

# Appendix 4D

## 1. Half yearly report

Name of entity

Treasury Group Limited

ABN:

39 006 708 792

Report for the half-year ended 31 December 2014

Previous corresponding period

is the financial year ended 30 June 2014

and half year ended 31 December 2013

## 2. Results for announcement to the market

Revenues ( <i>item 2.1</i> )*	up/down	388%	to	A\$'000s 523
Profit (loss) after tax attributable to members ( <i>item 2.2</i> )	up/down	1,933%	to	137,331
Net profit (loss) for the period attributable to members ( <i>item 2.3</i> )	up/down	1,933%	to	137,331
* Does not include the share of profits from Associates of \$1.9m. Refer to the following page for the brief explanation of the current period profit.				
<b>Dividends (<i>item 2.4</i>)</b>				
It is proposed to pay an interim fully franked dividend of 24.00 cents per share.				
Payment Date: 25 March 2015				
Record date for determining entitlements to the dividend ( <i>item 2.5</i> )	4 March 2015			

Brief explanation of any of the figures reported above necessary to enable the figures to be understood (item 2.6):

The Group generated net profits attributable to members of Treasury Group Ltd of \$137,331,460 for the six months period ended 31 December 2014. This includes \$127,494,792 net gain on the sale of business to Aurora Trust. This compares with a net profit attributable to members of Treasury Group Ltd of \$6,753,550 reported for the corresponding period ended 31 December 2013.

The underlying profit of the group as reported in the 31 December 2014 half year report has increased compared to the 31 December 2013 half year result due to one-off items as shown in the table below:

	CONSOLIDATED	
	2014	2013
	\$	\$
Net profit for the half year	137,331,460	6,753,550
Add back/(deduct):		
- Gain on sale of Investments to Aurora (net of transaction cost and income tax expense)	(127,494,792)	-
- Impairment of goodwill	-	252,764
- Legal, tax and consulting expenses	-	202,648
Underlying profit	<u>9,836,668</u>	<u>7,208,962</u>

The results for six months to 31 December 2014 reflect the merged group from 25 November 2014 and Treasury Group's stand alone result from 1 July to 24 November. The relatively short period as a merged group and the timing of recognition of some income and expense items has impacted the half year result and directors therefore caution against simplistic extrapolation.

On 5 August 2014, Treasury Group announced merger with Northern Lights Capital Group (Northern Lights), a multi-boutique business based in the United States.

On 25 November 2014, Treasury Group Ltd and Northern Lights announced completion of the previously announced transaction to merger both companies into an international multi-boutique funds management group with an effective date of 25 November 2014.

A new Australian trust (called Aurora Trust) has been established which, at 25 November 2014, is owned 61.22% by Treasury Group Ltd, 30.21% by Northern Lights and 8.57% by BNP Paribas Asset Management, LLC (BNP). Aurora ("Aurora") holds interest on 21 boutiques (ranging from traditional equities to alternatives and private equity) which collectively have approximately A\$50bn of FUM as of 31 December 2014.

Post completion, Treasury Group and Northern Lights sold their respective businesses including their assets (except Del Rey, Celeste and Orion) and liabilities to Aurora in exchange for units in Aurora. For accounting purpose, this transfer is a sale and a gain on sale was recognized at the time of completion which is determined by the difference between the carrying value and fair value of such assets and liabilities at the time of transfer. The fair value of Treasury Group's assets on completion date is \$243,853,723. The gain on sale recognized in the financial statements is net of the transaction costs incurred in this transaction and the related income tax expense.

The sale of business to Aurora qualified as a sale of discontinued operations and is reflected in the Profit and Loss as such.

The profits from continuing operations include the share in net profit of Aurora. Expenses relating to continued operations largely comprise of employee expenses. As described previously, Aurora is an international multi-boutique funds management group which holds interest in 21 boutiques ranging from traditional equities to alternatives and private equity which collectively have A\$50.9bn of FUM as at 31 December 2014.

The profits from discontinued operations include the share of profit from associates. While Treasury Group's equity holding in Orion and Celeste were not legally transferred to Aurora, Aurora reflects the economic results of Orion and Celeste for accounting purposes. The profits from discontinued operations also include the gain of \$127,494,792 net of the transaction costs incurred in the transaction and the related income tax expense.

Aurora Trust is treated as an associate in the accounts of Treasury Group. 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 unanimous approval by an Investment Committee and approved by a majority of directors by Treasury Group and Northern Lights. The accounting will follow the principles of equity accounting.

### 3. Net tangible assets per security (item 3)

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	838¢	277¢

### 4. Details of entities over which control has been gained or lost during the period: (item 4)

#### Control gained over entities

Name of entities (item 4.1)	Aurora Trust
Date(s) of gain of control (item 4.2)	25 November 2014

#### Loss of control of entities

Name of entities (item 4.1)	<p>Treasury Group Investment Services Limited (100%)  Global Value Investors Ltd (100%)  Treasury Evergreen Pty Limited (100%)  Treasury Group Nominees Pty Ltd (100%)  Treasury Capital Management Pty Ltd (100%)  Investors Mutual Limited (47%)  IML Investment Partners Limited (40%)  RARE Infrastructure Limited (40%)  RARE IP Trust (40%)  Octis Asia Asset Management Ltd (20%)  ROC Partners (15%)  Aubrey Capital Management Pty Ltd (0%)  Freehold Investment Management Ltd  Celeste Funds Management Limited (39%)*  Orion Asset Management Limited (49%)*</p> <p>*Treasury Group remains legal owner of shares in Celeste and Orion.</p>
Date(s) of loss of control (item 4.2)	25 November 2014

Contribution to net profit from discontinuing operations after tax by the controlled entities to the date(s) in the current period when control was lost (item 4.3).	\$9,388,936
Contribution to net profit from net gain on discontinued operation (net of transaction cost and income tax expense) in the current period when control was lost (item 4.3).	\$127,494,792
Contribution to net profit from discontinuing operations after tax of the controlled entities for the whole of the previous corresponding period (item 4.3)	\$8,489,193

