

Blue Sky Alternative Investments Limited ABN 73 136 866 236

Appendix 4D Half-year report for the half-year ended 31 December 2015

The following information sets out the requirements of Appendix 4D, with the stipulated information either provided below or cross-referenced to the 2016 Interim Financial Report, which is attached.

1. Details of the reporting period and the prior corresponding period

Current period: 1 July 2015 to 31 December 2015

Prior corresponding period: 1 July 2014 to 31 December 2014

2. Results for announcement to the market

Key information	6 months to	6 months to	Movement	Movement	
	31 December 2015 \$'M	31 December 2014 \$'M	\$'M	(%)	
<i>Statutory results</i>					
Revenue from ordinary activities	33.7	25.3	8.4	33%	Up
Net profit for the period attributable to members	4.3	2.5	1.8	72%	Up
Net profit from ordinary activities after tax	4.5	2.2	2.3	105%	Up
<i>Underlying results</i>					
Revenue from ordinary activities	23.8	16.5	7.3	44%	Up
Net profit for the period attributable to members	4.4	2.6	1.8	69%	Up
Net profit from ordinary activities after tax	4.4	2.6	1.8	69%	Up

Details of Dividend

On 19 February 2016, the Directors resolved not to pay a dividend in relation to the current reporting period, being 1 July 2015 to 31 December 2015.

On 24 August 2015, the Directors resolved to pay a final fully franked dividend of 11 cents per share in relation to the 2015 financial year. The record date for this dividend was 11 September 2015 and the payment date was 2 October 2015.

3. Net tangible assets per share

Net tangible assets	As at 31 December 2015	As at 31 December 2014
Net tangible assets per share – statutory results ¹	\$1.0007	\$1.0063
Net tangible assets per share – underlying results ¹	\$0.9858	\$0.8717

¹ Under the Listing Rules NTA backing must be determined by deducting from total tangible assets all claims on those assets ranking ahead of the ordinary securities (i.e. all liabilities, preference shares, outside equity interest etc.).

4. Entities over which control has been gained or lost during the period

Refer to the 2016 interim half-year report attached:

4.1 Note 16 to the interim half-year financial statements.

5. Details of associates and joint ventures

Refer to the 2016 interim half-year report attached:

5.1 Note 9 to the interim half-year financial statements.

6. Accounting standards used by foreign entities

Not applicable.

7. Audit

This report is based on accounts to which one of the following applies:

	The accounts have been audited. (refer attached interim financial report)		The accounts have been subject to review. (refer attached interim financial report)
	The accounts are in the process of being audited or subject to review.		The accounts have not yet been audited or reviewed.

Signed:



.....
John Kain
Chair

Date: 19 February 2016



Blue Sky Alternative Investments Limited

ABN 73 136 866 236

Consolidated Interim Financial Report for the half-year ended 31 December 2015

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Blue Sky Alternative Investments Limited
Directors' Report
For the half-year ended 31 December 2015

The Directors present their report, together with the Interim Financial Report, of Blue Sky Alternative Investments Limited ('Company', 'parent entity', or 'Blue Sky') and the entities it controlled ('the Group') for the half-year ended 31 December 2015.

Directors

The Directors of the Company at any time during or since the end of the half-year are:

- John Kain (Chair)
- Mark Sowerby
- Tim Wilson
- Alexander McNab

The Directors have been in office since the start of the financial year to the date of this report.

Principal activities

The principal activities of the Company during the period consisted of managing alternative assets across the four major alternative asset classes - Private Equity and Venture Capital, Private Real Estate (focused on student accommodation and residential development), Hedge Funds and Real Assets (focused on water rights, water infrastructure and agribusiness).

Operating and financial review

Financial performance and financial position – Underlying Results

Blue Sky's financial performance is summarised in the table below.

	Underlying Results ¹		Consolidated Group Results ²	
	1H FY16	1H FY15	1H FY16	1H FY15
Revenue	\$23.8m	\$16.5m	\$33.7m	\$25.3m
Net profit after tax ³	\$4.4m	\$2.6m	\$4.3m	\$2.5m
Net tangible assets	\$55.7m	\$49.1m	\$56.6m	\$56.7m

The Directors are pleased to report the Company earned an underlying net profit after tax for the period of \$4.4 million, up 69% from \$2.6 million in the previous corresponding period. Underlying revenue increased by 44% from \$16.5 million in 1H FY15 to \$23.8 million in 1H FY16 reflecting continued growth in fee earning Assets Under Management (AUM) to \$1.7 billion at 31 December 2015.

The Directors note a continuation of the trend to alternative assets in Australia and significant growth in our AUM to the end of the half has encouraged us to bring forward guidance on AUM growth with the Company expected to exceed \$2.0 billion in AUM by June 2016.

Underlying expenses increased from \$12.7 million in 1H FY15 to \$17.6 million in 1H FY16. This reflects an increase in the level of deal activity as our teams identify compelling investment opportunities, together with an increase in fee rebates associated with the Blue Sky Alternatives Access Fund (ASX: BAF).

Underlying net operating cash flow for the period was \$3.1 million and underlying net tangible assets at 31 December 2015 were \$55.7 million, of which \$14.2 million was cash and \$33.7 million was balance sheet investments into Blue Sky managed funds.

The Directors anticipate underlying NPAT for the year ending 30 June 2016 to be between \$14.0 million and \$16.0 million.

¹ The Underlying Results are non-IFRS financial information and are based on all investments held by Blue Sky in funds that it manages being accounted for at Fair Value through Profit or Loss under AASB 139 using the same approach as outlined in AASB 13 *Fair Value Measurement* (rather than being consolidated or accounted for using the equity method). The non-IFRS financial information has been subject to review by Blue Sky's auditor (Ernst & Young).

² The Consolidated Group Results reflect Blue Sky's statutory Interim Financial Report. These results include a range of Blue Sky managed funds that have been consolidated or equity accounted in accordance with AASB 10 *Consolidated Financial Statements*.

³ Excludes non-controlling interests.

Blue Sky Alternative Investments Limited
Directors' Report (cont'd)
For the half-year ended 31 December 2015

Capital raising activities

Assets under management increased by approximately \$350 million through the first half of FY16 to \$1.7 billion, reflecting increased deal flow activity, increased demand from private investors and further penetration of international markets, institutional investors and family offices.

The Directors anticipate that AUM will exceed \$2.0 billion by June 2016.

This sets a higher base of revenue generating assets into the new Financial Year, and will be an important milestone for Blue Sky.

