**ASX ANNOUCEMENT**
31 August 2018

**AMENDED APPENDIX 4E - INCORRECT DIVIDEND RECORD DATE**

**Year End 30 June 2018**

Pacific Current Group Limited (**ASX: PAC**) advises that the Appendix 4E Preliminary Final Report lodged earlier this afternoon contained an incorrect Record Date for the final 2018 dividend. The correct date is Friday, 7 September 2018 and the attached amended Appendix 4E contains the correct Record Date.

ENDS

# PACIFIC CURRENT GROUP LIMITED
# ABN 39 006 708 792

# AND CONTROLLED ENTITIES

## FINANCIAL INFORMATION
## FOR THE YEAR ENDED 30 JUNE 2018
## PROVIDED TO THE ASX UNDER LISTING RULE 4.3A

*Rule 4.3A*

# Appendix 4E **Preliminary Final Report**

Name of entity

| |
|---|
| Pacific Current Group Limited |

| |
|---|
| ABN : 39 006 708 792 |

## 1. Reporting period

| | |
|---|---|
| Report for the financial year ended | 30 June 2018 |
| Previous corresponding period is the financial year ended | 30 June 2017 |

## 2. Results for announcement to the market

| | | | | A$'000s |
|---|---|---|---|---|
| Revenues from ordinary activities *(item 2.1)* | Up | 10.3% | to | 46,405 |
| Net income from ordinary activities after tax attributable to members (*item 2.2*) | Up | 237% | to | 93,196 |
| Net income for the period attributable to members of the parent *(item 2.3)* | Up | 272% | to | 92,620 |

| **Dividends** *(item 2.4)* | Amount per security | Franked amount per security |
|---|---|---|
| Interim dividend | - | - |
| Final dividend | 22 cents | 100% |
| Record date for determining entitlements to the dividend *(item 2.5)* | Friday, 7 September 2018 | |

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

Refer to results commentary on next page.

**Results Commentary**

A copy of the financial report for the year ended 30 June 2018 is attached. Pacific Current Group Limited (PAC) and its controlled entities (Group) reflect the consolidation of results of the following entities:

| | |
|---|---|
| Pacific Current Group Limited (head company) | |
| Aurora Investment Management Pty Ltd (Trustee of Aurora Trust) | (100%) |
| Aurora Trust | (100%) |
| Treasury Group Investment Services Ltd | (100%) |
| Global Value Investors Ltd | (100%) |
| Northern Lights MidCo, LLC | (100%) |
| Northern Lights Capital Group, LLC | (100%) |
| NLCG Distributors, LLC | (100%) |
| Northern Lights Capital Partners (UK) Ltd | (100%) |
| Aether Investment Partners, LLC | (100%) |
| Seizert Capital Partners, LLC | (100%) |
| Strategic Capital Investments, LLP | (60%) |

The Company generated net profit after tax attributable to members of the Group of $92.6m for the year ended 30 June 2018 (2017: net loss after tax of $53.8m). The net profit after tax of the Company as reported in the current year compared to the 30 June 2017 comparative result is shown in the table on the following page reconciling the underlying profit.

During the year, the results were impacted by one-off cash and non-cash items as listed in the table on the following page. Some of these include the gain on sale of IML and the corresponding tax as well as the liability related to S-class shares issued by Aperio.

Contributions from boutiques declined during the year. This was primarily due to the loss of IML earnings after PAC sold its ownership in IML to Natixis. The large proportion of these proceeds earned bank deposit returns during most of FY18 and were not reinvested until early FY19. Underlying EPS declined from 53.3c to 37.4c during FY18, reflecting both the reduction in contributions from boutiques as well as a 53% increase in weighted average number of shares outstanding during the year.

For the details, please refer to the attached unaudited Preliminary Final Report for the year ended 30 June 2018.

| | Consolidated 2018 $ |
|---|---|
| Statutory net profit after tax attributable to the Group | 93,196,299 |
| Add/(deduct): Items that are non-recurring/non-cash | |
| - Gain on sale of investments in IML and Goodhart | (105,031,329) |
| - Income tax expense in relation to the sale of IML | 17,923,226 |
| - Impairment of AFS investments, associates and goodwill | 4,885,205 |
| - Loss on revaluation of investment held at FVTPL | 1,200,000 |
| - Adjustment in deferred commitments | (496,108) |
| - Fair value adjustments | 442,034 |
| - Liability related to S-class shares issued by Aperio | 12,904,542 |
| - Loss on extinguishment of X-RPUs | 844,242 |
| - Amortisation of identifiable intangible assets | 1,362,177 |
| - Deal costs and other legal and tax expenses including expenses in relation to sale of IML, Simplification and X-RPU restructuring (2017: Simplification) | 1,565,244 |
| - Long-term incentives amortisation | 1,380,497 |
| - Foreign currency losses | 2,638,552 |
| - Other expenses | 365,126 |
| - Share of non-controlling interests on the non-recurring/non-cash items | (576,273) |
| - GIC in relation to ATO tax payment arrangement | 435,353 |
| - Back-out Income tax (benefit) for non-recurring/non-cash items and simplification accounting | (15,201,807) |
| Total | (75,359,319) |
| Underlying net profit after tax | 17,836,980 |
| Underlying earnings per share (in cents) | 37.44 |
| Statutory earnings per share (in cents) | 194.41 |

## 3. **Income Statement** *(item 3)*

Refer to the attached statement

## 4. **Balance Sheet** *(item 4)*

Refer to the attached statement

## 5. **Statement of Cash Flows** *(item 5)*

Refer to the attached statement

## 6. Dividends *(item 6)*

| | Date of payment | Total amount of dividend |
|---|---|---|
| Interim dividend – year ended 30 June 2018 | - | |
| Final dividend – year ended 30 June 2018 | 15 October 2018 | $10,481,321 |

**Amount per security**

| | | Amount per security | Franked amount per security at 30% tax | Amount per security of foreign sourced dividend |
|---|---|---|---|---|
| **Total dividend:** | Current year | 22 cents | 100% | n/a |
| | Previous year | 18 cents | 100% | n/a |

**Total dividend on all securities**

| | Current period $A'000 | Previous corresponding Period - $A'000 |
|---|---|---|
| Ordinary securities (*each class separately)* | 10,481 | 8,576 |
| Preference securities (*each class separately)* | n/a | n/a |
| Other equity instruments *(each class separately)* | n/a | n/a |
| **Total** | **10,481** | **8,576** |

**7. Details of dividend or distribution reinvestment plans in operation are described below** *(item 7)***:**

| | |
|---|---|
| Not applicable. | |
| The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan | Not applicable |

**8. Statement of retained earnings** *(item 8)*

Refer Note 26 in the attached 30 June 2018 Annual Report.

**9. Net tangible assets per security** *(item 9)*

| | Current period | Previous corresponding period (restated) |
|---|---|---|
| Net tangible asset backing per ordinary security | $5.20 | $2.68 |

**10. Details of entities over which control has been gained or lost during the period:** *(item 10)*

**Control gained over entities**

| | |
|---|---|
| Name of entities *(item 4.1)* | NA |
| Date(s) of gain of control *(item 4.2)* | |

**Loss of control of entities**

| | |
|---|---|
| Name of entities *(item 4.1)* | |
| Date(s) of loss of control *(item 4.2)* | |
| Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was lost *(item 4.3).* | |
| Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period *(item 4.3)* | |

## 11. Details of joint venture/associates

| **Name of associates** | **% Securities held** |
|---|---|
| Aether GPs | 25.00 |
| AlphaShares, LLC | 36.53 |
| Aperio Group, LLC | 23.38 |
| Blackcrane Capital, LLC | 25.00 |
| Capital & Asset Management Group, LLC | 20.00 |
| Celeste Funds Management Limited | 27.48 |
| Freehold Investment Management Limited | 30.89 |
| Northern Lights Alternative Advisors Ltd | 29.87 |
| ROC Group | 17.59 |

**Aggregate share of profits of joint venture/associates**

| **Group's share of associates/joint venture:** | 2018 $'000 | 2017 $'000 |
|---|---|---|
| Profit/(loss) from ordinary activities before tax | (5,000) | 24,895 |
| Income tax on ordinary activities[1] | 626 | (7,909) |
| **Net profit/(loss) from ordinary activities after tax** | (4,374) | 16,986 |
| Adjustments | - | - |
| **Share of net profit/(loss) of associates/joint ventures:** | (4,374) | 16,986 |

[1] The loss from associates in 2018 was driven by the recognition of the S class shares at Aperio that have been valued based on the sale price.

**12. Significant information relating to the entity's financial performance and financial position.**

| |
|---|
| Refer note on results commentary. |

**13. The financial information provided in the Appendix 4E is based on the annual financial report (attached), which has been prepared in accordance with Australian accounting standards** *(item 13)***.**

**14. Commentary on the results for the period.**

| |
|---|
| Refer note on results commentary. |

**15. Audit of the financial report**

| |
|---|
| The financial report has not been audited. |

……………………………….
Mike Fitzpatrick
Chairman

31 August 2018

**Pacific Current Group Limited and controlled entities**

**ABN 39 006 708 792**

Preliminary Final Report (unaudited)
For the year ended 30 June 2018

**PACIFIC CURRENT GROUP LIMITED AND CONTROLLED ENTITIES**
**ABN 39 006 708 792**

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**PACIFIC CURRENT GROUP LIMITED AND CONTROLLED ENTITIES**
**ABN 39 006 708 792**

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
## FOR THE YEAR ENDED 30 JUNE 2018

| | Note | 2018<br>$ | 2017<br>(restated)*<br>$ |
|---|---|---|---|
| **Revenues** | | | |
| Revenue | 1 | **46,404,657** | 42,076,742 |
| Net gains on investments and financial liabilities | 1 | **102,987,087** | 3,532,658 |
| | | **149,391,744** | 45,609,400 |
| **Expenses** | | | |
| Salaries and employee benefits | 2 | **(22,648,597)** | (22,216,676) |
| Impairment expense | 2 | **(5,665,827)** | (81,607,935) |
| Other expenses | 2 | **(18,006,717)** | (11,819,654) |
| Depreciation and amortisation expense | 2 | **(1,613,379)** | (2,347,007) |
| Interest expense | 2 | **(1,674,141)** | (5,069,961) |
| | | **(49,608,661)** | (123,061,233) |
| Share of net (losses)/profits of associates accounted for using the equity method | 2 | **(4,373,554)** | 16,986,429 |
| **Profit/(loss) before income tax expense** | | **95,409,529** | (60,465,404) |
| Income tax expense | | **(2,213,230)** | (7,712,869) |
| **Profit/(loss) for the year** | | **93,196,299** | (68,178,273) |
| | | | |
| **Attributable to:** | | | |
| The members of the parent | | **92,620,026** | (53,791,858) |
| Non-controlling interests | 16 | **576,273** | (14,386,415) |
| | | **93,196,299** | (68,178,273) |
| | | | |
| **Earnings per share (cents per share):** | | | |
| - basic earnings/(loss) for the year attributable to ordinary equity holders of the parent | | **194.41** | (172.45) |
| - diluted earnings/(loss) for the year attributable to ordinary equity holders of the parent | | **194.41** | (172.45) |
| | | | |
| **Franked dividends paid per share (cents per share) for the year** | | **22** | 18 |

The accompanying notes form part of these consolidated financial statements.

*The consolidated statement of profit or loss for the year ended 30 June 2017 has been restated. Refer to Notes 17 for the explanation.