**5. Dividends** *(item 5)*

	<b>Date of payment</b>	<b>Total amount of dividend</b>
Final dividend – year ended 30 June 2014	25 September 2014	6,398,324
Interim dividend – year ended 30 June 2015	25 March 2015	6,624,995

**Amount per security**

	Amount per security	Franked amount per security at % tax	Amount per security of foreign sourced dividend
<b>Interim dividend:</b> Current period	24.00¢	100%	-¢
Previous period	23.00¢	100%	-¢

**Interim dividend on all securities**

	Current period \$A'000	Previous corresponding Period - \$A'000
Ordinary securities <i>(each class separately)</i>	6,625	5,306
Preference securities <i>(each class separately)</i>	-	-
Other equity instruments <i>(each class separately)</i>	-	-
<b>Total</b>	6,625	5,306

**6. Details of dividend or distribution reinvestment plans in operation are described below** *(item 6):*

N/A
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The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan

N/A

**7. Details of associates and joint venture entities (item 7)**

Name of associate or joint venture entity

% Securities held

Aurora Trust	61
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**Aggregate share of profits (losses) of associates and joint venture entities – continued operations**  
(where material)

<b>Group's share of associates' and joint venture entities':</b>	6mths to 31 Dec 2014 \$	6mths to 31 Dec 2013 \$
Profit (loss) before tax	1,940,711	-
Income tax	-	-
<b>Net profit (loss) after tax</b>	-	-
Adjustments	-	-
<b>Share of net profit (loss) of associates and joint venture entities</b>	1,940,711	-

**Aggregate share of profits (losses) of associates and joint venture entities from discontinued operations - (where material)**

<b>Group's share of associates' and joint venture entities':</b>	6mths to 31 Dec 2014 \$	6mths to 31 Dec 2013 \$
Profit (loss) before tax	13,586,801	13,859,164
Income tax	(4,076,040)	(4,157,749)
<b>Net profit (loss) after tax</b>	9,510,761	9,701,415
Adjustments	-	-
<b>Share of net profit (loss) of associates and joint venture entities</b>	9,510,761	9,701,415

**8. The information provided in the Appendix 4D is based on the interim financial report (attached), which has been prepared in accordance with Australian accounting standards (item 8).**

**9. The interim financial report is not subject to audit dispute or qualification. (item 9)**

## **Periodic Disclosure Requirements Compliance Statement**

- 1 An interim report for the half-year ended 31 December 2014 is provided with the Appendix 4D information.
- 2 The interim report has been prepared in accordance with AASB 134 Interim Financial Reporting.
- 3 Except where noted in the report, the interim report and information provided in Appendix 4D uses the same accounting policies as those applied at 30 June 2014, except mandatory changes under the Australian equivalents to International Financial Reporting Standards (A-IFRS).
- 4 The Appendix 4D information gives a true and fair view of the matters disclosed in the interim financial report.
- 5 The Appendix 4D information is based on the interim financial report, which has been subject to review.
- 6 The audit report or review by the auditor is provided with the interim financial report.

Sign here: ..... Date: 26 February 2015  
(Company Secretary)

Print name: Reema Ramswarup



A.B.N. 39 006 708 792

## Half-Year Condensed Financial Report

For the Half-Year Ended  
31 December 2014



# DIRECTORS' REPORT

## Contents

<b>Directors' Report</b>	<b>3</b>
<b>Auditor's Independence Declaration</b>	<b>6</b>
<b>Condensed Financial Statements for the half-year ended 31 December 2014</b>	
Condensed Consolidated Statement of Profit and Loss	7
Condensed Consolidated Statement of Comprehensive Income	8
Condensed Consolidated Statement of Financial Position	9
Condensed Consolidated Statement of Changes in Equity	10
Condensed Consolidated Statement of Cash Flows	11
<b>Selected Notes to the Half-Year Financial Statements</b>	<b>12</b>
<b>Directors' Declaration</b>	<b>23</b>
<b>Auditor's Independent Review Report</b>	<b>24</b>

# DIRECTORS' REPORT

Your Directors submit their report for the half-year ended 31 December 2014. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

## DIRECTORS

The names of the Company's Directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

### Name

Mr M. Fitzpatrick (Chairman)

Mr A. McGill (Managing Director and CEO)

Tim Carver (Executive Director appointed 10 December 2014)

Paul Greenwood (Executive Director appointed 10 December 2014)

Mr P. Kennedy (Non-executive Director)

Mr R. Hayes (Non-executive Director)

Ms M. Donnelly (Non-executive Director)

Jeff Vincent (Non-Executive Director appointed 10 December 2014)

Gilles Guerin (Non-Executive Director appointed 10 December 2014)

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 5 August 2014, Treasury Group Ltd ("Treasury Group") and Northern Lights Capital Group ("Northern Lights") agreed to a merger creating an international multi-boutique business with A\$50.9bn of FUM. Northern Lights is a privately owned international multi-boutique asset management group headquartered in Seattle in the United States with 13 associated boutiques.

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 to allow completion with effective date 25 November 2014. Executive management attention is now focused to the integration of management and operations and achieving initial-cross selling, investment and other short term goals.

### Group Structure

A new Australian trust (called Aurora Trust) has been established which, at 25 November 2014, is owned 61.22% by Treasury Group Ltd, 30.21% by Northern Lights and 8.57% by BNP Paribas Asset Management, LLC (BNP). Aurora Trust ("Aurora") holds interest on 21 boutiques (ranging from traditional equities to alternatives and private equity) which collectively have approximately A\$50bn of FUM as of 31 December 2014.