In the immediate future, further growth in AUM is likely to be concentrated in agriculture / water, student accommodation opportunities and venture capital.

Recent volatility in financial markets has led to an increased need from investors for alternative assets, and we expect this will be the case for some time to come.

Investment performance

Investment returns across all asset classes since inception in July 2006 to the end of December 2015 were 16.9% per annum net of fees (up from 15.4% at 30 June 2015). This nine and a half year track record is a critical source of value to Blue Sky and its shareholders, and is a significant barrier to entry to new entrants looking to capitalise on the growth in alternative assets.

Investment highlights for the half include the continued strong performance of our water fund and agricultural investments, successful completion of a number of residential development projects, establishment of a significant base in student accommodation, a number of small but important exits in our private equity and venture capital portfolios, and benchmark outperformance across our entire hedge fund offering.

We anticipate a number of additional private equity exits in the second half of this financial year, acceleration of our residential asset delivery programme and continued strong results from our real assets team.

Thematically our focus has been the "essentials" – food, water, education, housing, student accommodation, agriculture and infrastructure. Our conviction in these sectors remains.

Investment in Cove Property Group

Our FY15 Financial Report anticipated that we may undertake joint ventures offshore in the future. Late in the 2015 calendar year, we committed to invest US\$0.75 million into a joint venture with Cove Property Group ('Cove'). Operating independently, Cove will initially invest in commercial real estate in New York. Cove's senior executive team comprises Mr Kevin Hoo as Managing Partner, Mr Amit Patel and Mr Tom Farrell.

Mr Hoo is an Australian national who has been based in the US for over a decade. He was formerly a Managing Director at Savanna Real Estate, a New York based owner and operator of commercial real estate, and prior to that was a Director at Tishman Speyer. Mr Hoo has been responsible for over US\$2.0 billion worth of commercial real estate acquisitions, disposals and financing. His previous asset experience includes buildings such as the Rockefeller Centre, MetLife Building, 100 Wall Street and Twitter's New York City headquarters.

Mr Patel has joined Cove as Chief Operating Officer. Most recently, Mr Patel was a Vice President in Strategy at Barclays Investment Bank.

Mr Farrell previously spent over 20 years at Tishman Speyer where his roles included Global Managing Director of Design and Construction. Mr Farrell was also a member of Tishman Speyer's investment committee.

Cove represents a platform through which investors in the funds managed by Blue Sky will be able to invest in commercial real estate offshore. Blue Sky holds a 38% economic interest in Cove, with both Blue Sky and Mr Hoo holding 50% of the voting rights.

Blue Sky Alternatives Access Fund Limited (ASX: BAF)

Following a successful rights issue in May 2015 and over \$47 million of options being exercised prior to the end of December 2015, the Blue Sky Alternatives Access Fund now has more than \$130 million in Assets Under Management. Fee rebates to this fund from Blue Sky were significant at \$2.7 million, reflecting the high level of investment activity and cost effective nature of this fund to investors.

Blue Sky Alternative Investments Limited
Directors' Report (cont'd)
For the half-year ended 31 December 2015

This investment is a critical piece of our group strategy and reflects our conviction that all Australians will need an allocation to alternative assets. As the portfolio continues to perform we anticipate the Blue Sky Alternatives Access Fund will be a default investment vehicle for financial planners, private wealth managers and self-managed super funds.

Financial performance and financial position – Consolidated Results

As highlighted in previous Financial Reports, in accordance with the AASB 10 *Consolidated Financial Statements* accounting standard ('AASB 10'), a broad range of the funds managed by the Group in which the Group holds investments are required to be either consolidated or accounted for using the equity method. Three funds are consolidated into the Group's 1H FY16 statutory Interim Financial Report and a further thirteen funds are accounted for using the equity method.

In order to provide shareholders with meaningful insight into the financial position and performance of the Group, comparative tables have been provided (starting at page 21) that reconcile Blue Sky's statutory Interim Financial Report with Blue Sky's underlying results. These underlying results are those that would be produced if Blue Sky reported all of its investments being equity accounted and consolidated at Fair Value through Profit or Loss under AASB 139 using the same principles of fair value that are included in AASB 13 *Fair Value Measurement*. These underlying results are non-IFRS financial information and have been subject to review by Blue Sky's auditor (Ernst & Young).

The Group earned statutory revenue of \$33.7 million and a statutory net profit after tax in 1H FY16 of \$4.3 million excluding non-controlling interest. These results include revenue and profit from several of the funds that Blue Sky manages (and that it has invested in), including:

- \$4.3 million in revenue from the sale of water, reflecting income earned by a fund managed by Blue Sky that has invested in water infrastructure;
- \$2.1 million in revenue from management and letting rights, reflecting income earned by a fund managed by Blue Sky that has invested in asset backed, income generating property assets; and
- \$3.9 million in revenue from apartment sales, reflecting the sale of apartments from a fund managed by Blue Sky that is managing a residential real estate development in Queensland.

The Group's statutory net tangible assets at 31 December 2015 were \$56.6 million. As with the Group's Consolidated Income Statement, the Group's Consolidated Statement of Financial Position reflects the assets and liabilities of several funds that Blue Sky manages and that it has invested in. For example, it includes:

- \$30.4 million in property, plant and equipment, which includes water infrastructure, land and buildings, and other property that is not owned directly by Blue Sky;
- \$18.8 million in intangible assets, which in part reflects the value of the management rights invested in by a fund that Blue Sky manages as well as customer contracts associated with the water infrastructure owned by a fund managed by Blue Sky; and
- \$9.3 million in non-current borrowings, which includes borrowings made by funds managed by Blue Sky that is secured against the assets in those funds and that is non-recourse to Blue Sky.

Other than through Blue Sky's proportionate ownership of units in these funds, this income and assets are not attributable to the owners of the Group.

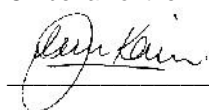
Rounding

The amounts contained in this report and in the interim financial report have been rounded to the nearest \$1,000 (unless otherwise stated) under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the class order applies.

Auditor's independence declaration

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

On behalf of the Directors



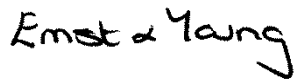
John Kain
Chair

19 February 2016
Brisbane

Auditor's Independence declaration to the directors of Blue Sky Alternative Investments Limited

As lead auditor for the review of Blue Sky Alternative Investments Limited for the half-year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.