## PACIFIC CURRENT GROUP LIMITED AND CONTROLLED ENTITIES
## ABN 39 006 708 792

## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME (UNAUDITED)
## FOR THE YEAR ENDED 30 JUNE 2018

| | Note | 2018<br>$ | 2017<br>(restated)*<br>$ |
|---|---|---|---|
| **Profit/(loss) for the year** | | **93,196,299** | (68,178,273) |
| **Other comprehensive income/(loss):** | | | |
| Reversal of the share on net fair value gain on AFS financial assets derecognised during the year | 14 | - | 617,660 |
| | | - | 617,660 |
| *Items that may be reclassified subsequently to profit or loss* | | | |
| Change in fair value of AFS financial assets, net of income tax | 14 | **24,853,422** | 2,926,963 |
| Share of net fair value gain on AFS financial assets of an associate | 14 | - | 215,637 |
| Exchange differences on translating foreign operations | 14 | **12,015,708** | (6,791,386) |
| | | **36,869,130** | (3,648,786) |
| **Other comprehensive income for the year** | | **36,869,130** | (3,031,126) |
| **Total comprehensive income/(loss)** | | **130,065,429** | (71,209,399) |
| **Attributable to:** | | | |
| The members of the parent | | **129,493,757** | (56,874,438) |
| Non-controlling interests | | **571,672** | (14,334,961) |
| | | **130,065,429** | (71,209,399) |

The accompanying notes form part of these consolidated financial statements.
*The consolidated statement of other comprehensive income for the year ended 30 June 2017 has been restated. Refer to Notes 17 for the explanation.

**PACIFIC CURRENT GROUP LIMITED AND CONTROLLED ENTITIES**
**ABN 39 006 708 792**

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED) AS AT 30 JUNE 2018

| | Note | 2018 | 2017 (restated)* | 1 July 2016 (restated)* |
|---|---|---|---|---|
| | | **$** | $ | $ |
| **Current assets** | | | | |
| Cash and cash equivalents | 4 | **120,826,794** | 40,248,286 | 23,781,878 |
| Trade and other receivables | 5 | **9,134,499** | 6,726,673 | 8,193,029 |
| Loans and other receivables | 6 | **5,775,011** | 303,682 | - |
| Other assets | 7 | **5,441,551** | 2,606,694 | 2,017,151 |
| **Total current assets** | | **141,177,855** | 49,885,335 | 33,992,058 |
| **Non-current assets** | | | | |
| Loans and other receivables | 6 | **7,325,234** | 3,292,247 | 5,295,915 |
| Other financial assets | 8 | **75,115,604** | 52,874,338 | 60,812,382 |
| Investments in associates | 9 | **46,022,216** | 79,498,593 | 92,044,454 |
| Intangible assets | 10 | **104,825,559** | 102,409,990 | 175,790,348 |
| Other assets, property and equipment | 7 | **3,706,435** | 12,093,400 | 8,360,008 |
| **Total non-current assets** | | **236,995,048** | 250,168,568 | 342,303,107 |
| **Total assets** | | **378,172,903** | 300,053,903 | 376,295,165 |
| **Current liabilities** | | | | |
| Trade and other payables | 11 | **6,646,933** | 4,821,961 | 13,291,376 |
| Financial liabilities | 12 | **3,870,375** | 27,981,577 | 21,874,929 |
| Provisions | | **292,595** | 345,102 | 236,468 |
| Current tax liabilities | | **12,271,325** | 5,086,306 | 15,171,248 |
| **Total current liabilities** | | **23,081,228** | 38,234,946 | 50,574,021 |
| **Non-current liabilities** | | | | |
| Financial liabilities | 12 | **12,428,386** | 28,710,254 | 73,939,097 |
| Provisions | | **191,206** | 150,614 | 175,268 |
| Deferred tax liabilities | | **14,564,916** | 27,921,470 | 12,153,674 |
| **Total non-current liabilities** | | **27,184,508** | 56,782,338 | 86,268,039 |
| **Total liabilities** | | **50,265,736** | 95,017,284 | 136,842,060 |
| **Net assets** | | **327,907,167** | 205,036,619 | 239,453,105 |
| **Equity** | | | | |
| Share capital | 13 | **166,278,560** | 166,278,319 | 74,556,705 |
| Reserves | 14 | **64,797,941** | 26,543,713 | 28,504,228 |
| Retained earnings | 15 | **96,209,980** | 12,165,573 | (14,118,742) |
| Total equity attributable to owners of the Company | | **327,286,481** | 204,987,605 | 88,942,191 |
| Non-controlling interests | 16 | **620,686** | 49,014 | 150,510,914 |
| **Total equity** | | **327,907,167** | 205,036,619 | 239,453,105 |

The accompanying notes form part of these consolidated financial statements.
*The consolidated statement of financial position as at 30 June 2017 has been restated. Refer to Notes 17 for the explanation.

## PACIFIC CURRENT GROUP LIMITED AND CONTROLLED ENTITIES
## ABN 39 006 708 792

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
## FOR THE YEAR ENDED 30 JUNE 2018

| | Share Capital<br>$ | Reserves<br>$ | Retained earnings<br>$ | Non-controlling interests<br>$ | Total equity<br>$ |
|---|---|---|---|---|---|
| **Balance as at 1 July 2016** | | | | | |
| **As previously reported** | 74,556,705 | 21,401,642 | 91,471,250 | - | 187,429,597 |
| **Impact of restatement*** | - | 7,102,586 | (105,589,992) | 150,510,914 | 52,023,508 |
| **As restated** | 74,556,705 | 28,504,228 | (14,118,742) | 150,510,914 | 239,453,105 |
| **Loss for the year** | - | - | (53,791,858) | (14,386,415) | (68,178,273) |
| **Other comprehensive income:** | | | | | |
| (i) Net movement in investment revaluation reserve net of income tax | - | 695,484 | - | 3,064,776 | 3,760,260 |
| (ii) Net movement in foreign currency translation reserve | - | (3,777,654) | - | (3,013,732) | (6,791,386) |
| **Total comprehensive income for the year** | - | (3,082,170) | (53,791,858) | (14,335,371) | (71,209,399) |
| **Transactions with owners in their capacity as owners:** | | | | | |
| (i) Issuance of ordinary shares (Note 13) | 91,721,614 | - | - | - | 91,721,614 |
| (i) Recognition of non-controlling interest (Note 16) | - | - | - | 5,802,390 | 5,802,390 |
| (ii) Dividends paid | - | - | (1,406,298) | - | (1,406,298) |
| (iii) Acquisition of non-controlling interest (Note 13) | - | - | 81,482,471 | (141,928,919) | (60,446,448) |
| (iv) Share based payments expensed (Note 14) | - | 1,121,655 | - | - | 1,121,655 |
| **Total transactions with owners in their capacity as owners** | 91,721,614 | 1,121,655 | 80,076,173 | (136,126,529) | 36,792,913 |
| **Balance as at 30 June 2017** | 166,278,319 | 26,543,713 | 12,165,573 | 49,014 | 205,036,619 |

The accompanying notes form part of these consolidated financial statements.

*The consolidated statement of changes in equity for the year ended 30 June 2017 has been restated. Refer to Notes 17 for the explanation.

**PACIFIC CURRENT GROUP LIMITED AND CONTROLLED ENTITIES**
**ABN 39 006 708 792**

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
## FOR THE YEAR ENDED 30 JUNE 2018

| | Share capital $ | Reserves $ | Retained earnings $ | Non-controlling interests $ | Total equity $ |
|---|---|---|---|---|---|
| **Balance as at 1 July 2017** | | | | | |
| **As previously reported** | **166,278,319** | **7,958,207** | **100,693,841** | **253,809** | **275,184,176** |
| **Impact of restatement*** | **-** | **18,585,506** | **(88,528,268)** | **(204,795)** | **(70,147,557)** |
| **As restated** | **166,278,319** | **26,543,713** | **12,165,573** | **49,014** | **205,036,619** |
| **Profit for the year** | **-** | **-** | **92,620,026** | **576,273** | **93,196,299** |
| **Other comprehensive income/(loss):** | | | | | |
| (i) Net movement in investment revaluation reserve net of income tax | **-** | **24,853,422** | **-** | **-** | **24,853,422** |
| (ii) Net movement in foreign currency translation reserve | **-** | **12,020,309** | **-** | **(4,601)** | **12,015,708** |
| **Total comprehensive income for the year** | **-** | **36,873,731** | **92,620,026** | **571,672** | **130,065,429** |
| **Transactions with owners in their capacity as owners:** | | | | | |
| (i) Issuance of ordinary shares (Note 13) | **241** | **-** | **-** | **-** | **241** |
| (ii) Dividends paid | **-** | **-** | **(8,575,619)** | **-** | **(8,575,619)** |
| (iii) Share based payments expensed (Note 14) | **-** | **1,380,497** | | **-** | **1,380,497** |
| **Total transactions with owners in their capacity as owners** | **241** | **1,380,497** | **(8,575,619)** | **-** | **(7,194,881)** |
| **Balance as at 30 June 2018** | **166,278,560** | **64,797,941** | **96,209,980** | **620,686** | **327,907,167** |

The accompanying notes form part of these consolidated financial statements.
*The consolidated statement of changes in equity for the year ended 30 June 2017 has been restated. Refer to Notes 17 for the explanation.

# PACIFIC CURRENT GROUP LIMITED AND CONTROLLED ENTITIES
# ABN 39 006 708 792

## CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
## FOR THE YEAR ENDED 30 JUNE 2018

| | Note | 2018<br>$ | 2017<br>(restated)*<br>$ |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Receipts from customers | | **36,904,020** | 38,743,496 |
| Payments to suppliers and employees | | **(29,867,151)** | (38,941,931) |
| Dividends and distributions received | | **18,585,663** | 12,325,421 |
| Interest received | | **1,075,396** | 953,109 |
| Interest paid | | **(1,101,963)** | (1,856,035) |
| Income tax paid | | **(5,313,242)** | (10,646,928) |
| **Net cash provided by operating activities** | 4(b) | **20,282,723** | 577,132 |
| **Cash flow from investing activities** | | | |
| Proceeds from sale of associates | | **110,065,290** | 8,802,078 |
| Repayment of loans by associates | | **3,675,825** | 1,864,984 |
| Payments for the purchase of associates | | **(2,723,918)** | (20,447,966) |
| Additional contributions to associates | | **(143,744)** | (1,259,482) |
| Receipts of funds previously held in escrow | | **6,513,770** | - |
| Increase in loans and receivables | | **(3,039,870)** | - |
| Payments for the purchase of AFS investment | | **(1,749,767)** | (3,869,411) |
| Proceeds from sale of AFS investment | | **-** | 1,664,052 |
| Additional loans to associates | | **-** | (164,998) |
| Payment for the purchase of plant and equipment | | **(1,088,120)** | (416,244) |
| **Net cash provided/(used in) by investing activities** | | **111,509,466** | (13,826,987) |
| **Cash flow from financing activities** | | | |
| Proceeds from issuance of shares (net of transaction costs) | | **241** | 31,275,166 |
| Proceeds from borrowing | | **-** | 12,820,533 |
| Dividends paid | | **(8,575,619)** | (1,406,298) |
| Repayments of financial liabilities | | **(42,429,814)** | (13,157,179) |
| **Net cash (used in)/provided by financing activities** | | **(51,005,192)** | 29,532,222 |
| **Net increase in cash and cash equivalents held** | | **80,786,997** | 16,282,367 |
| Cash at beginning of the financial year | | **40,248,286** | 23,781,878 |
| Unrealised foreign exchange difference in cash | | **(208,489)** | 184,041 |
| **Cash at end of financial year** | 4(a) | **120,826,794** | 40,248,286 |
| **Non-cash investing and financing activities** | | | |
| Financing activities | 4(c) | **-** | 66,242,567 |
| | | **-** | 66,242,567 |

The accompanying notes form part of these consolidated financial statements.
*The consolidated statement of cash flows for the year ended 30 June 2018 has been restated. Refer to Notes 17 for the explanation.