As at 25 November 2014, \$US 47.0m (\$A54.32m) of debt was drawn down by a wholly owned subsidiary of Aurora to fund the upfront cash consideration payable in relation to the acquisition of additional equity in two of Aurora boutiques, Seizert Capital Partners (Seizert) and Aether Investment Partners LLC (Aether). As was detailed in 5th August 2014 announcement to the ASX, deferred consideration is payable by Aurora. On 21 November 2014, \$US6.0m (\$A6.93m) was paid to Seizert with a remaining \$US17.5m (\$A20.23m) of deferred consideration payable by Aurora over the period to 2019. Contingent vendor finance and earn-out amounts may also become payable by Aurora in future years if performance targets are met. The targets are a function of business growth and earnings hurdles.

Treasury Group retains all existing franking credits and expects to be able to continue to pay franked dividends to its shareholders in the future.

### Management and Operations

Management and operations have integrated and the business is operated as one group under the direction of a common board of directors. Mike Fitzpatrick continues to be the Chairman of the merged group (TRG), Andrew McGill the Managing Director, Tim Carver and Paul Greenwood as Executive Directors and the existing Treasury Group Non-Executive Directors will continue and are joined by Jeff Vincent, CEO of Laird Norton Company and Gilles Guerin, CEO of BNP Paribas Capital Partners.

Upon completion of the transaction, the distribution team doubled in size, providing existing and potential future partners with client access across global institutional and intermediary markets.

Treasury Group and Northern Lights continue to operate under their existing names and brands initially but work has begun on branding both businesses under one name.

# DIRECTORS' REPORT

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS (Cont)

### Accounting treatment

Post completion, Treasury Group and Northern Lights sold their respective businesses including their assets (except Del Rey, Celeste and Orion) and liabilities to Aurora in exchange for units in Aurora. For accounting purpose, this transfer is a sale and a gain on sale was recognized at the time of completion which is determined by the difference between the carrying value and fair value of such assets and liabilities at the time of transfer. The fair value of Treasury Group's assets on completion date is \$243,853,723. The gain on sale recognized in the financial statements is net of the transaction costs incurred in this transaction and the related income tax expense.

Aurora Trust is treated as an associate in the accounts of Treasury Group. 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 unanimous approval by an Investment Committee and approved by a majority of directors by Treasury Group and Northern Lights. The accounting will follow the principles of equity accounting.

The merger transaction creates a diversified international portfolio of asset management businesses and aligns with Treasury Group's growth strategy.

Refer to Note 4 for further information on accounting reflected in the financial statements.

## REVIEW AND RESULTS OF OPERATIONS

Treasury Group reports its half year financial results to 31 December 2014.

The sale of business to Aurora qualified as a sale of discontinued operations and is reflected in the Profit and Loss as such.

The profits from continuing operations include the share in net profit of Aurora. Expenses relating to continued operations largely comprise of employee expenses. As described previously, Aurora is an international multi-boutique funds management group which holds interest in 21 boutiques ranging from traditional equities to alternatives and private equity which collectively have A\$50.9bn of FUM as at 31 December 2014.

The profits from discontinued operations include the share of profit from associates. While Treasury Group's equity holding in Orion and Celeste were not legally transferred to Aurora, Aurora reflects the economic results of Orion and Celeste for accounting purposes. The profits from discontinued operations also include the gain of \$127,494,792 net of the transaction costs incurred in the transaction and the related income tax expense.

The Group generated net profits attributable to members of Treasury Group Ltd of \$137,331,460 for the six months period ended 31 December 2014. This includes \$127,494,792 net gain on the sale of business to Aurora Trust as described earlier. This compares with a net profit attributable to members of Treasury Group Ltd of \$6,753,550 reported for the corresponding period ended 31 December 2013.

# DIRECTORS' REPORT

## REVIEW AND RESULTS OF OPERATIONS (Cont)

The underlying profit of the Group as reported in the 31 December 2014 half year report have increased compared to the 31 December 2013 half year result due to the following one-off items as shown in the table below:

	2014	2013
	\$	\$
Net profit attributable to members of Treasury Group	137,331,460	6,753,550
Add back/(deduct):		
- Gain on sale of Investments to Aurora (net of transaction costs and income tax expense)	(127,494,792)	-
- Impairment of goodwill	-	252,764
- Legal, tax and consulting expenses	-	202,648
Underlying profit	9,836,668	7,208,962

The gain on sale of investment to Aurora is a discontinued operation. This is the result of the 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.

The results for six months to 31 December 2014 reflect the merged group from 25 November 2014 and Treasury Group's stand alone result from 1 July to 24 November. The relatively short period as a merged group and the timing of recognition of some income and expense items has impacted the half year result and directors therefore caution against simplistic extrapolation.

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 of the placement were to be used to subscribe additional units in Aurora.

## SIGNIFICANT EVENTS AFTER BALANCE DATE

On 23 January 2015, Treasury Group Ltd issued 979,816 fully paid ordinary shares as a result of Share Purchase Plan (SPP) announced by Treasury Group on 12 December 2014. Shares under the SPP were issued at \$10.25 per share. The proceeds of the SPP were used to subscribe for additional units in the Aurora Trust.

On 26 February 2015, the Directors of Treasury Group Ltd declared an interim dividend on ordinary shares in respect of the half year ended 31 December 2014. The total amount of the dividend is \$6,624,995 which represents a fully franked dividend of 24 cents per share. The dividend has not been provided for in the 31 December 2014 half year financial statements and will be recognised in subsequent financial reports.

The issue of additional units in Aurora has yet to be completed. BNP have intended to take part in the capital raising at the Aurora Trust level and is currently resolving US regulatory issues. TRG will own 64.03% of the Trust once units are issued following BNP's success in resolving its regulatory issues. Accordingly, Northern Lights and BNP will own 27.15% and 8.82% respectively of the Trust.

## AUDITOR INDEPENDENCE

A copy of the auditor's independence declaration in relation to the half year review is provided with this report on Page 6.