Ernst & Young



Paula McLuskie
Partner
19 February 2016

Interim Financial Report of Blue Sky Alternative Investments Limited
For the half-year ended 31 December 2015

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General information

The interim financial report covers Blue Sky Alternative Investments Limited ('Company' or 'parent entity' or 'Blue Sky') as a consolidated entity consisting of the Company and the entities it controlled (the 'Group'). The interim financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

The interim financial report consists of the financial statements, notes to the financial statements and the Directors' Declaration.

The Company is a publicly listed company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 46, 111 Eagle Street
Brisbane QLD 4000

The interim financial report was authorised for issue, in accordance with a resolution of Directors, on the date that the Directors' Declaration was signed. The Directors have the power to amend and reissue the financial report.

Blue Sky Alternative Investments Limited
Interim Consolidated Statement of Comprehensive Income
For the half-year ended 31 December 2015

	Notes	Half-year ended	
		31 December 2015	31 December 2014
		\$'000	\$'000
Revenue			
Operating revenue	3	33,715	25,279
Share of profit of associates accounted for using the equity method		532	373
Other income		(88)	374
Expenses			
Employee benefits expense		(9,005)	(7,710)
Occupancy		(1,252)	(592)
External service providers		(2,020)	(1,400)
Consultancy		(250)	(205)
Marketing		(789)	(538)
Administrative		(434)	(801)
Travel and entertainment		(1,012)	(951)
Other expenses	4	(10,908)	(8,880)
Finance costs		(528)	(364)
Depreciation and amortisation expense		(1,063)	(1,121)
Profit before income tax		6,898	3,464
Income tax expense	5	(2,414)	(1,225)
Profit after income tax		4,484	2,239
Other comprehensive income			
Items that may be reclassified subsequently to the profit or loss			
Other comprehensive income - net of tax		-	-
Total comprehensive income		4,484	2,239
Profit is attributable to:			
Non-controlling interest		189	(251)
Owners of Blue Sky Alternative Investments Limited		4,295	2,490
		4,484	2,239
Total comprehensive income is attributable to:			
Non-controlling interest		189	(251)
Owners of Blue Sky Alternative Investments Limited		4,295	2,490
		4,484	2,239
Earnings per share			
		Cents	Cents
Basic earnings per share (profit per share)	15	7.60	4.42
Diluted earnings per share (profit per share)	15	7.36	4.38

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

Blue Sky Alternative Investments Limited
Interim Consolidated Statement of Financial Position
As at 31 December 2015

		As at	
		31 December	30 June
		2015	2015
	Notes	\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents		14,899	22,416
Trade and other receivables	6	28,677	15,629
Financial assets at fair value through profit and loss	7	-	935
Inventory	8	2,865	4,143
Other assets		4,043	2,223
Total current assets		50,484	45,346
Non-current assets			
Receivables		8,787	10,781
Inventory	8	-	1,545
Investments accounted for using the equity method	9	22,835	22,737
Financial assets at fair value through profit and loss	7	-	150
Property, plant and equipment	10	30,442	30,153
Intangible assets	11	18,794	18,900
Deferred tax assets		893	752
Total non-current assets		81,751	85,018
Total assets		132,235	130,364
Liabilities			
Current liabilities			
Trade and other payables		12,273	7,749
Borrowings	12	9,197	11,546
Deferred revenue	13	5,157	3,881
Income tax		2,194	2,717
Employee benefits		3,593	3,058
Total current liabilities		32,414	28,951
Non-current liabilities			
Deferred revenue	13	1,255	1,873
Provisions		334	250
Borrowings	12	9,323	9,323
Other liabilities		3,505	4,112
Deferred tax liabilities		10,015	8,994
Total non-current liabilities		24,432	24,552
Total liabilities		56,846	53,503
Net assets		75,389	76,861
Equity			
Contributed equity		53,799	53,162
Reserves		(6,858)	(6,908)
Accumulated profits	14	9,707	11,633
Total equity, attributable to the owners of Blue Sky Alternative Investments Limited		56,648	57,887
Non-controlling interests		18,741	18,974
Total equity		75,389	76,861

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

Blue Sky Alternative Investments Limited
Interim Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2015

	Contributed equity	Reserves	Accumulated profits	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2015	53,162	(6,908)	11,633	18,974	76,861
Profit after income tax for the half-year	-	-	4,295	189	4,484
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	4,295	189	4,484
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	637	-	-	-	637
Employee share option reserve	-	50	-	-	50
Increase/(decrease) in non-controlling interest	-	-	-	(422)	(422)
Dividends	-	-	(6,221)	-	(6,221)
Balance at 31 December 2015	53,799	(6,858)	9,707	18,741	75,389
Balance at 1 July 2014	53,087	(7,048)	5,187	27,807	79,033
Profit after income tax for the half-year	-	-	2,490	(251)	2,239
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	2,490	(251)	2,239
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	-	-	-	-	-
Employee share option reserve	-	100	-	-	100
Increase/(decrease) in non-controlling interest	-	-	-	(1,805)	(1,805)
Dividends	-	-	(3,942)	(121)	(4,063)
Balance at 31 December 2014	53,087	(6,948)	3,735	25,630	75,504

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

Blue Sky Alternative Investments Limited
Interim Consolidated Statement of Cash Flows
For the half-year ended 31 December 2015

	Half-year ended	
	31 December 2015 \$'000	31 December 2014 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	30,242	21,535
Payments to suppliers and employees (inclusive of GST)	(23,061)	(21,887)
	7,181	(352)
Interest received	392	60
Interest and other finance costs paid	(427)	(214)
Income taxes paid	(2,058)	(1,176)
Net cash provided by/(used in) operating activities	5,088	(1,682)
Cash flows from investing activities		
Cash disposed on de-consolidation of a controlled entity	-	(1,261)
Payments for equity investments	(1,992)	(916)
Proceeds on disposal of equity investments	2,528	-
Payments for property, plant and equipment	(1,462)	(561)
Payments for intangible assets	(50)	(143)
Receivables from/(to) related and other parties	(4,643)	(1,396)
Net cash provided by/(used in) investing activities	(5,619)	(4,277)
Cash flows from financing activities		
Proceeds from issue of shares	25	-
Proceeds from issue of units to non-controlling interests	-	1,188
Proceeds from borrowings	16,975	8,836
Repayment of borrowings	(17,765)	(3,936)
Dividends paid	(6,221)	(3,942)
Distributions paid to non-controlling interests in controlled entities	-	(121)
Net cash provided by/(used in) financing activities	(6,986)	2,025
Net increase/(decrease) in cash and cash equivalents	(7,517)	(3,934)
Cash and cash equivalents at the beginning of the half-year	22,416	16,278
Cash and cash equivalents at the end of the half-year	14,899	12,344

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

Blue Sky Alternative Investments Limited
Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2015

Note 1. Significant accounting policies

These interim financial statements for the half-year ended 31 December 2015 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

These interim financial statements do not include all the information and disclosures required in the annual financial statements. Accordingly, these interim financial statements are to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Australian Securities Exchange Listing Rules*.