**PACIFIC CURRENT GROUP LIMITED AND CONTROLLED ENTITIES**
**ABN 39 006 708 792**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**
**FOR THE YEAR ENDED 30 JUNE 2018**

| | 2018 | 2017 (restated) |
|---|---|---|
| | $ | $ |
| **NOTE 1: REVENUES** | | |
| Revenue | | |
| - Fund management fee | **30,919,740** | 32,593,953 |
| - Service fees | **75,891** | 74,113 |
| | **30,995,631** | 32,668,066 |
| Other revenue | | |
| - Dividends and distributions | | |
| - Dividends | **5,292,712** | 2,270,317 |
| | **5,292,712** | 2,270,317 |
| - Interest income | | |
| - Related parties - associates | **178,214** | 656,236 |
| - Other persons/corporations | **1,411,546** | 374,483 |
| | **1,589,760** | 1,030,719 |
| - Other income | | |
| - Commission revenue | **6,251,298** | 1,956,595 |
| - Retainer revenue | **186,655** | 259,824 |
| - Rental income | **30,182** | 77,906 |
| - Adjustment in deferred commitments | **491,719** | 1,498,567 |
| - Gain from termination of lease | **-** | 779,724 |
| - Sundry income | **1,566,700** | 1,535,024 |
| | **8,526,554** | 6,107,640 |
| Total revenues | **46,404,657** | 42,076,742 |
| Net gains on investments and financial liabilities | | |
| - Gain on sale of investments (refer to Note 9(b)) | **105,031,330** | 486,750 |
| - Loss on revaluation of financial assets at FVTPL | **(1,200,000)** | (14,850,000) |
| - Loss on redemptions and cancellation of X-RPUs | **(844,243)** | - |
| - Gain on revaluation of X-RPUs | **-** | 17,845,924 |
| - Others | **-** | 49,984 |
| Total net gains on investments/financial liabilities | **102,987,087** | 3,532,658 |

| | 2018 | 2017 (restated) |
|---|---|---|
| | $ | $ |
| **NOTE 2: EXPENSES AND SHARE IN PROFITS/(LOSSES)** | | |
| **Profit/(loss) before income tax has been determined after:** | | |
| **(a) Salaries and employee benefits:** | | |
| - Salaries and employee benefits | **21,268,100** | 21,095,021 |
| - Share-based payment expense arising from equity-settled share-based payment transactions | **1,380,497** | 1,121,655 |
| **Total salaries and employee benefits** | **22,648,597** | 22,216,676 |
| **(b) Impairment expenses:** | | |
| - Aether Investment Partners, LLC (Aether)[1] | **-** | 51,318,027 |
| - Blackcrane Capital LLC[2] | **-** | 3,699,459 |
| - Goodhart Partners, LLP[2] | **-** | 14,564 |
| - Global Value Investors Ltd (GVI)[2] | **-** | 245,932 |
| - Nereus Holdings LP (Nereus)[3] | **780,622** | 7,647,989 |
| - Northern Lights Alternative Advisors Ltd (NLAA)[2] | **4,817,853** | 2,404,121 |
| - Raven Capital Management LLC (Raven)[2] | **67,352** | 417,705 |
| - Seizert Capital Partners (Seizert)[2] | **-** | 15,860,138 |
| **Total impairment expenses** | **5,665,827** | 81,607,935 |
| **(c) Other expenses:** | | |
| - Accounting and audit fees | **2,003,521** | 1,934,363 |
| - Commission and marketing expenses | **3,254,976** | 180,624 |
| - Directors' fees | **405,000** | 476,777 |
| - Insurance expenses | **1,208,239** | 1,348,492 |
| - Legal and compliance fees | **2,759,750** | 3,803,844 |
| - Net foreign exchange loss/(gain) | **2,638,552** | (1,419,589) |
| - Operating lease rental – minimum lease payments | **1,171,420** | 1,473,405 |
| - Payroll tax | **108,263** | 83,435 |
| - Share registry and ASX fees | **157,834** | 219,427 |
| - Travel and accommodation costs | **1,164,629** | 2,073,734 |
| - Other expenses | **3,134,533** | 1,645,142 |
| **Total other expenses** | **18,006,717** | 11,819,654 |

[1] In prior year, this was due to the fund size which was lower than originally expected.

[2] For the current year, these were driven by delays in the receipt of Funds Under Advice for NLAA and change in discount rate from 8% to 9.03% to determine the net present value of future payments from Raven. In prior year, the other impairments were driven by FUM outflow, or delays in launching funds.

[3] This was due to the delay in the commissioning projects and the failure to secure additional projects in the time expected.

| | 2018<br>$ | 2017<br>(restated)<br>$ |
|---|---|---|
| **NOTE 2: EXPENSES AND SHARE IN PROFITS/(LOSSES) (CONTINUED)** | | |
| **(d) Depreciation and amortisation expenses:** | | |
| - Depreciation expense | **251,202** | 303,355 |
| - Amortisation of management rights | **1,362,177** | 1,886,099 |
| - Amortisation of client relationships | **-** | 157,553 |
| **Total depreciation and amortisation expenses** | **1,613,379** | 2,347,007 |
| **(e) Interest expense:** | | |
| - Notes payable - Seizert | **1,125,358** | 1,569,243 |
| - Unwinding of discount on the retention payments to RARE | **106,749** | 191,413 |
| - X-RPUs | **442,034** | 1,443,020 |
| - East West debt facility | **-** | 1,856,035 |
| - Other | **-** | 10,250 |
| **Total interest expense** | **1,674,141** | 5,069,961 |
| **Total expenses** | **49,608,661** | 123,061,233 |
| **(f) Share of net (losses)/profits of equity accounted investments:** | | |
| - Share in net (losses)/profits from associates | **(4,373,554)** | 16,986,429 |
| **Total share of net (losses)/profits of equity accounted investments** | **(4,373,554)** | 16,986,429 |

**NOTE 3: SEGMENT INFORMATION**

**(a) Reportable segments**

Information reported to the Company's Board of Directors as chief operating decision maker (CODM) for the purposes of resource allocation and assessment of performance is focused on the profit/(loss) after tax earned by each segment.

As at 30 June 2018, the Group's reportable segments under AASB 8 'Operating Segments' are as follows:

- Core boutiques (include Seizert and Aether which are being consolidated; Aperio and IML as equity accounted investments and RARE as FVTPL investment).
- Growth boutiques (include ROC Group and Blackcrane as equity accounted investments and EAM and GQG as AFS investments)
- Other boutiques (Strategic Capital Investments, LLP (SCI)) which is consolidated and all other equity accounted investments)

Core boutiques include holdings in larger strategic partnerships with well established businesses with a relatively stable/growing earnings contribution.

Growth boutiques include smaller capital commitments compared to core boutiques. These are highly scalable opportunities, though generally riskier than core holdings. Early stage managers offer the ability for rapid growth and value creation.

Other boutiques vary considerably, same as early stage businesses, and contributes less earnings than Core boutiques.

**NOTE 3: SEGMENT INFORMATION (CONTINUED)**

**(b) Segment revenues and results**

The following is an analysis of the Group's revenues and results by reportable segments:

| | **Segment revenue for the year** | | **Share of net profits of equity accounted investments for the year** | | **Segment profit/(loss) after tax for the year** | |
|---|---|---|---|---|---|---|
| | **2018** | 2017 (restated) | **2018** | 2017 (restated) | **2018** | 2017 (restated) |
| | **$** | **$** | **$** | **$** | **$** | **$** |
| Core boutiques | **29,939,912** | 20,119,920 | **(6,080,945)** | 15,463,545 | **9,695,876** | (60,344,059) |
| Growth boutiques | **10,410,630** | 376,936 | **439,457** | 363,450 | **13,746,268** | (8,328,251) |
| Other boutiques | **1,857,961** | 2,252,016 | **1,267,934** | 1,159,434 | **(3,644,993)** | (5,680,499) |
| | **42,208,503** | 22,748,872 | **(4,373,554)** | 16,986,429 | **19,797,151** | (74,352,809) |
| Central administration | **107,183,241** | 22,860,528 | **-** | - | **73,399,148** | 6,174,536 |
| Total per consolidated statement of profit or loss | **149,391,744** | 45,609,400 | **(4,373,554)** | 16,986,429 | **93,196,299** | (68,178,273) |
| **Central administration consists of:** | | | | | | |
| Gain on sale of IML[1] | **104,292,733** | - | **-** | - | **104,292,733** | - |
| Gain on sale of Goodhart | **738,597** | - | **-** | - | **738,597** | - |
| Interest income | **1,012,700** | 457,788 | **-** | - | **1,012,700** | 457,788 |
| Commission and distribution income | **260,390** | 1,950,597 | **-** | - | **260,930** | 1,950,597 |
| Loss on redemption and cancellation of X-RPUs | **(844,243)** | - | **-** | - | **(844,243)** | - |
| Gain on revaluation of X-RPUs | **-** | 17,845,924 | **-** | - | **-** | 17,845,924 |
| Gain from termination of lease | **-** | 779,724 | **-** | - | **-** | 779,724 |
| Retainer revenue | **-** | 259,824 | **-** | - | **-** | 259,824 |
| Sundry | **1,723,064** | 1,566,671 | **-** | - | **1,723,064** | 1,566,671 |
| Salaries and employee benefits expenses | **-** | - | **-** | - | **(10,346,640)** | (9,549,560) |
| Foreign exchange loss | **-** | - | **-** | - | **(2,691,080)** | - |
| Interest expense on X-RPUs and subleases | **-** | - | **-** | - | **(442,034)** | (1,443,020) |
| Interest expense on East West debt facility | **-** | - | **-** | - | **-** | (1,856,035) |
| Depreciation expense | **-** | - | **-** | - | **(211,175)** | (252,526) |
| Other operational expenses | **-** | - | **-** | - | **(11,122,338)** | (7,864,086) |
| Income tax expense/(benefit) | **-** | - | **-** | - | **(8,970,826)** | 4,279,235 |
| | **107,183,241** | 22,860,528 | **-** | - | **73,399,148** | 6,174,536 |

[1] The gain on sale of IML and the related income tax expense is classified under central administration. The allocated income tax expense does not necessarily reconcile back to the income tax expense as per the profit and loss.