M. Fitzpatrick  
Chairman

26 February 2015

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

26 February 2015

Dear Directors

## Treasury Group Limited

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 Limited.

As lead audit partner for the review of the financial statements of Treasury Group Limited for the half-year ended 31 December 2014, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Declan O'Callaghan  
Partner  
Chartered Accountants

# Condensed Consolidated Statement of Profit and Loss

## for the half-year ended 31 December 2014

		CONSOLIDATED	
		Half-year ended 31 December 2014	Half-year ended 31 December 2013
		\$	\$
	Notes		
<b>Continuing Operations</b>			
Revenues	3(a)	522,808	107,482
Net gain on investments	3(b)	169,289	-
Salaries and employee benefits expenses	3(c)	(1,870,689)	(1,814,053)
Other expenses	3(d)	(432,277)	(670,429)
Share of net profits of equity accounted investments	3(e)	1,940,711	-
Profit/(loss) before Income Tax		329,842	(2,377,000)
Income tax benefit		117,890	649,347
<b>Profit/(loss) for the period from continuing operations</b>		<b>447,732</b>	<b>(1,727,653)</b>
<b>Discontinued Operations</b>			
Profit for the period from discontinued operation (net of tax)	4 (a)	136,883,728	8,489,193
<b>PROFIT FOR THE PERIOD</b>		<b>137,331,460</b>	<b>6,761,540</b>
ATTRIBUTABLE TO:			
NON-CONTROLLING INTEREST		-	7,990
MEMBERS OF TREASURY GROUP		137,331,460	6,753,550
<b>Earnings per share (cents per share) for profit attributable to the ordinary equity holders of Treasury Group:</b>			
• Basic earnings per share	6	577.37	29.27
• Diluted earnings per share	6	577.37	29.27
<b>Interim franked dividends per share (cents per share)</b>	5(c)	<b>24.00</b>	<b>23.00</b>

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

# Condensed Consolidated Statement of Comprehensive Income

## For the half-year ended 31 December 2014

	CONSOLIDATED	
	Half-year ended 31 December 2014	Half-year ended 31 December 2013
	\$	\$
Profit for the period	137,331,460	6,761,540
<b>Other comprehensive income</b>		
<b>Items that may be reclassified to profit and loss</b>		
Net unrealised (losses)/gains on available-for-sale investments taken to equity	(305,263)	1,272,506
Income tax relating to items not reclassified	91,579	(381,752)
Share on exchange differences on translating foreign operation of an associate	(306,991)	-
Share of after-tax gain on available-for-sale investments of associate	134,754	170,950
	<u>(385,921)</u>	<u>1,061,704</u>
Other comprehensive income for the period (net of tax)	(385,921)	1,061,704
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b><u>136,945,539</u></b>	<b><u>7,823,244</u></b>
<b>ATTRIBUTABLE TO:</b>		
NON-CONTROLLING INTEREST	-	7,990
MEMBERS OF TREASURY GROUP	<b><u>136,945,539</u></b>	<b><u>7,815,254</u></b>

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

# Condensed Consolidated Statement of Financial Position

## as at 31 December 2014

CONSOLIDATED			
	Notes	As at 31 December 2014	As at 30 June 2014
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	<b>30,672,726</b>	12,860,219
Trade receivables	8	<b>2,785,423</b>	11,117,179
Loans receivables	9	<b>3,021,129</b>	4,797,624
Other assets		-	1,093,163
<b>TOTAL CURRENT ASSETS</b>		<b>36,479,278</b>	29,868,185
<b>NON-CURRENT ASSETS</b>			
Investments in associates	10	<b>251,671,075</b>	29,242,193
Deferred tax assets		-	781,881
Trade and other receivables		-	833,073
Available-for-sale investments	11	-	11,005,105
Plant and equipment		-	61,447
Intangible assets		-	12,540
<b>TOTAL NON-CURRENT ASSETS</b>		<b>251,671,075</b>	41,936,239
<b>TOTAL ASSETS</b>		<b>288,150,353</b>	71,804,424
<b>CURRENT LIABILITIES</b>			
Trade payables	12	<b>1,005,813</b>	7,671,969
Provisions		<b>285,727</b>	221,903
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,291,540</b>	7,893,872
<b>NON-CURRENT LIABILITIES</b>			
Provisions		<b>171,224</b>	135,882
Deferred tax liability	13	<b>63,492,003</b>	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>63,663,227</b>	135,882
<b>TOTAL LIABILITIES</b>		<b>64,954,767</b>	8,029,754
<b>NET ASSETS</b>		<b>223,195,586</b>	63,774,670
<b>EQUITY</b>			
Equity attributable to equity holders of Treasury Group			
Contributed equity	14	<b>59,457,829</b>	29,594,265
Reserves		<b>2,712,336</b>	4,088,120
Retained earnings		<b>161,025,421</b>	30,092,285
<b>TOTAL EQUITY</b>		<b>223,195,586</b>	63,774,670

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



# Condensed Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2014

	Notes	Ordinary shares	Share options reserve	Net unrealised gains reserve	Foreign currency translation reserve	Retained earnings	Total
		\$	\$	\$	\$	\$	\$
AT 1 JULY 2014		29,594,265	3,874,436	213,684	-	30,092,285	63,774,670
<b>Total comprehensive income for the period</b>				(78,930)	(306,991)	137,331,460	136,945,539
Issuance of shares	14(b)	29,863,564	(1,027,858)		-		28,835,706
Share-based payments		-	37,995	-	-	-	37,995
Dividends paid	5(b)	-	-	-	-	(6,398,324)	(6,398,324)
AT 31 DECEMBER 2014		59,457,829	2,884,573	134,754	(306,991)	161,025,421	223,195,586