The accounting policies applied in these interim financial statements are the same as those applied in the Company's annual financial statements as at and for the year ended 30 June 2015. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. New standards and amendments to standards that are mandatory for the first time for the new financial year beginning 1 July 2015 have not affected any of the amounts recognised in the current period or any prior period, and are not likely to affect future periods.

Note 2. Operating segments

Identification of reportable operating segments

The Group's core operating segment is Alternative Asset Management. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. The financial information below in relation to the core operating segment incorporates the results, assets and liabilities of the 100% owned subsidiaries of the Group as outlined in Note 16.

There is no aggregation of operating segments.

The Group's non-core operating segment includes the various funds where control and/or significant influence exists, in accordance with AASB 10. The management and performance of these entities is currently not being reviewed at an operating segment level by the CODM in the same manner at which the core operating segment is reviewed. However, the management and performance of these entities is reviewed regularly by the appropriate Investment Manager.

The CODM review both adjusted earnings before interest, tax, depreciation and amortisation (segment result) and net profit before income tax (segment result). The information reported to the CODM is on at least a monthly basis.

Types of products and services

The principal products and services of the core operating segment is Alternative Asset Management.

Half-year ended 31 December 2015	Core segment	Non-core segment	Adjustments and Eliminations	Consolidated
	\$'000	\$'000	\$'000	\$'000
Total income	23,742	10,822	(405)	34,159
Profit/(loss) before income tax	6,165	982	(249)	6,898
<hr/>				
Half-year ended 31 December 2014	Core segment	Non-core segment	Adjustments and Eliminations	Consolidated
	\$'000	\$'000	\$'000	\$'000
Total income	15,458	10,781	(213)	26,026
Profit/(loss) before income tax	2,706	817	(59)	3,464
<hr/>				
As at 31 December 2015	Core segment	Non-core segment	Adjustments and Eliminations	Consolidated
	\$'000	\$'000	\$'000	\$'000
Total assets	90,707	56,055	(14,527)	132,235
Total liabilities	37,565	22,950	(3,669)	56,846

Blue Sky Alternative Investments Limited
Notes to the Consolidated Financial Statements (cont'd)
For the half-year ended 31 December 2015

Note 2. Operating segments (cont'd)

As at 30 June 2015	Core segment	Non-core segment	Adjustments and Eliminations	Consolidated
	\$'000	\$'000	\$'000	\$'000
Total assets	85,679	65,475	(20,790)	130,364
Total liabilities	31,316	26,648	(4,461)	53,503

Note 3. Operating revenue

	Half-year ended	
	31 December 2015	31 December 2014
	\$'000	\$'000
Management fees	12,767	10,923
Performance fees	8,223	1,872
Responsible entity and trustee fees	678	767
Sales commissions	377	621
Interest revenue	645	669
Other revenue	764	1,069
Supply of water	4,267	3,538
Management and letting rights revenue	2,098	2,176
Apartment sales revenue	3,896	2,373
Revenue from motel operations	-	1,271
Total operating revenue	33,715	25,279

Total revenue from related parties for the half-year ended 31 December 2015 was \$22,200,894 (31 December 2014: \$15,733,317).

Note 4. Other expenses

	Half-year ended	
	31 December 2015	31 December 2014
	\$'000	\$'000
Rebates of transaction costs and fees - BSAAF Ltd	(2,733)	(1,562)
External capital raising costs for funds	(809)	(1,499)
Insurance	(207)	(137)
Costs associated with supply of water	(992)	(802)
Management and letting rights expenses	(2,999)	(2,165)
Costs associated with apartment sales	(2,998)	(2,352)
Expenses from motel operations	-	(277)
Other	(170)	(86)
Total other expenses	(10,908)	(8,880)

Note 5. Income tax expense

The income tax expense for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities. The major components of income tax expense are detailed below.

Blue Sky Alternative Investments Limited
Notes to the Consolidated Financial Statements (cont'd)
For the half-year ended 31 December 2015

Note 5. Income tax expense (cont'd)

	Half-year ended	
	31 December 2015	31 December 2014
<i>Income tax (expense)/benefit</i>	\$'000	\$'000
Current tax	(1,257)	(1,249)
Deferred tax	(1,157)	24
Aggregate income tax expense	(2,414)	(1,225)

Note 6. Trade and other receivables

	As at	
	31 December 2015	30 June 2015
	\$'000	\$'000
Trade receivables	3,382	1,066
Other receivables	197	1,409
Performance fees receivable – related parties	9,556	3,430
Related party receivables	15,542	9,724
Total current trade and other receivables	28,677	15,629

Note 7. Financial assets at fair value through profit and loss

	As at	
	31 December 2015	30 June 2015
	\$'000	\$'000
Current		
Option to purchase land	-	935
Total current financial assets at fair value through profit and loss	-	935
Non-current		
Options in listed securities (BSAAF Ltd)	-	150
Total non-current financial assets at fair value through profit and loss	-	150

Fair value of financial instruments

The Group classifies the fair value measurements of financial assets and financial liabilities using the fair value hierarchy set out below, to reflect the source of valuation inputs when determining the fair value:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). Fair value of unquoted available-for-sale financial assets is estimated using appropriate valuation techniques.

The table below presents the fair value measurement hierarchy of the Group's financial assets:

As at 31 December 2015	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Options in listed securities	-	-	-	-
Options to purchase land	-	-	-	-
Total assets	-	-	-	-

Blue Sky Alternative Investments Limited
Notes to the Consolidated Financial Statements (cont'd)
For the half-year ended 31 December 2015

Note 7. Financial assets at fair value through profit and loss (cont'd)

As at 30 June 2015	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
<i>Assets</i>				
Options in listed securities	-	150	-	150
Options to purchase land	-	-	935	935
Total assets	-	150	935	1,085

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade and other receivables, trade and other payables and borrowings are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

In relation to the option to purchase land held at 30 June 2015, the fair value has been determined with reference to the fair value of future cash flows to be received in relation to the financial asset.

