

# Appendix 4E

## Preliminary Final Report To the Australian Securities Exchange

<b>Name of Entity</b>	Aurora Global Income Trust
<b>ARSN:</b>	127 692 406
<b>Financial Year Ended:</b>	30 June 2016
<b>Previous Corresponding Reporting Period:</b>	30 June 2015

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

	2016 \$'000	Percentage increase /(decrease) over corresponding period
Revenues from continuing operations	135	-73.3%
Loss for the year	(50)	-114.04%
Net loss for the year attributable to members	(50)	-114.04%

Distribution information	Cash per unit	Franked amount per unit
2016 final distribution	\$0.0167	\$0.0000
2016 interim distribution	\$0.0510	\$0.0000

#### Final distribution dates

Ex-entitlement date	29 June 2016
Record date	30 June 2016
Last election date for the DRP	1 July 2016
Payment date	21 July 2016

#### Dividend Reinvestment Plan

The Dividend Reinvestment Plan (DRP) is in operation and the final distribution of \$0.0167 per unit qualifies. The number of units received from the distribution is based on dividing the distribution by the DRP price as at 30 June 2016.

Unit holders may change their participation in the DRP at any time. However, in order to be valid, the election form to change participation must be submitted to the unit registry by the last election date.

#### Net Tangible Asset Backing

	30 June 2016	30 June 2015
Net tangible assets per security	\$0.7675	\$0.8451

*This report is based on the Annual Report which is in the process of being audited. All documents comprise the information required by Listing Rule 4.3A*

**Appendix 4E Contents and checklist of requirements**

<b>1. Reporting period and corresponding period.</b>	Refer to Page 1 of this Appendix 4E.
<b>2. Results for announcement to the market.</b>	Refer to Page 1 of this Appendix 4E.
<b>3. Statement of comprehensive income.</b>	Refer to Page 3 of this Appendix 4E.
<b>4. Statement of financial position.</b>	Refer to Page 4 of this Appendix 4E.
<b>5. Statement of cash flows.</b>	Refer to Page 6 of this Appendix 4E.
<b>6. Statement of changes in equity.</b>	Refer to Pages 5 and 9 of this Appendix 4E.
<b>7. Details of dividends or distributions.</b>	Refer to Page 1 of this Appendix 4E.
<b>8. Details of dividend or distribution reinvestment plans in operation and the last date of receipt of an election notice for participation in any dividend or distribution reinvestment plan.</b>	Refer to Page 1 of this Appendix 4E.
<b>9. Net tangible assets per security.</b>	Refer to Page 1 of this Appendix 4E.
<b>10. Details of entities over which control has been gained or lost during the period.</b>	Not applicable.
<b>11. Details of joint venture entities and associated entities.</b>	Not applicable.
<b>12. Any other information needed by an investor to make an informed assessment of the entity's financial performance and financial position.</b>	Refer to Pages 7-8 and Pages 11-12 of this Appendix 4E.
<b>13. Accounting standards used in compiling reports by foreign entities.</b>	Not applicable.
<b>14. A commentary on the results for the period.</b>	Refer to Page 7 of this Appendix 4E.
<b>15. A statement as to whether the report is based on accounts which have been audited or subject to review, are in the process of being audited or reviewed, or have not yet been audited or reviewed.</b>	Refer to Page 1 of this Appendix 4E. This report is based on accounts which are in the process of being audited.
<b>16. If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification a description of the likely dispute or qualification.</b>	At this stage it is likely the audit report will be unqualified.
<b>17. If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification.</b>	Not applicable.

**Statement of profit or loss and other comprehensive income**  
for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
<b>Investment Income</b>			
Interest income		154,835	122,816
Dividend and distribution income		177,673	77,927
Net gains/(Losses) on financial instruments held at fair value through profit or loss		(197,199)	304,200
<b>Total net investment income/(loss)</b>		<b>135,309</b>	<b>504,943</b>
<b>Expenses</b>			
Dividend expense		28,842	39,935
Interest expense		19,183	17,685
Management fees		71,953	82,125
Performance fees		56,742	-
Transaction costs		8,653	9,630
<b>Total operating expenses</b>		<b>185,373</b>	<b>149,375</b>
<b>Operating profit/(loss) for the year</b>		<b>(50,064)</b>	<b>355,568</b>
<b>Finance costs attributable to unitholders</b>			
Distributions to unitholders		(451,298)	(651,110)
Decrease in net assets attributable to unitholders		501,362	295,542
<b>Profit/(loss) for the year</b>		<b>-</b>	<b>-</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>