	Notes	Ordinary shares	Share options reserve	Net unrealised gains reserve	Retained earnings	Non-controlling interest	Total
		\$	\$	\$	\$	\$	\$
AT 1 JULY 2013		29,594,265	3,447,286	376,659	27,643,019	16,196	61,077,425
<b>Total comprehensive income for the period</b>		-	-	1,061,704	6,753,550	7,990	7,823,244
Share-based payments		-	212,510	-	-	-	212,510
Dividends paid	5(b)	-	-	-	(5,306,274)	-	(5,306,274)
AT 31 DECEMBER 2013		29,594,265	3,659,796	1,438,363	29,090,295	24,186	63,806,905

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

# Condensed Consolidated Statement of Cash Flows

## For the half-year ended 31 December 2014

		CONSOLIDATED	
		Half-year ended 31 December 2014 (Consolidated) \$	Half-year ended 31 December 2013 (Consolidated) \$
	Notes		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers <sup>1</sup>		<b>16,287,773</b>	7,011,650
Payments to suppliers and employees <sup>1</sup>		<b>(21,489,618)</b>	(10,600,006)
Dividends and distributions received		<b>8,122,017</b>	8,490,329
Interest and security deposit received		<b>852,337</b>	283,057
<b>NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES*</b>		<b>3,772,509</b>	5,185,030
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of available-for-sale investments		<b>6,900,945</b>	-
Repayment of loan by associates		<b>93,750</b>	1,701,528
Payment for investment held in equity		<b>(5,949,727)</b>	-
Loan to associates		<b>(7,652,640)</b>	-
Cash held by deconsolidated entities		<b>(1,789,712)</b>	-
Purchase of plant and equipment		-	(15,224)
Proceeds from sale of associates		-	285,384
<b>NET CASH FLOWS (USED)/FROM INVESTING ACTIVITIES**</b>		<b>(8,397,384)</b>	1,971,688
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issue of shares, net of transaction costs		<b>28,835,706</b>	-
Equity dividends paid on ordinary shares		<b>(6,398,324)</b>	(5,306,274)
<b>NET CASH FLOWS PROVIDED FROM/(USED IN) FINANCING ACTIVITIES***</b>		<b>22,437,382</b>	(5,306,274)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>17,812,507</b>	1,850,444
Cash and cash equivalents at the beginning of the period		<b>12,860,219</b>	12,116,947
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	7	<b>30,672,726</b>	13,967,391

The above statement of cash flows should be read in conjunction with the accompanying notes. The non-cash investing items in relation to the acquisition of units in Aurora is \$243,853,723.

### Notes:

<sup>1</sup> This year's increase in receipts arose from management fees collected from the funds (via TIS). The increase in payments to suppliers and employees arose from payment of management fees in behalf of fund managers and payment of transaction costs.

\* Net cash used in operating activities for continuing operations is (\$2,008,860) and cash provided from discontinued operations is \$5,781,369.

\*\* Cash used for continuing operations is (\$10,947,496) and net cash provided from discontinued operations is \$2,550,112

\*\*\* Net cash provided by continuing operations

# Selected Notes to the Half-Year Financial Statements

For the half-year ended 31 December 2014

## 1. CORPORATE INFORMATION

The condensed consolidated financial report of Treasury Group Ltd for the half-year ended 31 December 2014 was authorised for issue in accordance with a resolution of the Directors on 26 February 2015. Treasury Group Ltd is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of preparation

This general purpose condensed consolidated financial report for the half-year ended 31 December 2014 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The financial report has also been prepared on a historical cost basis, except for available-for-sale investments, which have been measured at fair value, financial assets comprising convertible notes and shares held for trading, which are designated at fair value through profit and loss, and loans and receivables, which are measured at amortised cost.

The half-year condensed financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of Treasury Group as the full financial report.

The half-year condensed financial report should be read in conjunction with the annual report for the year ended 30 June 2014 and considered together with any public announcements made by Treasury Group Ltd during the half-year ended 31 December 2014 in accordance with the continuous disclosure obligations of the *ASX Listing Rules*.

The financial report is presented in Australian dollars.

All other accounting policies applied are consistent with the most recent annual financial report for the year ended 30 June 2014 including the accounting policy for the equity-settled shared based payments which applies to the performance rights issued during the period.

### (b) Compliance with IFRS

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year. New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

#### **Impact of the application of AASB 1031 'Materiality' (2013)**

The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework for the Preparation and Presentation of Financial Statements (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations, and once all these references have been removed, AASB 1031 will be withdrawn. The adoption of AASB 1031 does not have any material impact on the disclosures or the amounts recognised in the Group's condensed consolidated financial statements.

#### **Impact of the application of AASB 2013-9 'Amendments to Australian Accounting Standards' – Part B: 'Materiality'**

This amending standard makes amendments to particular Australian Accounting Standards to delete references to AASB 1031, at the same time it makes various editorial corrections to Australian Accounting Standards as well. The adoption of amending standard does not have any material impact on the disclosures or the amounts recognised in the Group's condensed consolidated financial statements.

#### **Impact of the application of AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'**

The Group has applied the amendments to AASB 136 for the first time in the current year. 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'.

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

#### **Impact of the application of AASB 2013-9 'Amendments to Australian Accounting Standards' – Part B: 'Materiality'**

This amending standard makes amendments to particular Australian Accounting Standards to delete references to AASB 1031, at the same time it makes various editorial corrections to Australian Accounting Standards as well. The adoption of amending standard does not have any material impact on the disclosures or the amounts recognised in the Group's condensed consolidated financial statements.

# Selected Notes to the Half-Year Financial Statements

## For the half-year ended 31 December 2014

**The Annual Improvements 2010-2012 Cycle include a number of amendments to various AASBs, which are summarised below.**

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.

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. As the amendments do not contain any effective date, they are considered to be immediately effective.

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 Cycle' include a 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 arrangement 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.

### **Part C – 'Materiality'**

This amending standard makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031, which historically has been referenced in each Australian Accounting Standard.