Note 8. Inventory

	As at	
	31 December	30 June
	2015	2015
	\$'000	\$'000
Current		
Cost of land acquisition	638	334
Development and other costs	1,981	3,708
Interest capitalised	246	101
Total current inventory	2,865	4,143
Non-current		
Cost of land acquisition	-	598
Development and other costs	-	766
Interest capitalised	-	181
Total non-current inventory	-	1,545

Note 9. Investments accounted for using the equity method

	As at	
	31 December	30 June
	2015	2015
	\$'000	\$'000
Non-current		
Blue Sky Private Equity Retirement Village Fund	8,746	8,779
Blue Sky Private Equity Software Services Fund	5,087	5,335
Blue Sky Alternatives Access Fund Limited	5,566	5,330
Other investments accounted for using the equity method	3,436	3,293
Total non-current investments accounted for using the equity method	22,835	22,737

Blue Sky Alternative Investments Limited
Notes to the Consolidated Financial Statements (cont'd)
For the half-year ended 31 December 2015

Note 10. Property, plant and equipment

	As at	
	31 December 2015	30 June 2015
Non-current	\$'000	\$'000
Land and buildings – at cost	1,917	1,913
Less: Accumulated depreciation	(145)	(120)
	<u>1,772</u>	<u>1,793</u>
Plant and equipment – at cost	28,601	27,489
Less: Accumulated depreciation	(3,591)	(2,764)
	<u>25,010</u>	<u>24,725</u>
Motor vehicles – at cost	120	120
Less: Accumulated depreciation	(32)	(23)
	<u>88</u>	<u>97</u>
Motor vehicles – under lease	50	50
Less: Accumulated depreciation	(41)	(39)
	<u>9</u>	<u>11</u>
Office equipment – at cost	1,070	854
Less: Accumulated depreciation	(411)	(339)
	<u>659</u>	<u>515</u>
Leased asset – fit out	3,203	2,998
Less: Accumulated depreciation	(312)	-
	<u>2,891</u>	<u>2,998</u>
Office equipment – under lease	119	119
Less: Accumulated depreciation	(106)	(105)
	<u>13</u>	<u>14</u>
Total property, plant and equipment	<u>30,442</u>	<u>30,153</u>

Note 11. Intangible assets

	As at	
	31 December 2015	30 June 2015
Non-current	\$'000	\$'000
Goodwill - at cost	13,006	13,006
Less: Impairment	(190)	(190)
	<u>12,816</u>	<u>12,816</u>
Management rights – at cost	5,985	5,985
Less: Accumulated amortisation	(359)	(286)
	<u>5,626</u>	<u>5,699</u>
Licenses and trademarks	11	11
Less: Accumulated amortisation	-	-
	<u>11</u>	<u>11</u>
Website – at cost	84	84
Less: Accumulated amortisation	(59)	(50)
	<u>25</u>	<u>34</u>
Software – at cost	563	488
Less: Accumulated amortisation	(250)	(154)
	<u>313</u>	<u>334</u>
Borrowing – at cost	18	18
Less: Accumulated amortisation	(15)	(12)
	<u>3</u>	<u>6</u>
Total intangible assets	<u>18,794</u>	<u>18,900</u>

Blue Sky Alternative Investments Limited
Notes to the Consolidated Financial Statements (cont'd)
For the half-year ended 31 December 2015

Note 12. Borrowings

	As at	
	31 December 2015	30 June 2015
	\$'000	\$'000
Current		
Bank loans	8,356	8,526
Other borrowings	836	3,007
Lease liability	5	13
Total current borrowings	9,197	11,546
Non-current		
Bank loans	9,323	9,323
Other borrowings	-	-
Lease liability	-	-
Total non-current borrowings	9,323	9,323

On 25 September 2013, Blue Sky established a credit facility with one of Australia's leading financial institutions. The facility is to be used for general corporate working capital purposes including bridging finance and is secured by fully interlocking guarantees and indemnities by the Company and its 100% controlled subsidiaries. At 30 June 2015, the facility was fully drawn for \$7 million. On 4 August 2015, this facility was refinanced and extended to \$14.55 million. At 31 December 2015, the facility was drawn to \$8.35 million.

Other current and non-current borrowings includes debt in relation to the Blue Sky Private Real Estate Riverside Gardens Trust and the Blue Sky RAMS Management Rights Income Fund 2. Non-current borrowings also includes debt secured by Water Utilities Australia Investment Pty Ltd ATF Water Utilities Australia Investment Trust (WUAIT) for \$6 million. This debt is non-recourse and is guaranteed by the respective trusts, with no recourse to Blue Sky Alternative Investments Limited or its 100% controlled subsidiaries. The above amounts are reflective of the fair value of the borrowings.

Financial guarantees

The Group has provided guarantees for the lease of business premises in Brisbane, Sydney, Melbourne and New York which commit the Group to make payments upon its failure to perform under the relevant terms of the terms of the contract. The Group has guaranteed leases to a maximum amount of \$900,000 (2015: \$810,179).

Note 13. Deferred revenue

	As at	
	31 December 2015	30 June 2015
	\$'000	\$'000
Current		
Unearned income	4,992	3,572
Payments in advance for sale of water	165	309
Total current deferred revenue	5,157	3,881
Non-current		
Unearned income	835	1,293
Payments in advance for sale of water	420	580
Total non-current deferred revenue	1,255	1,873

Blue Sky Alternative Investments Limited
Notes to the Consolidated Financial Statements (cont'd)
For the half-year ended 31 December 2015

Note 14. Equity - retained profits

	Half-year ended	
	31 December 2015	31 December 2014
	\$'000	\$'000
Retained profits at the beginning of the financial year	11,633	5,187
Profit after income tax for the half-year	4,295	2,490
Dividends	(6,221)	(3,942)
Retained profits at the end of the half-year	9,707	3,735

Note 15. Earnings per share

	Half-year ended	
	31 December 2015	31 December 2014
	\$'000	\$'000
Profit after income tax	4,484	2,239
Non-controlling interest	(189)	251
Total earnings	4,295	2,490
	Number of shares	
	'000	'000
Weighted average number of ordinary shares used in calculating basic earnings per share	56,533	56,308
Weighted average number of ordinary shares and ordinary shares under option used in calculating diluted earnings per share	58,390	56,809
	EPS (cents)	4.42
	Diluted EPS (cents)	4.38

Note 16. Information relating to subsidiaries

The interim financial report incorporates the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1.