**NOTE 3: SEGMENT INFORMATION (CONTINUED)**

**(b) Segment revenues and results (Continued)**

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit after tax earned by each segment without allocation of central administration costs. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

**(c) Segment assets and liabilities**

| | **Segment assets at end of the financial year** | | **Segment liabilities at end of the financial year** | |
|---|---|---|---|---|
| | **2018** | 2017 (restated) | **2018** | 2017 (restated) |
| | **$** | $ | **$** | $ |
| Core boutiques | **173,146,534** | 210,233,713 | **24,712,867** | 53,465,557 |
| Growth boutiques | **63,722,515** | 39,939,654 | **7,421,206** | 11,889,413 |
| Other boutiques | **8,071,969** | 18,309,072 | **(229,639)** | 372,371 |
| | **244,941,018** | 268,482,439 | **31,904,434** | 65,727,341 |
| Central administration | **133,231,885** | 31,571,464 | **18,361,302** | 29,289,943 |
| Total per consolidated statement of financial position | **378,172,903** | 300,053,903 | **50,265,736** | 95,017,284 |
| **Central administration consists of:** | | | | |
| Cash and cash equivalents | **112,960,112** | 23,221,622 | **-** | - |
| Trade and other receivables | **2,596,896** | 1,452,217 | **-** | - |
| Current and non-current loan and receivables | **10,093,666** | - | **-** | - |
| Prepayments | **831,262** | 1,224,226 | **-** | - |
| Other receivables | **4,329,937** | 3,917,420 | **-** | - |
| Other current and non-current assets | **1,020,972** | 1,289,448 | **-** | - |
| Plant and equipment | **1,399,041** | 466,531 | **-** | - |
| Trade creditors, provisions and other payables | | - | **5,533,590** | 3,631,011 |
| X- RPU liability | | - | **-** | 26,040,479 |
| Current and non-current sublease liability | | - | **667,538** | 820,793 |
| Current and non-current provision for annual leave and long service leave | | - | **483,801** | 495,716 |
| Provision for income tax | | - | **12,271,325** | 5,086,306 |
| Net deferred tax assets/(liabilities) | | - | **(594,953)** | (6,784,362) |
| | **133,231,885** | 31,571,464 | **18,361,302** | 29,289,943 |

| | **2018** | 2017 (restated) |
|---|---|---|
| | **$** | $ |
| **Segment net assets at end of the financial year** | | |
| Core boutiques | **149,433,667** | 156,768,156 |
| Growth boutiques | **56,301,309** | 28,050,241 |
| Other boutiques | **8,301,608** | 17,936,701 |
| | **213,036,584** | 202,755,098 |
| Central administration | **114,870,583** | 2,281,521 |
| Total per consolidated statement of financial position | **327,907,167** | 205,036,619 |

**NOTE 3: SEGMENT INFORMATION (CONTINUED)**

**(d) Other segment information**

| | **2018** | 2017 (restated) |
|---|---|---|
| | **$** | $ |
| **Depreciation and amortisation of segment** | | |
| Core boutiques | **1,399,366** | 2,092,303 |
| Growth boutiques | **-** | - |
| Other boutiques | **2,839** | 2,178 |
| | **1,402,205** | 2,094,481 |
| Central administration | **211,174** | 252,526 |
| Total per consolidated statement of profit or loss | **1,613,379** | 2,347,007 |

**(e) Geographical information**

| **2018** | Core boutiques | Growth boutiques | Other boutiques | Unallocated | Total |
|---|---|---|---|---|---|
| **Revenues** | $ | $ | $ | $ | $ |
| Australia | **623,148** | **164,430** | **40,435** | **104,756,903** | **105,584,916** |
| US | **29,316,764** | **10,246,200** | **3,503** | **2,426,338** | **41,992,805** |
| UK | **-** | **-** | **1,814,023** | **-** | **1,814,023** |
| **Share in net profits/(losses)** | | | | | |
| Australia | **2,132,784** | **229,928** | **302,022** | **-** | **2,664,734** |
| US | **(8,213,729)** | **209,529** | **545,216** | **-** | **(7,458,984)** |
| UK | **-** | **-** | **420,696** | **-** | **420,696** |
| **Profit/(loss) after tax** | | | | | |
| Australia | **2,649,183** | **394,358** | **301,957** | **86,823,652** | **90,169,150** |
| US | **7,046,693** | **13,351,910** | **(1,096,329)** | **(13,424,504)** | **5,877,770** |
| UK | **-** | **-** | **(2,850,621)** | **-** | **(2,850,621)** |

| **2017** | Core boutiques | Growth boutiques | Other boutiques | Unallocated | Total |
|---|---|---|---|---|---|
| **Revenues** | $ | $ | $ | $ | $ |
| Australia | (10,882,950) | 376,936 | 765,600 | 19,257,679 | 9,517,265 |
| US | 31,002,870 | - | 838,423 | 3,602,849 | 35,444,142 |
| UK | - | - | 647,993 | - | 647,993 |
| **Share in net profits/(losses)** | | | | | |
| Australia | 10,467,447 | 363,450 | 403,312 | - | 11,234,209 |
| US | 4,996,098 | - | (147,628) | - | 4,848,470 |
| UK | - | - | 903,750 | - | 903,750 |

| | 2018 | 2017 (restated) |
|---|---|---|
| | $ | $ |

## NOTE 3: SEGMENT INFORMATION (CONTINUED)

### (e) Geographical information (Continued)

| 2017 | Core boutiques | Growth boutiques | Other boutiques | Unallocated | Total |
|---|---|---|---|---|---|
| **Profit/(loss) after tax** | $ | $ | $ | $ | $ |
| Australia | 2,238,907 | 761,885 | 829,529 | 12,800,295 | 16,630,616 |
| US | (62,582,966) | (9,090,136) | (4,994,855) | (6,625,759) | (83,293,716) |
| UK | - | - | (1,515,173) | - | (1,515,173) |

Other than Australia and US, no other country represents more than 10% of revenue for the Group and its associates.

### (f) Information about major customers

No individual customer represents more than 10% of revenue for the Group and its associates.

## NOTE 4: CASH AND CASH EQUIVALENTS

| | 2018 | 2017 |
|---|---|---|
| | $ | $ |
| Cash at bank and on hand[1] | **120,826,794** | 32,322,411 |
| Restricted cash[2] | **-** | 7,925,875 |
| | **120,826,794** | 40,248,286 |

[1] Cash at bank and on hand includes a term deposit amounting to $20 million that is maturing on 5 October 2018 and net of a bank overdraft amounting to $9,269,171.

[2] The restricted cash refered to the cash held in escrow for the benefit of the Trust as part of the agreement when the Trustee issued the notes (Notes payable - Seizert) to the former owners of Seizert as part of the consideration for the acquisition by Midco for the equity interest in Seizert.

Under the promissory note, in the event the Trustee sells a material asset, or strategy or receives a distribution with respect to a sale of a material asset or strategy, then the Trustee will deposit the lesser of 1) Cash Obligations or (2) 10% of the net proceeds from such sale, up to the total amount of cash obligations, into an interest bearing separate account held for the benefit of the Trust. Cash obligations mean all obligations at the applicable time, less the amount of securities obligations, at the applicable time, in all cases minus any amounts set-off. The sale of the 75% of the equity previously held by the Trust in RARE in October of 2015 was considered a sale of a material asset.

On 12 August 2017, the restricted cash held in escrow amounting to US$6,083,938 was released and paid to the holders of Seizert notes payable as an initial payment on the notes.

### (a) Reconciliation of cash

Cash at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to the related items in the consolidated statement of financial position as follows:

| | 2018 | 2017 |
|---|---|---|
| Cash and cash equivalents | **120,826,794** | 40,248,286 |

| | 2018<br>$ | 2017<br>(restated)<br>$ |
|---|---|---|

## NOTE 4: CASH AND CASH EQUIVALENTS (CONTINUED)

### (b) Reconciliation of cash flow from operations with profit after income tax

| | 2018 $ | 2017 (restated) $ |
|---|---|---|
| Profit/(loss) from ordinary activities after income tax | **93,196,299** | (68,178,272) |
| **Adjustments and non-cash items:** | | |
| Dividends received from associates | **13,365,545** | 10,055,104 |
| Non-operating foreign exchange transactions | **7,160,502** | (3,754,755) |
| Impairment of assets | **5,665,827** | 81,607,935 |
| Share of net loss/(profit) from associates | **4,373,554** | (16,986,429) |
| Depreciation and amortisation expense | **1,613,379** | 2,347,007 |
| Share based payments | **1,380,497** | 1,121,655 |
| Non-operating interest expense | **548,783** | 3,213,926 |
| Non-operating lease expense | **30,215** | 882,494 |
| Minority interest non-cash distributions from the Trust | **-** | 5,796,119 |
| Write-off of plant and equipment | **-** | 595,333 |
| Net gains on investments | **(102,987,087)** | (3,532,657) |
| Adjustment in deferred commitments | **(491,719)** | (1,498,567) |
| Non-operating interest income | **(480,907)** | (77,610) |
| **Changes in operating assets and liabilities:** | | |
| (Increase)/decrease in trade and other receivables | **(2,407,826)** | 1,466,356 |
| Decrease/(increase) in other assets | **288,176** | (820,381) |
| Increase/(decrease) in trade and other payables | **1,824,971** | (8,469,415) |
| Increase/(decrease) in current tax liabilities | **7,185,019** | (10,084,942) |
| Net (increase) in deferred taxes | **(9,970,591)** | 6,810,251 |
| (Decrease)/increase in provisions | **(11,915)** | 83,980 |
| Cash flows from operating activities | **20,282,723** | 577,132 |

### (c) Non-cash investing and financing activities

| | 2018 $ | 2017 (restated) $ |
|---|---|---|
| Financing activities | | |
| Issuance of units in the Trust to the minority interests | **-** | 5,796,119 |
| Issuance of ordinary shares in exchange for the remaining units of the Trust | **-** | 60,446,448 |
| | **-** | 66,242,567 |

### (d) Bank facility

The Group has a bank facility of $15,000,000 of which $9,269,171 was utilised as at 30 June 2018.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**
**FOR THE YEAR ENDED 30 JUNE 2018**

| | 2018 | 2017 (restated) |
|---|---|---|
| | $ | $ |
| **NOTE 5: TRADE AND OTHER RECEIVABLES** | | |
| **CURRENT** | | |
| Trade receivables | 8,595,658 | 6,531,277 |
| Dividends receivable - associate | 72,594 | - |
| Sundry receivables | 466,247 | 195,396 |
| | 9,134,499 | 6,726,673 |

Trade receivables are non-interest bearing and generally on 30-day terms.

**(a) Allowance for impairment loss**

Trade and other receivables ageing analysis at 30 June is:

| | Gross 2018 | Gross 2017 |
|---|---|---|
| | $ | $ |
| Not past due | 9,033,995 | 6,726,673 |
| Past due 31-60 days | 80,693 | - |
| Past due 61-90 days | 11,090 | - |
| Past due more than 91 days | 8,721 | - |
| | 9,134,499 | 6,726,673 |

## NOTE 6: LOANS AND OTHER RECEIVABLES

| | **2018** $ | 2017 (restated) $ |
|---|---|---|
| **CURRENT** | | |
| Receivable due from other party[1] | **5,046,233** | - |
| Receivable from EAM Global investment team[2] | **686,510** | - |
| Loans receivable due from associates[3] | **42,268** | - |
| Advances to other related party[4] | **-** | 303,682 |
| | **5,775,011** | 303,682 |
| **NON-CURRENT** | | |
| Receivable due from other party[1] | **5,046,233** | - |
| Receivable from EAM Global investment team[2] | **2,279,001** | - |
| Loans receivable due from associates[3] | **-** | 3,292,247 |
| | **7,325,234** | 3,292,247 |

All amounts are not considered past due or impaired.

[1] This is the retention amount held in escrow relating to the sale of IML.

[2] On 21 February 2018, the Group provided financing of US$2,250,000 to the EAM Global management team a six-year term loan with interest of 10% per annum to help the EAM Global management team to finance the repurchase of EAM equity from an outside shareholder.

[3] The loans receivable from associates represent the loans to Alphashares and ROC. The loan to Alphashares bears a compounded interest rate of 7%. The loan to ROC had a maturity date of five (5) years from first drawdown date which was 29 May 2014 and interest rate of 8%. This was repaid in full as at 30 June 2018.