The adoption of amending standard does not have any material impact on the disclosures or the amounts recognised in the entity's condensed consolidated financial statements.

# Selected Notes to the Half-Year Financial Statements (continued)

For the half-year ended 31 December 2014

	Half-year ended 31 December 2014			Half-year ended 31 December 2013		
	Continuing Operations \$	Discontinued Operations \$	Total \$	Continuing Operations \$	Discontinued Operations \$	Total \$
<b>3. REVENUE AND EXPENSES</b>						
<b>(a) Revenues</b>						
Fund management fees	-	9,637	9,637	-	192,757	192,757
Service fees	401,682	457,298	858,980	-	568,851	568,851
Interest income	121,126	164,935	286,061	107,482	160,481	267,963
	<b>522,808</b>	<b>631,870</b>	<b>1,154,678</b>	<b>107,482</b>	<b>922,089</b>	<b>1,029,571</b>
<b>(b) Gains on investments<sup>1</sup></b>						
Net gain on disposal of investments, net of transaction costs	169,289	191,396,937	191,566,226	-	-	-
<b>(c) Salaries and employee benefits expenses</b>						
Salaries and employee benefits	1,832,694	-	1,832,694	1,601,543	-	1,601,543
Share-based payment expense arising from equity-settled share-based payment transactions	37,995	-	37,995	212,510	-	212,510
	<b>1,870,689</b>	<b>-</b>	<b>1,870,689</b>	<b>1,814,053</b>	<b>-</b>	<b>1,814,053</b>
<b>(d) Other expenses</b>						
Depreciation and amortisation:						
Software	-	2,878	2,878	-	3,688	3,688
Furniture & fittings	-	597	597	-	873	873
Office equipment	-	18,221	18,221	-	9,280	9,280
Leasehold improvements	-	1,679	1,679	-	692	692
	<b>-</b>	<b>23,375</b>	<b>23,375</b>	<b>-</b>	<b>14,533</b>	<b>14,533</b>
Other expenses:						
Accounting & audit fees	-	62,561	62,561	-	119,453	119,453
Consulting fees & IT charges	-	486,351	486,351	-	399,544	399,544
Directors' fees (non-executives)	187,760	12,500	200,260	190,196	15,000	205,196
Insurance charges	-	56,610	56,610	-	76,055	76,055
Legal & compliance fees	-	129,130	129,130	-	146,619	146,619
Marketing & communication expenses	-	49,411	49,411	-	53,388	53,388
Operating lease rental – minimum lease payments	172,361	-	172,361	161,303	-	161,303
Travel & accommodation costs	-	99,059	99,059	-	141,755	141,755
Payroll tax	72,156	-	72,156	66,166	-	66,166
Subscriptions and training expenses	-	55,515	55,515	-	80,647	80,647
Impairment of goodwill	-	-	-	252,764	-	252,764
Other	-	150,910	150,910	-	129,394	129,394
	<b>432,277</b>	<b>1,102,047</b>	<b>1,534,324</b>	<b>670,429</b>	<b>1,161,855</b>	<b>1,832,284</b>
Total other expenses	<b>432,277</b>	<b>1,125,422</b>	<b>1,557,699</b>	<b>670,429</b>	<b>1,176,388</b>	<b>1,846,817</b>

<sup>1</sup> As described in the Directors' Report, the gain on sale of investment above 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. The fair value of Treasury Group's assets is \$243,853,723. The gain on sale recognized in the financial statements is \$127,494,792 net of the transaction costs incurred in this transaction and the related income tax expense. Profit for the period for discontinued operation includes the share of profit from associates that were transferred to Aurora for the period 1 July to 25 November 2014.

# Selected Notes to the Half-Year Financial Statements (continued)

## For the half-year ended 31 December 2014

### 3. REVENUE AND EXPENSES (Cont)

Half-year ended 31 December 2014

Half-year ended 31 December 2013

(e) Share of net profits of equity accounted investments <sup>2</sup>	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
Share of net profits from associates	1,940,711	9,510,761	11,451,472	-	9,701,415	9,701,415
	<b>1,940,711</b>	<b>9,510,761</b>	<b>11,451,472</b>	<b>-</b>	<b>9,701,415</b>	<b>9,701,415</b>

<sup>2</sup> Share in net profits of associates' in continuing operations include share in the net profit of Aurora. The share in net profit of associates in discontinued operations include the share of profit from associates that were part of the sale of business to Aurora for the period 1 July to 25 November 2014.

### 4. DISCONTINUED OPERATIONS

	1 July to 25 November 2014	6 MONTHS ENDED 31 Dec 2013
(a) Profit after income tax, refer (b) below	9,388,936	8,489,193
Net gain on discontinued operation	127,494,792	-
Profit for the period from discontinued operations (net of tax)	<b>136,883,728</b>	<b>8,489,193</b>

The following were the results of operations discontinued during the period:

	1 July to 25 November 2014	6 MONTHS ENDED 31 Dec 2013
(b) Revenue	631,870	922,089
Gain on sale of available-for-sale investment	137,072	-
Operating expenses	(1,125,422)	(1,176,388)
Share in net profit of associates	9,510,761	9,701,415
Profit before income tax	9,154,281	9,447,116
Income tax benefit /(expense)	234,655	(957,923)
Profit after income tax	<b>9,388,936</b>	<b>8,489,193</b>

	1 July to 25 November 2014	6 MONTHS ENDED 31 Dec 2013
(c) Gain on sale of business to Aurora, net of transaction costs	191,259,865	-
Income tax (expense)	(63,765,073)	-
Net gain, after tax	<b>127,494,792</b>	<b>-</b>

25 November 2014

(d) The net assets of investments at the date of disposal were as follows:	
Carrying value of investments sold	24,861,998
Gain on disposal, net of transaction cost and net of the related income tax expense	127,494,792
Cash consideration	5,749,611
Non- cash consideration	243,853,723
Total consideration	249,603,334
Satisfied by units in Aurora Trust	249,603,334