Name of entity	Principal place of business	Equity holding	
		31 December 2015	30 June 2015
Blue Sky Apeiron Pty Limited	Australia	100%	100%
Blue Sky Commercial Asset Managers Pty Ltd	Australia	100%	100%
Blue Sky Investment Science Asset Management Pty Ltd	Australia	100%	100%
Blue Sky Investment Science Pty Ltd	Australia	100%	100%
Blue Sky Private Equity Limited	Australia	100%	100%
Blue Sky Private Real Estate Pty Limited	Australia	100%	100%
Blue Sky Residential Asset Managers Pty Ltd	Australia	100%	100%
Blue Sky SRA Alliance Pty Ltd	Australia	100%	100%
Blue Sky VC GP Pty Ltd	Australia	100%	100%
Blue Sky Water Partners Pty Limited	Australia	100%	100%
BSAAF Management Pty Ltd	Australia	100%	100%
BSPE Pty Ltd	Australia	100%	100%
BSVC Pty Ltd	Australia	100%	100%
Blue Sky Alternative Investment LLC	USA	100%	100%
Blue Sky Hotel Assets Pty Limited	Australia	100%	100%
Blue Sky MR3 Cullen Bay Resorts Pty Ltd	Australia	100%	100%
Blue Sky MR3 Gabba Central Co Pty Ltd	Australia	100%	100%

Blue Sky Alternative Investments Limited
Notes to the Consolidated Financial Statements (cont'd)
For the half-year ended 31 December 2015

Note 16. Information relating to subsidiaries (cont'd)

Name of entity	Principal place of business	Equity holding	
		31 December 2015	30 June 2015
		%	%
Blue Sky MR3 Pavilion Pty Ltd	Australia	100%	100%
Blue Sky MR4 Co Pty Ltd	Australia	100%	100%
Blue Sky Opportunity Fund Pty Ltd	Australia	100%	100%
Blue Sky Private Real Estate Projects Pty Ltd	Australia	100%	100%
Blue Sky Residential Development Managers Pty Ltd	Australia	100%	100%
BSAI International Pty Limited	Australia	100%	100%
BSPE SPV 1 Pty Ltd	Australia	100%	100%
BSPE SPV 2 Pty Ltd	Australia	100%	100%
BSPRE Investment Management Pty Ltd	Australia	100%	100%
Flora Street Holdings Pty Limited	Australia	100%	100%
La Trobe Street Property Pty Limited	Australia	100%	100%
Merivale Street Property Pty Ltd	Australia	100%	100%
Waymouth Street Property Pty Limited	Australia	100%	100%
Blue Sky Arbor Apartments Co Pty Ltd	Australia	100%	-
Blue Sky Citrus Holdings Pty Ltd	Australia	100%	-
Blue Sky Real Asset Holdings Pty Ltd	Australia	100%	-
High Street Lutwyche Holdings Pty Limited	Australia	100%	-
Hive Holdings Pty Ltd	Australia	100%	-
Hive Operations Pty Ltd	Australia	100%	-
Hive Student Living Pty Ltd	Australia	100%	-
Hive Student Property Pty Ltd	Australia	100%	-
Peel Street Property Pty Limited	Australia	100%	-
RCL Accelerator Fund One Pty Ltd	Australia	100%	-
Vivo Property Pty Limited	Australia	100%	-
Wellington Road Holdings 1 Pty Limited	Australia	100%	-
Wellington Road Holdings 2 Pty Limited	Australia	100%	-
Water Utilities Australia Fund	Australia	52%	49%
Riverside Gardens Trust	Australia	48%	48%
Blue Sky Management Rights Income Fund 2	Australia	47%	33%

Note 17. Dividends paid

	Half-year ended	
	31 December 2015	31 December 2014
	\$'000	\$'000
Cash dividends to the equity holders of the parent		
Dividends on ordinary shares declared and paid:		
Final dividend in relation to the 2015 financial year: 11 cents fully franked per share (2014 financial year: 7 cents fully franked per share)	6,221	3,942

Note 18. Events occurring after the reporting date

No matter or circumstance has arisen since the end of the period that has significantly affected or may significantly affect the operations of the Group, the result of those operations or the state of affairs of the Group in subsequent financial years.

Blue Sky Alternative Investments Limited
Directors' Declaration
For the half-year ended 31 December 2015

In accordance with a resolution of the Directors of the Company, the Directors declare that:

1. the financial statements and notes, as set out on pages 6 to 17, are in accordance with the *Corporation Act 2001* and:
 - a. comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* as stated in accounting policy Note 1 to the interim financial statements, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - b. give a true and fair view of the entity's financial position as at 31 December 2015 and of the performance for the half-year ended on that date;
2. in the Directors' opinion 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 Directors



John Kain
Chair

19 February 2016
Brisbane

To the members of Blue Sky Alternative Investments Limited

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Blue Sky Alternative Investments Limited, which comprises the statement of financial position as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-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 half-year end or from time to time during the half-year.

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 controls as the directors determine are necessary to enable the preparation of the half-year financial report that 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 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 2015 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 Blue Sky Alternative Investments Limited and the entities it controlled during the half-year, 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' 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 financial report of Blue Sky Alternative Investments Limited 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 2015 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*.

Ernst & Young

Ernst & Young

PMcLuskie

Paula McLuskie
Partner
Brisbane
19 February 2016

Blue Sky Alternative Investments Limited
Appendix A
For the half-year ended 31 December 2015

1H FY16: Reconciliation of Consolidated Statement of Comprehensive Income with Underlying Results

<i>In AUD \$Ms</i>	Consolidated Statement of Comprehensive Income ('Statutory Profit')	Impact where investments are consolidated or equity accounted rather than reported at fair value	Underlying Results
Revenue			
Management fees	\$12.8m	-	\$12.8m
Performance fees	\$8.2m	-	\$8.2m
Investment income	-\$0.1m	\$0.5m	\$0.4m
Share of profit of associates accounted for using the equity method	\$0.5m	-\$0.5m	-
Other income	\$12.8m	-\$10.4m	\$2.4m
Total revenue	\$34.2m	-\$10.4m	\$23.8m
Expenses			
Employee benefits expense	-\$9.0m	\$0.8m	-\$8.2m
Fee rebates to BSAAF Limited	-\$2.7m	-	-\$2.7m
External capital raising costs for funds	-\$0.8m	-	-\$0.8m
External service providers	-\$2.0m	\$0.1m	-\$1.9m
Travel and entertainment	-\$1.0m	-	-\$1.0m
Occupancy	-\$1.3m	\$0.3m	-\$1.0m
Finance costs	-\$0.5m	\$0.2m	-\$0.3m
Depreciation and amortisation expense	-\$1.1m	\$0.9m	-\$0.2m
Other expenses	-\$8.9m	\$7.4m	-\$1.5m
Total expenses	-\$27.3m	\$9.7m	-\$17.6m
Profit before income tax	\$6.9m	-\$0.7m	\$6.2m
Income tax expense	-\$2.4m	\$0.6m	-\$1.8m
Profit after income tax for the period	\$4.5m	-\$0.1m	\$4.4m
Total comprehensive income for the period	\$4.5m	-\$0.1m	\$4.4m
Profit attributable to:			
Non-controlling interests	\$0.2m	-\$0.2m	-
Owners of Blue Sky Alternative Investments Limited	\$4.3m	\$0.1m	\$4.4m