[4] The advances to other related party of $303,682 had been received as at 30 June 2018. Interest rate on the advances was 8%.

| | **2018** | 2017 (restated) |
|---|---|---|
| | **$** | $ |
| **NOTE 7: OTHER ASSETS** | | |
| **CURRENT** | | |
| Prepayments | **2,159,726** | 2,359,907 |
| Receivable from Raven[1] | **2,836,021** | - |
| Sublease receivable | **269,786** | 232,091 |
| Other current assets | **176,018** | 14,696 |
| | **5,441,551** | 2,606,694 |
| **NON-CURRENT** | | |
| Receivable from Raven[1] | **1,493,916** | 3,917,420 |
| Sublease receivable | **533,010** | 719,334 |
| Security deposit - HSBC escrow account[2] | **-** | 6,513,770 |
| Other security deposits and assets | **280,468** | 381,156 |
| Plant and equipment | **1,399,041** | 561,720 |
| | **3,706,435** | 12,093,400 |

[1] This is the earn-out component as part of the consideration on the sale of the investment in Raven on 14 October 2016. The earn-out is based on a percentage of the management fees earned by Raven on the new FUM. Payments will be calculated quarterly until the US$3,500,000 earn-out cap is met. The earn-out was discounted by using 9.03% (2017: 8%) rate to determine the net present value of the future payments from Raven.

[2] Pursuant to and in connection with the Aurora Share Subscription and Assignment Deed, dated 28 July 2015, by and between Hareon Solar Singapore Private Limited (Hareon), the Trustee, Nereus Capital Investments (Singapore) Pte. Ltd (NCI), and Nereus, Holdings LP, (Nereus), the Trust agreed to make a contingent “Additional Contribution” to NCI of up to US$25,000,000. This Additional Contribution can be drawn by NCI only to fund the exercise of the Put Option, which is held by Hareon, when and if it is exercised. The exercise of the put option and the potential $25.0 million contingent additional contribution have been factored in the fair value calculation of Nereus. Pursuant to the Shareholders’ Deed, dated 28 July 2015, Hareon may put its Class H Shares back to NCI at the “Put Option Price” any time within 60 days following the sixth anniversary of the commissioning of the first solar project sponsored by NCI, which occurred in June 2016. NCI currently expects to redeem all Class H Shares in the next twelve months through the proceeds of a sale of the solar assets held by NCI. Nereus was accounted as AFS investment.

| | 2018 | 2017 (restated) |
|---|---|---|
| | **$** | $ |
| **NOTE 8: OTHER FINANCIAL ASSETS** | | |
| **NON-CURRENT** | | |
| **Financial assets at FVTPL** | | |
| Investment in RARE Infrastructure Ltd (RARE)[1] | **21,500,000** | 22,700,000 |
| **AFS investments** | | |
| Investment in EAM[2] | **10,128,893** | 9,200,000 |
| Investment in GQG[3] | **43,486,712** | 20,974,338 |
| Investment in Nereus[4] | **-** | - |
| Total available-for-sale financial assets | **53,615,604** | 30,174,338 |
| **Total other financial assets** | **75,115,604** | 52,874,338 |

[1] Investment held at FVTPL represents 10% interest in RARE subject to a two-year differentiated option pricing: call option by Legg Mason at a fixed multiple of RARE revenues or put option by the Trust at 'fair market value' and an earn-out arrangement. The fair value as at 30 June 2018 was based on midpoint valuation of the independent parties appointed by Legg Mason and the Group. The fair value as at 30 June 2017 was based on net present value of the discounted cash flows of this investment.

[2] EAM Investors, LLC (EAM), founded in July 2007 is organised as a California Limited Liability Company. EAM Global Investors LLC (EAM Global), founded in March 2014 is organised as a Delaware Limited Liability Company. EAM and EAM Global collectively (the EAM) comprise a privately-owned investment advisor with EAM and EAM Global each individually being registered with the U.S. Securities and Exchange Commission. EAM offers investment advisory services on a discretionary basis to mutual funds, private pools, pension and profit sharing plans, trusts, estates, and charitable organisations. Client relationship asset levels generally range between $5 million and $150 million. The EAM generates the majority of its revenues by providing advisory services to domestic customers. Fees for such services are asset based and as a result, the EAM's revenues are variable and subject to market volatility.

On 21 February 2018, the Group acquired an additional 3.75% in EAM for a consideration of $750,000 and two deferred payments based on 2% and 1% of EAM's gross revenues as at 31 March 2022 and 31 March 2023, respectively. Ownership in EAM has increased to 18.75%. The share of the deferred commitments were recorded as part of financial liabilities (refer to Note 12) with a balance of $2,045,000 as at 30 June 2018 (2017: $3,589,920).

[3] GQG Partners, LLC (GQG) was formed on April 4, 2016 in the state of Delaware as a limited liability company. GQG is registered with the Securities and Exchange Commission as an investment advisor and provides investment advisory and asset management services to a number of investment funds and managed accounts for US and Non-US investors. The Company acts as investment manager for GQG Partners International Equity Fund, GQG Partners Global Equity Fund, GQG Partners Emerging Markets Equity Fund as well as two mutual funds that invest in global and emerging markets equities.

[4] The Group owns interests in Nereus, a private equity firm based in India focused on renewable energy assets, and in NCI. The fair value as at 30 June 2018 was based on net present value of the discount cash flows of this investment. During the year and in the prior year, additional investments in Nereus were fully impaired.

| | **2018** | 2017 (restated) |
|---|---|---|
| | **$** | $ |
| **NOTE 9: INVESTMENTS IN ASSOCIATES** | | |
| **NON-CURRENT** | | |
| Investments in associates | **46,022,216** | 79,498,593 |

**(a) Name of associates**

| **Associates** | **Reportable segments** | **Principal activity** | **Ownership interest 2018% %** | **2017 %** | **Place of incorporation and operation** |
|---|---|---|---|---|---|
| Aether GPs[1] | Other | Funds Management | **25.00** | 25.00 | USA |
| AlphaShares, LLC[2] | Other | Funds Management | **36.53** | 36.53 | USA |
| Aperio Group, LLC[3] | Core | Funds Management | **23.38** | 23.38 | USA |
| Blackcrane Capital, LLC[4] | Growth | Funds Management | **25.00** | 25.00 | USA |
| Capital & Asset Management Group, LLC[5] | Other | Funds Management | **20.00** | - | USA/UK |
| Celeste Funds Management Limited - ordinary shares[6] | Other | Funds Management | **27.48** | 27.48 | Australia |
| Freehold Investment Management Limited – ordinary shares[7] | Other | Funds Management | **30.89** | 30.89 | Australia |
| Goodhart Partners, LLP (UK)[8] | Other | Funds Management | **-** | 18.81 | USA/UK |
| Investors Mutual Ltd – ordinary shares[9] | Core | Funds Management | **-** | 45.44 | Australia |
| Northern Lights Alternative Advisors Ltd[10] | Other | Funds Management | **29.87** | 29.87 | UK |
| ROC Group[11] | Growth | Funds Management | **17.59** | 17.59 | Australia |

[1] Aether Real Assets GP I, LLC, Aether Real Assets GP II, LLC, Aether Real Assets GP III, LLC, Aether Real Assets III Surplus GP, LLC (collectively the Aether GPs) are the General Partners of Aether Real Assets I, L.P., Aether Real Assets II, L.P., Aether Real Assets III, L.P., and Aether Real Assets III Surplus, L.P. (collectively the Funds). The Aether GPs are responsible for the operation of the Funds and the conduct and management of its business.

[2] AlphaShares, LLC provides investors with direct exposure to Chinese markets primarily through a series of China indexes.

[3] Aperio, based in Sausalito, California is an investment management firm with highly customised index-based portfolios using Aperio's expertise in tax management, factor tilts and passive investments. It is a pioneer in designing and managing custom portfolios to track index benchmarks or deliver targeted risk, factor, geographic, or industry exposures, customised to a client's specific tax situation, values and/ or desired economic exposure. Aperio works with both taxable and tax-exempt investors to track a broad range of USA and international indexes. The Trust holds two of six board seats at Aperio. On 8 August 2018, the Group sold its interest in Aperio for a net proceeds of US$73,000,000 to Golden Gate Capital.

[4] Blackcrane Capital, LLC is boutique asset management firm focusing on global and international equities.

[5] Capital & Asset Management Group (CAMG) is a private infrastructure investment firm based in London and Washington DC. On 6 April 2018, the Group acquired 20% equity ownership in CAMG for an initial consideration of GBP1,500,000 with a capital commitment of up to GBP4,000,000.

**NOTE 9: INVESTMENTS IN ASSOCIATES (CONTINUED)**

**(a) Name of associates (Continued)**

[6] Celeste Funds Management Limited is an Australian equity manager with smaller company focus.

[7] Freehold Investment Management Limited is a specialist investment manager focusing on Australian and global real estate and infrastructure sectors.

[8] Goodhart Partners, LLP (UK) is a multi-boutique manager with investment strategies across global equities, Japan equities and emerging markets. On 26 January 2018, the Group sold its 18.81% interest in Goodhart to the members of Goodhart. The proceeds of US$2,384,599 were received following the approval of the sale by Financial Conduct Authority (FCA), the financial regulatory body in the United Kingdom (UK). This transaction has resulted in the recognition of a gain of US$572,430.

[9] Investors Mutual Ltd provides a funds management capability specialising in Australian equities to both institutional and retail investors. At 30 June 2017, the Group held 40% equity stake in IML. The investment in IML was equity accounted for accounting purposes at 45.44% interest due to share options issued by IML to its employees that have not vested. On 3 October 2017, the Group sold its 40% legal interest on a fully diluted basis to Natixis Global Asset Management for $116,879,324 consideration that included $106,879,324 cash and $10,000,000 as retention that was held in escrow, with the $5,000,000 to be released after 18 months and the remaining $5,000,000 after 24 months. The escrow attracts a commercial rate of interest. The release of the escrow was subject to certain customary commercial commitments being met. This transaction has resulted in the recognition of a gain of $104,292,732.

[10] Northern Lights Alternative Advisors Ltd is a strategic partner and financial advisory business for private companies, hedge funds and private equity.

[11] ROC Group includes ROC Partners Pty Ltd, ROC Management Services Trust and ROC Partners (Cayman) Limited. ROC Partners is a leading alternative investment manager specializing in private equity in the Asia Pacific Region.

| | **2018** | 2017 (restated) |
|---|---|---|
| | **$** | $ |
| **(b) Carrying amount of investments in associates** | | |
| Beginning balance | **79,498,593** | 92,044,454 |
| Acquisition of an associate | **2,723,918** | - |
| Contribution to associates | **143,744** | 1,259,482 |
| Share of net (losses)/profits of associates | **(4,373,554)** | 16,986,429 |
| (Reversal)/share of unrealised gains of an associate | **(237,925)** | 111,910 |
| Dividends and distributions received/receivable | **(13,365,545)** | (10,055,104) |
| Sale of an investment in associate[12] | **(15,033,960)** | (12,392,711) |
| Impairment | **(4,817,853)** | (6,535,850) |
| Foreign currency movement | **1,484,798** | (1,920,017) |
| **Balance at the end of the year** | **46,022,216** | 79,498,593 |

[12] Sale of Goodhart[8] and IML[9] (2017: sale of Raven):

| | | |
|---|---|---|
| Considerations received and receivable | **120,065,290** | 12,688,387 |
| Less: Carrying amount of investment on the date of sale | **15,033,960** | 12,392,711 |
| Gain recognised on the sale | **105,031,330** | 295,676 |

| | **2018** | 2017 (restated) |
|---|---|---|
| | **$** | $ |
| **NOTE 10: INTANGIBLE ASSETS** | | |
| Goodwill, net of impairment[1] | **79,976,920** | 77,158,732 |
| Other identifiable assets, at carrying amount | | |
| Brand and trademark | **17,125,732** | 16,520,031 |
| Management rights | **7,722,907** | 8,731,227 |
| Total other identifiable assets | **24,848,639** | 25,251,258 |
| Total intangible assets | **104,825,559** | 102,409,990 |

**(a) Cash-generating units (CGUs)**

| | | |
|---|---|---|
| Goodwill | **79,976,920** | 77,158,732 |
| Allocation: | | |
| Aether[2] | **43,640,517** | 42,097,044 |
| Seizert[3] | **36,336,403** | 35,061,688 |
| | **79,976,920** | 77,158,732 |

[1] These are the goodwill and other identifiable intangible assets related to the acquisition of Aether and Seizert that are denominated in US$ which are translated to AU$ every reporting period. The goodwill is assessed for impairment every reporting period. The goodwill was impaired in the prior year for $53,920,072.

