938,565	–	–
Other identifiable intangibles	26,488,040	–	–
Carrying Amount of the Group's interest	275,341,759	–	–

2014	Aurora Trust	Investors Mutual Group	RARE Group
Current assets	–	31,284,143	32,963,030
Non-current assets	–	348,863	1,124,406
Current liabilities	–	9,858,359	20,785,135
Non-current liabilities	–	–	1,741,649
Net assets	–	21,774,648	11,560,651
Goodwill	–	4,851,599	2,602,810
Carrying Amount of the Group's interest	–	14,823,379	7,141,408

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amount shows in associate's financial statements in accordance with the Accounting Standards.

Year ended 30 June 2015	Aurora Trust	Investors Mutual Group	RARE Group
Revenue	29,494,352	–	–
Loss for the period	(6,228,218)	–	–
Other comprehensive losses for the year	(9,718,379)	–	–
Total comprehensive losses for the year	(15,946,597)	–	–
Distributions received/receivable during the year	7,729,161	–	–

Year ended 30 June 2014	Aurora Trust	Investors Mutual Group	RARE Group
Revenue	–	34,747,017	55,184,330
Profit for the year	–	13,077,054	31,847,660
Other comprehensive income for the year	–	(28,060)	–
Total comprehensive income for the year	–	13,048,994	31,847,660
Dividends/distributions received during the year	–	5,958,461	8,777,359

g. Following is an aggregate of other associates which are not deemed material

	30/06/2015	30/06/2014
Current assets	–	16,632,990
Non-current assets	–	4,944,506
Current liabilities	–	10,405,476
Non-current liabilities	–	5,964,806
Net assets	–	5,207,214
	Year ended	Year ended
	30/06/2015	30/06/2014
Revenue	–	15,632,144
Profit for the year	–	3,962,866
Dividends received during the year	–	3,149,639

12. Available-for-Sale Investments

	Consolidated	
	2015	2014
	\$	\$
Non-current		
– Investment in Octis Asia Pacific Fund Limited*	–	3,035,532
– Investment in Octis Opportunities Fund*	–	3,030,546
– Investment in Aubrey Conviction Fund*	–	2,108,086
– Aubrey Capital Management**	–	1,393,261
– Investment in Freehold Investment Management***	–	1,436,780
– Unlisted shares in other corporations	–	900
	–	11,005,105

All of these assets were sold during the year.

* These investments represent seed capital to assist in the growth and marketing of these products.

Units in funds are readily saleable with no fixed terms.

The fair value of the unlisted available for sale investments is based on the current unit price of the investments which is determined by the Value of the underlying investments of the unit trust.

** While classified as an available-for-sale to satisfy the definition under the accounting standards, the Board views this as a long term holding investment. The acquisition price of these securities was \$1,314,073. The change in fair value reflects movements in fair value between reporting periods, including foreign exchange rates.

*** While classified as an available-for-sale to satisfy the definition under the accounting standards, the Board views this as a long term investment. The valuation of this investment was based on the net present value of the discounted cash flows of FIM.

13. Loans and Other Receivables

	Consolidated	
	2015	2014
	\$	\$
Loans receivables due from:		
Associates	–	4,197,624
Advances to other related party	–	600,000
	–	4,797,624

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

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13. Loans and Other Receivables (Cont.)

a. Loans

For the comparative period, the balance of the loan receivable from associates as at 30 June 2014 represents the subordinated loan to RARE and loan to ROC Partners.

The loan to RARE is subordinated to all other creditors as a condition of their Australian Financial Services Licence as agreed with the Australian Securities and Investments Commission (ASIC).

Interest rates on the loans vary from 7.5% to 8%.