**Statement of financial position**  
as at 30 June 2016

	Notes	2016 \$	2015 \$
<b>Assets</b>			
Cash and cash equivalents		3,689,539	3,927,466
Dividends Receivable		6,535	-
Receivables		15,132	10,390
Due from brokers - receipts for securities sold		1	399,294
Financial assets held at fair value through profit or loss		2,137,728	2,287,678
<b>Total assets</b>		<b>5,848,935</b>	<b>6,624,828</b>
<b>Liabilities</b>			
Distributions payable		109,993	150,394
Due to brokers - payable for securities purchased		-	429,908
Financial liabilities held at fair value through profit or loss		660,007	66,142
Other payables		81,585	7,459
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>851,585</b>	<b>653,903</b>
<b>Net assets attributable to unitholders - liability</b>		<b>4,997,350</b>	<b>5,970,925</b>
<b>Liabilities attributable to unitholders</b>		<b>(4,997,350)</b>	<b>(5,970,925)</b>
<b>Net assets</b>		<b>-</b>	<b>-</b>

**Statement of changes in equity**  
for the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
<b>Balance at the beginning of the financial year</b>			
Profit/(loss) for the year		-	-
Other comprehensive income		-	-
<b>Total comprehensive income</b>		-	-
Transactions with unitholders in their capacity as unitholders		-	-
<b>Total equity at the end of the financial year</b>		-	-

**Statement of cash flows**  
for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
<b>Cash flows from operating activities</b>			
Proceeds from sale of financial instruments held at fair value through profit or loss		60,454,454	88,459,934
Purchase of financial instruments held at fair value through profit or loss		(59,938,453)	(90,141,760)
Transaction costs on sale and purchase of financial instruments		(8,930)	(8,998)
Dividends and distributions received		171,138	76,410
Dividends and distributions paid		(28,842)	(39,935)
Interest received		138,178	113,121
GST recovered/(paid)		575	(898)
Management fees paid		(66,474)	(83,193)
Withholding tax paid		4,339	1,517
<b>Net cash inflow/(outflow) from operating activities</b>		<b>725,985</b>	<b>(1,623,802)</b>
<b>Cash flows from financing activities</b>			
Payments for redemptions by unitholders (excluding treasury units)		(280,469)	(542,927)
Proceeds from applications by unitholders (excluding treasury units)		400	339,650
Payments for share buy backs		(249,500)	(471,145)
Proceeds from applications by unitholders (treasury units)		-	126,212
Payments for redemptions by unitholders (treasury units)		-	(293,455)
Distributions paid		(434,343)	(602,404)
<b>Net cash (inflow)/outflow from financing activities</b>		<b>(963,912)</b>	<b>(1,444,069)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(237,927)</b>	<b>(3,067,871)</b>
Cash and cash equivalents at the beginning of the year		3,927,466	6,995,337
<b>Cash and cash equivalents at the end of the year</b>		<b>3,689,539</b>	<b>3,927,466</b>
<b>Non-cash financing activities</b>		<b>57,356</b>	<b>77,605</b>

## 1. Principal activities

The Aurora Global Income Trust (the “Trust”) invests in equities and derivatives, in accordance with the provision of the Trust Constitution and the current Product Disclosure Statement.

The Trust did not have any employees during the year.

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

The Trust is currently listed on the Australian Security Exchange (ASX).

## 2. Review and results of operations

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

## 3. Financial results for the year

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

	2016 \$'000	2015 \$'000
Operating profit before finance costs attributable to unitholders	(50,064)	355,568
Distributions paid and payable	(451,298)	(651,110)
Distribution - quarter ended 30 September	1.69	2.20
Distribution - quarter ended 31 December	1.71	2.16
Distribution - quarter ended 31 March	1.70	2.15
Distribution - quarter ended 30 June	1.67	2.12

## 4. Financial position

Net Tangible Assets per unit as disclosed to the ASX are shown as follows:

	30 Jun 2016 \$	30 Jun 2015 \$
At 30 June	0.8348	0.8451
High during period	0.8600	0.8900
Low during period	0.7400	0.8200

## 5. Information on underlying performance

The performance of the Trust is subject to the performance of the Trust's underlying portfolio. There has been no change to the investment strategy of the Trust during the year, and the Trust continues to invest in accordance with target asset allocations as set out in the governing documents of the Trust and in accordance with the provisions of the Trust Constitution.