[2] **Aether**

The recoverable amount of Aether as a cash-generating unit is determined based on a value in use calculation which uses cash flow projections by Aether for the business which includes expected revenues from existing funds which are largely certain and anticipated new fund raising every two years. A ten-year discrete period was applied as it is believed that it is sufficient time for the business to be in steady state in terms of launching new funds based on the existing plan for the business. A weighted average discount rate of 13.7% (2017: 16%) was applied in the cash flow projections during the discrete period. In addition, a tax rate of 21% (2017: 35%) is applied. The tax benefits associated with the tax deductible amortisation of acquired intangibles in the assessed value was also included in the cash flow projections. The terminal growth rate of 4% (2017: 3%) was applied.

Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

**NOTE 10: INTANGIBLE ASSETS (CONTINUED)**

[3] **Seizert**

The recoverable amount of this cash-generating unit is determined based on a value in use calculation which uses cash flow projections by Seizert for the business which includes expected revenues from existing funds (which are largely certain), as well as expectation of timing and size of funds to be launched covering a five-year period. A market growth rate of 5% (2017: 5%) per annum based on a relatively conservative estimate of prospective returns from the underlying asset classes. No new inflows until FY 2019 is assumed that is reflecting the stabilization of the funds and improved performance which has stemmed from recent inflows. Once stabilized, the fund is projected to have inflows of 6% based on its previous track record and further diversification of distribution sources from defined benefit funds into retail and other channels. A weighted average discount rate of 13.5% (2017: 13.5%) was applied in the cash flow projections during the discrete period. In addition, a tax rate of 21% (2017: 35%) is applied. The terminal growth rate of 4% (2017: 3%) was applied.

Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

The goodwill is assessed annually for impairment.

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

| | Brand and trademark | Management rights |
|---|---|---|
| Aether | Not applicable | 6.67 years |
| Seizert | Not applicable | Not applicable |

| | 2018 | 2017 (restated) |
|---|---|---|
| | **$** | $ |

### NOTE 11: TRADE AND OTHER PAYABLES

| | 2018 $ | 2017 (restated) $ |
|---|---|---|
| **CURRENT** | | |
| Trade creditors | **1,616,508** | 214,429 |
| Other payables | **5,030,425** | 4,607,532 |
| | **6,646,933** | 4,821,961 |

### NOTE 12: FINANCIAL LIABILITIES

| | 2018 $ | 2017 (restated) $ |
|---|---|---|
| **CURRENT** | | |
| Notes payable – Seizert[1] | **1,600,435** | - |
| Share of deferred commitments[2] | **2,045,000** | 1,732,353 |
| Sublease liability | **224,940** | 208,745 |
| X-RPUs[3] | **-** | 26,040,479 |
| | **3,870,375** | 27,981,577 |
| **NON-CURRENT** | | |
| Notes payable - Seizert[1] | **11,817,041** | 26,240,639 |
| Sublease liability | **442,598** | 612,048 |
| Financial liability at FVTPL[4] | **168,747** | - |
| Share of deferred commitments[2] | **-** | 1,857,567 |
| | **12,428,386** | 28,710,254 |

[1] **Notes payable – Seizert**
In November 2015, the Trust issued notes for A$20,226,070 (US$17,500,000) to the former owners of Seizert as part of the consideration for the acquisition by Midco for the equity interest in Seizert. The interest rate associated with the note equals the twelve-month LIBOR rate plus 5%.

The Trustee made payments to holders of Notes payable – Seizert an amount of $7,920,501 (US$6,083,938) and $6,471,009 (US$4,992,905) on 12 August 2017 and 30 November 2017, respectively. The current portion is due on 24 November 2018 and the non-current portion is due on 24 November 2019.

[2] **Share of deferred commitments**
This represents the 40% share of the Trust for the deferred commitments to RARE in accordance with the side agreement amongst the former owners of RARE to lock in the employment of the investment team with RARE for a certain number of years. An 8% discount rate was applied to determine the net present value of this liability as at 21 October 2015. The amount of $1,160,000 and $885,000 are due in September 2018 and December 2018, respectively.

**NOTE 12: FINANCIAL LIABILITIES (CONTINUED)**

[3] **X-RPUs**
As at 15 March 2017, the Trust resettled its X-PRUs. Before resettlement, full payment of the US$42 million face value of the X-RPUs was contingent on the performance of six previously held Northern Lights asset management firms, relative to two asset management firms previously owned by the Company before forming the Aurora Trust. The Settlement Transaction resulted in the new face value of this debt being a fixed amount of US$21 million, to be repaid on or before 31 March 2018, and will bear interest at a rate beginning at 10% per annum if not repaid by that date. A 7.25% discount rate was applied to determine the net present value of this liability as at 15 March 2017. The gain on revaluation of the instrument of $2,538,069 which was the difference between the fair value of the instrument as at 31 December 2016 and the net present value of $25,789,371 was recorded by the Trust on 15 March 2017 before the Trust was consolidated to the Company's accounts.

On 28 September 2017, the Trustee redeemed and cancelled the X-RPUs. Repayment followed on 11 October 2017. A loss of $844,243 was recognised on the redemption and cancellation of X-RPUs.

[4] **Financial liability at FVTPL**
This is the deferred payment on the acquisition of the additional 375 preferred units in EAM. This is based on the projected 2% and 1% of EAM's gross revenues as at 31 March 2022 and 31 March 2023, respectively.

| | **2018** | 2017 (restated) |
|---|---|---|
| | **$** | $ |
| **NOTE 13: SHARE CAPITAL** | | |
| (a) Issued capital | | |
| Issued and fully paid ordinary shares | **166,278,560** | 166,278,319 |

| | **2018** | | 2017 | |
|---|---|---|---|---|
| | No of shares | $ | No of shares | $ |
| **(b) Movements in ordinary shares on issue** | | | | |
| Opening balance | **47,642,330** | **166,278,319** | 28,125,955 | 74,556,705 |
| Shares issued: | | | | |
| 18 October 2017 | **37** | **241** | | |
| 13 April 2017 | - | - | 13,675,667 | 60,446,448 |
| 21 June 2017 | - | - | 5,840,708 | 31,275,166 |
| | **37** | **241** | 19,516,375 | 91,721,614 |
| Balance at end of the year | **47,642,367** | **166,278,560** | 47,642,330 | 166,278,319 |

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

On 23 June 2017, the Company completed an Institutional Placement to raise approximately $33 million at $5.65 per fully paid ordinary share. A total of 5,840,708 new shares were issued. Total transaction costs of $1,724,835 were deducted from the proceeds and capitalised against the share issue. The issue was fully underwritten and the new shares rank equally with existing shares and entitled to the final dividend for 2017. The proceeds of the placement were used to strengthen the balance sheet with the repayment of debt that was originally sourced to finance the second tranche of Aperio and to satisfy obligations on the deferred settlement with respect to Seizert. In addition, an accelerated payment was made with respect to the tax liability that had arisen due to the capital gain crystallised on the sale of RARE in October 2015.

**NOTE 13: SHARE CAPITAL (CONTINUED)**

On 13 April 2017, the Company acquired the remaining units in the Trust by issuing 13,675,667 ordinary shares to the non-controlling interests. The excess of the carrying value of the non-controlling interests acquired ($141,928,919) over the market value of the shares issued ($60,446,448) was credited to retained earnings for $81,482,471.

**Rights of each type of share**

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

**Capital management**

The Company's capital management policies focus on ordinary share capital. When managing capital, the board'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.

During the year ended 30 June 2018, the Company paid dividends of $8,575,619 (2017: $1,406,298) and repaid financial liabilities amounting to $42,429,814 (2017: $13,157,179). The Board anticipates that the payout ratio is 50% a share of the underlying earnings of the Group. The Board continues to monitor the appropriate dividend payout ratio over the medium term.

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

| | **2018** | 2017 (restated) |
|---|---|---|
| | **$** | $ |

## NOTE 14: RESERVES

| | | |
|---|---|---|
| Investment revaluation reserve | **27,199,348** | 2,345,926 |
| Foreign currency translation reserve | **31,841,090** | 19,820,781 |
| Equity-settled employee benefits reserve | **5,757,503** | 4,377,006 |
| | **64,797,941** | 26,543,713 |

### (a) Investment revaluation reserve

This reserve records the Group's gain on its AFS investments.

| *Movements* in reserve | | |
|---|---|---|
| Opening balance | **2,345,926** | 1,650,442 |
| Reversal of the share on fair value gain on AFS financial assets derecognised during the year | **-** | 617,660 |
| Net fair value gain on AFS financial assets plus $3,385,963 income tax impact from change of US tax rate from 35% to 21% (2017: $8,957,545 net of tax) | **24,853,422** | 2,926,963 |
| Share of net fair value gain on AFS financial assets of an associate | **-** | 215,637 |
| Share of non-controlling interests | **-** | (3,064,776) |
| Closing balance | **27,199,348** | 2,345,926 |

### (b) Foreign currency translation reserve

The reserve records the Group's foreign currency translation reserve on foreign operations.

| *Movements in reserve* | | |
|---|---|---|
| Opening balance | **19,820,781** | 23,598,435 |
| Exchange differences on translating foreign operations of the Group | **12,015,708** | (6,791,386) |
| Share of non-controlling interests | **4,601** | 3,013,732 |
| Closing balance | **31,841,090** | 19,820,781 |

### (c) Equity-settled employee benefits reserve

This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration.

| *Movements in reserve* | | |
|---|---|---|
| Opening balance | **4,377,006** | 3,255,351 |
| Share based payments expensed | **1,380,497** | 1,121,655 |
| Closing balance | **5,757,503** | 4,377,006 |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
## FOR THE YEAR ENDED 30 JUNE 2018

| | **2018** | 2017 (restated) |
|---|---|---|
| | **$** | $ |

### NOTE 15: RETAINED EARNINGS

| | **2018 $** | 2017 (restated) $ |
|---|---|---|
| Retained earnings/(accumulated losses) at beginning of year | **12,165573** | (14,118,742) |
| Net profit/(loss) | **92,620,026** | (53,791,858) |
| Acquisition of non-controlling interest | **-** | 81,482,471 |
| Dividends paid | **(8,575,619)** | (1,406,298) |
| | **96,209,980** | 12,165,573 |

### NOTE 16: NON-CONTROLLING INTERESTS

| | **2018 $** | 2017 (restated) $ |
|---|---|---|
| Balance at beginning of year | **49,014** | 150,510,914 |
| Recognition of non-controlling interest | **-** | 5,802,390 |
| Share of profit/(losses) attributable to the non-controlling interests | **576,273** | (14,386,415) |
| Share of net movement in investment revaluation reserve | **-** | 3,064,776 |
| Share of net movement in foreign currency translation reserve | **(4,601)** | (3,013,732) |
| Acquisition of non-controlling interests[1] | **-** | (141,928,919) |
| Balance at end of the year | **620,686** | 49,014 |

The non-controlling interests represents 40% (2017: 46%) in SCI.