14. Plant and Equipment

	Notes	Consolidated	
		2015 \$	2014 \$
Furniture & fittings			
At cost		–	12,082
Accumulated depreciation		–	(5,192)
	14(a)	–	6,890
Office equipment			
At cost		–	434,827
Accumulated depreciation		–	(388,473)
	14(a)	–	46,354
Leasehold improvements			
At cost		–	12,089
Accumulated depreciation		–	(3,886)
	14(a)	–	8,203
Total		–	61,447
a. Reconciliations			
Reconciliations of the carrying amounts of plant and equipment at the beginning and end of the current financial year.			
Furniture & fittings			
Opening balance		6,890	8,637
Depreciation expense		(597)	(1,747)
Disposal		(6,293)	–
Closing balance		–	6,890
Office equipment			
Opening balance		46,354	52,046
Additions		–	15,224
Depreciation expense		(18,221)	(20,916)
Disposal		(28,133)	–
Closing balance		–	46,354
Leasehold improvements			
Opening balance		8,203	9,587
Additions		–	–
Depreciation expense		(1,679)	(1,384)
Disposal		(6,524)	–
Closing balance		–	8,203

15. Intangibles

	Note	Consolidated	
		2015 \$	2014 \$
Software			
At cost		–	114,944
Accumulated amortisation		–	(102,404)
	15(a)	–	12,540
a. Reconciliations			
Reconciliations of the carrying amounts of intangibles at the beginning and end of the current financial year.			
Software			
Opening balance		12,540	18,440
Additions		–	1,817
Amortisation expense		(2,878)	(7,717)
Disposal		(9,662)	–
Closing balance		–	12,540

16. Trade and Other Payables

Trade payables		–	643,184
Other payables		1,642,020	937,255
Related party payables:			
– associates		360,192	6,091,530
		2,002,212	7,671,969

a. Fair value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

b. Related party payables

For terms and conditions relating to related party payables please refer to Note 25.

c. Interest rate and liquidity risk

Trade and other payables are non-interest bearing. Liquidity risk exposure is not regarded as significant.

Trade, other and related party payables are all due within less than 90 days.

17. Employee Provisions

	Note	Consolidated	
		2015 \$	2014 \$
Current			
Provision for annual leave, beginning balance		221,903	213,202
Provisions during the year		166,847	113,407
Annual leave taken		(59,985)	(104,706)
Provision for annual leave, closing balance		328,765	221,903
Non-Current			
Provision for long service leave, beginning balance		135,882	99,650
Provisions during the year		71,563	36,232
Provision for long service leave, closing balance		207,445	135,882

Notes to the Financial Statements

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18. Contributed Equity and Reserves

	2015 \$	2014 \$
a. Ordinary shares		
Issued and fully paid	69,500,943	29,594,265

Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly the Company does not have authorised capital nor par value in respect of its issued shares.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

b. Movements in ordinary shares on issue

	Treasury Group Ltd			
	2015		2014	
	Number of shares	\$	Number of shares	\$
Beginning balance	23,070,755	29,594,265	23,070,755	29,594,265
Issued on 6 August 2014	626,743	1,027,859	–	–
Issued on 18 December 2014	2,926,830	28,835,705	–	–
Issued on 23 January 2015	979,816	10,043,114	–	–
Balance at end of the year	27,604,144	69,500,943	23,070,755	29,594,265

On 6 August 2014, Treasury Group issued 626,743 ordinary shares on exercise of 626,743 performance rights issued under the Treasury Group Performance Rights Plan for its executives. As a result of this share issue, \$1,027,859 was transferred from the equity-settled share options reserve to issued capital.

On 18 December 2014, Treasury Group Ltd issued 2,926,830 fully paid ordinary shares at \$10.25 as a result of institutional placement. The proceeds from the placement were used to subscribe for additional units in Aurora.

On 23 January 2015, Treasury Group Ltd issued 979,816 fully paid ordinary shares at \$10.25 as a result of Share Purchase Plan (SPP). The proceeds from the placement were used to subscribe for additional units in Aurora.

c. Capital management

The Company's capital management policies focus on ordinary share capital. When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits to other stakeholders.

Management is constantly reviewing the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may change the amount of dividends to be paid to shareholders or conduct share buybacks.

During the year ended 30 June 2015, management paid dividends of \$13,023,319 (2014: \$10,612,548). Directors anticipate that the payout ratio of the underlying profit is 60-80%. Going forward post-merger, payout ratio is 80%-100% of Aurora's distribution to Treasury Group.