## 6. Strategy and future outlook

The Trust is predominately invested in listed equities, with a focus on Australian equity securities. This is expected to continue. As markets are subject to fluctuations, it is imprudent to provide a detailed outlook statement or statement of expected results of operations. The Trust provides regular updates, including monthly NTA announcements, which can be found in the announcement section of the ASX website.

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

The results of the Trust's operations will be affected by a number of factors, including the performance of investment markets in which the Trust invests. Investment performance is not guaranteed and future returns may differ from past returns.

## **7. Significant changes in state of affairs**

On 30 June 2016, Seventh Orion Pty Ltd as trustee for the Aurora Investments Unit Trust (Seventh Orion) acquired 100% of the ordinary shares of Aurora Funds Management Limited, being the Responsible Entity for the Trust.

In the opinion of the Directors, other than the matters already referred to in this report, there were no significant changes in the state of affairs of the Trust that occurred during the financial year.

## **8. Matters subsequent to the end of the financial year**

On 3 August 2016, the Responsible Entity announced changes to its Compliance Committee to reflect the appointment of Kim Rowe and resignation of Mark Hancock on 29 July 2016.

On 19 August 2016, the Responsible Entity made an ASX Announcement advising that it expected to recognize a non-cash impairment charge against the carrying value of the Antares Energy Limited Convertible Notes held by the Trust as at 30 June 2016.

On 31 August 2016, the Responsible Entity announced an update to the valuation of Antares Convertible Notes, and the resumption of off-market redemptions (refer to Attachment 1).

Subsequent to year end, the Responsible Entity has received redemption requests totaling 844,394 units representing approximately 12.9% of the Trust.

Other than changes mentioned above, no matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect:

- (i) the operations of the Trust in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Trust in future financial year

## **9. Summary of significant accounting policies**

These financial statements cover Aurora Global Income Trust (the "Trust") as an individual entity. The Trust commenced operations on 18 December 2007 and was admitted to the Australian Securities Exchange ("ASX") on 24 December 2007, and is domiciled in Australia.

The Responsible Entity of the Trust is Aurora Funds Management Limited (the "Responsible Entity"). The Responsible Entity's registered office is Level 4, 1 Alfred Street, Sydney, NSW 2000. The financial statements are presented in the Australian currency.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001* in Australia. Aurora Global Income Trust is a for-profit unit trust for the purpose of preparing the financial statements.

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

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

*Compliance with International Financial Reporting Standards*

The financial statements of the Trust also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.



## 10. Use of estimates and judgments

### Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty are detailed in Attachment 1.

## 11. Net assets attributable to unitholders

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

	2016 No.	2015 No.	2016 \$	2015 \$
<b>Opening balance - excluding treasury units</b>	<b>7,089,097</b>	7,955,124		
Applications	463	536,506		
Redemptions	(4,500,250)	(927,312)		
Buy backs	3,871,896	(565,517)		
Units issued upon reinvestment of distributions	67,452	90,296		
<b>Closing balance - excluding treasury units</b>	<b>6,528,658</b>	7,089,097		
<b>Opening balance - treasury units</b>	-	462,948		
Applications	-	335,546		
Redemptions	-	(126,732)		
Cancellation of treasury units	-	(671,762)		
<b>Closing balance - treasury units</b>	-	-		
<b>Opening balance - including treasury units</b>	<b>7,089,097</b>	8,418,072	<b>5,970,925</b>	6,984,630
Applications	463	872,052	400	465,862
Redemptions	(4,500,250)	(1,054,044)	(280,469)	(790,485)
Buy backs	3,871,896	(565,517)	(249,500)	(471,145)
Units issued upon reinvestment of distributions	67,452	90,296	57,356	77,605
Creation/(cancellation) of treasury units	-	(671,762)	-	-
Decrease in net assets attributable to unitholders	-	-	(501,362)	(295,542)
<b>Closing balance - including treasury units</b>	<b>6,528,658</b>	7,089,097	<b>4,997,350</b>	5,970,925

## 12. Distributions to unitholders

The distributions for the year were as follows:

	2016 \$	CPU	2015 \$	CPU
Distributions paid	341,305	5.10	500,716	6.51
Distributions payable (30 June 2016 quarter)	109,029	1.67	150,394	2.12
Other distributions payable from previous quarters	964	-	-	-
<b>Total distributions</b>	<b>451,298</b>	<b>6.77</b>	<b>651,110</b>	<b>8.63</b>

**Details of entities over which control has been gained or lost**

n/a

**Details of associates and joint venture entities**

n/a

## **Aurora Global Income Trust**

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# **Resumption of Off-market Redemptions & Antares Convertible Note Update**

Aurora Funds Management Limited ("Aurora") provides the following update in respect of the Aurora Global Income Trust ("the Trust").