[1] On 13 April 2017, the Company acquired the remaining units in the Trust by issuing 13,675,667 ordinary shares to the non-controlling interests. The excess of the carrying value of the non-controlling interests acquired ($141,928,919) over the market value of the shares issued ($60,446,448) was credited to retained earnings for $81,482,471.

**NOTE 17: RESTATEMENT OF FINANCIAL STATEMENTS**

The Company previously accounted for the merger (the merger) with Northern Lights Capital Partners, LLC (NLCP) on 25 November 2014 as a divestment of its investments into a joint venture, the Trust. The Company previously accounted for its investment in the Trust as an equity method investment from 25 November 2014 to 12 April 2017 when the Company acquired the remaining interest in the Trust that it did not currently hold as at 12 April 2017. The Company previously accounted for the transaction on 13 April 2017 as a business combination applying the acquisition method under AASB 3 *Business Combinations* to its investment in the Trust at that date. Under the acquisition method of accounting, acquired assets and liabilities are measured at fair value and the excess of consideration paid over the fair value of the acquired net assets is accounted for as goodwill.

The Company has now restated its prior period consolidated financial statements to account for its investment in the Trust as a subsidiary with effect from the merger date on 25 November 2014. The principal impact of this restated accounting, which is discussed further below, is that the Company's investments in certain subsidiaries and associates that were divested into the Trust continue to be recognised on a historic cost basis and the acquisition method of accounting is applied as at 25 November 2014 only to those investments that the Trust acquired from NLCP. Furthermore, as the Company is considered to have controlled the Trust from its acquisition on 25 November 2014, the transaction on 13 April 2017 whereby the Company acquired the 34.85% in the Trust that it did not previously own is now accounted for as a transaction between shareholders through shareholders' equity in the restated consolidated financial statements.

As a result of consolidating the Trust from 25 November 2014, the following investments which were previously indirectly recognised through the equity method investment in the Trust have been directly recognised in the consolidated financial statements as follows:

- As subsidiaries on a historic cost basis: GVI and TIS being those subsidiaries held by the Company at 25 November 2014 and divested into the Trust on merger;
- As subsidiaries acquired from NLCP and fair valued using the acquisition method of accounting at 25 November 2014: Aether and Seizert;
- As associates on a historic cost basis: Celeste, FIM, IML, RARE (until the majority interest was sold and the residual interest was treated as FTVPL) and ROC Group;
- As associates acquired from NLCP: AlphaShares, Blackcrane, Goodhart, NLAA, Aether GPs;
- As AFS: EAM and Nereus; and
- Certain deferred tax assets and liabilities were recognised associated with these investments reflecting the tax status of certain US investments.

In addition to the adjustments arising from the accounting for the investments referred to above, the restatement also resulted in the Company directly recognising operational income and expenses that are recognised in the Trust and which were previously indirectly recognised in the equity accounting for the Trust.

Further, the tax status of the Group for US tax purposes had changed when the Company acquired the remaining units in the Trust held by the Class B unitholders in exchange for Company shares on 13 April 2017.

Midco, the US-domiciled subsidiary of the Trust was a pass-through vehicle and deemed a foreign partnership for US tax purposes. Upon full acquisition by the Company of the Trust, the Company became the ultimate entity liable for the tax obligations in the US. As a result, the net deferred tax liabilities on the underlying assets and liabilities of Midco were recognised. The deferred tax liabilities were based on the difference between the tax basis and book value of the underlying US assets and liabilities at 35% income tax rate.

The Company lodges the federal tax return in the US.

**NOTE 17: RESTATEMENT OF FINANCIAL STATEMENTS (CONTINUED)**

**Consolidated Statement of Profit or Loss**

The following tables disclose the impact of the restatement on the consolidated statement of profit and loss and the consolidated statement of other comprehensive income for the year ended 30 June 2017.

| | 30 June 2017 | | | |
|---|---|---|---|---|
| | **Previously Reported** | **Consolidation Restatement** | **Tax Restatement** | **Restated** |
| | **$** | **$** | **$** | **$** |
| Revenue | 16,040,058 | 26,036,684 | - | 42,076,742 |
| Net gains on investments | 4,517,149 | (984,491) | - | 3,532,658 |
| | 20,557,207 | 25,052,193 | - | 45,609,400 |
| Salaries and employee benefits | (7,356,851) | (14,859,825) | - | (22,216,676) |
| Impairment expenses | (667,651) | (80,940,284) | - | (81,607,935) |
| Other expenses | (4,611,830) | (7,207,824) | - | (11,819,654) |
| Depreciation and amortisation expense | (858,737) | (1,488,270) | - | (2,347,007) |
| Interest expense | (2,169,719) | (2,900,242) | - | (5,069,961) |
| | (15,664,788) | (107,396,445) | - | (123,061,233) |
| Share of net (loss)/profits of joint venture/associates | 11,393,895 | 5,592,534 | - | 16,986,429 |
| (Loss)/profit before income tax expense | 16,286,314 | (76,751,718) | - | (60,465,404) |
| Income tax benefit/(expense) | (5,701,317) | 19,196,838 | (21,208,390) [1] | (7,712,869) |
| (Loss)/profit for the year | **10,584,997** | **(57,554,880)** | **(21,208,390)** | **(68,178,273)** |

[1] The amount of the tax restatement consisted of the reversal of $8.1 million on the previously recognised deferred tax asset and recognition of $13.3 million as deferred tax liability on the Group's US investments at 35% income tax rate. This was offset by $0.2 million relating to other temporary differences.

**NOTE 17: RESTATEMENT OF FINANCIAL STATEMENTS (CONTINUED)**

| | 30 June 2017 | | | |
|---|---|---|---|---|
| **Consolidated Statement of Profit or Loss (Continued)** | **Previously Reported $** | **Consolidation Restatement $** | **Tax Restatement $** | **Restated $** |
| **Attributable to:** | | | | |
| The members of the parent | 10,628,889 | (43,212,357) | (21,208,390)[2] | (53,791,858) |
| Non-controlling interests | (43,892) | (14,342,523) | - | (14,386,415) |
| | **10,584,997** | **(57,554,880)** | **(21,208,390)** | **(68,178,273)** |
| **Earnings per share (cents per share):** | | | | |
| - basic earnings/(loss) for the year attributable to ordinary equity holders of the parent | 34.08 | (138.54) | (67.99) | (172.45) |
| - diluted earnings/(loss) for the year attributable to ordinary equity holders of the parent | 34.08 | (138.54) | (67.99) | (172.45) |

[2] The amount of the tax restatement was a result of the Company's acquisition of the remaining 34.85% interest in the Trust on 13 April 2017. The Company became the ultimate entity subject to US income tax on the underlying assets and liabilities of Midco, a US-based subsidiary of the Trust.

**NOTE 17: RESTATEMENT OF FINANCIAL STATEMENTS (CONTINUED)**

| | 30 June 2017 | | | |
|---|---|---|---|---|
| **Consolidated Statement of Other Comprehensive Income** | **Previously Reported $** | **Consolidation Restatement $** | **Tax Restatement $** | **Restated $** |
| (Loss)/profit for the year | **10,584,997** | **(57,554,880)** | **(21,208,390)** [1] | **(68,178,273)** |
| ***Items that were reclassified to profit or loss*** | | | | |
| Reversal of the share on translating foreign operations derecognised during the year | (12,745,725) | 12,745,725 [2] | - | - |
| Reversal of the share on net fair value gain on AFS financial assets derecognised during the year | (5,467,897) | 6,085,557 | - | 617,660 |
| | (18,213,622) | 18,831,282 | - | 617,660 |
| ***Items that may be reclassified subsequently to profit or loss*** | | | | |
| Change in fair value of available for sale (AFS) financial assets | 7,358,414 | 4,526,094) | (8,957,545) [3] | 2,926,963 |
| Share of net fair value gain on AFS financial assets of a joint venture/associate | - | 215,637 | - | 215,637 |
| Exchange differences on translating foreign operations | (3,709,882) | (3,422,136) | 340,632 [4] | (6,791,386) |
| | 3,648,532 | 1,319,595 | (8,616,913) | (3,648,786) |
| **Other comprehensive income/(loss) for the year** | (14,565,090) | 20,150,877 | (8,616,913) | (3,031,126) |
| **Total comprehensive (loss)/income** | **(3,980,093)** | **(37,404,003)** | **(29,825,303)** | **(71,209,399)** |
| | | | | |
| **Attributable to**: | | | | |
| The members of the parent | (3,936,201) | (23,112,934) | (29,825,303) | (56,874,438) |
| Non-controlling interests | (43,892) | (14,291,069) | - | (14,334,961) |
| | **(3,980,093)** | **(37,404,003)** | **(29,825,303)** | **(71,209,399)** |

**NOTE 17: RESTATEMENT OF FINANCIAL STATEMENTS (CONTINUED)**

**Consolidated Statement of Other Comprehensive Income (Continued)**

[1] The amount of the tax restatement consisted of the reversal of $8.1 million on the previously recognised deferred tax asset and recognition of $13.3 million as deferred tax liability on the Group's US investments at 35% income tax rate. This was offset by $0.2 million relating to other temporary differences.

[2] The previously recognised share in the joint venture foreign currency translation reserve and investment revaluation reserve were derecognised at point of obtaining control.

[3] Recognition of the deferred tax liability on the change in fair value of US AFS financial assets at 35% income tax rate.

[4] Recognition of the impact of the foreign exchange differences on the tax restatements.

**Consolidated Statement of Financial Position**

The following tables disclose the net impact of the restatement on the consolidated statement of financial position as at 1 July 2016 and 30 June 2017.

Previously under the equity method of accounting the Company accounted for the simplification on 13 April 2017 as a business combination and fair valued the acquired assets and liabilities of the Trust and recognised goodwill of $40.1 million for the excess of the fair value of its equity issued over the fair value of the assets and liabilities acquired. In its restated financial statements, the simplification transaction has been treated as an acquisition of non-controlling interests directly through equity rather than a business combination with the result that acquisition accounting was not applied at 13 April 2017 and consequently no fair value uplifts in the investment portfolio are recognised as at 13 April 2017. Notwithstanding that no acquisition accounting has been applied at 13 April 2017, various investment valuation reductions were taken at 13 April 2017 and such impairments continue to be reflected in the restated consolidated financial statements.

The principal impacts of not applying acquisition accounting at 13 April 2017 as discussed in the previous paragraph in the restated consolidated financial statements as at and for the period ended 30 June 2017 are as follows:

- The statement of financial position for 2017 reflects the reversal of the increment in value of IML and Aperio that arose on the application of acquisition accounting in addition to the resetting of the carrying value of IML, Celeste, ROC to historic carrying values.
- The retained earnings are affected by the loss recorded on the revaluation decrements in Aether and Seizert.
- Deferred tax liabilities were adjusted in reflection of the restated carrying value of Australian investments and deferred tax assets and liabilities associated with the goodwill and other identifiable intangible assets relating to Aether and Seizert.