As part of the completion of the transaction, Aurora issued Class B & C units which are exchangeable (at the holders' election) to Treasury Group shares at the following fixed ratios:

- (i) Any time from 13 April 2015 – 1 Treasury Group share for every 1 Class C unit
- (ii) Any time from 24 November 2014 – 2 Treasury Group shares for every 3 Class B units or B-1 units
- (iii) Any time from 24 November 2017 – 5 Treasury Group shares for every 6 Class B units or B-1 units
- (iv) In the event of takeover – 1 Treasury Group share for each Class B & C units
- (v) 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 Treasury Group share for each Class B & C units

d. Long term incentives - performance rights

There were no performance rights issued to officers and employees during the year. The performance rights outstanding as at 30 June 2015 represent the 139,981 performance rights issued to certain employees in prior years. The performance rights on issue were valued based on the valuation made by RSM Bird Cameron using a hybrid monte-carlo/binomial option pricing model. The value of each right at issue was \$1.64. The value of outstanding performance rights is \$164,000 amortised over three years from the grant date.

The amount of performance rights amortisation expense for the period was \$91,886 (2014:\$427,150).

Total value of outstanding performance rights is \$60,402. This includes unamortised performance rights that were valued at \$1.64.

There were no performance rights that lapsed during the year.

On 1 July 2015, performance rights issued to certain employees on 1 July 2012 have vested at 96% for the 8,731 performance rights issued and 82% for the 31,250 performance rights issued. Accordingly, a total of 34,007 Treasury Group shares were issued to these employees.

	Consolidated	
	2015 \$	2014 \$
e. Retained profits		
Balance at the beginning of the year	30,092,285	27,643,019
Profit for the year	138,723,124	13,061,814
Dividends	(13,023,319)	(10,612,548)
Balance at end of year	155,792,090	30,092,285

	Consolidated	
	2015 \$	2014 \$
f. Reserves		
<i>Net unrealised gains reserve</i>		
Balance at the beginning of the year	213,684	376,659
Net unrealised (losses) on available for sale investments taken to equity	–	(213,894)
Reversal of net unrealised losses on available-for-sale sold during the year	(213,684)	–
Income tax relating to items not reclassified	–	64,169
Share of after-tax gain on available for sale investments of associates	147,103	(13,250)
Balance at end of year	147,103	213,684
<i>Share options reserve</i>		
Balance at end of year	2,938,463	3,874,436
<i>Foreign currency translation reserve</i>		
Share of associate's foreign currency translation reserve (after tax)	(4,458,846)	–
Total Reserves	(1,373,280)	4,088,120

Net unrealised gains reserve

The reserve records share of after-tax gain on available-for-sale investments of associates.

Share options reserve

This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration. Refer to Note 21 for further details of these plans.

Foreign currency translation reserve

The reserve records the Company's share of foreign exchange differences arising on translation of the foreign operations of the associate.

Notes to the Financial Statements

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19. Segment Information

Information reported to the Group's Board of Directors for the purposes of resource allocation and assessment of performance is specifically focused on the profit after tax earned by each business within the Group. Therefore the Group's reportable segments under AASB 8 are included in the table below.

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

The following is an analysis of the Group's results by reportable operating segment:

	Consolidated	
	2015 \$	2014 \$
Segment profit after tax for the year		
– Australian unlisted trust ¹	(4,197,027)	–
– Outsourcing and responsible entity services	341,030	338,150
– Australian equities	3,014,911	7,478,915
– Alternative investments	6,176,823	11,841,348
	5,335,737	19,658,413
– Central administration costs	133,387,387	(6,580,519)
Total per Income Statement	138,723,124	13,077,894

Effective 25 November 2015, Treasury Group reports its segment as Australian unlisted trust.

	Consolidated	
	2015 \$	2014 \$
Segment net assets for the year		
– Australian unlisted trust	216,698,239	–
– Australian equities	–	21,233,035
– Outsourcing and responsible entity services	–	5,625,758
– Alternative investments	–	23,362,365
		50,221,158
– Central administration	7,221,514	13,553,512
Total per Statement of Financial Position	223,919,753	63,774,670

As at 30 June 2015, the Australian unlisted trust above includes the equity accounted investment in Aurora.