Blue Sky Alternative Investments Limited
Appendix A (cont'd)
For the half-year ended 31 December 2015

1H FY16: Reconciliation of Consolidated Statement of Financial Position with Underlying Results

In AUD \$Ms

	Consolidated Statement of Financial Position	Impact where investments are consolidated or equity accounted rather than reported at fair value	Underlying Results
Current assets			
Cash and cash equivalents	\$14.9m	-\$0.7m	\$14.2m
Trade and other receivables	\$28.7m	-\$2.0m	\$26.7m
Inventory	\$2.9m	-\$2.9m	-
Financial assets at fair value through profit and loss	-	-	-
Other assets	\$4.0m	-\$0.5m	\$3.5m
Total current assets	\$50.5m	-\$6.1m	\$44.4m
Non-current assets			
Receivables	\$8.8m	\$2.2m	\$11.0m
Inventory	-	-	-
Investments accounted for using the equity method	\$22.8m	-\$22.4m	\$0.4m
Financial assets at fair value through profit and loss	-	\$33.7m	\$33.7m
Property, plant and equipment	\$30.4m	-\$26.8m	\$3.6m
Intangible assets	\$18.8m	-\$13.1m	\$5.7m
Deferred tax assets	\$0.9m	-\$0.6m	\$0.3m
Total non-current assets	\$81.7m	-\$27.0m	\$54.7m
Total assets	\$132.2m	-\$33.1m	\$99.1m
Current liabilities			
Trade and other payables	\$12.3m	-\$2.2m	\$10.1m
Borrowings	\$9.2m	-\$0.8m	\$8.4m
Deferred revenue	\$5.1m	-\$0.1m	\$5.0m
Income tax	\$2.2m	-\$0.4m	\$1.8m
Employee benefits	\$3.6m	-\$0.3m	\$3.3m
Total current liabilities	\$32.4m	-\$3.8m	\$28.6m
Non-current liabilities			
Deferred revenue	\$1.3m	-\$0.5m	\$0.8m
Provisions	\$0.3m	-	\$0.3m
Borrowings	\$9.3m	-\$9.3m	-
Other non-current liabilities	\$3.5m	-	\$3.5m
Deferred tax liabilities	\$10.0m	-\$5.5m	\$4.5m
Total non-current liabilities	\$24.4m	-\$15.3m	\$9.1m
Total liabilities	\$56.8m	-\$19.1m	\$37.7m
Net assets	\$75.4m	-\$14.0m	\$61.4m
Equity			
Contributed equity	\$53.8m	-	\$53.8m
Reserves	-\$6.9m	-	-\$6.9m
Accumulated profits	\$9.7m	\$4.8m	\$14.5m
Total equity attributable to the owners of Blue Sky	\$56.6m	\$4.8m	\$61.4m
Non-controlling interests	\$18.8m	-\$18.8m	-
Total equity	\$75.4m	-\$14.0m	\$61.4m

Blue Sky Alternative Investments Limited
Appendix A (cont'd)
For the half-year ended 31 December 2015

1H FY16: Reconciliation of Consolidated Statement of Cash Flows with Underlying Results

In AUD \$Ms

	Consolidated Statement of Cash Flows	Impact where investments are consolidated rather than reported at fair value	Underlying Results
Cash flows from operating activities			
Receipts from customers (inclusive of GST)	\$30.2m	-\$6.8m	\$23.4m
Payments to suppliers and employees (inclusive of GST)	-\$23.1m	\$4.5m	-\$18.6m
Interest received	\$0.4m	-	\$0.4m
Interest and other finance costs paid	-\$0.4m	\$0.2m	-\$0.2m
Income taxes paid	-\$2.0m	\$0.1m	-\$1.9m
Net cash from operating activities	\$5.1m	-\$2.0m	\$3.1m
Cash flows from investing activities			
Cash disposed on de-consolidation of a controlled entity	-	-	-
Payment for equity investments	-\$2.0m	-	-\$2.0m
Proceeds from disposal of equity investments (including distributions)	\$2.5m	-	\$2.5m
Payment for property, plant and equipment	-\$1.4m	\$1.0m	-\$0.4m
Payments for intangible assets	-\$0.1m	-	-\$0.1m
Receivables (to)/from related parties	-\$4.6m	-\$0.4m	-\$5.0m
Net cash used in investing activities	-\$5.6m	\$0.6m	-\$5.0m
Cash flows from financing activities			
Proceeds from issue of shares	-	-	-
Issue of shares to non-controlling interests, net of returns of capital	-	-	-
Proceeds from borrowings	\$17.0m	-\$0.2m	\$16.8m
Repayment of borrowings	-\$17.8m	\$2.2m	-\$15.6m
Dividends paid	-\$6.2m	-	-\$6.2m
Net cash used in financing activities	-\$7.0m	\$2.0m	-\$5.0m
Net increase/(decrease) in cash and cash equivalents	-\$7.5m	\$0.6m	-\$6.9m
Cash and cash equivalents at the beginning of the half-year	\$22.4m	-\$1.3m	\$21.1m
Cash and cash equivalents at the end of the half-year	\$14.9m	-\$0.7m	\$14.2m

Blue Sky Alternative Investments Limited
Appendix A (cont'd)
For the half-year ended 31 December 2015

1H FY15: Reconciliation of Consolidated Statement of Comprehensive Income with Underlying Results