## NOTE 17: RESTATEMENT OF FINANCIAL STATEMENTS (CONTINUED)

| Consolidated Statement of Financial Position (Continued) | 1 July 2016 Previously Reported $ | 1 July 2016 Consolidation Adjustments $ | 1 July 2016 Restated[1] $ | 30 June 2017 Previously Reported $ | 30 June 2017 Consolidation Restatement $ | 30 June 2017 Tax Restatement $ | 30 June 2017 Restated $ |
|---|---|---|---|---|---|---|---|
| **Current assets** | | | | | | | |
| Cash and cash equivalents | 2,997,744 | 20,784,134 | 23,781,878 | 40,248,286 | - | - | 40,248,286 |
| Trade and other receivables | 11,906,851 | (3,713,822) | 8,193,029 | 6,846,038 | (119,365) | - | 6,726,673 |
| Loans and other receivables | - | - | - | 303,682 | - | - | 303,682 |
| Other assets | - | 2,017,151 | 2,017,151 | 2,374,603 | - | - | 2,374,603 |
| **Total current assets** | 14,904,595 | 19,087,463 | 33,992,058 | 49,772,609 | (119,365) | - | 49,653,244 |
| **Non-current assets** | | | | | | | |
| Loans and other receivables | - | 5,295,915 | 5,295,915 | 3,292,247 | - | - | 3,292,247 |
| Other financial assets | - | 60,812,382 | 60,812,382 | 52,874,277 | 61 | - | 52,874,338 |
| Investments in a joint venture | 210,056,666 | (210,056,666) [1] | - | - | - | - | - |
| Investments in associates | - | 92,044,454 [2] | 92,044,454 | 188,974,745 | (109,476,152) [2] | - | 79,498,593 |
| Intangible assets | - | 175,790,348 [3] | 175,790,348 | 64,846,258 | 37,563,732 [3] | - | 102,409,990 |
| Deferred tax assets | - | - | - | - | 1,886,625 | (1,886,625) [4] | - |
| Other assets, property and equipment | - | 8,360,008 | 8,360,008 | 12,325,491 | - | - | 12,325,491 |
| **Total non-current assets** | 210,056,666 | 132,246,441 | 342,303,107 | 322,313,018 | (70,025,734) | (1,886,625) | 250,400,659 |
| **Total assets** | 224,961,261 | 151,333,904 | 376,295,165 | 372,085,627 | (70,145,099) | (1,886,625) | 300,053,903 |

[1] The Company previously accounted for its investment in the Trust as a joint venture upon acquisition of the initial interest of 61.22% (65.15% as at 31 December 2016 and 30 June 2017) originally measured at fair value on the date of acquisition and subsequently adjusted for the Company's share of the Trust's profit or loss, reserves and distributions received from the Trust. Under consolidation accounting, the investment in the joint venture is removed and the Trust is fully consolidated in the Company's financial statements. Investments in subsidiaries, associates and other financial assets held directly by the Trust were previously indirectly recognised through the investment in joint venture.

**NOTE 17: RESTATEMENT OF FINANCIAL STATEMENTS (CONTINUED)**

[2] The Trust's equity accounted investments represented the Trust's investments in associates at their fair values at acquisition date of $232.8 million on 25 November 2014 and subsequently adjusted under the equity accounted method for the Trust's share of profits/losses and reserves and for distributions received from the associates. The fair values of all of the Trust's investments in associates were originally determined at 25 November 2014 under the acquisition method of accounting which resulted in the carrying value of the investments in associates including goodwill and other identifiable intangible assets. The other identifiable intangible assets with finite lives were being amortised according to their expected lives with the amortisation taken up as a reduction in the share of profits or increase in the share of losses of the associates. In the restated consolidated financial statements, the investments in associates held by the Trust are recognised directly.

As discussed above, in the restated consolidated financial statements investments originally held by the Company and divested into the Trust on 25 November 2014 continue to be accounted for on a historic cost basis and only the associates acquired from NLCP are accounted for using the acquisition method at 25 November 2014. As result of certain investments in associates being accounted for on a historic cost basis in the restated consolidated financial statements as at 1 July 2016 and 30 June 2017 fair value uplifts within the Trust's associates of $69.3 million and $68.3 million (of which $66.0 million for both periods relate to IML), respectively, and the related amortisation charges have been eliminated upon consolidation.

[3] The intangible assets of the Group consisted of goodwill of $187.3 million and other identifiable intangible assets of $38.7 million upon acquisition of its subsidiaries being Aether and Seizert on 25 November 2014. As at 1 July 2016, the intangible assets consisted of goodwill of $134.2 million and other identifiable intangible assets of $41.6 million, net of $85.2 million impairment and $35.0 million of foreign currency movement.

As at 30 June 2017, the intangible assets of the Group consisted of goodwill of $77.2 million and other identifiable intangible assets of $25.2 million, net of $81.6 million impairment and $8.2 million of foreign currency movement.

[4] The amount in the tax restatement column is a reversal of the net deferred tax assets position to deferred tax liabilities as a result of the $8.1 million previously recognised deferred tax asset and recognising the correct deferred tax liability.

## NOTE 17: RESTATEMENT OF FINANCIAL STATEMENTS (CONTINUED)

| | 1 July 2016 | | | 30 June 2017 | | | |
|---|---|---|---|---|---|---|---|
| **Consolidated Statement of Financial Position (Continued)** | **Previously Reported $** | **Consolidation Adjustments $** | **Restated[1] $** | **Previously Reported $** | **Consolidation Restatement $** | **Tax Restatement $** | **Restated $** |
| **Current liabilities** | | | | | | | |
| Trade and other payables | 2,000,884 | 11,290,492 | 13,291,376 | 4,821,961 | - | - | 4,821,961 |
| Financial liabilities | - | 21,874,929 | 21,874,929 | 27,981,577 | - | - | 27,981,577 |
| Provisions | 236,468 | - | 236,468 | 345,102 | - | - | 345,102 |
| Current tax liabilities | 14,157,614 | 1,013,634 | 15,171,248 | 5,069,098 | - | 17,208 | 5,086,306 |
| **Total current liabilities** | 16,394,966 | 34,179,055 | 50,574,021 | 38,217,738 | - | 17,208 | 38,234,946 |
| **Non-current liabilities** | | | | | | | |
| Financial liabilities | - | 73,939,097 [5] | 73,939,097 | 28,710,254 | - | - | 28,710,254 |
| Provisions | 175,268 | - | 175,268 | 150,614 | - | - | 150,614 |
| Deferred tax liabilities | 20,961,430 | (8,807,756) [6] | 12,153,674 | 29,822,845 | (29,822,845) | 27,921,470 [7] | 27,921,470 |
| **Total non-current liabilities** | 21,136,698 | 65,131,341 | 86,268,039 | 58,683,713 | (29,822,845) | 27,921,470 | 56,782,338 |
| **Total liabilities** | 37,531,664 | 99,310,396 | 136,842,060 | 96,901,451 | (29,822,845) | 27,938,678 | 95,017,284 |
| **Net assets** | **187,429,597** | **52,023,508** | **239,453,105** | **275,184,176** | **(40,322,254)** | **(29,825,303)** | **205,036,619** |

[5] This includes the financial liabilities of the Trust made up of $25.5 million for Seizert Notes, $43.7 million for the X-RPU and $4.9 million for the share of retention payments to RARE.

[6] The Company initially recognised a deferred tax liability based on the disposal of assets from the Company to the Trust at acquisition date. The fair value of the Company's investment in the Trust was measured based on the fair value of the Trust's underlying assets and liabilities which were significantly higher than historic cost. This created a large deferred tax liability at original acquisition date. Under consolidation accounting, given the investments are required to be recognised at historic cost, the deferred tax liabilities are required to be remeasured on the same basis. The changes in the deferred tax liabilities relate to (a) the restating of the deferred tax position relating to assets (principally IML) being restated at historical cost and (b) the recognition of the deferred tax impact relating to the US goodwill and other identifiable intangible assets.

## NOTE 17: RESTATEMENT OF FINANCIAL STATEMENTS (CONTINUED)

| Consolidated Statement of Financial Position (Continued) | 1 July 2016 Previously Reported $ | 1 July 2016 Consolidation Adjustments $ | 1 July 2016 Restated[1] $ | 30 June 2017 Previously Reported $ | 30 June 2017 Consolidation Restatement $ | 30 June 2017 Tax Restatement $ | 30 June 2017 Restated $ |
|---|---|---|---|---|---|---|---|
| **Equity** | | | | | | | |
| Share capital | 74,556,705 | - | 74,556,705 | 166,278,319 | - | - | 166,278,319 |
| Reserves | 21,401,642 | 7,102,586 | 28,504,228 | 7,958,207 | 27,202,419 | (8,616,913) [9] | 26,543,713 |
| Retained earnings/(accumulated losses) | 91,471,250 | (105,589,992) | (14,118,742) | 100,693,841 | (67,319,878) | (21,208,390) | 12,165,573 |
| Total equity attributable to owners of the Company | 187,429,597 | (98,487,406) | 88,942,191 | 274,930,367 | (40,117,459) | (29,825,303) | 204,987,605 |
| Non-controlling interests | - | 150,510,914 [8] | 150,510,914 | 253,809 | (204,795) | - | 49,014 |
| **Total equity** | **187,429,597** | **52,023,508** | **239,453,105** | **275,184,176** | **(40,322,254)** | **(29,825,303)** | **205,036,619** |

[7] The amount in the tax restatement mainly consisted of the reversal $8.0 million on the previously recognised deferred tax asset, recognition of $13.0 million deferred tax liability on the Group's US investments, $9.0 million deferred tax liability of the US AFS financial assets and net of reclassification of $1.9 million deferred tax assets to deferred tax liabilities.

[8] This is the non-controlling interests of the Group determined upon formation of the Trust. In the restated consolidated financial statements, the initial equity contribution of the non-controlling interests at 25 November 2014 was $161.9 million, which was subsequently adjusted as at and for the periods ended 31 December 2016 and 30 June 2017 by the attribution of profit or loss and each component of other comprehensive income. As at 1 July 2016, the non-controlling interest was $150.5 million. On 13 April 2017, the Company acquired the remaining units in the Trust by issuing 13,675,667 ordinary shares to the non-controlling interests. In the restated consolidated financial statements this had been accounted for as a transaction between shareholders in their capacity as shareholders and the excess of the carrying value of the non-controlling interests acquired ($141.9 million) over the market value of the shares issued ($60.4 million) has been credited to retained earnings in the amount of $81.4 million.

[9] The amount in the tax restatement column consisted of the $9.0 million deferred tax liability of the US AFS financial assets less $0.4 million of the impact of foreign currency translation.

**NOTE 17: RESTATEMENT OF FINANCIAL STATEMENTS (CONTINUED)**

| | 30 June 2017 | | |
|---|---|---|---|
| | Previously Reported $ | Consolidation Restatement $ | Restated $ |
| **Consolidated Statement of Cash Flows** | | | |
| Net cash provided/(used in) by operating activities | (7,180,391) | 7,757,523 | 577,132 |
| Net cash provided by/(used in) investing activities | 1,400,649 | (15,227,636) | (13,826,987) |
| Net cash (used in)/provided by financing activities | 16,446,868 | 13,085,354 | 29,532,222 |
| Net increase/(decrease) in cash and cash equivalents held | 10,667,126 | 5,615,241 | 16,282,367 |
| Cash at beginning of the financial year | 2,997,744 | 20,784,134 | 23,781,878 |
| Unrealised foreign exchange difference in cash | 184,041 | - | 184,041 |
| Add: Cash and cash equivalents from the acquired subsidiary through business combination | 26,399,375 | (26,399,375) | - |
| **Cash at end of financial year** | **40,248,286** | **-** | **40,248,286** |