20. Commitments and Contingencies

Operating lease commitments

The Group has entered into commercial property leases to meet its office accommodation requirements. These non-cancellable leases have remaining term of three years as at 30 June 2015. 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:

	Consolidated	
	2015 \$	2014 \$
<i>Future minimum rentals:</i>		
Minimum lease payments		
– not later than one year	342,564	329,389
– later than one year and not later than five years	234,386	576,950
Aggregate lease expenditure contracted for at reporting date	576,950	906,339
Amounts not provided for:		
– rental commitments	576,950	906,339
Total not provided for	576,950	906,339
Aggregate lease expenditure contracted for at reporting date	576,950	906,339

21. Employee Benefits and Superannuation Commitments

The Treasury Group LTI Plan

The Treasury Group LTI Plan has been established where Treasury Group Ltd, at the discretion of the Board of Directors, awards performance rights to Directors, executives and certain members of staff of the Group. Each performance right at the time of grant represents one Treasury Group Ltd share if it vests.

There were no performance rights issued to officers and employees during the year. The performance rights outstanding as at 30 June 2015 represent the 139,981 performance rights issued to certain employees in prior years. The performance rights on issue were valued based on the valuation made by RSM Bird Cameron using a hybrid monte-carlo/binomial option pricing model. The value of each right at issue was \$1.64. The value of outstanding performance rights is \$164,000 amortised over three years from the grant date.

The amount of performance rights amortisation expense for the period was \$91,886 (2014: \$427,150).

There were no performance rights that lapsed during the year.

On 1 July 2015, performance rights issued to certain employees on 1 July 2012 have vested at 96% for the 8,731 performance rights issued and 82% for the 31,250 performance rights issued. Accordingly, a total of 34,007 Treasury Group shares were issued to these employees.

Employee Share Plan

The Employee Share Plan has been established whereby Treasury Group Ltd, at the discretion of the Board of Directors, provides the opportunity to employees and Directors to purchase shares in Treasury Group Ltd at market value less a discount of 5% to 20%. These shares are purchased via a salary sacrifice arrangement. The shares are held in trust at the employees' request for a period between 2 and 10 years. Employees have to be employed by the consolidated group while taking part in the plan. There are 17 employees eligible to participate in the plan. Shares acquired under the Employee Share Plan vest immediately. There were no shares purchased during the year (2014: nil). The balance as at 30 June 2015 was nil (2014: 3,099). During the year, 3,099 shares were sold (2014: 43,652).

On 22 July 2015, the plan was terminated in accordance with the Trust Deed.

Notes to the Financial Statements

continued

22. Subsequent Events

On 29 July 2015, the shareholders of RARE Infrastructure Ltd (RARE) including Treasury Group and Northern Lights have entered into a binding agreement to sell the majority interest in RARE to Legg Mason.

Under the proposed structure, the total transaction consideration is approximately \$200m, with an upfront cash proceeds of \$112m to be received in November 2015; a three-year earn-out of up to \$42m and 10% retained equity interest in RARE subject to two-year differentiated option pricing: call option by Legg Mason at a fixed multiple of RARE revenues and put option by Aurora Trust at "fair market value".

On 26 August 2015, the Directors of Treasury Group Ltd declared a final dividend on ordinary shares in respect of the 2015 financial year. The total amount of the dividend is \$7,738,682 which represents a fully franked dividend of 28 cents per share. The dividend has not been provided for in the 30 June 2015 financial statements.

23. Key Management Personnel Disclosures

a. Details of Key Management Personnel

(i) Non-executive Directors

M. Fitzpatrick	Chairman (Non-executive)
P. Kennedy	Director (Non-executive)
R. Hayes	Director (Non-executive), resigned 31 March 2015
M. Donnelly	Director (Non-executive)
J. Vincent	Director (Non-executive), appointed 10 December 2014
G. Guérin	Director (Non-executive), appointed 10 December 2014