# Selected Notes to the Half-Year Financial Statements (continued)

For the half-year ended 31 December 2014

	Half Year ended 31 December 2014 \$	Half Year ended 31 December 2013 \$
<b>5. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES</b>		
Dividends paid or provided for in the current and comparative periods by Treasury Group Ltd are:		
(a) Dividends proposed and recognised as a liability		
Fully franked dividends	-	-
(b) Dividends paid during the half-year		
Final fully franked dividends (27 cents per share) (2013): 23 cents per share)	6,398,324	5,306,274
(c) Interim dividends proposed and not recognised as a liability*		
Interim fully franked dividends (24 cents per share) (2014: 23 cents per share)	6,624,995	5,306,274
* Calculation based on the ordinary shares on issue as at 31 January 2015 (2013: 31 January 2014)		
	Half Year ended 31 December 2014 \$	Half Year ended 31 December 2013 \$
<b>6. EARNINGS PER SHARE</b>		
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Net profit from continuing operations	447,732	(1,727,653)
Net profit from discontinuing operations	9,388,936	8,489,193
Net gain on discontinued operations	127,494,792	-
Net profit attributable to ordinary equity holders of Treasury Group	137,331,460	6,753,550
Weighted average number of ordinary shares used in calculating basic earnings per share	23,785,546	23,070,755
<b>Effect of dilutive securities</b>		
Dilutive effect of potential ordinary shares – performance rights/share options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	23,785,546	23,070,755
Earnings per share on continuing operations	1.88	(7.49)
Earnings per share on discontinuing operations	39.47	36.76
Earnings per share on net gain on discontinued operation	536.02	-
Basis earning per share	577.37	29.27

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, \$1,027,858 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 \$1,164,301. The proceeds of the placement were to be used to subscribe additional units in Aurora.

# Selected Notes to the Half-Year Financial Statements (continued)

For the half-year ended 31 December 2014

## 7. CASH AND CASH EQUIVALENTS

	31 DECEMBER 2014	30 JUNE 2014
	\$	\$
Cash balance comprises:		
- cash at bank and on hand	<b>30,672,726</b>	12,860,219
	<b>30,672,726</b>	12,860,219

## 8. TRADE RECEIVABLES (CURRENT)

	31 DECEMBER 2014	30 JUNE 2014
	\$	\$
Trade and other receivables	-	6,500,907
Sundry receivables	<b>608,667</b>	3,988
Other receivables	-	161,265
Related party receivables		
- Associates - dividends	-	1,416,600
- distributions	-	2,640,000
- others	<b>2,176,756</b>	394,419
	<b>2,785,423</b>	11,117,179

## 9. LOANS RECEIVABLES (CURRENT)

	31 DECEMBER 2014	30 JUNE 2014
	\$	\$
Loan receivables due from:		
Associates	<b>3,021,129</b>	4,197,624
Advances to other related entity	-	600,000
	<b>3,021,129</b>	4,797,624

During the period, Treasury Group provided a loan to Aurora subject to 11% per annum.

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 between 7.5% to 8%.



# Selected Notes to the Half-Year Financial Statements (continued)

For the half-year ended 31 December 2014

## 10. INVESTMENTS IN ASSOCIATES

	31 DECEMBER 2014	30 JUNE 2014
	\$	\$
Investment in Aurora	251,671,075	-
Investment in other associates <sup>1</sup>	-	29,242,193
	<b>251,671,075</b>	<b>29,242,193</b>
Investment in Aurora is comprised of the following:		
Cash investment	5,749,611	
Non-cash investment	243,853,723	
Share in net profit for the period	1,940,711	
Share in unrealised foreign currency translation reserve	(306,991)	
Share in net unrealised gains reserve	134,754	
	<b>251,371,808</b>	
Statutory adjustment on share in net profit of associate	299,267	
	<b>251,671,075</b>	

<sup>1</sup> While shown as zero balance for accounting purpose, Treasury Group remains the legal owner of shares in Celeste and Orion.

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

Name of Associate	Principal Activity	Domiciled in/ Place of incorporation and operation	31 DECEMBER 2014	30 JUNE 2014
			Proportion of ownership interest and voting power held by the Group	
Aurora Trust	International funds management	Domiciled in Australia	61.22%	-
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.

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.

### 31 December 2014

	Aurora
Current assets	22,002,641
Non-current assets	563,662,557
Current liabilities	(25,970,405)
Non-current liabilities	(149,090,728)
Net assets	410,604,065
Carrying Amount of the Group's interest	251,371,808

### Period ended 31 December 2014

Revenue	7,012,336
Profit for the year	3,170,061
Other comprehensive income for the year	(281,341)
Total comprehensive income for the year	2,888,720
Dividends/distributions received during the period	-

# Selected Notes to the Half-Year Financial Statements (continued)

For the half-year ended 31 December 2014

## 11. AVAILABLE-FOR-SALE INVESTMENTS

	31 DECEMBER 2014	30 JUNE 2014
	\$	\$
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

## 12. TRADE PAYABLES

	31 DECEMBER 2014	30 JUNE 2014
	\$	\$
Trade payables	1,005,813	643,184
Other payables	-	937,255
Related party payables		
-Associates	-	6,091,530
	1,005,813	7,671,969

## 13. DEFERRED TAX LIABILITY

	31 DECEMBER 2014	30 JUNE 2014
	\$	\$
Deferred tax liability	63,492,003	-
	63,492,003	-

This represents the deferred tax liability component on the unrealised gain of business to Aurora.