In AUD \$Ms

	Consolidated Statement of Comprehensive Income ('Statutory Profit')	Impact where investments are consolidated or equity accounted rather than reported at fair value	Underlying Results
Revenue			
Management fees	\$10.9m	\$0.1m	\$11.0m
Performance fees	\$1.9m	-	\$1.9m
Investment income	\$0.4m	\$0.7m	\$1.1m
Share of profit of associates accounted for using the equity method	\$0.4m	-\$0.4m	-
Other income	\$12.4m	-\$9.9m	\$2.5m
Total revenue	\$26.0m	-\$9.5m	\$16.5m
Expenses			
Employee benefits expense	-\$7.7m	\$2.0m	-\$5.7m
Fee rebates to BSAAF Limited	-\$1.5m	-	-\$1.5m
External capital raising costs for funds	-\$1.5m	-	-\$1.5m
External service providers	-\$1.4m	\$0.2m	-\$1.2m
Travel and entertainment	-\$1.0m	\$0.1m	-\$0.9m
Occupancy	-\$0.6m	\$0.2m	-\$0.4m
Finance costs	-\$0.4m	\$0.1m	-\$0.3m
Depreciation and amortisation expense	-\$1.1m	\$1.0m	-\$0.1m
Other expenses	-\$7.4 m	\$6.3m	-\$1.1m
Total expenses	-\$22.6m	\$9.9m	-\$12.7m
Profit before income tax	\$3.4m	\$0.4m	\$3.8m
Income tax expense	-\$1.2m	-	-\$1.2m
Profit after income tax for the period	\$2.2m	\$0.4m	\$2.6m
Total comprehensive income for the period	\$2.2m	\$0.4m	\$2.6m
Profit attributable to:			
Non-controlling interests	-\$0.3m	\$0.3m	-
Owners of Blue Sky Alternative Investments Limited	\$2.5m	\$0.1m	\$2.6m

Blue Sky Alternative Investments Limited
Appendix A (cont'd)
For the half-year ended 31 December 2015

Full year FY15: Reconciliation of Consolidated Statement of Financial Position with Underlying Results

<i>In AUD \$Ms</i>	Consolidated Statement of Financial Position	Impact where investments are consolidated or equity accounted rather than reported at fair value	Underlying Results
Current assets			
Cash and cash equivalents	\$22.4m	-\$1.3m	\$21.1m
Trade and other receivables	\$15.6m	-\$0.8m	\$14.8m
Inventory	\$4.1m	-\$4.1m	-
Financial assets at fair value through profit and loss	\$0.9m	-	\$0.9m
Other assets	\$2.3m	-\$0.8m	\$1.5m
Total current assets	\$45.3m	-\$7.0m	\$38.3m
Non-current assets			
Receivables	\$10.8m	\$2.8m	\$13.6m
Inventory	\$1.5m	-\$1.5m	-
Investments accounted for using the equity method	\$22.7m	-\$22.7m	-
Financial assets at fair value through profit and loss	\$0.2m	\$32.6m	\$32.8m
Property, plant and equipment	\$30.2m	-\$26.6m	\$3.6m
Intangible assets	\$18.9m	-\$13.2m	\$5.7m
Deferred tax assets	\$0.8m	-\$0.8m	-
Total non-current assets	\$85.1m	-\$29.4m	\$55.7m
Total assets	\$130.4m	-\$36.4m	\$94.0m
Current liabilities			
Trade and other payables	\$7.8m	-\$1.7m	\$6.1m
Borrowings	\$11.6m	-\$4.5m	\$7.1m
Deferred revenue	\$3.9m	-\$0.4m	\$3.5m
Income tax	\$2.7m	-\$0.1m	\$2.6m
Employee benefits	\$3.0m	-	\$3.0m
Total current liabilities	\$29.0m	-\$6.7m	\$22.3m
Non-current liabilities			
Deferred revenue	\$1.9m	-\$0.6m	\$1.3m
Provisions	\$0.2m	-	\$0.2m
Borrowings	\$9.3m	-\$9.3m	-
Other non-current liabilities	\$4.1m	-	\$4.1m
Deferred tax liabilities	\$9.0m	-\$5.5m	\$3.5m
Total non-current liabilities	\$24.5m	-\$15.4m	\$9.1m
Total liabilities	\$53.5m	-\$22.1m	\$31.4m
Net assets	\$76.9m	-\$14.3m	\$62.6m
Equity			
Contributed equity	\$53.2m	-	\$53.2m
Reserves	-\$6.9m	-	-\$6.9m
Accumulated profits	\$11.6m	\$4.7m	\$16.3m
Total equity attributable to the owners of Blue Sky	\$57.9m	\$4.7m	\$62.6m
Non-controlling interests	\$19.0m	-\$19.0m	-
Total equity	\$76.9m	-\$14.3m	\$62.6m

Blue Sky Alternative Investments Limited
Appendix A (cont'd)
For the half-year ended 31 December 2015

1H FY15: Reconciliation of Consolidated Statement of Cash Flows with Underlying Results

In AUD \$Ms

	Consolidated Statement of Cash Flows	Impact where investments are consolidated rather than reported at fair value	Underlying Results
Cash flows from operating activities			
Receipts from customers (inclusive of GST)	\$21.5m	-\$5.4m	\$16.1m
Payments to suppliers and employees (inclusive of GST)	-\$21.9m	\$10.2m	-\$11.7m
Interest received	\$0.1m	-	\$0.1m
Interest and other finance costs paid	-\$0.2m	\$0.1m	-\$0.1m
Income taxes paid	-\$1.2m	\$0.2m	-\$1.0m
Net cash from/(used in) operating activities	-\$1.7m	\$5.1m	\$3.4m
Cash flows from investing activities			
Cash disposed on de-consolidation of a controlled entity	-\$1.3m	\$1.3m	-
Payment for equity investments	-\$0.9m	-	-\$0.9m
Proceeds from disposal of equity investments	-	-	-
Payment for property, plant and equipment	-\$0.6m	\$0.3m	-\$0.3m
Payments for intangible assets	-\$0.1m	-	-\$0.1m
Receivables (to)/from related parties	-\$1.4m	\$0.3m	-\$1.1m
Net cash used in investing activities	-\$4.3m	\$1.9m	-\$2.4m
Cash flows from financing activities			
Proceeds from issue of shares	-	-	-
Issue of shares to non-controlling interests, net of returns of capital	\$1.2m	-\$1.2m	-
Proceeds from borrowings	\$8.8m	-\$5.1m	\$3.7m
Repayment of borrowings	-\$3.9m	-	-\$3.9m
Dividends paid	-\$4.0m	\$0.1m	-\$3.9m
Net cash used in financing activities	\$2.1m	-\$6.2m	-\$4.1m
Net increase/(decrease) in cash and cash equivalents	-\$3.9m	\$0.8m	-\$3.1m
Cash and cash equivalents at the beginning of the half-year	\$16.2m	-\$1.4m	\$14.8m
Cash and cash equivalents at the end of the half-year	\$12.3m	-\$0.6m	\$11.7m