(ii) Executives & KMP

A. McGill	Managing Director & CEO
T. Carver	Executive Director, appointed 10 December 2014
P. Greenwood	Executive Director and CIO, appointed 10 December 2014
J. Ferragina	Finance Director and COO, appointed 31 March 2015

b. Compensation for Key Management Personnel

	Consolidated	
	2015 \$	2014 \$
Short-term	2,932,930	1,729,418
Post employment	87,690	58,871
Share-based payments	11,502	349,866
Total remuneration	3,032,122	2,138,155

Each year, KMP bonuses are paid in two instalments being 50% on August and 50% on June the following year. For the current year, only the 50% payable on August is provided for as at 30 June 2015. For the comparative period, 50% was provided in June 2014 and the remaining 50% was paid in June 2015.

c. Transactions with director-related entity

Details of the transactions with Director-related entities are set out in Note 25. All transactions were conducted on commercial terms.

d. Loans to key management employees

No loans have been advanced to key management employees at any stage during the financial year ended 30 June 2015 (2014: \$Nil).

24. Auditor's Remuneration

	Consolidated	
	2015 \$	2014 \$
Auditor of Parent entity (Deloitte Touche Tohmatsu)		
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	336,000	224,466
– other services to the entity and any other entity in the consolidated group	1,407,000	641,767
Total	1,743,000	866,233

25. Related Party Disclosures

The consolidated financial statements include the financial statements of Treasury Group Ltd and the controlled entities in the following list:

	Percentage of equity interest held by the consolidated entity	
	2015	2014
Companies		
Aurora Investment Management Pty Ltd	100	–
AR Capital Management Pty Ltd	100	100
Treasury Group Investment Services Ltd*	–	100
Global Value Investors Ltd*	–	100
Treasury Group Nominees Pty Ltd*	–	100
Treasury Evergreen Pty Ltd*	–	100
Treasury Capital Management Pty Ltd*	–	100

These are all incorporated in Australia.

* Sold to Aurora Trust on 25 November 2014.

Transactions with related parties

Service fees

During the year, Treasury Group Ltd and its wholly-owned entity, Aurora Investment Management Pty Ltd, the Trustee of Aurora Trust provided management and administrative services to Aurora and its wholly owned entities. Dealings were on commercial terms and conditions. Details of service fees and receivables at reporting date are disclosed in Note 5 and Note 10 to the financial report respectively.

Dividend and distribution

Dividends and distributions received and receivable at reporting date are disclosed in Note 10 of the financial report.

Notes to the Financial Statements

continued

26. Parent Entity Disclosure

The accounting policies of the parent are the consistent with the consolidated entity.

i. Financial Performance

	2015 \$	2014 \$
Profit for the year	148,065,100	14,203,006
Other comprehensive income for the year (net of tax)	–	(293,944)
Total comprehensive income	148,165,100	13,909,062

ii. Financial Position

Assets		
Current assets	8,480,186	13,316,626
Non-current assets	294,099,006	37,736,719
Total assets	302,579,192	51,053,345
Liabilities		
Current liabilities	886,438	1,224,158
Non-current liabilities	64,179,505	135,882
Total liabilities	65,065,943	1,360,040
Equity		
Issued capital	69,500,943	29,594,265
Retained earnings	165,134,066	16,283,472
Reserves		
Share options	2,878,240	3,874,436
Net unrealised gains/(losses) reserve	–	(58,868)
Total equity	237,513,249	49,693,305

Director's Declaration

In accordance with a resolution of the Directors of Treasury Group Ltd, I state that:

1. In the opinion of the Directors:
 - a. the financial statements and notes are in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2015 and of its performance for the year ended on that date;
 - ii. complying with Accounting Standards and Corporations Regulations 2001; and
 - iii. complying with International Financial Reporting Standards, as stated in Note 2 to the financial statements
 - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the year ended 30 June 2015.

On behalf of the Board



M. Fitzpatrick

Chairman

31 August 2015

Independent Audit Report



Deloitte Touche Tohmatsu
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Independent Auditor's Report to the Members of Treasury Group Ltd

Report on the Financial Report

We have audited the accompanying financial report of Treasury Group Ltd, which comprises the statement of financial position as at 30 June 2015, the income statement, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 36 to 76.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 company'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 company'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.