# Selected Notes to the Half-Year Financial Statements (continued)

For the half-year ended 31 December 2014

	31 DECEMBER 2014	30 JUNE 2014
	\$	\$
<b>14. CONTRIBUTED EQUITY</b>		
(a) Ordinary shares		
Ordinary shares	<b>59,457,829</b>	29,594,265
Fully paid ordinary shares carry one vote per share and carry the right to receive dividends.		
<b>(b) Movement in ordinary shares on issue</b>		
	Number	\$
At 1 January 2014	<b>23,070,755</b>	29,594,265
At 30 June 2014	<b>23,070,755</b>	29,594,265
Issued on 6 August 2014	<b>626,743</b>	1,027,858
Issued on 18 December 2014, net of transaction costs	<b>2,926,830</b>	28,835,706
<b>At 31 December 2014</b>	<b>26,624,328</b>	59,457,829

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, \$1,027,858 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 \$1,164,301. The proceeds of the placement were to be used to subscribe 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 half year ended 31 December 2014, management paid dividends of \$6,398,324 (2013: \$5,306,274). Directors anticipate that the annual payout ratio of the underlying profit pre-merger is 60-80%.

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

- (i) Up to 3 years from completion – 1 Treasury Group share for every 1.5 Class B units
- (ii) After 3 years from completion – 1 Treasury Group share for every 1.2 Class B units and
- (iii) In the event of a takeover or after 5 years from Completion – 1 Treasury Group share for each Class B unit

In the prior year, 100,000 performance rights were granted on 7 August 2013 which have a vesting date of 7 August 2016 to one executive as part of his long term incentive. The value of each right was \$1.64. There were no performance rights issued during the year.

The amount of performance rights amortisation expense for the period was \$ 37,995 (2013:\$212,510).

Total value of outstanding performance rights is \$92,662. This includes unamortised performance rights issued that were valued at \$1.64.

There were no performance rights that lapsed during the half year (2013: nil).

# Selected Notes to the Half-Year Financial Statements (continued)

For the half-year ended 31 December 2014

## 15. 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:

	Half Year ended 31 December 2014	Half Year ended 31 December 2013
<b>Continuing operations</b>		
Segment profit after tax for the period	\$	\$
Australian unlisted trust	<b>1,940,711</b>	-
	<b>1,940,711</b>	-
Central administration costs and directors' salaries	<b>(1,492,979)</b>	(1,727,653)
Total per statement of profit and loss	<b>447,732</b>	(1,727,653)

The profit from continuing operations include the share in net profit of Aurora.

	Half Year ended 31 December 2014	Half Year ended 31 December 2013
<b>Discontinued operations</b>		
Segment profit after tax for the period	\$	\$
Outsourcing and trustee services	<b>305,596</b>	(105,596)
Australian equities	<b>3,043,967</b>	4,306,688
Alternative equities	<b>6,176,986</b>	5,534,601
	<b>9,526,549</b>	9,291,660
Net gain on discontinued operation and other central administration costs	<b>127,357,179</b>	(802,467)
Total per statement of profit and loss	<b>136,883,728</b>	8,489,193

Profit for the period for discontinued operation includes the share of profit from associates that were transferred to Aurora for the period 1 July to 25 November 2014. It also includes the gain of \$127,494,792 net of the transaction costs incurred in this transaction and the related income tax expense.

### Segment net assets for the period

	31 DECEMBER 2014 \$	30 JUNE 2014 \$
Outsourcing and trustee services	-	5,625,758
Australian unlisted trust	<b>193,735,951</b>	21,233,035
Alternative equities	-	23,362,365
	<b>193,735,951</b>	50,221,158
Central administration	<b>29,459,635</b>	13,553,512
Total per Statement of Financial Position	<b>223,195,586</b>	63,774,670

As at 31 December 2014, the Australian unlisted trust above include equity accounted investment in Aurora.

# Selected Notes to the Half-Year Financial Statements (continued)

For the half-year ended 31 December 2014

## 16. EVENTS AFTER THE BALANCE SHEET DATE

On 23 January 2015, Treasury Group Ltd issued 979,816 fully paid ordinary shares as a result of Share Purchase Plan (SPP) announced by Treasury Group on 12 December 2014. Shares under the SPP were issued at \$10.25 per share. The proceeds of the SPP were used to subscribe for additional units in the Aurora Trust.

On 26 February 2015, the Directors of Treasury Group Ltd declared an interim dividend on ordinary shares in respect of the half year ended 31 December 2014. The total amount of the dividend is \$6,624,995 which represents a fully franked dividend of 24 cents per share. The dividend has not been provided for in the 31 December 2014 half year financial statements and will be recognised in subsequent financial reports.

The issue of additional units in Aurora has yet to be completed. BNP have intended to take part in the capital raising at the Aurora Trust level and is currently resolving US regulatory issues. TRG will own 64.03% of the Trust once units are issued following BNP's success in resolving its regulatory issues. Accordingly, Northern Lights and BNP will own 27.15% and 8.82% respectively of the Trust.

# Directors' Declaration

In accordance with a resolution of the Directors of Treasury Group Ltd made pursuant to s303(5) of the Corporations Act 2001, I state that:

In the opinion of the Directors:

- (a) the condensed financial statements and notes of Treasury Group are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the financial position as at 31 December 2014 and the performance for the half-year ended on that date of Treasury Group; and
  - (ii) complying with Accounting Standard AASB 134 '*Interim Financial Reporting*' and the Corporations Regulations 2001; and
- (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.

On behalf of the Board



M. Fitzpatrick  
Chairman

26 February 2015

## Independent Auditor's Review Report to the members of Treasury Group Ltd

We have reviewed the accompanying half-year condensed financial report of Treasury Group Ltd, which comprises the condensed consolidated statement of financial position as at 31 December 2014, and the condensed consolidated statement of profit and loss, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 23.

### *Directors' Responsibility for the Half-Year Financial Report*

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

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Treasury Group Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## *Auditor's Independence Declaration*

In conducting our review, 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 review report.

## *Conclusion*

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU

*Declan O'Callaghan*

Declan O'Callaghan  
Partner  
Chartered Accountants  
Sydney, 26 February 2015