### **Antares Convertible Note Update**

As at 30 June 2016, the Trust held investments in Antares Energy Limited Convertible Notes (ASX: AZZG), which had been suspended from trading on the Australian Stock Exchange on 15 September 2015 and remain suspended as at the date of this update.

In February 2016, Aurora made the decision to freeze applications and redemptions in the Trust, on the basis that it could not accurately determine a value for the AZZG Notes.

For the purposes of the June 2016 year-end financial statements, and after careful consideration of all of the available information, Aurora has formed the view that the AZZG Notes should be recognised at a nil value. In forming this view, Aurora has relied on the following information:

- On 8 April 2016, Antares Energy Limited ("Antares") issued a notice of resumed meeting of noteholders (to be held on 29 April 2016) to, amongst other things, extend the reset date of the AZZG Notes to 31 March 2017 and amend the next interest payment date to 30 April 2017. This meeting did not proceed.
- On 29 April 2016, Antares appointed Bryan Kevin Hughes and Daniel Johannes Bredenkamp of Pitcher Partners as Joint and Several Administrators.
- On 10 May 2016, following a resolution passed at the first meeting of creditors, Quentin James Olde and Michael Joseph Ryan of FTI Consulting replaced Bryan Kevin Hughes and Daniel Johannes Bredenkamp of Pitcher Partners as Joint and Several Administrators of Antares.
- As part of the 30 June 2016 year end audit procedures, Aurora engaged an external independent valuer in the US, South Texas Reservoir Alliance LLC (STXRA), to perform an independent valuation of the underlying assets of Antares, being Northern Star and Big Star (STXRA conducted a similar valuation for the purposes of Aurora's 31 December 2015 financial statements). In summarising the STXRA valuation, the following observations are relevant:
  - STXRA reviewed, in the course of its analysis, both recent market transactions and public land records to provide both a liquidation and transactional evaluation of the assets;
  - The Administrator of Antares, FTI Consulting, made an ASX Announcement on 30 August 2016 calling for Expressions of Interest. In that Announcement, the Administrator advised that circa 5,000 acres of leased land had expired, leaving circa 15,900 acres;
  - STXRA indicated that "there is a trend in the E&P industry right now to only focus on core acreage and this leasehold is not considered core in the Midland basin so the number of potential purchasers for this asset are pretty limited";
  - STXRA provided a valuation range of between USD\$985,000 (representing 2X the lower end of the Liquidation value) to USD\$12,312,500 (representing 5X the upper end of the

Liquidation value) (being AUD\$1,279,055 to AUD\$15,988,183). The face value of the AZZG Notes is AUD\$47.5 million;

- STXRA concluded that Antares, given its financial situation and inaction on its leases, would probably tend more towards lower end of liquidation pricing;
- STXRA also noted that “due to Antares lease position falling apart and the recent lower price per acre metrics, it appears that this asset will tend to the lower values”;
- The STXRA valuation range excludes any other liabilities and costs that need to be satisfied by the Administrator;
- The Trust holds circa 1.0% of the AZZG Notes, thereby bringing the valuation range (before other liabilities and Administration costs) to circa AUD\$12.5K to AUD\$156.7K;
- Antares has been trying to sell the asset for a number of years, with no sale forthcoming; and
- The external valuation is based on the value of the acreage, so any costs of administration would need to be paid first.

In addition to the STXRA valuation, Aurora management had regard to confidential information and reports provided by the Administrators.

The fair value of the AZZG Notes is based on significant estimates and judgements adopted by management of Aurora based on the prevailing market conditions and all available information about Antares as at the date of the 30 June 2016 financial report.

Aurora management considered the range of possible values and determined that the fair value of the AZZG Notes held by the Trust should be nil as at 30 June 2016.

As part of the year-end audit procedures, the external auditors (Deloitte) reviewed the analysis prepared by Aurora management along with the associated reports and concurred with the position taken.

### **Resumption of off-market Redemptions**

In light of the above write down of the Antares AZZG Notes to nil as at 30 June 2016, the Trust is now unfrozen and as such is able to resume the processing of off-market redemptions, effective 31 August 2016.

### **Further information**

If you have any queries or concerns, please contact us.

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31 August 2016