Deloitte

Auditor's Independence Declaration

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

Opinion

In our opinion:

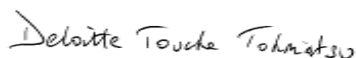
- (a) the financial report of Treasury Group Ltd is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of their performance for the period 1 July 2014 to 30 June 2015; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

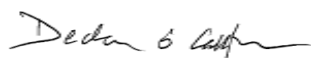
We have audited the Remuneration Report included in pages 21 to 33 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Treasury Group Ltd for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.



DELOITTE TOUCHE TOHMATSU



Declan O'Callaghan
Partner
Chartered Accountants
Sydney, 31 August 2015

ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows.

a. Distribution of equity securities (as at 5 August 2015)

The number of shareholders by size of holding, in each class of share are:

	Ordinary shares	
	Number of holders	Number of shares
1 – 1,000	1,522	763,883
1,001 – 5,000	1,594	3,821,715
5,001 – 10,000	279	1,942,876
10,001 – 100,000	156	3,533,960
100,001 and over	21	17,576,717
The number of shareholders holding less than a marketable parcel of shares are:	186	3,036

b. Twenty largest shareholders (as at 5 August 2015)

The names of the twenty largest holders of quoted shares are:

	Listed ordinary shares	
	Number of shares	Percentage of ordinary shares
1 BNP Paribas Noms Pty Ltd	3,558,115	12.87
2 RBC Investor Services Australia Nominees Pty Limited (Perpetual)	3,503,302	12.68
3 Squitchy Lane Holdings Pty Ltd	2,401,500	8.69
4 HSBC Custody Nominees (Australia) Limited	1,036,534	3.75
5 JP Morgan Nominees Australia Limited	1,020,691	3.69
6 National Nominees Limited	960,524	3.48
7 Citicorp Nominees Pty Ltd	912,508	3.30
8 Mr Timothy Gerard Ryan	599,573	2.17
9 Kattag Holdings Pty Ltd	526,000	1.90
10 Mini-Me Ventures Pty Ltd	480,000	1.74
11 Netwealth Investments Limited	435,595	1.58
12 UBS Wealth Management Australia Nominees Pty Ltd	431,427	1.56
13 Mr Michael Brendan Patrick De Tocqueville	400,000	1.45
14 Banson Nominees Pty Ltd	370,854	1.34
15 HFM Investments Pty Ltd	250,000	0.90
16 Top Pocket Pty Ltd	250,000	0.90
17 29 th Marsupial Pty Ltd	172,591	0.62
18 Mardom Pty Ltd	141,400	0.51
19 Mrs Margaret Rose Wood	139,541	0.50
20 Mr David Calogero Loggia	138,543	0.50
	17,728,698	64.15

c. Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Number of Shares
BNP Paribas Noms Pty Ltd	3,558,115
Michael Fitzpatrick	2,701,285

d. Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

Corporate Information

ABN 39 006 708 792

Directors

M. Fitzpatrick (Chairman)
A. McGill (Managing Director and Chief Executive Officer, (CEO), resigned 28 August 2015)
T. Carver (Executive Director, appointed 10 December 2014)
P. Kennedy
M. Donnelly
A. Robinson (Non-Executive Director appointed 28 August 2015)
J. Vincent (Non-Executive Director appointed 10 December 2014)
G. Guérin (Non-Executive Director appointed 10 December 2014)
R. Hayes (resigned 31 March 2015)
P. Greenwood (Executive Director appointed 10 December 2014)
J. Ferragina (Finance Director and Chief Operating Officer (COO) appointed 31 March 2015)

Company Secretaries

C. Driver (appointed 7 July 2015)
R. Ramswarup (resigned 30 June 2015)
J. Ferragina (appointed 31 July 2014)

Registered Office

Level 14
39 Martin Place
Sydney, NSW, 2000
Phone (02) 8243 - 0400
Facsimile (02) 8243 - 0410

Bankers

Westpac Banking Corporation

Share Register

Computershare Investor Services Pty Ltd
452 Johnston Street
Abbotsford, Victoria, 3067
Phone (03) 9415 - 5000

Auditors

Deloitte Touche Tohmatsu

Internet Address

www.treasurygroup.com

